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PROCEEDINGS AND DEBATES

OF THE

SECOND SESSION OF THE SEVENTY-FOURTH CONGRESS

OF

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OF AMERICA

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Congressional Record

SEVENTY-FOURTH CONGRESS, SECOND SESSION

SENATE

MONDAY, MAY 11, 1936

(Legislative day of Friday, Apr. 24, 1936)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed, without amendment, the joint resolution (S. J. Res. 260) to provide an additional appropriation for folding speeches and pamphlets for the Senate for the fiscal year 1936.

The message also announced that the House had passed the following joint resolutions, in which it requested the concurrence of the Senate:

H. J. Res. 497. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the International Petroleum Exposition, Tulsa, Okla., to be admitted without payment of tariff, and for other purposes; and

H. J. Res. 547. Joint resolution for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition, to be held in Cleveland, Ohio, beginning in June 1936, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 381. An act for the relief of the Confederated Bands of Ute Indians located in Utah, Colorado, and New Mexico;

S. 1075. An act for the relief of Louis H. Cordis;

S. 3645. An act for the relief of Dampskib Aktieselshap Roskva;

S. 3685. An act for the relief of George Rabcinski;

S. 4395. An act for the relief of the State of New Jersey;

S. 4447. An act for the relief of J. L. Summers;

H. R. 3823. An act for the relief of the parents of Albert Thesing, Jr.;

H. R. 11035. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1937, and for other purposes;

H. R. 11098. An act to provide for terms of the United States District Court for the Middle District of Pennsylvania to be held at Wilkes-Barre, Pa.;

H. R. 11994. An act to provide for the establishment of a term of the District Court of the United States for the Western District of Oklahoma at Shawnee, Okla.; and

H. R. 12098. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1937, and for other purposes.

CONSIDERATION OF UNOBJECTED BILLS TOMORROW

Mr. ROBINSON. Mr. President, I ask unanimous consent that on tomorrow, after the conclusion of the routine morning business, the Senate proceed to the call of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the order is entered.

DEATH OF SENATOR PARK TRAMMELL

Mr. FLETCHER. Mr. President, last Friday evening, about 8:30 o'clock p. m., my colleague the late junior Senator from Florida, Hon. PARK TRAMMELL, passed away. Appropriate services in commemoration of his distinguished public services will be held later. For the present, I offer the resolutions, which I send to the desk.

The VICE PRESIDENT. The resolutions will be read.

The resolutions, Senate Resolution 296, were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow and deep regret the announcement of the death of Hon. PARK TRAMMELL, late a Senator from the State of Florida.

Resolved, That a committee of six Senators be appointed by the Vice President to take order for superintending the funeral of the deceased Senator.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

The VICE PRESIDENT. Under the second resolution the Chair appoints as the committee on the part of the Senate the Senator from Florida [Mr. FLETCHER], the Senator from South Carolina [Mr. SMITH], the Senator from Maine [Mr. HALE], the Senator from Georgia [Mr. RUSSELL], the Senator from New Mexico [Mr. HATCH], and the Senator from Indiana [Mr. MINTON].

Mr. FLETCHER. Mr. President, as a further mark of respect to the memory of the deceased Senator, I move that the Senate do now adjourn.

The motion was unanimously agreed to; and (at 12 o'clock and 3 minutes p. m.) the Senate adjourned until tomorrow, Tuesday, May 12, 1936, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 11 (legislative day of Apr. 24), 1936

DIPLOMATIC AND FOREIGN SERVICE

Cornelius Van H. Engert, of California, now a Foreign Service officer of class 2, to be a Foreign Service officer of class 1 of the United States of America.

William M. Cramp, of Pennsylvania, now a Foreign Service officer, unclassified, and a vice consul of career, to be a Foreign Service officer of class 8 and a consul of the United States of America.

PUBLIC WORKS ADMINISTRATION

Arthur S. Tuttle, of New York, to be State director of the Public Works Administration in New York.

APPOINTMENTS IN THE REGULAR ARMY

MEDICAL CORPS

To be first lieutenants with rank from date of appointment

First Lt. Bertrand Thomas Fitzmaurice, Medical Corps Reserve.

First Lt. Maurice Crawford Davidson, Medical Corps Reserve.

First Lt. Howard Hansen, Medical Corps Reserve.

First Lt. Raymond Edward Duke, Medical Corps Reserve.

First Lt. Robert Stuart Nelson, Medical Corps Reserve.

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONELS

Lt. Col. John Stephen Sullivan, Infantry, from May 1, 1936.

Lt. Col. James Lawton Collins, Field Artillery, from May 1, 1936.

Lt. Col. William Caldwell McChord, Air Corps, from May 1, 1936.

Lt. Col. William Rudicil Henry, Field Artillery, from May 1, 1936.

TO BE LIEUTENANT COLONELS

Maj. Edwin Coit Kelton, Corps of Engineers, from May 1, 1936.

Maj. James Allen Lester, Field Artillery, from May 1, 1936, subject to examination required by law.

Maj. Mason James Young, Corps of Engineers, from May 1, 1936.

Maj. Layson Enslow Atkins, Corps of Engineers, from May 1, 1936.

Maj. Edwin Albert Zundel, Field Artillery, from May 1, 1936.

Maj. Clinton Wilbur Howard, Air Corps, from May 1, 1936.

Maj. Charles Manly Busbee, Field Artillery, from May 1, 1936.

TO BE MAJORS

Capt. David Grove, Quartermaster Corps, from May 1, 1936.

Capt. James Horace Barbin, Quartermaster Corps, from May 1, 1936.

Capt. Wiley Hubbard O'Mohundro, Infantry, from May 1, 1936.

Capt. Herman Henry Pohl, Corps of Engineers, from May 1, 1936.

Capt. Kenneth Mason Moore, Corps of Eugineers, from May 1, 1936.

Capt. Edmond Harrison Levy, Corps of Engineers, from May 1, 1936.

Capt. Thomas Dodson Stamps, Corps of Engineers, from May 1, 1936.

Capt. Bartley Marcus Harloe, Corps of Engineers, from May 1, 1936.

Capt. Girard Blakesley Troland, Corps of Engineers, from May 1, 1936.

MEDICAL CORPS

To be colonels

Lt. Col. William Herschel Allen, Medical Corps, from April 30, 1936.

Lt. Col. Larry Benjamin McAfee, Medical Corps, from May 1, 1936.

Lt. Col. Adam Edward Schlanser, Medical Corps, from May 2, 1936.

Lt. Col. Joseph Edward Bastion, Medical Corps, from May 5, 1936.

Lt. Col. Alexander Taylor Cooper, Medical Corps, from May 7, 1936.

Lt. Col. Taylor Edwin Darby, Medical Corps, from May 9, 1936.

Lt. Col. Harry Reber Beery, Medical Corps, from May 15, 1936.

Lt. Col. Royal Reynolds, Medical Corps, from May 17, 1936.

Lt. Col. Ralph Godwin DeVoe, Medical Corps, from May 20, 1936.

Lt. Col. Wibb Earl Cooper, Medical Corps, from May 23, 1936.

Lt. Col. Thomas Ludlow Ferenbaugh, Medical Corps, from May 24, 1936.

Lt. Col. George William Cook, Medical Corps, from May 24, 1936.

Lt. Col. William Lloyd Sheep, Medical Corps, from May 25, 1936.

Lt. Col. Edgar Clyde Jones, Medical Corps, from May 26, 1936.

Lt. Col. Floyd Kramer, Medical Corps, from May 28, 1936.

To be lieutenant colonels

Maj. William Frederick Rice, Medical Corps, from May 8, 1936.

Maj. Edward Allen Noyes, Medical Corps, from May 9, 1936.

Maj. Charles Woodward Riley, Medical Corps, from May 10, 1936.

Maj. Charles George Sinclair, Medical Corps, from May 11, 1936.

Maj. Charles George Hutter, Medical Corps, from May 12, 1936.

Maj. Frederick Hensel Petters, Medical Corps, from May 13, 1936.

Maj. Robert Parvin Williams, Medical Corps, from May 15, 1936.

Maj. Edwin Brooks Maynard, Medical Corps, from May 16, 1936.

Maj. Harvard Clayton Moore, Medical Corps, from May 17, 1936.

Maj. Arden Freer, Medical Corps, from May 18, 1936.

Maj. Paul Adolph Schule, Medical Corps, from May 19, 1936.

Maj. Frank Wiley Wilson, Medical Corps, from June 7, 1936.

To be major

Capt. Paul Ashland Brickey, Medical Corps, from June 14, 1936.

To be captains

First Lt. James Willis Howard, Medical Corps, from May 4, 1936.

First Lt. James Sherwood Taylor, Medical Corps, from May 6, 1936.

First Lt. Jenner Garnett Jones, Medical Corps, from May 8, 1936.

First Lt. Eaton Wesley Bennett, Medical Corps, from May 10, 1936.

First Lt. Tom French Whayne, Medical Corps, from May 16, 1936.

First Lt. Burt Held, Medical Corps, from May 18, 1936.

First Lt. Joseph Garber Cocke, Medical Corps, from May 23, 1936.

First Lt. Alfonso Michael Libasci, Medical Corps, from May 25, 1936.

First Lt. Ralph Torrey Stevenson, Medical Corps, from May 29, 1936.

First Lt. Frank Owings Alexander, Medical Corps, from June 1, 1936.

First Lt. John Benson Grow, Medical Corps, from June 2, 1936.

First Lt. Daniel John Waligora, Medical Corps, from June 10, 1936.

First Lt. Byron Ludwig Steger, Medical Corps, from June 17, 1936.

First Lt. Louie Render Braswell, Medical Corps, from June 19, 1936.

DENTAL CORPS

To be captain

First Lt. Dean Stirling Beiter, Dental Corps, from May 11, 1936.

CHAPLAIN

To be chaplain with the rank of captain

Chaplain (First Lt.) Elmer Emil Tiedt, United States Army, from June 17, 1936.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS

GENERAL OFFICER

To be brigadier general, Inactive Reserve

Brig. Gen. Howard Seymour Borden, Inactive Reserve, from July 13, 1936.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 11, 1936

The House met at 12 o'clock meridian.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We bless Thee, our Father in Heaven, for life. It is a precious boon, with its joys, possibilities, hopes, and promises revealed in the life and character of the lowly Galilean. Help us to follow his wake; what enchantment, visions, and

inspiring realities were his. We pray that His glorious truths and influences may make the desolate spheres of human experience blossom as the rose. We are grateful for the hearts of earth, gifted with great compassion for the multitudes; may we serve them with whole hearts in their unsolved problems, broken hopes, and unfinished tasks. We beseech Thee to let integrity and uprightness preserve us, O Lord; keep our souls and deliver them and let us not be ashamed. Show us the path of life. In Thy presence is fullness of joy; at Thy right hand there are pleasures forevermore. Through Christ our Savior. Amen.

The Journal of the proceedings of Friday, May 8, 1936, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 10544. An act authorizing the erection of a memorial to those who met their death in the wreck of the dirigible *Shenandoah*.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 11687. An act to amend the Federal Aid Highway Act, approved July 11, 1916, as amended and supplemented, and for other purposes; and

H. R. 12527. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 1827) entitled "An act for the relief of Lucille McClure", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LOGAN, Mr. SCHWELLENBACH, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to bills and joint resolution of the Senate of the following titles:

S. 1379. An act to amend section 981 of title IV and section 843 of title VI of the Canal Zone Code;

S. 3839. An act for the relief of Randall Krauss, a minor; and

S. J. Res. 248. Joint resolution to provide for participation by the United States in an inter-American conference to be held at Buenos Aires, Argentina, or at the capital of another American republic, in 1936.

The message also announced that the Senate had adopted the following resolution:

Senate Resolution 296

Resolved, That the Senate has heard with profound sorrow and deep regret the announcement of the death of Hon. PARK TRAMMELL, late a Senator from the State of Florida.

Resolved, That a committee of six Senators be appointed by the Vice President to take order for superintending the funeral of the deceased Senator.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased the Senate do now adjourn.

QUESTION OF PRIVILEGE

Mr. TABER rose.

The SPEAKER. For what purpose does the gentleman rise?

Mr. TABER. I rise to a question of the privilege of the House.

The SPEAKER. The gentleman will state it.

Mr. TABER. On Friday last, as it appears on page 6956 of the RECORD, the gentleman from Colorado [Mr. MARTIN] was yielded 4 minutes.

Mr. BLANTON. Mr. Speaker, I make the point that there is no quorum present.

The SPEAKER. The gentleman from Texas makes the point that no quorum is present. The Chair will count.

Mr. BLANTON (before the count was concluded). Mr. Speaker, new Members have come in, and I withdraw the point.

Mr. TABER. Mr. Speaker, I will continue from where I left off. After the gentleman from Colorado had concluded his remarks he was given unanimous consent to extend his remarks in the RECORD. There appears in the RECORD a quotation of some things I said on May 7, 1936, and also some things that the gentleman from Texas [Mr. BLANTON] said. They do not appear in small type as required by the rules of the Joint Committee on Printing in the case of quotations.

But, worse than that, at the conclusion of my remarks which are quoted appears nothing, but it is made to appear that I said a lot of things in favor of the W. P. A., entirely contrary to my position, which is well known to every Member of the House. These things ought not to occur and are absolutely demoralizing. They misrepresent one's position to the public, and it is absolutely in violation of the rules of the House.

I do not care to spend a lot of time on the subject, but I do feel that the language that is inserted there by the gentleman without authority should be taken out of the RECORD.

Mr. WOODRUM. Will the gentleman yield?

Mr. TABER. I yield.

Mr. WOODRUM. If I understand the gentleman's position correctly it is that the RECORD does not show that the remarks of the gentleman were a quotation and one reading the RECORD would attribute the latter part of the remarks of the gentleman from Colorado to the gentleman from New York.

Mr. TABER. It would be so.

Mr. WOODRUM. Would not the whole matter be solved by showing what is a quotation from the gentleman's speech?

Mr. TABER. I think the only way it can be solved is to expunge the matter that was inserted. The leave to extend was not a leave to quote from the RECORD. The quotation was put in in violation of the rules of the House and it was not put in small type, as the rules of the Joint Committee on Printing require. I hope the House will adopt a resolution to expunge the matter, and I hope in future those in charge of the printing of the RECORD will take pains to see that all quotations are put in small type.

I might call attention to the fact that these things cannot be put in large type by the unanimous consent of the House. It is a rule of the Joint Committee on Printing.

The SPEAKER. Has the gentleman any resolution to offer?

Mr. TABER. I have a resolution which I desire to offer at this time, Mr. Speaker.

The Clerk read as follows:

House Resolution 509

Whereas Hon. JOHN MARTIN of Colorado did on May 8, 1936, without permission of the House, insert in the CONGRESSIONAL RECORD certain remarks made on the 7th day of May 1936 and appearing in the CONGRESSIONAL RECORD on page 6857, and thereafter, certain remarks of his own that were made on the floor of the House in such manner as though they were uttered by Representative JOHN TABER, of New York: Now, therefore, be it

Resolved, That the said remarks so inserted in the RECORD without authority be, and they are hereby, expunged from the RECORD.

The SPEAKER. The question is on the resolution.

Mr. MARTIN of Colorado. Mr. Speaker, inasmuch as I am involved, I would like 2 or 3 minutes.

The SPEAKER. Does the gentleman from New York yield to the gentleman from Colorado?

Mr. TABER. Yes. I yield 3 minutes to the gentleman from Colorado.

Mr. MARTIN of Colorado. Mr. Speaker, I may say to the gentleman from New York [Mr. TABER] that I am not any better satisfied than he is with the form in which this matter appears in the RECORD. [Applause.] But so far as the subject matter itself is concerned, there is no question about the gentleman from New York having been misquoted, or that he did not say just what is attributed to him. His remarks are quoted verbatim from the RECORD. In the first place, I

assumed that under leave to extend my remarks I could quote from the RECORD. I may have been in error in that. But introductory to this quoted matter in which I quoted the gentleman from New York, who was present, I said:

I shall insert at this point the colloquy between the two gentlemen who so sweepingly condemn W. P. A. and all its works and who cite in support of their indictment what they think they saw. It is taken from the RECORD of May 7, page 6857.

Then follows the quotation of the gentleman's remarks, which erroneously was set in large type instead of small. I am not running the Government Printing Office. However, that office is exceptionally correct, and the transcript probably omitted quotation marks.

The next complaint of the gentleman is that where I resumed my own remarks at the close of the colloquy my name does not appear. I think that nobody in the world who will read this colloquy first, in which the gentlemen so severely criticized the W. P. A., would make any such mistake as to assume that the gentleman was being quoted as commenting favorably on its policies. I assumed, of course, that my name would appear. It is disappointing to me that my name does not appear. My name does not appear at the head of my comment, and it runs on just as though it was the language of the gentleman from New York praising W. P. A.

It reminds me of what I heard about some fellow making a red hot speech against the eighteenth amendment and it came out in the RECORD under the name of the gentleman from Texas [Mr. BLANTON].

A similar thing happened in the last Congress in a speech by the gentleman from Michigan [Mr. WOODRUFF]. I interjected some remark into the speech of the gentleman from Michigan who was making a strong speech against the reciprocal-tariff bill, and it appeared in the RECORD as though I had delivered all that speech.

I think a mere correction of the permanent RECORD, reducing this colloquy to small type, as I wanted it to appear, and putting it in quotation marks even, and then inserting my name at the head of my remarks, ought to be sufficient.

The SPEAKER. The time of the gentleman from Colorado [Mr. MARTIN] has expired.

Mr. BLANTON. Will the gentleman yield me a minute?

Mr. TABER. Yes. I yield the gentleman from Texas 1 minute.

Mr. BLANTON. Mr. Speaker, I want to say to the gentleman from Colorado that once in a while the Government Printing Office makes a mistake. Not long ago they put in $5,700,000,000 for $5,700,000. But it is very seldom they make a mistake. Whatever the gentleman wants to go into the RECORD, if he sends it to the Printing Office, they will usually print it as he sends it; but he, himself, must see to it that his copy is correct. If the gentleman had put his name, "Mr. MARTIN", there, they would have had it there. So we have to look after such matters ourselves to see that these things are correct when we send out the copy.

Mr. MARTIN of Colorado. There may have been some defect in the manuscript, but it was not intentional.

Mr. BLANTON. Oh, certainly. I appreciate that.

Mr. MARTIN of Colorado. I am not satisfied with the form in which this appears any more than the gentleman from New York [Mr. TABER].

The SPEAKER. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. TABER. Mr. Speaker, I do not like to make a mountain out of a molehill, but the situation is just this: The way the thing is set up, my position is misrepresented by the RECORD. Things are attributed to me that I did not say, and everyone in the House knows I did not say it. At the same time people throughout the country will think, as a result of it, that I did say it. I feel that the only protection I have is the adoption of the resolution.

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent that the permanent RECORD be corrected in accordance with the facts.

Mr. COX. Will that not be satisfactory to the gentleman?

Mr. TABER. I do not think I can yield for that, Mr. Speaker. I think that those things which were put in without authority ought to be taken out.

The SPEAKER. The question is on the resolution offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado) there were ayes 80 and noes 86.

Mr. SNELL. Mr. Speaker, I ask for the yeas and nays on the resolution.

The yeas and nays were ordered.

Mr. WOODRUM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOODRUM. Would it be in order to submit a unanimous-consent request now that might obviate the necessity of this roll call, if it is being ordered under a misapprehension?

The SPEAKER. The Chair thinks not. The roll call has been ordered.

Mr. WOODRUM. It seems to me, Mr. Speaker, it could be done by unanimous consent.

Mr. SNELL. Mr. Speaker, we have asked for a roll call; we want it.

The question was taken; and there were—yeas 115, nays 239, answered "present" 12, not voting 61, as follows:

[Roll No. 90]

YEAS—115

Allen	Eaton	Kvale	Risk
Amlie	Ekwall	Lambertson	Robsion, Ky.
Andresen	Engel	Lemke	Rogers, Mass.
Andrews, N. Y.	Englebright	Lord	Sauthoff
Arends	Fenerty	McAndrews	Schneider, Wis.
Bacharach	Fish	McLean	Seger
Bacon	Focht	McLeod	Short
Blackney	Gearhart	Maas	Snell
Boileau	Gehrmann	Main	Stefan
Brewster	Gifford	Mapes	Stewart
Buckler, Minn.	Gilchrist	Marcantonio	Tarver
Burdick	Goodwin	Martin, Mass.	Taylor, S. C.
Burnham	Granfield	Maverick	Taylor, Tenn.
Cannon, Wis.	Guyer	May	Thurston
Carlson	Gwynne	Merritt, Conn.	Tinkham
Carter	Halleck	Michener	Tobey
Cavicchia	Hancock, N. Y.	Millard	Treadway
Christianson	Hartley	Mott	Turpin
Church	Hess	Parsons	Wadsworth
Cole, N. Y.	Higgins, Conn.	Perkins	Welch
Corning	Hobbs	Pittenger	Wigglesworth
Crawford	Hoffman	Powers	Wilson, Pa.
Crowther	Hollister	Rankin	Withrow
Culkin	Holmes	Ransley	Wolcott
Darrow	Hope	Reece	Wolfenden
Dietrich	Hull	Reed, Ill.	Wolverton
Dirksen	Kahn	Reed, N. Y.	Woodruff
Ditter	Kinzer	Reilly	Young
Dondero	Knutson	Rich	

NAYS—239

Adair	Coffee	Eckert	Hill, Ala.
Ashbrook	Colden	Eicher	Hill, Knute
Ayers	Cole, Md.	Ellenbogen	Hill, Samuel B.
Bankhead	Colmer	Evans	Hook
Barry	Connery	Faddis	Houston
Beam	Cooley	Fitzpatrick	Huddleston
Beiter	Cooper, Tenn.	Flannagan	Imhoff
Bell	Costello	Fletcher	Jacobsen
Berlin	Cravens	Ford, Calif.	Johnson, Okla.
Biermann	Creal	Ford, Miss.	Johnson, Tex.
Binderup	Crosby	Frey	Jones
Bland	Cross, Tex.	Fuller	Keller
Blanton	Crosser, Ohio	Fulmer	Kelly
Bloom	Crowe	Gassaway	Kennedy, N. Y.
Boehne	Cullen	Gavagan	Kenney
Boland	Cummings	Gildea	Kleberg
Boykin	Curley	Gillette	Kniffin
Boylan	Daly	Gingery	Kocialkowski
Brooks	Darden	Goldsborough	Kramer
Brown, Ga.	Dear	Gray, Ind.	Lamneck
Brown, Mich.	Delaney	Gray, Pa.	Lanham
Buck	Dickstein	Green	Lea, Calif.
Buckley, N. Y.	Dies	Greenway	Lee, Okla.
Cannon, Mo.	Dingell	Greenwood	Lesinski
Carmichael	Disney	Greever	Lewis, Colo.
Carpenter	Dobbins	Gregory	Lewis, Md.
Cartwright	Dockweiler	Griswold	Lucas
Casey	Dorsey	Haines	Ludlow
Castellow	Doughton	Hamlin	Lundeen
Celler	Doxey	Hancock, N. C.	McClellan
Chandler	Drewry	Hart	McCormack
Citron	Driscoll	Healey	McFarlane
Clark, Idaho	Driver	Hennings	McGehee
Clark, N. C.	Duncan	Higgins, Mass.	McGrath
Cochran	Dunn, Miss.	Hildebrandt	McGroarty

McKeough	O'Malley	Sabath	Terry
McLaughlin	Owen	Sadowski	Thom
McSwain	Palmisano	Sanders, Tex.	Thomason
Mahon	Parks	Sandlin	Thompson
Mansfield	Patman	Schaefer	Tolan
Martin, Colo.	Patterson	Schuetz	Tonry
Mason	Patton	Schulte	Turner
Massingale	Pearson	Scott	Umstead
Mead	Peterson, Ga.	Scrugham	Vinson, Ga.
Meeks	Pettengill	Secrest	Vinson, Ky.
Merritt, N. Y.	Pfeifer	Shanley	Wallgren
Miller	Pierce	Shannon	Walter
Mitchell, Ill.	Quinn	Sirovich	Wearin
Mitchell, Tenn.	Rabaut	Smith, Conn.	Weaver
Monaghan	Randolph	Smith, Va.	Werner
Montague	Rayburn	Smith, Wash.	West
Montet	Richards	Snyder, Pa.	Whelchel
Moran	Richardson	Somers, N. Y.	White
Murdock	Robertson	South	Whittington
Nelson	Robinson, Utah	Spence	Wilcox
Nichols	Rogers, N. H.	Stack	Williams
Norton	Rogers, Okla.	Starnes	Wilson, La.
O'Brien	Romjue	Stubbs	Wood
O'Connell	Russell	Sullivan	Zimmerman
O'Leary	Ryan	Sutphin	

ANSWERED "PRESENT"—12

Buchanan	Dunn, Pa.	Luckey	O'Day
Cox	Johnson, W. Va.	Moritz	O'Neal
Duffy, N. Y.	Lambeth	O'Connor	Taber

NOT VOTING—61

Andrew, Mass.	Duffey, Ohio	Kerr	Sanders, La.
Barden	Eagle	Kloeb	Sears
Bolton	Edmiston	Kopplemann	Sisson
Brennan	Farley	Larrabee	Smith, W. Va.
Bulwinkle	Ferguson	Lehlbach	Steagall
Burch	Fernandez	McMillan	Sumners, Tex.
Caldwell	Fiesinger	McReynolds	Sweeney
Cary	Gambrill	Maloney	Taylor, Colo.
Chapman	Gasque	Marshall	Thomas
Claiborne	Harlan	Oliver	Utterback
Collins	Harter	Peterson, Fla.	Warren
Cooper, Ohio	Hoeppel	Peyser	Woodrum
Deen	Jenckes, Ind.	Plumley	Zioncheck
Dempsey	Jenkins, Ohio	Polk	
DeRouen	Kee	Ramsay	
Doutrich	Kennedy, Md.	Ramspeck	

So the resolution was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. Warren with Mr. Andrew of Massachusetts.
Mr. Fernandez with Mr. Jenkins of Ohio.
Mr. Taylor of Colorado with Mr. Plumley.
Mr. Maloney with Mr. Cooper of Ohio.
Mr. McReynolds with Mr. Doutrich.
Mr. Ramspeck with Mr. Bolton.
Mr. Fiesinger with Mr. Lehlbach.
Mr. Chapman with Mr. Thomas.
Mr. Sears with Mr. Marshall.
Mr. Woodrum with Mr. Collins.
Mr. Cary with Mr. Barden.
Mr. Larrabee with Mr. Brennan.
Mr. Sisson with Mr. Deen.
Mr. Sumners of Texas with Mr. Edmiston.
Mr. Gambrill with Mr. Bulwinkle.
Mr. Peyser with Mr. Smith of West Virginia.
Mr. Dempsey with Mr. Utterback.
Mr. Ferguson with Mr. Polk.
Mr. Burch with Mr. Peterson of Florida.
Mr. Harter with Mr. Caldwell.
Mr. Gasque with Mrs. Jenckes of Indiana.
Mr. Claiborne with Mr. Eagle.
Mr. Sweeney with Mr. Steagall.
Mr. Kennedy of Maryland with Mr. Ramsay.
Mr. Kee with Mr. Farley.
Mr. Harlan with Mr. Kerr.
Mr. Kloeb with Mr. Zioncheck.
Mr. Duffey of Ohio with Mr. Kopplemann.
Mr. McMillan with Mr. DeRouen.
Mr. Oliver with Mr. Sanders of Louisiana.

Mr. LAMBETH. Mr. Speaker, I voted "nay." I was under a misapprehension as to the motion. I desire to change my vote from "nay" to "present."

Mr. BUCHANAN changed his vote from "nay" to "present."

Mr. HARTLEY changed his vote from "present" to "yea."

Mr. PETTENGILL. Mr. Speaker, my colleague the gentleman from Indiana, Mr. LARRABEE, is unavoidably detained on account of serious illness in his family. On this vote, if present, he would have voted "nay."

The result of the vote was announced as above recorded.

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD on the death of my colleague the gentleman from New York, Mr. Rudd.

Mr. TABER. Mr. Speaker, reserving the right to object, it is perfectly apparent that the majority of this House desires a dishonest record of our proceedings, and I object. I do not think any extension should be allowed.

Mr. MARTIN of Colorado. Mr. Speaker, I demand that the gentleman's words be taken down.

The SPEAKER. The Clerk will report the words objected to.

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to withdraw my request that the words of the gentleman be taken down.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent that the permanent RECORD may be corrected by reducing the colloquy referred to by the gentleman to small-sized type and by inserting my name at the head of the resumption of my remarks following the quotation of the gentleman's remarks in the RECORD, as intended.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. SNELL. Mr. Speaker, reserving the right to object, considering the fact that the majority have gone on record almost unanimously refusing to protect the integrity of its own record, I object.

THE DEFICIENCY BILL OF 1936

The SPEAKER. The question is on the motion to recommit the bill.

Mr. TABER. Mr. Speaker, I ask unanimous consent that the Clerk again report the motion to recommit.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

By Mr. TABER: I move to recommit the bill to the Committee on Appropriations with instructions to report the same back forthwith with the following amendment: On page 21, line 10, strike out the paragraph and insert in lieu thereof the following:

"That for the purpose of providing direct relief in the United States, its Territories and possessions, and the District of Columbia, there is hereby appropriated the sum of $1,425,000,000; and there is hereby reappropriated for the same purpose all unobligated and unexpended balances, with the exception of allotments to the Civilian Conservation Corps, of the amounts appropriated by the acts approved June 16, 1933 (48 Stat. 274); February 15, 1934 (48 Stat. 351); June 14, 1934 (48 Stat. 1055); and April 8, 1935 (Public Res. No. 11, 74th Cong.), and to remain available until June 30, 1937, to be allocated and disbursed by the President to the States, Territories, and possessions, and the District of Columbia, for relief according to their respective need: *Provided*, That no part of this appropriation shall be allocated or paid to a State, Territory, or possession, or the District of Columbia, or subdivision thereof, which shall not contribute an amount equal to at least 25 percent of the total proposed expenditures, both local and Federal, and shall not administer such expenditures by and through a nonpartisan board."

Mr. SNELL. Mr. Speaker, I demand the yeas and nays on the motion to recommit.

The yeas and nays were ordered.

The question was taken; and there were—yeas 90, nays 287, answered "present" 1, not voting 49, as follows:

[Roll No. 91]

YEAS—90

Andresen	Engel	Kinzer	Risk
Andrews, N. Y.	Englebright	Knutson	Robsion, Ky.
Arends	Faddis	Lambertson	Rogers, Mass.
Bacharach	Fenerty	Lord	Ryan
Bacon	Fish	Ludlow	Seger
Blackney	Focht	McLean	Short
Brewster	Gearhart	McLeod	Snell
Burnham	Gifford	Maas	Taber
Carlson	Gilchrist	Main	Taylor, Tenn.
Carter	Goodwin	Mapes	Thurston
Cavicchia	Gray, Ind.	Martin, Mass.	Tinkham
Christianson	Guyer	Merritt, Conn.	Tobey
Church	Gwynne	Michener	Treadway
Cole, N. Y.	Halleck	Millard	Turpin
Crawford	Hancock, N. Y.	Mott	Wadsworth
Crowther	Hartley	Perkins	Wigglesworth
Culkin	Hess	Pittenger	Wilson, Pa.
Darrow	Higgins, Conn.	Powers	Wolcott
Ditter	Hoffman	Ransley	Wolfenden
Dondero	Hollister	Reece	Wolverton
Duffy, N. Y.	Holmes	Reed, Ill.	Woodruff
Eaton	Hope	Reed, N. Y.	
Ekwall	Kahn	Rich	

NAYS—287

Adair	Dobbins	Lambeth	Reilly
Amlie	Dockweiller	Lamneck	Richards
Ashbrook	Dorsey	Lanham	Richardson
Ayers	Doughton	Lea, Calif.	Robertson
Bankhead	Doxey	Lee, Okla.	Robinson, Utah
Barden	Drewry	Lemke	Rogers, N. H.
Barry	Driscoll	Lesinski	Rogers, Okla.
Beam	Driver	Lewis, Colo.	Romjue
Beiter	Duncan	Lewis, Md.	Russell
Bell	Dunn, Miss.	Lucas	Sabath
Biermann	Dunn, Pa.	Luckey	Sadowski
Binderup	Eckert	Lundeen	Sanders, Tex.
Bland	Eicher	McAndrews	Sandlin
Blanton	Ellenbogen	McClellan	Sauthoff
Bloom	Evans	McCormack	Schaefer
Boehne	Fitzpatrick	McFarlane	Schneider, Wis.
Boileau	Flannagan	McGehee	Schuetz
Boland	Fletcher	McGrath	Schulte
Boylan	Ford, Calif.	McGroarty	Scott
Brooks	Ford, Miss.	McKeough	Scrugham
Brown, Ga.	Frey	McLaughlin	Secrest
Brown, Mich.	Fuller	McReynolds	Shanley
Buchanan	Fulmer	McSwain	Shannon
Buck	Gambrill	Mahon	Sirovich
Buckler, Minn.	Gasque	Mansfield	Sisson
Buckley, N. Y.	Gassaway	Marcantonio	Smith, Conn.
Bulwinkle	Gavagan	Martin, Colo.	Smith, Va.
Burch	Gehrmann	Mason	Smith, Wash.
Burdick	Gildea	Massingale	Snyder, Pa.
Cannon, Mo.	Gillette	Maverick	Somers, N. Y.
Cannon, Wis.	Gingery	May	South
Carmichael	Goldsborough	Mead	Spence
Carpenter	Granfield	Meeks	Stack
Cartwright	Gray, Pa.	Merritt, N. Y.	Starnes
Casey	Green	Miller	Stefan
Castellow	Greenway	Mitchell, Ill.	Stubbs
Celler	Greenwood	Mitchell, Tenn.	Sullivan
Chandler	Greever	Monaghan	Sumners, Tex.
Chapman	Gregory	Montague	Sutphin
Citron	Griswold	Montet	Sweeney
Clark, Idaho	Haines	Moran	Tarver
Clark, N. C.	Hamlin	Moritz	Taylor, S. C.
Cochran	Hancock, N. C.	Murdock	Terry
Coffee	Hart	Nelson	Thom
Colden	Healey	Nichols	Thomason
Cole, Md.	Hennings	Norton	Thompson
Collins	Higgins, Mass.	O'Brien	Tolan
Colmer	Hildebrandt	O'Connell	Tonry
Connery	Hill, Ala.	O'Connor	Turner
Cooley	Hill, Knute	O'Day	Umstead
Cooper, Tenn.	Hill, Samuel B.	O'Leary	Vinson, Ga.
Corning	Hobbs	Oliver	Vinson, Ky.
Costello	Hook	O'Neal	Wallgren
Cox	Houston	Owen	Walter
Cravens	Huddleston	Palmisano	Warren
Creal	Hull	Parks	Wearin
Crosby	Imhoff	Parsons	Weaver
Cross, Tex.	Jacobsen	Patman	Welch
Crosser, Ohio	Johnson, Okla.	Patterson	Werner
Crowe	Johnson, Tex.	Patton	West
Cullen	Johnson, W. Va.	Pearson	Whelchel
Cummings	Jones	Peterson, Ga.	White
Curley	Keller	Pettengill	Whittington
Daly	Kelly	Peyser	Wilcox
Darden	Kennedy, N. Y.	Pfeifer	Williams
Dear	Kenney	Pierce	Wilson, La.
Delaney	Kleberg	Quinn	Withrow
Dickstein	Kniffin	Rabaut	Wood
Dies	Kocialkowski	Ramspeck	Woodrum
Dietrich	Kopplemann	Randolph	Young
Dingell	Kramer	Rankin	Zimmerman
Disney	Kvale	Rayburn	

ANSWERED "PRESENT"—1

Dirksen

NOT VOTING—49

Allen	Doutrich	Kee	Ramsay
Andrew, Mass.	Duffey, Ohio	Kennedy, Md.	Sanders, La.
Berlin	Eagle	Kerr	Sears
Bolton	Edmiston	Kloeb	Smith, W. Va.
Boykin	Farley	Larrabee	Steagall
Brennan	Ferguson	Lehlbach	Stewart
Caldwell	Fernandez	McMillan	Taylor, Colo.
Cary	Fiesinger	Maloney	Thomas
Claiborne	Harlan	Marshall	Utterback
Cooper, Ohio	Harter	O'Malley	Zioncheck
Deen	Hoeppel	Peterson, Fla.	
Dempsey	Jenckes, Ind.	Plumley	
DeRouen	Jenkins, Ohio	Polk	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. Lehlbach (for) with Mr. Steagall (against).
Mr. Jenkins of Ohio (for) with Mr. Dempsey (against).
Mr. Andrew of Massachusetts (for) with Mr. Peterson of Florida (against).
Mr. Stewart (for) with Mr. Smith of West Virginia (against).
Mr. Cooper of Ohio (for) with Mr. Harlan (against).
Mr. Allen (for) with Mr. Edmiston (against).
Mr. Bolton (for) with Mr. Maloney (against).
Mr. Doutrich (for) with Mr. Fernandez (against).
Mr. Marshall (for) with Mr. Caldwell (against).
Mr. Thomas (for) with Mr. Cary (against).

General pairs:

Mr. Sears with Mr. Kloeb.
Mr. Deen with Mr. Larrabee.
Mr. Taylor of Colorado with Mr. Fiesinger.
Mr. McMillan with Mr. O'Malley.
Mr. Boykin with Mr. Robinson of Utah.
Mr. Kennedy of Maryland with Mr. Farley.
Mr. DeRouen with Mrs. Jenckes of Indiana.
Mr. Kerr with Mr. Harter.
Mr. Polk with Mr. Kee.
Mr. Ferguson with Mr. Eagle.
Mr. Claiborne with Mr. Berlin.
Mr. Sanders of Louisiana with Mr. Brennan.
Mr. Zioncheck with Mr. Utterback.

Mr. HILL of Alabama. Mr. Speaker, my colleague the gentleman from Alabama, Mr. STEAGALL, is unavoidably absent, due to illness. If present, he would have voted "nay."

Mr. PETTENGILL. Mr. Speaker, my colleague the gentleman from Indiana, Mr. LARRABEE, is unavoidably detained on account of serious illness. If present, he would have voted "nay."

Mr. GREEVER. Mr. Speaker, I have been asked to announce by my colleague the gentleman from New Mexico, Mr. DEMPSEY, that he is unavoidably absent, but if present he would have voted "nay" on the motion to recommit.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. BUCHANAN and Mr. TABER demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 341, nays 38, not voting 48, as follows:

[Roll No. 92]

YEAS—341

Adair	Coffee	Flannagan	Kahn
Allen	Colden	Fletcher	Keller
Amlie	Cole, Md.	Focht	Kelly
Andresen	Colmer	Ford, Calif.	Kennedy, N. Y.
Arends	Connery	Ford, Miss.	Kenney
Ashbrook	Cooley	Frey	Kleberg
Ayers	Cooper, Tenn.	Fuller	Kniffin
Bacharach	Corning	Fulmer	Kocialkowski
Bacon	Costello	Gambrill	Kopplemann
Bankhead	Cravens	Gasque	Kramer
Barden	Crawford	Gassaway	Kvale
Barry	Creal	Gavagan	Lambertson
Beam	Crosby	Gearhart	Lambeth
Beiter	Cross, Tex.	Gehrmann	Lamneck
Bell	Crosser, Ohio	Gifford	Lanham
Berlin	Crowe	Gilchrist	Lea, Calif.
Biermann	Culkin	Gildea	Lee, Okla.
Binderup	Cullen	Gillette	Lemke
Blackney	Cummings	Gingery	Lesinski
Bland	Curley	Goldsborough	Lewis, Colo.
Blanton	Daly	Granfield	Lewis, Md.
Bloom	Darden	Gray, Ind.	Lucas
Boehne	Dear	Gray, Pa.	Luckey
Boileau	Delaney	Green	Ludlow
Boland	Dickstein	Greenway	Lundeen
Boykin	Dies	Greenwood	McAndrews
Boylan	Dietrich	Greever	McClellan
Brewster	Dingell	Gregory	McCormack
Brooks	Dirksen	Griswold	McFarlane
Brown, Ga.	Disney	Guyer	McGehee
Brown, Mich.	Dobbins	Haines	McGrath
Buchanan	Dockweiler	Hamlin	McGroarty
Buck	Dondero	Hancock, N. C.	McKeough
Buckler, Minn.	Dorsey	Hart	McLaughlin
Buckley, N. Y.	Doughton	Hartley	McLeod
Bulwinkle	Doxey	Healey	McReynolds
Burdick	Drewry	Hennings	McSwain
Burnham	Driscoll	Hess	Maas
Cannon, Mo.	Driver	Higgins, Mass.	Mahon
Cannon, Wis.	Duffy, N. Y.	Hildebrandt	Main
Carlson	Duncan	Hill, Ala.	Mansfield
Carpenter	Dunn, Miss.	Hill, Knute	Mapes
Carter	Dunn, Pa.	Hill, Samuel B.	Marcantonio
Cartwright	Eaton	Hobbs	Martin, Colo.
Casey	Eckert	Hook	Martin, Mass.
Cavicchia	Eicher	Hope	Mason
Celler	Ekwall	Houston	Massingale
Chandler	Ellenbogen	Huddleston	Maverick
Chapman	Engel	Hull	May
Christianson	Englebright	Imhoff	Mead
Church	Evans	Jacobsen	Meeks
Citron	Faddis	Johnson, Okla.	Merritt, N. Y.
Clark, Idaho	Fenerty	Johnson, Tex.	Michener
Clark, N. C.	Fish	Johnson, W. Va.	Miller
Cochran	Fitzpatrick	Jones	Mitchell, Ill.

Mitchell, Tenn.	Pittenger	Schulte	Tonry
Monaghan	Powers	Scott	Turner
Montague	Quinn	Scrugham	Turpin
Montet	Rabaut	Secrest	Umstead
Moran	Ramspeck	Seger	Vinson, Ga.
Moritz	Randolph	Shanley	Vinson, Ky.
Mott	Rankin	Shannon	Wallgren
Murdock	Ransley	Sirovich	Walter
Nelson	Rayburn	Smith, Conn.	Warren
Nichols	Reece	Smith, Wash.	Wearin
Norton	Reed, Ill.	Snell	Weaver
O'Brien	Reilly	Snyder, Pa.	Welch
O'Connell	Richards	Somers, N. Y.	Werner
O'Connor	Richardson	South	West
O'Day	Risk	Spence	Whelchel
O'Leary	Robinson, Utah	Stack	White
Oliver	Robsion, Ky.	Starnes	Whittington
O'Malley	Rogers, Mass.	Stefan	Wigglesworth
O'Neal	Rogers, N. H.	Stubbs	Wilcox
Owen	Rogers, Okla.	Sullivan	Williams
Palmisano	Romjue	Sumners, Tex.	Wilson, La.
Parks	Russell	Sutphin	Wilson, Pa.
Parsons	Ryan	Sweeney	Withrow
Patman	Sabath	Taylor, Tenn.	Wolverton
Patterson	Sadowski	Terry	Wood
Patton	Sanders, Tex.	Thom	Woodrum
Pearson	Sandlin	Thomason	Young
Pettengill	Sauthoff	Thompson	Zimmerman
Peyser	Schaefer	Thurston	
Pfeifer	Schneider, Wis.	Tobey	
Pierce	Schuetz	Tolan	

NAYS—38

Andrews, N. Y.	Hancock, N. Y.	Millard	Tarver
Burch	Higgins, Conn.	Perkins	Taylor, S. C.
Castellow	Hoffman	Peterson, Ga.	Tinkham
Cole, N. Y.	Hollister	Reed, N. Y.	Treadway
Crowther	Holmes	Rich	Wadsworth
Darrow	Kinzer	Robertson	Wolcott
Ditter	Knutson	Short	Wolfenden
Goodwin	Lord	Smith, Va.	Woodruff
Gwynne	McLean	Stewart	
Halleck	Merritt, Conn.	Taber	

NOT VOTING—48

Andrew, Mass.	DeRouen	Jenckes, Ind.	Plumley
Bolton	Doutrich	Jenkins, Ohio	Polk
Brennan	Duffey, Ohio	Kee	Ramsay
Caldwell	Eagle	Kennedy, Md.	Sanders, La.
Carmichael	Edmiston	Kerr	Sears
Cary	Farley	Kloeb	Sisson
Claiborne	Ferguson	Larrabee	Smith, W. Va.
Collins	Fernandez	Lehlbach	Steagall
Cooper, Ohio	Piesinger	McMillan	Taylor, Colo.
Cox	Harlan	Maloney	Thomas
Deen	Harter	Marshall	Utterback
Dempsey	Hoeppel	Peterson, Fla.	Zioncheck

So the bill was passed.

The Clerk announced the following pairs:

On the vote:

Mr. Fernandez (for) with Mr. Thomas (against).
Mr. Lehlbach (for) with Mr. Cox (against).

General pairs:

Mr. McMillan with Mr. Jenkins of Ohio.
Mr. Sears with Mr. Plumley.
Mr. Taylor of Colorado with Mr. Marshall.
Mr. Cary with Mr. Doutrich.
Mr. Harlan with Mr. Andrew of Massachusetts.
Mr. Smith of West Virginia with Mr. Cooper of Ohio.
Mr. Harter with Mr. Bolton.
Mr. Kerr with Mr. Collins.
Mr. Larrabee with Mr. Ramsay.
Mr. Caldwell with Mr. Kennedy of Maryland.
Mr. Farley with Mr. Maloney.
Mr. Kee with Mr. Sisson.
Mr. Eagle with Mr. Piesinger.
Mrs. Jenckes of Indiana with Mr. Claiborne.
Mr. Dempsey with Mr. Ferguson.
Mr. Peterson of Florida with Mr. Polk.
Mr. Brennan with Mr. Kloeb.
Mr. DeRouen with Mr. Edmiston.
Mr. Zioncheck with Mr. Utterback.

Mr. BINDERUP changed his vote from "present" to "yea."

Mr. HILL of Alabama. Mr. Speaker, my colleague from Alabama, Mr. STEAGALL, is unavoidably absent due to illness. If present, he would have voted "yea."

Mr. COX. Mr. Speaker, I was not in the Chamber when my name was called; therefore I cannot qualify. If I were able to qualify, I would have voted "nay."

Mr. BIERMANN. Mr. Speaker, my colleague the gentleman from Iowa, Mr. UTTERBACK, is absent. If present, he would have voted "yea."

Mr. GREEVER. Mr. Speaker, my colleague the gentleman from New Mexico, Mr. DEMPSEY, is absent and asked me to announce that if present he would have voted "yea."

Mr. JOHNSON of West Virginia. Mr. Speaker, my colleague, Mr. KEE, is unavoidably absent. If present, he would have voted "yea."

Mr. PETTENGILL. Mr. Speaker, my colleague from Indiana, Mr. LARRABEE, is unavoidably detained on account of serious illness. If present, he would have voted "yea."

Mr. SISSON. Mr. Speaker, a parliamentary inquiry with reference to my rights to be recorded.

The SPEAKER. The gentleman will state it.

Mr. SISSON. Mr. Speaker, I was in the Chamber on the first call of the roll, but did not answer to my name. I am quite sure I was present when the roll was called the first time. I went out and intended to come back in time for the second roll call. Am I qualified to vote?

The SPEAKER. The Chair does not think so.

Mr. SISSON. Mr. Speaker, if I had been able to qualify I would have voted "yea."

The result of the vote was announced as above recorded.

On motion of Mr. BUCHANAN, a motion to reconsider was laid on the table.

EXTENSION OF REMARKS—THE RELIEF BILL

Mr. LUDLOW. Mr. Speaker, because of my very great desire that appropriations shall be held down and that a start, at least, shall be made toward balancing the Budget, I had intended to vote against this so-called relief bill until careful inquiry as to what the inevitable consequences would be of a summary and complete stoppage of Federal relief at this time caused me to decide otherwise.

To defeat this bill and thus cut Federal relief squarely off without a tapering-off period would create, I fear, a Nation-wide crisis and debacle that must be and can be avoided by a more gradual and rational process of getting the Federal Government out of the relief business.

To cut off Federal relief peremptorily and completely now and throw the load entirely back on the States without any tapering-off process would cause local relief agencies to bog down and would precipitate dire distress, hunger, and suffering among untold thousands of good people who, with industry still in a condition of collapse, would be unable for the time being to secure either employment or relief.

The Federal Government must get out of the relief business. No one is more devoutly sincere in wishing such a separation than I am. I am so earnest in wanting the Federal Government to stick to its own sphere and allow matters of local concern to be handled locally that I am going to cross party lines today to vote for Representative TABER's motion to recommit this bill so that the appropriation carried in it might be administered entirely by local relief agencies and not through a bureaucratic set-up directed from Washington. Local self-government is a good old democratic principle and the plan suggested by Mr. TABER would put an end to "boondoggling."

A decentralization of relief administration as proposed by Mr. TABER would go far to get the Federal Government out of the relief business so that relief may be handled locally, as it should be. If the Taber motion to recommit is voted down, I shall cast my vote for the relief bill, notwithstanding I do not indorse all of its provisions, but because a relief bill must pass to prevent widespread suffering and distress among our people.

WAYNE COY'S REPORT ON INDIANA RELIEF NEEDS

Some idea of what that distress would be in Indiana and in the district I represent may be obtained from an exchange of telegrams which took place Saturday between Wayne Coy, who is at the head of all Government relief activities in Indiana, and myself.

I am opposed to huge expenditures on general principles. I am unalterably opposed to "boondoggling" in every form. I want every visionary and fantastic project junked and every bit of waste stopped. At the same time I believe it is our duty to see that no human being under the American flag suffers for want of food, clothing, and shelter. Before I voted on this bill I wanted to know exactly what the necessity is for the appropriation carried in the bill, or any other

Federal relief appropriation for that matter—that is to say, the actual necessity from the standpoint of human needs and relief.

I wired to one of the best posted men in the United States on this subject, Mr. Coy, the Works Progress Administrator for Indiana, who knows more about the relief situation in my native State and in the district I represent than any other living man. My telegram to him was as follows:

MAY 9, 1936.

Hon. WAYNE COY,
Indiana Works Progress Administrator,
Indianapolis, Ind.:

Kindly wire to me today (Saturday) the following information: How many persons or families approximately are there on relief in Indiana and Marion County. What would happen to these persons if the bill pending before Congress appropriating one billion four hundred twenty-five million for relief should fail to pass? How would these persons be taken care of? Would appreciate full information showing exactly what effect failure of the bill would have on relief situation in Indiana and how much distress, if any, would be caused thereby. Would also like same information applied particularly to Marion County. Thanks.

LOUIS LUDLOW.

Mr. Coy sent the following illuminating reply by wire:

INDIANAPOLIS, IND., *May 9, 1936.*

Hon. LOUIS LUDLOW,
Member of Congress:

Your wire 9th. Figures for March are: Working W. P. A. State total, 85,692, representing individual persons in family of 342,000. On direct relief, State total 48,327 families, representing 155,269 individual persons. Of those working on W. P. A. 4,576 families, representing 18,000 individual persons, are also receiving supplementary direct relief due to size of family or other necessity. Working W. P. A. Marion County 13,412, representing 53,648 individuals. Direct relief Marion County 8,962, representing 25,358 individuals. Of those working on Marion County W. P. A. 485, representing 1,940 individuals, also receiving supplementary direct relief. If pending appropriation act fails those now working W. P. A. will be turned back to township trustees for direct relief by June 30, this increasing the local relief expenditures by three times. Indiana townships are not financially able to carry any greater burden than now carrying. Any increase in expenditures for direct relief will necessarily be reflected in an increased tax on real property. W. P. A. has enabled townships in Indiana to reduce expenditures $250,000 per month as compared to March 1935. Inability of townships to assume any additional relief burden would create great distress and hunger among the thousands of relief people.

(Signed) WAYNE COY.

MY RECORD FOR ECONOMY

The assertion of this expert adviser that the failure of the pending measure would create great distress and hunger among the thousands of relief people in Indiana and my home district is the last straw that decides my vote in favor of this bill. I believe I have a consistent record for economy. I voted against Speaker Garner's bill to spend $2,200,000,000 in the construction of Federal buildings.

I voted against the bill creating the National Recovery Administration with its appropriation of $3,300,000,000 for uneconomic public works. As a member of the Appropriations Committee I have helped to cut millions upon millions of dollars off of the Federal expense bill, and I shall continue to do so, but when the cry of distress is heard; when hungry mouths are to be fed and naked bodies are to be clothed I shall always listen to that cry.

Indiana is only 1 of 48 States in the Union. Multiply by 48 the great distress and hunger which Mr. Coy foresees in Indiana if this bill is defeated and you will have some idea of the suffering and distress that may be expected in the entire Nation if the bill fails.

RATIONAL AND IRRATIONAL WAY

There is a rational way to get the Federal Government out of the relief business and there is an irrational way. The irrational way would be to cut off Federal aid entirely. The rational way is to reduce Federal aid gradually to the vanishing point and at the same time give greater assistance and encouragement to industry so that businessmen and manufacturers may be encouraged to resume normal operations and employment.

According to my way of thinking, the honest businessman and manufacturer is the "forgotten man" of this administration. After seeing that no person in the United States suffers for food, clothing, and shelter, our next concern should be to get our fellow citizens off of temporary Government pay rolls and on permanent regular business and factory pay rolls.

A person who holds one of these synthetic jobs of "made work" cannot have any easiness of mind, for his employment is not fortified and sustained by any economic necessity, and may be terminated at any time. The cry of every honest and self-respecting man on relief work is "Give me a regular job."

The sooner the transition from synthetic jobs to regular jobs can be made, the better it will be for all of America, but until the transition can take place the dictates of humanity require that adequate provision must be made for relief.

LOANS TO INDUSTRY

On March 14, 1935, I introduced a bill which, I verily believe, if it had passed would have gone far to pave the way for a sound recovery and the substitution of regular jobs for synthetic jobs. Permit me to quote from the text of that bill as follows:

SEC. 2. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $2,000,000,000 as a fund from which the Reconstruction Finance Corporation shall make loans for working capital to business concerns and manufacturing industries. The plan of lending said sum of $2,000,000,000 shall be based, as nearly as practicable, on an average loan of $50,000 to 40,000 business and manufacturing firms and the aggregate of loans of any one firm under this act shall not be in excess of $200,000.

SEC. 3. Within 10 days after the approval of this act the chairman of the Reconstruction Finance Corporation shall summon to a conference to be held at Washington, District of Columbia, officials of recognized National and State business, manufacturing, and other industrial organizations, and outstanding leaders in the business and industrial world. The purpose of said conference shall be to assist officials of the Reconstruction Finance Corporation in devising a systematic plan for the lending of said fund of $2,000,000,000 in such a way as to aid in restoring normal employment throughout the country as soon as possible. Loans shall be made on the basis of the applicant's willingness and demonstrated capacity to furnish employment. Loans shall be granted whenever there is reasonable assurance that the applicant will be able to repay the amount borrowed. Loans shall be for a period of 5 years at 5 per centum interest, with the privilege of renewal for 2 years if the conditions of the loan are meanwhile satisfactorily complied with.

SEC. 4. Coincident with the approval of this act all public works financed in whole or in part by the United States Government (except construction for exclusively Federal purposes) shall be suspended and said public works shall not be resumed except insofar as may be necessary to carry out existing commitments or to salvage works partially constructed.

This bill, by making Government credit available to employers of recognized solvency and stability on easy terms, would have opened the doors of the factories and would have furnished the encouragement and assistance which industry so much needs to take men and women off of the public pay rolls and place them in regular jobs on private pay rolls.

I believe that if my bill had passed, the industrial and economic picture in America would be vastly different from what it is today. I believe every thinking person must admit that the sound principles contained in my bill are a shining contrast to the "boondoggling" of recent times.

HOPE EXPRESSED THAT THIS WILL BE THE LAST RELIEF BILL

There are many things in the pending relief bill I do not like, but under the fearful, wonderful, and artful method by which that bill is constructed we have no power of segregation and we must swallow it all or reject it altogether. "Take it or leave it", is the command from higher-ups.

I would have been glad to vote for a smaller relief appropriation, but there is no choice in that regard, as both the pending bill and the Republican motion to recommit specify $1,425,000,000 as the amount to be appropriated for relief.

The bill includes the appropriation for the Old Age Security Act, which I supported, and it also carries the appropriation for the Indianapolis Federal building and, of course, I am very much in favor of that. It carries appropriations to enforce the 44-hour-week law and the railroad retirement law, which should not be allowed to fail for lack of funds. With all of its unacceptable features I regard it as an unavoidable measure at this time.

With indisputable signs on every hand of a return of better times I hope that business will now catch on and that it will never be necessary again to pass a Federal relief bill of this kind.

THE FRAZIER-LEMKE BILL

Mr. LEMKE. Mr. Speaker, I call up Calendar No. 2 on the Calendar of Motions to Discharge Committees, being motion no. 7, signed by 218 Members of the House, to discharge the Committee on Rules from the further consideration of House Resolution 123.

The Clerk read as follows:

House Resolution 123

Resolved, That upon the day succeeding the adoption of this resolution a special order be, and is hereby, created by the House of Representatives for the consideration of H. R. 2066, a public bill which has remained in the Committee on Agriculture for 30 or more days without action. That such special order be, and is hereby created, notwithstanding any further action on said bill by the Committee on Agriculture or any rule of the House. That on said day the Speaker shall recognize the Representative at Large from North Dakota, WILLIAM LEMKE, to call up H. R. 2066, a bill to liquidate and refinance existing agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a board of agriculture to supervise the same, as a special order of business, and to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of said H. R. 2066. After general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the Member of the House requesting the rule for the consideration of said H. R. 2066 and the Member of the House who is opposed to the said H. R. 2066, to be designated by the Speaker, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage, without intervening motion, except one motion to recommit. The special order shall be a continuing order until the bill is finally disposed of.

The SPEAKER. The gentleman from North Dakota, under the rules, moves to discharge the Committee on Rules and pass the resolution just reported. Under the rules of the House, debate is limited to 20 minutes, 10 minutes to the side.

Mr. BOILEAU. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. Is it proper to ask at this time who is to be recognized in opposition?

The SPEAKER. The Chair will attend to that when the Chair comes to it.

Mr. LEMKE. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Speaker, my contention is that any bill that has created the interest of the American farmers to the extent that this bill has, and any bill that has brought about the signing of a petition by 240 Members of the House, either on their own initiative or because of the persuasion of some other Member of the House, certainly should be given consideration by the Congress of the United States. [Applause.]

I have had some Members tell me, "I do not want to have anything to do with this matter, because it will put me on the spot." I want to say to the Members that insofar as I am concerned, when I was reelected to the Congress I was put on the spot. I believe the Members of the House should seriously take into consideration the merits, as well as the demerits, of this bill and vote accordingly.

Farmers everywhere are asking for lower interest rates. Two hundred and forty Members first and last signed the petition requesting that the bill be considered. I want to state, regardless how you vote on the final vote on the bill, that should you vote against giving the House a chance to go into the merits or demerits of the bill, that you are placing yourself on a hot spot, one that will be hard to explain. The second reason given by those opposing the bill is that the bill proposes to have the Government issue $3,000,000,000 in currency and therefore is an inflationary bill. Who makes this statement? The Liberty League and the money changers that brought about a depression in 1921 [applause] when they had control of the Federal Reserve banks that robbed the independent merchants and bankrupted the farmers of this country and put labor into the bread lines. [Applause.]

The kind of inflation that the Liberty League is interested in is the type that we had in 1928–29. These money changers had charge of the Federal Reserve banks, as in the case of 1921, and after flooding the country with worthless stocks and bonds, using the finances of the country that should have gone into agriculture, legitimate business, and industry to an extent unexcelled ever in the history of the country, the crash came. Who got the money? Let us listen to the debate on this bill; get the real purpose of the bill; and that will be time enough to decide whether you want to help restore the purchasing power of farmers or whether or not you want to continue to vote billions of 3- and 4-percent tax-exempt bonds for the special accommodation of those who robbed us in 1921 and in 1929.

I believe we will be able to sell these bonds from time to time as needed; if not, farmers are just as much entitled to the issuing of currency to refinance their mortgages as banks that now have the right to have currency issued on the notes and mortgages of farmers held by these banks.

Let us go into this matter fully tomorrow, and may your conscience be your guide.

Mr. LEMKE. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, under existing law the Federal Reserve System has the power now to inflate the currency of the United States to the extent of billions of dollars. So we need not worry about any $3,000,000,000 proposition—a small $3,000,000,000—in comparison with the power which they have to inflate the currency.

I have the honor of being the chairman of the Committee on Labor of this House. The members from the group of farm States on this committee have always cooperated with me unanimously in reporting legislation to this House, and I intend to cooperate with them in bringing legislation to this floor which will bring prosperity to the farmers, just as they have cooperated with me in bringing higher wages to the workers.

There can be no prosperity in this country until we have higher wages and better farming conditions. [Applause.]

Mr. LEMKE. Will the opposition yield some time now? Who is to be recognized on the other side, Mr. Speaker?

The SPEAKER. The Chair is not going to recognize anyone until such recognition is sought.

Mr. O'CONNOR. Mr. Speaker, I shall ask recognition, being chairman of the committee against which a demand is being made to discharge, but I prefer to reserve the time until the proponents have finished.

The SPEAKER. The gentleman from North Dakota is recognized.

Mr. BOILEAU. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. Mr. Speaker, as I understand the rule, the proponent of this measure, the gentleman who has been recognized under the rule, the gentleman from North Dakota [Mr. LEMKE], has the opening and closing of debate. I do not have any specific incident before me at the present time, but my recollection is——

The SPEAKER. The Chair thinks the gentleman is correct. The gentleman from North Dakota is recognized.

Mr. BOILEAU. Perhaps the Speaker did not understand my inquiry. My understanding is that the gentleman from North Dakota has the opening and closing and in the meantime those in opposition should use some time.

The SPEAKER. The Chair is not advised of anyone seeking time now; and if no one wants time, the Chair will put the question.

The question is on the motion to discharge.

The question was taken; and Mr. LEMKE demanded a division.

Mr. BOILEAU. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. I would like to have the Chair again state the question before the House.

The SPEAKER. The question before the House is the motion to discharge the Rules Committee.

The question was taken; and there were—ayes 145, noes 134.

Mr. O'CONNOR. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 220, nays 153, answered "present" 6, not voting 49, as follows:

[Roll No. 93]

YEAS—220

Allen	Ekwall	Kniffin	Pittenger
Amlie	Ellenbogen	Knutson	Quinn
Andresen	Engel	Kramer	Rabaut
Arends	Englebright	Kvale	Randolph
Ashbrook	Fenerty	Lambertson	Rankin
Ayers	Ferguson	Lamneck	Reed, Ill.
Beam	Fish	Lea, Calif.	Reilly
Beiter	Fletcher	Lee, Okla.	Risk
Berlin	Focht	Lemke	Robsion, Ky.
Biermann	Ford, Miss.	Lesinski	Rogers, N. H.
Binderup	Frey	Luckey	Rogers, Okla.
Blackney	Fulmer	Ludlow	Romjue
Blanton	Gambrill	Lundeen	Ryan
Boileau	Gasque	McAndrews	Sadowski
Brewster	Gassaway	McClellan	Sanders, Tex.
Brown, Mich.	Gavagan	McCormack	Sauthoff
Buckler, Minn.	Gearhart	McGehee	Schaefer
Burdick	Gehrmann	McGrath	Schneider, Wis.
Cannon, Mo.	Gilchrist	McGroarty	Schuetz
Cannon, Wis.	Gildea	McKeough	Schulte
Carlson	Gillette	McLaughlin	Scott
Carpenter	Gingery	McLeod	Scrugham
Carter	Goldsborough	Maas	Secrest
Cartwright	Granfield	Mahon	Shannon
Casey	Gray, Ind.	Main	Short
Christianson	Gray, Pa.	Mansfield	Sisson
Clark, Idaho	Green	Marcantonio	Smith, Wash.
Coffee	Greenway	Martin, Colo.	South
Colden	Greever	Massingale	Spence
Cole, Md.	Griswold	Maverick	Stack
Cole, N. Y.	Guyer	Mead	Stefan
Colmer	Gwynne	Meeks	Stubbs
Connery	Haines	Michener	Sweeney
Costello	Halleck	Miller	Taylor, Tenn.
Cravens	Hamlin	Mitchell, Ill.	Terry
Crawford	Hancock, N. C.	Mitchell, Tenn.	Thomason
Crosby	Hart	Monaghan	Thompson
Crosser, Ohio	Healey	Moran	Thurston
Crowther	Higgins, Mass.	Moritz	Tobey
Culkin	Hildebrandt	Mott	Tolan
Cummings	Hill, Knute	Murdock	Turner
Daly	Hill, Samuel B.	Nelson	Turpin
Dies	Hoeppel	Nichols	Wallgren
Dietrich	Hoffman	O'Brien	Wearin
Dingell	Hook	O'Day	Welch
Dirksen	Hope	O'Leary	Werner
Disney	Houston	O'Malley	White
Dondero	Hull	Parsons	Williams
Dorsey	Imhoff	Patman	Withrow
Duffy, N. Y.	Jacobsen	Patterson	Wolcott
Duncan	Johnson, Okla.	Patton	Wolverton
Dunn, Miss.	Johnson, W.Va.	Pearson	Wood
Dunn, Pa.	Keller	Pettengill	Woodruff
Eckert	Kelly	Pfeifer	Young
Eicher	Kenney	Pierce	Zimmerman

NAYS—153

Adair	Cox	Hill, Ala.	Oliver
Andrews, N. Y.	Crowe	Hobbs	O'Neal
Bacon	Cullen	Hollister	Owen
Bankhead	Curley	Holmes	Palmisano
Barden	Darden	Huddleston	Parks
Barry	Darrow	Johnson, Tex.	Perkins
Bell	Dear	Jones	Peterson, Ga.
Bland	Delaney	Kahu	Peyser
Bloom	Dickstein	Kinzer	Powers
Boehne	Ditter	Kleberg	Ramspeck
Boland	Dobbins	Kocialkowski	Ransley
Boykin	Dockweiler	Kopplemann	Rayburn
Boylan	Doughton	Lambeth	Reece
Brooks	Doxey	Lanham	Reed, N. Y.
Brown, Ga.	Drewry	Lewis, Colo.	Rich
Buchanan	Driscoll	Lewis, Md.	Richardson
Buck	Driver	Lord	Robertson
Buckley, N. Y.	Eaton	Lucas	Rogers, Mass.
Bulwinkle	Evans	McLean	Russell
Burch	Faddis	McReynolds	Sabath
Carmichael	Fitzpatrick	McSwain	Sandlin
Castellow	Flannagan	Mapes	Seger
Cavicchia	Ford, Calif.	Martin, Mass.	Shanley
Celler	Fuller	Mason	Smith, Conn.
Chandler	Gifford	May	Smith, Va.
Chapman	Goodwin	Merritt, Conn.	Snell
Church	Greenwood	Merritt, N. Y.	Snyder, Pa.
Citron	Gregory	Millard	Somers, N. Y.
Clark, N. C.	Hancock, N. Y.	Montague	Starnes
Cochran	Hartley	Montet	Sullivan
Cooley	Hennings	Norton	Sumners, Tex.
Cooper, Tenn.	Hess	O'Connell	Taber
Corning	Higgins, Conn.	O'Connor	Tarver
Taylor, S. C.	Vinson, Ga.	Whelchel	Wolfenden
Thom	Vinson, Ky.	Whittington	Woodrum
Tinkham	Wadsworth	Wigglesworth	The Speaker
Tonry	Walter	Wilcox	
Treadway	Warren	Wilson, La.	
Umstead	Weaver	Wilson, Pa.	

ANSWERED "PRESENT"—6

Burnham	Kennedy, N. Y.	Richards	Sirovich
Creal	McFarlane		

NOT VOTING—49

Andrew, Mass.	Doutrich	Kerr	Sears
Bacharach	Duffey, Ohio	Kloeb	Smith, W. Va.
Bolton	Eagle	Larrabee	Steagall
Brennan	Edmiston	Lehlbach	Stewart
Caldwell	Farley	McMillan	Sutphin
Cary	Fernandez	Maloney	Taylor, Colo.
Claiborne	Flesinger	Marshall	Thomas
Collins	Harlan	Peterson, Fla.	Utterback
Cooper, Ohio	Harter	Plumley	West
Cross, Tex.	Jenckes, Ind.	Polk	Zioncheck
Deen	Jenkins, Ohio	Ramsay	
Dempsey	Kee	Robinson, Utah	
DeRouen	Kennedy, Md.	Sanders, La.	

So the motion to discharge the committee was adopted.

The following pairs were announced:

On the vote:

Mr. Sirovich (for) with Mr. Smith of West Virginia (against).
Mr. Richards (for) with Mr. McMillan (against).
Mr. McFarlane (for) with Mr. Ramsay (against).
Mr. Marshall (for) with Mr. Steagall (against).
Mr. Utterback (for) with Mr. Lehlbach (against).
Mr. Taylor of Colorado (for) with Mr. Andrew of Massachusetts (against).
Mr. Larrabee (for) with Mr. Bolton (against).
Mr. Peterson of Florida (for) with Mr. Thomas (against).
Mr. Jenkins of Ohio (for) with Mr. Plumley (against).

General pairs:

Mr. Sears with Mr. Cooper of Ohio.
Mr. Flesinger with Mr. Stewart.
Mr. Deen with Mr. Bacharach.
Mr. Sutphin with Mr. Collins.
Mr. Kennedy of Maryland with Mr. Doutrich.
Mr. Caldwell with Mr. West.
Mr. Robinson of Utah with Mr. Harter.
Mr. Polk with Mr. Claiborne.
Mrs. Jenckes of Indiana with Mr. Cross of Texas.
Mr. Eagle with Mr. Maloney.
Mr. Dempsey with Mr. Kee.
Mr. Kerr with Mr. DeRouen.
Mr. Farley with Mr. Edmiston.
Mr. Kloeb with Mr. Fernandez.
Mr. Brennan with Mr. Sanders of Louisiana.

Mr. McFARLANE. Mr. Speaker, I voted "aye." I am paired with the gentleman from West Virginia, Mr. RAMSAY. If he were present, he would vote "no." I withdraw my vote and answer "present."

Mr. RICHARDS. Mr. Speaker, I am paired with the gentleman from South Carolina, Mr. MCMILLAN. If present, he would vote "no." I wish to withdraw my vote of "aye" and answer "present."

Mr. TINKHAM changed his vote from "aye" to "no."

Mr. SIROVICH. Mr. Speaker, I am paired with the gentleman from West Virginia, Mr. SMITH. If present, he would vote "no." I wish to withdraw my vote of "aye" and answer "present."

Mr. PETTENGILL. Mr. Speaker, my colleague, Mr. LARRABEE, is absent on account of illness in his family. If present, he would vote "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 123

Resolved, That upon the day succeeding the adoption of this resolution, a special order be, and is hereby, created by the House of Representatives, for the consideration of H. R. 2066, a public bill which has remained in the Committee on Agriculture for 30 or more days, without action. That such special order be, and is hereby, created, notwithstanding any further action on said bill by the Committee on Agriculture, or any rule of the House. That on said day the Speaker shall recognize the Representative at Large from North Dakota, WILLIAM LEMKE, to call up H. R. 2066, a bill to liquidate and refinance existing agricultural indebtedness at a reduced rate of interest, by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve banking system, and creating a Board of Agriculture to supervise the same, as a special order of business, and to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of said H. R. 2066. After general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and

controlled by the Member of the House requesting the rule for the consideration of said H. R. 2066 and the Member of the House who is opposed to the said H. R. 2066, to be designated by the Speaker, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill, and the amendments thereto, to final passage, without intervening motion, except one motion to recommit. The special order shall be a continuing order until the bill is finally disposed of.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was adopted.

On motion of Mr. BLANTON, a motion to reconsider the vote whereby the resolution was adopted was laid on the table.

THE FIRST DEFICIENCY APPROPRIATION BILL

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the first deficiency bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. DONDERO. Mr. Speaker, I voted for the Social Security Act of the administration in the last session of Congress, not because I agreed with all of the features of the bill but because it did contain some items in which I concurred.

The bill now before the House for consideration is very much the same kind of legislation. It contains items of which I heartily approve and others in which I cannot join. I am opposed on principle, no matter under what administration, to signing a blank check for nearly a billion and a half dollars to be expended by those who are not directly responsible to the people for its disbursement. I believe it is the duty of Congress to designate for what purposes money appropriated by it shall be expended.

I am, however, going to vote for this bill because it is the only opportunity I have to vote money for relief for those who are destitute, unemployed, and in need. No one wishes to see people in want in this favored land. The experience, however, of the last 3 years indicates that politics has been mixed with relief, and members of both the Republican and Democratic Parties have pointed out the abuse and misuse of funds for relief. It must be, it ought to be, and it should be abhorrent to the conscience of every Member of this body that money voted for relief by Congress should be used to promote the political welfare of any individual or of any political party. The record shows, however, that that is exactly what has happened.

My own State of Michigan has not escaped this evil influence, and in my own county and in the township where I live the abuse of this system has been apparent. I have affidavits in my file from men who have been ignored and refused relief because of political influence. For that reason I am strongly in favor of an amendment to the bill before the House providing for the distribution of the money provided in this legislation to the States, and there to be administered by them, divorced from all influence of the national administration. I am satisfied that if this is done it would remove the political pressure from Washington and promote the better disposition of these funds to the needy and unemployed, who should have the full benefit thereof.

The money provided under the Social Security Act for old-age pensions is paid directly to the States to reimburse them for funds expended for that purpose. For the same reason money provided under the present bill should be paid directly to the States and permit the States to disburse the funds without control from Washington. While it may not remedy entirely political interference, it will, in my opinion, be a forward step in divorcing all pressure and influence of national politics on money intended for the relief of the needy and unemployed.

Undoubtedly, every Member of the House was impressed with the figures and statistics revealed by the gentleman from Iowa [Mr. THURSTON], which showed that more than two-thirds of all the people believe that under the present method of disbursing relief money by this administration politics had entered into it and greatly influenced it.

In the present bill before the House there are a number of subjects involved, among which are the following: $85,000,000 for old-age assistance, $29,000,000 for administration for unemployment, $35,000,000 for dependent children, $8,000,000 for aid to the blind, $308,000,000 to carry into effect emergency conservation work, $39,900,000 for Tennessee Valley Authority, $40,506,000 Post Office Department for deficiency purposes.

The $1,425,000,000 is divided as follows: $413,250,000 for highways, roads, and streets; $156,750,000 for public buildings; $156,750,000 for parks, recreation service, and buildings thereon; $171,000,000 for sewer systems, water supply, and so forth; $128,250,000 for flood control and conservation; $85,500,000 for white-collar projects; $85,500,000 for women's projects; $75,250,000 for miscellaneous work projects; $75,250,000 for national youth administration; $85,500,000 for rural rehabilitation and relief to farmers.

Many of the items included in the above list and others in the bill have my support and approval, but to many others I am opposed and would not support them if a separate vote were permitted, but all are included in one measure, and no alternative presents itself whereby any Member of the House can vote on the separate items but is compelled to vote for all or none.

Because of the relief features of the bill, I shall support the measure, even though it does not meet with my approval in its entirety.

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. Mr. Speaker, by the vote of the House of Representatives on the Taber resolution when the House convened today, are we to understand there will be retained in the RECORD of the House:

First, admitted improper use of the privilege of extension under the rules of the Joint Committee on Printing.

Second, statements that were admitted by the gentleman from Colorado to be in error and improperly in the RECORD.

Third, statements that were not made by the gentleman from New York.

Are these statements to be left in the RECORD which are attributed to the gentleman from New York but which are in error and are not facts?

The SPEAKER. The House has already attended to that matter, and the gentleman is as cognizant of the facts as is the Chair.

NET-WEIGHT SELLING OF COTTON—THE RISING TIDE OF THE IMPORTATION OF JUTE, THE ARCH ENEMY OF THE SOUTH

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker, out of my practical experience prior to coming to Congress as a supply merchant, banker, and farmer, I have been deeply interested in a number of constructive pieces of legislation that I am sure would be of untold interest to agriculture.

When we passed the United States Cotton Standards Grading Act in the Sixty-seventh Congress, certain organized groups fought to the last ditch the passage of the bill. Prior to the passage of this act all cotton was sold largely round lots, commonly known as "hog round." Farmers did not get actual grades and premiums for extra staple lengths. All cotton exported was graded by a foreign board, with millions of claims coming back to the exporter, all of which came out of the farmer price. Today we are improving our staple, and farmers are getting the premium thereon. Today all cotton exported is graded by our Government, and these grades are accepted by all foreign countries. This has meant millions to the cotton industry.

I want at this time to refer to the rising tide of the importation of jute, the arch enemy of the South, and my net-weight bill, now pending before the Rules Committee.

For a hundred years we have had a one-sided tariff policy. We of the South have fought for free trade and against this

tariff policy. However, we have never been able to defeat this policy, in that we have the highest tariff rates today under the Smoot-Hawley tariff bill that we have ever had. We of the South have paid millions to these tariff-protected groups, and because of our attitude we have neglected to have our own people placed in the picture. No other section of the country except the South would have permitted this steal without either stopping the steal or seeing to it that we got our part of it.

The three great cottonseed oil refineries of the country are able to fix the price of our cottonseed oil, and we permit cheap foreign oils to come in, helping to cut the price of cottonseed oil and peanut oil.

We tie the mails of the United States with jute twine, yet we are all the time shouting, "America for Americans!"

We plow under 4,000,000 bales of perfectly good American cotton, losing the cottonseed oil, robbing ginners and cotton pickers out of millions of dollars, as well as costing the Government and taxpayers millions; and yet we permit to come into this country annually jute, jute products, and other foreign fibers, taking our own American cotton markets to the tune of 3,000,000 bales of cotton.

These products come largely from India, which is the next largest cotton-growing country to the United States. Japan takes one and one-half million bales of cotton from India. She is increasing her imports into this country to the extent that manufacturers of cotton goods in the United States are asking our Government for a subsidy so as to be able to compete with Japan. India, along with other foreign countries, is increasing her production, taking our foreign markets, and we of the South sit idly by, paying millions to tariff barons of the East, and permit the jute interests to take our own markets, as well as control the Congress, including a great number of southern Congressmen.

What are we going to do about it?

Listen to these figures:

In 1892 the total of imports of jute and jute products were 260,000,000 pounds. By 1900 they had risen to 400,000,000 pounds, and by 1910 to 600,000,000 pounds. In 1927 the importation of these products reached the enormous figure of 1,000,000,000 pounds.

I have a bill pending before the Ways and Means Committee of the Congress proposing to place a tariff on jute. I hope in the next session of Congress that the chairman of this great committee, Congressman DOUGHTON, will give consideration to this type of legislation.

Now, what about the net-weight bill?

Many cotton farmers today believe that they get paid for the bagging and ties that they put on their cotton. Well, I want to tell you and also tell these farmers that they are sadly mistaken. It has been the belief of farmers all these years that they were receiving pay for bagging and ties.

I can sell to cotton mills today on a net-weight basis and you on the old gross-weight method, and your price will be fixed lower than my price so as to take care of the weight of bagging and ties that mills cannot spin.

The only excuse for gross-weight selling of cotton is to permit the use of this old, heavy, disgraceful jute bagging, the material of which is grown by pauper labor in India.

Why have we gone along all these years losing millions annually under this method of baling and selling cotton? It is because farmers are unorganized and, therefore, easy prey for all other well-organized groups.

All other organized and well-financed groups have improved their methods of doing business. Take a look at the first Ford car sold by Henry Ford and look at his latest model. All of these groups have an up-to-date marketing and distributing system from the factory on down to the State, county, and township, and they are able to fix prices, both buying and selling.

Why do not we demand high-density gin-compressed bales of cotton and save additional millions?

I have had a bill for several years to bring this about, but I am just one lone Congressman crying out in the wilderness.

Why should we have net weight? Under the present baling and taring of cotton the farmer is permitted to put on 21 pounds of tare—bagging and ties. If this cotton goes into export, the exporter is permitted to patch on 9 pounds of additional tare—bagging—so as to bring the tare allowance up to 30 pounds, the allowance under our present gross-weight system of selling cotton.

Now, a great many farmers believe that they get paid for the 21 pounds of old jute bagging and ties as previously stated that they sell under the present system. Let us see about this. When you bring in a bale of cotton weighing 500 pounds, which includes 21 pounds of bagging and ties, at 10 cents per pound, you receive $50. Now, you know that you get paid for the tare, because you received the 10 cents not only for the 479 pounds of cotton but the 21 pounds of bagging and ties. That is where farmers have been fooled all these years by the fellow who is making money out of the old heavy jute, both in selling the bagging in the first instance and in a nice profit in patching more on after it leaves their hands. They not only do not get paid for the tare but in a great many instances, especially on exported cotton, they lose the 9 pounds allowed the exporter. Ask your cotton mills if they pay you cotton prices for jute bagging and ties that cannot be spun into cloth.

I want to quote from the hearings before the Agricultural Committee of the House. Mr. Jenkins, a cotton buyer and manufacturer of jute bagging, of Norfolk, Va., testifying:

Mr. FULMER. Do you not think it bad practice to allow 30 pounds tare when we do not need that amount?

Mr. JENKINS. It comes right back to this, the farmer gets the money for the cotton. If he puts 30 pounds tare on, the buyer pays him less for it, and the mill that buys the bale of cotton with the 30 pounds of tare is invariably buying just a little cheaper.

Mr. FULMER. In other words, the mill buys its cotton on a net-weight basis?

Mr. JENKINS. That is what it practically amounts to today.

Mr. Locke, representing the Cotton Shippers' Association, testifying, stated:

Answering the question that you bring, Mr. Fulmer, I quite agree that, in the final analysis, when the mill buys a bale of cotton they know they are not going to consume tare (bagging and ties) and they figure accordingly.

Mr. FULMER. And when the farmer gets a gross price, naturally, he is getting a price less than the amount figured off by the mill for tare?

Mr. LOCKE. Yes, sir.

No other cotton country in the world uses more than 15 pounds of tare, and no other cotton country uses old, heavy jute bagging, not even India, where jute is grown, and every cotton country except the United States sells on net weight. Why is everybody except the well-organized jute interests demanding net-weight sale? For the reason you would be permitted to use around 200,000 bales of cotton, low grade, that would be manufactured into cotton bagging.

We would save annually millions of dollars, freights on useless bagging, insurance, handling of gross-weight cotton in foreign countries, shipped out of this country and to foreign countries, and many other items.

My net-weight bill is endorsed by every organization interested in cotton, the only people opposing the bill, as stated, being the jute interests.

I want to say that the time has come that agriculture must be definitely placed in the economic picture on an equal basis with other organized groups, or our American system of government is in great danger.

We must stop wasting annually a small amount of money divided between various departments of Government and various colleges in connection with research work, new uses for cotton and byproducts on the farm, and centralize our efforts in a large way to do for agriculture that which these organized groups have done.

Interest rates to farmers must be reduced.

An up-to-date marketing and distributing system for farm products must be provided, operated, and owned by farmers, under the supervision of the State and Federal Governments. Unorganized farmers cannot go up against the organized groups, thousands of middlemen, many of them real parasites, sapping the very lifeblood out of producers and consumers.

Regimentation on the part of these monopolistic price-fixing groups must come to an end.

I agree with Senator BORAH in a statement made some time ago:

We will either drive monopoly and price fixing out of our system and restore to the disinherited millions their rightful opportunity in the economic world or we will move on to absolute governmental regimentation.

In 1928–29, while fortunes were piled upon fortunes for a few, it brought bankruptcy to farmers and independent merchants and created bread lines out of the millions of wage earners in this country when the crash came.

Patrick Henry said on one occasion, "Give me liberty or give me death", in defending the rights of American citizens from oppression of King George.

Our forefathers shed their blood that Americans might be free and independent.

The Constitution of the United States was so written as to place all citizens on an equal basis in their respective vocations; and unless we are able to maintain these rights to that great class of people who feed and clothe the world, the independent merchants and the millions of wage earners, there is going to be trouble in this country the like of which has never been recorded in the world's history.

EXTENSION OF REMARKS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Robinson-Patman bill.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I object.

Mr. GRISWOLD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. The gentleman from Indiana asks unanimous consent to extend his own remarks in the RECORD. Is there objection?

Mr. SNELL. Mr. Speaker, I object.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my remarks upon the subject of Government movies, such as I went to last night at the Mayflower Hotel.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I object.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to extend in the RECORD the remarks I made today on the Frazier-Lemke bill.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I object.

LEAVE TO ADDRESS THE HOUSE

Mr. HANCOCK of North Carolina. Mr. Speaker, I ask unanimous consent that on Wednesday next, after the reading of the Journal and the disposition of matters on the Speaker's desk, I be permitted to address the House for 10 minutes.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that on Wednesday next, after the reading of the Journal and the disposition of business on the Speaker's table, he may have 10 minutes in which to address the House. Is there objection?

Mr. BOILEAU. Mr. Speaker, I reserve the right to object. I hope the gentleman will put that over to a later date. I do not desire to object, except that the Frazier-Lemke bill will be under consideration, and for that reason I hope the gentleman will withdraw his request.

Mr. HANCOCK of North Carolina. Mr. Speaker, I withdraw that for the present.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I have asked for this time, to prefer a unanimous-consent request in the interest of regularity of procedure and the integrity of the CONGRESSIONAL RECORD. This morning it developed in the colloquy that the gentleman from Colorado [Mr. MARTIN] laboring under a misapprehension that under leave to extend his own remarks he had a right to quote parts of the CONGRESSIONAL RECORD, and did so, but the RECORD, when printed, did not show clearly which portion of the remarks were his remarks and which portion was the part that had been put into the RECORD. Also it developed that the gentleman did not have permission to extend his remarks.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. MARTIN of Colorado. I had permission to extend my remarks, but I did not ask specially to quote from the RECORD.

Mr. WOODRUM. The gentleman had the right to extend his remarks, but not to include that part referred to. Unfortunately, as we often do in debate, some heat got into the matter and the debate unfortunately took on a partisan feeling. It is all over now, and the RECORD ought to be corrected. In the interest of regularity of procedure and integrity of the CONGRESSIONAL RECORD, I ask unanimous consent that the RECORD be corrected by deleting that portion of the gentleman's remarks which were not supposed to be put in, according to his leave to extend.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. SNELL. Mr. Speaker, I reserve the right to object. When the opportunity was presented this morning to protect the integrity of the RECORD the gentleman's side almost unanimously went on record against it. For that reason I object to the gentleman's request.

Mr. WOODRUM. If the gentleman will permit——

Mr. SNELL. If that is not a true statement of fact, very well. [Cries of "Regular order!"] I object.

The SPEAKER. The gentleman from New York objects.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD upon the subject of the Republican Party.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I object.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my remarks and to include a eulogy of the Republican leader [Mr. SNELL].

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I object.

BOILER INSPECTION IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2953) to provide for the inspection, control, and regulation of steam boilers and unfired pressure vessels in the District of Columbia.

The SPEAKER. The gentlewoman from New Jersey calls up a bill, which the Clerk will report.

The Clerk reported the title of the bill.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that this bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, it is too early to ask that. I insist the bill be read so that we can know what it is about.

The SPEAKER. The Clerk will read the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That this act may be cited as the "Boiler Inspection Act of the District of Columbia."

SEC. 2. Wherever the word "person" is used in this act it shall include individuals, firms, partnerships, associations, and corporations.

SEC. 3. There is hereby constituted a boiler inspection service in the Engineer Department of the District of Columbia, to be composed of the following: (a) A boiler inspector who shall be qualified by training and experience in the construction and operation of steam boilers and unfired pressure vessels, and who, under an official designated by the Commissioners of the District of Columbia, shall have charge of the enforcement of the provisions of this act and of the regulations promulgated hereunder; (b) such assistant boiler inspectors as may be necessary, qualified by training and experience in the construction and operation of

steam boilers and unfired pressure vessels; (c) and such other employees as may be necessary for the proper performance of the work. All such officials and employees shall be appointed by the Commissioners of the District of Columbia, and their compensation shall be fixed in accordance with the Classification Act of 1923, as amended.

SEC. 4. No person shall use or cause to be used any steam boiler operating at a pressure in excess of 15 pounds per square inch, or operating at a pressure less than 15 pounds per square inch unless provided with an unassisted gravity return, or any unfired pressure vessel operating at a pressure in excess of 60 pounds per square inch and having a capacity in excess of 15 gallons, except such vessels as may be exempted by the Commissioners of the District of Columbia, without having first obtained a certificate of inspection from the boiler inspector.

SEC. 5. No person shall operate or cause to be operated any boiler or unfired pressure vessel, referred to in section 4 hereof, at a pressure greater than that permitted by the certificate of inspection, or while feed pumps, gages, cocks, valves, or automatic safety-control devices are not in proper working condition, or in violation of any of the regulations promulgated hereunder by the Commissioners of the District of Columbia.

SEC. 6. The boiler inspector, or one of his assistants, shall inspect annually all boilers and unfired pressure vessels for which a certificate of inspection is required by section 4 of this act, and shall determine by actual tests the condition thereof from the standpoint of safety and fitness for operation. If such boiler or vessel be safe and fit for operation, the boiler inspector shall issue the certificate of inspection which shall state, among other things, the pressure per square inch such boiler or vessel may be allowed to carry. This certificate of inspection shall be displayed in a conspicuous place in close proximity to the boiler or vessel covered thereby. In the case of a steam boiler or unfired pressure vessel which is regularly inspected at least once a year by an insurance company duly licensed in the District of Columbia and approved by the Commissioners of the said District as to its inspection service, where a report of such inspection filed within 30 days after such inspection with the boiler inspector shows any such boiler or unfired pressure vessel to be in a safe and insurable condition, such inspection and report may take the place of the inspection hereinbefore provided and the certificate of inspection may be issued upon such report.

SEC. 7. The boiler inspector may in his discretion revoke or suspend the certificate of inspection provided in section 4 of this act if at any time he shall find any boiler or unfired pressure vessel covered by such certificate to be unsafe or unfit for operation.

SEC. 8. Steam boilers and unfired pressure vessels located in or upon self-propelled boats or vessels or boats or vessels owned or operated by the United States, or upon locomotives, street cars, busses, or other vehicles, operated under the regulations of any Federal agency or the Public Utilities Commission of the District of Columbia, shall be exempt from the provisions of this act.

SEC. 9. There shall be paid to the Collector of Taxes of the District of Columbia for the issuance of a certificate as required by this act fees to be fixed from time to time by the Commissioners of the District of Columbia for the annual inspection of each steam boiler or unfired pressure vessel, commensurate with the cost of inspection, with power to fix higher fees for the issuance of a certificate where the inspection in connection therewith is made on a Sunday or legal holiday. When an inspection report is filed by an insurance company with the said boiler inspector, showing that a boiler or unfired pressure vessel has been inspected and found to be in a safe and insurable condition as provided in section 6, there shall be paid to the Collector of Taxes of the District of Columbia a fee of $1 prior to the issuance of a certificate of inspection.

SEC. 10. The boiler inspector and his assistants shall have the right to enter, in the performance of his or their duties, at all reasonable hours, all premises on which a steam boiler or unfired pressure vessel is being installed, operated, or maintained, and it shall be unlawful for any person to deny admittance to any such inspector or assistant or to interfere with him or them in the performance of his or their duties.

SEC. 11. The boiler inspector shall keep in the office of the boiler inspection service all applications made, and a complete record thereof, as well as of all certificates issued. He shall also keep a complete record of each boiler and unfired pressure vessel inspected, and such other records and data pertaining to the boiler inspection service as may be directed by the Commissioners of the District of Columbia.

SEC. 12. The use of any steam boiler or unfired pressure vessel in violation of any of the prohibitions or requirements of this act, or of the regulations promulgated under the authority hereof, shall constitute a common nuisance and the Corporation Counsel of the District of Columbia may maintain an action in the Supreme Court of the District of Columbia, in the name of the District of Columbia, to abate and perpetually enjoin such nuisance.

SEC. 13. If any person shall violate any one or more of the provisions of this act, or of regulations duly promulgated hereunder, the Corporation Counsel of the District of Columbia, or any of his assistants, shall file an information in the police court in the name of the District of Columbia, and upon conviction such person shall be subject to a fine not to exceed $100 or to imprisonment for not more than 90 days, or both, for each and every violation thereof and each violation shall constitute a separate offense.

SEC. 14. The Commissioners of the District of Columbia are hereby authorized and empowered to make such regulations as they may deem proper to carry out the provisions of this act and to fix the fees herein provided.

SEC. 15. All laws or parts of laws relating to boiler inspection in conflict with the provisions of this act are hereby repealed: *Provided*, That no provision hereof shall be deemed to amend, alter, or repeal the act approved February 28, 1887, as amended, being an act to regulate steam engineering in the District of Columbia.

SEC. 16. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SEC. 17. This act shall become effective 6 months from the date of its approval. The regulations and schedule of fees herein provided for shall be promulgated by the Commissioners of the District of Columbia and printed in one or more of the daily newspapers published in the said District but shall not be enforced until 30 days after such publication or until the effective date of this act. Amendments to the regulations or new or additional schedules of fees, when and as the same may be adopted, shall likewise be printed in one or more of the daily newspapers published in the said District and no penalty for violation thereof or payment of new or additional fees prescribed shall be enforced until 30 days after such publication.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey that the bill may be considered in the House as in Committee of the Whole?

Mr. BLANTON. Mr. Speaker, with the assurance we have had about some other matters, there will be no objection.

There was no objection.

The SPEAKER. The Clerk will report the committee amendments.

The Clerk read as follows:

Page 1, line 10, after the letter "(a)", strike out "A boiler inspector" and insert "The present inspector and necessary assistant inspectors";

Page 2, strike out lines 8, 9, and 10 and the letter "(c)" on line 11;

Page 2, line 14, after the word "Columbia", strike out the remainder of the line and all of lines 15 and 16;

Page 3, line 23, insert after the word "regularly" the words "insured and";

Page 4, line 6, strike out "may" and insert the word "shall";

Page 4, line 8, insert "Insurance companies shall report to the inspectors the cancelation of insurance of any certificate holder";

Page 4, line 17, strike out the word "self-propelled", and, in the same line, after the word "vessels", insert "or other floating equipment";

Page 4, line 25, after the word "Columbia", insert "by the owner or user";

Page 5, after line 11, insert "the owner or user of such insured and inspected boiler or unfired vessel shall be exempt from the payment of all fees with the exception that";

Page 5, line 15, after "$1", insert "by the owner or user"; and

Page 5, after the end of line 16, insert "No such certificate shall be valid after the boiler or unfired pressure vessel shall cease to be insured by an insurance company authorized as provided in section 6 of this act."

The committee amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mrs. NORTON. Mr. Speaker, for the benefit of the Members, I should like to say that I have had a great number of inquiries as to whether or not the Sisson bill will be called up today, the so-called "red rider repeal." I want to state to the Members that I do not intend to call that bill up today. We will not have time to discuss it as we intend to discuss it, and there are just a few important bills on the calendar that I think are noncontroversial, and I shall call those up for the balance of my time.

REGULATION OF MOTOR-VEHICLE TRAFFIC IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill, S. 3161, to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, and so forth", approved March 3, 1925, as amended, and I ask unanimous consent that the same may be considered in the House as in Committee of the Whole.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, etc.", approved March 3, 1925, as amended, be, and the same is hereby, amended so as to read as follows:

"The Commissioners of the District of Columbia, or their designated agent, may suspend or revoke the right of any nonresident person as defined in section 8 (title 6, sec. 245 (a), D. C. Code), to operate a motor vehicle in the District of Columbia, for any cause they or their agent may deem sufficient, and the proper authority at the place of issuance of the permit, or other authority to operate a motor vehicle, shall be notified of such suspension and the reason therefor, immediately: *Provided*, That such order of suspension or revocation shall take effect 10 days after its issuance, and the same be subject to review and appeal in the manner and under the same conditions as are provided for such matters in section 13 (a) (title 6, sec. 250 (a), D. C. Code)."

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXAMINATION AND REGISTRATION OF BEAUTICIANS

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 12424) to provide for examination and registration of those engaging in the occupation of beauty culture, and I ask unanimous consent that this bill may be considered in the House as in Committee of the Whole.

The Clerk read as follows:

Be it enacted, etc.,

DEFINITIONS

SECTION 1. That the following words or phrases, unless the context clearly indicates otherwise, shall have the meanings ascribed to them in this section:

"Beauty culture" includes any or all work done for compensation by any person, which work is generally and usually performed by so-called "hairdressers", "cosmetologists", "cosmeticians", "beauticians", or "beauty culturists", and, however dominated in so-called "hairdressing and beauty shops" ordinarily patronized by women, which work is for the embellishment, cleanliness, and beautification of the women's hair, such as arranging, dressing, curling, waving, permanent waving, cleansing, cutting, singeing, bleaching, coloring, pressing, or similar work thereon and thereabout, and the removal of superfluous hair, and the massaging, cleansing, stimulating, manipulating, exercising, or similar work upon the scalp, face, arms, or hands, or the upper part of the body, by the use of mechanical or electrical apparatus or appliances or cosmetics, preparations, tonics, antiseptics, creams, or lotions, or by any other means, and of manicuring the nails, which enumerated practices shall be inclusive of the term "beauty culture" but not in limitation thereof.

"Board" means the District of Columbia Hairdressing and Cosmetology Board.

HAIRDRESSING AND COSMETOLOGY BOARD

SEC. 2. There is hereby created the District of Columbia Hairdressing and Cosmetology Board, consisting of five members to be appointed by the Commissioners of the District of Columbia. Each member of the board shall be a hairdresser or cosmetologist, and shall be engaged as the proprietor of a beauty shop in the District of Columbia at the time of appointment. The said Commissioners are hereby empowered to remove, after full hearing, any member of the board for neglect of duty or any other just cause. The members of the board shall hold office for a term of 3 years, but every member shall hold office after the expiration of the term for which he has been formally appointed until his successor has been appointed and qualified. The board shall annually organize by the election of a chairman, secretary, and a treasurer, who shall be members of the said board and who shall hold office for 1 year and until their successors have been elected and qualified. Said board shall have a common seal, and the said treasurer shall give such bond for the faithful performance of his duties as the Commissioners of the District of Columbia may deem necessary. Three members of the board shall constitute a quorum.

PRACTICE OF BEAUTY CULTURE WITHOUT REGISTRATION PROHIBITED

SEC. 3. It shall be unlawful for any person to practice or teach beauty culture, or manage a beauty shop, or to use or maintain any place for the practice or teaching of beauty culture, for compensation, unless he or she shall have first obtained from the board a certificate of registration as provided in this act. Nothing contained in this act, however, shall apply to or affect any person who is now actually engaged in any such occupation, except as hereinafter provided.

REQUIREMENTS TO PRACTICE

SEC. 4. Before any person may practice or teach beauty culture or manage a beauty shop, such person shall file with the board a written application for registration, accompanied by a health certificate issued by a registered licensed physician of the District of Columbia, under oath, on a form which shall be prescribed and supplied by the board, and shall deposit with the said board the registration fee, and pass an examination as to fitness to practice or teach beauty culture or manage a beauty shop, as hereinafter provided in this act.

ELIGIBILITY REQUIREMENTS FOR EXAMINATION

SEC. 5. No person shall be permitted by the board to take an examination to receive a certificate as an operator unless such person shall be at least 16 years of age and has been registered as a student and has had training, as hereinafter provided in this act, in a beauty school duly registered by the board, or unless such person shall have been registered and served as an apprentice at least 6 months as hereinafter provided in this act: *Provided, however*, That the board may permit a person to take an examination without the prior studentship or apprenticeship herein required if such person shall establish, to the satisfaction of the board, that he or she has been an operator in the active practice of beauty culture for at least 24 months within the 5 years next preceding the effective date of this act. No person shall be permitted to take an examination for a certificate to teach beauty culture or act as manager of a beauty shop unless such person shall be at least 18 years of age, and has had at least 12 months' experience as an operator in a beauty shop or has had training in a duly registered school of beauty culture of 1,000 hours inclusive of the studies necessary to become an operator.

MANICURING

SEC. 6. A limited certificate or registration to manicure the nails only may be applied for and granted under all of the terms and conditions of this act, except that the examination therefor may be limited to such practice only and the required schooling shall be not less than 75 hours.

REQUIREMENTS OF A SCHOOL OF BEAUTY CULTURE

SEC. 7. No school of beauty culture shall be granted a certificate of registration unless it shall attach to its staff, as a consultant, a person licensed by the District of Columbia to practice medicine, and employ and maintain a sufficient number of competent teachers, registered as such, and shall possess apparatus and equipment sufficient for the proper and full teaching of all subjects of its curriculum, shall keep a daily record of the attendance of each student, shall maintain regular class and instruction hours, shall establish grades and hold examinations before issuance of diplomas, and shall require a day-school term of training of not less than 500 hours within a period of not less than 6 consecutive months or a night-school term of training for a period of not less than 12 consecutive months for a complete course, comprising all or a majority of the practices of cosmetology, as provided by this act, and to include practical demonstrations and theoretical studies, and study in sanitation, sterilization, and the use of antiseptics, cosmetics, and electrical appliances consistent with the practical and theoretical requirements as applicable to beauty culture or any practice thereof. In no case shall there be less than one teacher to each 25 pupils.

STUDENT PRACTICE UPON THE PUBLIC FOR PAY PROHIBITED

SEC. 8. It shall be unlawful for any school of beauty culture to permit its students to practice beauty culture upon the public under any circumstances except by way of clinical work upon persons willing to submit themselves to such practice after having first been properly informed that operator is a student. No school of beauty culture shall, directly or indirectly, charge any money whatsoever for treatment by its students or for materials used in such treatment.

PRACTICE IN BEAUTY SHOPS ONLY

SEC. 9. It shall be unlawful for any person to practice beauty culture for pay in any place other than a registered beauty shop: *Provided*, That a registered operator may furnish beauty-culture treatments to persons in residences of such persons by appointment.

EXCEPTIONS TO EXAMINATION REQUIREMENTS, PRESENT STUDENTS AND APPRENTICES

SEC. 10. Any person who has practiced or taught beauty culture or acted as manager of a beauty shop or school of beauty culture, under a certificate, license, or permit, for not less than 2 years in any State or Territory for at least 6 months next preceding the effective date of this act and is thus engaged in the District of Columbia the time this act goes into effect may secure the certificate of registration required by this act without an examination or compliance with other requirements as to age or education, provided such person shall make application to the board for registration within 90 days after the effective date of this act. Such applications shall be accompanied by an affidavit of a practicing physician that the applicant was examined and is free from all contagious and infectious diseases, and the registration fee required by this act. Any person studying beauty culture in a school of beauty culture or as an apprentice in a beauty shop in the District of Columbia at any time this act goes into effect shall receive credit for such time and studies without complying with the requirements of this act as to age and preliminary education, provided such person shall make application to the board for registration as a student or apprentice within 3 months after this act goes into effect. Students, upon graduating from registered schools of beauty culture, may apply for, and receive from the

board, a temporary permit to practice as an operator until the next regular examination held by the board under the provisions of this act.

APPRENTICES IN BEAUTY SHOPS

SEC. 11. Any cosmetologist, hairdresser, or cosmetician who is a beauty-shop owner and who is a holder of a teacher's certificate may instruct apprentices: *Provided*, That there shall be no less than three licensed operators for each apprentice in any shop and there shall be no more than two apprentices in any shop, and provided such shop is not held out as a school of beauty culture. Such apprentices may apply for examination at the end of their apprenticeship at the next regular examination held by the board, and, if successful therein, shall be registered as operators. Registered apprentices, upon completion of their required term of apprenticeship, may apply for, and receive from the board, a temporary permit to practice as an operator until the next regular examination.

REGULATION BY THE BOARD

SEC. 12. The board is hereby empowered to make and enforce such rules and regulations, subject to the approval of the Commissioners of the District of Columbia, as it deems necessary to carry out the provisions of this act.

EXAMINATIONS

SEC. 13. If the board finds that the applicant has submitted the credentials required by this act for admission to examination, and has paid the registration fee required by this act, the board shall admit such applicant to examination, and shall issue a certificate of registration to practice as operator, manager, or teacher, as the case may be, to those successfully passing the required examinations. The board shall hold public examinations on the third Tuesdays in January, April, July, and October in the District of Columbia, at such hours as the board shall prescribe.

POWERS AND DUTIES OF THE BOARD

SEC. 14. The board shall have the power to refuse, revoke, or suspend licenses or certificates, after full hearing, on proof of violation of any provisions of this act or the rules and regulations established by the board under this act, and shall have the power to require the production of such books, records, and papers as it may desire. Before any certificate shall be suspended or revoked for any of the reasons contained in this section, the holder thereof shall have notice, in writing, of the charge or charges against him or her, and shall, at a day specified in said notice, which shall be at least 5 days after the service thereof, be given a public hearing with a full opportunity to produce testimony in his or her behalf. Any person whose certificate of registration has been so suspended or revoked may, after the expiration of 90 days, on application to the board, have the same reissued to him or her upon satisfactory proof that the disqualification has ceased.

APPEAL FROM ACTION OF THE BOARD

SEC. 15. An appeal may be taken from any action of the board to the Commissioners of the District of Columbia and the decision of the said Commissioners shall be final.

FEES

SEC. 16. The registration fee for the issuance of a license, with or without examination, shall be as follows: $5 for beauty-shop owners, managers, and teachers; $2 for operators and manicurists; $1 for students or apprentices; and $50 for schools of beauty culture. Annual renewal fees shall be $5 for shop owners and managers and school instructors; $2 for operators and manicurists; and $25 for schools of beauty culture. The above fees for registration, examination, and certificate shall be paid in advance to the treasurer of the board. Out of the fees paid the said board there shall be defrayed all expenses incurred in carrying out the provisions of this act, together with a fee of $10 per day for each member of said board for each day he may be actually engaged upon business pertaining to his official duties as such board member: *Provided*, That such expenses shall in no event exceed the total of receipts: *Provided further*, That at the close of each fiscal year any funds unexpended in excess of the sum of $1,000 shall be paid into the Treasury of the United States to the credit of the District of Columbia.

TO WHOM THE PROVISIONS IN THIS ACT SHALL NOT APPLY

SEC. 17. Nothing in this act shall prohibit service in case of emergency or domestic administration without compensation, nor service by persons authorized under the laws of the District of Columbia to practice medicine, surgery, dentistry, chiropody, osteopathy, or chiropractic, nor services by barbers lawfully engaged in the performance of the usual and ordinary duties of their vocation.

DISPLAY OF CERTIFICATES

SEC. 18. Every holder of a certificate granted by the said board, as provided in this act, shall display it in a conspicuous place in his or her principal office, place of business, or employment.

DURATION AND RENEWAL OF CERTIFICATES OF REGISTRATION

SEC. 19. The certificates of registration issued in the year in which this act goes into effect shall expire as of December 31, 1935. Thereafter certificates shall be issued for no longer than 1 year. All certificates shall expire on the 31st day of December next succeeding unless renewed for the next year. Certificates may be renewed by application made prior to the 31st day of December of each year, and the payment of the renewal fees provided in this act.

PENALTIES

SEC. 20. (a) Any person who shall violate or aid or abet in violating any of the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than $300 or imprisonment in the workhouse of the District of Columbia for not more than 6 months, or by both such fine and imprisonment.

(b) Any operator, manager, teacher, student, or apprentice who shall practice the occupation of beauty culture while knowingly suffering from contagious or infectious disease, or who shall knowingly serve any person afflicted with such disease, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not more than $300 or imprisonment in the workhouse of the District of Columbia for not more than 6 months, or by both such fine and imprisonment.

PROSECUTIONS

SEC. 21. It shall be the duty of the corporation counsel, or one of his assistants, to prosecute in the name of the District of Columbia all violations of the provisions of this act.

EFFECT OF PARTIAL INVALIDITY OF ACT

SEC. 22. Each section of this act, and every part of each section, is hereby declared to be independent of every other, and the holding of any section, or part thereof, to be void or ineffective for any cause shall not be deemed to affect any other section, or part thereof.

REPEAL

SEC. 23. All acts or parts of acts inconsistent with this act are hereby repealed.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey that the bill may be considered in the House as in Committee of the Whole?

Mr. BLANTON. Reserving the right to object, Mr. Speaker, this bill creates a profession out of beauty culture. How many of the States have such a law in the United States?

Mrs. NORTON. I think about 40 of the 48 have such a law. You have a similar law in Texas.

Mr. BLANTON. There are sanitary laws regarding all barber shops in about all of the States.

Mrs. NORTON. And this comes under the same heading.

Mr. BLANTON. But this creates a profession, and I was wondering whether we should do more than require certain examinations and licenses.

Mrs. NORTON. The gentleman from Pennsylvania [Mr. QUINN] introduced this bill, and I am sure he will be glad to discuss it with the gentleman.

Mr. BLANTON. What expense is this newly created board on the District government? Do the fees pay for the expense?

Mr. QUINN. I may state that there are 42 States in the Union that have this law.

Mr. BLANTON. What salaries do the board members draw?

Mr. QUINN. Five dollars per day.

Mr. BLANTON. For how many days?

Mr. QUINN. When necessary for them to have a meeting.

Mr. BLANTON. Could they have a meeting 365 days in the year?

Mr. QUINN. If it was necessary, yes, sir; but it is hardly necessary.

Mr. BLANTON. Is that to be paid out of the treasury of the District of Columbia?

Mr. QUINN. Out of the fees paid.

Mr. BLANTON. Only out of the fees?

Mr. QUINN. Yes; absolutely.

Mr. BLANTON. It is not to be paid by the District and then the District reimbursed? Is that right?

Mr. QUINN. That is right.

Mr. BLANTON. There is nothing whatever paid out of the treasury of the District of Columbia?

Mr. QUINN. Positively not.

Mr. BLANTON. And there is nothing whatever paid out of the Treasury of the United States?

Mr. QUINN. Positively not.

Mr. BLANTON. The only thing that is paid to anybody is paid out of fees after the fees are collected. Is that right?

Mr. QUINN. That is right. I may say that this bill should give to the District of Columbia from ten to twenty

thousand dollars a year profit. It goes into the general fund.

Mr. BLANTON. What about this $10 provision on page 11?

Mr. QUINN. That is the fee they pay for the license.

Mr. BLANTON. For instance, a young lady who may be a manicurist in a barber shop, a poor girl with nothing on earth except what she makes, will have to stand the expense of paying somebody in order that she may follow her avocation?

Mr. QUINN. She pays a license fee to practice her profession.

Mr. BLANTON. Which is a total of what amount?

Mr. QUINN. I do not happen to have the information at hand.

Mr. BLANTON. Is the gentleman the author of the bill?

Mr. QUINN. Yes.

Mr. BLANTON. Can the gentleman tell me how much it will cost her?

Mr. QUINN. I do not remember, offhand. I think the fee is $5.

Mrs. NORTON. It is $5 a year for beauty-shop owners, managers, and teachers; manicurists and operators, $2.

Mr. BLANTON. It is $10 a year, is it not?

Mrs. NORTON. No; I was mistaken about $10 flat. It is a graduated fee, as I have stated. Also, the fee is $1 to students and apprentices and $50 for schools of beauty culture, with a renewal fee of $25.

Mr. QUINN. I have based all these fees at just half what they are in my own State of Pennsylvania. I have made the fees half what they are in most of the other States.

Mr. BLANTON. I am thinking of the poor girls all over the country trying to make a living. If they would have to put up $10 before they could work, it would mean a lot to a poor girl.

Mr. QUINN. They were uppermost in my mind. That is why I cut the fees in half.

Mr. BLANTON. I am not on this committee. If the committee thinks this kind of legislation ought to go through, the responsibility is on their shoulders.

Mr. SCHULTE. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SCHULTE. The bill was reported out by the committee, I believe, unanimously. They felt it would protect those that are in business at the present time. They, of course, would have to take the same examination, physical and mental, that the others must.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mrs. NORTON. Mr. Speaker, this finishes the District of Columbia business for today.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. PARSONS, indefinitely, on account of illness.

To Mr. DEEN, for today, on account of important business.

To Mr. DEMPSEY, for 1 week, on account of important business.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 10544. An act authorizing the erection of a memorial to those who met their death in the wreck of the dirigible *Shenandoah*.

The SPEAKER announced his signature to enrolled bills and joint resolutions of the Senate of the following titles:

S. 1379. An act to amend section 981 of title IV and section 843 of title VI of the Canal Zone Code;

S. 3839. An act for the relief of Randall Krauss, a minor;

S. J. Res. 248. A joint resolution to provide for participation by the United States in an inter-American conference to be held at Buenos Aires, Argentina, or at the capital of another American Republic in 1936; and

S. J. Res. 260. A joint resolution to provide an additional appropriation for folding speeches and pamphlets for the Senate for the fiscal year 1936.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 3823. An act for the relief of the parents of Albert Thesing, Jr.;

H. R. 11035. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1937, and for other purposes;

H. R. 11098. An act to provide for terms of the United States District Court for the Middle District of Pennsylvania to be held at Wilkes-Barre, Pa.;

H. R. 11994. An act to provide for the establishment of a term of the District Court of the United States for the Western District of Oklahoma at Shawnee, Okla.; and

H. R. 12098. An act making appropriations for the Departments of State and Justice, and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1937, and for other purposes.

THE LATE SENATOR TRAMMELL

Mr. GREEN. Mr. Speaker and my colleagues, it is with deep sorrow that I announce the passing of Senator PARK TRAMMELL, Florida's junior United States Senator. I knew Senator TRAMMELL intimately for the past 25 years. No public servant ever served with more sincerity nor honesty than did he. He was a fine Christian gentleman, kind, sympathetic, and thoughtful always of the best interests of his fellow man. Practically all of his life from the time he reached his majority was spent in public service.

He served as mayor of his home city, Lakeland, Fla.; then in the Florida Legislature; then in the Florida State Senate; as attorney general of Florida; as chief executive of the State; and for the past 20 years in the United States Senate. He was never defeated for public office, because he was universally loved in Florida and was a true champion of the rights and interests of the plain people. I feel his loss keenly, not only to our State and Nation but as that of a personal friend.

Horace C. Carlisle, of Alabama, Senator TRAMMELL's native State, has written a few lines most appropriate, which I ask unanimous consent to include in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The poem referred to follows:

SENATOR TRAMMELL

S-enator TRAMMELL, relieved of his labors, has
E-ntered the regions of undisturbed rest;
N-o vexing problems confronting his Government,
A-ny more, ever, can trouble his breast.
T-ime sweeps us all toward the brink of eternity,
O-ver the shimmering shallows of life,
R-ound the swift bends of surprising experience—

P-ast the fierce canyons of peril and strife.

T-RAMMELL, as Governor, and as a Senator,
R-ightly was held in the highest esteem;
A-ll throughout Florida, sad hearts, in unison,
M-ournfully sing, "Death is only a dream."
M-en come and go, and are not like the centuries—
E-very beginning presages an end;
L-ife on the earth leads to Death, the great terminal,
L-ighted with hope by humanity's Friend.

—*Horace C. Carlisle.*

Mr. GREEN. Mr. Speaker, I send the following resolution to the desk and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 510

Resolved, That the House has heard with profound sorrow of the death of Hon. PARK TRAMMELL, a Senator of the United States from the State of Florida.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased Senator.

Resolved, That a committee of five Members be appointed on the part of the House to join the committee appointed on the part of the Senate to attend the funeral.

The resolution was agreed to.

The SPEAKER. The Chair appoints the following Members as the committee to attend the funeral: Messrs. GREEN, SEARS, CALDWELL, PETERSON of Florida, and WILCOX.

ADJOURNMENT

The SPEAKER. The Clerk will report the remainder of the resolution.

The Clerk read as follows:

Resolved, That as a further mark of respect to the memory of the deceased the House do now adjourn.

The resolution was agreed to; accordingly (at 3 o'clock p. m.) the House adjourned until tomorrow, Tuesday, May 12, 1936, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE PUBLIC LANDS

There will be a meeting of the Committee on the Public Lands on Tuesday, May 12, 1936, at 10:30 o'clock a. m., in room 328, House Office Building, to consider various bills.

EXECUTIVE COMMUNICATIONS, ETC.

834. Under clause 2 of rule XXIV, a letter from the Reconstruction Finance Corporation, transmitting its report of its activities and expenditures for March 1936 (H. Doc. No. 493), was taken from the Speaker's table and referred to the Committee on Banking and Currency and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HOBBS: Committee on the Judiciary. S. 3477. An act relating to the jurisdiction of the judge for the northern and middle districts of Alabama; without amendment (Rept. No. 2606). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOYKIN: A bill (H. R. 12657) to amend section 2 of the act entitled "An act granting the consent of Congress to the Alabama State Bridge Corporation to construct, maintain, and operate bridges across the Tennessee, Tombigbee, Warrior, Alabama, and Coosa Rivers, within the State of Alabama", approved May 26, 1928; to the Committee on Interstate and Foreign Commerce.

By Mr. DEMPSEY: A bill (H. R. 12658) to restore certain benefits to members of the Civilian Conservation Corps and their dependents; to the Committee on Labor.

By Mr. FERNANDEZ: A bill (H. R. 12659) to provide for court stenographers in the United States district courts and to fix their duties and compensation; to the Committee on the Judiciary.

By Mr. HOFFMAN: A bill (H. R. 12660) to amend Public Act No. 271 of the Seventy-fourth Congress, first session; to the Committee on Ways and Means.

By Mr. MURDOCK: A bill (H. R. 12661) to provide for the construction, extension, and improvement of public-school buildings in Uintah County, Utah; to the Committee on Indian Affairs.

By Mr. STUBBS: A bill (H. R. 12662) making it illegal to employ any alien while there are American citizens unemployed who are qualified, able, and willing to work, and fixing the penalty for willful and knowing violation thereof; to the Committee on Labor.

By Mr. WHITE: A bill (H. R. 12663) to provide for studies and plans for the development of a hydroelectric power project at Cabinet Gorge on Clark Fork of the Columbia River, and a reclamation project for the Rathdrum prairie area, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. TOLAN: A bill (H. R. 12664) to provide compensation for injury or death of employees of contractors on public buildings, public works, or private employees employed at places subject to the exclusive jurisdiction of the United States; to the Committee on the Judiciary.

By Mr. VINSON of Georgia: Resolution (H. Res. 511) for the consideration of H. R. 10129; to the Committee on Rules.

By Mr. BLOOM: Joint resolution (H. J. Res. 586) authorizing the President to invite foreign countries to participate in the New York World's Fair, 1939, Inc., in the city of New York during the year 1939; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Maryland, regarding the amending of the Social Security Act; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of New York, regarding the cancellation of the license of Radio Station WLTH; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BULWINKLE: A bill (H. R. 12665) for the relief of Maurice D. Pryor; to the Committee on Military Affairs.

Also, a bill (H. R. 12666) for the relief of Mary Caldwell; to the Committee on Claims.

Also, a bill (H. R. 12667) granting an increase of pension to Sherman G. Johnson; to the Committee on Invalid Pensions.

By Mr. DEMPSEY: A bill (H. R. 12668) for the relief of Charles E. Miller; to the Committee on the Post Office and Post Roads.

By Mr. DUFFEY of Ohio: A bill (H. R. 12669) for the relief of Cecelia Folta, wife of Victor Folta, nee Cecelia Szalankiewicz, alias Kazmiera Niemczyk; to the Committee on Immigration and Naturalization.

By Mr. McFARLANE: A bill (H. R. 12670) for the relief of the heirs of Jean Balliste de la Faette; to the Committee on War Claims.

By Mr. PALMISANO: A bill (H. R. 12671) for the relief of the First, Second, and Third National Steamship Cos.; to the Committee on Claims.

By Mrs. ROGERS of Massachusetts: A bill (H. R. 12672) authorizing the President of the United States to present in the name of Congress a Medal of Honor to Sara Cunningham Engert; to the Committee on Foreign Affairs.

By Mr. THURSTON: A bill (H. R. 12673) granting a pension to John Sanford; to the Committee on Invalid Pensions.

By Mr. VINSON of Kentucky: A bill (H. R. 12674) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of J. W. Akers; to the Committee on Claims.

By Mr. WOLFENDEN: A bill (H. R. 12675) for the relief of Domenick Piano (Pappano); to the Committee on Military Affairs.

By Mr. QUINN: Joint resolution (H. J. Res. 585) conferring upon the Court of Claims jurisdiction of the claim of the Rodman Chemical Co. against the United States; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10863. By Mr. CULLEN: Petition of the Old South Brooklyn Social Workers' League, 66 Boerum Place, Brooklyn, N. Y., urging the passage of the Wagner-Ellenbogen slum clearance and low rent housing bill; to the Committee on Banking and Currency.

10864. By Mr. SISSON: Petition of residents of Oriskany Falls, N. Y., urging passage of the repeal anticanteen law; to the Committee on the Judiciary.

10865. By the SPEAKER: Petition of the City Council of Greenville, S. C.; to the Committee on Banking and Currency.

10866. Also, petition of the civic committee for slum clearance, Atlantic City, N. J.; to the Committee on Banking and Currency.

10867. Also, petition of the Territorial central committee of the Republican Party of Hawaii; to the Committee on the Territories.

10868. Also, petition of the city of Dearborn, Mich.; to the Committee on Banking and Currency.

10869. Also, petition of the City Council of Oakland, Calif.; to the Committee on Naval Affairs.

10870. Also, petition of the North Penn Boosters Association; to the Committee on the Judiciary.

SENATE

TUESDAY, MAY 12, 1936

The Chaplain, Rev. Z@Barney T. Phillips, D. D., offered the following prayer:

O merciful God and Heavenly Father, whose light shines down the path of life, whose tender mercy heals the brokenhearted and turns the sadness of the sorrowful to joy, let Thy love be visible to those who are bereft, and may they find strength in the garment of tenderness woven by our sympathy.

Grant that the soul of our beloved friend and colleague may find peace and refreshment, joy and comfort in the paradise of God; and may he go from strength to strength in the life of perfect service in Thy heavenly kingdom.

Keep our hearts strong against evil and warm toward each other; and though we ponder for the moment the strange tidings of destiny told in an hour of time, may we ever be led to seek the morning of our infinite heritage when joy shall end the night of weeping and life's long shadows break in cloudless love. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar days Friday, May 8, and Monday, May 11, 1936, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, transmitted to the Senate the resolutions of the House adopted as a tribute to the memory of Hon. Park Trammell, late a Senator from the State of Florida.

The message announced that the House had passed without amendment the bill (S. 3161) to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia", etc., approved March 3, 1925, as amended.

The message also announced that the House had passed the bill (S. 2953) to provide for the inspection, control, and regulation of steam boilers and unfired pressure vessels in the District of Columbia, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 12424. An act to provide for examination and registration of those engaging in the occupation of beauty culture; and

H. R. 12624. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1936, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1936, and June 30, 1937, and for other purposes.

The message also announced that the Speaker has affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

S. 1379. An act to amend section 981 of title IV and section 843 of title VI of the Canal Zone Code;

S. 3839. An act for the relief of Randall Krauss, a minor;

H. R. 10544. An act authorizing the erection of a memorial to those who met their death in the wreck of the dirigible *Shenandoah;*

S. J. Res. 248. Joint resolution to provide for participation by the United States in an inter-American conference to be held at Buenos Aires, Argentina, or at the capital of another American republic, in 1936; and

S. J. Res. 260. Joint resolution to provide an additional appropriation for folding speeches and pamphlets for the Senate for the fiscal year 1936.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	King	Robinson
Ashurst	Copeland	La Follette	Schwellenbach
Bachman	Couzens	Lewis	Sheppard
Bailey	Davis	Logan	Shipstead
Barkley	Dieterich	Lonergan	Smith
Benson	Donahey	Long	Steiwer
Black	Duffy	McGill	Thomas, Okla.
Bone	Fletcher	McKellar	Thomas, Utah
Borah	Frazier	McNary	Townsend
Brown	George	Maloney	Tydings
Bulkley	Gerry	Metcalf	Vandenberg
Bulow	Glass	Moore	Van Nuys
Burke	Guffey	Murphy	Wagner
Byrd	Hale	Murray	Walsh
Byrnes	Harrison	Norris	Wheeler
Capper	Hastings	Pittman	White
Caraway	Hayden	Pope	
Clark	Johnson	Radcliffe	
Connally	Keyes	Reynolds	

Mr. LEWIS. I announce the absence of the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. MCCARRAN], caused by illness. The Senator from New Mexico [Mr. CHAVEZ] is detained by a death in his family. The Senator from New Mexico [Mr. HATCH], the Senator from Indiana [Mr. MINTON], and the Senator from Georgia [Mr. RUSSELL] are absent in attendance upon the funeral of the late Senator Trammell.

I further announce that the Senator from Mississippi [Mr. BILBO], the Senator from Oklahoma [Mr. GORE], the junior Senator from West Virginia [Mr. HOLT], the Senator from California [Mr. MCADOO], the senior Senator from West Virginia [Mr. NEELY], the Senator from Louisiana [Mr. OVERTON], the Senator from Missouri [Mr. TRUMAN], and the junior Senator from Wyoming [Mr. O'MAHONEY] are necessarily detained from the Senate.

Mr. MCNARY. I announce that the Senator from Vermont [Mr. AUSTIN], the Senator from New Jersey [Mr. BARBOUR], the senior Senator from Wyoming [Mr. CAREY], the Senator from Iowa [Mr. DICKINSON], and the Senator from Vermont [Mr. GIBSON] are necessarily absent from the Senate.

The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present.

THE LATE SENATOR BRONSON CUTTING

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD the account published in the Washington News of the meeting of friends of the late

Senator Cutting, who met at Brookings Institution to pay respect to his memory.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington News of May 7, 1936]

LIBERALS PAY TRIBUTE TO MEMORY OF SENATOR CUTTING—TO PUSH MEASURES IN WHICH LEGISLATOR HAD BEEN INTERESTED—SHORTNESS OF HOUSE TERMS AND "ANTIQUITY" OF ITS RULES ARE HIT AT BROOKINGS MEETING

Distinguished friends of the late Senator Bronson M. Cutting (Republican, New Mexico), killed a year ago in an airliner crash near Kirksville, Mo., gathered at Brookings Institution last night to honor his memory by the reading of tributes and the discussion of progressive legislation in which he was vitally interested.

Forces retarding liberal government were outlined by Senators and Congressmen. Among those prominently mentioned were shortness of House terms, "antiquity" of House rules, lack of research facilities, influence of special interests, and lack of time.

"VITAL IMPETUS"

"His personality was so vivid, the impetus he gave to good things was so vital that he seems to be with us now", William Allen White, Emporia, Kans., editor, said of Cutting in a letter.

Mayor LaGuardia, of New York, sent this message: "Senator Cutting left an enviable record for vision, progressiveness, and courage to see a thing through. Considering the Senator's education, background, associations, and personal interests, his progressive views on economics, politics, and government showed a rare personality and an unusual public spirit."

"Bronson Cutting symbolizes the hope of America's future", said Dr. Edwin M. Borchard, of the Yale Law School, who attended the meeting. "Clear-headed, able, courageous, industrious, generous, courteous, his nature marked him as among the noblemen, and his loss to the Nation is irreparable. Had he lived, he would have been ideally equipped for the Presidency of the United States."

NORRIS' MESSAGE

Senator NORRIS (Republican, Nebraska), absent because of illness, sent this message: "Senator Cutting was one of God's noblemen. His ability, unquestioned and recognized, had caused even the ordinary observer to believe there were before him many useful years before the sun went down on his life, and that an untold amount of good would come from his efforts."

DISTINGUISHED LIST

"Throughout the length and breadth of New Mexico", said Senator HATCH (Democrat, New Mexico), "will be found men and women who have been aided by the sympathetic understanding of and the helping hand of Bronson Cutting. A Senator, a brave man, a loyal friend, a courageous statesman, a worthy son of a worthy father and a brave Spartan mother, is dead."

INTERNAL-REVENUE TAXATION—LETTER TO SECRETARY OF TREASURY

Mr. BYRD. Mr. President, May 8 I addressed a letter to the Secretary of the Treasury asking for certain information with respect to taxes. I ask that this letter, together with the reply of the Secretary of the Treasury and a resolution adopted by the Senate Finance Committee, may be printed in the RECORD at this point.

There being no objection, the letters and resolution were ordered to be printed in the RECORD, as follows:

MAY 8, 1936.

Hon. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: It has been stated that many of our financially strong corporations, especially those of substantial size, will pay little or no taxes to the Federal Treasury if the pending bill is passed. I am checking the accuracy of these statements, and I am likewise interested in the opportunities that may be afforded such corporations by the bill to avoid the payment of taxes.

We must guard carefully against giving these large corporations a greater advantage and perhaps a strangle hold over their present smaller competitors. Frankly, I am concerned about the application of the proposed tax policies to those corporations which now have large surpluses and a strong cash or credit position.

We must make certain that legislation does not prevent the healthy growth and expansion of our smaller businesses by imposing a penalty upon them if their financial position and their business opportunities do not permit the payment in dividends of substantially all their profits. I want your assistance in appraising the situation.

I have selected from Moody's Manual a few of the largest corporations, with a view to determining the rate of tax which would be imposed upon them if the pending bill should be enacted. The only statistics I have available are for 1934. I should appreciate it very much if you would check the list I give you and let me have a similar list for 1935, if statistics are available to you.

A FEW OF THE CORPORATIONS WHICH WOULD PAY NO TAX, BASED ON 1934 RETURNS

(Now pay 15 percent)

Company	Net income after tax	Dividends paid out
American Telephone & Telegraph	$121,748,729	$167,960,475
American Tobacco Co	24,084,280	26,590,858
American Smelting & Refining	7,583,202	7,875,000
General Electric Co	19,726,044	19,881,453
Goodyear Tire & Rubber Co	4,287,684	4,508,907
International Harvester	3,948,637	8,264,040
National Biscuit Co	11,507,573	19,939,342
National Dairy Products Co	6,551,930	8,197,573
Ohio Oil Co	5,411,924	6,294,728
R. J. Reynolds Tobacco Co	21,536,894	30,000,000
Texas Co	5,545,205	9,348,820

The above list of financially strong companies that can completely avoid taxation can be greatly expanded.

CORPORATIONS WHICH WOULD PAY LESS THAN 5 PERCENT

Company	Net income after tax	Dividends paid out	Tax under new bill
			Percent
Air Reduction	$4,145,416	$3,737,142	2.82
Allied Chemical & Dye Corporation	17,548,355	15,703,374	3.00
Corn Products Refining Co	9,702,696	9,294,750	1.20
Curtis Publishing Co	5,906,328	5,400,000	2.45
E. I. du Pont	46,701,465	40,788,914	3.50
Firestone Tire & Rubber	4,154,656	3,572,193	4.00
General Foods	11,143,876	9,452,514	4.40
Great Western Sugar	5,761,727	5,370,000	1.55
Imperial Oil Co	14,101,561	13,415,169	1.40
Liggett & Myers Tobacco Co	20,086,691	17,200,227	4.16
Parke, Davis & Co	8,719,368	8,232,480	1.50
Pennsylvania Railroad Co	13,377,839	13,214,946	.30
United States Smelting & Refining	6,052,968	6,000,129	.25

CORPORATIONS WHICH WOULD PAY LESS THAN 10 PERCENT

American Can Co	$19,522,945	$15,256,321	6.63
Armour & Co. (Delaware)	8,235,835	5,899,830	8.84
Eastman Kodak Co	14,503,247	10,490,086	8.54
General Motors	94,769,131	73,621,710	6.78
Great Atlantic & Pacific Tea Co	20,478,190	16,480,706	5.72
International Shoe Co	8,967,024	6,671,742	7.78
J. C. Penny Co	16,147,315	11,307,103	9.37
Phillips Petroleum Co	5,757,309	4,153,008	8.30
Procter & Gamble	14,370,067	10,512,866	8.30
Socony-Vacuum Oil Co	24,121,297	18,652,561	6.90
Standard Oil Co. (California)	18,347,807	13,069,479	8.95
Standard Oil Co. (Indiana)	18,949,680	15,371,229	5.63
Standard Oil Co. (New Jersey)	67,882,271	54,204,193	6.08
Texas Gulf Sulphur Co	6,958,476	5,730,000	5.22
United Fruit Co	12,049,300	8,717,985	8.60
F. W. Woolworth Co	32,142,363	23,288,676	8.54

I also ask that you furnish me with the names of all corporations which, for the last year for which the statistics are available, had a net income before Federal taxes of more than $1,000,000, and, based upon the actual distributions of the year, will receive a tax reduction of 50 percent or more under the pending bill.

You will appreciate that the fundamental purpose of my inquiry involves not only competitive advantages to the strong corporations but the restraints of heavy taxes upon small- and medium-sized enterprises upon which we must depend so largely for reemployment of labor and for healthy business growth.

It is unnecessary for me to add that the data must be available promptly if it is to serve a useful purpose. I shall appreciate very much your assistance and cooperation.

Cordially yours,

HARRY F. BYRD.

THE SECRETARY OF THE TREASURY,
Washington, May 11, 1936.

Hon. HARRY FLOOD BYRD,
United States Senate.

MY DEAR SENATOR: This will acknowledge receipt of your letter dated May 8, which was postmarked as of 5 p. m. on May 9, and received in my office at 9:14 a. m. today.

In your letter you furnish a list of corporations with the amount of their net income and the amount of their dividends paid out in 1934, as reported in Moody's Manual, and you ask that I check this list and let you have a similar list for 1935 if such statistics are available. You request also the names of all corporations which, for the last year for which statistics are available, have a net income before Federal taxes of more than a million dollars, and, based upon the actual distribution for the year, will receive a tax reduction of 50 percent or more under the pending bill.

If the information you desire is that to be derived from income-tax returns, I must respectfully call your attention to the provisions of the revenue law limiting the conditions under which the Treasury Department may furnish such information. Section 257 (b) of the Revenue Act of 1926 reads as follows:

"The Secretary and any officer or employee of the Treasury Department, upon request from the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a select committee of the Senate or House specially authorized to investigate returns by a joint resolution of the Senate or House, or a joint committee so authorized by concurrent resolution, shall furnish such committee sitting in executive session with any data of any character contained in or shown by any return."

I shall be quite willing, on request of the Finance Committee and under the authorization of this section, to furnish any and all information that the committee may desire which is available. Anticipating such a request, I have directed that data bearing on your inquiries be assembled without delay.

Sincerely yours,

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

RESOLUTION ADOPTED BY SENATE FINANCE COMMITTEE

The Secretary of the Treasury is hereby requested to furnish a list of all corporations for the tax year of 1935 that had a net income before Federal taxes of more than $1,000,000, and based on the actual distributions for that year will receive a tax reduction under the pending bill; and

(A) The amount of such reduction for each corporation; and

(B) The rate of taxation, if any, that would be paid by such corporation in the event the pending bill was then in effect.

ACCEPTANCE OF MEDALS, ETC., BY MEMBERS OF NAVY, MARINE CORPS, AND ARMY

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1975) to authorize certain officers of the United States Navy, officers and enlisted men of the Marine Corps, and officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered, which was, on page 10, after line 26, to insert:

United States Navy: Admiral William B. Caperton, retired; Rear Admiral Charles S. Freeman; Capt. William D. Puleston; Capt. Walter S. Anderson; Capt. Stephen B. McKinney; Capt. William O. Spears; Capt. Augustin T. Beauregard; Commander Leo H. Thebaud; Commander Clarence Gulbranson; Capt. Charles St. J. Butler, Medical Corps; Capt. William S. Bainbridge, Medical Corps, Naval Reserve, retired; Commander Morton D. Willcutts, Medical Corps; Commander William Henry P. Blandy; Commander Edwin C. Ebert, Medical Corps; Lt. Comdr. Roscoe H. Hillenkoetter; Lt. Comdr. Joel J. White, Medical Corps; Lt. Albert L. King, Naval Reserve; Lt. (Jr. Gr.) Walter C. Ford; Capt. Herbert S. Howard, Construction Corps; Lt. Comdr. Leslie C. Stevens; Lt. Comdr. William K. Vanderbilt, United States Naval Reserve.

United States Marine Corps: Col. Robert L. Denig; Col. Henry L. Roosevelt, Marine Corps Reserve, deceased; Col. William C. Harllee, retired; Col. Julius S. Turrill, retired; Lt. Col. Harry L. Smith; Lt. Col. William M. Small, retired; Maj. Andrew E. Creesy; Maj. Donald J. Kendall; Maj. Chester L. Fordney, Marine Corps Reserve; Capt. Louis Cukela; First Sgt. George Nelson.

Mr. WALSH. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

SUPPLEMENTAL ESTIMATE FOR LEGISLATIVE ESTABLISHMENT (S. DOC. NO. 209)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation pertaining to the legislative establishment, United States Senate, fiscal year 1936 (for folding documents), in the sum of $2,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE FOR THE NAVY DEPARTMENT (S. DOC. NO. 210)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the Navy Department, fiscal year 1936, to remain available until June 30, 1937 (acceptance of bequest of Henry H. Rogers), in the sum of $5,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

MARCH REPORT OF THE R. F. C.

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, a report of the activities and expenditures of the Corporation for March 1936, including statements of loans, etc., authorized during that month and showing the names, amounts, and rate of interest or dividend in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Interstate Commerce:

Whereas the Federal Radio Commission, which supervises the operation of and the granting of license to radio stations; and

Whereas such Federal Radio Commission within recent time has indicated an intention to cancel the license of certain local commercial radio stations in the Borough of Brooklyn, city of New York, and the right of such stations to disseminate national music programs and lectures over the air; and

Whereas one of such radio stations, namely, station WLTH, of Brooklyn, New York City, has been engaged for the past several years in the broadcast of musical programs of much interest to such racial groups as the Irish, the Poles, the Hebrews, the Germans, the Italians, and other racial entities, thus bringing much happiness to a multitude of listeners: Therefore be it

Resolved (*the senate concurring*), That the Assembly of the State of New York hereby entreats the Federal Radio Commission to desist from any intended action that would mean the cancelation of the radio license of station WLTH, and by so doing permit the peoples of the various racial groups named heretofore to enjoy their native melodies and songs, and so to obtain that happiness which constitutes an integral part of their American home life; and be it further

Resolved, That a copy of these resolutions be forwarded to the President of the United States, the Congress of the United States, and to the Federal Radio Commission.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Maryland, which was referred to the Committee on Finance:

Joint resolution relative to unemployment insurance

Whereas the General Assembly of Maryland is heartily in favor of social-security legislation in general and unemployment insurance in particular; and

Whereas this assembly believes that stability in our social structure is attainable only by giving the wage-earning employees greater economic security than they now enjoy; and

Whereas the Federal social-security law levies a 3-percent pay-roll tax when the unemployment-insurance plan is in full operation; and

Whereas it is the sense of this general assembly that a 3-percent pay-roll tax will be an incentive to employers to cut wages and to raise prices; and

Whereas such a taxing provision is unfair to employees and to consumers: Therefore, be it

Resolved by the General Assembly of Maryland, That the Congress of the United States, and it is hereby, requested to amend the Federal social-security law in such manner that the unemployment-insurance plan will be financed by a 1-percent tax on wages, a 1-percent tax on employers' pay rolls, and an appropriation by the Federal Government from its general revenues to equal the contributions made by employers, and that the Federal Government shall also pay all cost for the administration of said plan; and be it further

Resolved, That these amendments be made at the present session of Congress so that the legislators of the several States may be enabled to pass legislation in conformity with the Federal law thus amended; and be it further

Resolved, That the Senators and Representatives from Maryland in the Congress of the United States be, and they are hereby, urgently requested to make every effort possible to have Congress amend the Federal social-security law as hereinabove suggested; and be it further

Resolved, That the secretary of state of Maryland be, and he is hereby, requested to send a copy of these resolutions to the President of the United States, to the President of the United States Senate, to the Speaker of the House of Representatives, and to each of the Senators and Representatives from Maryland in the Congress of the United States.

The VICE PRESIDENT also laid before the Senate a letter from the president of the American Liberty League,

transmitting memorials signed by about 55,000 citizens of the United States, remonstrating against the seizure of telegrams of individuals and organizations by agencies of the Government, which, with the accompanying memorials, was referred to the Special Committee on Investigation of Lobbying Activities.

Mr. LOGAN presented the following concurrent resolution of the Legislature of the State of Kentucky, which was referred to the Committee on Finance:

Whereas Kentucky is facing difficulty in providing sufficient revenue for her schools, her unfortunate wards, and other proper and necessary expenses; and

Whereas the revenue collected by the Federal Government from two of Kentucky's products, whisky and tobacco, alone, would, in any one year provide sufficient revenue for all Kentucky's expenses and pay her entire outstanding indebtedness twice over; and

Whereas no other State has her proper revenue sources so completely exhausted by the Federal Government; and

Whereas Kentucky's contributions in internal revenue to the Federal Government are much greater than any other State in the Union in proportion to her population, and the amount of return Federal contributions; and

Whereas the Federal Government now gives credit on her estate tax to 80 percent of the amount paid to the State by such taxpayers, which greatly favors States of great wealth and large estates; and

Whereas this entire Federal relationship as now provided is unjust, prejudicial, and discriminatory to Kentucky: Now, therefore, be it

Resolved, That Kentucky through this legislature call upon her Senators and Representatives of the Federal Congress to seek through legislation, or administration, or in such way as they think most wise and effective to remove this unfair and prejudicial preemption of Kentucky's revenue from her main products and secure for her either credits as in the Federal State tax or proportionate returns to the State, or in such way as they deem best; be it further

Resolved, That they meet together and discuss ways and means to bring about a more equitable arrangement between the two governments and advise the legislature what steps it should take to open negotiations with the Federal Government to secure this relief.

Resolved, That a copy of this resolution be furnished to each Member of the United States Senate and the United States House of Representatives from Kentucky.

Mr. WALSH presented the petition of Hugh Von Rehberg, of Jamaica Plain, Mass., and sundry other citizens of the State of Massachusetts, praying for the continuance of Works Progress Administration projects, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Board of Aldermen of the city of Somerville, Mass., favoring an increase in the allotments and projects under the Works Progress Administration in the city of Somerville, Mass., which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens, being employees of the Post Office and Treasury Departments at Worcester, Mass., praying for the enactment of the so-called Boylan bill, providing reclassification of Post Office and Treasury Department custodial employees, which was referred to the Committee on Civil Service.

He also presented a resolution adopted by a special town meeting at Hadley, Mass., favoring the construction of flood-control dams and works by the Federal Government, which was referred to the Committee on Commerce.

He also presented the petition of Local Union No. 1255, United Textile Workers of America, of North Adams, Mass., praying for the enactment of the so-called Ellenbogen bill, for the stabilization of conditions in the textile industry, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by a conference of the New England Region of the National Student Federation of America, favoring the enactment of the so-called American-youth bill, which was referred to the Committee on Education and Labor.

He also presented the petition of the Ladies Auxiliary to the Brotherhood of Railroad Trainmen, of Greenfield, Mass., praying for the enactment of the bill (S. 4174) to foster and protect interstate commerce by authorizing the Interstate Commerce Commission to approve or disapprove of the consolidation or abandonment of carrier facilities of public service, which was referred to the Committee on Interstate Commerce.

He also presented the petition of David W. Wright Lodge, No. 549, Brotherhood of Locomotive Firemen and Enginemen, of Greenfield, Mass., praying for the enactment of the bill (H. R. 10663) to amend section 12 of the act of Congress of August 29, 1935, entitled "An act to establish a retirement system for employees of carriers subject to the Interstate Commerce Act, and for other purposes", which was referred to the Committee on Interstate Commerce.

He also presented the petition of the Massachusetts Women's Constitutional League, praying for the enactment of the bill (S. 2253) to make better provision for the government of the military and naval forces of the United States by the suppression of attempts to incite the members thereof to disobedience, which was ordered to lie on the table.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H. R. 11688. An act providing for a change in the design of the 50-cent pieces authorized to be coined in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union; to the Committee on Banking and Currency.

H. R. 12424. An act to provide for examination and registration of those engaging in the occupation of beauty culture; to the Committee on the District of Columbia.

H. R. 12624. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1936, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1936, and June 30, 1937, and for other purposes; to the Committee on Appropriations.

H. J. Res. 497. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the International Petroleum Exposition, Tulsa, Okla., to be admitted without payment of tariff, and for other purposes; and

H. J. Res. 547. Joint resolution providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition, to be held at Cleveland, Ohio, beginning in June 1936, and for other purposes; to the Committee on Finance.

REPORTS OF COMMITTEES

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the joint resolution (S. J. Res. 243) authorizing distribution to the Indians of the Blackfeet Indian Reservation, Mont., of the judgment rendered by the Court of Claims in their favor, reported it with an amendment and submitted a report (No. 2015) thereon.

Mr. SCHWELLENBACH, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 8495) to amend certain plant-quarantine laws, reported it without amendment and submitted a report (No. 2016) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S. J. Res. 235) authorizing the Secretary of Agriculture to expend funds of the Agricultural Adjustment Administration for participation by the United States in the 1936 Sixth World's Poultry Congress, reported it with amendments and submitted a report (No. 2017) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the joint resolution (H. J. Res. 525) to enable the United States Constitution Sesquicentennial Commission to carry out and give effect to certain approved plans, and for other purposes, reported it with amendments and submitted a report (No. 2018) thereon.

He also, from the same committee, to which was referred the bill (H. R. 12162) to create an additional division of the United States District Court for the Southern District of Mississippi, to be known as the Hattiesburg division, reported it without amendment and submitted a report (No. 2024) thereon.

Mr. CONNALLY, from the Committee on the Judiciary, to which was referred the bill (S. 4519) to dispense with unnecessary renewals of oaths of office by civilian employees of the executive departments and independent establishments, and for other purposes, reported it without amendment and submitted a report (No. 2019) thereon.

He also, from the same committee, to which was referred the bill (S. 4594) to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. and others, reported it with an amendment and submitted a report (No. 2020) thereon.

Mr. BURKE, from the Committee on the Judiciary, to which was referred the bill (S. 4341) to give precedence to certain proceedings to which the United States is a party, and for other purposes, reported it without amendment and submitted a report (No. 2021) thereon.

Mr. WALSH, from the Committee on Finance, to which was referred the bill (H. R. 10934) to authorize the transfer of the customhouse at Salem, Mass., from the jurisdiction of the Treasury Department to the Department of the Interior, reported it without amendment and submitted a report (No. 2022) thereon.

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the bill (H. R. 12183) for the relief of Gladys Hinckley Werlich, reported it without amendment.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills and joint resolutions:

On May 8, 1936:

S. 158. An act authorizing the President to present a medal in the name of Congress to Johannes F. Jensen;

S. 427. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora grant, New Mexico;

S. 1494. An act to amend an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat. L. 555);

S. 2040. An act to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof;

S. 2517. An act to provide for the advancement on the retired list of the Navy of Walter M. Graesser, a lieutenant (junior grade), United States Navy, retired;

S. 2611. An act to authorize the Utah Pioneer Trails and Landmarks Association to construct and maintain a monument on the Fort Douglas Military Reservation, Salt Lake City, Utah;

S. 2849. An act to provide funds for cooperation with Wellpinit School District No. 49, Stevens County, Wash., for the construction of a public-school building to be available for Indian children of the Spokane Reservation;

S. 3241. An act authorizing adjustment of the claims of F. L. Forbes, John L. Abbot, and the Ralph Sollitt & Sons Construction Co.;

S. 3372. An act to provide funds for cooperation with the public-school district at Hays, Mont., for construction and improvement of public-school buildings to be available for Indian children;

S. 3460. An act to authorize the Secretary of the Interior to ascertain the persons entitled to compensation on account of private claim 111, parcel 1, Nambe Pueblo grant;

S. 3516. An act for the relief of Alice D. Hollis;

S. 3544. An act authorizing adjustment of the claim of the Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans;

S. 3581. An act for the relief of Henry Thornton Meriwether;

S. 3687. An act to validate payments and to relieve the accounts of disbursing officers of the Army on account of payments made to Reserve officers on active duty for rental allowances;

S. 3688. An act to validate payments and to relieve disbursing officers' accounts of payments made to Reserve officers promoted while on active duty;

S. 3737. An act to authorize the Secretary of War to acquire by donation land at or near Newburgh, in Orange County, N. Y., for aviation field, military, or other public purposes;

S. 3747. An act for the relief of Maizee Hamley;

S. 3748. An act to authorize the Bureau of Mines to conduct certain studies, investigations, and experiments with respect to sub-bituminous and lignite coal, and for other purposes;

S. 3769. An act for the relief of Marcellus E. Wright and Lee, Smith & Vandervoort, Inc.;

S. 3797. An act to amend an act entitled "An act authorizing certain tribes of Indians to submit claims to the Court of Claims, and for other purposes", approved May 26, 1920;

S. 3859. An act to authorize the procurement, without advertising, of certain War Department property, and for other purposes;

S. 3932. An act for the relief of Ann Rakestraw;

S. 3950. An act to aid in defraying the expenses of the Sixteenth Triennial Convention of the World's Woman's Christian Temperance Union to be held in this country in June 1937;

S. 3977. An act to authorize the Washington Gas Light Co. to alter its corporate structure, and for other purposes;

S. 4135. An act for the relief of Helen Curtis;

S. 4214. An act to provide for a preliminary examination of the Sabine and Neches Rivers with a view to controlling their floods and regulating, conserving, and utilizing the waters thereof, and for other purposes;

S. 4416. An act for the relief of Josephine Russell; and

S. J. Res. 231. Joint resolution to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the landing of the Swedes in Delaware.

On May 11, 1936:

S. 381. An act for the relief of the Confederated Bands of Ute Indians located in Utah, Colorado, and New Mexico;

S. 1075. An act for the relief of Louis H. Cordis;

S. 3645. An act for the relief of Dampskib Aktieselshap Roskva;

S. 3685. An act for the relief of George Rabcinski;

S. 4395. An act for the relief of the State of New Jersey; and

S. 4447. An act for the relief of J. L. Summers.

On May 12, 1936:

S. 1379. An act to amend section 981 of title IV, and section 843 of title VI of the Canal Zone Code:

S. 3839. An act for the relief of Randall Krauss, a minor;

S. J. Res. 248. Joint resolution to provide for participation by the United States in an inter-American conference to be held at Buenos Aires, Argentina, or at the capital of another American republic, in 1936; and

S. J. Res. 260. Joint resolution to provide an additional appropriation for folding speeches and pamphlets for the Senate for the fiscal year 1936.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 4614) for the relief of Ida A. Gunderson and her three minor daughters; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 4615) granting a pension to James W. Dobbins (with accompanying papers); to the Committee on Pensions.

By Mr. THOMAS of Oklahoma (by request):

A bill (S. 4616) for the relief of G. A. Trotter; to the Committee on Indian Affairs.

By Mr. JOHNSON:

A bill (S. 4617) to amend section 80 of chapter 9 of an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898; to the Commtitee on the Judiciary.

By Mr. SHEPPARD (for Mr. OVERTON):

A bill (S. 4618) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a free or toll highway bridge, or a railway bridge in combination with a free or toll highway bridge, and approaches thereto across the Mississippi River at or near Baton Rouge, La.; to the Committee on Commerce.

(Mr. COPELAND introduced Senate bill 4619, which was referred to the Committee on Commerce, and appears under a separate heading.)

By Mr. WALSH:

A bill (S. 4620) to expedite the dispatch of vessels from certain ports of call; to the Committee on Commerce.

By Mr. FLETCHER:

A bill (S. 4621) for the relief of the estate of Elizabeth R. Jay, deceased; to the Committee on Claims.

By Mr. BLACK:

A bill (S. 4622) to amend section 2 of the act entitled "An act granting the consent of Congress to the Alabama State Bridge Corporation to construct, maintain, and operate bridges across the Tennessee, Tombigbee, Warrior, Alabama, and Coosa Rivers, within the State of Alabama", approved May 26, 1928; to the Committee on Commerce.

By Mr. TYDINGS:

A bill (S. 4623) to amend an act entitled "An act to provide for vocational rehabilitation of disabled residents of the District of Columbia, and for other purposes" (Public, No. 801, 70th Cong.); to the Committee on the District of Columbia.

By Mr. VAN NUYS:

A bill (S. 4624) authorizing the sale of approximately 5,000 acres of land in the Gogebic purchase unit to the University of Notre Dame; to the Committee on Public Lands and Surveys.

By Mr. JOHNSON:

A joint resolution (S. J. Res. 264) to amend the joint resolution entitled "Joint resolution authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic condition of agricultural producers generally", approved August 27, 1935; to the Committee on Agriculture and Forestry.

USE OF RADIO IN PROMOTING SAFETY AT SEA

Mr. COPELAND. Mr. President, I am introducing a bill to amend the Communications Act about the use of radio at sea. I am calling public attention to it because, as a result of hearings which were conducted by the Senator from Maine [Mr. WHITE] on behalf of the Committee on Commerce, it will be necessary to amend the bill very radically. So I am having the bill reprinted with a new number in order that those who are interested may have it for further study.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 4619) to amend the Communications Act of 1934, approved June 19, 1934, for the purpose of promoting safety of life and property through the use of wire and radio communications, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

AMENDMENTS TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. HAYDEN. Mr. President, I offer an amendment to House bill 12624, being the first deficiency appropriation bill, and I ask to have it read from the desk by the clerk and appropriately referred.

The VICE PRESIDENT. The amendment will be referred to the Committee on Appropriations; and without objection, the clerk will read, as requested.

The legislative clerk read as follows:

Amendment intended to be proposed by Mr. HAYDEN to the bill H. R. 12624, the first deficiency appropriation bill, viz: At the end of the bill to insert the following:

"TITLE III

"That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $700,000,000, which shall be available for expenditure by the Federal Emergency Administration of Public Works upon such terms and subject to such rules and regulations, not inconsistent with the laws of the States in which such projects are to be constructed, as the Federal Emergency Administrator of Public Works may prescribe, for the purpose of making loans or grants, or loans and grants, to States, municipalities, and other public bodies to aid in financing the construction, repair, or improvement of the non-Federal public-works projects listed in Senate Document No. 193, Seventy-fourth Congress, but no such grant shall be in excess of 45 percent of the cost of any such project as determined by said Administrator.

"SEC. 202. All loans and grants made pursuant to this title shall contain such provisions as are necessary to insure (1) that the rate of wages paid on projects financed in whole or in part under this title shall be not less than the prevailing rate of wages for work of similar nature as determined by said Administrator, and (2) that in the employment of labor on such projects financed in whole or part under this title, preference shall be given to unemployed citizens of the United States listed by the United States Employment Service, or any agency designated by it, and residing in the community which is financing such project, regardless of whether such unemployed persons are, or are not, on relief.

"SEC. 203. The Federal Emergency Administration of Public Works is authorized to sell any securities acquired by it under title II of the National Industrial Recovery Act, as amended and supplemented, or under this title, and all moneys realized from such sales shall be available to the Federal Emergency Administrator of Public Works, in addition to the funds appropriated by this title, for the making of loans under this title."

Mr. HAYDEN. Mr. President, explanatory of the amendment, I have prepared a brief statement, which I ask to have read at the clerk's desk.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read the statement, as follows:

JUSTIFICATION FOR AN AMENDMENT TO H. R. 12624, THE FIRST DEFICIENCY APPROPRIATION BILL, TO PROVIDE $700,000,000 FOR NONFEDERAL LOAN AND GRANT PROJECTS

Senate Document 193 lists 6,204 applications from States, municipalities, and other public bodies for grants of $890,044,726 and loans of $1,044,709,289 at a total cost of $2,347,690,363. Of the 6,204 applications 2,976 projects had been examined and approved up to March 31, 1936, by the Engineering, Finance, and Legal Divisions of the Public Works Administration for grants of $313,177,716 and loans of $156,431,751, the total cost of which will be $710,105,475.

Among the remaining 3,228 applications that are pending there are a large number of excellent projects, and from day to day more of them are being approved. It is for this reason that the Public Works Administration should be given authority, as provided in the amendment, to allocate money to any worthy project on the entire list contained in Senate Document 193.

The amendment makes $700,000,000 available for loans or grants, or both, and provides the only money that can be used for such grants. Section 203 of the amendment, which authorizes the sale of municipal and other bonds now or hereafter held by the Public Works Administration, continues in operation a revolving fund which can only be used for loans. This revolving fund plus the $700,000,000 plus funds derived from the direct sale to the public of their bonds by States, municipalities, or other public bodies will make it possible to do new construction within the next 15 months amounting to over $1,500,000,000.

That sum amounts to more than one-half of the total cost of all the loan and grant applications now pending before the Public Works Administration. The appropriation of $700,000,000, as provided in the amendment, will therefore make possible the construction of over one-half of the 6,204 projects listed in Senate Document 193.

Approval of non-Federal loan and grant projects under the now well-established procedure of the Public Works Administration requires:

1. Initiative by local communities in selecting projects.
2. Rigid examination by the Public Works Administration as to engineering feasibility, economic and financial soundness, and legality.
3. Contribution of at least 55 percent of the cost through bond issues authorized either by vote of the people to be benefited or by their elected representatives.
4. Construction to be done under local supervision, and, almost invariably, by contract with the lowest responsible bidder.
5. Payment of the scale of wages prevailing in the locality instead of the "security wage."

The amendment will continue in effect all of these five highly desirable features of Public Works Administration procedure and, in addition, will give preference to unemployed American citizens regardless of whether or not they are on relief. This will remove a discrimination which now exists against many thousands who are registered with the United States Employment Service or its branches but who are barred from obtaining jobs under the Works Progress Administration because they are not on the relief rolls.

The amendment is offered to the first deficiency bill which appropriates $1,425,000,000 so that the Works Progress Administration may provide employment for those who are on relief. That sum is not to be raised by imposing any new taxes but will be

borrowed and become an addition to the national debt. The $700,000,000 to be made available to the Public Works Administration can with equal certainty be obtained in the same way, and, because of local bond issues and other contributions, will also result in an equal total expenditure.

The difference between the two programs is that the Works Progress Administration will do $1,425,000,000 worth of work, all of which must ultimately be paid for by Federal taxation. With $700,000,000 the Public Works Administration can bring about over $1,500,000,000 of new construction, but the final cost to Federal taxpayers will be less than half of $1,500,000,000.

The Emergency Relief Act of 1935 authorized loans or grants, or both, to States and other public bodies to the extent of $900,000,000 out of the appropriation of $4,880,000,000. Based upon the reasonable assumption that some such sum would be made available over 11,000 non-Federal loan and grant applications have been filed with the Public Works Administration during the past 12 months. Instead of $900,000,000, or a comparable sum, only $328,000,000 has been made available, but even with that sum allotments have been made to over 4,000 of such projects. For the remaining 6,204 applications listed in Senate Document 193 no Federal funds are available and none will be unless this amendment is adopted.

States and local communities have in good faith employed engineers, architects, attorneys, and others to prepare these applications for submission and in many cases have voted the required bonds. The Public Works Administration has devoted much time and expense to a critical analysis of the various projects listed in Senate Document 193 and has given final approval to about 3,000 of them with other good projects still in process of investigation. The work can proceed forthwith if Congress makes the appropriation in the manner specified in the amendment. Its enactment is imperative if the Federal Government is to obtain major local contributions in carrying out a sound public-works program.

The amendment supplements and in no respect changes the sum appropriated for the Works Progress Administration by title I of the bill. It merely provides another way of arriving at the same result; another alternative to be used when desirable. The amendment will undoubtedly reduce actual expenditures by the Works Progress Administration, because, to whatever extent Public Works funds relieve unemployment either by providing work on the job or by indirect labor in transportation or the heavy industries, the number to be cared for by the Works Progress Administration is lessened. The taxpayer is not so greatly concerned about how much Congress may appropriate as he is about the sums actually expended.

To increase the $1,425,000,000 by $700,000,000 will make available a total of $2,125,000,000 to provide work for the unemployed but it does not follow that the entire sum will be used. All of the $3,300,000,000 appropriated by title II of the National Industrial Recovery Act of 1933 has not, and probably will not, be spent. The same is true of the $4,880,000,000 appropriated by the Emergency Relief Act of 1935. In the years to come when the money borrowed to pay for work relief must be repaid the taxpayer will be concerned as to whether or not it was used to make a sound capital investment. There should be a choice of implements to meet the needs of the unemployment situation.

Mr. HAYDEN also submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"Cooperative vocational rehabilitation of disabled residents of the District of Columbia: For personal services, printing and binding, travel and subsistence, and payment of expenses of training, placement, and other phases of rehabilitating disabled residents of the District of Columbia under the provisions of the act entitled 'An act to provide for the vocational rehabilitation of disabled residents of the District of Columbia', approved February 23, 1929 (45 Stat. 1260), $10,000."

Mr. DAVIS submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, and to be printed in the RECORD, as follows:

On page 19, lines 6, 7, and 8, to strike out the following: "And line 24, on page 25, and in lieu thereof to insert the following:

"To aid the several States, Territories, and possessions of the United States, and the District of Columbia, in providing relief and work relief, $1,425,000,000, of which not more than $——, to remain available until June 30, 1938, shall be allocated by the President for completion of projects undertaken by the Works Progress Administration under the Emergency Relief Appropriation Act of 1935 and for administrative expenses of the Works Progress Administration and of any other department, establishment, or agency of the United States for additional work incident to carrying out the purposes of the foregoing appropriation. The balance of the foregoing appropriation shall be allocated by the President to the several States, Territories, possessions, and the District of Columbia in the proportion which the population of each bears to the total population of the States, Territories, possessions, and the District of Columbia, and shall remain available until June 30, 1937.

"Any State, Territory, possession, or the District of Columbia, or any municipality or political subdivision of any of them, may submit relief and work-relief projects to the President for his approval; and the President may approve any such project and shall provide for payment to such State, Territory, possession, or District of Columbia, from funds allocated to it under the preceding paragraph, such sums as may be necessary to carry out the projects so approved. Subject to the approval of an advisory board hereinafter provided for, the funds paid to each State from the foregoing appropriation shall be expended under the supervision of a State agency designated by State law or appointed by the Governor for that purpose, and shall be expended in such manner and under such regulations as the State agency may prescribe and by such local agencies within the State as the State agency may designate, the funds paid to each Territory or possession shall be expended under the direction of the Governor thereof in such manner and under such regulations as he may prescribe, and the funds paid to the District of Columbia shall be expended under the direction of the Commissioners of said District in such manner and under such regulations as they may prescribe. Each State agency, each local agency designated for the expenditure of funds from the foregoing appropriation, the Governor of each Territory and possession, and the Commissioners of the District of Columbia shall appoint an advisory board of not less than five persons who shall serve without compensation and shall represent all political parties as nearly equally as may be.

"The President is authorized—

"(1) To withhold payment of funds allocated from the foregoing appropriation to any State, Territory, possession, or the District of Columbia which he finds is expending such funds for any purpose other than an approved project or is expending such funds in a manner not approved by the proper advisory boards.

"(2) To require of each State, Territory, possession, and the District of Columbia such reports as are reasonably necessary to show that such funds are being expended on projects approved by the President and subject to the approval of the proper advisory boards.

"(3) To prescribe such rules and regulations as may be necessary to carry out his powers and duties with respect to the foregoing appropriation, and to delegate any of such powers and duties to the Works Progress Administrator.

"(4) To submit to Congress a report concerning the expenditure of the foregoing appropriation not later than the 10th day of January in each of the next 2 calendar years, which report shall include a statement of expenditures made, obligations incurred, and payments made to States, Territories, possessions, and the District of Columbia by classes and amounts."

Mr. ROBINSON submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"ASTROPHYSICAL OBSERVATORY, SMITHSONIAN INSTITUTION

"Astrophysical Observatory: For the establishment and maintenance of solar observing stations, under the direction of the Smithsonian Institution, including assistance, subsistence, purchase of books, periodicals, and apparatus, making necessary observation in high altitudes, construction, rental, repairs, and alteration of buildings, preparation of manuscripts, drawings, and illustrations, traveling expenses, and other necessary expenses, to remain available until June 30, 1937, $200,000."

Mr. McKELLAR submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 19, line 6, after the word "Bend", to insert the following: "a dam at or near Gilbertsville, Ky., and a dam at or near Watts Bar, Tenn."

On page 19, lines 6, 7, and 8, to strike out the following: "And the continuation of preliminary investigations as to the appropriate location and type of a dam on the lower Tennessee River."

On page 19, line 18, to strike out "$39,900,000" and insert in lieu thereof "$41,100,000."

Mr. DIETERICH submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"Payment to Illinois Central Railroad: For payment to the Illinois Central Railroad of claim no. 1995, awarded December 6, 1926, by the Commission under a convention between the United States and Mexico, concluded September 8, 1923, as extended,

$2,793,905.36: *Provided*, That the 5-percent deduction in reimbursement of the Government of the United States of expenses incurred by it in respect of such claim, provided for in the Department of State Appropriation Act, 1937, shall not be made."

Mr. SCHWELLENBACH submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 22, between the third and fourth paragraphs, under the caption "Works Progress Administration", to insert the following new paragraph:

"No person shall be declared ineligible for employment under this act or the Emergency Relief Appropriation Act of 1935, as amended, by reason of having received the benefits of the World War Adjusted Compensation Act, as amended and supplemented."

Mr. WHEELER submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"Bureau of Fisheries: For the acquisition by the Bureau of Fisheries of a site for a fish hatchery at Jessups Mill, near Glacier National Park in the State of Montana, $10,000, which shall be immediately available."

AMENDMENTS TO RIVER AND HARBOR FLOOD-CONTROL BILL

Mr. BYRNES and Mr. McKELLAR each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, which were ordered to lie on the table and to be printed.

INTERNAL REVENUE TAXATION—AMENDMENTS

Mr. BAILEY submitted an amendment and Mr. SCHWELLENBACH submitted amendments intended to be proposed by them, respectively, to the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

TAXATION OF INTOXICATING LIQUOR—AMENDMENTS

Mr. BONE submitted amendments intended to be proposed by him to the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

BIRDIE BRUGH—WITHDRAWAL OF PAPERS

On motion by Mr. NORRIS, it was

Ordered, That the papers filed with the bill (S. 2270) granting a pension to Birdie Brugh, be withdrawn from the files of the Senate, no adverse report having been made thereon.

HOURS, WAGES, AND WORKING CONDITIONS IN AIR TRANSPORTATION (S. DOC. NO. 208)

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed as a Senate document, with illustrations, the report on hours, wages, and working conditions in scheduled air transportation by the Federal Coordinator of Transportation, Mr. Eastman. This report is very valuable to us in connection with our work in considering the subject of air traffic.

The VICE PRESIDENT. Without objection, the report will be printed as a Senate document, with illustrations.

REPORT OF THE COMMISSION OF FINE ARTS

Mr. BARKLEY. Mr. President, I ask to have printed, with illustrations, as a Senate document the Twelfth Report of the Commission of Fine Arts for the period July 1, 1929, to December 31, 1934, with respect to certain planning for the District of Columbia. It is customary to have the reports printed, and I ask that this report be printed as a Senate document.

The VICE PRESIDENT. Without objection, the report will be printed, with illustrations.

COMPENSATION OF CERTAIN RAILWAY-MAIL EMPLOYEES—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10267) to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service, to correspond to the rates established by the Classification Act of 1923, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same.

KENNETH MCKELLAR,
CARL HAYDEN,
LYNN J. FRAZIER,
Managers on the part of the Senate.

T. G. BURCH,
FRED H. HILDEBRANDT,
A. WILLIS ROBERTSON,
I. H. DOUTRICH,
PHILIP A. GOODWIN,
Managers on the part of the House.

The report was agreed to.

NAVAL AIR STATION, MIAMI, FLA.—CONFERENCE REPORT

Mr. WALSH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 8372) to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station, and to authorize the construction and installation of a naval air station thereon, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

DAVID I. WALSH,
MILLARD E. TYDINGS,
Managers on the part of the Senate.

CARL VINSON,
PATRICK H. DREWRY,
GEORGE P. DARROW,
Managers on the part of the House.

The report was agreed to.

POLITICAL AND ECONOMIC CONDITIONS

Mr. BORAH. Mr. President, in the March bulletin of the National City Bank we find that the net profits of the agricultural implements industry for 1935 were 568.7 percent above those of 1934. We find from the report of one of the farm bureaus that the farm income for 1935 was 4 percent above that of 1934.

In my opinion, this presents a phase of a subject in which I have been interested and am interested, and upon which I had something to say over the radio at Cleveland last Saturday night. I ask permission to have the radio address inserted in the RECORD at this point as a part of my remarks upon this subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

The address is as follows:

RADIO ADDRESS OF HON. WILLIAM E. BORAH, OF IDAHO, AT CLEVELAND, OHIO, ON MAY 9, 1936

Ladies and gentlemen, it is said that when the great political revolution of 1801 took place, and Thomas Jefferson became President, Alexander Hamilton, until the hour of his tragic death, nourished the belief that things would swing back and that the old Federal principles and policies would again prevail. Hamilton was in many ways the genius of his age. But the common people he never understood and with their lot he was not deeply concerned. He failed to realize that with the people revolutions do not go backward. The Federalist Party, with its distrust of the people, with its alien and sedition laws, passed out of American politics.

No man was ever wise enough to foretell the exact course or mark the sweep and extent of a political revolution, and I shall not undertake to do so. But the election of 1932 was just as certainly a political revolution as that of 1801 or 1860. It marked the end of one era and the beginning of another. The extent of it I do not undertake to prophesy. If the Republican Party recognizes this fact and formulates its policies and shapes its course in harmony

with the new conditions and new demands, it can render incalculable service to free institutions, to personal liberty, and to the cause of humanity. If we are wise enough and brave enough to make the cause of economic freedom the dominant and uncompromising creed of the party, we will have an issue worthy of its highest and best traditions, and may render a service to the American people second to no period in its remarkable history. If the party of Lincoln is willing to dedicate itself to the cause of free enterprise, to remove the private toll gates which monopoly has erected on the highways of American commerce, to rip out of our system the practice of price fixing which has separated our people into two classes and contributed greatly to our depression, it will be in a position, in my opinion, to repossess the confidence of the American people and rededicate itself to their service.

Let us not make the awful mistake which the great Hamilton made and proceed upon the theory that things which happened once may be glossed over and made to happen again. We cannot win upon any such theory, and we are not entitled to win upon any such theory. The organization may have the power to commit the party to such a course. But to do so is to fly in the face of millions of voters and to invite defeat.

I think I know the worth of constitutional integrity and what it means to the happiness of the American people. I feel I understand the worth of an independent judiciary in the scheme of constitutional democracy. I do not minimize their importance. I shall always be ready and anxious to contribute what little influence I may have to their preservation. A record of 30 years upon these matters justifies me in at least saying that much. I have some appreciation, I trust, of the growing waste and extravagance of government, of the devastating influence of bureaucracy, and how these things all fall at last with depressing weight upon the taxpayers of the Nation. I minimize the importance of none of these matters. But there is a deep sense of economic injustice which has come to pervade the minds of a vast number of the American people, and justly so, which we dare not disregard. This scheme of government of ours was built upon the principle of equal opportunity to all, and discussions touching the Constitution and the courts should be carried on in the light of that fundamental principle.

We are now in the preconvention contest. But I confess I am thinking more and more about the situation after the national convention shall have closed. We will then have to face the voters out yonder in the open. They have undergone a frightful experience during these last half dozen years. The vast majority of them, in my opinion, care little about party shibboleths. Millions of them feel they have been hedged about by economic and financial conditions, unjust and cruel, like the men we read about a few days ago caught in a mine and wholly dependent for light and life upon generosity of forces which they could not control. They do not understand. And no amount of theory and no amount of partisan discussion will ever enable them to understand why, in a land rich beyond language to portray, in all things which make for human happiness, one in every four should be denied the right to work, to feed and clothe his family, and why millions should be dependent upon charity for their very existence. They know perfectly well that this was a man-made depression and that a strange and vicious principle of economic injustice is at the bottom of the whole miserable cataclysm. If you talk to these men and women about the Constitution, about the rights and privileges and personal liberty of the citizen, they will, of course, agree with you. But they will ask you: What is your remedy for this economic situation. They will say: We want an opportunity to have homes, to rear families, and to live as American citizens are entitled to live. And what will be our answer? The cry of loyalty to the party, drive out the enemy—this plagiarism from the past will not count. These men and women who have been disciplined through all these years of adversity are alert and will expect an answer in terms of their own future welfare. In the face of forces which threaten their very existence this campaign will to millions be no ordinary party contest.

There is no question about the love and loyalty of the vast majority of the American people to the great underlying principles which distinguish our Government from other governments of the world. The people will not lightly imperil these principles. Ours is the only written Constitution made by the people, amendable by the people, and, in plain language which all may understand, guarantees the liberty of the people. All this they know and profoundly appreciate. But they expect—and they have a right to expect—that our Government shall not only guarantee in words the rights of the people, but make good that guaranty. To so execute the powers of government as to disparage the rights and sacrifice the happiness of a large portion of the people is the betrayal of free government, and essays and eulogies will not take the place of the actual use of these powers to the ends for which they were granted by the people.

A long time ago, early in recorded history, a person possessed of a most valuable birthright cried out: "Behold! I am at the point to die, and what profit shall this birthright do to me?" This is the cry which has marked the beginning of all resentment against established government, of established order. The people of the United States have asked and have a right to ask—they would be moral cowards and intellectual slaves if they did not ask—Behold! We are in great distress and have long been in distress. Before the depression we lived meagerly, and since the depression we and our children have lived in actual want. What profit, therefore, are these great principles of free government if they do not protect us in our inalienable right to live, to live decently as a free people? This is not a want of loyalty to free government, but it is notice—notice accompanied by a feeling which it is dangerous to disregard; that this Government must be used and its powers exerted in the interests of the people whose Government it is. The power granted the Government by the people under the terms of their Constitution is, in my opinion, ample to protect their rights and to do for them economic justice. The question is, Shall we use these powers in the interest of the people? That is the problem which confronts the Republican Party. If it is not prepared to give assurance that it will use these powers in the interest of the people and not only to give assurance but to accompany that assurance by unmistakable proof that it will be adhered to, then it is hopeless to expect anything in November except pitiable defeat.

I hope you will be patient now while I give you some figures. One takes a risk in burdening his remarks with an extended array of statistical figures. But you will pardon me in taking this risk to some extent since human language cannot convey to you the message contained in these figures. They speak in a language all their own. Let us, in support of my theme, take the years of 1928–29. These years stand out in history as years in which our national plant yielded wealth beyond anything in recorded history. Fortunes were piled upon fortunes until they became the subject of comment not only at home but in all lands. The other side of the picture was not so generally a subject of comment. We now know that in the midst of this vast wealth the majority of our people had only means enough to sustain a bare existence. Seventy percent of our people struggled through with nothing but the bare necessities of life, and over half the population had less than an adequate diet, even in this land of untold wealth. Literally millions of children were compelled to remain out of school, denied the advantages of our great free school systems, because their parents could not provide food or clothing sufficient to enable them to attend school—that great university where men and women are prepared for the duties of citizenship. It was during this period, as we now know, that 36,000 families at the dizzy top of the economic ladder enjoyed a greater income than 12,000,000 families at the foot of the ladder. The purchasing power of the great majority of the American people was at the lowest point in our history. Under the old system of primogeniture and entail, some reckless son might seize the estate to the exclusion of all other members of the family. Under a monopoly-ridden, price-fixing system that is what takes place with reference to the whole national estate. While some live in luxury the great majority live in penury. This was the condition in the years preceding the depression. This is the condition which will always prevail under a monopoly-controlled, price-fixing regime. It is a condition which will grow worse instead of better. It does not make any difference how much recovery we may have as that term is so sadly misused nowadays. There will always be under such a system a scanty, meager living for the vast majority and almost incalculable wealth for the few. The purchasing power of the masses will always be at the lowest ebb which, of itself, will stand as a constant menace to our whole economic system.

What does the Republican Party propose to do about this? Is it satisfied with such a condition of affairs? What is the remedy? And do we propose to apply a remedy? Constitutional democracy, an independent judiciary, the whole grand scheme of free American life are involved in righting this terrible, this brutal economic injustice.

The Republican organization and the men who are making every effort to seize control of the Cleveland convention, the oil companies, the utility magnates, the du Ponts, the Browns of Ohio, the Edges of New Jersey, the Hilles of New York believe in the system and are its defenders. "The ox knoweth his owner, and the ass his master's crib." They propose to return to this economic condition of 1928–29. They laud it and say that we must get back to it. That is why they are so active. But they will not return to it. They are not equal in genius, many of them, to Alexander Hamilton. But in their limited way they are making the same mistake. They may sink the Republican Party in their effort to return to it, but they will not return to this condition—the people will not let them return to it. We will either drive monopoly and price fixing out of our system and restore to the disinherited millions their rightful opportunity in the economic world, or we will move on to absolute governmental regimentation. And under either the reign of monopoly or the reign of Government regimentation, the free American citizen, who made this country and without whom this Republic cannot exist, will disappear as certainly as the free citizens disappeared in Germany and Italy.

Whoever opposes monopoly and the price-fixing system and all the vicious consequences which follow is immediately assailed as one opposed to business—fighting business—the enemy of business. None know better than those who raise the cry how utterly false it is. It is a fight for business, for legitimate business, for independent business. Breaking the grip of monopoly is the only hope for the independent groceryman, the independent druggist, the independent businessman in any line. The man who builds up his business through industry and ability, through the superior quality of his goods, the honest independent businessman, is the prop and stay of our entire economic system, without which the system cannot exist, and he is entitled to the encouragement and protection of our Government. Monopoly is his enemy, and no one knows it better than he does. Price fixing is his doom, and no one knows it better than he does. Another 40 years of the growth of

monopoly, the spread of price fixing, such as we have had during the last 40 years, and the independent, legitimate businessman will disappear. In other words, this is a fight for the rights of the man who is willing to devote his ability, his energy to the building up of a business and to know that he will not be bludgeoned out of the economic field through an economic dictator. There appeared in the press dispatches the other day a statement to the effect that there were 5,000,000 young college men ready and anxious to enter upon a life of self-reliance, self-respect, individual initiative, and no place to go. We ought at least to give these young men an economic field uncontrolled, unsold, unpreempted. The great question of the day is: What can we do for the young people? The first thing we ought to do is to give them an open field and a fair chance. Ninety percent of them will do the rest.

Ohio is a great agricultural State. We have a farm problem. We have had a farm problem increasing in seriousness for many years. We will have a farm problem so long as we have a diminishing market for farm products. And we will have a diminishing market for farm products so long as there is a constant decrease in purchasing power upon the part of the masses. And there will be a constant decrease in purchasing power upon the part of the masses so long as there is a power in this Government lodged in private interests which enables a few corporations to fix prices for 130,000,000 people. The farmer was not at fault in 1928–29. He had produced and was prepared, assuming the American people could buy, to feed the American people. He was prepared to run his farm upon a successful basis if he could find someone to buy his products. But the people to whom he should have been permitted to sell did not have the money with which to buy. One-half of them, as I have said, were living upon the bare necessities of life. Even if this one-half had been able to purchase what they really needed for a decent standard of living there would have been no farm problem. I make this prediction, that we will have a farm problem and the farmer will be in distress, in spite of any remedial measures which we may undertake, unless purchasing power is restored to the masses of the American people. And that never can be done under a monopolistic controlled, price-fixing system. Every agricultural nation in the world at the present time is increasing its acreage of production. Chester Davis, the able Assistant Secretary of Agriculture, in an article published sometime ago, says: "While we in the United States are driving to shift plow land to grass, the British are encouraging through national programs a shift from grass to plow land." So it is everywhere. We are shifting plow lands to grass. We would be shifting grass to plow lands if people could buy what an adequate diet demands.

It is hoped by all, and by many believed, that we are moving toward recovery. Undoubtedly there is evidence of recovery. In some lines of business there is even evidence of prosperity. But, according to the report of the American Federation of Labor, we have 12,550,000 unemployed, a million more than a year ago. According to a statement found in the New York Times on the 3d of March, we have 24,000,000 on relief, 3,000,000 more than in 1934. How indicative this is of the kind of recovery which we speak of as recovery. That which drove us into the depression now proposes to give us a recovery for only a small portion of our people. A few days ago it was judicially determined that one of our most important food products was under the control of a price-fixing power. That caused a great deal of comment. But what would the comment be if we would really realize, which I am informed is actually true, that close to 80 percent of all the things which enter the daily living of the people is either directly, or indirectly, under the jurisdiction of some price-fixing power. I observed the other day that when the Government sent out for bids upon an important project, 19 responses came in all in the same figures. The proof of this conspiracy was at hand. And who pays these prices which these combinations fix except the overburdened taxpayer of the United States? If we are traveling back on the road of so-called prosperity ultimately to arrive at the destination of 1928–29, there will be no recovery for half the population of the United States. There never will be any recovery for them. They will always be hewers of wood and drawers of water. Need we regard this question of unemployment as an insolvable mystery? These unemployed are the economic heirs of the 50,000,000 who were living on less than the bare necessities of life in the period of great prosperity. There is something basically, drastically, shamelessly wrong about such a system. And the question of 1936, after we have witnessed the proof of the effects of such a system, after our people through 6 years have suffered the tortures of hell because of such a system, is: How are we going to meet the issue?

It is admitted on all hands that regimentation, Government planning, as the phrase is used in popular parlance, must inevitably work a tragic and fundamental change in our form of government. The citizen must surrender his right to conduct his business or pursue his avocation in his own way so long as he does not transgress the rights of others. He must be content to run his business in his own way only so long as he does not transgress the orders of some bureau. The friends of regimentation make no concealment of the fact that the whole structure of government must undergo a complete change. This we shall dread to see. But let us be candid with ourselves. There is no way to avoid regimentation unless we are willing to eliminate the monopolistic system. As between the two, Government regimentation will in time prevail.

Who initiated regimentation in this country—the monopolies and combines. They initiated the doctrine of curtailment of output even when millions of people were in need. Could a more perfect scheme for the impoverishment of the masses be conceived than the curtailment of output with power to fix prices on that which remained? They drove independent business from many fields of activity and reduced employment. They were the first to say: You shall not sell below a certain price and remain in business. They were the authors of price fixing throughout the country. We cannot escape the dilemma. If we do not restore free enterprise in this country, then we are going to have regimentation, either private or public. And either one, as I have said, means the end of the American scheme of life. But if the Republican Party is so wedded to its idols, if it has not the courage to break away from these powerful forces, if the party and its candidates continue to accept the money and contributions of these forces, it is doomed to have no part in the liberation of American enterprise, just as the old Whig Party, by reason of its sheer moral cowardice, was doomed to have no part in liberating a race.

The only recovery which will be recovery to a very large portion of our population, that portion which is being tossed back and forth between a state of the scantiest existence and a state of dependent charity, will come to us hand in hand with the free genius of the American people, operating under just and equal laws. A recovery which fails to bring to all our people a decent standard of living, a living wage, complete economic freedom, will be a cruel deception and nothing less than a brutal interlude to another catastrophe. We will make progress in reducing our debts and our taxes and unemployment, we will start to restore confidence to business and give courage to the average citizen, we will make progress in restoring purchasing power to the masses, indispensable to permanent economic recovery, when we establish and maintain free enterprise and break the hold of both private and public regimentation.

The opposition in this State are constantly saying that I am out simply to make trouble, that I do not really care about the high honor the Convention will confer upon someone, but that I simply want to make trouble. Make trouble for whom? I should like to see my party win. I should like to see the Republican Party repossess the confidence of the millions of voters who have left it and gone elsewhere. I should like to see it become a power again in shaping national affairs in the interest of a sorely perplexed people. I am perfectly certain that, if the leaders of the opposition in Ohio and their associates elsewhere control the national convention and write the platform and name the candidate, the party will not return to power—the Republican State of Ohio will continue to be in the Democratic column. Under their leadership and under their policies in which they believe, the party has forfeited the confidence of the average man and woman to a degree never before experienced in its history. It has ceased to be a power in the Nation. I oppose them, and I oppose their policies. That is the kind of trouble I am making. I confess my limitations, and I shall not likely be able to do all I should like to do. In their political philosophy, in their conception of economic justice, I see not one single promise or one single assurance looking to the betterment of the conditions of the 50,000,000 people who, when they were in power and their theories prevailed, were compelled to live on the bare necessities of life. Believing as I do, there is only one thing I can do, and that I am doing and that I will continue to do.

We have the laws on the statute books, if enforced, to end monopoly and protect our people against its wrongs. We have the laws to protect the housewife against the economic masters who now determine the standard of living for the family. If we have not the laws already we have the power under the Constitution and the decisions of the courts to enact all necessary laws. It is solely a question of when we will use the constitutional power we have.

This cannot be done by fine phrases in a political platform. It will not be done by a party or candidate who accepts favors and incurs obligations to these influences. For 40 years political parties have told the people over and over again of the great evils of monopoly, and how, if given power, they would deal with this subject in the interest of the people. The results accruing by reason of the failure to carry out these pledges are now to be seen on every hand. It is my conviction that the whole scheme of American life, of personal liberty, depend upon our effectively keeping this long-standing pledge.

DUTIES OF THE "WHIP" IN CONGRESS

Mr. GUFFEY. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the pen of the distinguished senior Senator from Illinois [Mr. LEWIS] on the subject of the duties of "The Whip" in Congress, the article having been published in the Illinois State Register, of Springfield, Ill.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Illinois State Register, Springfield, Ill.]

DUTIES OF "THE WHIP" IN CONGRESS

By JAMES HAMILTON LEWIS, United States Senator

What is a party whip?
What are his duties?
Why have one?

What purpose is there in the selection of such a representative of a party in connection with legislation or the management of affairs in legislative business?

Since my designation as the first party whip of the Senate in the Sixty-third Congress, these questions have often been asked me. A satisfactory reply sometimes is confusing, often not sufficiently informative to enable the inquirer to understand the reason for the selection of a whip. As a result, I have endeavored to trace the history of the whip in legislative and historical affairs.

INSTRUMENT OF DISCIPLINE

We find the whip used throughout the ages as the instrument of punishment and sometimes of torture. The Babylonians used it for the punishment of slaves who sometimes were captured, kings, nobles, and generals of unfortunate nations that came under their control.

The Persians followed a similar course. The Egyptian taskmasters always carried a whip for the driving of the slaves. Ghengis Khan and Kublai Khan armed their disciplinary officers with whips which were used generally in the punishment of violators of their orders.

It remained, however, for the English to establish some order and to record the purposes of the legislative whip. They sought a more modern title from which to take the name of whip but which was, nevertheless, an instrument of discipline, menace, and punishment.

ENGLISH ADAPT HUNTING NAME

The English were great hunters. They had what was known as the "whipper-in" in their fox hunts. Webster defines a "whipper-in" as "a huntsman who keeps the hounds from wandering and whips them in, if necessary."

The Encyclopedia Britannica, fourteenth edition, page 569, gives the following definition of the whip, which is the only authentic description I have been able to find:

"Whip, in English parliamentary usage, denotes a member, chosen by the leader or leaders of a political party for the special duty of securing the attendance of the other members of that party on all necessary occasions, the term being abbreviated from the whipper-in of a hunt. The name is also given to the summons urging members of the party to attend. The urgency or importance of the notice sent by the whips to their following is indicated by the number of lines underscoring the notice, a four-line whip usually signifying the extremest urgency. The chief government whip also holds the office of patronage secretary to the treasury, so called because when offices were freely distributed to secure the support of members, it was his chief duty to dispose of the patronage to the best advantage of his party. He is still the channel through which such patronage, if left to the prime minister, is dispensed. The parties not in office have unpaid whips. The whips also arrange for the pairing of such of the members of their party as desire to be absent with those members of the opposition who also desire to be absent. The chief whips of either party further arrange in consultation with each other the leading speakers in an important debate, and also its length, and give the list of speakers to the speaker or chairman, who usually falls in with the arrangement. They take no part in debate themselves, but are constantly present in the house during its sittings, keeping a finger, as it were, upon the pulse of the house, and constantly informing their leader of the state of the house. When any division is regarded as a strictly party one, the whips act as tellers in the division."

It will be noted from the foregoing that the duty of the whip under the English system is dual—that is, both in the election of members of Parliament and in legislative performance afterward.

TITLE ANGLO-SAXON

I do not find any reference to the employment of whips in the legislative bodies of the other great nations. A reference occurs in a French treatise on the British system as "les whippers in." Of the numerous parties in the French Chamber of Deputies, leaders are frequently taken into the cabinet, but there is no indication of a person charged with the responsibility of obtaining party support. If it is done at all, it is through the party leaders who make a partisan appeal.

With the establishment of Fascist control in Italy, the various parties disappeared. This also happened in Germany when the Nazis took over the Government.

According to the Encyclopedia of Europe, VI, page 640, in Russia "the All-Union central executive committee numbers 451. It meets four times a year and once more at the conclusion of the All-Union Congress. This body is the nearest equivalent to a parliament in the Russian constitution, since the All-Union Congress of Soviets, with more than 1,100 members, can only give general directions on main principles. The preparation for its sessions are made by the Presidium of 27 members elected by the executive committee from among its own members and for its own period of office. It prepares the order of business which it publishes 2 weeks at least before the session commences, and provides members with necessary reports."

Japan has no official corresponding to the whip in its parliament.

DUTIES OF A WHIP

Perhaps before going into detail under the American system, it might be well to give the definition of the duties of the whip in the American Congress as outlined by William Tyler Page during his tenure as Clerk of the House of Representatives. Mr. Page gave me this description in the last administration when he was clerk of the Seventy-second Congress:

"The office of whip comes to us from the British Parliament. That is, the name does, and it has been used for some 200 years. It is probable that every legislative body, as long as there have been such bodies, has had some person who has acted in this capacity.

"The whip looks after the membership of his party and endeavors to have them present to vote on important measures. When the vote is apt to be close he checks up, finds out who is out of the city, and advises absentees by wire of the important measures coming up.

"There are many hours of long debate when many Members do not feel it necessary to be present and listening, and they go along attending to their other business, which in many cases is pressing. The whip keeps posted on the daily program, and if something important comes up where votes will be taken he notifies the membership of his party. Occasionally Members' offices are notified by phone from the whip's office that 'all Members are desired on the floor immediately.' After such notice is phoned around you will see the House gradually fill up with Members."

REPUBLICAN WHIP

The whip has also a duty to perform in connection with the White House. The President occasionally seeks information from the whip as to the sentiment of the House on important administration measures, about the prospect of passage of certain bills, and the whip naturally reflects the President's view about many things and is in a position to know the administration's policy.

By substituting the word "Democratic" or "Republican", the duties of the whip, as defined by Mr. Page, are identical.

The close association with the White House depends upon the membership of the respective Houses of the Congress. If the administration is Democratic, as at present, and there is a Democratic majority in both Houses, the connection is direct. Should the membership of either House become Republican with a Democratic President, the minority becomes the contacting party in place of the majority. This condition frequently has existed during the life of the Republic and may prevail under either or any party.

WHIP SYSTEMS COMPARED

It will be noted from the description of the powers of the whip in the English Parliament and the duties defined by Mr. Page that the whip in Parliament represents the Government, while the whip in Congress is a party designation. The English whips resign with the Cabinet when there is a change. The American whips may continue in the performance of their duties regardless of a change in the administration, simply shifting from the majority to the minority side, or vice versa—that is, of course, with the understanding that they are again designated by their parties in the organization of the new Congress.

Another difference in their duties may be found in the distribution of patronage by the English whips, whereas the congressional whips have no direct connection with the distribution of party patronage except insofar as it pertains to the portion allotted to them as individual Members of the Congress.

METHODS OF DISCIPLINE

Under the English system whips are empowered to indicate punishment in the event of failure to perform according to the wishes of the Government. For instance, in Volume I, Government of England, House of Commons, it is related that the whips may send a one-line lithograph notice indicating that the presence of a member is desired at a particular session of Parliament. A notice of two thick lines indicates "come on pain of being thought a deserter." A four-line notice is only sent as a signal of the extremest urgency in the nature of a division of the House when the future of the Government may be determined.

American whips have no such authority as this. They may send notices to the Members to be present. Through the clerks of the majority and minority they may arrange pairs; that is, the voting of some absentee or present Member in favor of the question with some absentee or present Member who is opposed. Under the English system the whips make up the committees. Under the American system committees of the Members of the Congress designate committees.

Under the English system the government whip is paid, while the whips of the minority parties are designated by their leaders and are independent of the governmental organization. Under the American system the whips are Members of the Senate and House and have clerks representing the majority and minority to assist in their work.

The Speaker, the party caucus, or the floor leaders may appoint whips in the House, and the Committee on Committees, a party caucus, or the floor leaders select them in the Senate.

CALLING ABSENTEES

Some years ago a system of electric calls was instituted in the Government buildings. Now, wherever Members may be—in the committee rooms of the Capitol or the Senate and House Office Buildings or in their own offices—bells are rung announcing the time for convening, roll calls, executive sessions, recess, and adjournment, so that any Member wherever he may be in the aforementioned buildings can proceed to the Chambers and respond to roll call if necessary. Should a Senator be visiting the House or a Representative calling on a Senator, he would have to be reached by a messenger, if his vote should be required.

In the old days personal messengers had to be sent. It was the duty of the whips to see that a quorum was present and that all

the Members in Washington who could be reached were on hand when an important question was under consideration. Then came the telephone. Now the electric system eliminates the messenger service, and messengers are required only when there is a call of the House or Senate, when the Sergeants at Arms have to summon each individual Senator or Congressman.

FIRST DEMOCRATIC WHIP

So far as I have been able to learn, I was the first Democratic whip appointed in the history of the United States Senate. It was during the first Wilson administration. We had many important questions before the Senate in that pre-war period. Then came the war, when the demands on the whip's time were continuous and exacting. A similar condition existed in the Seventy-third Congress, when all the emergency legislation under the Roosevelt administration was being considered. Congressman ARTHUR H. GREENWOOD, of Indiana, was the whip of the House.

There was no time when our duties did not require the most solicitous attention and consideration. Tact, patience, good humor, and unfailing courtesy are required.

The duties of the Senate whip demand his presence on the floor as constantly as possible. Sometimes the long hours test his physical capacity, but generally he is devoted to "watchful waiting." He is ex-officio assistant floor leader, and in the absence of the floor leader, and other assistants, may be called upon to represent his party.

REPORTS ON SITUATION

At roll calls he reports absentees and pairs which have been brought to his attention. He is not supposed to introduce bills lest they may divert his attention from his floor duties. While the parliamentary whip is not supposed to engage in debate, there is no such restriction on the congressional whips. In fact, as assistant floor leaders it often becomes necessary for them to do so.

I count it a crowning honor that after serving through three Congresses, I was again selected as whip by my colleagues after being out of the Senate for 12 years. Again they honored me in the Seventy-third and Seventy-fourth Congresses. Six times whip of my party is a record of which I am extremely proud.

ADMINISTRATION OF RELIEF FUNDS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Philadelphia Inquirer of Monday morning, May 11, 1936, entitled "The Battle of Relief Giants."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Inquirer of May 11, 1936]

THE BATTLE OF THE RELIEF GIANTS

The intensified struggle now in progress between P. W. A. Chief Ickes and W. P. A. Chief Hopkins over the spending of the relief billions conceivably may have a powerful influence on the national political situation in this Presidential year.

Mr. Ickes' threat to reduce his administrative personnel by 25 percent is the direct result of the refusal of the House to earmark for the use of P. W. A. $350,000,000 to $700,000,000 of the new relief funds. President Roosevelt has been vigorously opposed to an additional P. W. A. grant, and the House—what else would it do?—agreed with him.

If the proposed P. W. A. personnel reduction could be regarded as an authentic economy move, purposefully directed toward a trimming of 2,000 jobholders from bureaucratic pay rolls, there might be good reason for taxpayers to rejoice. But this is not clear. First, Mr. Ickes' move seems to be intended as an importunate plea to the Senate for P. W. A. aid. Second, if none of the new relief money is allocated to Ickes, it means that virtually all of it will be administered by Chief Boondoggler Hopkins, of W. P. A.

One of the more difficult problems posed for the citizenry by the New Deal is how to choose between evils, how to select the less futile of two futilities. P. W. A. has been a costly luxury. Its ability to provide jobs has been disappointing in relation to the millions it has expended.

But whatever its efficacy as a recovery agency, P. W. A. manages to show something achieved through the money spent. In this respect, if in no other, its record is in marked contrast to that of W. P. A. The Hopkins department of work relief provides jobs and wages for the enactment of the most useless, unnecessary public program known to man.

It has been plain for some time that President Roosevelt believed with Hopkins that relief, rather than work, should be emphasized in work-relief projects. At the same time there could be no mistaking the fact that the President's enthusiasm for Mr. Ickes' endeavors had waned to the vanishing point. The present prospect is that unless the Senate responds to the Ickesian cry for help and specifies part of the $1,425,000,000 proposed relief fund for projects requiring large expenditures for materials, or unless there should be a separate appropriation for the purpose, the P. W. A. will be permitted quietly to lapse.

While it would be inadvisable to appropriate for P. W. A. funds which would be in addition to the $1,425,000,000 relief bill, there is something to be said for letting Mr. Ickes have a share in the spending of the work-relief money. Industry would receive some benefit thereby, and the W. P. A. boondoggiers would be prevented from frittering away the entire fund.

In this strange situation the political anomaly is readily perceptible. W. P. A. has come to be a political factor of no inconsequential moment. A large W. P. A. fund, unburdened by liens for the purchase of materials, would be a powerful campaign instrument.

But W. P. A. has become a synonym for futility, for waste, for politics in relief, for failure of accomplishment. Scandals and controversies over it exist in many States. On the other hand, Ickes' P. W. A. has been virtually free from charges of politics and graft. For the administration to put all its relief and campaign eggs in W. P. A.'s basket to the virtual exclusion of P. W. A.'s seems to be something less than astute political management.

Out of this battle of the giants over which group of New Deal spenders shall administer the new relief fund emerges one shining fact. It is that the whole Federal relief and work-relief system as organized and operated by the New Deal is a hopeless conglomeration of waste, ineffectiveness, and politics, and that it demands a thorough and complete overhauling.

The Roosevelt administration is ill-equipped to correct a grave condition for which it is primarily responsible.

A NEW APPROACH TO THE TARIFF QUESTION—ADDRESS BY HENRY F. GRADY

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an address delivered at the convention of the National League of Women Voters in Cincinnati on April 29, 1936, by Henry F. Grady, of the State Department, with reference to "A new approach to the tariff question." A few days ago I asked that this address be printed in the RECORD, but since, on account of its length, an estimate of the number of pages it would cover was required, it was not printed at that time. I have obtained the estimate, and I renew the request.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I am very happy to have an opportunity to address the members of the National League of Women Voters. The fact that the subject of the tariff, in both its domestic and international phases, has had a place on your study program for a number of years indicates that you have been doing your own thinking on the fundamental economic principles involved in the question of tariffs. I feel, therefore, that I can proceed at once to the consideration of certain aspects of the tariff question and the reciprocal trade agreements program, which, in view of widely held misconceptions, apparently cannot be clarified too carefully nor emphasized too strongly.

One of these misconceptions is the belief that the United States is not dependent in any important degree upon international trade for prosperity. How many times have you read or heard it said that since exports amount to only 10 percent or less of domestic production, they are unimportant and efforts to restore our international trade are useless? I need not discuss with you at length the utterly misleading nature of this shallow generalization. You know what the loss of export markets has meant to the farmers who grow crops for export; to the industries which must export a large part of their output in order to enable them to operate profitably with full working forces; to the transportation companies, banks, and other agencies which facilitate the movement of goods in foreign trade; and to all of us as consumers. Nor is the cotton farmer, the tobacco grower or the manufacturer of automobiles or agricultural machinery impressed by such specious reasoning; he knows that good export markets bring him prosperity and that loss of those markets means reduced purchasing power and hardship. Half of the population of the Southern States depends, directly or indirectly, upon cotton production for its income, and over half of our cotton crop normally is sold abroad. When cotton exports decline and the price of cotton falls, the decreased purchasing power of millions of people in the South has a depressing effect upon virtually every State and every industry in the country. The welfare of many growers of crops sold entirely in the domestic market is closely linked with that of the export industries and the size of industrial pay rolls; just as the prosperity of many manufacturers of products sold very largely or solely in the domestic market depends importantly upon the purchasing power of farmers in the sections of the country where export crops are grown.

Those who belittle the importance to this country of international trade generally are interested in, or supported by, the branches of agriculture or industry which fear foreign competition and which rely upon high tariffs as a substitute for efficiency and economy. Among those who regard as futile any effort to restore our international trade are a number of persons of some intellectual attainment. Some in this group recognize the dependence of American agriculture and industry upon export markets, but instead of advocating measures designed to restore lost markets abroad, they conclude that we should free ourselves from that dependence by adjusting our agricultural and industrial plant to the requirements of the domestic market alone. These theorists apparently give little or no thought to the vast economic and social problems which such a violent adjustment would involve;

they offer no hope to the millions of unemployed workers in our cities or to the impoverished farmers and farm workers who for decades or generations have come to depend upon the exchange of our exportable surpluses for the products of other countries which we need or desire. Others in this group of intellectual antiforeign traders jump to the conclusion that however desirable a restoration of our international trade might be, the obstacles to its restoration are insuperable. Therefore, they counsel, our energies should be devoted to the unhappy task of adjusting our production to the requirements of the domestic market, regardless of the economic and human cost. In the first place, these well-meaning prophets of doom usually greatly exaggerate the rigidity of the obstacles to be overcome, in some cases being misled by the superficially reasonable notion that the post-war industrialization in many countries and agricultural developments in others have destroyed forever the basis for any important volume of foreign trade for the United States. In the second place, they generally fail to realize that effective means of restoring our international trade are at our disposal.

Most of the conclusions drawn by minimizers of the importance to this country of international trade would be harmless if they were not believed in by people who have not had an opportunity to study intelligently the economic and social significance of such trade. An unusual argument is that in the late twenties, when we were at the peak of prosperity, our exports were just about balanced by our imports, hence, if there had been no foreign trade at all, prosperity would have remained in all its vigor. Surely no one could believe that our prosperity did not, in fact, depend in an important measure upon the production, exchange, and consumption of the nine or ten billion dollars' worth of products represented by our average annual exports and imports in those years. If this flourishing foreign trade had not existed there would have been less production, less trade, less purchasing power, and a lower standard of living. The use of production facilities for foreign trade does not mean that those facilities are taken away from production for the domestic market; it means the employment of workers and resources in the most profitable ways and a larger national income than would be possible without foreign trade.

The issue in the field of foreign trade does not lie between those who favor extremely high tariffs and those who advocate free trade. No responsible Government official at the present time is advocating the latter policy. The real issue lies between those who would keep our tariff at its present high level and add still higher restrictions on noncompetitive as well as competitive imports and those who advocate the removal of excessively high trade restrictions so that international trade may again move along natural channels and resume the profitable proportions it had attained prior to 1930. Those who advocate maintenance of the tariff and the further reduction of imports maintain that internationalists overestimate the importance of foreign trade. They profess to believe that an approach to self-sufficiency is desirable as a means of bringing about a more diversified industrial and agricultural society and as a means of giving industry and agriculture stability by making them independent of the commercial policies of foreign countries. They make much of the false argument that only by keeping out imports can we maintain our standard of living.

A number of European countries today are making a great effort to establish economic self-sufficiency. They are growing wheat at costs far above the world price. They are developing artificial fibers as a substitute for cotton and are pushing the production of artificial silk. They are replacing American lard with vegetable oils and whale oil, and are experimenting with the production of synthetic sugar. They are doing all these things, regardless of cost, in an effort to make themselves independent of other countries in case of war or as a means of protecting endangered currencies or various branches of agriculture. But no one would say that they are improving or even maintaining their standards of living.

The United States is in a more favorable position than perhaps any other country to establish an autarchy. We have wheat, vegetables, citrus and other fruits; we have cattle and poultry; we have sugar and tobacco; we have cotton; we have iron and coal; and we have wood and oil. We could get along without bananas, chocolate, tea, spices, and silk; and we could substitute glass for tin containers. We might have difficulties about rubber and a few other commodities, but on the whole, it is agreed, we could attain an exclusively American standard of living. But, definitely and inevitably, it would not be nearly as high a standard of living as we have enjoyed in the past. If we should insist upon producing a maximum of goods for ourselves without regard to costs, our standard of living would go down. Our farmers, industrial workers, and others would have to make painful adjustments involving great economic hardships and vast social and governmental problems. Moreover, the permanent loss of our foreign markets inevitably would bring with it a degree of regimentation and Government interference quite incompatible with the freedom of private enterprise which we associate with American political ideals. The experiences of the past few years of depression would seem delightful by comparison. While it is true that there are in this country relatively few advocates of thoroughgoing self-sufficiency, there are not a few who seek additional barriers against imports of foreign products, which would be a step in the direction of self-sufficiency and of its consequences that I have just indicated.

What is needed if we are to regain the standard of living which prevailed in the twenties is a downward revision of our tariff and a scaling down of foreign barriers against our exports. Widespread recognition of this necessity would greatly facilitate the task of restoring our foreign trade. Unfortunately such recognition is delayed by the lack of appreciation on the part of many people of the fact that our own tariff has had a disastrous effect upon our foreign trade and that the decline of that trade has contributed heavily to present unemployment and lowered standards of living. That tariffs increase the cost of living is admitted even by legislators who advocate high tariffs. An analysis of votes on the Hawley-Smoot tariff bill of 1930, for example, reveals that Senators from metropolitan and industrial areas, who consistently voted for increased tariffs on industrial and other items, voted against increases when it came to tariffs on food items in demand by their metropolitan constituents.

Those of you who act as custodian of the family budget doubtless are interested in the consumer aspect of the trade-agreements program, since the value of your income and the standard of comfort it will provide for your families are directly determined by the cost of living and the amount your dollar will buy. In this connection, I should like to mention the illusion that consumer advantages resulting from foreign trade are incompatible with the economic welfare of the country. Buying "American" at the expense of your purse is likely to be worse than a futile sacrifice. By doing so you may be increasing the profits of a particular industry, but you are not adding to the sum total of employment nor to the fuller use of our domestic production facilities. On the contrary, you may create unemployment in the country's export industries by helping to make it more difficult for foreign countries to acquire purchasing power for our products.

There is much confused thinking about the farmer's relation to the tariff. Of late there has been an encouraging amount of discussion of this question from which has emerged more clearly than heretofore the realization that our high tariff on manufactured products has subsidized many branches of industry at the expense of the farmer and the consumer. Farm leaders realize that our tariff on agricultural products has in general been ineffective by reason of the fact that many of the products are on an export basis, and frequently refer to the disparity between agriculture and industry. However, the preponderance of opinion among farm leaders and their supporters appears to be that parity between agriculture and industry can be obtained sooner and with greater certainty by measures giving the farmer special benefits than by measures affecting the tariff privileges accorded to industry. That is why they hailed the Agricultural Adjustment Act benefits as "the farmer's tariff."

Unfortunately, many farmers have been swept along with the current of this superficially attractive short cut to parity with industry without realizing how it affects their immediate and long-run interests. They are prone to regard the emergency measures adopted by the Administration to tide them over a difficult period when our agricultural exports were at low ebb and stocks were piling up, as a permanent solution of their problems, whereas the real objective of these measures was to effect an orderly retreat, through planned curtailment of production, from a temporarily adverse world-market situation. If the farmers of this country, particularly those who customarily grow crops far in excess of domestic requirements, realized fully what has caused their present difficulties I believe that the sentiment in favor of short cuts to parity with industry would wane and finally evaporate. I believe this because it must be obvious to anyone who takes the time to think about it that these short cuts do not contribute in any way whatever to the restoration of the farmer's export markets. Indeed, if such measures involve further restrictions upon imports of largely or wholly noncompetitive agricultural products they make the farmer's basic problem worse rather than better. They make it worse by decreasing the purchasing power of the people in other countries for the products of our farms and factories when what is urgently needed is an increase of foreign purchasing power for our cotton, pork products, tobacco, fruits, and other farm products. Moreover, such measures encourage log rolling by means of which, in return for industrial support of ineffective agricultural tariffs, the farmers are induced to support industrial tariffs which are effective and which add to the farmers' burden as consumers and as exporters.

In the absence of loans to other countries, which appear to be out of the question at this time on any important scale, the only way the people of those countries can buy more from us is to sell more to us. From this it follows as night follows day that we should reduce some of the excessive barriers to the sale in this country of foreign products needed or desired by our industries, our farmers, our industrial workers, and by all of us as consumers. If the truth of this could be brought home to the farmers of this country, their leaders, and their supporters, I am convinced that their good sense would lead them to endorse the efforts which our Government is making to restore foreign markets for our agricultural and other products by means of reasonable adjustments of our tariff in connection with trade agreements with foreign countries.

Under these agreements we not only obtain the reduction or removal of foreign tariffs, quotas, and other restrictions against our agricultural and other export products but also create the opportunity for the people of other countries to acquire additional purchasing power for our products. Literally hundreds of concessions on agricultural products have been obtained from foreign countries under trade agreements concluded to date as compared

with a relatively few and limited concessions on foreign agricultural products, mainly noncompetitive or only indirectly competitive, necessarily given in return. This fact, and the encouraging increases in the exports of certain agricultural products to countries with which trade agreements have been in force for some time, demonstrate the effectiveness of the trade-agreements program as a means of reopening foreign markets for the products of our farms. This fundamentally sound method of attacking the farmer's problem is gradually but surely bringing the farmer closer to parity with industry, at a higher instead of a lower level, without serious injury to the latter. Certain persons unfriendly to the trade-agreements program have endeavored to minimize its importance to the farmer by pointing to the increase in imports of certain agricultural products in 1935 and inferring or baldly stating that such imports resulted from the trade-agreements program. There is, of course, no truth in such inferences or statements. The unusual imports were caused mainly by the unprecedentedly severe drought of 1934 and unusually high prices, and came in over the rates of the Hawley-Smoot tariff.

Before leaving the subject of the farmer's relation to the tariff, I should like to mention another short cut to prosperity which seems to appeal to certain farm groups and their supporters. I refer to export-bounty plans. These plans, which assume a variety of forms, involve a drain upon the general funds of the Treasury, to which we all contribute, for the benefit of a limited number of beneficiaries; they encounter resistance on the part of foreign countries which offset with special charges or restrictions any bounties granted in the country of export; and they are wholly ineffective with respect to quota restrictions and exchange controls imposed by foreign countries. Obviously they do not help to increase foreign purchasing power for the products of our farms; they do not strike at the root of the farmer's difficulties.

Many industrial workers, and people who would be industrial workers if only they could find jobs, have been led to believe that our generally high tariff on industrial products, including prohibitive rates of duty on many items, is a necessary protection against foreign competition and a guaranty of their wage scales and standards of living. How they can believe this after the bitter experiences of the depression years, when our highest tariff was matched by the highest level of unemployment ever known in this country and when wages and standards of living sank to levels not believed possible a few years earlier, is understandable only on the assumption that they are not fully aware of the damage done by our own short-sighted tariff measures and by those of other countries. Another explanation of the persistence of the notion that a high tariff protects the worker's wages and his job probably is to be found in the fact that during the twenties our huge loans to foreigners enabled them to buy our products despite our high tariff which, had it not been for such loans, would have prevented them from acquiring the necessary purchasing power for such large quantities of our goods by means of exports of their products to this country. Thus the stifling effects of our tariff were postponed until the loans to foreigners ceased abruptly. After that, our export as well as import trade collapsed; unemployment mounted rapidly; wages and standards of living fell.

Intelligent industrial workers must realize now that they have been the dupes of the real beneficiaries of high tariffs, namely, the relatively small number of industrialists and capitalists who have reaped the benefits of the tariff in the form of monopoly profits at the expense of consumers, including the workers in their own factories. They must be beginning to realize also that, in the absence of loans to foreign countries, our own tariff wall against imports is also an effective barrier against the exportation of the products of our strongest branches of industry and agriculture. From the viewpoint of labor generally, the stoppage of the flow of international trade by our tariff and by the trade restrictions imposed by other countries has meant the slowing up of industrial activity, depressed wage scales, and restricted opportunities for employment; the increase in international trade which would result from the reduction of excessive trade barriers would, just as surely, mean greater industrial activity, improved wage scales, and reemployment of many workers.

There is evidence that labor leaders and organizations are becoming interested in the relationship between international trade and employment. Thus the governing body of the International Labor Office, Geneva, recently adopted a resolution calling for a study of employment in countries where significant changes in exports and imports, or either, have taken place and of the incomes of workers in such countries. This I regard as a very encouraging step in the direction of freeing the workers of this and other countries from misconceptions in regard to the importance to them of a flourishing two-way trade and in regard to the tariff question.

Any effective measure designed to restore our foreign trade should command the active support of agriculture and labor, since greater industrial activity and larger pay rolls in the industrial centers mean improved demand and firmer prices for farm products and greater purchasing power in the farming sections means an improved market for manufactured products. This applies to farm and factory products sold entirely within our borders as well as to the products of which we normally have supplies in excess of domestic requirements. Figures show that there is a definite correlation between factory pay rolls and farm income, which indicates that increases in the purchasing power of industrial workers are in large part passed on to farmers in the form of increased purchases of dairy products and other foodstuffs.

The removal of excessive trade restrictions naturally involves some economic readjustment, but the maintenance of our present high-tariff barriers would mean the permanent renunciation of a healthy foreign trade and hence would involve far greater economic and social readjustments. Free trade between the States of our Union involves constant economic readjustment, yet there has been no serious agitation for an amendment to the Constitution which would permit the States to impose tariffs as a means of avoiding such readjustments. One of my colleagues recently pointed out that in his State, Massachusetts, the dairy industry has been shrinking and that Massachusetts is buying milk from Vermont, butter from Minnesota, and cheese from Wisconsin when it has available many hundreds of acres on which it could, if necessary, support an adequate dairy industry of its own. In the textile field, industries have been moving south and have taken with them many markets formerly served by Massachusetts. The carriage factories formerly operating in Massachusetts might have been turned into automobile plants if Massachusetts could have secured protection against Detroit automobiles. Unable to utilize a State tariff as a means of reserving the Massachusetts market for producers in that State, the people of Massachusetts have turned to new and more profitable industries which find markets far beyond New England to the west and in foreign countries. The adjustments caused by the freely competitive conditions under which American industry is functioning are more than compensated for by the huge markets which the absence of trade restrictions has created in this country and which have enabled American industry to develop mass-production methods to an unparalleled extent.

The conditions and circumstances which enable American industry to function under competitive conditions in so large an area as the United States, I believe, hold good to a considerable extent in the international field. The inventive genius of the American people along mechanical lines is universally acknowledged. We have shown our supremacy in the designing of industrial machinery and in the production of automotive vehicles, office equipment, and other products, and we have applied scientific methods to agriculture. We have sold enormous quantities of various commodities in the world market before serious competition could appear; and as competition develops our mechanical processes ordinarily are several steps in advance of those of other countries so that we retain competitive advantages while at the same time we are forging ahead with new and different products. Nevertheless many persons promptly become alarmed when lower tariffs are discussed because they fear that American workers will be displaced to the degree that imports are permitted to enter. Statistics give clear proof, not, indeed, that increased imports are necessarily the cause of increased home employment but that increased imports and increased employment are by no means incompatible. When we compare the index figures of employment compiled by the Federal Reserve Board since 1916 with import statistics, we find that as imports increased, employment increased and that each year that imports decreased, employment likewise decreased. With the exception of one year, the same statement applies to imports in relation to factory pay rolls. Those who call for still higher barriers against foreign products, ostensibly on the ground that otherwise some industry or branch of agriculture in this country will be ruined, evidently have a very low regard for the inventive genius, adaptability, and resourcefulness of the American people and underestimate the abundance and variety of our natural resources.

You are, of course, well aware of the main objectives of the trade-agreements program. They are indeed so clear-cut that it is somewhat difficult to believe that there could be any misconceptions concerning them. However, from time to time and in certain quarters come statements which indicate that the objectives of our program for the restoration of our international trade are not thoroughly understood. It has even been alleged, for example, that under trade agreements with foreign countries American agriculture is being sacrificed in the interest of American industry. The opposite also has been alleged, namely, that industry is being sacrificed for the benefit of agriculture. The plain truth is that neither is being sacrificed. On the contrary, foreign markets for important branches of both agriculture and industry are being effectively reopened by means of these agreements. The allegation that the trade-agreements program is being carried out by free-trade theorists is scarcely worthy of comment. The facts themselves, as they appear in the trade agreements concluded, are sufficient refutation of such an absurd charge.

There is comparatively little criticism of the use of the bilateral trade-agreements method rather than unilateral tariff legislation as a means of reducing trade barriers. It seems to be quite generally appreciated that the unilateral method would not be practicable at this time. If the world's commerce were free from the many restrictive devices instituted in recent years, and if some sort of a stable international monetary standard were in operation, the lowering of our own tariffs doubtless would result in an increase in export commerce more or less corresponding to the increase in imports facilitated by our tariff reductions. But with conditions as they are today, a unilateral tariff-reduction program, even if politically feasible, probably would not increase exports quickly enough to compensate for disturbances to certain branches of American industry. At a time when we are just emerging from a depression, it is necessary that our tariff program provide immediate opportunity for increased exports through reciprocal concessions granted certain of our products.

The method of reciprocal bilateral bargaining which has been adopted as the most immediately feasible and promising approach to our tariff and foreign-trade problem reflects a departure from isolationism at a critical time when isolationism has grown to such

an exaggerated stature that it tends to destroy economic progress and to endanger the peace of the world. Its full implications mean a new American commercial policy adapted to our present international commercial, economic, and financial position. To the extent that this new policy becomes established in our institutional system we will have moved from an autonomous to a conventional tariff policy.

The method of reciprocal bilateral agreements has a number of important advantages over the congressional or autonomous method which the United States has followed in the past:

(a) The trade-agreements program has been remarkably free from lobbyists and from the high-pressure tactics generally used by special-interest groups to secure increased tariff privileges.

(b) Perhaps for the first time the tariff question is being approached from the point of view of national interest—the general welfare of farmers, workers, industrialists, and consumers—rather than from the standpoint of special industrial or sectional groups. The careful study and investigation carried out by a large group of experts regarding the commodities in respect of which our tariff rates might be reduced in the interest of expanding our export trade assures a type of scientific tariff adjustment such as our country has never had before.

(c) Our country has been among the last of the important commercial countries to give up the procedure of tariff making by purely autonomous legislative action. The present method brings the United States into line with the tariff method used by other countries. In foreign countries, tariff making generally has been placed largely in the hands of the executive, aided by technical experts. In these days of rapidly shifting economic situations it seems desirable that the tariff system of the United States be equally flexible to meet changing conditions and to enable our Government to defend and build up our international trade effectively.

(d) The adoption of the bilateral-agreements method is a recognition of the inescapable fact that our own tariff, perhaps equally or more than the trade restrictions of other countries, has a direct bearing upon the volume of export trade which this country can develop.

(e) The bilateral trade-agreements method is a recognition also of the fact that our tariff does not concern the United States alone, just as the tariffs and other trade restrictions imposed by foreign countries do not concern their interests alone but affect our interests as well. By means of mutually advantageous and simultaneous tariff adjustments the United States and a foreign country are able to stimulate a revival of two-way trade to the advantage of the people of both countries. These arrangements make for better international understanding and good will.

The reciprocal trade-agreements program of the United States differs radically from that of certain other countries which attempt to bargain for preferential positions in foreign markets. Preferential bargaining has been used by certain countries which normally and naturally have so-called unfavorable balances of trade to force the countries from which they import to purchase larger amounts of their export products, regardless of price and quality. These attempts at bilateral balancing of trade have resulted inevitably in a leveling down of trade rather than in a building up of the total trade between the two countries. Perhaps the worst feature of trade agreements under the bilateral balancing of trade policy is the discriminations they involve against the products of third countries. In short, such agreements not only involve the victimizing of the industries and consumers in the country called upon to increase its purchases from the country taking the initiative but also harm the trade of the other countries; they are destructive instruments of economic warfare which tend to reduce international trade as a whole and create international friction and ill will.

The principle underying the trade-agreements program is that of unconditional most-favored-nation treatment. This means that any concession granted in a trade agreement is automatically extended to all other countries which grant the United States such treatment, even when no formal treaty or agreement to that effect exists. It is important to keep in mind that the nongeneralization of concessions would constitute harmful discriminations against all other countries and that in self-defense other countries would be inclined to retaliate against our commerce—a development which would nullify the purpose of the trade-agreements program, which is to facilitate a general increase of our foreign trade, but not at the expense of other countries.

The question is sometimes raised, What is the value of a bilateral agreement, the advantages of which are immediately extended to all other countries? The answer is that the unconditional most-favored-nation principle is wholly compatible with bilateral bargaining by the simple fact that ordinarily concessions granted in any agreement are of importance and value chiefly to the particular country with which the agreement is made. Our sources of imports of any particular product generally are few in number, with one country the leading source. For this reason there is ample bargaining power for bilateral negotiations with all important trading nations. The countries which benefit secondarily or slightly or not at all from our concessions as a general rule extend to our exports the benefit of any advantages they may accord to other countries. In sharp contrast to preferential tariff bargaining, trade agreements under the unconditional most-favored-nation principle are instruments of economic peace which tend to increase international trade as a whole and create international good will.

The members of the National League of Women Voters will render the people of this country a great service if they will carry forward energetically their work of education in regard to the tariff, the role of international trade in our economic life, and the trade-agreements program. They will thus help to dispel the baseless fears and misconceptions which impede the progress of the Government's trade-recovery measures.

THE CALENDAR

The VICE PRESIDENT. The morning business is closed.

Under the unanimous-consent agreement entered yesterday, the clerk will call the calendar for the consideration of unobjected bills.

The first business on the calendar was the bill (S. 944) to amend section 5 of the Federal Trade Commission Act.

Mr. VANDENBERG. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 213) to amend section 113 of the Criminal Code of March 4, 1909 (35 Stat. 1109; U. S. C., title 18, sec. 203), and for other purposes, was announced as next in order.

Mr. McKELLAR (and other Senators). Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1506) to change the name of the Pickwick Landing Dam to Quin Dam was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 574) relative to Members of Congress acting as attorneys in matters where the United States has an interest was announced as next in order.

Mr. McKELLAR (and other Senators). Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 509) to prevent the use of Federal offices or patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends was announced as next in order.

Mr. ROBINSON. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

PREVENTION OF LYNCHING

The bill (S. 24) to assure to persons within the jurisdiction of every State the equal protection of the laws by discouraging, preventing, and punishing the crime of lynching was announced as next in order.

Mr. McKELLAR (and other Senators). Let that bill go over.

Mr. COPELAND. Mr. President, I wish the Senators would withhold their objections for a moment until I may say a word.

Mr. McKELLAR. I withhold the objection.

Mr. COPELAND. I think this bill, the antilynching bill, ought at some time to have a vote of the Senate. Regardless of what its fate may be, it is only right, as I view the matter, that there should be an opportunity to vote upon it.

From my State I have insistent demands that something be done regarding this bill. Regardless of how I may feel about it personally, I think it is only right that before the end of the session there shall be an opportunity to have a vote on a matter so important as this.

Mr. LEWIS. Mr. President, may I be pardoned if I ask the Senator from New York whether it would not be appropriate at least that some action be taken looking to setting a special time for the consideration of the bill?

Mr. SMITH. No.

Mr. McKELLAR. Let the bill go over.

Mr. KING. Over.

Mr. LEWIS. Mr. President, I am propounding a query.

Mr. COPELAND. I hope Senators will bear with me a moment until I answer the Senator from Illinois. I think it would be wise to have the bill made a special order.

Mr. ROBINSON. Mr. President, this bill was brought forward during the last session, and was discussed for a great many days. I am satisfied that it would not be practicable to take it up again during the present session.

The PRESIDENT pro tempore. Objection having been made, the bill will be passed over.

BILLS PASSED OVER

The bill (S. 1452) providing for the employment of skilled shorthand reporters in the executive branch of the Government was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 87) to prevent the shipment in interstate commerce of certain articles and commodities, in connection with which persons are employed more than 5 days per week or 6 hours per day, and prescribing certain conditions with respect to purchases and loans by the United States, and codes, agreements, and licenses under the National Industrial Recovery Act was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1460) to fix standards for till baskets, climax baskets, round stave baskets, market baskets, drums, hampers, cartons, crates, boxes, barrels, and other containers for fruits or vegetables, to consolidate existing laws on this subject, and for other purposes, was announced as next in order.

Mr. CLARK and Mr. BURKE. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

REFINANCING OF FARM INDEBTEDNESS

The bill (S. 212) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a board of agriculture to supervise the same, was announced as next in order.

Mr. McKELLAR and Mr. KING. Let that go over.

Mr. FRAZIER. Mr. President, I wish, if I may, to make a statement of a minute or two on this bill.

This is the companion bill of the one which at the present time is before the House of Representatives, the unfinished business of that body, known as the Frazier-Lemke refinancing bill.

The statement has been repeatedly made that the bill is radical, and something new. It provides for issuing farmland bonds bearing 1½-percent interest. It provides that the bonds shall not be sold for less than their face value. It provides that if they cannot be sold for their face value, the bonds shall be turned over to the Federal Reserve Board, and the Federal Reserve bank shall issue Federal Reserve currency to the face value of the bonds, backed by the bonds and also backed by first mortgages on the lands to be mortgaged, which are to be refinanced under the terms of the bill. In other words, the new money issued will be backed not only by the bonds but by first mortgages on the land that raises the food products to feed the Nation. Under the present law Federal Reserve notes are backed by Government bonds.

It has also been stated that the bill is inflationary. I desire to call attention to some figures which were submitted a short time ago to the Senate Committee on Agriculture and Forestry. They were compiled by Lewis B. Ward. He has a table in the little booklet he has prepared, showing the credit curtailment in the check-book credit accounts of the banks throughout the Nation by States. The total curtailment of bank credits from 1929 to 1934 was $6,500,000,000. That was the curtailment or deflation of bank credits from 1929 to 1934. If the $3,000,000,000 of new money that is provided for in this refinancing bill is all issued at one time, it will be less than 50 percent of the deflation which has taken place in the curtailment of our bank credits since 1929. In other words, it would be a reflation of less than 50 percent of the deflation since 1929.

Mr. President, I shall not now take more time to discuss the measure, but I desired to make that brief statement.

The PRESIDENT pro tempore. Objection having been made, the bill will be passed over.

DEVELOPMENT OF MINERAL RESOURCES

The bill (S. 1476) to provide for unemployment relief through development of mineral resources; to assist the development of privately owned mineral claims; to provide for the development of emergency and deficiency minerals, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let that go over.

Mr. POPE. Mr. President, if the Senator will withhold his objection, I wish to make a few remarks about the bill.

This is an important bill. It could not be considered this morning, of course; but some time ago it received the unanimous approval of the Committee on Mines and Mining. It is my desire at an early date to discuss the bill, and, at as early a date as possible, to move that it be taken up by the Senate.

The PRESIDENT pro tempore. The bill will be passed over.

BILLS PASSED OVER

The bill (S. 476) relating to promotion of civil-service employees was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1952) extending the classified executive civil service of the United States was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2405) to provide for a special clerk and liaison officer was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 916) to carry into effect the decision of the Court of Claims in favor of claimants in French spoliation was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2583) establishing certain commodity divisions in the Department of Agriculture was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 379) to provide for the deportation of certain alien seamen, and for other purposes, was announced as next in order.

Mr. COPELAND. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

TRADE IN ARMS, AMMUNITION, ETC.

The bill (S. 2998) to control the trade in arms, ammunition, and implements of war was announced as next in order.

Mr. KING. Is any member of the committee present?

Mr. JOHNSON. Mr. President, I think the subject matter of the bill has already been taken care of in a bill which was passed.

The PRESIDENT pro tempore. This bill ought to be indefinitely postponed.

Mr. JOHNSON. I think that is the appropriate course. Because the subject matter has been heretofore taken care of, I move that the bill be indefinitely postponed.

The PRESIDENT pro tempore. Without objection, it is so ordered.

BILL PASSED OVER

The bill (S. 1632) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by water carriers operating in interstate and foreign commerce, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, it is obvious that under the limitation of debate prescribed under the rule, this important bill could not be considered at this time. Let it go over.

The PRESIDENT pro tempore. The bill will be passed over.

NATIONAL PLANNING BOARD

The bill (S. 2825) to provide for the establishment of a National Planning Board and the organization and functions thereof, was announced as next in order.

Mr. KING. Let that go over.

Mr. COPELAND. Mr. President, will the Senator withhold his objection for just a moment?

Mr. KING. Mr. President, the objection has been withheld several times, and the Senator has made eloquent speeches in behalf of the bill. However, I shall withhold my objection again.

Mr. COPELAND. I am very much obliged to the Senator, because, if I had any eloquence, I should use it right now.

If there is one bill on the calendar that ought to be passed, it is this one. Some branch of the Government ought to be looking forward to the conservation of all of our natural resources—water power, the prevention of soil erosion, forestation, mineral wealth, and so forth—and this proposal is to permit one of the worth-while emergency bodies to go forward.

Senators know that I have been opposed to most of these emergency operations, but here is one which I think has been of tremendous value to our country; and some agency of the Government ought to be at work all the time giving thought and study to the preservation of the natural resources of the country.

I wish the bill might be passed.

Mr. KING. I call for the regular order.

The PRESIDENT pro tempore. The regular order is called for, and the bill will be passed over.

BILLS PASSED OVER

The bill (S. 3072) to amend the Tariff Act of 1930, as amended, was announced as next in order.

Mr. COPELAND (and other Senators). Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

CHANGE OF NAME OF DEPARTMENT OF THE INTERIOR

The bill (S. 2665) to change the name of the Department of the Interior and to coordinate certain governmental functions was announced as next in order.

Mr. SMITH. Let that go over.

Mr. LEWIS. Mr. President, will the Senator indulge me 1 second? As to this particular bill, permit me to say that there is lying on the table another bill, the object of which is merely to change the name of the Department. I take the liberty of suggesting that that bill take the place of the bill now on the calendar, and then be left to take the ordinary course of measures on the general calendar.

I ask at this time merely the privilege of substituting on the calendar the bill providing only for the change of name in place of the pending bill, which has to do with other matters than the change of name.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. LEWIS. I yield to the Senator from New York.

Mr. COPELAND. As I understand, the other bill to which the Senator refers provides merely for the change of name, and not for the transfer of various activities, as this bill does.

Mr. LEWIS. The Senator is quite correct. It provides for a mere designation. I ask to have it take the place of this bill on the regular calendar, for subsequent debate or consideration when it shall be reached.

Mr. SMITH. Let this bill go over.

Mr. KING. I call for the regular order.

The PRESIDENT pro tempore. The bill will be passed over.

BILLS PASSED OVER

The bill (S. 2969) to authorize the deportation of criminals, to guard against the separation from their families of aliens of the noncriminal classes, to provide for legalizing the residence in the United States of certain classes of aliens, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1826) for the retirement of employees in the classified civil service to include employees in the legislative branch was announced as next in order.

Mr. VANDENBERG (and other Senators). Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid in national defense, and for other purposes, was announced as next in order.

Mr. VANDENBERG, Mr. COPELAND (and other Senators). Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3420) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by aircraft in interstate and foreign commerce, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3393) to create a Federal Board of Foreign Trade was announced as next in order.

Mr. VANDENBERG. Let that go over.

Mr. SHEPPARD. Mr. President, permit me to say that I have introduced another bill on this subject, and the latter bill is now under consideration by the Committee on Foreign Relations.

The PRESIDENT pro tempore. The bill will be passed over.

AMENDMENT OF GRAIN FUTURES ACT

The bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes, was announced as next in order.

Mr. KING. Let that go over.

Mr. SMITH. Mr. President, I should like to make a statement in reference to this bill.

There are now being prepared, and perhaps will be ready for consideration by the committee tomorrow, certain amendments to the Grain Futures Act pertaining to cotton. Therefore I ask that the bill go over, and I state that not later than Friday, at the outside, the amendments proposed will be perfected, and I hope we can then take the bill up and pass it.

The PRESIDENT pro tempore. On objection, the bill will be passed over.

BILLS PASSED OVER

The bill (S. 2003) to amend section 13 of the act of March 4, 1915, entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea" was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3646) to repeal an act of March 3, 1933, entitled "An act to provide for the transfer of powder and other explosive materials from deteriorated and unserviceable ammunition under the control of the War Department to the Department of Agriculture for use in land clearing,

drainage, road building, and other agricultural purposes" was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 3604) to place William H. Clinton on the retired list of the Navy was announced as next in order.

Mr. KING. Over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3113) to provide a government for American Samoa was announced as next in order.

Mr. McKELLAR. Mr. President, this appears to be an important matter, and I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

DISPOSITION OF COTTON

The joint resolution (S. J. Res. 205) providing for disposition of certain cotton held by the United States was announced as next in order.

Mr. SMITH. Mr. President, I ask that this joint resolution go over, because later, on the calendar, there is a measure on the same subject which has been reported by the committee and has been recommended by the Department of Agriculture—a measure which is very important. So I ask that this joint resolution go over, and I will ask that the other measure be considered when it is reached.

The PRESIDENT pro tempore. On objection, the joint resolution will be passed over.

FRANCIS GERRITY

The bill (S. 3627) for the relief of Francis Gerrity was announced as next in order and was read, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Francis Gerrity shall be held and considered as having been honorably discharged from the military service of the United States as a private, Troop D, Fourth Regiment United States Cavalry, on December 16, 1901: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. McKELLAR. Over.

Mr. SHEPPARD. Mr. President, will the Senator withhold the objection?

Mr. McKELLAR. The Senator from Texas asks that the objection be withheld, and I withhold it a moment. However, I call the Senator's attention to the fact that this man was imprisoned by a civil court for pocket picking, and if he has been guilty of picking pockets, he should not be pensioned, it seems to me.

Mr. SHEPPARD. Mr. President, does the Senator never consider that a man may reform and lead an honest and upright life? Has the Senator ever advocated a pardon at the Department of Justice?

Mr. McKELLAR. Oh, yes; frequently. I ask the Senator whether there is testimony in the record to the effect that this man has reformed?

Mr. SHEPPARD. It appears that he has.

Mr. McKELLAR. Under those circumstances I will be glad to go into the matter, and allow the bill to be considered the next time the calendar is called, if the Senator desires to be heard.

Mr. SHEPPARD. Very well.

The PRESIDENT pro tempore. On objection, the bill will be passed over.

JESSIE S. POST

The bill (H. R. 3340) for the relief of Jessie S. Post was considered, ordered to a third reading, read the third time, and passed.

CHARLES E. WILSON

The Senate proceeded to consider the bill (S. 2041) for the relief of Charles E. Wilson, which was read, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Charles E. Wilson, who was a member of Battery N, Fifth Regiment United States Artillery, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 20th day of September 1899: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. KING. Mr. President, the report from the Secretary of War states that this man was discharged without honor, and the military record furnished by the Department shows that he served only about 5 months and 14 days, although he enlisted to serve for 3 years. It shows further that he was accepted by the authorities at the time of the enlistment while suffering from myopia. The record shows that he was discharged without honor on September 20, 1899, on the ground that he was affected with myopia and had a disease not incident to the line of duty. His record shows no combat service, but that he was in the service only a few months, being discharged on account of his physical condition. Let the bill go over.

Mr. SHEPPARD. Mr. President, I am sure the Senator from Utah would not object to having this man's record corrected. Certainly he should not have been discharged without honor on account of near-sightedness. He served in good faith, and he is certainly entitled to an honorable discharge, and that is all the bill provides for. The only thing against him was near-sightedness, and the Army accepted him knowing he had that defect.

Mr. KING. Is not the bill introduced for the purpose of enabling him to obtain a pension?

Mr. SHEPPARD. Not at all.

Mr. KING. Will that not be the result?

Mr. SHEPPARD. The Senator may offer an amendment that no benefits are to follow as a result of the enactment of the bill.

Mr. KING. If the Senator will present such an amendment, I will withdraw the objection.

Mr. SHEPPARD. Very well. I move to amend, on page 1, line 11, after the words "prior to", by inserting the words "or shall accrue subsequent to."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 3659) to promote the efficiency of the Judge Advocate General's Department of the Army was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3726) to provide suitable rank for the Deputy Chief of Staff, United States Army, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

RECOMMITTAL OF BILL

The bill (H. R. 8588) to authorize the deposit and investment of Indian funds was announced as next in order.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent that this bill be recommitted to the Committee on Indian Affairs.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the bill is recommitted to the Committee on Indian Affairs.

BILL PASSED OVER

The bill (S. 3580) granting and confirming to the East Bay Municipal Utility District a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, certain lands, and for other purposes, was announced as next in order.

Mr. JOHNSON. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

MAJ. GEN. JOHNSON HAGOOD

The resolution (S. Res. 239) to investigate the circumstances attending the removal of Maj. Gen. Johnson Hagood

from command of the Eighth Army Corps Area was announced as next in order.

Mr. METCALF. Mr. President, I ask that the resolution be indefinitely postponed.

The PRESIDENT pro tempore. Without objection, the resolution is indefinitely postponed.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 70) for the relief of agriculture, the producers of livestock, and the producers of raw materials generally, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

The joint resolution (H. J. Res. 179) authorizing the President to present in the name of Congress a Navy Cross to J. Harold Arnold was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDENT pro tempore. The joint resolution will be passed over.

The bill (H. R. 9074) granting pensions to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows and dependents of such soldiers and sailors was announced as next in order.

Mr. McKELLAR. If the Senator in charge of this bill is not present, I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

RETIREMENT OF EMPLOYEES OF LEGISLATIVE BRANCH

The bill (H. R. 3044) to amend the act of May 29, 1930 (46 Stat. 349), for the retirement of employees in the classified civil service and in certain positions in the legislative branch of the Government to include all other employees in the legislative branch was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

Mr. COPELAND. Mr. President, I ask the Senator from Michigan to withhold his objection for a moment.

Mr. VANDENBERG. Certainly.

Mr. COPELAND. This bill was heretofore under consideration by the Senate, as I understand, and the Senate adopted an amendment to it. Am I correct about that?

The PRESIDENT pro tempore. The amendment has not been agreed to by the Senate. The parliamentary situation is that the committee recommended that all after the enacting clause be stricken out and a substitute adopted.

Mr. KING. But objection was made.

Mr. COPELAND. The objection has been withdrawn for a moment, as I understand.

Mr. VANDENBERG. Temporarily.

Mr. COPELAND. The proposal is that the employees of the legislative branch may have exactly the same privileges as those enjoyed by all other employees of the Government. There is a persistent mistaken idea that somehow or other we are proposing to do more for the persons employed in the legislative branch than is being done for other employees of the Government. As a matter of fact, all other employees of the Government, when they retire, receive $30 a month as a contribution from the Government, plus contributions which they themselves make in addition to that, which are put out at interest. In that way they have the amount increased. I think it is eminently fair that those who for years have been in the legislative branch should have consideration, and should have this little stipend, which would amount to less than $1,000 a year for one who has been here for 20 years. I hope the Senator from Michigan will not press his objection.

The PRESIDENT pro tempore. Is objection made?

Mr. VANDENBERG. I object.

The PRESIDENT pro tempore. On objection, the bill will be passed over.

BILLS PASSED OVER

The bill (H. R. 10104) to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational-area purposes, and to provide for the transfer of certain lands chiefly valuable for such purposes to States and political subdivisions thereof was announced as next in order.

Mr. ADAMS. Let that bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 4886) providing for the employment of skilled shorthand reporters in the executive branch of the Government was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDENT pro tempore. The bill will be passed over.

PHILIPPINE CURRENCY RESERVES

The bill (S. 3486) to repeal the act entitled "An act relating to Philippine currency reserves on deposit in United States" was announced as next in order.

Mr. ADAMS. Mr. President, the Senator from Maryland desires to be present when this bill is taken up, so I ask, in his absence, that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

BILL PASSED OVER

The bill (S. 3500) to develop a strong American merchant marine to promote the commerce of the United States, to aid national defense, and for other purposes, was announced as next in order.

Mr. COPELAND. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

LIQUIDATION OF LOANS TO COTTON PRODUCERS

The joint resolution (S. J. Res. 242) authorizing and directing the Commodity Credit Corporation to facilitate the liquidation of loans to cotton producers was announced as next in order.

Mr. KING. Let that joint resolution go over.

Mr. SMITH. Mr. President, I am sure the Senator from Utah does not understand the situation. The Government has about 4,000,000 bales of what is known as the 12-cent loan cotton. A process of liquidation has been inaugurated, and farmers can repossess themselves of this cotton under certain conditions. It has now become apparent that if this amount of cotton is put on the market it will seriously affect the incoming crop. So the Committee on Agriculture and Forestry reported favorably this joint resolution, which provides that only a certain amount of cotton may be sold up to September 1.

I have received a letter from the Secretary of Agriculture endorsing the limitation proposed and the regulation prescribed by the very simple joint resolution.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BARKLEY. Some weeks ago, when the committee favorably reported and the Senate passed the bill authorizing the increase of the capital stock of the Commodity Credit Corporation from $3,000,000 to $100,000,000 on the recommendation of the Reconstruction Finance Corporation, it was stated that that legislation would obviate the necessity for passing any additional legislation with respect to the disposition of the cotton in question.

Mr. SMITH. That is true, except as to the amount of cotton to be sold. If an unlimited amount of the cotton in question can be sold, the new crop coming in will suffer by virtue of that additional cotton placed upon the market. The Secretary of Agriculture in writing to me said in the last paragraph of his letter:

> With the suggestions heretofore made, it is believed that Senate Joint Resolution 242 embodies a sound program for the orderly disposition of these stocks of cotton. Furthermore, as has been heretofore indicated, while authorization to adopt such a plan is inherent in general laws already enacted, it is the opinion of this Department that it would be desirable to obtain more definite and specific authorization from the Congress.

The bill does not affect the first matter at all. It has nothing to do with that except that the bill limits the amount of cotton which may be sold over certain markets;

not the current crop markets. Seven hundred and fifty thousand bales could be sold up to the first of September.

Mr. BARKLEY. It was represented that the increase in the capital stock of the Commodity Credit Corporation would enable the corporation to take care of the situation.

Mr. SMITH. The increase in capital stock was made to enable it to take care of the oversupply of cotton.

Mr. BARKLEY. The bill increasing the capital stock had relationship to the gradual placing on the market of the cotton held. Will this joint resolution interfere with that purpose?

Mr. SMITH. In no way whatever. As the Secretary of Agriculture indicated, the measure prescribes how much cotton may be sold up to the beginning of incoming new crop. That is all there is to it.

Mr. KING. Mr. President, I regret to have to differ from my dear friend from South Carolina, whose knowledge of the cotton situation is very much greater, of course, than mine.

Mr. SMITH. Mr. President, I cannot hear what the Senator is saying.

Mr. KING. I said that I regretted exceedingly to have to differ from my dear friend from South Carolina, whose knowledge of the cotton question exceeds by a great deal that which I possess. Some objection against the bill has been lodged with me. I shall have no objection if later on the Senator can secure consent to the bill being taken up.

Mr. SMITH. I am afraid my friend has this bill confused with another bill.

Mr. KING. No; Mr. President, I have not.

Mr. SMITH. What objection has the Senator to the bill?

Mr. KING. I insist on the objection, and ask for the regular order.

The PRESIDENT pro tempore. The regular order is called for. The bill will be passed over.

MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

The Senate proceeded to consider the bill (S. 4105) authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission, of Maryland, for park purposes, which had been reported from the Committee on Agriculture and Forestry, with amendments, on page 1, line 8, after the word "all", to insert "or such part or parts"; on the same page, line 9, after "land", to insert "as may now or hereafter be designated by the National Capital Park and Planning Commission"; and on page 5, line 9, before "purposes", to insert "parkway, or playground", so as to make the bill read:

Be it enacted, etc., That the Secretary of Agriculture be, and he is hereby, authorized and directed to convey by a good and sufficient deed to the Maryland-National Capital Park and Planning Commission, a public agency created by the General Assembly of Maryland, chapter 448 of the laws of the 1927 session of said assembly, all or such part or parts of the following pieces or parcels of land as may now or hereafter be designated by the National Capital Park and Planning Commission situate, lying, and being in Montgomery County, in the State of Maryland, being a part of a tract of land called Oatland, designated and described as follows: Beginning for the same at a point at the end of 631.62 feet measured on the last line of a conveyance made the 13th day of December 1855, by John Davidson and wife to James H. Davidson for 60 acres 1 rood and 23 square perches of land, more or less, a part of said tract, it being where said line is intersected by a line of fence running southward from said point and with the last line of the aforesaid conveyance north 87¼°, west 73.93 perches, to a large post and stone; thence with the first line of said conveyance with 3°35′ allowance for west variation and running with the fence south 40.1′, west 71.32 perches; thence with the second line with 3¼° allowance for west variation, running with the fence south 77°, east 26½ perches, to a stake; then north 3½°, west 28¾ perches, to the division fence of the experimental station; thence with said fence south 87¼°, east 75.67 perches; then still with the line of fence north 3½°, east 7.81 perches; thence to include a small piece of land running through a house and bisecting a pear tree south 87¼°, east 20.3 perches, to a stake in the first aforesaid line of fence running southward from the place of beginning; thence with said fence north 3°, west 26.15 perches, to the place of beginning, containing 20 acres of land, more or less, being all of the same land and premises described in and conveyed by deed from Henry Bradley Davidson and Mary S. P. Davidson to the United States of America, dated July 5, 1899, recorded July 7, 1899, among the land records for said Montgomery County in Liber T. D. No. 8, folio 429, and the following; also all that tract or part of tract of land situate in said Montgomery County called Friendship, or by whatever name or names the same may be known, contained within the metes and bounds, courses, and distances following, to wit: Beginning for the same at a stone at the end of 1,432.67 feet on the twelfth line of a conveyance made the 10th day of February in the year 1863 by William Peters to Allison Naylor for parts of tracts of land called Pritchett's Purchase and Friendship, containing 161 acres, more or less, and running thence with the twelfth line of said conveyance south 2°3′, west 642.2 feet, to a stake on the east side of the branch; still with the outlines of said conveyance south 29°, east 227.7 feet, to a point where formerly stood a bounded white oak tree marked for Batemans corner in the division line of the land of John Davidson and the land formerly owned by Charles King; then with said division line reversed south 35°32′, west 1,419 feet, to the end of the seventeenth line of Friendship; then with said seventeenth line reversed north 23°25′, west 1,538.12 feet, to a stake; then leaving the outlines and running across said conveyance north 66°35′, east 1,469.58 feet, to the place of beginning, containing 34.09 acres of land; excepting, however, 4.09 acres of land heretofore conveyed by Elizabeth Jane Wilson and others to the Metropolitan Southern Railroad Co. on the 10th day of July in the year 1890 by deed of that date recorded among the land records of Montgomery County, Md., in Liber J. A. No. 19, folio 450, and the following, leaving the quantity of land hereby intended to be conveyed to contain 30 acres of land, more or less, being all of the same land described in and conveyed by deed from Elizabeth J. Wilson, Robert Wilson, and others to the United States of America, dated August 11, 1902, recorded December 18, 1902, among the land records for said Montgomery County in Liber T. D. No. 24, folio 224, and the following to be used exclusively for public-park, parkway, or playground purposes. If the said Maryland-National Capital Park and Planning Commission fails to use such lands for the purposes herein provided, or at any time discontinues the use of such lands for the purposes herein provided, or attempts to alienate such lands, title thereto shall revert to the United States of America.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission, of Maryland, for park, parkway, and playground purposes."

ROSCOE M'KINLEY MEADOWS

The bill (S. 3715) for the relief of Roscoe McKinley Meadows was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the Emergency Officers' Retirement Act of May 24, 1928, Roscoe McKinley Meadows shall be held and considered to have served as an officer of the Navy of the United States during the World War other than as an officer of the Regular Navy.

MRS. E. L. BABCOCK

The bill (H. R. 2119) for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor, was announced as next in order.

Mr. ROBINSON. Mr. President, will the Senator from Nebraska [Mr. BURKE], who reported this bill, explain its provisions? Apparently there is an adverse report by the War Department. I think the bill had better go over, and I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. ROBINSON subsequently said: Mr. President, having just come from a conference into the Senate Chamber, I was informed that the calendar number under consideration a moment ago was 1856. I have no objection to the consideration of Calendar No. 1840, being House bill 2119. The claim involves only $58. I have no objection to its consideration.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 2119) for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor, was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 5867) for the relief of E. C. Willis, father of the late Charles R. Willis, a minor, was announced as next in order.

Mr. McKELLAR. Mr. President, that is a bill which the Department opposes, and I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

JOSEPH J. BAYLIN

The bill (H. R. 8089) for the relief of Joseph J. Baylin was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 6719) to amend the Canal Zone Code was announced as next in order.

Mr. WHITE. I ask that the bill be passed over.

Mr. ROBINSON. Mr. President, this is an important bill. If it is to be considered, there should be some discussion of the bill.

Mr. COUZENS. The Senator from Maine [Mr. WHITE] asked that the bill be passed over.

Mr. DUFFY. In the absence of the Senator from Oklahoma [Mr. GORE] I have been asked to look after this and other bills which have been favorably reported from the Committee on Interoceanic Canals. There will be some discussion of the bill. I do not think we can take it up under the 5-minute rule. However, at the first opportunity I shall attempt to bring it before the Senate for discussion.

The PRESIDENT pro tempore. The bill will be passed over.

THOMAS MARINE RAILWAY CO., INC.

The Senate proceeded to consider the bill (H. R. 4148) for the relief of the Thomas Marine Railway Co., Inc., which had been reported from the Committee on Claims with an amendment, on page 1, after "United States", to strike out "Lighthouse Service" and to insert in lieu thereof "Quartermaster Corps", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Thomas Marine Railway Co., Inc., the sum of $974, such sum being in full settlement of all claims against the Government. The said Thomas Marine Railway Co., Inc., sustained damages to the extent of $974 due to negligent handling of the United States Quartermaster Corps tug *Sprigg Carroll* by United States Coast Guard patrol boats *CG–232* and *CG–196* on April 22, 1932, at Morehead City, N. C., while in possession of the Thomas Marine Railway Co., Inc., enroute Fort Moultrie, S. C. to Norfolk, Va., for repairs: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILLS PASSED OVER

The bill (S. 2609) for the relief of Charles G. Johnson, State treasurer of the State of California was announced as next in order.

Mr. JOHNSON. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 8039) for the relief of John B. Meisinger and Nannie B. Meisinger was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill? The Senator in charge of the bill does not seem to be present in the Chamber at the moment, and I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

JOHN L. SUMMERS AND OTHERS

The bill (S. 3075) for the relief of John L. Summers, former disbursing clerk, Treasury Department, and various former Treasurers of the United States was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill?

Mr. TOWNSEND. Mr. President, the bill was introduced by the senior Senator from North Carolina [Mr. BAILEY] for the relief of John L. Summers, former disbursing clerk, Treasury Department, and Frank White, G. F. Allen, H. T. Tate, and W. O. Woods, former Treasurers of the United States. This measure was introduced at the request of the Treasury Department, and it has been the custom, as I understand, to take care of similar matters in the way proposed by this bill.

Mr. McKELLAR. Mr. President, the sum involved is considerable.

Mr. TOWNSEND. Yes.

Mr. McKELLAR. What is the explanation of the need for the bill?

Mr. TOWNSEND. The accounts of John L. Summers show disallowances under various Treasury appropriations from December 10, 1925, to December 9, 1929, of $3,346.62, and from December 10, 1929, to December 9, 1933, of $90,615.45. Of this total, $86,440 represents an amount paid by him to the Consolidated Engineering Co. in connection with additional work on the Department of Commerce Building due to changes in plans and specifications. This payment was ratified by departmental action. The matter was referred to the Attorney General, who refused to prosecute because of ratification of payment by the Secretary of the Treasury. There is no evidence of any fault or negligence on the part of Summers in making payments covered by these disallowances over an 8-year period.

Mr. ROBINSON. Mr. President, may I ask, what is the recommendation and the report of the Treasury Department on the bill?

Mr. TOWNSEND. The Treasury Department requested the Senator from North Carolina [Mr. BAILEY] to introduce the bill.

Mr. McKELLAR. In other words, the Treasury says that these various Treasurers paid out sums wrongfully, for which they are being held, and the bill is to adjust the accounts so as to relieve the former Treasurers for their wrongful payments?

Mr. TOWNSEND. That is correct.

Mr. McKELLAR. That is the substance of the bill?

Mr. TOWNSEND. Yes.

Mr. McKELLAR. Have the various individuals named in the bill actually paid out the money?

Mr. TOWNSEND. Yes.

Mr. McKELLAR. Did the Committee on Claims go into the facts and ascertain whether they properly paid it?

Mr. TOWNSEND. I did not go into the question as carefully as I would have done had the Secretary of the Treasury not recommended the bill.

Mr. McKELLAR. The sums involved are very large. Suppose the Senator lets the bill go over until another call of the calendar, and I shall be glad to look into the matter.

Mr. TOWNSEND. Very well.

The PRESIDENT pro tempore. The bill will be passed over.

TOM ROGERS AND OTHERS

The Senate proceeded to consider the bill (H. R. 8262) for the relief of Tom Rogers, which had been reported from the Committee on Claims with an amendment to the title.

Mr. ROBINSON. Mr. President, I suggest that the Senator who reported the bill, or some Senator who is familiar with it, explain the measure.

Mr. GEORGE. Mr. President, I will be glad to make an explanation of the bill. Tom Rogers and the other persons named in this bill were employed under the Department of Agriculture on Blackbeard Island on biological-survey work. They were en route from the Georgia coast to Blackbeard Island, which lies off the coast, when they were shipwrecked, and some five of them were drowned. Tom Rogers was severely injured as a result of exposure for some 2 days before his final rescue.

Originally bills were introduced for each separate claimant, but by amendment they were consolidated, and, as will

be observed, there is an appropriation made by the House bill of $1,000 to Tom Rogers and then $2,000 to the heirs of W. A. Bell, who was foreman of the particular job, and who was transporting these men across the sound from the mainland to the island daily or at stated periods to carry on the work. Appropriations are also provided for the heirs of the other victims.

The bill is recommended by Secretary Wallace, who expresses rather strongly the conviction that the payment should be made to the heirs of the five drowned employees or workmen.

Mr. McKELLAR. Mr. President, I have no objection to the bill.

The PRESIDENT pro tempore. If there be no objection, the question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Tom Rogers the sum of $1,000; to the heirs of W. A. Bell the sum of $2,000; to the heirs of Israel Walker the sum of $1,000; to the heirs of Henry Shaw the sum of $1,000; to the heirs of Thomas Bailey the sum of $1,000; and to the heirs of Joseph Watson the sum of $1,000; in all, $7,000, in full settlement of all their claims against the United States for injuries sustained by said Tom Rogers, and for the death by drowning of said W. A. Bell, Israel Walker, Henry Shaw, Thomas Bailey, and Joseph Watson, as a result of being shipwrecked on October 21, 1934, while en route to Blackbeard Island, Ga., to take up their duties as employees of the Bureau of Biological Survey, United States Department of Agriculture: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The title was amended so as to read: "An act for the relief of Tom Rogers, and the heirs of W. A. Bell, Israel Walker, Henry Shaw, Thomas Bailey, and Joseph Watson."

ONE HUNDREDTH ANNIVERSARY OF INDEPENDENCE OF TEXAS

The Senate proceeded to consider the bill (S. 3721) to provide for a change in the design of the 50-cent pieces authorized to be coined in commemoration of the one hundredth anniversary of the independence of the State of Texas, which had been reported from the Committee on Banking and Currency with an amendment to strike out all after the enacting clause and insert:

That for the purpose of carrying out the provisions of the act entitled "An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century", approved June 15, 1933, the Director of the Mint, with the approval of the Secretary of the Treasury, is authorized and directed to provide for the coinage of not to exceed 1,000,000 silver 50-cent pieces of standard size, weight, and composition and of a special appropriate single design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, but the United States shall not be put to the expense of making the necessary dies and other preparations for this coinage. The coins herein authorized shall be issued only to the American Legion Texas Centennial Committee of Austin, Tex.

SEC. 2. For the purpose of carrying out the provisions of the act entitled "An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union", approved May 14, 1934, the Director of the Mint, with the approval of the Secretary of the Treasury, is authorized and directed to provide for the coinage of not to exceed 400,000 silver 50-cent pieces of standard size, weight, and composition, and of a special appropriate single design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, but the United States shall not be put to the expense of making the necessary dies and other preparations for this coinage. The coins herein authorized shall be issued only to the Arkansas Honorary Centennial Celebration Commission or its duly authorized agent.

SEC. 3. The coins herein authorized shall bear the date 1936, irrespective of the year in which they are minted or issued, shall be legal tender in any payment to the amount of their face value, and shall be coined at one of the mints of the United States to be designated by the Director of the Mint. Not less than 5,000 such coins shall be issued at any one time and no such coins shall be coined or issued after the expiration of 1 year after the date of the enactment of this act. Such coins may be disposed of at par or at a premium by the organizations to which they are issued, and the net proceeds shall be used by them in defraying the expenses incidental and appropriate to the commemoration of such events.

SEC. 4. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same; regulating and guarding the process of coinage; providing for the purchase of material and for the transportation, distribution, and redemption of coins; for the prevention of debasement or counterfeiting; for the security of the coins; or for any other purposes, whether such laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein authorized.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize additional coinage in commemoration of the one hundredth anniversary of the independence of the State of Texas and the one hundredth anniversary of the admission of the State of Arkansas into the Union."

BILLS PASSED OVER

The bill (S. 3143) for the relief of the Passaic Valley Sewerage Commission was announced as next in order.

Mr. KING. Mr. President, I should like to have an explanation of the bill. As the author of the bill is not present, I ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 3373) to credit the tribal funds of the Indians of the Fort Belknap Indian Reservation in Montana with certain sums expended therefrom for the purchase and maintenance of a tribal herd, and for the purchase of horses destroyed during a dourine epidemic was announced as next in order.

Mr. McKELLAR. Mr. President, I should like to have an explanation of the bill, and will ask that it go over.

The PRESIDENT pro tempore. The bill will be passed over.

HOLY CROSS MISSION HOSPITAL

The bill (H. R. 2467) for the relief of Holy Cross Mission Hospital, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to pay, out of the Alaska Railroad special fund (U. S. C., title 48, sec. 306), the sum of $50 to the Holy Cross Mission Hospital, of Holy Cross, Alaska, for hospital services rendered to Jack Mort for injuries and illness incurred while removing mail from the Alaska Railroad steamer *Nenana*, in full payment of all claims against the United States for such services: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

BILL PASSED OVER

The bill (H. R. 3914) for the relief of Oscar Gustof Bergstrom was announced as next in order.

Mr. KING. Mr. President, Mr. McCarl, Comptroller General of the United States, says in regard to this bill:

I am constrained to recommend most urgently that favorable consideration be not given to the bill.

Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

R. D. STEPHENS AND VERA STEPHENS

The Senate proceeded to consider the bill (S. 3808) for the relief of R. D. Stephens and Vera Stephens, which had been reported from the Committee on Claims with amendments.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. DUFFY. Mr. President, this bill was held up at my own request the last time the calendar was considered, because the committee arbitrarily reduced the amount of damages that a jury in the Federal court in the western district of Wisconsin had allowed these claimants. There was no question about the claim. The investigation showed that there was clear negligence on the part of the Government employee. I talked to some members of the committee, and though there did not seem to be any good reason why the committee reduced the amount which the jury had awarded, yet I thought perhaps it would save time and get something for these claimants to let the bill go through as recommended by the committee.

Mr. McKELLAR. How did the case get in the district court?

Mr. DUFFY. In order to determine the amount of damages, the claimants sued the driver, who was financially irresponsible, and the jury in the Federal court determined the amount of damages the claimants suffered.

Mr. McKELLAR. The Senator is willing that the amount as reported by the committee be accepted at this time?

Mr. DUFFY. I objected the other day because I could not see any good reason why the amount was cut down, but since then, upon consideration, I have thought that I would be willing to let the bill go through carrying the amount the committee fixed.

Mr. McKELLAR. Very well.

The PRESIDENT pro tempore. If there be no objection to the consideration of the bill, the amendments reported by the committee will be stated.

The amendments reported by the Committee on Claims were, on page 1, line 5, after the word "Treasury", to strike out "not otherwise appropriated" and insert "allocated by the President for the maintenance and operation of the Civilian Conservation Corps"; on the same page, line 8, after the words "sum of", to strike out "$2,250" and insert "$1,000"; on the same page, line 9, after the words "sum of", to strike out "$5,000" and insert "$3,000"; and on page 2, at the beginning of line 5, to strike out "1935" and insert "1934", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, to R. D. Stephens, of Paxton, Ill., the sum of $1,000, and to Vera Stephens, wife of said R. D. Stephens, the sum of $3,000, such sums being in full satisfaction of their claims against the United States for damages arising out of property damage and personal injuries sustained by them when the automobile in which they were riding was struck by a Civilian Conservation Corps truck driven by Joseph L. Kindral near Virgin Lake, in Oneida County, Wis., on January 2, 1934: *Provided*, That no part of the amounts appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claims. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amounts appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claims, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FILING OF SUITS BY WORLD WAR VETERANS

The Senate proceeded to consider the joint resolution (S. J. Res. 200) to extend the period of suspension of the limitation governing the filing of suit under section 19, World War Veterans' Act, 1924, as amended, which had been reported from the Committee on Finance with amendments.

Mr. ROBINSON. Mr. President, I observe that this joint resolution was reported by the Senator from Georgia [Mr. GEORGE]. I ask him to explain the joint resolution.

Mr. GEORGE. Mr. President, the author of the measure is the senior Senator from Alabama [Mr. BLACK], who, I am sure, will be glad to explain it.

Mr. BLACK. Mr. President, this is a joint resolution which, if enacted, would prevent the Government from setting up the statute of limitations with reference to certain insurance claims of veterans. It is made necessary by reason of the fact that the rules and regulations adopted by the bureau, and which the bureau claims are necessary because of the law make it practically impossible and have made it practically impossible for veterans to sue on their claims without being successfully prevented from recovery by the statute of limitations. If a claim had been filed by a veteran, for instance, from the State of California, and that claim was passed upon 2 days before the expiration of the last day for passing upon the claim, it was necessary for the veteran to file a suit in the courts of California within 2 days of the time the claim was denied in the city of Washington. Hundreds of veterans have been prevented from having a trial on the merits of their policies by reason of this unjust statute of limitations.

This joint resolution is intended to give a veteran the right to file a suit within 90 days instead of requiring the impossible task of filing it within 1 or 2 days after the claim is denied in the city of Washington.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator.

Mr. ROBINSON. In view of the statement made by the Senator from Alabama, and the explanation he has given, I have no objection to the consideration of the joint resolution.

The PRESIDENT pro tempore. If there be no objection to the consideration of the bill, the amendments reported by the Committee on Finance will be stated.

The amendments of the Committee on Finance were, on page 1, line 8, after the word "date", to insert "of the mailing of notice"; on the same page, line 9, after the word "suit", to strike out "as herein provided"; and, on page 2, line 13, after the word "record", to insert "*Provided further*, That the term 'denial of the claim' means the denial of the claim after consideration of its merit", so as to make the joint resolution read:

Resolved, etc., That in addition to the suspension of the limitation for the period elapsing between the filing in the Veterans' Administration of the claim under a contract of insurance and the denial thereof by the Administrator of Veterans' Affairs or someone acting in his name, the claimant shall have 90 days from the date of the mailing of notice of such denial within which to file suit. This resolution is made effective as of July 3, 1930, and shall apply to all suits now pending against the United States under the provisions of section 19, World War Veterans' Act, 1924, as amended; and any suit which has been dismissed solely on the ground that the period for filing suit has elapsed but wherein the extension of the period for filing suit as prescribed herein would have permitted such suit to have been heard and determined may be reinstated within 90 days from the date of enactment of this resolution: *Provided*, That on and after the date of enactment of this resolution notice of denial of the claim under a contract of insurance by the Administrator of Veterans' Affairs or someone acting in his name shall be by registered mail directed to the claimant's last address of record: *Provided further*, That the term "denial of the claim" means the denial of the claim after consideration of its merits.

The amendments were agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 3879) for the relief of James W. Grist was announced as next in order.

Mr. KING. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

D. E. WOODWARD AND MRS. MURRAY A. HINTZ

The Senate proceeded to consider the bill (S. 2114) for the relief of D. E. Woodward and Mrs. Murray A. Hintz, which had been reported from the Committee on Claims with amendments.

Mr. McKELLAR. Mr. President may we have an explanation of the bill by the Senator from Alabama?

Mr. BLACK. Mr. President, I shall be glad to explain these bills.

Mr. McKELLAR. There seem to be several of the same nature.

Mr. BLACK. The clerk has evidently reported the bill embodying the two claims and not the individual bills, one for each claimant. It will be necessary, if the Senate concludes to pass favorably upon the report of the committee, to postpone indefinitely the two individual bills.

This bill was introduced by the Senator from New Mexico [Mr. HATCH]. It was brought about by reason of the injury of Mr. D. E. Woodward and Mrs. Murray A. Hintz in the State of New Mexico. Their injury resulted from the collision of an automobile in which they were riding with a C. C. C. truck. There can be no question from the facts of the case as to the negligence of the driver of the truck. It was not properly lighted so as to have a clear light at night. As a result the driver of the automobile in which Mrs. Hintz and Mr. Woodward were riding collided with the rear end of the truck, which, as I recall, had some iron pipes projecting from the rear.

Mr. McKELLAR. Were there any lights on the rear of the truck or any lights or flags on the pipes that extended from the rear?

Mr. BLACK. There are two of these cases, and I will have to look up to see which is which, but I will explain the bill to the Senator. In one of them the pipes were projecting out about 35 feet. It was unquestionably negligence to have the pipes projecting without having a light at the end of the pipes. In the other case there was a light on the truck, but it was completely obscured by reason of certain oil barrels on the truck. The undisputed evidence shows that the light was obscured.

Mr. KING. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from Utah.

Mr. KING. The report submitted by Mr. Tugwell, Acting Secretary, states:

> All official reports show that Otero was partially under the influence of liquor—

Mr. BLACK. That report refers to the next bill.

Mr. KING. Oh (reading):

> Which is corroborated by the testimony of several witnesses. It is evident that he failed to see the truck on which rear lights and reflector were visible, or that he did not exercise proper care to avoid striking it.

Mr. BLACK. That is the next bill. The administrator recommended that the claimant be paid $255 instead of $5,000, and the committee made a favorable report for $255. With reference to the driver of the other truck, there was some question as to whether he was drinking. However, this recovery is not for the driver of the truck, but for two passengers, one being the wife of the driver.

Mr. KING. The wife of the man who was drinking?

Mr. BLACK. Yes. From my investigation of the facts I am convinced that the injury was not due to the fact that the man had had a drink, but was due to the fact that on a dark night, when it was raining, the truck, which was partly diagonally across the road, did not have proper lights upon it. It would seem to me the driver did an excellent job in endeavoring to escape danger after the situation was discovered. The injuries were very serious to both persons.

Mr. KING. What did the committee recommend?

Mr. BLACK. The committee in one case recommended $3,500 and in the other case $5,000.

Mr. McKELLAR. Were the two injured parties in the truck or in the automobile which collided with the truck?

Mr. BLACK. In the automobile which collided with the truck. Suppose I make a statement as to the injuries? In the Otero case, where $255 is allowed, the injury was the result of his own fault, perhaps, and but for the recommendation of the Department we might have been inclined not to pay anything. The injuries to Mrs. Hintz were reported as follows:

> Mrs. Hintz suffered severe lacerations of the face and head. She had probably had a concussion of the brain and fracture of the skull because her mind was still somewhat cloudy and her vision very much impaired. The vision of her eyes did not clear up completely during the entire time she was under my care. She had a bad fracture of the metatarsal bones of the right foot with considerable displacement. She had also a fracture of the thumb on her left hand. Due to the displacement of the metatarsal bones, Mrs. Hintz was not and probably never will be able to walk without considerable difficulty.

We recommended $5,000 for her.

Mr. McKELLAR. She was simply a passenger in the car?

Mr. BLACK. She was.

Mr. McKELLAR. Was she the wife of the driver of the car?

Mr. BLACK. Yes.

Mr. McKELLAR. On that statement of the facts I see no reason why the allowance should not be made.

Mr. BLACK. Mr. Woodward was only a passenger. Certainly even if there was any negligence which could be attributed to the driver, no negligence could be attributed to Mr. Woodward, and the $3,500 allowed is a very moderate allowance for the injuries he received.

The PRESIDING OFFICER. The amendments reported by the committee will be stated.

The amendments of the Committee on Claims were, on page 1, line 4, after the word "Treasury", to strike out the words "not otherwise appropriated, the sum of $5,000" and insert in lieu thereof the words "allocated by the President for the maintenance and operation of the Civilian Conservation Corps, the sum of $3,500"; and in line 8, to strike out the numerals "$10,000" and insert in lieu thereof "$5,000"; and at the end of the bill to insert a proviso, so as to make the bill read:

> *Be it enacted, etc.*, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, the sum of $3,500 to D. E. Woodward, and the sum of $5,000 to Mrs. Murray A. Hintz, both of Raton, N. Mex., in full satisfaction of their claims against the United States for damages for personal injuries sustained by them on a State highway near Santa Fe, N. Mex., on September 23, 1934, when the car in which they were riding struck a Government truck attached to the Civilian Conservation Corps camp located in the vicinity of Santa Fe, N. Mex., such truck having been improperly parked on the highway: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. BLACK. In view of the passage of the joint bill I ask that Order of Business 2038 and Order of Business 2039, being, respectively, the bill (H. R. 6163) for the relief of Mrs. Murray A. Hintz, and the bill (H. R. 6258) for the relief of D. E. Woodward be indefinitely postponed.

The PRESIDENT pro tempore. Without objection, the two bills will be indefinitely postponed.

Mr. BLACK subsequently said: Mr. President, the House has passed House bill 6163, which is Calendar No. 2038, and House bill 6258, which is Calendar No. 2039. In order that we may act upon the House bills, I ask that the action of the Senate in passing Calendar No. 2034, Senate bill 2114, may be reconsidered.

Mr. McKELLAR. I think that is the proper way to deal with the matter. Then we can pass the other two individual bills, and that will not require the measure to go to the House.

The PRESIDING OFFICER. Without objection, the request to reconsider is agreed to.

Mr. BLACK. Now I ask that Senate bill 2114 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, the bill is indefinitely postponed.

Mr. BLACK. Now I ask that the action of the Senate in indefinitely postponing House bills 6163 and 6258 may be reconsidered.

The PRESIDING OFFICER. Without objection, that order will be entered.

Mr. BLACK. Now I ask for the consideration and passage by the Senate of the two House bills as proposed to be amended by the Senate committee.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 6163) for the relief of Mrs. Murray A. Hintz, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the word "Treasury", to strike out "not otherwise appropriated" and insert "allocated by the President for the maintenance and operation of the Civilian Conservation Corps", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any moneys in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, to Mrs. Murray A. Hintz, of Raton, N. Mex., the sum of $5,000. Such sum shall be in full settlement of all claims against the United States on account of damages sustained by the said Mrs. Murray A. Hintz when she was injured in an automobile collision with a United States owned truck near Santa Fe, N. Mex., on September 23, 1934: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The Senate proceeded to consider the bill (H. R. 6258) for the relief of D. E. Woodward, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the word "Treasury", to strike out "not otherwise appropriated" and insert "allocated by the President for the maintenance and operation of the Civilian Conservation Corps", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any moneys in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, to D. E. Woodward the sum of $3,500. Such sum shall be in full settlement of all claims against the United States on account of damages sustained by the said D. E. Woodward when he was injured in an automobile collision with a United States owned truck near Santa Fe, N. Mex., on September 23, 1934: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MANUEL D. A. OTERO, ADMINISTRATOR

The Senate proceeded to consider the bill (S. 2576) for the relief of Manuel D. A. Otero, as administrator of the estate of Teresita S. Otero, deceased, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the word "Treasury", to strike out the words "not otherwise appropriated, the sum of $15,000" and insert in lieu thereof the words "allocated by the President for the maintenance and operation of the Civilian Conservation Corps, the sum of $255.44"; and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Manuel D. A. Otero, as administrator of the estate of Teresita S. Otero, deceased, out of any money in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, the sum of $255.44. Such sum shall be in full settlement of all claims against the United States on account of the death of the said Teresita S. Otero, resulting from personal injuries received on the 16th day of January 1935, on United States Highway No. 60, between Willard and Mountainair, N. Mex., while riding in an automobile which collided with an improperly parked Government truck, attached to Civilian Conservation Corps Camp F–35–N, located about 3 miles southwest from Manzano, in Torrence County, N. Mex.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MEDICAL ADMINISTRATIVE CORPS

The Senate proceeded to consider the bill (S. 4390) to amend the National Defense Act relating to the Medical Administrative Corps, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and to insert in lieu thereof the following:

That the third sentence of section 24e of the National Defense Act, as amended by the act of June 4, 1920 (41 Stat. 759, 774), is hereby amended by striking out that portion relating to the qualifications for appointment in the Medical Administrative Corps, which reads, "enlisted men of the Medical Department between the ages of 21 and 32 years, who have had at least 2 years' service", and substituting therefor the following: "pharmacists between the ages of 21 and 32 years who are graduates of recognized schools or colleges of pharmacy requiring 4 years of instruction for graduation, under such regulations and after such examination as the Secretary of War shall prescribe: *And provided further*, That the number of such pharmacists in the Medical Administrative Corps shall not exceed 16."

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. SHEPPARD. Mr. President, at present those performing the duties of pharmacists in the Medical Administrative Corps are taken from among the enlisted men in the Medical Corps, and they have at first no special knowledge or technical qualifications to fit them for the work. The bill requires that before men shall hereafter be appointed to the position of pharmacist they must be graduates of recognized schools or colleges of pharmacy having 4-year courses. The bill adds nothing to the cost of administration but merely provides that as vacancies occur in the positions of pharmacists in the Medical Corps they shall be filled by men specially qualified as I have indicated. This will give the Army a group of pharmacists with thorough technical training and attainment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HOWARD HEFNER

The Senate proceeded to consider the bill (S. 3671) for the relief of Howard Hefner, which had been reported from the Committee on Claims with an amendment to insert a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Howard Hefner the sum of $5,000 in full settlement of all damages sustained by him as the result of permanent personal injuries inflicted upon him when, on May 26, 1935, the car which he, Howard Hefner, was driving on State Highway No. 11 was struck by a United States Forestry truck driven by one Grady Helton at a point on said highway about 1 mile north of Cleveland, Ga., and near a place

known as "Skeet's Place" on a deep curve on said highway, the said Howard Hefner being on his side of the road when the accident occurred: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. GEORGE. Mr. President, this bill was introduced by my colleague the junior Senator from Georgia [Mr. RUSSELL], who is absent on an official mission. I promised my colleague I would bring it to the attention of the Senate.

I find an adverse report from the War Department. The facts are gone into rather fully by the committee, and the evidence submitted in support of the bill is sharply conflicting on the question of negligence.

A truck in the Forestry Service was being driven along a Georgia highway, the truck having been assigned to a C. C. C. camp, when the claimant, who was riding in the opposite direction on the same highway, collided with the truck, or the truck collided with his car, and the injury which he suffered was sustained.

The War Department takes the position that an immediate investigation—that is, an investigation following immediately the accident—disclosed that the claimant himself was at fault, in that, coming around a curve, he ran into the side or rear wheel of the truck. The evidence submitted in opposition to that view shows that the claimant was on his own side of the road and had observed the rules of the road and the law of the road, and that the negligence and fault were on the part of the driver of the Forestry Service truck assigned to the C. C. C. camp, as I have already stated.

Mr. McKELLAR. Mr. President, may I ask the Senator from Georgia the extent of the injuries?

Mr. GEORGE. The injuries were most severe. I think there is no question of the amount carried in the bill being only adequate damages if there was negligence on the part of the Government or on the part of the driver of the C. C. C. truck. My colleague is very familiar with this particular matter. I think he has some very intimate knowledge of the facts of the case.

Mr. McKELLAR. I see a large number of affidavits were submitted. Do they set forth the negligence of the driver of the truck?

Mr. GEORGE. The evidence sustained the case on the part of the claimant. The Department in making its immediate investigation said that its finding should be against the claimant because there was no negligence on the part of the Government.

Mr. McKELLAR. I have no objection to the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EMMA GOMEZ

The Senate proceeded to consider the bill (S. 2575) for the relief of Emma Gomez, which had been reported from the Committee on Claims with amendments, on page 1, line 5, after the word "Treasury", to strike out the words "not otherwise appropriated" and insert in lieu thereof the words "allocated by the President for the maintenance and operation of the Civilian Conservation Corps"; in line 7, to strike out "$5,311.70" and insert "$500"; and, at the end of the bill, to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Emma Gomez, out of any money in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, the sum of $500. Such sum shall be in full settlement of all claims against the United States on account of damages for personal injuries sustained by the said Emma Gomez on the 16th day of January 1935, on United States Highway No. 60, between Willard and Mountainair, N. Mex., while riding in an automobile which collided with an improperly parked Government truck, attached to Civilian Conservation Corps Camp F-35-N, located about 3 miles southwest from Manzano, in Torrance County, N. Mex.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FORT FREDERICA NATIONAL MONUMENT

Mr. GEORGE. Mr. President, I ask unanimous consent to refer to Calendar No. 2079, House bill 8431, and I ask for its immediate consideration. This bill has not been reached on the calendar; but engagements in the Finance Committee and other official engagements make it necessary for me to leave the Chamber at this time.

I may say that the bill merely provides for the establishment of the Fort Frederica National Monument on St. Simon Island, Ga. It does not provide for any appropriation. The bill is amended as suggested by the Secretary of the Interior and is recommended by the Secretary of the Interior. It is in the usual form of bills establishing national monuments.

The bill authorizes the Secretary of the Interior to accept lands and property, of course, and to maintain a museum. It authorizes subsequent purchases of lands within the monument, but makes no appropriation; and such purchases, if made at all, would have to be made out of moneys subsequently appropriated to the Secretary.

The PRESIDING OFFICER (Mr. McGILL in the chair). Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill H. R. 8431, which had been reported from the Committee on Public Lands and Surveys with an amendment, in section 1, page 1, line 8, after the word "area", to insert "not to exceed 80 acres", so as to make the section read:

Be it enacted, etc., That when title to the site of Fort Frederica, on St. Simon Island, Ga., and such other related sites located thereon, as may be designated by the Secretary of the Interior, in the exercise of his discretion, as necessary or desirable for national-monument purposes, shall have been vested in the United States, said area, not to exceed 80 acres, shall be, and is hereby, set apart as a national monument for the benefit and inspiration of the people, and shall be called the "Fort Frederica National Monument."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

OLIVER FAULKNER

The bill (H. R. 8506) for the relief of Oliver Faulkner was considered, ordered to a third reading, read the third time, and passed.

CLAUDE CURTEMAN

The Senate proceeded to consider the bill (H. R. 8705) for the relief of Claude Curteman, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the word "Treasury", to strike out "not otherwise appropriated" and insert "allocated by the President for the maintenance and operation of the Civilian Conservation Corps", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury allocated by the President for the maintenance and operation of the Civilian Conservation Corps, to Claude Curteman, of the city of Ontario, Calif., the sum of $1,876 in full settlement of all claims against the Government of the United States for all injuries sustained by him on April 1, 1934, when an automobile in which he was riding was in collision with a United States Government truck being carelessly and negligently operated by a member of the Civilian Conservation Corps: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (H. R. 9170) for the relief of Montie Hermanson was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill? If not, let it go over.

The PRESIDING OFFICER. The bill will be passed over.

FRANK CORDOVA

The bill (H. R. 9370) for the relief of Frank Cordova was considered, ordered to a third reading, read the third time, and passed.

H. L. & J. B. M'QUEEN, INC., AND JOHN L. SUMMERS

The bill (H. R. 9373) for the relief of H. L. & J. B. McQueen, Inc., and John L. Summers, former disbursing clerk, Treasury Department, was considered, ordered to a third reading, read the third time, and passed.

ROBERT J. MANN

The bill (H. R. 9455) for the relief of Robert J. Mann was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 11052) for the relief of Joseph M. Purrington was announced as next in order.

Mr. McKELLAR. May we have an explanation of that bill? In the absence of an explanation, let it go over.

The PRESIDING OFFICER. The bill will be passed over.

H. R. HEINICKE, INC.

The bill (H. R. 11346) for the relief of H. R. Heinicke, Inc., was considered, ordered to a third reading, read the third time, and passed.

R. R. PURCELL

The Senate proceeded to consider the bill (S. 949) for the relief of R. R. Purcell, which had been reported from the Committee on Claims with an amendment, on page 1, line 3, after the words "That the", to strike out "Administrator of Veterans' Affairs" and insert "Secretary of the Treasury", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay to R. R. Purcell, of Helena, Mont., the sum of $86.06, in full satisfaction of his claim against the United States for expenses incurred in traveling from Breckenridge, Minn., to Fort Harrison, Mont., and return, pursuant to his appointment, on August 8, 1933, as a member of a special board of review of the Veterans' Administration at Fort Harrison, Mont., such R. R. Purcell being ineligible to serve thereon because of his appointment, prior thereto and unknown to him, as director of the National Reemployment Service in Montana.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, that bill cannot be discussed under this order of business.

Mr. VANDENBERG. That is too important a bill to be passed under this order. I suggest that it go over.

The PRESIDING OFFICER. The bill will be passed over.

PREVENTION OF COLLISIONS ON WATERWAYS

The Senate proceeded to consider the bill (H. R. 10308) to amend article 3 of the "Rules Concerning Lights, etc." contained in the act entitled "An act to adopt regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States", approved June 7, 1897.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. WHITE. Mr. President, the bill is a very simple one. The present law as to lights on a vessel which is towing another vessel, or other vessels, does not require it to be indicated whether the tow is alongside or is astern of the vessel which is furnishing the motive power. The bill simply changes the law so that the lights will show whether the towed vessel is alongside or is astern.

Mr. McKELLAR. Will the bill provide better precautions against collisions?

Mr. WHITE. It is designed to remove some confusion which has existed under the present situation and to avoid some collisions of the kind that have occurred. It is recommended by the Department; and, so far as I know, no one has voiced any opposition to it.

Mr. McKELLAR. If the bill will help to avoid collisions, I am for it.

Mr. WHITE. I will say to the Senator that that is the purpose of the bill.

Mr. McKELLAR. Let it be passed.

The bill was ordered to a third reading, read the third time, and passed.

COMBINATION FISHING AND FREIGHTING LICENSE

The Senate proceeded to consider the bill (H. R. 11036) to amend section 4321, Revised Statutes (U. S. C., title 46, sec. 263), and for other purposes.

Mr. McKELLAR. Mr. President, I should like to have an explanation of the bill.

Mr. WALSH. Mr. President, I also should like a brief explanation of the bill. I am favorable to it, but I desire to have it explained.

Mr. WHITE. I can understand the interest of the Senator from Massachusetts, for the bill deals with a matter of some concern to fishermen and other interests on the coasts of his State and of concern to all who have coastwise trade and fisheries in their States.

Under a recent ruling of the circuit court of appeals, the law with respect to licenses was interpreted so that now a vessel licensed for the coastwise trade may not engage in the fisheries, and a vessel licensed for the fisheries may not engage in the coastwise trade. That is a recent decision of the circuit court of appeals, and is contrary to the long understanding and long practice heretofore. The bill simply amends the present law so that the license may be issued in the alternative, so that the vessel may engage in the fisheries or may engage in the coastwise trade, as it sees fit.

Mr. McKELLAR. Does the Department recommend the bill?

Mr. WHITE. The Department recommends it. The enactment of the bill will avoid delay; it will avoid expense to fishermen; it will avoid expense to those in the coastwise trade; and the Department has recommended it to the Congress.

The bill was ordered to a third reading, read the third time, and passed.

INCORPORATION OF VETERANS OF FOREIGN WARS

The bill (S. 4100) to incorporate the Veterans of Foreign Wars of the United States was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the following persons, to wit: James E. Van Zandt, Altoona, Pa.; Bernard W. Kearney, Gloversville, N. Y.; Scott P. Squyres, Oklahoma City, Okla.; Robert B. Handy, Jr., Kansas City, Mo.; Henry F. Marquard, Chicago, Ill.; William E. Guthner, Denver, Colo.; Edward J. Neron, Sacramento, Calif.; Dr. Joseph C. Menendez, New Orleans, La.; the Reverend Paul L. Foulk, Altoona, Pa.; Robert E. Kernodle, Kansas City, Mo.; Walter I. Joyce, New York City, N. Y.; George A. Ilg, Cranston, R. I.; James F. Daley, Hartford, Conn.; Charles R. Haley, Pittsburgh, Pa.; F. C. Devericks, Clarksburg, W. Va.; John J. Skillman, Miami, Fla.; Ellie H. Schill, New Orleans, La.; Gerald C. Mathias, Lagrange, Ind.; James W. Starner, Effingham, Ill.; Leon S. Pickens, Wichita, Kans.; Archie W. Nimens, Minneapolis, Minn.; Dr. Harvey W. Snyder, Denver, Colo.; Charles O. Carlston, San Francisco, Calif.; Walter L. Daniels, Seattle, Wash.; John E. Swaim, Tulsa, Okla.; Peter J. Rosch, Washington, D. C.; and their successors, who are, or who may become, members of the Veterans of Foreign Wars of the United States, a national association of men who as soldiers, sailors, and marines have served this Nation in wars, campaigns, and expeditions on foreign soil or in hostile waters, and such national association, are hereby created and declared a body corporate, known as the Veterans of Foreign Wars of the United States.

SEC. 2. That the said persons named in section 1, or their successors, and such other persons as are duly accredited delegates

from any local post or State department of the existing national association known as the Veterans of Foreign Wars of the United States, under its constitution and bylaws, are hereby authorized to meet and to complete the organization of said corporation, by the adoption of a constitution and bylaws, the election of officers, and to do all other things necessary to carry into effect and incidental to the provisions of this act.

SEC. 3. That the purposes of this corporation shall be fraternal, patriotic, historical, and educational; to preserve and strengthen comradeship among its members; to assist worthy comrades; to perpetuate the memory and history of our dead and to assist their widows and orphans; to maintain true allegiance to the Government of the United States of America and fidelity to its Constitution and laws; to foster true patriotism; to maintain and extend the institutions of American freedom; and to preserve and defend the United States from all her enemies, whomsoever.

SEC. 4. That the corporation created by this act shall have the following powers: To have perpetual succession with power to sue and be sued in courts of law and equity; to receive, hold, own, use, and dispose of such real estate, personal property, money, contract, rights, and privileges as shall be deemed necessary and incidental for its corporate purposes; to adopt a corporate seal and alter the same at pleasure; to adopt, amend, apply, and administer a constitution, bylaws, and regulations to carry out its purposes, not inconsistent with the laws of the United States or of any State; to adopt and have the exclusive right to manufacture and use such emblems and badges as may be deemed necessary in the fulfillment of the purposes of the corporation; to establish and maintain offices for the conduct of its business; to establish, regulate, or discontinue subordinate State and Territorial subdivisions and local chapters or posts; to publish a magazine or other publications, and generally to do any and all such acts and things as may be necessary and proper in carrying into effect the purposes of the corporation.

SEC. 5. That no person shall be a member of this corporation unless he has served honorably as an officer or enlisted man in the Army, Navy, or Marine Corps of the United States of America in any foreign war, insurrection, or expedition, which service shall be recognized as campaign-medal service and governed by the authorization of the award of a campaign badge by the Government of the United States of America.

SEC. 6. That said corporation may and shall acquire all of the assets of the existing national association known as the Veterans of Foreign Wars of the United States upon discharging or satisfactorily providing for the payment discharge of all its liabilities.

SEC. 7. That the said corporation shall have the sole and exclusive right to have and to use, in carrying out its purposes, the name Veterans of Foreign Wars of the United States and the sole and exclusive right to the use of its corporate seal, emblems, and badges as adopted by said corporation.

SEC. 8. That said corporation shall, on or before the 1st day of January in each year, make and transmit to the Congress a report of its proceedings for the preceding fiscal year, including a full and complete report of its receipts and expenditures: *Provided, however*, That said financial report shall not be printed as a public document.

SEC. 9. That as a condition precedent to the exercise of any power or privilege herein granted or conferred, the Veterans of Foreign Wars of the United States shall file in the office of the secretary of state of each State the name and post-office address of an authorized agent in such State upon whom legal process or demands against the Veterans of Foreign Wars of the United States may be served.

SEC. 10. That the right to repeal, alter, or amend this act at any time is hereby expressly reserved.

ACQUISITION OF LAND IN NEW YORK CITY

The bill (H. R. 10847) to authorize the acquisition of land for cemeterial purposes in the vicinity of New York City, N. Y., was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 3041) to authorize the appointment of John Easter Harris as a major, Corps of Engineers, Regular Army, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3405) for the relief of Capt. James W. Darr, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

ADDITIONAL CIRCUIT JUDGE, THIRD CIRCUIT

The Senate proceeded to consider the bill (S. 4457) authorizing the appointment of an additional circuit judge for the third circuit, which was read, as follows:

Be it enacted, etc., That the President of the United States is authorized and directed, by and with the advice and consent of the Senate, to appoint an additional circuit judge of the United States Circuit Court of Appeals for the Third Circuit, who shall possess the same powers, perform the same duties, and receive the same compensation as the present circuit judges of said circuit.

SEC. 2. That when a vacancy shall occur in the office of circuit judge for the third circuit, by the retirement, disqualification, resignation, or death of a circuit judge at present in commission, such vacancy shall not be filled, and thereafter there shall be but four circuit judges in the said circuit.

SEC. 3. That this act shall take effect upon its approval by the President.

Mr. GUFFEY. Mr. President, this measure authorizes the appointment of an additional circuit judge for the third circuit, a temporary appointment, which is made necessary by the severe illness of one of the three judges of the circuit. The circuit embraces New Jersey, Pennsylvania, and Delaware, and, owing to the sickness of one of the judges, Delaware has not been represented on this bench for a year. The judge who is ill desires to retire a year from next September, and I ask that the Senate pass this bill at this time in order to take care of the situation.

Mr. KING. Mr. President, will the Senator yield?

Mr. GUFFEY. I yield.

Mr. KING. Is it understood that this does not contemplate the addition of another judgeship?

Mr. GUFFEY. Absolutely. The bill is worded so as to take care of the contingency the Senator has in mind.

Mr. KING. I have no objection.

Mr. ASHURST. Mr. President, I call the attention of the Senator from Utah to the second paragraph of the bill we are now considering:

That when a vacancy shall occur in the office of circuit judge for the third circuit by the retirement, disqualification, resignation, or death of a circuit judge at present in commission, such vacancy shall not be filled, and thereafter there shall be but four circuit judges in the said circuit.

Mr. KING. Mr. President, I have no objection, but it seems to me that some provision ought to be made under the terms of which the Chief Justice of the United States might allocate from some other circuit a judge to serve temporarily when a judge is disqualified.

Mr. ASHURST. That is an excellent suggestion, and such action is taken in some instances.

Mr. COPELAND. Mr. President, I have no objection to the bill under consideration, but I desire to take this opportunity to say a word about the appointment of additional judges.

There is one very simple provision of law, the correction of which would take care of the difficulty in the situation of the northern judges. I refer to the provision relating to subsistence. There is now a provision of the general law fixing $5 a day as the allowance for subsistence of judges, and that is not sufficient. In the city of New York, for example, one cannot rent a single room in a hotel for $5 a day.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. ASHURST. The Senator from New York is correct, as usual. The Senate Committee on the Judiciary has given its attention to the question he now raises.

It will be remembered that for years there was provided a sum not to exceed $10 a day for subsistence of a judge who went out of his district to hold court elsewhere, but about 10 years ago the sum of $10 a day for subsistence was reduced to $5 a day. Only yesterday the Senate Committee on the Judiciary, after careful consideration, by unanimous vote of the members present, ordered a favorable report on a bill providing that the maximum for subsistence when judges are called away from home shall be $10 a day, and not $5.

If I may be indulged further, it is known to every observing man that the judiciary of our country is being considerably criticized. Likewise the legislative branch of the Government is being criticized. Personally, I approve of the criticism of judges and of Congress. One of the most wholesome features of representative government is the right of the citizen to criticize his parliament, his legislature, his congress. Strange as it may seem, the right of the citizens to criticize their parliament or congress is an infallible index of a free people.

With regard to the judges, we are, as we should do, going to hold our Federal judiciary—I shall not say to a terrible accounting—but we should hold them to a strict accounting.

That is going to be done, and I approve, and I hope in a modest way to be a party thereto. But it is obligatory upon Congress, it is our duty, before we attempt to hold judges to a strict accounting as to behavior to see that they are adequately compensated; secondly, to see that they have proper clerical and stenographic help and sufficient help of all sorts, and that their salaries and retirement pay shall be secure. Then we should say to them, "Your Honors, you must have no social, no political, no financial ambition if you are to be judges of the United States."

I approve of these bills giving the judiciary adequate help, adequate pay, clerks, and stenographers, and I am glad to have the valuable assistance of the Senator from New York [Mr. COPELAND]. By the way, his colleague the junior Senator from New York [Mr. WAGNER] introduced the bill to increase the subsistence allowance, to which I referred.

Mr. COPELAND. Mr. President, I am glad to have heard what has been said by the distinguished chairman of the Committee on the Judiciary. There has been much discussion lately about the Federal court in the southern district of New York. As a matter of fact, there has been a vacancy in that court for years, and it could have been filled a year ago. If the vacancy had been filled, no doubt the calendar would have been up to date; but, as a matter of fact, there has been no help for those Federal judges in New York for several years because of the existing provision of law regarding subsistence. The situation could have been taken care of if the subsistence allowance had been raised to $10 a day.

We cannot ask judges from the South and from other sections of the country, who are dependent wholly upon their salaries, to come to a place like New York, where living costs are high, unless we provide a sufficient subsistence allowance, and $5 a day is not enough. As a matter of fact, the maintenance allowance of the New York Supreme Court justices when sitting outside their districts is $20 per day.

I observed a few days ago that the distinguished Chief Justice of the United States used the southern district of New York as an example of what ought to be done in the way of increasing the number of judges. As a matter of fact, with all deference to the great ability and high place of the Chief Justice, I fear he is mistaken about the southern district of New York. If the vacancy on the bench there had been filled, and if there had been the subsistence provision spoken of here, there would not have been any delay in clearing the calendar.

In that district one of the judges was sick for a long time, as in the case now before us, and that caused some congestion of the calendar. But, so far as I can see, there is at the present time no possible excuse for the appointment of additional judges and increasing the number in the southern district. If provision were made for increasing the subsistence allowance, I have no doubt at all that the court in the southern district of New York would catch up with the calendar.

The Chief Justice in his statement was mistaken regarding admiralty cases, also, when he said that, according to the press report I saw, the court was 2 years behind in disposing of admiralty cases. As a matter of fact, letters which I have from judges in New York indicate that suits in admiralty can be reached for trial within 4 or 5 days or a couple of weeks. One judge of the Federal court in the southern district said that "admiralty suits can be reached for trial a few days after they are at issue."

Let us not be misled in the matter of these judgeships. We should be very slow in imposing forever and ever upon the taxpayers of the United States the necessity of carrying the burden of additional judges when we can go along very well without them.

Mr. ASHURST. Mr. President, I do not know that I am in order, but the Senator's speech, although he is always fair, is hardly generous toward me, because, according to the record, he triumphed and defeated the effort I made to secure two additional Federal judgeships for the southern district of New York. So I believed that the Senator would be kind enough to withhold any galling reference to my defeat in that matter.

Mr. COPELAND. Mr. President, I would have no occasion to reflect at all upon the able Senator, who is one of the most generous and kindly persons in the world. But, of course, I was rather pleased when the amendment was withdrawn, and I hope yet that there will be no additions to the Federal bench in New York City.

Many splendid, fine men are applicants for the places which may be created, and I have no doubt they would make excellent judges if actually appointed and confirmed. But, in the last analysis, we all know how it is; politics may creep in, and we do not know just exactly what sort of men will be put upon the bench. Then, for life, or until charges are preferred and solemn impeachment proceedings gone forward with, every such man stays upon the bench. There is no more important or solemn act than the appointment of a Federal judge.

Mr. KING. Mr. President, I agree with what my friend from New York has said as to the improvident creation of new judicial districts or the appointment of additional judges. At the last session of Congress bills were passed creating additional Federal judgeships in a number of States. In my opinion, aside from one of the States, there was no necessity whatever for additional judgeships.

Unfortunately, when there is change in administration, too often demands are made for the creation of additional judicial districts and the appointment of additional judges, and throughout the United States we have loaded up the Federal courts with too many judges, in my opinion, and evidence has been brought to my attention showing that in some districts the judges are not as diligent in the prosecution of their work as they should be.

England, Scotland, and Wales have fewer judges, I am told, than are found in one of the States of our Union, and it is not one of the most populous States. The judges in Great Britain are men of character and of great ability, as are the judges here, but those judges have great executive ability, and they dispose of business with a rapidity which I commend to the judges of the United States.

Too many of our courts are clogged with bankruptcy proceedings and applications for receiverships, and I regret to say that from the evidence which has been taken it appears that the salaries and fees and compensation allowed the lawyers and commissioners and those who have charge of the bankruptcy proceedings have become scandalous. Some judges, in my opinion—and I say this with great reluctance, because of my high regard for the court—have been too generous in their allowance of fees to lawyers and to those who have had charge of estates. It seems to me that certain judges may get into trouble if the policy or practice of allowing such enormous fees shall be long continued.

Mr. ASHURST. Mr. President, I do not wish to continue the discussion of what we might call a "hang-over", but the defeated party is at least always allowed the poor privilege of venting such emotion as he may feel on the subject.

First, with regard to the southern district of New York, surely I do not need to advise the Senate that I have no interest whatever in the matter beyond a public interest. The judicial conference, provided for in the act of 1922, is composed of the Chief Justice of the United States, who presides over the conference, and the senior circuit judges of the 10 circuits. They make a report each year. In 1931, among other things, the conference recommended two additional district judges for the southern district of New York. In 1932 the judicial conference again recommended two additional district judges for the southern district of New York. In 1933 the judicial conference again recommended two additional district judges for the southern district of New York. In 1934 the judicial conference said, among other things, the following:

> The most serious congestion and delays are found in the southern district of New York and in the southern district of California, and this condition is caused by the failure to provide a sufficient number of judges.

In 1935 the judicial conference reported, in part, as follows:

The conference called attention last year to the serious congestion and delays that were found in the southern district of California and in the southern district of New York. In the former the average interval between joinder of issue and trial in ordinary course is about 18 months. But that situation has been met by the action of the Congress in providing for the appointment of two additional judges in that district.

Similar relief has not yet been provided for the southern district of New York, and relief there is most seriously needed. In this district the interval between joinder of issue and trial is found to be 22 months for civil jury cases, 23 months for suits in equity, and 27 months for suits in admiralty.

Mr. President, the following are my figures: The southern district of New York disposed in 1 year of 6,175 cases, employing the attention of eight judges. Some of them were required to come to the southern district and, as suggested by my able friend the Senator from New York [Mr. COPELAND], no judge of a district outside of New York City would be anxious to leave his home and try cases in New York City when the subsistence allowance was only $5 a day, for which sum he could hardly secure a room in a New York hotel. The judges in question each disposed of an average of 772 cases in 1 year.

I have now said all I should say or intend to say about the necessity for additional judges for the southern district of New York. The Senate acted after a debate which I considered able so far as the opponents of the measure were concerned, because I was vanquished and was unable to get the Senate to act favorably on my request. I have no sore spots. I simply did my duty as I saw it and believed it to be, and I beg my friend the Senator from New York to believe that, instead of being irritated I am proud rather of the fight I made. It is not a question of winning a fight in which you take part; it is, rather, a question whether you are profoundly convinced you are right. Results are not with us.

Mr. COPELAND. Mr. President, I should like to say to my able friend from Arizona that he did make a noble fight. It was a vigorous fight he made in behalf of his bill. He had what he thought to be the very best of reasons why there should be additional judges in the southern district of New York.

I do not know anything about the judicial conference or council. I am not of a profession which permits me to enter that body. But sometimes councils—even medical councils—are wrong, and in this case I am satisfied that the judicial conference made a mistake.

I wish I had known this discussion was coming up. I am going to quote some day from the judges themselves in the southern district of New York. I have every one of them on record. Some of them want the two additional judges. Some of them are insistent that provision should be made for them. There are others, however, who say, "No; we do not need them." So I want to say, in all good nature, that I am satisfied we do not need to commit ourselves to two more judges, which means $20,000 a year in salary; and with the clerk hire, equipment and furniture, and so forth, it would mean $40,000 or $50,000 a year. That is the interest on a million dollars forever and ever to be added to the burden of the taxpayers of the United States.

We do not need additional judges. If the relief is given which is suggested by the able Senator, the chairman of the Judiciary Committee, and the subsistence allowance raised, the southern district of New York will get along. There may be some brokenhearted politicians who will not get what they want; but suppose that should happen, at least the taxpayer will be saved from the burden, and, so far as justice is concerned, he will be duly served. I say to my friend that of course he was right, and he always is right, but the trouble was that the argument which was presented by the judicial conference was not well founded. They wrote the same report 4 or 5 years in succession, assuming that a certain condition must continue because it prevailed last year. However, anyone who makes a study of the situation in the southern district of New York as I have done must be convinced that no more judges are needed there. So I am rather pleased that the Senator from Arizona, the chairman of the Committee on the Judiciary, has so kindly a feeling over what he has considered to be a defeat. Nothing is a defeat when right is served.

Mr. ASHURST. Mr. President, it is one of the worst parliamentary defeats I have received in all my terms of service in the Senate. Another was the defeat in connection with the Boulder Dam. The Senator from New York also helped to inflict that defeat upon me, but I am, frankly, in good humor.

The PRESIDING OFFICER. The question is on the engrossment and third reading of Senate bill 4457.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 11690) relating to the admissibility in evidence of certain writings and records made in the regular course of business was announced as next in order.

Mr. JOHNSON. I ask that that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

ACTING HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS

The Senate proceeded to consider the bill (S. 4340) to authorize the President to designate an Acting High Commissioner to the Philippine Islands, which was read, as follows:

Be it enacted, etc., That the President is hereby authorized, in his discretion, to designate a member of the staff of the United States High Commissioner to the Philippine Islands or an officer of the Army or Navy of the United States, to act as the High Commissioner in the event of a vacancy in said office, or the temporary disability or absence of the High Commissioner, and the official so designated shall have all the powers and perform all the duties of the High Commissioner during such vacancy, disability, or absence.

Mr. LEWIS. Mr. President, on the subject of Senate bill 4340, which we have now reached, I wish the Senate would do me the great courtesy of possibly permitting some addition of time to the 5 minutes given me to speak under the rule under which the Senate is now operating.

The bill under consideration has for its purpose to authorize the President to designate an Acting High Commissioner for the Philippine Islands. From my own point of view, I regard measures touching the Philippine Islands as involving very serious subjects at this particular time. I possibly depart from the views of many who have sought to interest themselves concerning the islands when I say I am utterly opposed to the policy my Government has assumed in wholly abandoning the Philippine Islands. I ask the Senate to hear me upon the suggestion for future consideration when this bill shall be further developed.

We have seen, sir, the movement in Ethiopia. Italy has moved up and become the possessor. The return day of what may be called, sir, imperial power has again unfolded itself in the world. I say to my colleagues as a suggestion of advancing history they shall now see the beginning of a completely new era, long contemplated, but just now hastily precipitated upon us by opportunity. Because of the precedent that the League of Nations has been powerless in any form to obstruct, much less to defeat, concerning the advance of a nation seeking to possess itself of available territory, and upon the basis of events that have just transpired touching Ethiopia, and allowed by the League of Nations in its failure of procedure, we shall behold, sir, that England will find a license to advance further in her colonizing conquest and take all of Egypt. We shall then see later, sir, the step by Holland, with the counsel of Germany, of moving forward as proprietor and consume all of Java.

Then, sir, you will observe in a very short while that Japan will see the temper of the times, particularly, as demonstrated, the futility of the League of Nations and its confession of abortive assumption and will feel that it is opportune to move on and up and take such remainder of China as England, with her sphere of influence in China, and France, with Indochina, will tolerate and permit by understanding and joint arrangement.

So as we move forward, Mr. President, it will be discovered that there is a new era when, as I see it, fellow Sena-

tors, the United States is going to be greatly imperiled in its situations of trade and independence as to Asia. I use the word "independence", meaning thereby its independence in its processes of protection of its interests. For myself, sir, I trust the able chairman of the Committee on Territories and Insular Affairs, the distinguished Senator from Maryland [Mr. TYDINGS], who lately has observed the situation personally, will pause to consider whether it were not wise to present this bill at a time when there can be debated fully, in view of revelations transpiring all around us, the subject whether this Government should not retreat from its previous act of generosity and hold where it must in the Orient such possessions either of territory or political influence as will enable it to protect itself in the future hour of danger and embarrassments as I see it now approaching.

It may be asked what do I mean, what shadow do I see? For myself, sir, I behold that as the nations go forward, rapidly consuming such available territory and such spheres of influence as they will be enabled to do, this United States will be made the object of discriminating and forcible ejection of its trade from any of these lands that have become powerful in developing their assets and their possessions.

Mr. President, as the matter stands, as I behold it, were we properly positioned in the Philippines to protect the commerce of the United States on the seas and had there, sir, a proper guardianship, we would be able to resent the efforts which will surely be made to eject us from the trade in Asia. Sirs, we will find that the two great nations that have large spheres of influence there—nations which are European and, naturally, our competitors—will be active in projecting an alliance with oriental countries, among other things, to bring about the exclusion of the United States from the opportunities of trade and to monopolize, so far as can be effected by agreement, the privileges of such trade to the few nations that have their spheres in Asia, recognized as privileged and superior.

Mr. President, with the United States out of the Philippines, and the Philippines out of our former possession, we are perfectly powerless, and, as everyone may see, we become unable to defend and protect our commerce unless we resort to such measures as will almost mean conflict; whereas in the Philippines under proper control we would have such representation of Navy in the waters and such representation of force on the land as would be, sir, a menace to those who would voluntarily seek to strike us from the trade and by discrimination deprive us of equal opportunity in the Asiatic sphere.

I, therefore, take the liberty to point out what I think I see the growing dangers to this country with a multiplication of the imperialistic power that is now possessing the world, and I dare now to suggest that the United States should hesitate to yield support for her privileges and her opportunities for her protection in Asia and in the field covered by the bill presented by the committee of which the able Senator from Maryland is chairman. I consider, instead of a high commissioner to be designated, that the United States should take some other action and create an agency that shall put itself in control of the Philippine Islands before their independence is wholly conceded, and this to the extent necessary to give us assurance of protection to our country in the event of the emergencies surely to arise there at the shores of Asia, where China and Japan join the Philippines.

I, therefore, take the liberty to suggest, as I see the evil and danger and what I see to be the march of events, that this important bill presented by the able Senator should be reserved for some occasion when the whole subject of our relations to Asia and the East may be revised, reconsidered, deliberated, and acted upon in an atmosphere of the perils such as I profess to behold.

I thank the Senate for letting me make these suggestions at this time.

Mr. TYDINGS. Mr. President, what the Senator from Illinois has said is worthy of much thought; but as to the bill which is now before the Senate, I believe the Senator has not had the opportunity which the committee has had to study its immediate relationship to the Filipino independence question. The Filipino independence bill provided for the appointment of a High Commissioner. That question, I may say to the Senator from Illinois, is not involved in the pending measure. All the pending bill seeks to do is to permit the President, in the absence of the High Commissioner, who is already appointed, to designate someone to sign papers for the routine operation of the Philippine Government in the interim.

Under present circumstances the High Commissioner, who, as I have said, has already been appointed, and who is Governor Murphy, may be called home because of sickness or may have to go to the hospital for an operation; any one of a number of imaginary possibilities may occur, in which event, as the law now is drawn, there would be no official in the Philippine Islands who could sign the papers necessary for the operation of the routine business.

All the pending bill proposes, I may say to my friend from Illinois, is in such emergency to permit the President to appoint someone who may act in the place of the High Commissioner until he returns to duty. The bill has nothing to do with the question of Filipino independence per se or with the appointment of the High Commissioner himself. It only deputizes someone to act in case of emergency.

I am sure that the Senator from Illinois would be the last who would want the American Government to have no representative in the Philippine Islands in the event the High Commissioner should be incapacitated, but unless this bill shall pass, our Government will be in even a worse position than that which he conjectures, for, if the High Commissioner were to be incapacitated, there would be no one in the islands representing the United States of America.

Mr. BORAH. Mr. President——

Mr. TYDINGS. I yield to the Senator from Idaho.

Mr. BORAH. We have never before had this particular officer. Does the bill provide for the creation of the office?

Mr. TYDINGS. No; I may say to the Senator there will be no new office created. The bill only provides that while the High Commissioner, which is the office created by the independence bill, is absent or incapacitated, the President may designate someone of the personnel to act in his behalf until the High Commissioner returns to his duty.

Mr. BORAH. There is no indication of any incapacity, is there?

Mr. TYDINGS. Well, Governor Murphy did come back to the United States about 2 years ago for medical treatment, and during that time, if he had been High Commissioner, there would have been a hiatus of 3 months when there would have been no official in the Philippine Islands who represented the United States Government The official designated is to function only in an emergency.

I do not think the Senator from Idaho has this in mind; but some people feel that if this bill shall be passed, Governor Murphy may come back and take part in the coming election, whereas if it is not passed Governor Murphy may have to remain in the Philippine Islands. I cannot believe that the Senate of the United States, with 13,000,000 people in the Philippines involved, is going to take such a small, political, narrow view as to provide that in an emergency the Government of the United States in the Philippine Islands may not have any representative. If there is any Senator who wants to take that view I wish he would rise now and assert it.

Mr. BORAH. That kind of an emergency did not present itself to me.

Mr. TYDINGS. I appreciate that.

Mr. BORAH. I really do not think the President is in great need of importing anybody for campaign purposes.

Mr. TYDINGS. I think that is correct.

I trust, therefore, with this brief explanation, that the gap in the present law may be closed, so that the United States at all times may have a representative in the Philippine Islands.

The PRESIDING OFFICER. If there be no objection to the consideration of the bill, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President is hereby authorized, in his discretion, to designate a member of the staff of the United States High Commissioner to the Philippine Islands or an officer of the Army or Navy of the United States to act as the High Commissioner in the event of a vacancy in said office, or the temporary disability or absence of the High Commissioner, and the official so designated shall have all the powers and perform all the duties of the High Commissioner during such vacancy, disability, or absence.

BONDED INDEBTEDNESS OF MUNICIPALITIES IN ALASKA

The Senate proceeded to consider the bill (H. R. 8766) to authorize municipal corporations in the Territory of Alaska to incur bonded indebtedness, and for other purposes, which had been reported from the Committee on Territories and Insular Affairs with amendments.

The first amendment was, in section 1, page 1, line 4, after the word "authorized", to strike out "to incur bonded indebtedness for the construction, acquisition, extension, repair, or improvement of public works of a permanent character, including public utilities. The total outstanding bonded indebtedness of any such municipal corporation shall not" and insert "to construct, improve, extend, better, repair, reconstruct, or acquire public works of a permanent character and to incur bonded indebtedness and issue negotiable bonds for any or all of such purposes: *Provided, however,* That no municipal corporation shall incur a bonded indebtedness or issue its negotiable bonds under this act to an amount which, including existing bonded indebtedness shall"; and on page 2, line 6, after the word "municipal", to strike out "corporations: *Provided, however,* That nothing herein contained shall affect any bonded indebtedness heretofore incurred by a municipal corporation in said Territory" and insert "corporation. Such public work shall include but not be limited to streets, bridges, wharves and harbor facilities, sewers and sewage-disposal plants, municipal buildings, schools, libraries, gymnasia and athletic fields, fire houses, and public utilities", so as to make the section read:

That municipal corporations in the Territory of Alaska are hereby authorized to construct, improve, extend, better, repair, reconstruct, or acquire public works of a permanent character and to incur bonded indebtedness and issue negotiable bonds for any or all of such purposes: *Provided, however,* That no municipal corporation shall incur a bonded indebtedness or issue its negotiable bonds under this act to an amount which, including existing bonded indebtedness shall exceed 10 percent of the aggregate taxable value of the real and personal property within the corporate limits of such municipal corporation. Such public work shall include but not be limited to streets, bridges, wharves and harbor facilities, sewers and sewage-disposal plants, municipal buildings, schools, libraries, gymnasia and athletic fields, fire houses, and public utilities.

The amendment was agreed to.

The next amendment was, in section 3, page 3, line 4, after "Sec. 3", to strike out "All bonds so issued shall be serial in form and shall mature in not to exceed 30 years from the date of issuance thereof. Such bonds may" and insert "Bonds issued pursuant to this act shall"; in line 11, after the word "private", to strike out "sale and may be redeemable or nonredeemable (either with or without premium), and" and insert "sale, may be redeemable (either with or without premium) or nonredeemable"; at the beginning of line 16, to insert "and may be executed by such officers and in such manner"; in line 18, after the word "bonds", to insert "In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signatures, whether manual or facsimile, shall, nevertheless, be valid and sufficient for all purposes, the same as if such officers had remained in office until such delivery"; and on page 4, line 1, after the words "per annum", to insert "payable semiannually", so as to make the section read:

SEC. 3. Bonds issued pursuant to this act shall bear such date or dates, may be in such denominations, may mature in such amounts and at such time or times, not exceeding 30 years from the date thereof, may be payable at such place or places, may be sold at either public or private sale, may be redeemable (either with or without premium) or nonredeemable, may carry such registration privileges as to either principal and interest or principal only, and may be executed by such officers and in such manner, as shall be prescribed by the governing body of the municipality issuing the bonds. In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signatures, whether manual or facsimile, shall, nevertheless, be valid and sufficient for all purposes, the same as if such officers had remained in office until such delivery. The bonds so issued shall bear interest at a rate to be fixed by the governing body of the municipality issuing the same, not to exceed, however, 6 percent per annum, payable semiannually. All such bonds shall be sold for not less than the principal amount thereof plus accrued interest.

The amendment was agreed to.

The next amendment was, in section 5, page 4, line 12, after the word "conflict", to insert, "but nothing contained in this act shall affect any bonded indebtedness heretofore incurred or heretofore authorized by law. The powers conferred by this act shall be in addition and supplemental to and the limitations imposed hereby shall not affect the powers conferred by any other law", so as to make the section read:

SEC. 5. All acts and parts of acts in conflict herewith are hereby repealed to the extent of such conflict; but nothing contained in this act shall affect any bonded indebtedness heretofore incurred or heretofore authorized by law. The powers conferred by this act shall be in addition and supplemental to and the limitations imposed hereby shall not affect the powers conferred by any other law.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

STATE OF CONNECTICUT

The bill (S. 4124) for the relief of the State of Connecticut was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the State of Connecticut, out of any money in the Treasury not otherwise appropriated, the sum of $598,936.30 for and on account of advances and expenditures made by said State in the War of 1812 to 1815 with Great Britain, as found due by the Comptroller General of the United States under directions contained in Senate Resolution No. 67, Seventieth Congress, first session.

TALIESIN WATERS

The Senate proceeded to consider the bill (S. 4082) to authorize the presentation of a Congressional Medal of Honor to Taliesin Waters, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and insert in lieu thereof the following:

That the President is hereby authorized to cause the evidence on which the award of the Distinguished Service Cross was made to Taliesin Waters, formerly a first lieutenant, One Hundred and Seventh Regiment United States Field Artillery, for having distinguished himself conspicuously by gallantry and intrepidity at the risk of his life above and beyond the call of duty on September 6, 1918, near Basileux le Fismes, France, while under severe bombardment of gas, high explosives, and machine-gun fire, by administering aid to 36 wounded soldiers and by assisting in their removal to a place of safety, to be reviewed by the War Department to determine whether or not the award of a Congressional Medal of Honor in lieu of the Distinguishd Service Cross should be made, and if it is found that the Congressional Medal of Honor should be awarded, then such award is hereby authorized.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PLEAS SANDERS

The Senate proceeded to consider the bill (S. 4099) to authorize the award of the Congressional Medal of Honor for distinguished service to Pleas Sanders, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and insert in lieu thereof the following:

That the President is hereby authorized to cause the evidence on which the award of the Distinguished Service Cross was made to Pleas Sanders, formerly a sergeant, Company F, Thirtieth Infantry, United States Army, American Expeditionary Forces, for bravery in action near Cunel, France, October 10, 1918; for gallantry in action near Jaulgonne, France, July 26, 1918, to be reviewed by the War Department to determine whether or not the

award of a Congressional Medal of Honor in lieu of the Distinguished Service Cross should be made, and, if it is found that the Congressional Medal of Honor should be awarded, then such award is hereby authorized.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1636) to amend the Interstate Commerce Act, as amended, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

MERRITT-CHAPMAN & SCOTT CORPORATION

The Senate proceeded to consider the bill (S. 4542) authorizing the Comptroller General of the United States to settle and adjust the claim of the Merritt-Chapman & Scott Corporation, which had been reported from the Committee on Claims with amendments, on page 1, line 6, to strike out "$4,790.55" and insert in lieu thereof "$4,790.53", and on page 2, line 2, to strike out "$4,790.55" and insert in lieu thereof "$4,790.53", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of the Merritt-Chapman & Scott Corporation for an amount not exceeding $4,790.53 for services and material furnished at the request of the Secretary of the Navy under contract no. Nod–210, dated May 19, 1934, in connection with salvage of the steamship *Morro Castle*. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $4,790.53 for payment of the claim: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HIGINIO ALVAREZ

The bill (S. 4556) authorizing an appropriation for the payment of the claim of Gen. Higinio Alvarez, a Mexican citzen, with respect to lands on the Farmers Banco, in the State of Arizona, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $20,000 of which amount $15,000 is to be paid to the Government of Mexico for the account of Gen. Higinio Alvarez in full settlement of his claim against the United States with respect to the ownership of lands on the Farmers Banco in the State of Arizona, and the remaining $5,000 is to be paid to the executors or administrators of the estate of R. E. Fishburn, deceased, in full settlement of such interest in the said Farmers Banco or the proceeds of the settlement therefor as was acquired by virtue of a grant to R. E. Fishburn dated January 6, 1927, signed by General Alvarez, or by the assignment by General Alvarez dated December 3, 1935, in favor of Mrs. R. E. Fishburn and other heirs of said R. E. Fishburn, or by both such grant and assignment, for distribution according to law: *Provided, however*, That no payment shall be made unless and until the Secretary of State shall have received from the Government of Mexico satisfactory assurances that no transfer, other than that specified herein, has been made by General Alvarez, or by anyone acting for or under him, or any part of his right, title, or interest in or to the property comprising the Farmers Banco, until the written opinion of the Attorney General shall be had in favor of the validity of the title, and until General Alvarez has given to the United States a quitclaim deed, in such form as may be deemed satisfactory to the Secretary of State, to all of his right, title, and interest in and to all of the land comprising the Farmers Banco claimed by him under an instrument of grant dated October 22, 1926, signed by the constitutional President of the United Mexican States, or otherwise.

BILL PASSED OVER

The bill (H. R. 5730) to amend section 3 (b) of an act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaty signed at Washington February 6, 1922, and at London April 22, 1930, at the limit prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes", approved March 27, 1934, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. WALSH. Mr. President, I ask to have printed in the RECORD at this point, for the information of the Senate, the report of the committee on the bill just passed over. I think if the report is read Senators will understand there is no change in principle involved, but the change is made in the administration of principle. I ask that the report be printed in the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

The Committee on Naval Affairs, to whom was referred the bill (H. R. 5730) to amend section 3 (b) of an act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes", approved March 27, 1934, having considered the same, report it to the Senate with amendments with the recommendation that the bill do pass.

This bill deals only with section 3 (b) of the Vinson-Trammell Act, approved March 27, 1934, which is as follows:

"SEC. 3 (b). To pay into the Treasury profit, as hereinafter provided shall be determined by the Treasury Department, in excess of 10 percent of the total contract price, such amount to become the property of the United States: *Provided*, That if such amount is not voluntarily paid the Secretary of the Treasury may collect the same under the usual methods employed under the internal-revenue laws to collect Federal income taxes."

HISTORY OF SECTION 3 (B)

This section was not contained in the original Vinson-Trammell bill as introduced and reported by the House Naval Affairs Committee. It was offered as an amendment on the floor of the House and accepted by the chairman of the Naval Affairs Committee of the House. Later, this proposal in the House bill was amended in the Senate Naval Affairs Committee and also on the floor of the Senate. It was still further amended by conferees of the House and Senate, and finally became section 3 (b) in the Vinson-Trammell Act.

THE HOUSE BILL

H. R. 5730 as it passed the House of Representatives amends section 3 (b) in certain parts which has the following effects:

(a) Instead of having the profit computed on each individual contract and making refund, if required, contracts with any one company aggregated for the entire taxable year and refund is made if the company has realized over 10 percent profit on the total of the contracts.

(b) The act relieves the sureties on the performance bonds from the liability of refunding profit in excess of 10 percent in case the contractor does not do so voluntarily and the Bureau of Internal Revenue has not been able to collect it.

(c) It provides a method for a contractor to recover all or part of a loss in one year on the contracts of the next succeeding year.

(d) It makes effective for the purpose of collecting excesses of 10 percent profit, all the provisions of laws including penalties now applicable with respect to income taxes.

(e) It provides specific exemption to certain types of contracts or subcontracts relating to highly specialized scientific equipment used solely by the Navy Department.

THE SENATE BILL

The bill as reported by this committee to the Senate retains (a) and (b), strikes out (c), and retains (d) and (e).

The purpose of (a) is clear. For example, one company might have 10 or 12 contracts during a single taxable year; under the old provision there would be required a report and an audit on each separate contract, whereas under the amended provision only one report and one audit would be required at the end of the taxable year. This would vastly aid the Bureau of Internal Revenue and the Navy Department in their administration of the law.

As to (b), the Navy Department has been of the opinion, as has the Treasury Department, that the performance bond now required by law requires the sureties to guarantee refund of excess profit in case the contractor does not or cannot make the refund as now required. Legal opinion differs, however, on this question, but the bonding companies take the view that the performance bond under this requirement involves a new and uncertain risk, and as a result there has been a large increase in the bonding rates. As each contractor pays for his performance bond, he charges it in his cost price to the Government, and in the final analysis the Government pays the bill. This increase in bonding rates represents an annual charge of between one-half and $1,000,000 per year, which will be saved by the enactment of this new provision.

Both the Navy Department and the Bureau of Internal Revenue feel that the Bureau of Internal Revenue has ample means and ways of collecting these excess profits under the tax laws, and this change in the law is made to save the Government the additional sum of money, which is now being and will be spent for bonds for an unnecessary purpose.

As to (c), the Navy Department takes the position that it was the intent of Congress to permit contractors to make some profit not in excess of 10 percent and it is of the opinion, since the contractors cannot raise the prices of cost plus 10 percent, that they should be permitted to recover any losses sustained one year in the succeeding taxable year. For example, in the year 1933, a contractor makes a loss of $100,000 on all his contracts, which represents a 10-percent

loss, and in the subsequent year, namely, 1934, if he has contracts, he may make enough to recover his losses and make a profit of not over 10 percent on the 1934 contracts. Thus, it would be that over a 2-year period he might make a net profit of 5 percent on his total transactions. The Senate committee rejects this provision in the House bill.

The House provision does not change the provided limitation of 10 percent in the Vinson-Trammell Act. It seeks to change the method of ascertainment and groups 2 years instead of only 1 year for computation. The Senate committee did not accept this change and retains the limitations of 10 percent as ascertained at present.

As to (d), it merely makes effective for the purpose of collecting excesses of 10-percent profit all the provisions of laws including penalties with respect to income taxes.

As to (e), it relates to scientific equipment which specifically applies to certain types of contracts or subcontracts relating to highly specialized scientific equipment. This section was put into the bill by the House Naval Affairs Committee and was later approved by the Navy Department. The idea behind this is that any scientific development or improvement is dependent upon research. The Navy Department urged that you cannot have a research business without a possible 10-percent profit because in many researches there are a great many losses. The House committee, after hearings, decided to give scientific-research contractors an opportunity to recoup their losses on the basis that they are entitled to more than 10 percent on a successful scientific development in order to recover losses on an unsuccessful development. This applies to specialized instruments such as radio, instruments for target detection, range control, and synchronizing of gunfire. The Navy Department states that its experience has been that there are more losers than winners in these research developments. The continued efficiency of the Navy depends upon scientific improvement, and this is deemed an essential amendment.

Another amendment deals with the effective date of the bill, which was omitted in the House bill.

CONTRACTS MADE UNDER EXCESSIVE-PROFIT PROVISIONS

To date there have been 637 contracts, with a total contract price of $229,352,577.40, entered into subject to the provisions of the Vinson-Trammell Act. The reports received to date following completion of the contracts total 82, of which 7 show profits in excess of 10 percent, totaling $13,716.84; and 24 losses, totaling $197,609.74; the remainder of 51 showing a profit of 10 percent or less. None of the contracts for the construction of complete naval vessels subject to the provisions of the Vinson-Trammell Act have been completed to date.

CONCLUSIONS

This committee feels that it would be equitable and in the interests of the Government to enact H. R. 5730 as passed the House with the committee amendments, thereby broadening competition for naval material, reducing the cost of such materials, and encouraging the entry of new and small contractors into the field of Government supply with resulting better and cheaper material. This bill will result in a saving to the Government, particularly in the administration of the law, cheaper bond rates which will save over half a million dollars a year alone, and simplification of accounting in both the Navy Department and the Bureau of Internal Revenue. This measure is recommended by both the Navy Department and the Treasury Department and is in accord with the policy program of the President.

The committee believes this bill to be in the interest of economy, efficiency, and equity. It has the approval of the Bureau of the Budget and is recommended for passage by the Secretary of the Navy and has already passed the House of Representatives.

COMMITTEE AMENDMENTS

The bill is amended by adding after the word "profit" on line 9, page 2, a quotation mark and by striking out all the rest of lines 9, 10, 11, 12, 13, and the words "income taxable year" on line 14.

On line 15, after semicolon, strike out the words "by inserting the word 'further' after the word 'provided.'"

On page 3 strike out all of lines 19, 20, 21, 22, and 23 except the word "*Provided.*" Also strike out the word "further" on line 24.

On page 4, line 17, after the word "thereof", add the following proviso: "*And provided further,* That the income taxable years shall be such taxable years beginning after December 31, 1935, except that the above provisos relating to the assessment, collection, payment, or refunding of excess profit to or by the Treasury shall be retroactive to March 27, 1934."

MAXIMO MARIANO PRUNA Y HERNANDEZ

The joint resolution (S. J. Res. 257) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Maximo Mariano Pruna y Hernandez, a citizen of Cuba, was read, considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Secretary of War be, and he is hereby, authorized to permit Maximo Mariano Pruna y Hernandez to receive instruction at the United States Military Academy at West Point for the course beginning not later than July 1, 1937: *Provided,* That no expense shall be caused to the United States thereby, and that Maximo Mariano Pruna y Hernandez shall agree to comply with all regulations for the police and discipline of the academy, to be studious, and to give his utmost efforts to accomplish the courses in the various departments of instruction, and that said Maximo Mariano Pruna y Hernandez shall not be admitted to the academy until he shall have passed the mental and physical examinations prescribed for candidates from the United States, and that he shall be immediately withdrawn if deficient in studies or in conduct and so recommended by the academic board: *Provided further,* That in the case of said Maximo Mariano Pruna y Hernandez the provisions of sections 1320 and 1321 of the Revised Statutes shall be suspended.

LOAN OF BLANKETS AND COTS TO UNITED CONFEDERATE VETERANS

The bill (H. R. 11302) to authorize the Secretary of War to lend to the Reunion Committee of the United Confederate Veterans 3,000 blankets, olive drab, no. 4, 1,500 canvas cots, to be used at their annual encampment to be held at Shreveport, La., in June 1936, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to lend, at his discretion, to the Reunion Committee of the United Confederate Veterans, for use at the United Confederate Veterans' Encampment, to be held at Shreveport, La., June 9, 10, 11, and 12, 1936, two hospital ward tents, with all pegs, poles, and equipment necessary for their erection; 1 storage tent complete with all equipment; 1 large wall tent complete with all equipment; 6 small wall tents complete with all equipment; 10 pyramidal tents complete with all equipment; 50 14-quart G. I. buckets; 3,000 blankets, olive drab, wool; 1,500 canvas folding cots; 1,500 comforters; 1,500 cotton-felted pillows complete with cotton pillow cases; 3,000 cotton bedsheets: *Provided,* That no expense shall be caused the United States Government by the delivery and return of said property; the same to be delivered from the nearest quartermaster depot at such time prior to the holding of said encampment as may be agreed upon by the Secretary of War and the Confederate Reunion Committee: *Provided further,* That the Secretary of War, before delivery of such property, shall take from said Reunion Committee of the United Confederate Veterans a good and sufficient bond for the safe return of said property in good order and condition, and the whole without expense to the United States.

JOSEPH W. HARRISON

The bill (S. 3736) authorizing and directing the appointment of Joseph W. Harrison as a captain in the Chaplain Reserve Corps was announced as next in order.

Mr. KING. Mr. President, I find a strong recommendation by the Secretary of War against the bill. Let it go over.

Mr. SHEPPARD. Mr. President, may I make a brief explanation? It is mainly because Reverend Harrison has passed the age limit that the Department objects. He had had three enlistments in the Army, and during the third enlistment was discharged on a surgeon's certificate of disability. It is the general desire of the various veterans' organizations in Texas that he be given this appointment. It is largely a matter of accommodating the sentiment in my State that Reverend Harrison should receive this recognition.

Mr. KING. Mr. President, I cannot refrain from challenging the attention of the Senator from Texas and of the Senate to the statement of the Secretary of War, as follows:

As it appears that no useful military end would be served by Mr. Harrison's appointment in the Chaplains' Reserve, and as such appointment would be unjust to all other applicants who are required to meet the provisions of existing law and regulations, the War Department strongly opposes the enactment of S. 3736.

Mr. SHEPPARD. There are exceptional circumstances surrounding this matter.

Mr. KING. I will ask the Senator to let it go over for the day. I will look into it further and discuss the matter with him and with the Secretary of War.

The PRESIDING OFFICER. On objection, the bill will be passed over.

WITHHOLDING OF COMPENSATION OF MEMBERS OF MILITARY AND NAVAL FORCES

The Senate proceeded to consider the bill (S. 3220) to authorize the Secretary of War or the Secretary of the Navy to withhold the pay of officers, warrant officers, enlisted men, and nurses of the Army, Navy, or Marine Corps to cover indebtedness to the United States under certain conditions, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and insert the following:

That hereafter whenever upon the statement of the account of any disbursing officer of the United States in the General Accounting Office credit shall have been disallowed for any payment to any person in the executive branch of the Government, otherwise

entitled to compensation from the United States or from any agency or instrumentality thereof, such compensation of the payee may be withheld until full reimbursement has been accomplished under such regulations as may be prescribed by the head of the department, branch, or independent establishment (including corporations) under which such payee is entitled to receive compensation: *Provided*, That nothing contained in this act shall be construed to repeal or in any way modify existing laws relating to the collection of the indebtedness of accountable or disbursing officers.

Mr. KING. Mr. President, may I ask the Senator from Texas [Mr. SHEPPARD] if the bill meets the approval of the War Department and Navy Department?

Mr. SHEPPARD. Mr. President, I am under the impression that this is a compromise which may turn out to be satisfactory to all concerned. I should like to explain the situation to the Senator.

Under present law, and because of decisions of the Comptroller General, there is doubt as to the authority of the Secretary of War and the Secretary of the Navy to withhold the pay of an officer payee who has received money paid to him by a disbursing officer by mistake. Present conditions work a hardship on disbursing officers, and place responsibility primarily on them for the reimbursement of the United States for money illegally paid out through a mistaken interpretation of the law, or honest errors in computations of pay, and so forth, which are sometimes very complicated. This bill enables all departments to hold those receiving illegal pay primarily responsible, and to take steps, such as stopping pay, and so forth, to collect from such payees. Of course, if collection cannot be made from these payees, the disbursing officers are still accountable.

Mr. KING. It involves no increase in expenditures?

Mr. SHEPPARD. None whatsoever.

Mr. KING. It involves no promotions?

Mr. SHEPPARD. No: it is a matter of administration only.

The Senator from Washington [Mr. SCHWELLENBACH] is familiar with the matter.

Mr. SCHWELLENBACH. Mr. President, the accounting department made certain suggestions with reference to the bill as submitted by the War Department. The bill was originally submitted by the War Department. One objection was that in the War Department bill it was provided that any officer who had defended a claim and hired an attorney, should be compensated for his attorney's fee. The accounting department objected to that. We felt that was a reasonable objection.

As a general proposition, I have the feeling that it is a purely accounting matter. It seemed to me the accounting department is in a better position to judge what the law should be than is the War Department. I could not find any real difference with the exception of this one point. I think there has been argument about it for several years. I believe the accounting department's bill fully meets the desire of the War Department. The bill, in my opinion, is entirely meritorious and should be passed.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Committee on Military Affairs.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize withholding compensation due Government personnel."

JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 115) designating the last Sunday in September as "Gold Star Mother's Day", and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The joint resolution will be passed over.

PUBLIC PARK, CLACKAMAS COUNTY, OREG.

The bill (H. R. 5058) to convey certain lands to Clackamas County, Oreg., for public-park purposes was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to issue a patent to Clackamas County, Oreg., on behalf of the United States, for the south half southwest quarter and the west half northeast quarter southwest quarter section 11, township 3 south, range 4 east, Willamette meridian, in the State of Oregon, containing 100 acres, more or less, on condition that such county shall accept and use such lands solely for public-park purposes; but if such county shall at any time cease to use such lands for public-park purposes, or shall permit the use of such lands for any other purpose, or shall alienate or attempt to alineate them, they shall revert to the United States: *Provided*, That there shall be reserved to the United States, its patentees, or their transferees, the right to cut and remove therefrom the merchantable timber, reserving to Clackamas County, Oreg., when such sale is made under the provisions of the act of June 9, 1916 (39 Stat. 218), a preference right to purchase the timber at the highest price bid.

SEC. 2. The Secretary of the Interior shall prescribe all necessary regulations to carry into effect the foregoing provisions of this act.

BILLS PASSED OVER

The bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

Mr. VAN NUYS. Mr. President, I think this bill should receive consideration at this time. It is requested by the Treasury Department and simply applies to the Railroad Reorganization Act the same provisions which apply to the Private Corporations Reorganization Act, whereby Federal claims for taxes must be taken care of before any others. There are at present taxes to the extent of $10,000,000 due from the railroads. Many of the railroad companies are trying to reorganize. I really think the bill should have consideration at this time.

Mr. VANDENBERG. Let it go over for the day.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 4297) to amend section 80 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, was announced as next in order.

Mr. VANDENBERG. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

EXAMINATION AND SURVEY OF SMUGGLERS COVE, OREG.

The bill (S. 4487) to provide for a preliminary examination and survey of Smugglers Cove, Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination and survey to be made of Smugglers Cove (otherwise known as Short Sands Beach), on the coast of Oregon, with a view to determining the feasibility, advisability, and cost of converting such cove into a harbor of refuge. The Secretary of War shall report to the Congress, as soon as practicable, the result of such examination and survey. The cost of such examination and survey shall be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

HAYDEN W. WREN

The joint resolution (S. J. Res. 250) extending thanks in appreciation of services rendered by Hayden W. Wren as superintendent of the docks of the port of New Orleans was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That in recognition of faithful performance of duties of a complex and extremely delicate nature, rendered during the World War by Hayden W. Wren as superintendent of the docks of the port of New Orleans, in the handling of tons of high explosives without mishap at a time when the Mississippi River was at one of its highest stages of water; for the manipulation of facilities and the handling of ships so efficiently as to avoid any serious congestion of traffic at a time when facilities of many major ports of the United States were seriously congested; for the salvaging of the interned Austrian steamship *Anna*, which was sinking at the Nine Mile Point as a result of attempts to scuttle by the Austrian crew, thus saving, among others, the lives of five United States deputy marshals stationed on the ship; for the vigilance and patriotic interning of five alien steamships and their removal to the Nine Mile Point without mishap to any of these ships, and the internment of their respective officers and crews; for the handling of the facilities at the port of New Orleans during the full period of the World War in close cooperation with the officers and men of the United States Government, the thanks of the people of the United States are hereby tendered to him as a tribute of his services rendered.

NEW ORLEANS ARMY BASE

The Senate proceeded to consider the bill (S. 4252) to provide for the modification of the contract of lease entered into on June 12, 1922, between the United States and the Board of Commissioners of the Port of New Orleans, which had been reported from the Committee on Commerce with amendments, on page 1, line 5, after the word "obligation", to insert "require repairs and maintenance"; in line 7, after the word "and", to strike out "stipulations" and insert "provisions"; in line 9, after the word "on", to strike out "December 29, 1930, supplemented by agreement of October 20, 1931", and insert "June 12, 1922, as now or hereafter supplemented, covering the New Orleans Army Base or portions thereof"; and at the end of the bill to insert *"Provided*, That the rental shall not be made lower than the fair rental value to be determined by the Secretary of War from an appraisal by qualified disinterested appraisers, the cost of appraisal to be paid by the Secretary of War from the rental collected under the lease", so as to make the bill read:

Be it enacted, etc., That the Secretary of War, with the consent of the lessee, may, in his discretion, and in such manner as he may consider desirable, reduce the consideration or obligation, require repairs and maintenance, and otherwise modify the terms, consideration, and provisions of the lease entered into between the United States and the Board of Commissioners of the Port of New Orleans on June 12, 1922, as now or hereafter supplemented, covering the New Orleans Army Base or portions thereof, in the event it appears that full performance of the lessee's obligations under such lease will result in default by, or impose undue hardship upon, the lessee: *Provided*, That the rental shall not be made lower than the fair rental value to be determined by the Secretary of War from an appraisal by qualified disinterested appraisers, the cost of appraisal to be paid by the Secretary of War from the rental collected under the lease.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MEMORIAL TO OFFICERS OF IMMIGRATION AND NATURALIZATION SERVICE, ETC.

The Senate proceeded to consider the joint resolution (H. J. Res. 439) authorizing the erection in the Department of Labor Building of a memorial to the officers of the Immigration and Naturalization Service and Immigration and Border Patrol who, while on active duty, lost their lives under heroic or tragic circumstances, which had been reported from the Committee on Public Buildings and Grounds with an amendment, on page 1, line 3, after the words "That the", to strike out "Director of Public Buildings and Public Parks of the National Capital" and insert "Director of the National Park Service", so as to make the joint resolution read:

Resolved, etc., That the Director of the National Park Service be, and is hereby, authorized to grant permission for the erection of a memorial to the officers of the Immigration and Naturalization Service and Immigration Border Patrol who, while on active duty, lost their lives under heroic or tragic circumstances. The design of the memorial shall be approved and the site in the Department of Labor Building shall be chosen by the Commission of Fine Arts, and the United States shall be put to no expense in or by the erection of the said memorial.

The amendment was agreed to.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

BILL PASSED OVER

The bill (S. 4376) authorizing the State of Iowa, acting through its State highway commission, and the State of Nebraska, acting through its department of roads and irrigation, to construct, maintain, and operate a free or toll bridge across the Missouri River at or near Dodge Street in the city of Omaha, Nebr., was announced as next in order.

Mr. BENSON. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

MISSOURI RIVER BRIDGE, BROWNVILLE, NEBR.

The bill (S. 4461) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the Missouri River, at or near Brownville, Nebr., authorized to be built by the county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, by section 18 of the act of Congress approved August 30, 1935, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

MISSOURI RIVER BRIDGES, NEBRASKA-IOWA

The bill (S. 4462) to extend the times for commencing and completing the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the Missouri River, between the towns of Decatur, Nebr., and Onawa, Ohio, authorized to be built by the county of Burt, State of Nevada, by section 29 of the act of Congress approved August 30, 1935, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill (S. 4463) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near the cities of South Sioux City, Nebr., and Sioux City, Iowa, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the Missouri River at or near the cities of South Sioux City, Nebr., and Sioux City, Iowa, authorized to be built by the county of Dakota, State of Nebraska, by section 30 of the act of Congress approved August 30, 1935, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

COAST GUARD STATION, CRESCENT CITY, CALIF.

The bill (H. R. 1398) to provide for the establishment of a Coast Guard station at or near Crescent City, Calif., was considered, ordered to a third reading, read the third time, and passed.

COAST GUARD STATION, PORT WASHINGTON, WIS.

The bill (H. R. 8370) to provide for the establishment of a Coast Guard station at Port Washington, Wis., was considered, ordered to a third reading, read the third time, and passed.

MISSOURI RIVER BRIDGE, NIOBRARA, NEBR.

The bill (H. R. 10589) to amend section 32 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes", approved August 30, 1935, was considered, ordered to a third reading, read the third time, and passed.

REORGANIZATION OF DISTRICT OF COLUMBIA COURTS

The Senate proceeded to consider the bill (S. 4038) to amend an act of Congress approved March 3, 1863, entitled "An act to reorganize the courts in the District of Columbia, and for other purposes", which had been reported from the Committee on the Judiciary with amendments, on page 1, line 6, after the word "the", to strike out "District Court" and insert "district court", and at the end of the bill to insert *"Provided*, That nothing in this act shall affect the jurisdiction or functions of the court", so as to make the bill read:

Be it enacted, etc., That the court established by section 1 of the act of March 3, 1863 (12 Stat. 762) entitled "An act to reorganize the courts in the District of Columbia, and for other purposes", shall hereafter be known as the district court of the United States for the District of Columbia: *Provided*, That nothing in this act shall affect the jurisdiction or functions of the court.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. KING. Mr. President, I ask unanimous consent to have inserted in the RECORD, following the passage of the bill, the report of the committee, which fully explains the reasons for the change.

The PRESIDING OFFICER. Without objection, is is so ordered.

The report (No. 1997) submitted by Mr. KING on May 7, 1936, is as follows:

The Committee on the Judiciary, to whom was referred the bill (S. 4038) to amend an act of Congress approved March 3, 1863, entitled "An act to reorganize the courts in the District of Columbia, and for other purposes", having considered the same, report favorably thereon with the recommendation that the bill do pass with the following amendments:

Line 6, strike out the words "District Court" and insert "district court."

Line 7, strike out the period following the words "District of Columbia" and insert the following:

": *Provided*, That nothing in this bill shall affect the jurisdiction or functions of the court."

The purpose of this bill is to change the name of the principal trial court located in the District of Columbia so as to reflect more clearly its present nature and business. The court was established by act of Congress approved March 3, 1863 (12 Stat. 762), with the title "the Supreme Court of the District of Columbia." Since that time additional jurisdiction in matters strictly of a Federal nature has been given the court, and a very considerable part of its present business is that of the Federal district courts, with which it most closely compares.

Serious confusion arises because of the similarity of the name of this court to that of the Supreme Court of the United States, which is, of course, located in the District of Columbia. The judges of the court are in favor of the corrective legislation.

The form of the legislation, as introduced, was similar to an act approved June 7, 1934 (Public, No. 298), which changed the name of the appellate court in the District of Columbia from "Court of Appeals of the District of Columbia" to "United States Court of Appeals for the District of Columbia." While there has been no suggestion that the language of the latter affected materially the jurisdiction of powers of the appellate court, it is deemed wise to add the amendment proposed by this committee so that there shall be no possibility of impairment of the powers, jurisdiction, or duties of the present Supreme Court of the District of Columbia merely by reason of the proposed change in name.

BILL PASSED OVER

The bill (H. R. 8824) for the relief of the estate of John Gellatly, deceased, and/or Charlyne Gellatly, individually, was announced as next in order.

The PRESIDING OFFICER. This bill is reported adversely.

Mr. COPELAND. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

REVISION OF CONVENTION FOR PROTECTION OF LITERARY AND ARTISTIC WORKS

The joint resolution (S. J. Res. 253) to authorize an appropriation for the expenses of participation by the United States in a Conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works, concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $6,500, or so much thereof as may be necessary, for the expenses of participation by the United States in the Conference to convene at Brussels, Belgium, for the purpose of revising the Convention for the Protection of Literary and Artistic Works, concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928, including personal services in the District of Columbia and elsewhere without reference to the Classification Act of 1923, as amended; stenographic reporting and other services by contract if deemed necessary without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5); rent; traveling expenses, purchase of necessary books, documents, newspapers, periodicals, and maps; stationery; official cards; entertainment; printing and binding; and such other expenses as may be authorized by the Secretary of State, including the reimbursement of other appropriations from which payments may have been made for any of the purposes herein specified, to be expended under the direction of the Secretary of State.

The PRESIDING OFFICER subsequently said: The Chair calls the attention of the Senate to the fact that the Senate has passed House Joint Resolution 569, which is identical with Senate Joint Resolution 253, which has also been passed. Without objection, the action of the Senate in passing Senate Joint Resolution 253 will be reconsidered, and it will be indefinitely postponed.

CONGRESS OF MILITARY MEDICINE AND PHARMACY

The joint resolution (H. J. Res. 538) to provide for participation by the United States in the Ninth International Congress of Military Medicine and Pharmacy in Rumania in 1937; and to authorize and request the President of the United States to invite the International Congress of Military Medicine and Pharmacy to hold its tenth Congress in the United States in 1939, and to invite foreign countries to participate in that Congress, was considered, ordered to a third reading, read the third time, and passed.

MRS. M. N. SHWAMBERG

The bill (S. 3844) for the relief of Mrs. M. N. Shwamberg was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $500, United States currency, for payment to Mrs. M. N. Shwamberg, as an act of grace, and without reference to the legal liability of the United States, as full indemnity for the personal injuries sustained by her as the result of a collision between a public jinrikisha in which she was riding and a United States Marine Corps ambulance on Seymour Road, Shanghai, China, on January 31, 1935.

HOMER BRETT

The bill (S. 4140) for the relief of Homer Brett, Esq., American Consul at Rotterdam, Netherlands, as a result of money stolen from the safe of the American Consulate, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to Homer Brett, Esq., American Consul at Rotterdam, Netherlands, the sum of $116.58, such sum representing the unrecovered amount stolen from the safe of the American Consulate at Rotterdam, Netherlands, on the night of September 27, 1935.

AMENDMENT OF MIGRATORY BIRD TREATY ACT

The bill (S. 4584) to amend the Migratory Bird Treaty Act of July 3, 1918 (40 Stat. 755) to extend and adapt its provisions to the convention between the United States and the United Mexican States for the protection of migratory birds and game mammals concluded at the city of Mexico February 7, 1936, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the title of the act entitled "An act to give effect to the convention between the United States and Great Britain for the protection of migratory birds concluded at Washington, August 16, 1916, and for other purposes", approved July 3, 1918 (40 Stat. 755), is hereby amended as of the day on which the President shall proclaim the exchange of ratifications of the convention between the United States and the United Mexican States for the protection of migratory birds and game mammals concluded February 7, 1936, or on the day of the enactment of this act, whichever date is later, so that it will read as follows:

"An act to give effect to the convention between the United States and Great Britain for the protection of migratory birds concluded at Washington August 16, 1916, and between the United States and the United Mexican States for the protection of migratory birds and game mammals concluded at the city of Mexico February 7, 1936, and for other purposes."

SEC. 2. That said act approved July 3, 1918, is hereby amended as of the day aforesaid by striking out the word "convention" wherever it occurs therein and by inserting in lieu thereof the word "conventions."

SEC. 3. That section 2 of said act approved July 3, 1918, is hereby amended as of the day aforesaid so as to read as follows:

"SEC. 2. That unless and except as permitted by regulations made as hereinafter provided, it shall be unlawful at any time, by any means or in any manner, to pursue, hunt, take, capture, kill, attempt to take, capture, or kill, possess, offer for sale, sell, offer to barter, barter, offer to purchase, purchase, deliver for shipment, ship, export, import, cause to be shipped, exported, or imported, deliver for transportation, transport or cause to be transported, carry or cause to be carried, or receive for shipment, transportation, carriage, or export, any migratory bird, or any part, nest, or egg of any such birds, included in the terms of the conventions between the United States and Great Britain for the protection of migratory birds concluded August 16, 1916, and the United States and the United Mexican States for the protection of migratory birds and game mammals concluded February 7, 1936."

SEC. 4. That section 4 of said act approved July 3, 1918, is hereby amended as of the day aforesaid by adding at the end thereof the following:

"It shall be unlawful to import into the United States from Mexico, or to export from the United States to Mexico, any game mammal, dead or alive, or parts or products thereof, except under permit or authorization of the Secretary of Agriculture in accordance with such regulations as he shall prescribe having due regard to the laws of the United Mexican States relating to the exportation and importation of such mammals or parts or products thereof and the laws of the State, District, or Territory of the United States from or into which such mammals, parts, or products

thereof, are proposed to be exported or imported, and the laws of the United States forbidding importation of certain live mammals injurious to the interests of agriculture and horticulture, which regulations shall become effective as provided in section 3 hereof."

SEC. 5. That section 9 of said act approved July 3, 1918, is hereby repealed as of the day aforesaid and the following is hereby substituted in lieu thereof:

"SEC. 9. That there is authorized to be appropriated, from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and to accomplish the purposes of said conventions and this act and regulations made pursuant thereto, and the Secretary of Agriculture is authorized out of such moneys to employ in the city of Washington and elsewhere such persons and means as he may deem necessary for such purpose and may cooperate with local authorities in the protection of migratory birds and make the necessary investigations connected therewith."

SEC. 6. That all moneys now or hereafter available for administration and enforcement of said act approved July 3, 1918, shall be equally available for the administration and enforcement of said act as hereby amended.

USE OF WATERS OF THE RIO GRANDE

The bill (H. R. 10321) to amend section 4 of Public Act No. 286, Seventy-fourth Congress, approved August 19, 1935, as amended, was considered, ordered to a third reading, read the third time, and passed.

BLACK ROCK HARBOR IMPROVEMENT, BUFFALO, N. Y.

The Senate proceeded to consider the bill (S. 4317) to authorize the Secretary of War to grant to the city of Buffalo, N. Y., the right and privilege to occupy and use for sewage-disposal facilities part of the lands forming the pier and dikes of the Black Rock Harbor improvement at Buffalo, N. Y., which had been reported from the Committee on Commerce with an amendment, on page 2, line 9, after the word "lands", to strike out "northerly of the said lands forming the dike along the westerly side of the said Black Rock Harbor improvement, including the lands under the water between said dike and the westerly harbor line of the channel established by the United States" and insert "owned by the United States on the west side of Black Rock Canal, described as follows: Beginning at a point where the northerly line of property formerly owned by William H. Slade, or that line extended, intersects the United States Government property line (formerly New York State Blue Line); thence easterly parallel to the line forming the northeasterly boundary of lands heretofore granted to the city of Buffalo by the United States and known as Bird Island pier until a point is reached in direct prolongation of the easterly boundary line of said last-mentioned lands; then southwesterly in direct line with said easterly boundary of said lands to the northeasterly corner of said lands heretofore conveyed to the city of Buffalo by the United States; thence westerly along the northeasterly boundary of said Bird Island pier lands to said United States Government property line; thence northeasterly along said last-mentioned line to the place of beginning", so as to make the bill read:

Be it enacted, etc., That in addition to the grant made by the Secretary of War to the city of Buffalo pursuant to the act of Congress entitled "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes", approved February 27, 1911, for the purpose of establishing a public park and landing facilities on that part of the structure known as Bird Island pier on Niagara River lying north of Albany Street extended, in the city of Buffalo, N. Y., and forming a part of Black Rock Harbor improvement and the lands of the United States under water on both sides of said pier to the established harbor lines, subject to the terms, conditions, and stipulations in said grant specified, the Secretary of War is authorized to grant to the city of Buffalo, N. Y., also the right and privilege of occupying said lands and lands under water, and also the lands owned by the United States on the west side of Black Rock Canal, described as follows: Beginning at a point where the northerly line of property formerly owned by William H. Slade, or that line extended, intersects the United States Government property line (formerly New York State Blue Line); thence easterly parallel to the line forming the northeasterly boundary of lands heretofore granted to the city of Buffalo by the United States and known as Bird Island pier until a point is reached in direct prolongation of the easterly boundary line of said last-mentioned lands; thence southwesterly in direct line with said easterly boundary of said lands to the northeasterly corner of said lands heretofore conveyed to the city of Buffalo by the United States; thence westerly along the northeasterly boundary of said Bird Island pier lands to said United States Government property line; thence northeasterly along said last-mentioned line to the place of beginning, or so much thereof as may be necessary, for use either by the city of Buffalo or by the Buffalo Sewer Authority (created by chapter 349 of the Laws of the State of New York of 1935) for sewage-disposal facilities, on such terms, conditions, and stipulations as he may deem expedient and equitable and necessary for the protection of all the interests of the United States in and to said premises: *Provided, however*, That the city of Buffalo shall have secured the sanction and consent of the State of New York through its constituted agencies.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CAPT. LAURENCE V. HOUSTON, RETIRED

The bill (S. 3992) for the relief of Capt. Laurence V. Houston, retired, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President is hereby authorized to transfer Capt. Laurence V. Houston from the retired to the active list of the United States Army and to place him on the promotion list in the position he would have occupied had he not been involuntarily transferred to the retired list on December 9, 1929: *Provided*, That no back pay or allowances shall accrue to Capt. Laurence V. Houston by reason of this transfer.

REVISION OF CONVENTION FOR PROTECTION OF LITERARY AND ARTISTIC WORKS

The joint resolution (H. J. Res. 569) to authorize an appropriation for the expenses of participation by the United States in a conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928, was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 9009) to make lands in drainage, irrigation, and conservancy districts eligible for loans by the Federal land banks and other Federal agencies loaning on farm lands, notwithstanding the existence of prior liens of assessment made by such districts, and for other purposes, was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill?

Mr. VANDENBERG. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

PORT NEWARK ARMY SUPPLY BASE

The Senate proceeded to consider the bill (H. R. 9042) to provide for the sale of the Port Newark Army Supply Base to the city of Newark, N. J.

Mr. McKELLAR. Mr. President, will some Senator explain that bill?

Mr. MOORE. Mr. President, this property was bought from the city of Newark by the United States Government before the war. The city of Newark has been trying to get the property back, and negotiations for that purpose have been pending; and an earlier bill was introduced providing for selling the property back to the city of Newark for $1,000,000. In the pending bill, however, the amount is raised to $2,000,000. I think that is fair enough, although the first bill called for $1,000,000; and I shall be very glad if the pending bill may be passed.

Mr. McKELLAR. The city of Newark is buying the property back?

Mr. MOORE. Yes, sir.

Mr. McKELLAR. It conveyed the property to the Government during the war?

Mr. MOORE. It did.

Mr. McKELLAR. I have no objection to the bill.

The bill was ordered to a third reading, read the third time, and passed.

LANDS IN CONNECTICUT

The bill (S. 4425) to relinquish all right, title, and interest of the United States in certain lands in the State of Connecticut, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to convey to the town of Westport, Conn., by quitclaim deed, all right, title, and interest of the United States in the land authorized to be conveyed by the act entitled "An act to authorize the sale of a parcel of land in the

town of Westport, Conn.", approved July 3, 1926. Such deed shall contain no restrictions or limitations as to the use of such land and shall remove all limitations and restrictions as to the use of such land which were contained in the deed executed on January 11, 1927, pursuant to such act.

JOHN C. REYNOLDS

The Senate proceeded to consider the bill (S. 4078) to authorize the award of the Distinguished Service Cross to John C. Reynolds, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and to insert:

That the President is hereby authorized to cause the recommendation of the award of a decoration to John C. Reynolds, formerly a private, first-class, Company A, Fourth Infantry, United States Army, American Expeditionary Forces, for distinguished conduct in rescuing wounded in battle on October 2, 3, and 4, 1918, near Nantillois, France, and Montfaucon, France, and during the battle of the Meuse-Argonne, to be considered by the proper boards or authorities, and such award made to said Reynolds as his conduct merits.

Mr. McKELLAR. Mr. President, I see that the enactment of this bill is not recommended by the Department.

Mr. SHEPPARD. Mr. President, the bill has been amended so as to provide merely for a review and an investigation.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize the award of a decoration for distinguished service to John C. Reynolds."

LOSS OF CHECKS IN THE MAILS

The Senate proceeded to consider the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration, which had been reported from the Committee on Post Offices and Post Roads with amendments to insert at the end of the bill two new sections, so as to make the bill read:

Be it enacted, etc., That section 3 of the act entitled "An act making appropriations for the payment of invalid and other pensions of the United States for the fiscal year ending June 30, 1913, and for other purposes", approved August 17, 1912 (37 Stat. 312; 38 U. S. C., sec. 50), is hereby amended to read as follows:

"SEC. 3. Pensions, compensation, insurance, or other allowances or benefits provided for by laws administered by the Veterans' Administration shall be paid by checks drawn, pursuant to certification by the Administrator of Veterans' Affairs, by the Division of Disbursement of the Treasury Department in such form as to protect the United States against loss, without separate vouchers or receipts, and payable by the Treasurer of the United States, except in any case in which the Administrator of Veterans' Affairs may consider a voucher necessary for the protection of the Government. Such checks shall be transmitted by mail to the payee thereof at his last-known address, and the envelope or cover thereof may bear an appropriate notice of the prohibition hereafter set forth in this section.

"Postmasters, delivery clerks, letter carriers, and all other postal employees are prohibtited from delivering any mail addressed by the United States bearing such notice and containing any such check (except that in the case of checks in payment of allowances and benefits other than pensions, compensation, or insurance, the prohibition shall apply only insofar as the Administrator of Veterans' Affairs deems it necessary to protect the United States against loss), to any person whomsoever, if the addressee has died or removed, or in the case of a widow believed by the postal employee intrusted with the delivery of such mail to have remarried (unless such mail is addressed by the United States in the name which the widow shall have acquired by remarriage); and the postmaster in every such case shall forthwith return such mail with a statement of the reasons for so doing, and if because of death or remarriage, the date thereof, if known. Checks returned as herein provided on account of death or remarriage shall be canceled."

SEC. 2. Section 4 of the Adjusted Compensation Payment Act, 1936, is hereby amended by adding at the end thereof the following paragraphs:

"At the request of the Secretary of the Treasury, the Postmaster General, under such regulations as he may prescribe, shall designate postmasters and other employees of the Post Office Department and of the Postal Service to perform, without extra compensation, such fiscal-agency services as may be desirable and practicable in connection with the redemption and payment of the bonds issued under this section; and the Postmaster General may require each such employee to furnish such bond as he may determine for the faithful performance of such fiscal-agency duties.

"The Secretary of the Treasury is authorized to advance, from time to time, to the Postmaster General, from the appropriation contained in the Supplemental Appropriation Act, fiscal year 1936, approved February 11, 1936, for 'Administrative expenses, Adjusted Compensation Payment Act, 1936, Treasury Department, 1936 and 1937', such sums as are certified by the Postmaster General to be required for the expenses of the Post Office Department in connection with the handling of the bonds issued hereunder. Such bonds, when received by postmasters for purposes of redemption and payment, shall be handled by the postmasters under such special regulations as may be promulgated by the Postmaster General. They shall be transmitted between post offices or from any post office to the Treasury Department, or fiscal agent thereof, without advance payment of any required postage. The Secretary of the Treasury shall reimburse the Postmaster General from the aforesaid appropriation contained in said Supplemental Appropriation Act, for such postage and registry fees as may be required in connection with such transmittal. Whenever it is proved to the Secretary of the Treasury, by clear and satisfactory evidence, that any such bond is lost, stolen, or destroyed while being so transmitted, the Secretary of the Treasury may, in accordance with such rules and regulations as he may prescribe, issue a duplicate thereof without requiring the furnishing of an indemnity bond."

SEC. 3. The salary of each of the four Assistant Postmasters General is hereby fixed at a rate of $10,000 per annum, effective on the date of the passage of this act.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

GLADYS HINCKLEY WERLICH

The bill (S. 4558) for the relief of Gladys Hinckley Werlich was announced as next in order.

The PRESIDING OFFICER. This bill is identical with House bill 12183, reported today without amendment by the Senator from Nevada [Mr. PITTMAN].

Mr. LEWIS. Mr. President, the bill before the Senate is a measure to award the sum ordinarily granted to the widow of one dying in the service, the unhappy experience to which this bill relates. A bill embodying the whole matter having passed the House and being before us for consideration, I move, sir, that it be given the place of the bill of the Senate, and, upon the substitution being made, that the House bill be passed by the Senate.

The PRESIDING OFFICER. Without objection, the House bill will be substituted for the Senate bill.

The Senate proceeded to consider the bill (H. R. 12183) for the relief of Gladys Hinckley Werlich, which was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 4558 will be indefinitely postponed.

MICHAEL J. QUINN

The Senate proceeded to consider the bill (S. 3921) authorizing the Secretary of War to bestow the Silver Star upon Michael J. Quinn, which was read, as follows:

Be it enacted, etc., That notwithstanding the provisions of the act of May 26, 1928, the Secretary of War is authorized to pass upon the recommendations now in the War Department for the award of the Silver Star citation to Michael J. Quinn, late of Battery B, Seventh Regiment United States Field Artillery, and, if such recommendations are found sufficient under the law governing the award of the Silver Star, to award such decoration to Michael J. Quinn.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill? The Department is against it.

Mr. SHEPPARD. Evidently there is a misunderstanding. The bill provides merely for an examination.

Mr. McKELLAR. In that event, I have no objection.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for the third reading, was read the third time, and passed.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

BANKRUPTCY PROCEEDINGS OF DRAINAGE DISTRICTS, LEVEE DISTRICTS, ETC.

Mr. ROBINSON. Mr. President, I ask unanimous consent to recur to Calendar No. 2083, being the bill (S. 4297) to amend section 80 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended.

Mr. McNARY. Mr. President, was objection entered to the consideration of this bill when the calendar was being called?

Mr. ROBINSON. I am informed that there was no discussion of the bill. The Senator from Michigan [Mr. VANDENBERG] made an objection, and I should like to have an opportunity of explaining the bill and having it considered, if there is no objection.

The PRESIDING OFFICER. The Senator from Arkansas asks unanimous consent that the Senate return to the consideration of the bill to which he has referred. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment.

Mr. ROBINSON. Mr. President, I should like to state what the bill proposes.

Mr. McNARY. Mr. President, I observe on page 15 of the calendar a notation of a similar bill, Calendar No. 2081, House bill 8940.

Mr. ROBINSON. Mr. President, that is an entirely different bill. It is a more general measure. I should like to have the privilege of explaining the bill to which I have called attention.

Mr. McNARY. My only reason for calling the matter to the attention of the Senator was that the titles seem to contain the same language. I thought probably the bill had been repeated on the calendar.

Mr. ROBINSON. They are entirely different bills. The bill which I ask to have considered exempts for a period of 1 year drainage, levee, irrigation, and reclamation districts from the limitations of the general bankruptcy law which prohibit the filing of a second proceeding in bankruptcy within 6 years, provided such district has filed a petition in bankruptcy prior to the enactment of this measure.

Shortly after the enactment of the Municipal Bankruptcy Act, which was approved May 24, 1934, some three or four of such districts filed petitions for refunding their respective debts without making application to the Reconstruction Finance Corporation for loans for that purpose. The result in these instances was an adjustment as to maturity of dates of their bonded or other obligations, and a consequent reduction in their interest rates.

Subsequently the landowners in some of these districts, through the directors of the districts, and with the consent of a majority of the bondholders, through their representatives, have applied for loans from the Reconstruction Finance Corporation with which to refinance their indebtedness, some of which applications have been approved.

Without the benefit of the effect of proceedings under the amendment of May 24, 1934, referred to, such districts cannot secure approval of the maximum required by the Reconstruction Finance Corporation for closing and disbursing these loans. As amended, the exemption proposed by the bill to which I am referring will not open the door to any abuses, inasmuch as the measure is restricted to those districts which find themselves in the situation outlined.

The bill was introduced by the Senator from California [Mr. McADOO], and it is intended to meet a situation found to exist in some three or four districts. I hope the Senator from Michigan may see fit to withdraw his objection.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Indiana [Mr. VAN NUYS] whether this is the bill he was explaining to the Senate a few moments ago?

Mr. VAN NUYS. No, Mr. President; this is an entirely different bill.

Mr. VANDENBERG. I thought it was different. I have no objection, and I may say to the Senator from Indiana that I have read the report of the bill he was discussing since I made objection, and I am perfectly willing to withdraw my objection to the consideration of the bill he was handling.

The PRESIDING OFFICER (Mr. MOORE in the chair). The clerk will state the amendment proposed to the pending bill by the committee.

The LEGISLATIVE CLERK. It is proposed, on page 2, line 2, after the word "district", to strike out the words "filing a petition under this section, or to prevent the approval of a plan under this section for any such district in any case" and to insert in lieu thereof the words "which file a petition under this section within 1 year after the date this paragraph takes effect and which prior to such date has filed a petition in bankruptcy", so as to make the bill read:

Be it enacted, etc., That subsection (g) of section 80 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended by adding at the end thereof the following new paragraph:

"The provisions of clause (5) of subsection (b) of section 14 of this act (relating to the granting of a discharge in bankruptcy more than once in 6 years) shall not be construed to apply in the case of any drainage, irrigation, reclamation, or levee district which file a petition under this section within 1 year after the date this paragraph takes effect and which prior to such date has filed a petition in bankruptcy."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RELIEF OF OFFICERS AND SOLDIERS OF THE VOLUNTEER SERVICE

Mr. CAPPER. Mr. President, I move that the Senate proceed to the consideration of a motion to reconsider the vote by which the bill (H. R. 9472) for relief of officers and soldiers of the Volunteer service of the United States was passed.

Mr. ROBINSON. Mr. President, I have no objection to the motion.

Mr. VANDENBERG. Mr. President, I desire to speak on the motion.

Mr. ASHURST. Mr. President, in view of the fact that the Senator from Michigan has withdrawn his objection to the bill referred to a short time ago by the Senator from Indiana [Mr. VAN NUYS], I suggest that we might pass that bill. I am sure there would be no objection to it.

Mr. VANDENBERG. I do not want to lose the floor.

Mr. ASHURST. I should not want the Senator from Michigan to lose the floor, of course.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas [Mr. CAPPER] that the Senate proceed to consider the motion of the Senator from Utah [Mr. KING] to reconsider the vote by which House bill 9472 was passed.

Mr. ROBINSON. Mr. President, I should like to inquire, what is now pending before the Senate?

The PRESIDING OFFICER. The motion of the Senator from Kansas is before the Senate.

Mr. McNARY. Mr. President, I hope the motion may be acted upon favorably.

Mr. KING. Mr. President, I dislike to dissent from the statement of my friend the Senator from Oregon. I am willing to have the matter taken up at this time for consideration, and I shall give reasons for my opposition to the bill.

Mr. ROBINSON. Mr. President, I think there is some confusion as to what the order intended is. As I understand, House bill 9472, an act for relief of officers and soldiers of the Volunteer service of the United States, passed the Senate something like 2 months ago. The Senator from Utah [Mr. KING] gave notice of a motion to reconsider the vote by which the bill was passed by the Senate. That has had the effect of tying up the proposed legislation in the Senate. The Senator from Kansas [Mr. CAPPER] has moved that the Senate proceed to the consideration of the motion to reconsider, and it is my intention, when the Senator from Utah shall have had opportunity to discuss the subject, to move to lay the motion of the Senator from Kansas on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from Kansas to proceed to the consideration of the motion of the Senator from Utah to reconsider.

Mr. VANDENBERG. I understand I am recognized on that motion.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. VANDENBERG. I desire to proceed.

WORLD POULTRY CONGRESS

Mr. COPELAND. Mr. President, may I make a request of the Chair?

Mr. VANDENBERG. I yield.

Mr. COPELAND. There was presented from the Committee on Agriculture and Forestry this morning a favorable report on Senate Joint Resolution 235, with an amendment. This is a measure providing for the appointment of delegates to the forthcoming Poultry Congress. The matter has been delayed for a number of weeks; it is very important that it should be attended to at once, and I ask unanimous consent that the joint resolution may be considered at this time.

The PRESIDING OFFICER. Is there objection?

Mr. ROBINSON. Mr. President, what is the joint resolution?

The PRESIDING OFFICER. The joint resolution will be read by its title.

The legislative clerk read the joint resolution by title, as follows:

Senate Joint Resolution 235, authorizing the Secretary of Agriculture to expend funds of the Agricultural Adjustment Administration for participation by the United States in the 1936 Sixth World's Poultry Congress.

Mr. ROBINSON. I have no objection to the consideration of the joint resolution.

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported by the Committee on Agriculture and Forestry with amendments, on page 1, line 3, to strike out "$40,000" and insert "$25,000", and in line 14, after the words "United States" to insert a colon and the following:

Provided further, That no part of the sum authorized to be expended by this resolution shall be used for the payment of expenses of delegates to such conference other than Government and State Agricultural college officials.

SEC. 2. The President is hereby authorized and requested to extend to the World's Poultry Science Association an invitation to hold the Seventh World's Poultry Congress in the United States in 1939, and to extend an invitation to foreign governments to participate in and be represented by delegates and exhibits in such Congress.

So as to make the joint resolution read:

Resolved, etc., That the sum of $25,000, or such sum thereof as may be necessary, may be expended by the Secretary of Agriculture from the unexpended funds of the Agricultural Adjustment Administration, with a view to expanding the foreign demand for American-bred poultry through participation in the 1936 Sixth World's Poultry Congress, such funds to be used for staging a live-bird and educational exhibit, and for the expense of delegates of the United States to this conference: *Provided,* That of this sum a sum of $10,000 is hereby made immediately available for assembling, preparing, and shipping the live-bird exhibit and material showing poultry-husbandry methods followed in the United States: *Provided further,* That no part of the sum authorized to be expended by this resolution shall be used for the payment of expenses of delegates to such conference other than Government and State Agricultural college officials.

SEC. 2. The President is hereby authorized and requested to extend to the World's Poultry Science Association an invitation to hold the Seventh World's Poultry Congress in the United States in 1939, and to extend an invitation to foreign governments to participate in and be represented by delegates and exhibits in such Congress.

The amendments were agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

GREAT LAKES EXHIBITION, CLEVELAND, OHIO

Mr. HARRISON. From the Committee on Finance I report back favorably without amendment House Joint Resolution 547, and I submit a report (No. 2023) thereon.

Mr. BULKLEY. Mr. President, I ask unanimous consent that House Joint Resolution 547 be immediately considered.

The PRESIDING OFFICER (Mr. MOORE in the chair). Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 547) providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition to be held at Cleveland, Ohio, beginning in June 1936, and for other purposes, which was ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That all articles which shall be imported from foreign countries for the purpose of exhibition at the international exposition to be held at Cleveland, Ohio, beginning in June 1936, by Great Lakes Exposition, or for use in constructing, installing, or maintaining foreign buildings, or exhibits at the said exhibition, upon which articles there shall be a tariff or customs duty, shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within 3 months after the close of the said exposition to sell within the area of the exposition any articles provided for herein, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided,* That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling or exposure the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further,* That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further,* That at any time during or within 3 months after the close of the exposition any article entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such article shall be remitted: *Provided further,* That articles which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition under such regulations as the Secretary of the Treasury shall prescribe: *And provided further,* That Great Lakes Exposition shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for articles imported under the provisions of this act, shall be reimbursed by Great Lakes Exposition to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524, Tariff Act of 1930.

ADMINISTRATION OF EMERGENCY-RELIEF FUNDS

Mr. VANDENBERG obtained the floor.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. JOHNSON. I think the subject about to be discussed by the Senator from Michigan is of such importance that we should have a fuller attendance of Senators. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	King	Robinson
Ashurst	Copeland	La Follette	Schwellenbach
Bachman	Couzens	Lewis	Sheppard
Bailey	Davis	Logan	Shipstead
Barkley	Dieterich	Lonergan	Smith
Benson	Donahey	Long	Steiwer
Black	Duffy	McGill	Thomas, Okla.
Bone	Fletcher	McKellar	Thomas, Utah
Borah	Frazier	McNary	Townsend
Brown	George	Maloney	Tydings
Bulkley	Gerry	Metcalf	Vandenberg
Bulow	Glass	Moore	Van Nuys
Burke	Guffey	Murphy	Wagner
Byrd	Hale	Murray	Walsh
Byrnes	Harrison	Norris	Wheeler
Capper	Hastings	Pittman	White
Caraway	Hayden	Pope	
Clark	Johnson	Radcliffe	
Connally	Keyes	Reynolds	

The PRESIDING OFFICER. Seventy-three Senators having answered to their names, a quorum is present.

Mr. VANDENBERG. Mr. President, the House of Representatives yesterday passed House bill 12624, which is the first deficiency appropriation bill, and includes the relief program and appropriation for the next fiscal year. Inasmuch as I am in complete disagreement with the relief section of the House bill, and inasmuch as I am offering a complete substitute for it, it has occurred to me that we could save time if I were to present my substitute to the Senate today, and make my statement and explanation regarding it.

I am seeking, at the present time, to submit my discussion of the proposed substitute for the relief bill, first, for the purpose of saving the necessity of a double discussion, once before the committee and then before the Senate; and, second, for the purpose of avoiding the necessity of discussion at a later date, perhaps when time may be infinitely more valuable.

I desire to submit a complete substitute for the section of the House appropriation bill which deals with relief. The proposed substitute does the following things:

(1) It appropriates the sum of $1,500,000,000, plus the unobligated and unexpended balances in previous relief appropriations, estimated at $1,800,000,000.

(2) It sets aside the first $100,000,000 to be allocated to the States to meet unforeseen emergencies.

(3) It requires the balance, or as much as needed, to be equitably allocated to the States on the basis of (a) relative population; (b) relative unemployment; (c) relative cost of living, including climatic and seasonal differentials; (d) relative taxpaying resources.

(4) It requires each State to set up a bipartisan board of relief trustees as custodians of Federal grants-in-aid, and to match Federal grants by not less than 25 percent of State and local funds.

(5) It turns over to the States—and this is the essence of the entire challenge—complete power of decision relative to the type of relief, and complete responsibility for subsequent administration.

(6) It specifically penalizes any relief discriminations on the basis of race, religion, or politics, and makes any relief assessments for political purposes a crime.

I ask, Mr. President, that the amendment in the nature of a substitute, be printed in the RECORD as an appendix to my remarks, and that it be referred to the Committee on Appropriations.

The PRESIDING OFFICER. Without objection, the amendment, in the nature of a substitute, submitted by the Senator from Michigan will be received, referred to the Committee on Appropriations, printed, and printed in the RECORD.

(The amendment, in the nature of a substitute, submitted by Mr. VANDENBERG appears at the conclusion of his remarks as exhibit A.)

Mr. VANDENBERG. Mr. President, I may say in passing that in the event the substitute shall be rejected and we shall be dealing with the text of the House bill ultimately, I shall want also to offer three amendments to the House text, which I also ask unanimous consent to submit at the present time.

The first will include within the penal clause of the House bill the following language relating to persons penalized:

or who solicits or receives any political contributions from persons for whom any portion of the foregoing appropriation is intended.

That amendment will be offered on page 23, line 7, after the word "doing."

At another point, again defining the persons within the punitive definition of the House bill, I propose to insert, on page 23, line 4, after the word "boycott", the words:

discrimination on account of race, religion, or political affiliations—

In respect, of course, to the administration of relief.

And a third amendment, reading as follows:

Provided further, That no work-relief project shall be undertaken unless it has been specifically authorized by act of Congress or unless the entire sum necessary to complete it is allocated to it from this appropriation.

The obvious purpose of the final amendment being to prevent the spectacle which we have seen during the last year or two of small allocations being made from relief funds to projects which are left generally to subsequent appropriation bills to finance.

I ask that these amendments be referred to the Committee on Appropriations and printed.

The PRESIDING OFFICER. Without objection, the amendments submitted by the Senator from Michigan to House bill 12624 will be received, printed, and referred to the Committee on Appropriations.

Mr. VANDENBERG. Mr. President, I want to present to the Senate and for the RECORD, and particularly for the benefit of the Appropriations Committee, in whatever degree it may consider the proposed substitute, some of the reasons why I think it is essential here and now sharply to depart from the existing relief formula and to embrace a new course.

The substitute for the pending bill accepts primary Federal obligation to finance the major costs of feeding, sheltering, and clothing all worthy Americans who are in need. But it restores responsibility to the States for relief decisions and relief administration, and enforces State cooperation. It would demobilize expensive and often scandalous Federal bureaucracy, and ultimately would bring us in sight of a balanced Budget. But it would multiply the dependable aids and hopes extended to the whole American army of the unemployed and destitute.

I have no illusions about the substitute's reception. Probably it is preordained that the country shall persist, for 1 more year at least, in the reckless, wasteful, corrupting, and inadequate relief process which is the administration's present infatuation. But the self-styled Presidential "quarterback" so frequently gives his "team" new signals for new play that I do not entirely despair of change before it is too late.

Indeed, I think I might digress to say, Mr. President, I am greatly encouraged in this later aspect by the courageous action of the Democratic majority of the Senate Finance Committee, joining with and cooperating with the Republican minority of that committee at the present time, in apparently insisting upon rejecting a tax bill which, in my very humble judgment, is the greatest legislative atrocity I have ever confronted. I have no intention to argue the tax bill at the moment, but I should like to add that no tax bill can be defended as good tax legislation which requires of a taxpayer that when he makes out his return he shall have at his elbow a lawyer, an accountant, a psychoanalyst, and a crystal gazer in order to keep out of jail. It might also be added that if this substitute relief plan were adopted—recapturing some $1,800,000,000 of already existing appropriations, unexpended and unobligated—it might be possible to avoid the necessity of any tax bill at all. But I do not want to talk about taxes. I want to talk about relief.

Mr. President, I think I can prove that the substitute is modeled on a principle which would win the approval of the majority of our citizens; that it would far better serve the whole of our people who deserve relief; yet that it would save ultimate billions of dollars to the hard-pressed Treasury and to our distraught taxpayers, and thus would hasten the essential hour when we shall once more pay as we go and when we shall quit the indecent and unsound habit of gaily charging our bills to our grandchildren. In whatever degree these life-giving objectives may be approached we surely can agree that the achievement would be a benediction.

Now, Mr. President, let me summarize my case in advance.

I complain against the existing relief system, which the pending House bill would extend and perpetuate, on the following grounds:

(1) It involves degenerating Federal dictation to the States in affairs which, both by tradition and logic, belong in the intimate jurisdiction of State decision and State re-

sponsibility. States' rights are inevitably matched by State duties. Abandonment of the latter emasculates the former.

(2) It invites the dangerous and ultimately fatal habit of quitting local self-reliance even as it destroys local autonomy. It progressively encourages the process of central subsidies, which have ruined every nation in history that has surrendered to their insidious and paralizing influence. Thus it destroys morale and creates more problems than it solves.

(3) It involves expensive duplication of effort and crushing costs in needless Federal bureaucracy which sap the funds that rightfully belong to citizens in legitimate need of relief. Thus, too, it ominously drains the public credit. Therefore it is a dangerous reliance, particularly for those who require relief, because those who thus rely upon the public credit for subsistence have the greatest stake of all in preserving the public credit from destruction.

(4) It spells poor business. We have learned in the House hearings that during the period of 1933 to 1935, 10.7 percent of all funds expended for relief went for administrative purposes. This seems to me to be a shocking diversion; and it becomes doubly shocking when we discover that the cost of relief administration can go as low as 5.4 percent in one State yet can leap to an altitude of 18.3 percent in another. These unnecessary charges upon relief—a burden alike to the needy and to the taxpayers—can inevitably be reduced when the Federal bureaucracy is demobilized and the vigilance of home-rule responsibility is returned to its essential function.

I may add, parenthetically, at this point that the administration's disregard of the lessons of experience is completely proved by its purpose to concentrate this year on W. P. A. and to abandon the more fruitful and infinitely cleaner P. W. A. entirely.

(5) It wastes vast sums upon experiments which are no part of our immediate problem. Thus it prodigally speculates in the thinning resources of the Republic at a moment when conservation should be the watchword of the hour.

(6) The existing system invites inequities as between the States which are as insufferable as they are inevitable when an enormous Federal bureaucracy, fattening upon the food which it administers to others, attempts to apply common standards to the complex and diversified problems of thousands of different and differing communities scattered across 3,000 miles of continental empire.

(7) The system which would be perpetuated by the House bill, received today, is constantly exposed to political exploitation, because no matter how bravely the central authority may resist these pressures and these cankers it is impossible to protect such a ramifying system from the consequences of political administration, political prostitution, and political duress.

(8) The existing system is inadequate to meet the complete relief necessity because it acknowledges a Federal interest solely in employables who are transferred from relief to work relief, entirely abandoning to doubtful local resources the care of employables who have not been on relief, plus all unemployables. Thus it produces class favorites among the hungry themselves. It extends special privilege to some and ruthlessly denies all consideration to others.

(9) Under the existing system relief loads, relief costs, and reemployment increase together. It is a positively fantastic anomaly. As the need for relief goes down the burden of relief goes up. Where will such a topsy-turvy process end? Either times are not better—a premise which the administration hotly rejects—or the relief system is bad. Take your choice. I am driven by the sheer weight of the proofs which I shall submit to embrace the latter alternative. Therefore I am driven to seek a better way; and the better way seems obvious.

The proposed substitute undertakes to cure these infirmities. It makes no pretense of perfection. Undoubtedly it, too, is vulnerable in spots. But it asserts a principle and points a goal. These are its intended purposes:

(1) To accept Federal obligation to finance the major burden of all basic relief, but to demobilize the entire Federal relief bureaucracy and to return the responsibility of decision and administration to the States.

(2) To create reliable nonpartisan trusteeship in each State for the disbursement of the joint relief funds created, first, by Federal allocation; and, second, by State contribution, which must be at least 25 percent of the whole.

(3) To entrust the Federal allocation to the President on the basis of, first, relative population; second, relative unemployment; third, relative cost of living, with a special fund for emergencies; and, fourth, relative financial resources.

(4) To leave each State entirely free to choose its own mode of relief and thereupon to require each State to take entire and complete responsibility for administration.

Mr. SCHWELLENBACH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I yield.

Mr. SCHWELLENBACH. I wonder if the Senator has given consideration to and would discuss in detail the length of time necessary to survey the country in order to arrive at that point of distribution as between the various States?

Mr. VANDENBERG. If the Senator will indulge me I shall hope to reach that precise point very shortly.

Continuing the list of claimed assets at least for the substitute:

(5) To cure all political exploitation of relief, so far as possible, and to assure all needy persons equitable treatment regardless of race, religion, or political affiliations.

(6) To meet the entire relief emergency in a complete and adequate way, yet to largely reduce the cost of the entire undertaking and thus to hasten the moment when wild Federal financing will cease to threaten not only the solvency of the Government but also the restoration of successful private business and the restoration of private jobs.

Mr. President, I shall subsequently enlarge upon my discussion of these purposes. Suffice it for the moment to say that the substitute accepts the President's estimate that $1,500,000,000 of additional funds are required for the next fiscal year, although we do not believe any such sum is necessary or will actually be used after present unexpended balances are recaptured and after the new system sheds existing duplication, extravagance, and waste. But we prefer, for the time being, to use the President's own figure lest the paramount consideration—namely, the establishment of a sound principle—be handicapped by an irrelevant argument in emotional mathematics. The ultimate advantage, in terms both of money and human values, will be inevitable and irresistible.

It will be my contention that such a system will largely cure all eight of the indictments which I have filed against the existing regime. It will save money by its sheer simplifications. It will save human values by acknowledging a Federal obligation to all distressed persons. It will save scandal and exploitation by the irrepressible authority of neighborhood opinion. It will save waste by concentrating a maximum use of available funds upon the distressed. It will save prejudicial inequities as between States and as between individuals. It will save the public credit and thus hasten that restabilization which is prerequisite to reemployment on a large scale. Last, but far from least, it will halt the deadly trends toward undemocratic centralization of power in a Washington dictatorship. It will save the American system.

Let me repeat that the substitute does not pare the total requested by the President. It is my conviction, however, that this new system will pare itself, particularly in another year, when, for the first time, we shall have adequate relief statistics as required by one section of the substitute.

I digress to refer to the interrogatory of the able Senator from Washington [Mr. SCHWELLENBACH], and to agree that there is at this moment a gross lack of adequate statistics covering the basis of this challenging problem. One of the primary essentials to any businesslike approach to the matter now certainly must include arrangements for the accumulation, the mobilization of authentic and dependable

statistics touching all phases of the problem. I think we have reached that point in the substitute.

In the substitute we also propose to reappropriate any unobligated and unexpended balances remaining from previous relief and work-relief appropriations. The only available testimony regarding these amounts would indicate that on March 31, 1936, $2,061,000,000 of the last $4,000,000,000 bill were unexpended and $1,110,000,000 were unobligated. In the House hearings, P. W. A. Administrator Hopkins estimated that something over a billion dollars of the funds appropriated in 1935 for emergency relief would remain unexpended on June 30, 1936. Budget Director Bell stated that he believed that approximately $1,780,000,000 would remain unexpended from funds appropriated by Congress during the period 1933 to 1935 for the purpose of relief.

It is to be noted that, with the addition of the proposed $1,500,000,000, the Administration would have nearly $3,300,000,000, the amount of the original N. I. R. A. appropriation in 1933. On the basis of State allocations and responsibility this would do more, in terms of real relief for its rightful beneficiaries, than has yet been done for them under any bureaucratic device heretofore embraced, if we could proceed under the theory of the substitute, the theory of home rule and home responsibility, home decision, and home administration.

Mr. President, I undertook to say that I thought I could prove a supporting attitude in American public opinion for this totally different approach to the relief problem. Let us see about that.

What does the rank and file of American citizenship think about this problem? The well-known American Institute of Public Opinion undertook to answer the question in its poll published April 26, 1936. First, the institute sought to determine whether people believe that "politics plays a part in the handling of relief in your locality." The referendum resulted as follows: "No opinion", 17 percent; "No", 18 percent; "Yes", 65 percent.

I pass this phase of the poll for the time being because I am not here raising the political issue. It belongs in the consideration only because the institute considers it a major factor in settling the other question which it asked; namely, "Should the responsibility for caring for all persons on relief be returned now to State and local governments?"

It is a shocking thing, violating not only the sense of humanity but also the sense of American sportsmanship, to think of relief needs being prostituted to partisan politics; to think of worthy persons forced to sell their consciences—to barter their American birthright—before they can qualify for bread. Charges of this character, often well substantiated, have been a common sensation during the past year. They have come just as vigorously from Democratic as from Republican sources. Indeed, 55 percent of the Democrats who answered the institute's question about "politics in relief" responded in the affirmative.

To whatever extent this sordid, insufferable thing is true, it produces two malignant results: First, it degenerates and crucifies American citizenship; second, it vastly multiplies the burden of cost. Neither result can be tolerated either in humanity or in logic.

We never have been able to get a senatorial investigation of charges of this nature although the charges have rolled in from every section of the land. Adequate ventilation has never been permitted. Pious disavowals by administrative higher-ups is not enough. It is particularly disconcerting to read in the Washington Star that W. P. A. files are being destroyed on a large scale. I do not make the charge, because I do not know; but I do not close my eyes to statements in the public prints that are thus far unchallenged. This is an ugly contemplation. The whole thing is utterly unsavory. I do not linger upon it this afternoon. My present objective is something else. Neither do I impugn any motives, in the absence of proofs, because beyond any shadow of a doubt many earnest, patriotic, unselfish, devoted men and women are laboring for the common welfare in this great relief undertaking.

I do not question the utility or the integrity of scores and hundreds of the many great W. P. A. projects that have been undertaken. I simply say that, for the sake of clarity and a fair American understanding of the record, it is unthinkable to me that the present Congress should adjourn without initiating a complete and authentic relief investigation. I simply say that, in my judgment, these sordid infirmities are inevitably inherent in any relief system which centralizes its distributions and controls in Washington bureaucracy.

Mr. President, the situation certainly could not be worse if responsibility were returned to the States. In my view, and evidently in the institute's view, it would be immeasurably better. State politics might still obtrude in spite of every safeguard to the contrary, but the policing effect of neighborhood opinion, the most vigilant and effective of all watchmen, under a system of renewed State and local responsibility, would inevitably circumscribe this jeopardy. Consciousness in the States that they were again spending at least a portion of their own money would afford a further wholesome restraint. The criminal sections of the proposed substitute would afford an everlastingly effective restraint. In any event, the American Institute of Public Opinion evidently found this circumstance—the circumstance of politics in relief—to whatever extent it exists, to be one of the controlling factors in the responses which it procured from the country in answer to the primary question which is our immediate concern.

I repeat the question:

Should the responsibility of caring for all persons on relief be returned now to State and local governments?

What did the country answer? "Yes", said 55 percent. "No", said 45 percent.

This is far from an eloquently conclusive decision, although it is a convincing American majority; but I submit that under all the circumstances it is a rather amazing confirmation of the view which I am urging upon the Senate. Working against the proposition would be an inevitable fear, expressed or implied, that the dismissal of Federal responsibility might mean a corresponding reduction in Federal contributions. Working against it would be the perfectly understandable human interest of those who have a stake in the continuation of the existing Federal set-up—meaning those, for example, who have or expect Federal works contracts or those who live in communities with particularly vivid expectations of a spectacular share of continuing Federal bounty, or those who profit in any way whatever from the swollen Federal administrative pay rolls. Working against it would be the great influence of the President of the United States, who has specifically declared against this restoration of State autonomy; and his influence is inevitably reflected in the vast ramifications of his gigantic political machine, which touches every hamlet in the land. Yet in spite of all these adverse influences, and many others, more than half of our people endorsed the proposition for which I here contend. All but 16 States returned a majority in favor of it. Most amazing of all, 41 percent of the "reliefers" themselves voted for it.

What were some of the reasons assigned to these viewpoints? It seems to me they are highly significant and revelatory. The institute finds the following to have been the most frequent statements:

"It seems to me the States and counties understand the needs of their own citizens."

"States and counties know the needs of their own citizens better."

"Local governments can handle relief cheaper."

"Relieve Uncle Sam of the job. He's done his part."

"There's too much graft in Federal relief."

"The local governments have to shoulder the responsibility some day. Right now looks like as good a time as any."

Are these reasons wide of the mark? I think not. They are founded in reality. They put first things first. They face facts and are guided accordingly. They are distinctly in line with the expert and experienced view of Robert L. Johnson, former relief administrator for Pennsylvania, who declared, in a series of articles in the Saturday Evening Post, that the return of relief administration to the counties, with local taxpayers paying a share of the cost, "would put a check on the waste and inefficiency with which relief expenditures now are handled."

Is this or is it not a laudable objective? Do not our unemployed and our unemployables have an even greater stake

than any of the rest of us in "putting a check on waste and inefficiency"? Will there not be more of our substance left for them if less of it is needlessly frittered away on waste, inefficiency, extravagance, and politics?

The conclusion of the American Institute of Public Opinion was as follows:

A majority of the voters in a Nation-wide poll have come forward to approve a plan which they believe will help break the log jam of unemployment relief, often called the most stubborn problem of our time.

Nearly everybody knows that approximately 20,000,000 people were on relief in March 1933; that the Federal Government has spent or loaned $16,000,000,000 for relief and recovery since then; and that in March 1936 there were still 20,000,000 on relief.

The course of action which the voters favor, after watching 3 years of Federal aid to the needy, is to turn the responsibility for relief over to the States and localities—a course that many observers believe would lead to a reduction in relief rolls.

Mr. President, it is particularly useful and illuminating to consult the recommendations of the American Association of Social Workers, representing the front line of social defense in this battle, to determine the extent to which this social-service group approves the alternative for which I am arguing. While this association recommends the continuation of work relief—provided the work relief embraces only projects—

Which offer genuine work with material usefulness or cultural values which are suited to the capacities of those to be employed.

And provided further that—

The number so employed shall be conditioned upon the number of genuine jobs available, rather than upon pressure to put a maximum number to work at a given time.

The great, dominating recommendation of the American Association of Social Workers is for grants-in-aid to the States and then—

After the transfer of funds under such grants, the direct supervision and actual administration thereof should be left entirely to the State and its subdivisions.

That is the essence of my proposal. It is the key to a rational answer to this desperately important and complex problem which will plague the United States to the point of ultimate disaster unless it is speedily resolved. The direct supervision and actual administration of relief, after it is substantially financed by Federal grants in aid must be left to the individual State and its subdivisions. As a matter of fact, my own proposal is more liberal than that of the American Association, because the association suggests a Federal contribution as low as 25 percent with—

Equalization grants designed to balance the disparity between States in wealth and income on the one hand and needs and liabilities on the other hand.

Whereas my proposal invites the possibility of 75 percent of Federal aid. But the mathematics is far less important than the principle; and on the basic principle I find myself sustained by this great American Association of Social Workers. It is this principle that I urge upon the Senate's conscience, because the principle is absolutely essential to the preservation of American institutions and the protection of the public credit. We ignore this axiom at our peril.

Listen, Senators, to what this association has to say respecting the general problem:

No one defends existence on relief as a way of life. It is tolerated and must be perpetuated until self-support becomes a possibility. Let the condemnation of society be directed against the causes of human misery and not against the measures which have to be adopted to mitigate suffering.

Let us remember that sententious statement in assessing the relief courses which we shall pursue. We are not free agents to do precisely as we please. We are bound within unavoidable limitations. The dictates of the heart would order a made job at prevailing rates of wage for every unemployed person in the land. But the dictates of the sane head remind us that if we pursue such a course we shall bankrupt the Nation and leave nothing for the unemployed or anyone else. Wishful thinking is dangerous and deadly in such circumstance. Our problem, whether we like it or not, is to find the measures "which have to be adopted to mitigate suffering" pending the time when "self-support becomes a possibility" under the restored functioning of normal private business. Neither President Roosevelt nor Administrator Hopkins nor their entire emotional entourage can escape this naked necessity. To pretend to escape when we know better is to "fiddle while Rome is burning."

Listen again to the American Association of Social Workers:

The public fails to comprehend that despite the enormous sums available the recent change in the Federal program has increased rather than lessened the misery and deprivation of a large part of the unemployed and others in need.

That is an amazing statement, Mr. President, particularly to come from the social workers themselves through their national mouthpiece.

Do not run away from that indictment, Senators. Despite the expenditure of "enormous sums"—billions upon billions which we have cheerfully spent and equally cheerfully charged to posterity—misery and deprivation have increased. Shall you cling to such a system? Shall you incorrigibly multiply both debt and misery simultaneously? Is our legislative incompetence reduced to such pathetic impotence? Must we persist in the path of error lest a change of direction might confess that a mistake has been made? It is unbelievable.

There will be no recriminations if the change be frankly made in time. I state here and now that it was necessary to do something, and that I join myself to no indictment of any honest effort that has been made in this behalf. Neither does the American Association, which unreservedly applauds what it freely declares to be "a more effective influence than in any other period in the history of this country." I have no interest in withholding this compliment to good intentions. But good intentions alone are not enough. It is all beside the point. The point—the terrible point—is that we have made mistakes; that we must profit by these mistakes; and if we fail, through pride of opinion or for any other reason, thus to profit by these mistakes, then we deserve unmitigated condemnation.

The American Association of Social Workers points these mistakes. It says:

The imperative need is the realinement of Federal, State, and local forces in a supreme and sustained effort, reaffirming the policy of a cooperative relationship between the three levels of Government covering financial participation and standards of personnel and administration.

That, Mr. President, is my plea—a plea for a "cooperative relationship" in which each unit of Government shall do its own full part, the part which each is best equipped to do. The pending bill perpetuates all the mistakes and errors and wastes and extravagances and inequities of yesterday. The substitute seeks, in good faith, to avoid them, and to build a better, a safer, a wiser tomorrow upon these monitory experiences. To do less is neither courageous nor intelligent.

I do not want to labor the point. But I, for one, cannot escape the challenge which this American Assciation puts to us in the manifesto issuing from its delegate conference of February 16, 1936.

Listen to this. This is a manifesto issued by the mobilized social workers of America, those who are in the front line in immediate primary contact with the problem of relief. This is what they said:

The fact is that at no time since the Federal Government assumed responsibility through making loans to States in 1932 for aiding those unemployed has the position of vast numbers affected by the depression been so insecure.

There is the truth. Lay no unction to your souls, Senators, because the superficial statistics encourage a belief that some of our people are very much better off than they were 4 years ago. At no time, says this unpartisan authority, has the position of vast numbers affected by the depression been so insecure. Why? I continue to report the findings of the American association:

Our recent survey covering various States indicates that the governmental work programs do not and cannot provide for all those unemployed who are able to work. Vast numbers of other

persons are in need of relief, and for them there is no assured provision in the assistance programs of the State or local governments. These needs will continue for many years to come and are so vast that they create a relief problem far greater than any relief responsibility ever shouldered by State and local governments. The withdrawal of Federal relief funds has resulted in low-grade pauper treatment over wide areas, due to reduction of relief grants and lowering of personnel standards and administrative practices. Nothing but intense suffering and demoralization attendant upon harsh and oppressive administration of relief is in store for a great number of families.

Are you content with that prospectus? Make no mistake about it; so long as you cling to P. W. A. or W. P. A. or any of their alphabetical kin, you are meeting only a portion of the distress problem. You are ignoring the great group of employables not on relief and the greater group of unemployables. You are condemning millions of your fellow citizens to "intense suffering and demoralization"—not my words, but the words of the American Association of Social Workers. You are perpetuating "harsh and oppressive administration of relief." Your escape is in comprehending the whole problem on the basis of Federal grants-in-aid to the States with complete responsibility for net results restored to the States. This is no panacea; but it is the road to hope.

Mr. President, one of the sturdiest discussions of this subject which it has ever been my privilege to read was an address delivered recently by Frank J. Scott, former assistant administrator and comptroller of the Works Progress Administration in New York City. Here is one who, it must be acknowledged, knows whereof he speaks. He looks at W. P. A. from the inside. Then he turns it inside out. His argument marches to an invincible conclusion. It is substantially the same conclusion which I am urging upon the Senate this afternoon.

Mr. Scott is not content to linger in the realm of boondoggling theory. He is realist enough—and a few more realists at the helm would be a blessing if anything like W. P. A. is to continue—he is realist enough bluntly to recognize the fact that 17 cents out of every dollar earned in 1934 by everyone in the United States is consumed by the Federal Budget for the fiscal year now ending. He is realist enough to know that the existing system must sharply change in the near future, or even so rich a country as America will go bankrupt, and the first victims of the collapse will be those who depend upon our solvency for their subsistence. In other words, it is no kindness to our unemployed and our unemployables to persist in a system which will one day confront them with bare cupboards. They, of all Americans, have a major stake in the reorganization of this whole system on a basis of sound economy.

I repeat that Mr. Scott is a realist. Remember, too, that he speaks from inside W. P. A. He bluntly asserts:

W. P. A. is a glorified dole, but costs twice as much or more as something that might frankly be called a dole.

These are not my words. This is the ordered conclusion of the assistant chief administrator of W. P. A. in New York City.

There has been much talk about the dole taking away a man's self-respect, and that W. P. A. restores it because he is employed to do some useful work. That is a pleasant way to present it, but in my judgment it is just plain bunk.

This is Mr. Scott speaking, too:

Every man and woman employed on W. P. A. was taken from the relief rolls. To get on relief rolls an individual must, in effect, take a pauper's oath. That being the case, why all the cheers about W. P. A. maintaining a man's self-respect, particularly as anyone who has watched W. P. A. laborers work knows that they are not doing the kind of job that would be expected of them in private life?

Senators may or may not concur in this frank view. However, it cannot be contemptuously brushed aside without consideration. It goes squarely to the humanities involved in this survey of the Nation's biggest puzzle. I know of nothing more cruel, I repeat, than the present arbitrary and ruthless rule of action which requires of a man that he shall have been upon direct relief during the month of November 1935, before he can qualify for work relief. This penalizes every native element of self-reliance which has been the supreme American characteristic. It punishes brave individuals who battle upon their own resources to the last possible moment before yielding to the crushing burden of depression. It rewards quick, swift, and easy surrender. The sooner you quit struggling, the surer you will be to get help. I cannot subscribe to any such horrible distortion. I prefer a system under which all citizens in legitimate need shall stand upon an equality, and relief shall play no favorites.

I do not argue for the so-called dole, although I am not afraid of the word if it represents the greatest aid for the greatest number. The plan I favor returns to the States the right and the responsibility of decision. It is for the State to decide what formula it shall pursue, whether it be home relief or work relief, or a combination of the two. It is for the State to decide what it shall do with its liberal share of a liberal Federal grant-in-aid matched by its own draft upon its own resources.

But let me return to Mr. Scott who, incidentally, observes that the result of centralized Washington control over W. P. A. produces "operating duplications that are staggering in cost and ineffective in results."

There is testimony from one who knows. I have been speaking about the immense sums which can be saved without any diminution of relief itself, if we can only decentralize the Washington bureaucracy, with all its duplication and dictations and its nonessentials. Mr. Frank J. Scott, former assistant administrator and comptroller of the W. P. A. in New York City says it himself. He speaks of—

Operating duplications that are staggering in cost and ineffective in results.

Why should we run away from the problem? That is the thing we are asked to perpetuate in the House bill. Mr. Scott concludes as follows:

The per-capita public debt now totals $400, against $58 in 1913, an increase of 590 percent, whereas the per-capita income has only increased about 15 percent. In the face of these staggering facts, it is generally conceded that we still have 10,000,000 unemployed. To what extent and for how long can any government continue the present spending pace? Our present spending is so pleasant to so many and our direct taxes affect so few that no one seems to care. The Nation will go on its merry way until our elective Representatives have the courage to insist that we shall pay for every dollar spent henceforth by taxes, and that a substantial part of these taxes shall be direct taxes. Then, and only then, will each of us, as a committee of one, wake up to the fact that the Government is possessed of no magic which enables it to draw wealth from the skies. Then, and only then, will the subject of relief—

That is the thing I am stressing, and that alone—

Then, and only then, will the subject of relief be taken out of politics—

And put where?—

and put back to local communities, where it belongs, and on a basis that will protect the real "forgotten man"—the great middle class—who, now and always, whether he knows it or not, has paid the bulk of Federal taxes. As a committee of one appointed by myself, at the recent suggestion of President Roosevelt, I invite your attention to the necessity of a policy to pay as you spend, so that the citizens of this country can determine for themselves how much altruism this country can really afford and still not too heavily mortgage the lives of this and future generations.

I emphatically agree both that we must pay as we spend and that relief must be taken out of politics and out of Washington and put back upon primary State and local responsibility, where it belongs.

Mr. President, there are several highly illuminating exhibits which I desire to include in the RECORD, but which I shall not burden the Senate to read in detail. I simply indicate that one very amazing experiment took place in Huron Township, Wayne County, Mich. This is an interesting and significant exhibit. It involves the smallest unit of government, a township; but, in the final analysis, our national experience is the sum total of these local experiences. I quote briefly from a report in the Detroit News, respecting Huron Township, Wayne County, Mich.:

Huron Township, which seceded from the county welfare relief administration and went on its own to administer and finance relief February 1, today is congratulating itself.

The township board, headed by Otto C. Koster, supervisor, who last January notified the county relief administration, "We'll take

care of ourselves and set an example for the Nation", reviewed local relief activities at its monthly meeting at Improvement Hall with gratification.

The case load has been cut from 19 families to 12; relief costs were sliced in half; ne'er-do-wells elected to move out of the township, and idlers suddenly found jobs in time to escape a cordwood project set up by the township board.

I have no interest in harsh or unsympathetic treatment for persons who deserve and require relief. On the contrary, everything I am saying trends in the direction of better treatment for more of them than has been the record heretofore. But local responsibility, I am bound to say again and again, polices these situations to eliminate their wastes and exploitations in a fashion utterly impossible when absentee overlords and treasurers operate the system from Washington.

When John F. Ballenger, Wayne County relief administrator, heard about what had happened in Huron Township, this is what he said:

I'm not so sure but what those officials are right. I always have been of the opinion that those closest to the picture would be bound to know the business best. It looks like a step in the right direction.

"Those closest to the picture * * * know the business best." That is the beginning and the end of my argument. It pleads for the restoration of home responsibility and home rule. Those farthest from the picture know the business worst. That is the story of central Washington controls—and it is the inevitable story, because distance dilutes the mutual sense of obligation.

Take the converse of the Huron Township case. I suppose there is no more challenging exhibit than that of Fulton, N. Y. "The Mystery of Fulton, the City the Depression Missed" was the title of the revelation in the New York Sun of March 21 last. Listen to this amazing balance sheet!

I am speaking, Mr. President, about what happened in Fulton, N. Y. In 1928 private employment took care of 3,464 workers and private charity took care of 136 cases at a cost of $17,500. In 1936 private employment takes care of 4,327 workers and Government charity takes care of 858 cases at a cost $350,000. Not only does the number of workers in private industry increase heavily but the private pay rolls increase from a predepression high of $2,753,000 to a 1936 altitude of $4,404,027. But at the same time, in this same city which "the depression missed", the relief cases have multiplied 600 percent and the cost of the relief load has multiplied 2,000 percent.

And, Mr. President, precisely that same sort of relationship, in greater or less degree, exists in every community in this land, and it is a fundamental, basic, inescapable challenge against this centralized bureaucratic attempt to run the whole relief program of America from the city of Washington.

What has happened at Fulton, N. Y., simply typifies, in magnified form, the Nation-wide experience. Reliance upon imported relief funds, administered under absentee formula, inevitably multiplies the cost and divides the efficiency. It is bad social service, bad morale, bad economy, bad business, and bad citizenship.

Every community in the Nation has had its own experience in this respect; and usually, if the testimony be candid, it will be conceded that the present system, no matter how nobly meditated, is infinitely more expensive and infinitely less efficient and less satisfactory than home-rule responsibility for these dispensations. "Those closest to the picture know the business best."

Mr. President, I do not want to labor this point, but I have one or two other exhibits which I desire briefly to submit for the RECORD. Of course, the major problem in connection with success for the alternative proposal which I am submitting turns upon the question of an equitable allocation by the President to the States in the first instance. But I submit that this is not too difficult; and I am now coming to the question submitted some time ago by the able Senator from Washington [Mr. SCHWELLENBACH]. Indeed, the old F. E. R. A. effectively discussed this matter in response to a Senate resolution in the first session of the Seventy-fourth Congress. Assistant Administrator Corrington Gill, who is still with us, indicated four indices that should be consulted in arriving at equitable State allocations. He named: (1) relative relief needs, which is to say, relative unemployment; (2) relative abilities of the political units to finance relief; (3) relative amounts spent by the political units for public welfare purposes other than direct relief; and (4) geographical variations in living standards and relief costs, as well as weather and seasonal factors. It will be noted that my substitute substantially pursues this same formula which was recommended by the F. E. R. A. itself, 3 years ago, and which, therefore, I assume, has a feasible reality upon which we may lean. Therefore the formula should be accredited high and persuasive credentials by my Democratic friends across the aisle. My proposal is not without precedents. I am no lonesome pioneer.

Mr. Gill's report said something else, and it bears significantly upon the problem. He also found that the need for Federal assistance may be affected by—

The unwillingness of some Governors to call special sessions of the State legislatures, the lack of responsibility or the presence of political factionalism which may prevent legislative action, and in a few cases perhaps the unwillingness of the people dominating the political scene to go on record as favoring the raising of funds for the relief of their unemployed.

Those are not my words; those are quoted from the testimony of the Assistant Administrator of F. E. R. A. before a congressional committee.

So far as I am concerned, I am unwilling to surrender to any of these latter vicissitudes. I am unwilling to consent that the Federal Government inherits an obligation merely as the result of the deliberate failure or refusal of a State to do its own duty. I particularly resent any system which burdens the national taxpayer simply because some State regime is unwilling to face its own responsibilities; but I strongly suspect that this element has not been absent from these past inequitable equations. The existing system, which I condemn, is made to order to encourage just such unpatriotic and unsportsmanlike attitudes. It is made to order to reward the slacker. I prefer a system under which cooperation, at least to a minimum extent, is mandatory. Let it be noted that my substitute provides leeway for real emergencies, for I would be the last to penalize real State distress. But it requires a ruggedly honest accounting; and the patriotic taxpayers of the Nation always are entitled to a rugged accounting whenever bounties move out of the National Treasury to anybody. Any other rule invites political favoritism, which is the anteroom to political despotism. Capacity to pay and relative need must be the rule of allocation or any relief system is sheer exploitation. The old F. E. R. A. has testified that an equitable rule of allocation is possible. My proposed substitute invokes that rule. Anything else is unfair, and the existing system is something else.

Mr. President, just one further exhibit and I shall then reward the patience of my friends by subsiding.

Nothing could better illustrate the wide divergence of the relief problem in the various States—and thus the wisdom of getting the determination of relief policies and their administration back as closely as possible to the individual States—than the wide divergence in relief standards among the various States as revealed in recent experience. Direct relief costs per family for the 3 years of 1933, 1934, and 1935 have varied from a total—now think of this—of $3,472 in one State to $426 in another. They have varied from a State average of $1,479 in the highest-cost group to a State average of $644 in the lowest-cost group.

I ask to have printed at the conclusion of my remarks a table which will be marked "Exhibit A" to sustain the contention.

The PRESIDING OFFICER. Without objection, the table will be printed in the RECORD.

(See exhibit B.)

Mr. VANDENBERG. Mr. President, many factors contribute to these variations. It is inevitable that there must be variations. The localized problem differs, depending

upon such things as higher living costs in urban areas, lower living costs in warm latitudes, and so forth. It emphatically differs in respect to traditional standards of relief and the local disposition to economize both in the cost of relief and the cost of administration. But since these variations, many of them legitimate variations, are unavoidable, it seems a matter of elementary logic to me that we must strive for a system which puts a premium upon holding them within the narrowest possible bounds. It seems equally logical that this demands a restoration of maximum local responsibility.

Federal control accentuates the difficulties and the discrepancies. State responsibility brings home the consciousness of obligation. Until this occurs, definitely and specifically, there is no curb upon the variations. Therefore, it seems incontestably sound to me that, first, each State must again become the responsible unit of decision and administration, and, second, that each State must be required, as the sole practical means of holding it to strict accountability, to match in some appropriate percentage the relief funds received from the central government.

It always will be impossible to reduce Federal grants in aid to a basis of absolute and exact equity because there never can be any absolute rating of relative relief needs and relative capacity to pay. But it should be possible to avoid the wide discriminations now apparent on the face of the record. No one wants to divide the United States into 48 watertight compartments and to say that each shall live unto itself alone or that all shall stand on a dead level, regardless of their resources, in respect to Federal aid. But the sense of responsibility should be the same in every State. I know of no way to measure it and require it except to demand an arbitrary minimum of State contribution to match the larger Federal contribution.

For the calendar year 1935 the proportions of the relief bill in each State paid by each State itself have varied quite as widely as the relief standards to which I have referred. One State paid 65 percent of her own bills, for example, while another paid less than 1 percent of her own bills. I beg to be acquitted of pretending any invidious comparisons. That is not my purpose. I simply show the facts. They may speak for themselves in whatever fashion they deserve.

Mr. SCHWELLENBACH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I yield.

Mr. SCHWELLENBACH. I should like to ask which State it was that paid less than 1 percent.

Mr. VANDENBERG. I shall be glad to give the Senator the information, though I shall ask to have placed in the RECORD a table which will fully illuminate it.

Mr. SCHWELLENBACH. I should like to know which State it was.

Mr. VANDENBERG. I shall have to beg the Senator's indulgence until I can locate it. I have it among my papers, but do not want to detain the Senate while I look for it now. I shall provide the Senator with the information before I conclude.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. VANDENBERG. Certainly.

Mr. McKELLAR. Does the Senator's statement show what amount each State received in the way of relief?

Mr. VANDENBERG. Yes. I think I know the answer to the inquiry of the Senator from Washington [Mr. SCHWELLENBACH], but I hesitate to announce it without being absolutely certain.

Let me catch up again with the comparison. One State paid 65 percent of her own bills while another State paid 1 percent of her own bills. Fourteen States paid less than 10 percent of their bills, while 10 States paid more than 30 percent of their bills. That this does not reflect the actual capacity to pay is indicated by another table for a longer period, which embraces not only the relief statistics, but also relative rankings in respect to per-capita wealth, per-capita income, and per-capita taxpaying ability.

Mr. President, I ask that all the three tables to which I have referred may be inserted as exhibits at the end of my observations so all the references I have been making may be readily identified by Senators who may wish a bill of particulars.

The PRESIDING OFFICER. Without objection, that will be done.

(See exhibits B, C, and D.)

Mr. VANDENBERG. Mr. President, it would be absurd to pretend that these statistics are conclusive. They are not. One of the great tragedies of the present situation is that we have not, during all of this depression period, developed any accurate census of unemployment and these related factors in serving the distress problem. These figures are only an index. But, I repeat, they demonstrate some of the imponderable variations and discriminations. Any rule which the human mind might devise will be vulnerable to some attack. I simply argue that the variations and discriminations will approach a minimum in proportion as local responsibility is invoked in terms of minimum cooperation.

The substitute which I have offered sets this minimum cooperation at 25 percent. I am not suggesting that State and local funds shall match the Federal funds dollar for dollar as has been our traditional custom. I am suggesting the far more liberal ratio of three Federal dollars for one State and local dollar with an added discretionary fund for tolerance and emergency. But this will level off the peaks and valleys and command substantial equity between the States. It may be significantly noted in this connection that the average percentage of total relief expenditures from Federal funds for the calendar year 1935 was 74.4 in continental United States. Therefore, my proposed ratio is the average. It may also be noted that the average State and local contribution to relief for the period from January 1933 to September 1935 is 22.2 percent. My proposed formula increases this figure by only 2.8 percent. It is the nearest possible approach to a rule of reason.

But I contend that all our experience demonstrates that when local responsibility is restored, and when the heavy burden of Federal administration is abandoned, and when we confine ourselves to the immediate relief and work-relief problem, shorn of all the costly experimentation which now eats away so large a share of our relief funds, the net result will be relatively advantageous to every State and to the sum total of all the victims of depression within each State.

Let me summon another interesting witness. One may or may not be partial to the views of Mr. Walter Lippmann, the well-known columnist who, I concede, is now anathema in some high quarters where he was once an oracle so long as he was their unfailing eulogist. But no one can dismiss his powers of analysis, nor can anyone justly discard him as a mere partisan special pleader. Mr. Lippmann significantly says:

> The problem never will be soluble as long as Washington undertakes to fix relief standards and wage rates. The system is, as it were, upside down. What ought to be decided in Washington is how much Federal assistance must be given to the States in order to relieve unemployment and need at the rate determined by the States.
>
> The question for Washington should not be: How much income and what wage does a man need in the township of Hopkins in Farley County, in the State of Roosevelt? That is an impossible question for Washington to answer.
>
> The question should be: How much assistance must be given to the State to match what the State, the county, and the township have decided they must spend?
>
> The mysteries and paradoxes of relief would begin quickly to resolve themselves once the system were turned right side up. For the size of the appropriation would then be determined by what the States and localities are themselves willing to finance. As it is today, they are determined by Mr. Roosevelt's and Mr. Hopkins' guess at what it would be desirable to spend.

There we have the same old challenge in different dress. Turn the system "right side up"—go back to the State as the unit of administrative decision and responsibility—and the perplexities will begin to resolve themselves. In other words, rely upon a principle rather than upon a device. That is the burden of my plea.

I go back to President Roosevelt's own statement of June 14, 1933, to a conference of Governors and State emergency relief administrators in Washington. The President then said:

> The Emergency Relief Act is an expression of the Federal Government's determination to cooperate with the States and local communities with regard to financing the emergency-relief work. The Federal Emergency Relief Administration has acted on the principle that it means just that. It is essential that the States and local units of government do their fair share. They must not expect the Federal Government to finance more than a reasonable proportion of the total.

There have been many swift changes in policy since that sturdy sentiment was uttered. One of the greatest vices in the situation has been this lack of constancy in the design and pattern of our Federal purpose. There has been a progressive desertion of State and local responsibility; a progressive expansion of Federal domination and contribution, and with it a progressive growth in Federal bureaucracy. I maintain it is time to turn back to the sound principles upon which we relied when we started. There is nothing but grief, extravagance, and ominous prophecy in continuing blindly to pursue these later devices. The relief problem must be adequately met; but it must be met without imposing unbearable burdens on present and future generations. As has been well said, we must keep clearly in mind not only the fifth of our population who are out of work but also the four-fifths who are at work and on whose shoulders the burden of paying for our relief problem now falls.

I repeat that the program has progressively changed. From February 1932 to November 1933 it was characterized chiefly by Federal grants-in-aid to State and local governments. The original formula called for $1 of Federal money for $3 of State and local money—the precise reverse of the more liberal formula which I now propose—with additional discretionary funds for extraordinary situations. The next formula was the dubious C. W. A. program from November 1933 to April 1934, when the Federal Government embarked upon "make work" relief projects. It costs a cool billion; and no one subsequently condemned it by more vigorous inference than the President himself. The next period bridged the gap to the inauguration of W. P. A. in the autumn of 1935 and put its emphasis upon work-relief and special-relief projects. The final period is the contemporary W. P. A. regime characterized by a complete withdrawal of Federal grants-in-aid to States, a complete break-down in local responsibility, a complete abandonment of the initial Presidential purpose, and a complete substitution of a vast work-relief program with countless social experiments attached. I respectfully but earnestly submit that we have learned from this experience that we must return to first principles.

If present trends persist, the Government of the United States will be driven straight to bankruptcy because, if our experience is any criterion, we see that the present system feeds and builds upon itself. As economic conditions improve, the relief load multiplies. No responsible Government official dares ignore such a terrific challenge. It is too utterly hopeless to contemplate the anomoly of a great increase in relief rolls and a still greater increase in relief costs in spite of an encouraging revival of industrial production, and an increase in national income, particularly farm and labor income. You cannot run away from the challenge. It is here, confronting the wisdom and the conscience of the Senate. You may continue—smugly and expediently—to ignore it. You may, a little longer, hide the reality behind a facade of lofty humanitarian orations. You may "whistle through the woods." But your deadly problem will soon catch up with you.

President Roosevelt himself said in his relief message of last March 18 that there are still 5,300,000 families and unattached persons in need of relief—which is 300,000 more than the year previous.

During this recent 2-year period, when relief costs of all kinds have increased 600 percent and relief rolls about 40 percent, factory employment has increased 30 percent, factory pay rolls increased 62 percent, and national income increased 10 percent. Boast of the latter figures all you please, but I say to you that the more emphasis you put upon them the more appalling becomes the contemplation that your relief program is a deadly, devastating mistake. The increased number on relief rolls, in the presence of better economic times, is itself a warning that there is something wrong and that you had better give up this vain effort to run the intimate life of this vast country from a centralized authority at Washington.

But it has been the sudden shifts in the relief programs, the growing tendency to favor "make work" projects rather than home relief grants, and the undertaking of numerous special experimental programs rather than the increased number on relief rolls, which threatens your Budget with permanent and fatal dislocation. In all honesty I know of but one answer, and that one answer is to restore home responsibility to the States for making and then policing these relief decisions.

The present Federal program not only costs too much—often because of expenditures which never actually serve those whom we would protect—but it fails to meet the needs of many families not reached by Federal work projects who cannot receive adequate care from their local communities without some Federal aid. It is a situation crying out for a practical solution which shall warrant humane and adequate treatment of all worthy families now in need of relief, yet which shall stay within the financial resources of Federal, State, and local Governments. It seems to me that thoughtful citizens must be driven to the conclusion that the only solution will return to a cooperative system of relief in which major responsibility will be returned to State and local governments, where it logically belongs, while the Federal Government makes grants-in-aid to guarantee the major costs involved. Such a solution would leave to home-rule decision the discretion whether relief should be in the form of work-relief wages, cash home relief, or a combination of the two.

I have seen authentic estimates that while the total cost of all forms of relief to all units of Government in the next fiscal year will crowd four and one-half billion dollars if present plans are carried forward without modification, yet under home-rule auspices a home-relief and work-relief program combined can adequately serve 4,000,000 cases—the estimated load—for $1,365,000,000, or a home-relief program alone can adequately serve 4,000,000 cases for $960,000,000. It is a far cry from one to the other. If there be any validity in these estimates at all, my proposal for the next fiscal year is utterly generous. If anything, it is too generous because it surpasses the prospective needs. But I prefer to err on the side of generosity. It is vastly more important at the moment to restore a sound principle of action—a sound working program—than it is to argue over a few hundred millions of dollars, although these still are sums that ought to command respect.

I frequently disagree with the National Economy League, but I refuse to run away from logic, no matter what its source. The league's director of research, John C. Gebhart, has prepared a temperate, dispassionate, factual analysis of this problem, which reaches the following persuasive conclusion, in which I concur:

> The Federal Government has already spent over $6,000,000,000 for relief and work relief. If public works (P. W. A.) are included, we have already spent over seven and a half billion dollars in an effort to create jobs, to prime the pump of industry, and to furnish cash relief. Next year, if present plans are carried forward, the Federal Government will spend $4,000,000,000 for relief, work relief, and public works. So long as this program continues, the Federal Budget cannot be balanced, and we shall continue to run into debt to the extent of $4,000,000,000 a year.
>
> We face two interrelated problems: We must balance the Federal Budget if we are to avoid inflation, unbearable taxes, or both; we must devise a system of cooperative relief for destitute families which is effective and humane and which can be kept within revenues of Federal, State, and local governments.
>
> This study of the various experiments with relief and work relief, their practicability and their costs, is offered in the hope that it will aid in the solution of this problem. Our experience with 4 years of Federal relief leads, we believe, to but one conclusion: We must stop pouring out Federal funds for costly and cumbersome work-relief programs, centered in Washington, and return to a program which places the responsibility for the administration of relief on State and local governments, with Federal assistance confined to grants-in-aid to States and localities.

Such a program will save the Federal Government nearly three and a half billion dollars a year and will not add to the financial burden for relief which States and localities are now carrying. It will make possible the balancing of the Federal Budget—the one factor most needed to restore business confidence and to promote private employment.

Mr. President, it is upon this theory of relief, sustained by these exhibits, that I have taken the liberty to submit this amendment, in the nature of a substitute. I ask that it may be referred to the Committee on Appropriations for proper attention and survey.

The PRESIDING OFFICER. The amendment in the nature of a substitute will be referred to the Committee on Appropriations.

Mr. VANDENBERG. When the original relief bill was before the Senate I voted in favor of amendment submitted by the able Senator from Colorado [Mr. ADAMS] and then an amendment submitted by the able Senator from Virginia [Mr. BYRD], each of which proposed to cut that $4,880,000,000, one of them to $1,880,000,000 and the other to $2,880,000,000. I voted for both those amendments because I believed that on a proper basis the relief problem thus could be met.

The argument I am presenting today is completely consistent with my attitude at that time because I continue to be ready to vote for whatever relief appropriations are essential to meet the fundamental challenge, but I am not willing to continue a system which is shot through with inequity, which is prejudiced inevitably by political administration, no matter how nobly the man at the top may attempt to administer it, and which cannot continue at the present rate of spending if a solvent Republic is to be preserved.

EXHIBIT A

Amendment in the nature of a substitute intended to be proposed by Mr. VANDENBERG to House bill 12624: Strike out from line 9, on page 21, down to line 14, on page 25, and insert in lieu thereof the following:

"To provide adequate home relief and/or work relief, including the cost of administration thereof, in the United States and its Territories and possessions, in cooperation with these subdivisions and on the basis of their administrative responsbilty and pursuant to their decisions respecting the character of relief within their jurisdictions, $1,425,000,000, to remain available until June 30, 1937, subject to the following terms and conditions:

"(a) This appropriation shall be available for payment of grants in aid to the States, Territories, and possessions in the following classifications: (1) $100,000,000 for emergencies, $1,325,000,000 for regular allocations.

"(b) The sum designated for emergencies shall be available for grants in aid by order of the President to meet any extraordinary or unforseen contingencies, according to the discretion of the President, and without regard to any other requirements in this section; provided that this sum also shall include the expense of Federal administration of the entire relief appropriation.

"(c) The sum designated for allocations shall be allocated by the President at his discretion with due and equitable regard for all of the following factors: (1) Relative population; (2) relative unemployment; (3) relative living costs, including seasonal and climatic conditions; (4) relative financial resources.

"(d) The sums allocated under subsection (c) shall be paid on a quarterly basis by order of the President to the States, Territories, and possessions when (1) the Governor of each subdivision, or the District Commissioners in the case of the District of Columbia, shall have certified to the President that he has appointed a bipartisan board of relief trustees, who shall become custodians for the receipt and disbursement of the Federal grants in aid; and when (2) each such board of relief trustees shall have certified to the President that its subdivision or any unit thereof has provided, or is prepared to provide, not less than 25 percent of the cost of the relief programs, including cost of administration, which each such board of relief trustes shall designate to receive the Federal grants in aid.

"(e) Each subdivision shall decide through its own duly constituted authorities, with the approval of its board of relief trustees, what type of relief shall be undertaken, and each subdivision shall assume full administrative authority therefor; provided only that any such relief shall be distributed without discrimination on account of race, religion, or political affiliations. Any person who knowingly violates this proviso in connection with the allocation or administration of any such grant, or who knowingly makes any false statement in connection with any applications or reports that may be required by this section, or who solicits or receives political contributions from any other person on relief or connected with the administration thereof, shall be deemed guilty of a misdemeanor and fined not more than $2,000 or imprisoned not more than 1 year, or both.

"(f) Each board of relief trustees shall furnish such reports from time to time as may be required by the President, and shall account for the expenditures of all Federal funds disbursed by it, and such reports shall include comprehensive information respecting all phases of relief needs that may be required hereafter in determining future grants in aid.

"(g) There is hereby reappropriated for the purposes described in subsection c, and in addition thereto, all unobligated and unexpended balances of the amounts appropriated by the acts approved June 16, 1933, February 15, 1934, June 14, 1934, and April 8, 1935, or such portions thereof as the President shall deem necessary. Any unexpended balances at the end of the next fiscal year shall be returned to the general fund of the Treasury.

"(h) The President is authorized to prescribe such rules and regulations as may be necessary to carry out the purposes of the foregoing appropriations in this section."

EXHIBIT B

Direct relief costs per family (cents omitted) for 1933, 1934, and 1935

GROUP 1

	Federal	State and local	Total
Wyoming	$1,619	$156	$1,775
District of Columbia	1,256	457	1,714
Montana	1,141	145	1,287
California	1,087	530	1,617
Illinois	1,005	328	1,333
Idaho	1,003	189	1,193
Oregon	985	255	1,240
New York	968	858	1,827
Wisconsin	961	364	1,326
Average	1,114	365	1,479

GROUP 2

	Federal	State and local	Total
Colorado	$955	$175	$1,131
Washington	925	207	1,132
Massachusetts	895	813	1,709
Maryland	891	336	1,227
Minnesota	889	274	1,164
South Dakota	885	100	985
Louisiana	840	26	867
Utah	840	224	1,064
Michigan	837	302	1,140
Arizona	831	144	975
Average	879	260	1,139

GROUP 3

Pennsylvania	$814	$334	$1,149
New Jersey	802	370	1,172
New Mexico	792	28	821
Nebraska	791	239	1,030
Kansas	763	282	1,045
North Dakota	762	121	883
Ohio	756	217	973
Maine	732	714	1,447
Georgia	711	39	751
Average	769	260	1,030

GROUP 4

Vermont	$660	$506	$1,167
Missouri	657	192	850
Connecticut	647	826	1,473
Virginia	646	70	716
Arkansas	637	23	660
Florida	616	31	647
Indiana	614	336	951
New Hampshire	613	759	1,372
West Virginia	570	74	644
Iowa	556	406	962
Average	622	322	944

GROUP 5

South Carolina	$542	$11	$553
Tennessee	533	37	571
Mississippi	521	20	542
Rhode Island	519	798	1,317
North Carolina	518	17	535
Alabama	516	29	545
Texas	438	117	555
Oklahoma	393	59	453
Delaware	383	563	947
Kentucky	369	56	426
Average	473	171	644
Nevada, with the highest average of relief costs of any State, is not included in any of the above groups. The tabulation for Nevada follows:			
Nevada	3,077	395	3,472

EXHIBIT C

Comparison of State and local contributions to emergency relief with indexes of taxpaying ability of States

State	Percent emergency relief expended from State and local funds [1] January 1933 to September 1935	Rank in percent of relief expended from State and local funds	Rank in per-capita wealth [2] (1929)	Rank in per-capita personal income [3] (1929)	Rank in per-capita taxpaying ability [4] (1930)
Alabama	5.1	41	48	45	47
Arizona	14.8	30	14	18	20
Arkansas	3.6	44	45	47	45
California	33.5	10	28	4	7
Colorado	15.9	28	20	20	21
Connecticut	56.1	3	9	5	6
Delaware	60.0	1	31	2	1
District of Columbia	25.6	17	10	3	4
Florida	3.8	43	38	31	35
Georgia	5.0	42	47	44	46
Idaho	15.3	29	7	28	26
Illinois	24.8	19	25	8	10
Indiana	33.5	11	29	27	31
Iowa	41.0	9	5	35	12
Kansas	26.7	16	15	30	22
Kentucky	13.3	32	46	42	43
Louisiana	3.1	47	41	40	44
Maine	48.2	4	32	24	32
Maryland	27.6	14	33	14	23
Massachusetts	47.8	5	16	9	9
Michigan	26.7	15	34	11	15
Minnesota	22.1	21	12	26	24
Mississippi	2.6	48	49	48	49
Missouri	22.1	22	27	22	28
Montana	11.9	34	4	19	13
Nebraska	23.6	20	6	32	17
Nevada	9.4	38	1	7	2
New Hampshire	46.2	6	18	23	30
New Jersey	30.9	12	21	6	5
New Mexico	3.1	46	37	37	39
New York	45.8	7	22	1	3
North Carolina	3.3	45	43	46	42
North Dakota	12.6	33	11	39	34
Ohio	21.9	23	24	15	18
Oklahoma	13.4	31	42	34	37
Oregon	19.9	26	8	17	14
Pennsylvania	28.0	13	19	13	19
Rhode Island	59.6	2	23	10	11
South Carolina	1.9	49	44	49	48
South Dakota	9.8	37	3	38	27
Tennessee	6.8	40	39	43	41
Texas	21.5	24	40	33	38
Utah	20.1	25	17	29	29
Vermont	42.9	8	35	25	36
Virginia	10.1	36	36	41	40
Washington	19.3	27	13	12	16
West Virginia	10.7	35	26	36	33
Wisconsin	25.6	18	30	21	25
Wyoming	7.3	39	2	16	8

[1] Data from CONGRESSIONAL RECORD (Jan. 30, 1936, p. 1228). The period covered by this data is believed to be most representative of what took place during the life of F. E. R. A. since it covers practically the whole period in which extensive grants were made. Shifting of the load to W. P. A. began in the fall of 1935, with the result the total expenditures for emergency relief declined from $188,571,767 in May 1935 to $70,555,119 in December 1935. The proportionate contribution by the Federal Government declined due to the fact that W. P. A. attempted to care for all employables.

[2] Based on National Industrial Conference Board estimates.

[3] Based on Brookings estimate in America's Capacity to Consume (p. 173).

[4] This is taken from Mabel Newcomer, An Index of the Taxpaying Ability of State and Local Governments (New York (1935), p. 59). This index was constructed by applying a model tax system to each of the States and determining the yield from each of the component taxes. The taxes used in the system are as follows: Real property, $20 per thousand dollars of full value; severance tax, 2 percent gross on oil and gas; personal income, rates vary from 1 to 6 percent; business net income, 4 percent on corporations and 2 percent on unincorporated enterprise; the incorporation of business enterprises, 0.5 of 1 percent of value of stock; stocks transfer, 0.04 of 1 percent of value of stock; liquor varies from 3½ cents per gallon of beer to $1 per gallon of whisky; and a progressive tax on inheritances ranging from 1 to 10 percent. This model tax system is practically the same as one developed by a committee of the National Tax Association.

EXHIBIT D

Allocation of funds under the Emergency Relief Appropriation [1] Act of 1935 compared with relief cases by States

State	Relief cases, [2] June 1935	Total funds, all agencies	Total W.P.A. funds	Total funds per case	W.P.A. funds per case
Alabama	83,832	$64,446,977	$17,421,545	$768.76	$207.81
Arizona	20,387	37,921,823	5,198,424	1,860.10	254.99
Arkansas	74,160	59,820,101	14,366,301	806.64	193.72
California	241,327	269,228,356	77,061,694	1,115.62	319.32
Colorado	62,889	58,961,687	17,863,127	937.55	284.04
Connecticut	42,310	38,996,427	14,026,505	921.68	331.52
Delaware	4,149	7,043,767	1,645,972	1,697.70	396.72
District of Columbia	18,603	24,488,834	6,594,933	1,316.39	354.51

[1] Data on allotments from House of Representatives hearings on first deficiency appropriation bill, 1936.

[2] Data from F. E. R. A. monthly report for June 1935.

Allocation of funds under the Emergency Relief Appropriation Act of 1935 compared with relief cases by States—Continued

State	Relief cases, [2] June 1935	Total funds, all agencies	Total W.P.A. funds	Total funds per case	W.P.A. funds per case
Florida	64,747	60,158,797	14,789,117	929.14	228.41
Georgia	77,003	68,423,966	19,116,876	888.59	248.29
Idaho	20,776	39,711,106	4,862,907	1,911.39	234.06
Illinois	303,936	241,365,688	85,387,356	794.13	280.94
Indiana	114,857	86,566,102	40,040,009	753.69	348.61
Iowa	49,929	46,958,400	12,968,713	940.50	259.74
Kansas	79,935	56,029,798	16,327,388	700.94	204.26
Kentucky	107,556	62,851,211	18,949,291	584.36	176.18
Louisiana	64,051	53,820,041	17,052,315	840.27	266.23
Maine	22,169	26,947,502	4,743,244	1,215.55	213.96
Maryland	38,320	53,447,970	11,179,104	1,394.78	291.73
Massachusetts	186,528	149,407,527	50,670,372	800.99	271.65
Michigan	168,785	135,751,398	45,070,145	804.29	267.03
Minnesota	104,125	95,099,363	29,677,101	913.32	285.01
Mississippi	59,169	48,107,380	11,227,113	813.05	189.75
Missouri	146,826	98,882,133	32,557,031	673.46	221.74
Montana	26,257	55,152,689	7,365,238	2,100.49	280.51
Nebraska	44,404	49,019,832	10,206,349	1,103.95	229.85
Nevada	3,030	12,103,165	1,393,762	3,994.44	459.99
New Hampshire	14,322	13,978,178	3,589,440	975.99	250.62
New Jersey	157,092	120,792,554	45,386,890	768.93	288.92
New Mexico	30,868	39,822,407	5,556,104	1,290.09	180.00
New York	541,138	548,965,954	259,734,795	1,014.47	479.98
North Carolina	70,750	$57,946,689	$12,174,890	$818.93	$172.06
North Dakota	39,944	31,639,395	5,282,211	792.09	132.24
Ohio	323,178	221,539,879	91,018,680	685.50	281.64
Oklahoma	118,526	77,516,000	26,285,339	654.00	221.77
Oregon	30,035	41,951,111	8,970,389	1,306.74	298.66
Pennsylvania	473,040	317,721,910	123,431,402	671.66	260.93
Rhode Island	18,661	16,768,548	6,658,024	898.59	356.79
South Carolina	[3] 59,573	46,413,095	9,240,333	779.10	155.11
South Dakota	59,378	32,591,453	6,019,019	548.88	101.37
Tennessee	77,208	68,939,257	15,102,526	892.90	195.61
Texas	198,316	166,310,825	34,997,881	838.62	176.48
Utah	26,798	28,910,252	6,961,844	1,078.82	259.79
Vermont	8,410	15,879,899	2,146,025	1,888.22	255.18
Virginia	52,182	57,370,734	11,695,941	1,099.44	224.14
Washington	67,394	$85,206,559	$17,193,235	$1,264.30	$255.12
West Virginia	88,642	63,957,213	21,476,388	721.52	242.28
Wisconsin	107,250	98,307,120	30,697,576	916.62	286.22
Wyoming	7,282	26,750,498	2,798,526	3,673.51	384.31
Continental United States	4,800,056	4,173,989,570	1,334,179,370	869.57	277.95

[3] Includes some duplication of families or individuals who received relief under both the general relief and rural rehabilitation programs.

Mr. ROBINSON. Mr. President, the Senator from Michigan [Mr. VANDENBERG] has precipitated in the Senate the issues, or some of them, involved in the work-relief bill which passed the body at the other end of the Capitol yesterday and which was received in the Senate today.

For that action the Senator is not to be condemned. We all understand that one of the subject matters which it is important shall be considered and acted upon before the end of the present session of the Congress relates to relief; and by presenting promptly his substitute and his views concerning the proposed legislation, the Senator has perhaps facilitated its final disposition.

We all realize that the problems connected with unemployment relief are not easy of solution. For my part, I do not contend that any plan which has been proposed or adopted is approximately perfect. Indeed, it seems readily maintainable that the subject is so affected with complications and difficulties that no plan which may be devised would meet the very highest standard of efficiency.

No doubt the Senator from Michigan feels that the plan he has proposed would constitute a great improvement over that incorporated in the bill passed by the body at the other end of the Capitol. His whole argument has been based on the assumption that work relief as now administered is controlled by political influences, and that work relief as he proposes it shall be administered would be entirely free from any questionable influence and would be placed upon a basis of efficiency, thus assuring entirely satisfactory results.

There is nothing new in the proposal submitted by the Senator from Michigan. It was offered in the body at the other end of the Capitol, not in the identical form in which it is presented here but in substantially the same form. It was voted upon yesterday by the House of Representatives in connection with a motion to recommit the bill with instructions. By reference to page 7021 of the CONGRESSIONAL RECORD it appears that in the body at the other end of the

Capitol a motion was made to recommit the bill with instructions to substitute the following language:

That for the purpose of providing direct relief in the United States, its Territories and possessions, and the District of Columbia, there is hereby appropriated the sum of $1,425,000,000; and there is hereby reappropriated for the same purpose all unobligated and unexpended balances, with the exception of allotments to the Civilian Conservation Corps, of the amounts appropriated by the acts approved June 16, 1933 (48 Stat. 274); February 15, 1934 (48 Stat. 351); June 14, 1934 (48 Stat. 1055); and April 8, 1935 (Public Res. No. 11, 74th Cong.), and to remain available until June 30, 1937, to be allocated and disbursed by the President to the States, Territories, and possessions, and the District of Columbia, for relief according to their respective need: *Provided*, That no part of this appropriation shall be allocated or paid to a State, Territory, or possession, or the District of Columbia, or subdivision thereof, which shall not contribute an amount equal to at least 25 percent of the total proposed expenditures, both local and Federal, and shall not administer such expenditures by and through a nonpartisan board.

While there are differences between the language employed in the substitute offered by the Senator from Michigan and that used in the motion to recommit with instructions just quoted, it is submitted to the consideration of the Senate that there is no substantial difference. The two are closely analogous. The results sought to be accomplished by each, as is conceded by the able Senator from Michigan, are about the same.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ROBINSON. Certainly.

Mr. VANDENBERG. I desire to confirm what the Senator is saying. The problem has been studied jointly by Members of the House and Senate, and the plan in the House and the plan in the Senate are as nearly alike as they could be.

Mr. ROBINSON. The Senator confirms the statement just made. The plan that is now presented as a substitute was worked out properly by those who are opposed to the system contemplated by the House bill, and it was first presented in the body at the other end of the Capitol.

Evidently the theories of the proponents of the substitute were not persuasive to the minds of the Members of the House of Representatives. That conclusion is sustained by the vote which was taken in the House. On page 7228 of the RECORD of May 11, 1936, there appears the vote on the motion to recommit, which included substantially the Vandenberg substitute for the House bill. The vote on that motion was—yeas 90, nays 287—more than three to one of those voting having opposed the substitute of the Senator from Michigan as expressed in the motion to recommit. To repeat, more than three times as many voted against the motion to recommit, with instructions incorporating the substitute, as voted for it. Following the vote just described, there was a vote on the passage of the bill. That is the bill which the Senator from Michigan proposes to amend by his substitute; and on the vote on the passage of the bill the yeas were 341 and the nays were 38.

Mr. President, do you realize what those votes mean? They mean that after months of criticism—some of it justified, some of it based purely on political considerations and prompted by political motives, as your present speaker conceives—the great body at the other end of the Capitol rejected by more than three to one the proposal which is now advanced here, and finally passed, by a vote of 341 to 38, the bill which has come to the Senate. Only ?3 Members of the other body found it consistent with their duty and responsibility to vote against the passage of the bill. Three hundred and forty-one voted for it.

Of course, it may be said that the action taken by the other body is not conclusive of the action that should be taken here; but the point I am making is that although the Senator from Michigan spoke eloquently and persuasively, as he always does, his conclusions were based on assumptions which, in my judgment, are not sustained by sound reasoning.

What is his primary proposition? That the Federal Government shall pay most of the expense of work relief, but abdicate its responsibility in the administration of relief. He says, "Turn back to the States and the local subdivisions of the States the entire responsibility of determining who shall be relieved and who shall not have help; give to the States the power of performing that function, using principally Federal moneys, and by doing that you will solve the great problem underlying the whole question", as the Senator conceives it; namely, that of eliminating politics from the administration of relief.

The record will show that there has been less politics in the administration of W. P. A. than there was in the administration of F. E. R. A. F. E. R. A. was under the control of the States and of the local subdivisions. I doubt whether there is any plan which human ingenuity can devise, although one may possess the powers demonstrated by the able Senator from Michigan, which will entirely eliminate politics from matters of this sort. The end sought is wholesome, the object is just, and we all wish to contribute as much as we can to its accomplishment; but I hope my friend from Michigan will not get the idea in his head that by vesting the administration of relief in Governors and county judges and other State and local authorities he will be eliminating politics, and making the administration of relief as spotless as the white robe of a virgin. [Laughter.]

Governors and State and county officers have to be elected. They are in politics as much as are Senators and Representatives, and it is absurd to say that you can wash the linen clean by abolishing Federal agencies and putting the responsibility wholly on local agencies.

Home rule is a good thing, but influences appeal to the residents of communities called upon to administer laws just as much as they sometimes appeal to officers of the Nation, and there would be more politics in the plan of the Senator from Michigan than there is in the plan of the House bill. The only difference would be that the politics in his plan would suit him a little better than the politics in the House bill plan. He knows what I mean, and all who hear me know what I mean.

But there is an unsound principle in the proposal that the Federal Government shall pay most of the cost or all of it, when necessary, and have no control whatever over the administration of the funds. What restraint would there be on the appropriation of relief funds if by mere trivial contributions the States or localities could enter into competition in efforts to procure Federal funds with no inhibition on the power or method of expenditure except those which are to be self-imposed?

You have not moved a step forward; you have not proposed an advance; nothing is accomplished so far as saving money is concerned or procuring better administration is concerned by taking away the existing supervision of expenditures by Federal agencies. As a matter of fact, the system now employed and that incorporated in the House bill is a system of divided responsibility. It does contemplate cooperation between localities and the National Government. There is nothing unjust, there is nothing improper, there is nothing unfair in the suggestion that the localities be required to contribute as they may be able to contribute to relief programs. But the proposal to make the Federal Government provide the funds and yet deny it supervision over the expenditure of the funds cannot be justified.

Under F. E. R. A. there were contests between States and localities in efforts to secure liberal allotments, each State, through its public authorities, making demands for as much as those authorities felt could be justified. Now it is proposed to reestablish that system, and it is proposed in the name of perfecting the existing system.

How does the substitute propose to reestablish local responsibility? The argument of the Senator from Michigan, as I heard it ably presented, really is based on the theory that the whole problem ought to be relegated to the States and their local subdivisions, that the Federal Government ought to get out of the relief business. Of course, that is a desirable end. All of us would like to see brought about a situation in which we could discontinue making these appropriations. But, Mr. President, the significant thing in all

these proposals is that not one of those offered as a substitute contemplates reducing by one dollar the amount that is included in the House bill—the amount suggested by the President. They talk economy; they discredit by arguments; and if you read the speech of the able Senator from Michigan, you will find running all the way through it expressions of contempt for any relief system. But when they propose to change it, they do not even suggest a reduction in the amount to be expended by the Federal Government.

The provision in the House motion to recommit and in the substitute of the Senator from Michigan each says, "There is hereby appropriated, or authorized to be appropriated, $1,425,000,000 for the purposes of work relief"—the exact amount suggested by the President—"to be allotted by the President to the States, and to be expended by the States." Wherever possible, local agencies are to supply 25 percent of the amount to be expended. I repeat, there is no objection to a requirement of that nature, with that qualification, where it can be met. Some of the States have had their credit greatly improved by reason of the activities of the Federal Government, by reason of the measures which the Government has passed and enforced. There is no reason which appeals to my conscience and judgment why they should not be expected to assist in the performance of this monumental task; but there is a discrepancy, an irreconcilable discrepancy, between the proposal that the Federal Government shall pay 75 percent or 100 percent of the cost, and that the States, without restraint and guidance, or suggestion from the Federal Government, shall expend not only the amount raised by the States, but the amounts provided by the Federal Government. That is, the spending agency is to have no accountability for the amount to be supplied; the spending agency is to be invited to obtain all it can in competition with others occupying the same relationship to the subject. Quite naturally, the result would be that the different States and the different localities would compete with one another in efforts to secure recognition by obtaining comparatively large shares of the funds to be allotted, and when they had obtained them there would be no supervision, no general restraint. There would be 48, 50, or 54 different standards set up for the administration of the funds if there were no national regulation or supervision.

So you have not gone anywhere. You made a speech based on assumptions that do not stand the test of argument and reason. You would not eliminate politics by creating 48 separate political agencies. But, you say, the administration is to be by a nonpartisan board. You are going to have the administration by two Democrats and three Republicans, or three Democrats and two Republicans. Washington is now filled with so-called nonpartisan or bipartisan boards. I do not think very much has been accomplished by efforts to establish that system. The point is you want the Nation to provide the money. You are unwilling to give it any control whatever over expenditures, except insofar as control is implied in authorization to the President to make an equal or equitable allotment of the funds to the States.

Much that the Senator from Michigan said is true. It is all based, however, on assumptions of fact that are not warranted by the evidence. Once you concede that his plan is the one pure, holy, and incorruptible plan for spending Federal money, his conclusions follow. But I answer, by arguments that neither he nor anyone else here or elsewhere can answer, that his plan has no such characteristics; that, like every other plan that has been devised, it is open to criticism, it is susceptible of objection, it involves weaknesses. I am sure that in the study of this subject the body at the other end of the Capitol did what it believed was best. I am sure that in further study of this subject the Senate Committee on Appropriations and the Senate will do what is found to be best. The fact that the House discredited the scheme of the Senator from Michigan by 341 votes to 38, as implied in the vote on the passage of the bill, and by 287 votes to 90, as expressed in the direct vote on the motion to recommit—these facts establish irresistibly the conclusion that the proposal of the Senator from Michigan is not what he believes it to be, is not what the proponents of the substitute contend it should be.

I shall not attempt at this juncture to enter into a further discussion of the subject; but, Mr. President, I was unwilling that the Senator from Michigan should succeed in his effort to make the bill unpopular on the theory that he had a far better plan which could only be objected to on the ground of partisanship. The plan in the bill is better than his plan. Both plans will have to meet the test of fire, of thought, and debate, and I conceive that the result in the Senate will be comparable to that in the House of Representatives.

Mr. BYRNES. Mr. President, I share the wish of the Senator from Arkansas [Mr. ROBINSON] that we might at this time return to the States this very perplexing problem. However, we know that it is impossible. I think the Senator from Arkansas has shown that by adopting the suggestion of the Senator from Michigan [Mr. VANDENBERG] we certainly would not eliminate political consideration from the administration of W. P. A.

There is still another thought. W. P. A. is now functioning. Organizations have been perfected. If at this time we should undertake to change the whole system and to authorize the Governor of Michigan, for instance, to take charge of the administration of the organization in his State, and if the Governor of Michigan, being of the opposite political party from the administration here, should change the administration of W. P. A., the only result would be that the organization would be disrupted and there would be delay in the functioning of the all-important agency at this time.

I am surprised that the Senator from Michigan, in seeking information on the subject, should go to the American Association of Social Workers. From a letter, a copy of which is before me, from a citizen of his State I am advised that the thought of that association of social workers is that we should return to the dole. The Senator, therefore, is quoting a group of social workers employed by private individuals and private organizations in the country to support an argument which he is making against their view because, as I understand, he is not in favor of returning to direct relief.

It seems to me instead of going to the Institute of Public Opinion, published in the New York Herald Tribune and the Washington Post, for information as to W. P. A. and what the people think of it, he should go to his own State of Michigan and should take the trouble to inquire as to the opinion of responsible officials of county and city governments and of the State officials of the State of Michigan. Had he done that he never would have made the argument which has been submitted this afternoon in criticism of W. P. A.

From his own home town of Grand Rapids I read what was said in the Grand Rapids Press about W. P. A. Listening to the Senator from Michigan one would think its operation in Michigan had been corrupt, had been inefficient, that there had been waste of money, and that it was a proper subject for condemnation. But here is what the newspaper in his home city said about it:

> Popular funsters and radio wise talkers frequently make the W. P. A. worker the butt of their jokes. Recently a radio straight man inquired, "Are you a statue?" Whereupon the comedian retorted, "No; a W. P. A. worker." For the sake of a laugh such wit seems rather cheap.
>
> Unqualified approval of the W. P. A. program in Grand Rapids is contained in a letter received by Harry L. Pierson, Michigan administrator, from Peter A. Kammeraad, Grand Rapids director of public service.
>
> Kammeraad praised not only the rate of absorption of workers from the relief rolls but the quality of work by these crews in Grand Rapids streets.
>
> He made special comment on the safety measures employed by the W. P. A. to protect these men, many of whom are doing this type of work for the first time.
>
> "We are pleased to report," Kammeraad wrote the administrator, "on the successful operation of the W. P. A. in the city of Grand Rapids, both from an employment standpoint and to set forth some of the handicaps overcome in putting men to work.
>
> "At the present time we have between 1,400 and 1,500 men employed on various W. P. A. projects, and as far as we are able to determine the men are highly pleased with the employment and the manner in which the work is being handled. This, of course, is most gratifying to the officials in charge."

Concluding, he said:

It is our opinion today that the type of work being turned out by these men is equal to that which might be done by a private contractor. Consequently a very high grade of street pavement is being constructed, which we are sure will be to the greatest satisfaction of the general public.

Then from the mayor of the city in which the Senator lives comes a commendation of W. P. A. The mayor said, among other things:

I believe that most of the men employed understand that the W. P. A. is a means of earning a livelihood rather than accepting charity. Consequently they are well satisfied with the opportunity to do so.

The city of Grand Rapids, in which the Senator lives, is governed by a commission. That commission, through its chairman, Henry W. Walstrom, on March 26, 1936, wrote as follows:

With reference to the opinion of myself, as well as, I am sure, the majority of the Board of Supervisors of Kent County regarding the W. P. A. program, I am pleased to advise that while the county has been somewhat limited along this line because of the city of Grand Rapids handling its projects as a separate unit, we feel that whatever experiences we have had as a county have been very satisfactory.

All our work has been of a substantial nature and we know that there has been no project but what was warranted and would stand on its merits.

The personnel of the W. P. A. local office is such that our relations have been most cordial and friendly, and as for myself, there is no criticism whatever that I would offer in considering all conditions and situations which had to be confronted.

Mr. President, I now desire to quote from a letter written by the principal of the schools at Hamtramck, Mich., who said, among other things:

I belong to the Republican Party, but I believe Franklin D. Roosevelt was right when he said, "If industry will not furnish employment, the Government will." The social structure of our Nation is so complex that the United States Government should accept the responsibility for maintaining employment. We school people have seen enough of the grim tragedy of unemployment so that we are very anxious to have the W. P. A. continued.

He wants the United States Government to assume the responsibility for administering W. P. A. He does not share the views of the Senator from Michigan that it should be returned to the States.

The Senator from Michigan, in quoting many people, mentioned only one from his State that I can recall. From the county of Wayne, Huron Township, the director of the assessment record project in Wayne County, after praising the projects which have been undertaken by W. P. A. in that county, says:

It is the sincere hope of the sponsors of this project that its work may be continued and completed under the auspices of the Works Progress Administration. Such completion will accomplish a valuable and constructive piece of work for the county of Wayne and give employment to a group of white-collar workers whom we know to be competent and efficient.

Mayor Couzens, of the city of Detroit, also writes commending W. P. A. for the kind of work that has been done in the city of Detroit.

The book which I hold in my hand contains letters from nearly every mayor in the State of Michigan and from county officials in nearly all the counties in Michigan. The Senator from Michigan will look in vain through this list of letters and telegrams from the officials of the cities and counties of his State if he looks for one letter sustaining him in his criticism of W. P. A. With unparalleled unanimity they commend W. P. A. for what it has done, and they urge the continuation of the Works Progress Administration.

Because the speech of the Senator from Michigan contains many insertions, I ask permission to have printed in the RECORD some letters contained in this book from officials of cities and counties in the State of Michigan.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The letters are as follows:

PETOSKEY, MICH., *March 24, 1936.*

MICHIGAN WORKS PROGRESS ADMINISTRATION,
Cheboygan, Mich.

GENTLEMEN: It has come to the attention of the city officials of Petoskey that the United States Government intends to discontinue the work of the W. P. A. program.

The work now handled by the W. P. A. will have to be taken over by the States and local governmental bodies if this work program is discontinued, and it is our belief that with the existing organization and the experience you have obtained, the work can be more efficiently handled as a United States Government agency.

Business is on the upgrade but still many laborers are and will be out of work the coming summer due to the demand of private industry not being able to take up the slack.

Yours very truly,

P. T. MITCHELL,
City Manager, Petoskey, Mich.

Mr. ABNER E. LARNED,
National Emergency Council,
415 Federal Building, Detroit, Mich.

DEAR SIR: I wish to state that the W. P. A. is certainly a big help toward solving our relief problem, and I think the men they have handling the affairs are very capable.

Yours very truly,

E. D. VINCENT,
County Clerk, Presque Isle County, Rogers City, Mich.

STANDISH, MICH., *March 28, 1936.*

MICHIGAN WORKS PROGRESS ADMINISTRATION,
District Office, Clare, Mich.

GENTLEMEN: The city of Standish, through its mayor, wishes at this time to express its appreciation to the several public-works administrations for the great assistance they have been to us during the past 3 years.

The Works Progress Administration has financed for us one of the finest waterworks systems in the country; the C. W. A. has built for us a fine new city hall, and for our county an addition to the courthouse, and new garage for the road commission. Now, through the W. P. A., we have street widening, water-main extensions and addition to the high-school building project awarded and these will be built immediately.

It would have been years before we, with our small capital, could have acquired the improvements we now have. Not only this, but the working men of Standish and Arenac County have been employed for the past 3 years, which, in itself is a great thing.

The city is deeply grateful to the administration for the above.

Yours very truly,

MARTIN SHANNON, *Mayor.*

BEAVERTON, MICH., *March 24, 1936.*

MICHIGAN WORKS PROGRESS ADMINISTRATION,
District Office, Clare, Mich.

GENTLEMEN: We have about just completed a project in the city here and we are very well satisfied with it.

This was work that was needed very badly and I do not know how we could have carried on without your help, both as to man-hours and material.

Very truly yours, L. J. BUDGE, *Mayor.*

ST. LOUIS, MICH., *March 24, 1936.*

MICHIGAN WORKS PROGRESS ADMINISTRATION,
Clare, Mich.

GENTLEMEN: In replying to your letter of March 23 I want to say that in my opinion the sewer and water-main project we are now working on here is a very valuable one to St. Louis, as this city has been greatly in need of new sewer and water mains and there is no place where money could be used to greater advantage than in a project of this kind.

I think that all W. P. A. projects are very valuable and much needed in the different communities.

Yours very truly,

JAMES B. SUMNER, *Mayor.*

ALMA, MICH., *March 25, 1936.*

WORKS PROGRESS ADMINISTRATION,
District No. 2, Clare, Mich.

DEAR SIRS: The W. P. A. projects in Alma are working out very satisfactorily both to the city and to the unemployed in our vicinity.

We highly recommend the idea behind the W. P. A. and the results being obtained in our community.

Very truly yours,

CHARLES R. MURPHY,
Mayor of the City of Alma.

Mr. F. S. SCHOUMAN, MARCH 25, 1936.
Works Progress Administration,
601 Water Board Building, Detroit, Mich.:

In my opinion the sewer and water-main project we are now working on here is a very valuable one to St. Louis, as this city has been greatly in need of new sewer and water mains and there is no place where money could be used to greater advantage than in a project of this kind. I think that all W. P. A. projects are very valuable and much needed in the different communities.

Mayor SUMNER,
St. Louis, Mich.

F. S. SCHOUMAN, MARCH 25, 1936.
Works Progress Administration, Detroit:

The W. P. A. projects in Alma are working out very satisfactorily both to the city and to the unemployed in our vicinity. We highly

recommend the W. P. A. and the results being obtained in our community.

Mayor MURPHY, *Alma, Mich.*

MARCH 25, 1936.

F. S. SCHOUMAN,
Works Progress Administration,
601 Water Board Building, Detroit, Mich.:

I am pleased to have this opportunity to extend to you the appreciation of the various agencies in our city and county whose task it is to assist in providing work for our unemployed for the very material contributions you have found it possible to make from funds made available through the Works Progress Administration. These additional funds have not only provided for the immediate needs of many of our people but have also made possible the earlier realizations of several much-needed improvements and additions. Assuring you of my desire to be of any service in the great task.

Mayor HORN,
Mount Pleasant, Mich.

Copy of telegram sent to Mr. Harry L. Pierson, administrator, Michigan Works Progress Administration, dated March 25, 1936

Mighty good program in aiding the unemployed, also given our city developments which could not be otherwise financed. The city improvements completed and in progress would have been a great burden to the taxpayers without this aid.

JOHN BRUGGER,
Mayor of Tawas City, Mich.

PINCONNING, MICH., *February 25, 1936.*

MICHIGAN WORKS PROGRESS ADMINISTRATION,
Bay City, Mich.

GENTLEMEN: The Pinconning sewer projects are completed. Of course you know it, Mr. Krause, but what you do not know, is how much that means to us in Pinconning, that is why I am writing this letter to you.

Thanks to you and your Department, we today have a complete sewer system, capable of taking care of the needs of Pinconning. I think, however, and we are for the first time in the history of our city, able to give the west-end and south-end residents sewage facilities, that is because we accepted your recommendations as to the depth and size of the pipe. We could never do it ourselves, because of our total population, could never assume that burden, and working as we did, would take us years to complete what you and your Department did this year.

Another thing that personally I want to mention is the fact of cooperation, the way you did it. At no time was there any misunderstanding between your Department and ourselves, you and your men were very fair; we accepted your suggestion and you accepted ours in the spirit that they were given; in other words, you worked with us and we tried to work with you, and for myself and the council, I do say, thank you much, Mr. Krause. We are very much pleased with our sewers, and we hope that you are satisfied with us.

Again thanking you, I remain,
Sincerely yours,

JOHN W. JANKOWIAK,
Mayor, City of Pinconning.

MICHIGAN WORKS PROGRESS ADMINISTRATION,
Flint, Mich.

GENTLEMEN: Am taking this opportunity of bringing to you my views and impressions of the work being done, and also what has been completed in our village by the Works Progress Administration.

First: We have completed a much-needed sewer that had been talked of here for many years and yet the village had not felt able to finance without an increase in taxation which at this time was almost impossible.

Second: The water-works dam and river-improvement project that has been in progress since the autumn of last year is nearing completion. Both of these projects have been of the most worthy nature and have come at the most opportune time, benefiting the municipality financially as well as giving employment to a great number of men in our community who were without work, and also put into circulation many dollars that in turn went through the various channels of our community to benefit those not directly related to this work.

I do not know of any dissatisfaction on the part of any of the employees as far as I have been able to ascertain, and I believe that the executives in charge have done their several duties in a conscientious manner. There has been no rumor of friction between workmen and executives as many have been neighbors and friends all their lives.

This dam and river improvement project is a monument to this village, and our people are appreciative of the W. P. A. in helping to make Fenton a more progressive municipality.

As president of the village of Felton, speaking in behalf of my officials connected with me in my duties, as well as myself, I want to thank you and all members of your organization for your fine cooperation, and I am satisfied this same spirit will prevail during the completion of this project and any future work we undertake.

Any assistance I can render to you and your organization will be given in the most cheerful manner.

Sincerely yours,

HARRY LENNEN,
President of the Village of Fenton.

CLIO, MICH., *March 24, 1936.*

MICHIGAN WORKS PROGRESS ADMINISTRATION,
Flint, Mich., District No. 3.

GENTLEMEN: I wish to offer words of appreciation in behalf of the citizens of Clio for the Works Progress Administration for approving and allotting projects sponsored by officials of city of Clio.

I wish to mention W. P. A. project no. 3-102, which is the development of an old creek bottom formerly a pond into a park and playground; outdoor theater in connection.

The city of Clio has never had a park in connection with the city, and the citizens are looking forward to the completion of this park with considerable enthusiasm, as it will afford our citizens a place for recreation.

A large portion of the rough work has been completed, such as removing the old dam, straightening the creek bed, and widening the channel, removing old fallen timber and stumps, and grading and leveling land alongside of creek.

I wish also to mention W. P. A. project no. 3-353, which is the construction of a storm sewer draining the northwest portion of the city of Clio, known as the Center Street sewer.

The portion of the town served by sewer has had no sewer drainage, and in wet times of the year the roads and sidewalks were under water. A portion of this drain was through a deep cut and was too expensive for the city to undertake. While this project is uncompleted on account of frozen ground holding up its development, however, the citizens in this district look forward to the completion of this project with great anticipation.

I, as mayor of the city of Clio, for the citizens of Clio wish to offer our appreciation and whole-hearted support of the people of the city of Clio.

I also wish to offer words of appreciation to the officers of the Works Progress Administration at Flint, Mich., for their cooperation and assistance in working out of the details connected with putting these projects across.

Yours respectfully,

CHAS. E. TAYLOR,
Mayor of the City of Clio.

BOARD OF EDUCATION,
Richmond, Mich., March 25, 1936.

WORKS PROGRESS ADMINISTRATION,
Mount Clemens, Mich.

DEAR SIR: This community is very grateful to the Federal Government for its help in the building of the Roosevelt Civic Auditorium. We realize that we would not have had this building without President Roosevelt's plan.

The cooperation given us by the Mount Clemens and Flint offices has been very fine and we appreciate everything they have done to help us bring this building so near to completion. It fills a long-felt need in our little village-school system and will be a joy and benefit to many generations.

Very truly.

E. N. MCINTOSH.

FERNDALE, MICH., *March 25, 1936.*

WORKS PROGRESS ADMINISTRATION,
503 Peoples State Building, Pontiac, Mich.

GENTLEMEN: In the city of Ferndale we have had approved and have started work on six different W. P. A. projects. These projects include construction of lateral sewers, water mains, and the grading and graveling of streets. The sewers are all being constructed where there is an actual need for the work. Construction of the trunk sewers is eliminating an overloaded condition in existing trunk sewers, and we believe will prevent backing up of storm water in the basements.

The sanitary lines are either new lines where no sewers have been built or are replacing old shallow sewers which have been causing considerable trouble in the last few years.

The water main is connecting up a series of dead-end mains so as to give a circulating system in one portion of our city.

In the street-grading work, we are establishing grades on subdivision streets and graveling the streets so that they will be passable during the fall and spring rains.

All of the work which is being done under this program is work which is very much needed in our city, and which could not be done for a number of years, due to our high debt and low tax collections. The people are very appreciative of this work, and are pleased because of the fact that the program includes only constructive jobs.

Yours very truly,

THEO. L. DEGENHARDT, *Mayor.*

FARMINGTON, MICH., *March 24, 1936.*

MICHIGAN WORKS PROGRESS ADMINISTRATION,
503 Peoples State Bank Building, Pontiac, Mich.

GENTLEMEN: I wish to express to you at this time the appreciation of the members of the city commission and the general public of Farmington City for the amount of W. P. A. work allotment we have had and the fine cooperation we have had from the county administration in furnishing us with labor and materials.

Our projects, consisting of sewer construction and water-main installation, is well along toward completion. These installations have been much needed for a long time and the opportunity to have them installed at this time under W. P. A. have been of great benefit to our city.

We certainly appreciate the number of projects that have been granted to us and assure you that every dollar has been well spent here in permanent improvements that will be of benefit to the public for years to come.

Accept my personal thanks for the cooperation given in carrying this along.

Very truly yours,

E. O. HATTON,
Commissioner, D. P. W.

FERNDALE, MICH., *March 25, 1936.*

WORKS PROGRESS ADMINISTRATION,
503 Peoples State Building, Pontiac, Mich.

GENTLEMEN: In the city of Ferndale we have had approved and have started work on six different W. P. A. projects. These projects include construction of lateral sewers, water mains, and the grading and graveling of streets. The sewers are all being constructed where there is an actual need for the work. Construction of the trunk sewers is eliminating an overload condition in existing trunk sewers, and we believe will prevent backing up of storm water in the basements.

The sanitary lines are either new lines where no sewers have been built, or are replacing old shallow sewers which have been causing considerable trouble in the last few years.

The water main is connecting up a series of dead-end mains so as to give a circulating system in one portion of our city.

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All of the work which is being done under this program, is work which is very much needed in our city, and which could not be done for a number of years, due to our high debt and low tax collections. The people are very appreciative of this work and are pleased because of the fact that the program includes only constructive jobs.

Yours very truly,

THEO. L. DEGENHARDT, *Mayor.*

HAZEL PARK PUBLIC SCHOOLS,
Hazel Park Branch, Royal Oak, Mich., March 23, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,
503 Peoples State Building, Pontiac, Mich.

GENTLEMEN: The W. P. A. project in operation in our schools is proving very satisfactory. The attitude of the men toward their work is better than in any previous public-works project and consequently the project is making good progress.

Much of the furniture that is being repaired, cleaned, and varnished had been neglected for the past 7 years due to lack of finances. It was so badly in need of repair that it was not conducive to the training of good citizenship.

We are very appreciative of the work that is being done.

Very truly yours,

JOHN E. ERICKSON,
Superintendent of Schools.

Mayor Frank Couzens placed the city government of Detroit behind a continuance of W. P. A. for another year and opposed a return to the dole system in a report to the United States Conference of Mayors at Washington.

Couzens declared the city would be unable to finance relief without Federal assistance.

Praising the quality of W. P. A. projects, the mayor refuted charges of boondoggling in this area.

"Detroit sponsors have produced and can produce plenty of useful projects for a continuance of W. P. A.," he said.

"The largest single project in Detroit is sponsored by the department of public works," he pointed out. "It alone employs nearly 10,000 men and will repair and modernize 200 miles of unpaved streets. Such improvements are of sound benefit to the public."

Couzens urged the mayors to "exert every effort toward the establishment of a Federal work-program fund large enough to take care of the employables who are forced to accept relief."

John T. Millen, general superintendent of the Detroit zoo, is enthusiastic over the construction program undertaken by the Works Progress Administration to make the zoo one of the finest in the country.

"All projects now under way, and all that have been approved, were on the original master plan for the Detroit zoo," Millen said. "Some of these projects should have been carried out 7 years ago, but had to be postponed because of a lack of funds. Now, thanks to the Government's assistance, we are going to secure within the space of a few months a group of improvements that will give us the most beautiful zoological gardens in the country."

Speaking of the W. P. A. workers employed on zoo projects, Millen said:

"All in all, they are good workers despite the fact that many have been out of employment for years and some of them have never done manual labor. We do not push them; neither do we mollycoddle them. In the ordinary course of events it would take us 5 years to get the improvements we are getting through this program.

"The zoo is a universal attraction. It is open to all the people. An average of 2,000,000 people a year come here to see the displays we have arranged. They will find a vastly improved zoo when the gates are opened in the spring."

BOARD OF EDUCATION,
Detroit, Mich., March 26, 1936.

MICHIGAN WORKS PROGRESS ADMINISTRATION,
Water Board Building, Detroit, Mich.
(Attention Mr. Frederic S. Schouman.)

GENTLEMEN: In answer to a request received this day, kindly be informed that the value of the improvements obtained for the public school system of Detroit through the W. P. A. channels are vast and extensive, and if continued, provided funds are made available, will greatly improve the condition of our public-school buildings and premises.

Yours very truly,

CHARLES A. GADD,
Business Manager.

HIGHLAND PARK, MICH., *March 26, 1936.*

Mr. F. S. SCHOUMAN,
Administrative Assistant, W. P. A.,
Sixth Floor, Water Board Building, Detroit, Mich.

DEAR SIR: Replying to your recent request for an expression by city officials as the necessity and value of continuing the W. P. A. program, I wish to say that with the experience I have had with the works program in the last 3 or 4 years I am of the opinion that it is vitally necessary that this program be continued.

I am heartily in favor of the work that has been carried on in the past by the Federal Government. In Highland Park we congratulate ourselves on the works program that we have had here, and I feel that the projects that have been done are worth while and are of such nature that they will have saved the taxpayers of the community in expenditures that sooner or later would have to be made.

We have certain projects under way at the present time which it may be possible to complete by June 30. I am anxious that these projects be carried on to completion in the near future.

I can see nothing in the future but chaos after July 1 if this program is not continued, either by W. P. A. or a similar program.

Very truly yours,

JOSEPH M. HACKETT, *Mayor.*

HIGHLAND PARK, MICH., *March 27, 1936.*

Mr. F. S. SCHOUMAN,
Administrative Assistant, W. P. A.,
Sixth Floor, Water Board Building, Detroit, Mich.

DEAR SIR: I wish to write you about a project which I understand is being considered by the W. P. A. for the city of Highland Park, that is the field house proposed to be constructed at Ives Field located on Hamilton Avenue at Pitkin Avenue.

The city of Highland Park is very much in need of such a house. In my opinion this project is one well suited for our city and also one that in future years we might look to as a visible monument constructed by the Government to create employment for the unemployed.

The projects so far started and completed by the city under the programs of the W. P. A. and P. W. A. in most cases are of a permanent nature and have been of considerable value to our city and I for one would like to see these programs continued.

Thanking you, I am,

Yours truly,

THOMAS E. SHAWCROSS, *City Clerk.*

DETROIT, *March 26, 1936.*

Mr. FREDERIC S. SCHOUMAN,
Administrative Assistant,
Michigan Works Progress Administration,
Water Board Building, Detroit, Mich.

GENTLEMEN: There are 10 W. P. A. projects in progress in the village of Ecorse, Wayne County, Mich., at the present time, giving employment to approximately 325 men. These projects include street improvements, sewer construction, water-main extensions, spraying trees, and public-building repairs. All of these projects are of great value to the municipality and will result in a great saving to the general budget, since practically all of these projects are urgently needed.

It is to be hoped that this Federal program will continue, particularly in view of the fact that greater progress can now be made since we have passed over the serious obstacles entailed while working during the past severe winter. These projects during the coming months of good weather can be accomplished at greatly decreased costs and with improved organization of the workmen. Even during the past week or two of good weather, the morale of the men on the job is greatly improved, which has been indicated by the results and workmanship obtained on the various jobs.

Very truly yours,

MASON L. BROWN & SON,
P. G. BROWN,
Engineers.

WYANDOTTE, MICH., *March 26, 1936.*

Mr. HARRY L. PIERSON,
State Director, W. P. A., Lansing, Mich.

DEAR MR. PIERSON: I wish to make an appeal for the continuance of W. P. A. work in our city. We are doing an exceptionally good job and, in fact, all of the jobs are of a successful nature to benefit the city a great deal; incidentally, it has taken a burden from our welfare relief.

We are ready now to start on five projects that have been O. K.'d and we have seven other projects that are vitally necessary. Four jobs are widening of streets in the business district and three important sewer jobs.

Therefore I am requesting you to do your utmost for the continuance of W. P. A. work in our city.

Sincerely yours,

T. A. DAVIS,
Mayor of Wyandotte.

FORDSON BOARD OF EDUCATION,
DEARBORN, MICH., *March 24, 1936.*

MICHIGAN WORKS PROGRESS ADMINISTRATION,
Water Board Building, Detroit, Mich.

GENTLEMEN: The Fordson Board of Education has gone on record to the effect of instructing me to write a representative of the W. P. A. a letter of appreciation for the benefits that have accrued to the Fordson school district through your assistance and cooperation.

During the worst years of the depression the board cut maintenance work in the schools to the lowest possible point. It was felt that it was much better to keep the education of the school children on a par with that of previous years rather than to keep the buildings and equipment in their former state of condition. Of course, as a result there was an enormous amount of maintenance work that accumulated. In a way it seemed that the policy of the board might have been a penny-wise one. And it was at this point that your help came as a godsend. Our schools have been brought up to a point of maintenance and condition that would have been utterly impossible under our maintenance appropriations alone. We esteem the Government's action on our behalf and we especially regard the courteous cooperation of your office.

Our type of work called for a large proportion of skilled labor. We thought at first that there might be a lot of grumbling on the part of the men who were employed on our projects because of their former rates of pay. However, we are happy to relate that the morale of the men was surprisingly fine in the overwhelming majority of cases. In fact, after the C. E. R. A. was discontinued many of them were willing to work and volunteered to do so for only the amount they received from dole. Perhaps you will be interested to know that.

Respectfully yours,

GEORGE T. MARTIN, *Secretary.*

BOARD OF EDUCATION,
Hamtramck, Mich., March 25, 1936.

Mr. FREDERIC S. SCHOUMAN,
Administrative Assistant,
Michigan Works Progress Administration,
601 Water Board Building, Detroit, Mich.

MY DEAR MR. SCHOUMAN: May I take this opportunity to express my appreciation of the many valuable projects we have been able to secure for the Hamtramck public schools through the W. P. A.? All of these projects are still under way.

The bookbinding project is enabling us to place our libraries in very usable condition.

Under the furniture project we have and are repairing much of our school equipment and are securing new equipment which we should not have been able to have.

The comparative health statistics projects is making it possible for us to bring together and analyze a great deal of very valuable information regarding our boys and girls. I know that we shall be able to use this information for their benefit.

The project for remodeling the shower and locker rooms, in connection with the swimming pool in the Hamtramck Senior High School, is making it possible for us to do something which we have long wanted to do. The arrangements there have never been satisfactory. This project is providing excellent facilities for senior high-school students.

The project for completing the swimming pool at the Copernicus Junior High School is enabling us to complete a part of that plant which we are unable to do with our own resources. This school has gone without a swimming pool since the completion of the building about 5 years ago. It will be the only swimming pool in the city in addition to the senior high school swimming pool which is in a widely separated part of the city.

Hamtramck has for many years needed a football stadium. We have never been able to provide decent seating facilities for the fans of our high-school football games. The W. P. A. project, which is under way, will give us one of the finest football stadiums of any high school in the State. This, too, would have been impossible with the local resources at our command.

I know that the people of the school district of the city of Hamtramck are very thankful to the Federal Government for making these many excellent projects available to the public schools. I sincerely hope that we may continue to cooperate with the W. P. A. in these and other projects so that we may provide for our boys and girls many things which would be impossible without W. P. A. assistance.

Very truly yours,

M. A. KOPKA,
Superintendent of Schools.

MELVINDALE, MICH., *March 26, 1936.*

Mr. L. R. HOFFMAN,
Assistant District Director, Michigan Works Progress Administration, Detroit, Mich.

DEAR SIR: Having been informed that the W. P. A. may be discontinued in June, the writer wishes to go on record as being opposed to discontinuing work and placing men on relief. As commissioner of public works and project director, I have been in close contact with the men of this community during the C. W. A., F. E. R. A., and W. P. A. It is the writer's opinion that upward of 90 percent of the people are glad to have the opportunity to work for their living. I also find that these men on W. P. A. seem to be more contented than they have been in the past year or two.

There have been many improvements to streets, alleys, schools, sewers, which under ordinary conditions could not have been accomplished due to the lack of finances in the immediate community. All of this work has been for the better health and beautification of the district. I feel that with such a large percentage of the people unemployed to stop this program and not replace it with another like program would cause a great deal of dissatisfaction, locally and nationally.

Hoping that our Congressmen can see fit to finance and continue work in place of relief, which, in the writer's opinion, is the logical thing to do.

Kindly accept this as an unbiased opinion.

Yours very truly,

CLARK A. ROWLEY,
Project Director, City of Melvindale.

MELVINDALE, MICH., *March 25, 1936.*

Mr. L. R. HOFFMAN,
Assistant District Director,
Michigan Works Progress Administration, Detroit, Mich.

DEAR SIR: It is indicated, by the failure of Congress to appropriate additional funds for works projects, that the present program will be discontinued in the near future. It is the opinion of the writer that it would be a grave error to throw these families who have been receiving support through the Works Progress Administration back on relief, if any. There has been a great many improvements in Wayne County, due to the present program, which, ordinarily would not have been done.

Hoping that this will tend to show the general feeling throughout this community, I remain

Yours truly,

LEROY ADAMS,
Wayne County Board of Supervisors.

TAU BETA COMMUNITY HOUSE,
Hamtramck, Mich, March 27, 1936.

Mr. F. S. SCHOUMAN,
Administrative Assistant,
Works Progress Administration, Detroit, Mich.

MY DEAR MR. SCHOUMAN: It cannot be possible that the Government is planning to discontinue its work program.

The testimony of the delegate conference of the American Association of Social Workers held in Washington on February 14, 15, and 16, was evidence of the suffering and hardship of the American people. And those conditions existed with W. P. A. at its height. An urgent demand for a return of the Federal Government into the field of direct relief ran through the entire conference. If they saw this need then, what will conditions be like if the Government withdraws the work program?

Locally, we need our recreation, adult education, and labor projects, and we need to complete the junior high swimming pool and school stadium. However, the important factor is the opportunity for our people to work. Will private industry be able to absorb them? If not, what will take its place?

Yours very truly,

BORGHILD HALVORSEN,
Head Resident.

LINCOLN PARK, MICH., *March 27, 1936.*

Mr. HARRY L. PIERSON,
State Director, Michigan Works Progress Administration,
601 Water Board Building, Detroit, Mich.

DEAR MR. PIERSON: Having read with much interest discussions in the daily press for and against the continuation of the W. P. A. program, I wish to state briefly my own personal opinions based upon close contact with the work in my own community, and taking into consideration the general attitude of the men employed and also comparing that attitude with the previous Emergency Relief Administration and the C. W. A., all of which I had contact with.

It is my firm conviction that the giving of a dole has damaged the morale of the people receiving it to an extent that can hardly be realized, and that the making available of employment through a form of public work, such as the W. P. A. and its predecessor, the C. W. A., has done much to restore confidence and a feeling of security in the ranks of the unemployed, and at the same time has maintained their sense of personal responsibility for the care and protection of their immediate families. Also, it has been an outstanding fact that men who appeared to take no interest in the ordinary routine grading of streets and similar manufactured work

where no immediate benefit is apparent, immediately they are placed on useful and constructive labor, take an interest in their work.

From the standpoint of the community, I wish to say that through the W. P. A. program and its predecessor, the C. W. A., the city of Lincoln Park has accomplished work, such as repairs to sewers, schools, water mains, streets, and is now engaged in the construction of municipal buildings. All of this work was badly needed and would have been impossible for the city of Lincoln Park to accomplish due to their own serious financial condition.

With all these conditions in mind, I wish to place myself on record as being in favor of the continuation of the W. P. A. program, and, further, that I feel such a program would be of the greatest value to the country at large if it was established on a permanent basis, as I fully believe we can expect a large number of unemployed citizens at all times during the future, particularly of those men who have passed the age where they are readily absorbed in industry.

Yours very truly,

WILFRED L. CROWLEY,
Project Director, Lincoln Park.

Oscar G. Olander, Michigan commissioner of public safety:

"Cooperation of the W. P. A. is giving us in a few months an entire new physical set-up, which would have required 20 to 25 years to obtain from available State funds.

"I can wholeheartedly commend the necessary work the Works Progress Administration is doing for this commission and for other units of government throughout the State. Clean and modern quarters, replacing antiquated and inadequate facilities, will have a salutary effect on the morale of the State police force."

"When the W. P. A. program is carried to a successful conclusion, Michigan will have as fine a network of airports and landing fields as any State", declares Col. Floyd E. Evans, director of the Michigan State Department of Aeronautics, which is sponsoring and supervising W. P. A. work.

"Thanks to Federal aid we are now making 20 years' progress in one stride."

LANSING, MICH., *March 23, 1936.*

Mr. HARRY L. PIERSON,
W. P. A. State Director, Detroit, Mich.

DEAR MR. PIERSON: I wish to urge you to do all possible to continue W. P. A. projects in our city. These projects have been of great help in meeting the demands for work relief.

I would like very much to see this work continued in Lansing for another year.

Yours very truly,

MAX TEMPLETON, *Mayor.*

LAW ENFORCEMENT

Mr. ASHURST. Mr. President, superlatives in speech are frequently looked upon as evidences of a weary man or sometimes an indolent man who does not seek a more nearly exact medium of expression. Nevertheless, I choose in these remarks to employ superlatives, because the results achieved by Hon. Homer S. Cummings, the Attorney General, in his successful and constant warfare upon gangsters, are of surpassing importance, and only superlatives would truly delineate and set forth the arduous labors of Attorney General Cummings and his Department with particular reference to the energies of the Federal Bureau of Investigation of that Department in coping with professional criminals.

I ask unanimous consent to have printed in the RECORD at the end of my remarks a detailed statement showing the recorded activities of the Federal Bureau of Investigation, Department of Justice, for the past 3 years.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. ASHURST. Mr. President, there is no such thing as the "clueless crime." In every crime, no matter what degree of cunning may be employed or how many times the perpetrator may double on his track, there invariably remains that which, in the nomenclature of detection and investigation, is called the "dropped stitch." The "dropped stitch" is that inescapable, irresistible, unavoidable impression, sign, or track made by any and all human activities. To find the "dropped stitch" and then ascertain who dropped it is, of course, the duty and task of all who are engaged in the work of detection and investigation.

The Department of Justice, under the administration and leadership of Attorney General Cummings, has proved that there is no such thing as a "perfect crime." The Federal Bureau of Investigation in the Department of Justice is equipped, among other apparatus and paraphernalia, with microscopes for examination of bullets and other articles of evidence, an ultraviolet—black light—device for revealing secret writing and identifying stains, chemicals for developing latent fingerprints, and analyzing various substances.

The activities of Attorney General Cummings, through the Federal Bureau of Investigation, embrace and comprehend physics, that is to say, that branch of science which deals with biology, chemistry, geology, mechanics, ballistics, electricity, heat, light, and sound. The G-men must be cool, courageous, resourceful, unpurchaseable. They must be trained in psychology—the science of human emotions—and must know what a particular person would be likely to do under given circumstances. Then G-man must have a camera eye and a phonographic brain.

Today, the laboratory of the Department of Justice in its Federal Bureau of Investigation is housed in rooms especially constructed and equipped to meet the needs of the research experts engaged in the varied phases of criminological study.

So-called perfect crimes are almost daily solved by the test tube, by the microscope, and other intricate instruments of science in the technical laboratories of the Federal Bureau of Investigation in the Department of Justice.

When Homer S. Cummings was inducted into the office of Attorney General, he made a careful investigation of the character and attainments of Mr. J. Edgar Hoover. I say advisedly that General Cummings exhibited much courage and foresight in retaining Mr. Hoover as Director of the Federal Bureau of Investigation, and he gave Mr. Hoover all possible encouragement and assistance in order that the work of thwarting gangsters might be successfully performed. Arguments were made to General Cummings to try to induce him not to retain Mr. Hoover's services, but Mr. Cummings, with a judgment and a foresight almost telepathic, retained Mr. Hoover.

Mr. Cummings' judgment and sagacity have been vindicated.

This Federal Bureau of Investigation is charged with the duty of investigating violations of the laws of the United States, and collecting evidence in cases in which the United States is or may be a party in interest. The organization has a personnel of over 1,600 employees throughout the United States. Under the supervision of the Attorney General, the Director of the Bureau directs the work of the special agents who are employed for the purpose of detecting crime and collecting evidence.

The Attorney General has under his immediate supervision the identification division of the Federal Bureau of Investigation, which has on file over 5,700,000 sets of fingerprint records of persons who have been arrested in the United States and foreign countries, representing the largest and most nearly complete collection of fingerprint records of current value in existence. In addition, he has under his supervision the technical laboratory of the Federal Bureau of Investigation, wherein scientific detection aids are utilized in connection with the solving of crimes under the Bureau's jurisdiction. The experts of this laboratory also assist State and local law-enforcement officials throughout the country in the use of scientific crime-detection aids, such as handwriting and typewriting analysis, the examination of blood, hair, cloth, soils, and bullets, the use of ultra-violet light in the examination of substances, and the decoding of cryptographic messages.

Not the least in importance of the arduous labors of Attorney General Cummings, was his formulation and advocacy of the so-called antigangster or anticrime laws passed during the Seventy-third and Seventy-fourth Congresses. This task of itself was of immense proportion. The more prominent of these recent Federal anticrime laws include those relating to kidnaping, extortion, the interstate transportation of stolen property, the robbery of banks organized or operating under the laws of the United States, interstate flight to avoid prosecution or to avoid testifying in certain cases, the Federal Antiracketeering Act, and the killing or assaulting of Federal officers. One of the most helpful and enlightening of all the conferences ever held in Washington was the Attorney General's "conference on crime", called by Mr. Cummings in 1934, from December 10 to

December 13, inclusive. The program of the various sessions of that conference were planned by the Attorney General so as to give cross-sectional views of the problem of crime control in its various aspects. It would have been possible to have held one session on crime prevention, to be attended by teachers, medical authorities, juvenile court authorities, and churchmen; another session on detection and apprehension to be attended by police and investigators; another on courts and prosecution to be attended by judges, prosecuting attorneys, and defense lawyers; another on probation and parole; another on penal institutions; another on legal research and legislation; and so on throughout the whole contributing structure of governmental organization and professional service. Instead, representatives of all professional groups, together with representatives of outstanding civic and scientific associations, met here in common conference.

If the so-called gangsters—that is, the unsocial persons—become convinced that detection and punishment follow their unlawful forays, such forays will, if not entirely subside, at least vastly diminish in volume. The unsocial, the malicious, those who try to reap where they have not sown, those who have no regard for human life and who have no regard for the property of others, have found to their dismay that the policy of Attorney General Cummings was to prosecute with vigor, determination, and success. They—the unsocial—have discovered that behind the criminally disposed persons there follows silently but relentlessly the shadow of retributive justice. Some shallow-pated citizens have from time to time mistakenly believed that a tinge of romanticism surrounded desperate public enemies. One of the master strokes of Attorney General Cummings was to divest crime of any and all of its supposed romance by showing that crime does not pay and that so far from being romantic or glamorous, crime is instead sordid, low, ignoble, and debased, and that professional criminals are neither brave, nor chivalrous, nor generous, but are cowardly, cruel, unfair, and obscene.

There is no honor among thieves; they always sell out one another. In many, if not most, instances, the capture and conviction of the gangster or professional criminal has been brought about by clues or evidence furnished to the officers by other gangsters. These professional criminals or so-called gangsters or public enemies, desire ease, luxury, money, and excitement. Civilization has been geared up to a point where only men of industriousness, honesty, superior mind, and courage can ever hope to win these prizes legitimately.

The gangster or public enemy possesses none of these attributes, but vainly and illegitimately endeavors to win these prizes.

Statistics covering the work of the Department of Justice through its Federal Bureau of Investigation are prepared to cover fiscal-year periods. During the past 3 fiscal years 11,144 convictions were secured in cases wherein special agents of the Department of Justice performed investigative work. Fines of $1,433,090 were imposed. The Department of Justice is now obtaining convictions in 94 percent of all cases brought to trial which it investigates. The total value of recoveries effected in cases wherein special agents of the Department of Justice performed investigative work amounted to $9,718,220, whereas the entire cost of operating the Bureau of Investigation during this period was $9,726,241. In addition, there was saved the Government in Court of Claims cases and other civil cases investigated by the Bureau, exclusive of war-risk insurance cases, the sum of $1,378,693.62. The war-risk insurance suits terminated since this work was taken over by the Bureau on September 10, 1933, to this date has resulted in a saving to the Government of $78,879,532.04.

For each $1 appropriated for the use of the Federal Bureau of Investigation during the past fiscal year there has been returned to the Government approximately $8, in the form of fines, recoveries, and savings effected in war-risk insurance, Court of Claims, and miscellaneous cases.

In conclusion, Mr. President, it will be perceived that I was justified in employing superlatives while describing the activities of the Department of Justice in its efforts to detect crime, prosecute law violators, and guarantee to the peaceful, law-abiding citizen protection and security from unlawful attempts against his person or his property. The industrious citizen of good will, walking the paths of peace, is entitled to protection and security, and these rights Attorney General Cummings and Mr. J. Edgar Hoover have nobly striven to provide.

EXHIBIT A

STATEMENT OF THE RECORDED ACTIVITIES OF THE FEDERAL BUREAU OF INVESTIGATION, DEPARTMENT OF JUSTICE, FOR THE PAST 3 YEARS

On September 19, 1934, Bruno Richard Hauptmann was taken into custody by special agents of the Federal Bureau of Investigation, assisted by local and State police officers, and subsequently turned over to the New Jersey State authorities.

The kidnaping of Mr. Charles F. Urschel at Oklahoma City on July 22, 1933, is an illustration of the need of an agency such as the Federal Bureau of Investigation, which is unhampered by State boundaries. Immediately after Mr. Urschel's kidnaping Mrs. Urschel telephoned the Federal Bureau of Investigation, and special agents of the Bureau immediately instituted an investigation.

The kidnapers demanded $200,000 ransom and, during the time the negotiations were in process, the special agents of the Bureau conducted their investigation in such a manner as would insure the safe return of the victim, which is the procedure followed in all kidnaping cases, the Bureau having this as its primary objective at all times. Within 90 days after Mr. Urschel was kidnaped, 16 persons had been convicted in Federal courts, 6 of these receiving life sentences; ultimately 20 persons were convicted and 3 persons are still in custody awaiting trial.

The investigation conducted in this case covered 23 States, resulting in the apprehension of the notorious "Machine-Gun" Kelly, who is credited with having first applied the appellation "G-men" to representatives of this Bureau at the time of his apprehension. Harvey Bailey was apprehended near Paradise, Tex., Albert Bates in Denver, Colo., and in addition, the money changers, lawyer criminals and individuals who harbored the criminals during their flight were taken into custody in various sections of the country. Ransom money was located in Oregon, Washington, California, and Texas. Investigation as to the activities of this gang was conducted in many other States.

Of the persons convicted and now awaiting trial, only a small number actually participated in the kidnaping, the remainder aided and assisted the kidnapers by providing places of refuge, acting as money changers, or otherwise assisting. Ben B. Laska, a lawyer criminal of Denver, Colo., was convicted of receiving part of the ransom money and was sentenced on July 29, 1935, to 10 years, from which he has taken an appeal, and Mollie O. Edison, another attorney associated with Laska, is now in custody awaiting trial.

The case involving John Herbert Dillinger demonstrates the necessity for an organization having jurisdiction beyond the confines of State boundary lines. After having served 8½ years for assault and battery with attempt to rob, Dillinger was paroled from the Indiana State prison on May 10, 1933, comparatively unknown to law-enforcement officers. He was killed by special agents of the Federal Bureau of Investigation while resisting arrest on July 22, 1934. Within this brief period of time he became the country's most notorious and highly publicized outlaw. Within 15 months he committed major offenses, mostly bank robberies, in over half a dozen Midwestern States and his apprehension was sought in virtually every section of the country.

The Federal Bureau of Investigation, as a result of its investigation, convicted 27 persons; 4 of his companions were killed while resisting arrest, including "Baby Face" Nelson, Homer Van Meter, Tommy Carroll, and Eddie Green, all of whose depredatory activities extended throughout the country and many atrocious crimes were attributed to them; one of the members of the Dillinger gang was found murdered; one had committed suicide; and one received a life sentence. In addition to those who were killed, the total convictions represent individuals who in any way assisted these criminals in their flight. These individuals included persons who rendered medical assistance by plastic surgery work, attempts to mutilate prints and treatment of their wounds, and, in addition thereto, those persons who harbored these individuals.

During the course of the investigation conducted looking to the apprehension of the so-called Dillinger gang, three special agents of the Federal Bureau of Investigation, namely, Inspector Samuel P. Cowley, Special Agent Herman E. Hollis, and Special Agent W. Carter Baum, were murdered while engaged in gun battle, resulting from the resistance of John Dillinger, "Baby Face" Nelson, Homer Van Meter, and other members of the gang to arrest.

On January 17, 1934, Edward George Bremer, president of the Commercial State Bank, St. Paul, Minn., was kidnaped between 8:15 and 8:45 a. m., immediately after he had driven his daughter to the Summit School. He was taken to an unknown hideout, where he was held until February 7, 1934, when he was released near Rochester, Minn., after the payment of $200,000 by Walter McGee, who was named by the victim as the intermediary.

The arrest of Alvin Karpis on May 1, 1936, at New Orleans, La., and the arrest of Harry Campbell at Toledo, Ohio, on May 7, 1936, by a group of special agents personally led by the Director, brought about a solution and apprehension of all persons involved in this abduction. There are presently in custody awaiting trial eight persons; by way of recapitulation, five life sentences were received, three persons were killed while resisting arrest, being "Ma" Barker, Fred Barker, and Russell Gibson; two were murdered by the underworld; a total of 75 years and 6 months was meted out to those persons who assisted in any way members of the Barker-Karpis gang. The Bureau relentlessly sought all individuals, whether doctors, lawyers, relatives, or other associates who in any way rendered aid to these persons, and it was as a result of the Bureau's activities that 15 convictions have so far been obtained.

The latest major kidnaping case which has been investigated by this Bureau was that of George Weyerhaeuser, who was kidnaped while en route home from school at noon on May 24, 1935. He was released on June 1, 1935, after the payment of $200,000 ransom. Within 2 weeks after the kidnaping of the Weyerhaeuser child the perpetrators of the kidnaping were known to the Federal Bureau of Investigation, and two of them had been apprehended, Harmon Metz Waley and his wife, who were subsequently sentenced in Federal court to 45 and 20 years, respectively. Extensive investigation was immediately begun seeking the apprehension of William Dainard, investigation being conducted throughout the entire United States and Canada, which resulted in his apprehension by special agents of the Federal Bureau of Investigation in San Francisco on May 7, 1936. On May 9, 1936, Dainard was sentenced in Federal court to serve 60 years on each of the two counts of the indictment charging him with this kidnaping, to run concurrently. There has been recovered in this case over $142,000 of the ransom which was paid.

As a result of the Bureau's investigation of kidnaping cases, kidnapings have temporarily ceased. Since the passage of the Federal kidnaping law, 142 of the kidnapers involved in 62 cases have been convicted, 29 received life sentences, 4 death sentences, 2 individuals were lynched, 3 committed suicide, 6 were murdered, and 5 were killed while resisting arrest, the remainder receiving sentences approximating 2,000 years. Twenty-three persons are now in custody awaiting trial and sentence.

Not all of the notorious criminals who are apprehended by special agents of the Federal Bureau of Investigation are involved in kidnaping cases. One of the most atrocious crimes committed in modern times was the murder of four peace officers, including a special agent and their prisoner, at Kansas City, Mo., on the morning of June 17, 1933, when an attempt was made by "Pretty Boy" Floyd and two associates, Adam Richetti and Verne Miller, to deliver Frank Nash, an escaped Federal prisoner, who was being returned to the United States penitentiary at Leavenworth, Kans., by special agents and local officers. Frank Nash was originally sentenced to this penitentiary on March 1, 1924, to serve 25 years upon his conviction of the charge of assaulting a mail custodian. He escaped from the penitentiary on October 19, 1933. Inasmuch as the Federal Bureau of Investigation is charged with the responsibility of apprehending all escaped Federal prisoners, an immediate investigation was instituted which resulted in evidence being obtained by special agents indicating Nash's participation in the sensational escape of seven notorious prisoners from the United States penitentiary, Leavenworth, Kans., on December 11, 1931. He was apprehended by employees of the Bureau in a pool hall at Hot Springs, Ark., on June 16, 1933, and it was while being returned to Leavenworth that he and the law-enforcement officers, including Special Agent Raymond J. Caffrey, were killed. Verne Miller was the victim of a gang slaying in Detroit; Adam Richetti was apprehended by local officers, and "Pretty Boy" Floyd was killed by special agents while resisting arrest near East Liverpool, Ohio.

The Bureau has primary investigative jurisdiction over the Federal Extortion Act, approved July 8, 1932, and since that time has performed investigative work in a large number of extortion cases. The investigation in these cases resulted in the conviction of 230 persons who received actual, suspended, and probationary sentences of 1,359 years 7 months and 6 days, and there are now in custody 55 persons awaiting trial.

A part of the armed horde of criminals operating in the United States today secure their firearms and ammunition through the robbery of Government arsenals and armories, which constitutes a theft of Government property and which is within the investigative jurisdiction of the Bureau. Since January 1, 1933, to date, a total of 278 such robberies have been investigated by the Bureau. In these cases a total of 2,409 pistols, rifles, machine guns, and other miscellaneous weapons were stolen. There have been recovered 1,099 of these weapons. Two hundred and eighty-seven thousand seven hundred and fifty-one rounds of ammunition were also taken, of which 205,578 rounds have been recovered. Two hundred and fifteen convictions have been obtained, and there are now 46 persons awaiting trial.

There also falls within this Bureau's investigative jurisdiction violations of the National Motor Vehicle Theft Act. In violations of this act in which the Bureau performed investigative work during the past 3 fiscal years, 8,274 automobiles have been recovered, valued at $3,301,473.52. Since the passage of the act in October 1919, a total of 41,544 stolen motor vehicles, valued at $25,803,793.73, have been recovered in cases in which the Bureau performed investigative work. While persons violating this act are usually considered to be minor criminals, it has in some instances given the Bureau investigative jurisdiction in cases of the more notorious criminals; in fact, it was the violation of this act which permitted the Bureau to undertake the investigation seeking the apprehension of such notorious individuals as John Herbert Dillinger, Eddie Doll, and others.

One of the recently enacted Federal statutes is that of the Federal Bank Robbery Act, approved by the President on May 18, 1934, making it a Federal offense to rob a national bank or member bank of the Federal Reserve System. This act was amended on August 23, 1935, to include insured banks in the Federal Deposit Insurance Corporation. There has been a total of 183 robberies of national banks and member banks reported to the Bureau, and 62 robberies of insured banks since the enactment of the legislation. Prior to the passage of this act the average number of robberies per month in the national banks and member banks, based upon the figures of the American Bankers' Association, were 16 per month. This number of robberies was reduced until during the year 1935 the average robberies of such banks were 6.4 per month. The average robberies of all banks, other than national and member banks, based upon the American Bankers' Association figures, for the 5-year period 1929 to 1933, inclusive, was 30 robberies per month. The average monthly number of robberies of the State banks insured by the Federal Deposit Insurance Corporation since these banks were included under the provisions of the Federal Bank Robbery Act has been less than six per month.

Indicative of the effectiveness of the Bureau's investigation in bank-robbery cases is the result secured in the robbery of the Peoples National Bank, Kingfisher, Okla., on May 31, 1934. The identity of the perpetrators of this robbery was ascertained, through investigation conducted by the Bureau, to be James Clark, Frank Delmar, Aubrey Curtis Unsell, and Ennis Smiddy. Clark and Delmar escaped from the Kansas State penitentiary, Lansing, Kans., on January 19, 1934. Clark had previously escaped from this same institution on May 30, 1933, with Harvey Bailey, George Brady, Wilbur Underhill, and other noted desperadoes. He had been originally received in the penitentiary on July 8, 1932, to serve a life sentence as a bank robber and habitual criminal. The other participants in the robbery were equally notorious. Clark was apprehended by agents of the Bureau on July 1, 1934, at Tulsa, Okla. Delmar was taken into custody near Claremore, Okla., on August 11, 1934. Unsell was apprehended on September 10, 1934, by special agents, assisted by local officers, and on Christmas Day, 1934, Ennis Smiddy was taken into custody by special agents of the Bureau assisted by local officers.

Clark, Delmar, Unsell, and Smiddy were indicted in Federal court on January 19, 1935; all entered pleas of guilty. Clark and Delmar were given actual sentences of 99 years each and fined $5,000. Unsell and Smiddy were given actual sentences of 50 years each and fined $5,000. The total actual sentences imposed upon the four robbers of this bank were 298 years.

As a result of investigations conducted in bank robberies by the bureau, 116 persons have been convicted in Federal courts and given sentences, actual, suspended, and probationary, of 2,523 years, 6 months, and 2 days, and three individuals were sentenced to life imprisonment.

Jurisdiction of the Federal Bank Robbery Act not being reserved exclusively to the courts of the United States, investigation was conducted in numerous bank robberies resulting in the information developed by this Bureau being furnished to State officials for prosecution in State courts.

During the year 1935 the Bureau conducted investigation in a case involving the theft of $185,000 in jewelry from Mrs. J. C. Bell at the Miami-Biltmore Hotel, Coral Gables, Fla. The investigation of this case was important inasmuch as the participants were engaged in a particularly evil practice which had arisen in recent years in various sections of this country, whereby robberies of jewelry, securities, and other valuables have been settled by the return of the stolen property in consideration for the repayment of rewards by insurance companies and other interested persons, affording a practical immunity for the perpetrators of the original crime. As a result of the Bureau's investigation of this case, a Federal grand jury at New York City returned an indictment charging Noel C. Scaffa, the head of a private detective agency, who had specialized in operations of this crime, with perjury. Scaffa was convicted in Federal court and sentenced to serve 6 months in prison on each of three counts of the indictment to run concurrently. Scaffa and associates, including one Robert C. Nelson, reported to be a well-known "fence", are presently under indictment for violation of the National Stolen Property Act.

Another case recently investigated by this Bureau involving a violation of the National Stolen Property Act resulted from the theft of $590,000 from the United Trust Co. of New York City during December 1934. Subsequent information was obtained indicating that the securities stolen had been transported in interstate commerce. The Bureau was successful in recovering over $300,000 of the stolen securities and in apprehending eight individuals, some of whom are nationally known sneak thieves, as well as known international dealers in stolen securities. However, investigation is still being continued in this case looking toward the identification and the apprehension of other individuals who participated in the disposition of these stolen securities.

As recently as last Monday, May 11, Thomas H. Robinson, Jr., kidnaper, was captured in Glendale, Calif., by G-men and was immediately taken by plane to Louisville, Ky., to be placed on trial for abducting and kidnaping Mrs. Alice Speed Stoll.

Investigations are also conducted by the Bureau in antitrust cases. Many complaints involving violations of the Federal antitrust laws have been investigated by the Bureau since July 1,

1933. Since that date 151 convictions have been obtained in cases in which the Bureau conducted investigations, resulting in actual, suspended, and probationary sentences of 28 years and 6 months. Fines totaling $65,996 were imposed, and 17 fugitives were located. Of the 151 convictions obtained, 41 persons and corporations were perpetually enjoined from continuing business operations which would be in direct conflict with the antitrust laws of the United States.

Investigations were conducted by the Bureau in violations of the White Slave Traffic Act during the fiscal years 1933, 1934, and 1935, which resulted in the obtainment of 744 convictions in which actual, suspended, and probationary sentences were imposed of 1,560 years 1 month 18 days, and fines of $30,466.01. During this same period of time 269 fugitives whose apprehension was being sought for violations of the White Slave Traffic Act were located.

The Bureau also conducts investigations of the impersonation statutes, which make it a Federal offense for any person, with the intent to defraud, to impersonate a Government employee, and to take it upon himself to act as such an employee and demand or obtain a thing of value. Investigations conducted in this type of violation during the past 3 fiscal years resulted in 552 convictions. Actual, suspended, and probationary sentences totaling 1,272 years 7 months 9 days, and fines of $30,066.87 were imposed, and 243 fugitives were located.

Relative to violations of the National Bankruptcy Act during the 3-year period ending June 30, 1935, there have been secured 501 convictions, resulting in the imposition of sentences totaling 1,038 years 22 months 16 days. Fines amounting to $74,136.20 were imposed, and recoveries were effected amounting to $187,858.55. From the period June 30, 1935, to date there have been secured 102 convictions, resulting in the imposition of sentences amounting to 230 years 9 months 15 days. Fines totaling $19,100.04 were imposed, and recoveries effected totaling $105,518.13. In addition to the aforementioned results, 118 fugitives have been apprehended since July 1, 1933.

The Federal Bureau of Investigation has investigative jurisdiction over all violations of Federal laws and matters in which the United States is or may be a party in interest, except those matters specifically assigned by congressional enactment or otherwise to other Federal agencies, and performing other duties imposed upon it by law. Among those matters under the primary jurisdiction of this Bureau, which have not previously been referred to, are the following: Admiralty law violations, bank embezzlements in the District of Columbia, bondsmen and sureties, bribery, claims against the United States, claims by the United States, condemnation proceedings, conspiracies, contempt of court, copyright violations, crimes on the high seas, crimes in Alaska, crimes in connection with Federal penal and correctional institutions, crimes on Indian reservations, crimes on Government reservations, destruction of Government property, espionage, frauds against the Government, harboring of Federal fugitives, illegal wearing of service uniforms, interstate transportation of explosives, intimidation of witnesses, international claims, larceny from interstate shipments, National Bank Act, neutrality violations, obstruction of justice, peonage statutes, passports and visas, patent violations, parole and probation violations, Federal, perjury, Red Cross violations, theft or embezzlement of Government property, treason, Veterans' Administration violations.

During the fiscal years 1933, 1934, and 1935, 3,121 fugitives, whose apprehension was being sought by the Bureau for the violation of some Federal law, were located as a result of investigations conducted by the Bureau.

Not all of the investigations conducted by the Bureau are confined to violations of the criminal statutes of the United States. During the past 3 fiscal years there were conducted for the Department of State and other Federal agencies a large number of investigations which did not require actual court procedure, including the investigation of applicants for positions in the Department of Justice; and, at the request of the Attorney General, the Bureau also inquired into the qualifications of applicants for appointment as United States judges, United States attorneys and their assistants, and United States marshals. As an indication of some of the miscellaneous investigations so conducted during the past few years, as a result of an Executive order of April 5, 1933, requiring the return to Federal Reserve banks outstanding gold, which was generally known as the Gold Hoarding Act, an additional burden was placed on the Bureau which necessitated the interviewing of approximately 10,000 persons, calling upon them to return this gold.

Probably the more important types of civil investigations now being conducted by the Bureau are those investigations involving fraudulent claims made in connection with war-risk insurance cases. Since this work was taken over by the Bureau on September 10, 1933, a total of 6,949 cases have been investigated, resulting in savings to the Government of $78,879,532.04. When the Bureau took over these investigations, the percentage of suits terminated favorably to the Government was approximately 60 percent. At this time the percentage of suits which are terminated favorably to the Government is slightly less than 95 percent. These figures are exclusive of compromises and cases reversed upon appeal.

In addition to the criminal and civil investigations conducted by the Bureau of Investigation, it is also charged with the duty of acquiring, maintaining, preserving, and disseminating identification data. The growth of the Identification Division of the Bureau of Investigation has increased appreciably as indicated by the fact that at the end of 1932 there were 4,712 fingerprint contributors, which number has increased until today there are over 9,600 contributors. Since the first of 1933 the total number of fingerprints on file has increased from 3,078,572 to over 5,800,000 at the present time. At the present time an average of over 3,700 criminal fingerprint cards are received each day which are answered to the contributors within 36 hours after receipt in the Bureau. There are a grand total of over 5,800,000 fingerprint cards on file. During the past 3 fiscal years effective progress has been made in the exchange of international fingerprints with foreign countries. The officials of 70 of the indentification bureaus of the principal nations of the world are cooperating with the Identification Division of the Federal Bureau of Investigation. This is the largest depository of criminal identifying data in the world which will be readily realized when it is considered that Scotland Yard has only approximately 750,000 prints on file and the French Sûreté 1,800,000. The percentage of identifications made on criminal prints now being received in the Bureau is over 50 percent. During the fiscal years 1933, 1934, and 1935, 12,577 fugitives whose apprehension was being sought by Federal, State, and local law-enforcement agencies were identified in the Identification Division of this Bureau through their fingerprints.

Civil-service fingerprints of applicants for appointment to the Federal service are also received in the Identification Division of this Bureau. The fingerprints of such applicants are searched against the Bureau's files, and the Civil Service Commission is advised of any police record of the applicant.

During the year 1935 a civil identification section was established where the fingerprints of citizens are filed for personal and precautionary reasons. Indicative of the interest in civil identification is the fact that at this time 600 fingerprint cards are being received in the Bureau each day for inclusion in this file, and there are now on file the fingerprints of over 100,000 citizens.

The technical laboratory of the Federal Bureau of Investigation was formed for the purpose of making scientific examinations of evidence developed in cases investigated by the Bureau and also for the purpose of aiding and assisting local law-enforcement officials by making such examinations for them of physical evidence secured in the investigation of some criminal offense within their jurisdiction. Since the establishment of this laboratory until the end of the fiscal year 1935 there has been made a total of 3,300 examinations. Of this total, 2,337 were made during the fiscal year ending June 30, 1935. The following tabulation is indicative of the types of scientific examinations made in connection with criminal cases during the fiscal year 1935:

Examination of questioned documents	2,028
Microscopic examinations	57
Chemical analyses	60
Examination of firearms evidence	165
Examination of coded messages	23
Miscellaneous examinations	4
Total number of examinations	2,337

In its efforts to combat bank robberies, kidnapings, and other serious crimes the Bureau established a single fingerprint file, in which are included the single fingerprints of approximately 12,000 known kidnapers, bank robbers, extortionists, and gangsters. One thousand eight hundred and seventy-six examinations were made in connection with this file during the fiscal year ending June 30, 1935.

There has also been established for the same general purpose a modus-operandi file upon bank robberies, affording detailed information on the methods of commission of bank robberies in order that the identities of the perpetrators may be established by a comparison of similar methods of operation.

During the year 1935 there was initiated the first police training school of the Federal Bureau of Investigation. In this school selected, qualified law-enforcement officials from police and State law-enforcement agencies throughout the country are given instructions in scientific and practical law-enforcement methods. The graduation exercises of the first training school were held on October 19, 1935, and since that time an additional class has completed the course of instructions. The entire staff of instructors and lecturers of the Bureau's regular training school, and in addition 41 outstanding criminologists and police officials selected from higher institutions of learning and law-enforcement agencies, assisted in the course of instructions. During the past 3 years the training course for newly appointed special agents has been increased from 4 to 14 weeks, the present course of training affording theoretical and practical instructions under experienced instructors and investigators. The retraining of experienced agents of the Federal Bureau of Investigation was initiated during the fiscal year ending June 30, 1935, this training affording the experienced investigator the latest approved instruction upon the developments in scientific investigative methods, firearms training, and kindred subjects.

Since September 1932 a monthly publication entitled "F. B. I. Law Enforcement Bulletin" has been circulated to law-enforcement officials and agencies contributing fingerprint records to the Bureau. This publication includes information relative to the fugitive status of criminals and makes this information available to police agencies throughout the country upon the earliest practicable date. Information is cataloged in the publication concerning individuals sought for the offenses of murder, burglary, robbery, rape, kidnaping, and escapes growing out of these offenses.

Information is also published in the bulletin concerning those fugitives whose apprehension is being sought by this Bureau. Physical descriptions and fingerprint classifications of the fugitives are listed, in addition to the reproduction of the fingerprint pattern of one finger. Articles of special interest to law-enforcement officials dealing with the science of fingerprint identification, the deciphering of charred paper, the handling of bombs and explosives, information on police problems and criminology, and the dissemination of practical and scientific knowledge intended to aid police officials in the detection and apprehension of criminals is also published in each issue of the bulletin.

Mr. DUFFY. Mr. President, will the Senator from Arizona yield?

Mr. ASHURST. I yield.

Mr. DUFFY. The Senator has performed a very fine service in calling the attention of the country to the remarkable work which has been done under the Attorney General, and particularly through Mr. J. Edgar Hoover, the Director of the Bureau of Investigation. On last Saturday I spent 2 hours going through that Bureau; and while the Senator's picture of it is very fine and most illuminating, I would recommend to my fellow Senators, at any time they can find an extra hour, to go to the Bureau of Investigation and make a personal inspection. They will get a graphic picture of a splendidly run Department of this Government.

Mr. ASHURST. Mr. President, I thank the able Senator from Wisconsin. I now yield the floor.

RELIEF OF OFFICERS AND SOLDIERS OF THE VOLUNTEER SERVICE

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas [Mr. CAPPER] that the Senate proceed to the consideration of the motion of the Senator from Utah [Mr. KING], that the vote by which House bill 9472, for relief of officers and soldiers of the volunteer service of the United States, was passed, be reconsidered.

Mr. ROBINSON. Mr. President, I have been advised by Senators, including the Senator from Utah [Mr. KING] and the Senator from Kansas [Mr. CAPPER], that they desire to have the matter go over until tomorrow. I understand the Senator from Indiana [Mr. VAN NUYS] wishes to submit a motion. After that has been done, I shall move an executive session.

REORGANIZATION OF CORPORATIONS UNDER BANKRUPTCY LAW

Mr. VAN NUYS. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. LEWIS. Mr. President, is it not in order for me to make my motion now to substitute my bill respecting a change in the title of the Interior Department for the bill now on the calendar?

Mr. ROBINSON. Mr. President, I may say to the Senator that the Senator from Indiana has made a motion.

Mr. LEWIS. I beg pardon.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Indiana.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which had been reported from the Committee on the Judiciary, with amendments.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MOORE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations and a treaty, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the Committee on Appropriations, reported favorably the nominations of the following persons to be State directors of the Public Works Administration:

George M. Bull, Colorado;
John Latenser, Jr., Nebraska; and
Arthur S. Tuttle, New York.

Mr. HARRISON, from the Committee on Finance, reported favorably the nominations of Henry F. Canby and Robert H. Moore, assistant dental surgeons (Reserve), to be assistant dental surgeons in the United States Public Health Service.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc. That completes the calendar.

FRED W. SCHUMAN—RECONSIDERATION

Mr. McKELLAR. Mr. President, on Thursday, May 7, the nomination of Fred W. Schuman to be postmaster at Osceola, Nebr., was confirmed. The nomination is still in the Senate, not having been transmitted to the President, and I ask unanimous consent that the vote by which the nomination was confirmed be reconsidered, and that the nomination be recommitted to the Committee on Post Offices and Post Roads. I do this at the request of the senior Senator from Nebraska [Mr. NORRIS].

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none. The vote by which the nomination was confirmed is reconsidered, and the nomination is recommitted to the Committee on Post Offices and Post Roads.

LLOYD H. BULGER

Mr. McKELLAR. I have received a telegram asking that the nomination of Lloyd H. Bulger to be postmaster at Arcadia, Nebr., which was reported today, be recommitted to the Committee on Post Offices and Post Roads. I make that request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and the nomination is recommitted to the Committee on Post Offices and Post Roads.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 18 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, May 13, 1936, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 12, 1936

DIPLOMATIC AND FOREIGN SERVICE

George Orr, of New Jersey, now a Foreign Service officer of class 5 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

Earl L. Packer, of Utah, to be a Foreign Service officer of class 4, a consul, and a secretary in the Diplomatic Service of the United States of America.

Vinton Chapin, of Massachusetts, to be a Foreign Service officer of class 6, a consul, and a secretary in the Diplomatic Service of the United States of America.

COMMISSIONER GENERAL, GREAT LAKES EXPOSITION

A. Harry Zychick, of Ohio, to be United States Commissioner General for the Great Lakes Exposition.

PROMOTIONS IN THE NAVY

MARINE CORPS

Maj. Charles I. Murray to be a lieutenant colonel in the Marine Corps from the 1st day of October 1935.

Second Lt. Eustace R. Smoak to be a first lieutenant in the Marine Corps from the 9th day of February 1936.

The following-named midshipmen to be second lieutenants in the Marine Corps, revocable for 2 years, from the 4th day of June 1936:

Paul R. Tyler	Robert B. Moore
Jean W. Moreau	William D. Roberson
George B. Bell	Louis B. Robertshaw
Andrew B. Galatian, Jr.	James W. Ferguson
Elby D. Martin, Jr.	Harrison Brent, Jr.
William K. Davenport, Jr.	William F. Kramer
John H. Masters	Ralph Haas
Wilfrid H. Stiles	Maynard M. Nohrden
Richard W. Wallace	Ben F. Prewitt
Randolph S. D. Lockwood	John W. Graham
John H. Spencer	Marvin C. Clayton
Donald C. Merker	Richard Rothwell

CONFIRMATIONS

Executive nominations confirmed by the Senate May 12, 1936

POSTMASTERS

CONNECTICUT

Ralph W. Bohannon, Guilford.
Nina P. Hudson Arnold, Haddam.
Charles T. Kelly, Oakville.
Thomas J. Maher, Old Greenwich.
Hans M. Hansen, Jr., West Willington.

KENTUCKY

Wayne Damron, Catlettsburg.
J. Hampton Burch, Fancy Farm.
D. Lawrence Johnson, Owenton.
Philip B. Hyden, Russell.

MAINE

Tobias L. Roberts, Bar Harbor.
Argie S. Henderson, Brownville.
Natt R. Hubbard, Kittery.
Marion Jordan Ricker, Lisbon.
Wesley H. Carver, Ridlonville.
Louis S. Marquis, Springvale.
Harold T. Ricker, Stratton.

MICHIGAN

Alva C. James, Central Lake.
Bert A. Dobson, Jonesville.
Harry A. Newcomb, Kalamazoo.
George H. Walters, Laingsburg.
William H. Coffin, Levering.
Matthew O'Toole, Merrill.
Thomas W. Jackson, Pontiac.
Nelson Joseph Coash, Romulus.
Frank H. Lynch, Rosebush.

TENNESSEE

Wilson L. Tollett, Pikeville.
Theron Myers, Sewanee.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 12, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty and everlasting God, we hail this bounteous, radiant day; wood and grove, hill and dale tell of Thy glory. We thank Thee for the sunlit sky and the blossoming earth, for the springtime flowers that border our paths with loveliness, and for happy bird song, lifting our hearts to responsive joy and praise. Heavenly Father, Thy voice is as the voice of many waters; let us hear its melodies in the deeps of our souls. May it touch every hidden desire and purpose, making us more grateful, more heroic, going forth conquering and to conquer. We pray that we may enter heartily into our manifold duties, ever cherishing a serious view of life. Always keep us from the murky depths of low thinking, feeling, and action, rejoicing in an inner light and assurance that fill the heart with peace and certainty. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE FRAZIER-LEMKE BILL

The SPEAKER. The Chair may say that under the rule nothing is in order this morning except the consideration of the bill which was provided for by rule yesterday. However, with the unanimous consent of the House, the Chair will recognize Members to correct the RECORD. The Chair does not believe that, technically speaking, anything is in order this morning except the consideration of the bill just mentioned.

The Chair may make the further statement that under the rule adopted yesterday it is provided that the Chair recognize the Representative at Large from North Dakota [Mr. LEMKE] to call up the bill H. R. 2066 and to move that the House go into the Committee of the Whole for the consideration of the bill. It is further provided that the time shall be equally divided and controlled by the Member of the House requesting the rule for the consideration of H. R. 2066 and a Member of the House who is opposed to said bill, H. R. 2066, to be designated by the Speaker.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. The rule refers to the gentleman who requested the rule. Personally, I have not been able to interpret that, and I do not know whether it means the gentleman who introduced the rule or the gentleman who requested a hearing before the Rules Committee.

The SPEAKER. The Chair has determined to recognize the gentleman from North Dakota [Mr. LEMKE] to make a motion to go into the Committee of the Whole, and has so construed the rule. The Chair will designate the gentleman from Texas [Mr. JONES] to control the time in opposition.

Mr. RICH. Mr. Speaker, may I correct the RECORD? Yesterday there was a roll call, no. 91, on the resolution offered by the gentleman from New York [Mr. TABER] to correct the RECORD. The roll call shows yeas 115, nays 239, which was in opposition to correct the RECORD. It seems to me if the House wanted to do the right thing the Members would have voted to correct the RECORD. This they should have done.

The regular order was demanded.

The SPEAKER. The Chair cannot recognize the gentleman for such a request.

Mr. RICH. Mr. Speaker, yesterday the gentleman from New York offered a resolution to correct the RECORD.

The SPEAKER. Does the gentleman say that the RECORD is incorrect insofar as the record of the vote is concerned?

Mr. RICH. The RECORD is incorrect.

The SPEAKER. In what respect?

Mr. RICH. In the statements that were made yesterday in connection with the resolution offered by the gentleman from New York [Mr. TABER] and admitted by the gentleman from Colorado [Mr. MARTIN].

The SPEAKER. The House has disposed of that matter by a formal record vote.

Mr. RICH. Nevertheless the RECORD is incorrect.

The SPEAKER. The gentleman is taking issue with the entire House which voted on the matter.

Mr. RICH. I am taking issue with the entire House. Right is right and wrong is wrong.

The SPEAKER. The gentleman does not present a question in connection with correcting the RECORD.

Mr. CELLER. Mr. Speaker, may I ask unanimous consent to extend my own remarks in the RECORD?

The SPEAKER. The Chair will not recognize the gentleman for that purpose without the consent of the gentleman from North Dakota [Mr. LEMKE].

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Under the express provisions of the rule there is nothing in order this morning except a motion by the gentleman from North Dakota to go into the Committee of the Whole for the consideration of the bill. The Chair is not responsible for the rule, but it is up to the Chair to construe it.

Mr. RANKIN. Mr. Speaker, I wanted to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. I want to propound a parliamentary inquiry whether or not when general debate is concluded the bill will be taken up under the 5-minute rule.

The SPEAKER. The rule expressly provides that shall be done.

Mr. LEMKE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2066) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a board of agriculture to supervise the same.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 2066, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. LEMKE. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. LEMKE. Mr. Chairman, I yield myself 30 minutes.

In the first place, I wish to thank all of the Members who signed petition no. 7 and permitted us to bring this bill up for consideration, and I want to thank all of those who were liberal enough yesterday to vote with us, both on the Democratic and the Republican side, for the reason that this is strictly a nonpartisan measure, if there ever was one.

I want to say at the very beginning that I want all those who opposed the resolution yesterday to give us the careful consideration we are entitled to. I want to say there never was a bill before this House that had the support of the public that this bill has, and I may also state that yesterday this Capitol radiated hope, joy, and aspirations to every State in this Union. The telephone and the radio talked and the telegraph sputtered the news that we were finally to be permitted to get a vote on a bill that has been before the Congress for 5 years and has not been permitted to come up for discussion on the floor of the House.

I appeal to each and every Member to follow this discussion, because I can truthfully say that there are not 100 Members on the floor that know what this bill is. They have accepted erroneous reports about it, they have accepted misleading statements about it, and I want to say that the bill should be judged upon its merits, the bill itself and not upon what somebody has said about it. I think this is fair.

I want to say in concluding my statement before I start in to discuss the details of the bill, this morning there was sent to every Member of the House a document coming out of the Farm Credit Administration which I consider unfair and unjust, because the Governor of the Farm Credit Administration has been before the Senate committee. I have the statement here. He was asked by Senator FRAZIER whether he wanted to discuss this bill and he said he did not, and he made the suggestion to us that it was for Congress to consider.

When we had the heavens before the Committee on Agriculture of the House, I phoned the Farm Credit Administration, but they did not appear. They did not appear in opposition to this bill, but at this late moment, this very morning, using the funds of the Government to lobby with, using the Government of the United States to send information here that we have not time to analyze and explain, this document goes to every Member, and I submit it is not fair practice, and I hope that the Black Lobbying Committee will include, before they get through, salaried lobbyists. They are the most dangerous to representative government. [Applause.]

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. No; I will not yield to anybody until I get through with my explanation, and then I shall be pleased to yield.

I am doing this so there may not be any misunderstanding because there are Members who want a correct explanation of this measure.

With these remarks by way of preface, let us take up this bill and let us find out what it is, and I wish to say to the Members of the House that before I get through I shall convince you this bill is not inflation unless every Federal Reserve bank note that has ever been issued is inflation.

I want you who hesitate on this point to follow carefully the statement that this bill is not inflationary, that we are not doing anything in this bill that the Federal Reserve bank has not been doing, not for 4 percent of the people as this misguided misinformation stated this morning, but for one hundred-thousandth of 1 percent, or for a few international bankers. There is not anything we are going to do that the Federal Reserve bank has not already been doing for a handful of individuals, but we are going to ask that the Federal land bank be permitted to get just a small part of the power that the Federal Reserve bank has. Is there anything wrong with this? Is not the Federal land bank as great an institution as the Federal Reserve bank? Will it not use its discretion and its good judgment as to how much of this $3,000,000,000 it needs the same as the Federal Reserve bank uses its discretion as to how many Federal Reserve notes they are going to ask for when the sky is the limit for the Federal Reserve bank and this bill limits us to $3,000,000,000. We are asking only a small part of that same power for the Federal land banks representing 32,000,000 of our population. Not only this, but in asking this power for the Federal land bank we are willing to pay 1½-percent interest, whereas the Federal Reserve bank pays nothing but the cost of printing, and I challenge anybody opposed, who questions this statement, to make it here on the floor and I will quote the law to him.

The Federal Reserve bank gets its Federal Reserve notes for absolutely nothing except the cost of printing or seven-tenths of 1 cent per bill, or 30 cents for $1,000, which is the average cost. The farmers are willing to pay $15 for a thousand, not only 1 year but for 47 years, if you please. In other words, under this act the Federal land bank will pay 50 times as much the first year for a thousand dollars of Federal Reserve notes as the Federal Reserve bank now pays. I am not denouncing that system, but I am calling the attention of those of you who have voted for the Federal Reserve Bank System that you are not fair or just to the Federal land bank when you deny the same privilege to the Federal land bank that the Federal Reserve bank has, when we are willing to pay 50 times as much the first year for the same service.

Now, I say that the Federal land bank has already been doing this same thing only in a roundabout way.

What is the roundabout way? When the Federal land banks cannot sell their bonds the Federal Farm Mortgage Corporation Bank buys their bonds and borrows the money from the Government. It has borrowed as much as $700,000,000. Where did the Federal Government get the money? I say to you there are only two ways to get it. One is to go into the Treasury and take it out and then the Government borrows more of its own money back from the Federal Reserve banks, who put up more bonds of the United States and get more money issued to them. Then they loan this

money back to the Government and the Government pays interest on its own credit.

Well, I am not condemning the System, but let us be honest and give a part of that same power to the Federal land banks. There can be no question about the fairness of that.

Remember that we are not doing anything that the Government has not already done, nothing that the Federal Reserve banks have not been authorized to do, and that this Congress and the Government has not already authorized the Federal Reserve banks to do.

All we want to do is to liberalize it so it can go direct to the people without the limitations and red tape so that we can save 2,000,000 homes in these United States.

I do not care what the Farm Credit Administration says in regard to this question, but when the head of that institution refuses to discuss the bill and then at the last moment becomes a lobbyist, we will take the liberty to show that in 1935 they took away 13,000 homes from farmers.

Oh, they say, that little percentage does not make any difference. I want to say that there is not a man or woman in this body who has probably not received hundreds of telegrams and letters from men and women, begging them to save their homes which the Federal land banks are not doing and could not do under the present law.

Why should we permit one who wrote the Farm Credit Act, now Governor, to try to influence a Member of Congress when he is not subject to cross-examination?

But I understand that has all gone by. This body is now going to write its own laws from now on and save 2,000,000 farm homes.

Now the Farm Credit Administration and the Department of Agriculture come and tell you there is more activity and more farms are being sold. We were selling those farms? The Farm Credit Administration and the other mortgagees that took the homes away from the men and women who wanted those homes. They are the ones selling them, not the farmers themselves. One million, five hundred thousand dollars of farm homes were foreclosed prior to this administration. Of the remaining $8,000,000,000, the Federal land bank has refinanced about one-quarter—two billion and something, let us say three billion—out of the $8,000,000,000. They took the cream, and nobody dare come up here and deny it. They took the cream. They mortgaged and took the mortgages on these three billions and left the rest that wanted to be refinanced to their mercy, so that you have $5,000,000,000 that the Federal land bank has not and cannot and will not take care of. What are you going to do with them?

They tell us that this bill will help only 4 percent of the people. I say to you Members that that is not a correct statement of the facts. Those five billion represent at least fifteen or twenty million men, women, and children. That is the way we count population. If what they say is true, if the percentage is too small, then let us wipe out the Federal land bank, because, if their statement is correct, that $3,000,000,000 represents only 4 percent. Then, since two billion represents the loans that they have made, they have no business to exist. But no one is ignorant enough to believe the slush that is printed in this pamphlet.

Now, I have it from high authority connected with the Federal land bank that the bigger part of this five billion will be liquidated by mortgage foreclosure unless this bill is passed. I am not going to mention any names, because I do not want anybody to lose his job. I have it from good authority that some of them are trying to resign because they see that the present situation cannot work out. And it cannot.

Now, what does the Frazier-Lemke bill do? It provides that the United States Government shall refinance existing farm indebtedness at 1½ percent interest and 1½ percent principal by selling bonds at 1½ percent, tax exempt, the same as the others. I do not like that, but that is what we have been doing. Then, if those bonds are not readily sold, the Government of the United States, through the Federal Reserve System, issues Federal Reserve notes, the same as we do now on Government bonds and other security; but this time it is secured by farms, the best security on the face of the earth—real estate, if you please. That is the situation.

Now we are doing this same thing. There is not any inflation about it, but we are going to offer an amendment that I hope will be accepted, but I will discuss that later.

Now, that is the machinery of the Frazier-Lemke refinance bill. There is absolutely nothing new about it. The Government of the United States sold several hundred million dollars of bonds recently at 1½ percent and they were oversubscribed. If they cannot sell them for 1½ percent, let us put agriculture on its feet and then they can sell all these bonds. It would be 3 years at least before we would issue the full amount of three billion under this act. This Congress would be in session at least three times before all that money is issued.

Now, let us take the bill.

Section 2 of is no importance, except that it outlines the policy just as I have told you.

Section 3:

> The Farm Credit Administration is hereby authorized and directed to liquidate, refinance, and take up farm mortgages and other farm indebtedness.

Now, in that section, beginning with line 19, we will strike out everything on that page, because that refers to bankruptcy. Let us take all that refers to bankruptcy out of this bill. We do not need it. We want to pay our debts. The farmer does not want any moratorium. A moratorium just means that he is going to stand still for 3 years. So our steering committee has agreed that we cut the following language out:

> In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceed the fair value of any farm and 75 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. Such loans shall be made at a rate of 1½ percent interest and 1½ percent principal per annum, payable in any lawful money of the United States.

We have agreed to cut that out. It has nothing to do with the bill, and we are willing to let the farmers go through bankruptcy on their own account if they want to.

Now, we come to the next provision under section 4, with reference to livestock. The steering committee has agreed to cut out all of section 4, which relates to livestock, because we feel that the cooperative farm-credit banks can and ought to take care of the livestock situation. So we will cut out livestock. There will not be any livestock provision in this bill if the amendment approved by our steering committee is accepted. So we will have nothing but real estate back of these mortgages.

Section 5 makes an appropriation of $100,000 for administration. Another inaccurate statement made in this lobbying pamphlet is that it will cost 1 percent to administer the farm indebedness. That is not true. The bill provides that all of the expense shall be charged against the farmers, and that that be done from time to time, so that the Government gets net 1½ percent interest and loses nothing out of it.

Recently they pulled a red herring across the road when they said that the Government pays 1 percent interest to the Farm Credit Administration on farm mortgages. The farmer does not want the Government to pay 1 percent to the coupon clippers. The farmers want to pay their own interest. Therefore, we are willing to charge all expense, under the provisions of this bill, to the farmer.

Section 5 tells you how it is to be charged against them. I will read:

> The necessary and actual expenses incurred in carrying out the provisions of this act shall be apportioned and prorated and added to each individual mortgage and such sums so added shall be paid to the Farm Credit Administration for administrative purposes.

That is a clear statement of what the bill says. Read the bill. Study it carefully, and the reports and hearings thereon, and you will have no trouble in knowing what these hearings are. We have plenty of them. There is a book containing the hearings both in the Senate and in the House on that bill, and every intelligent person ought to be willing to read those before jumping at conclusions.

Then we come to section 6. We cut out all that part of section 6 that refers to livestock, and we suggest several immaterial amendments.

Then section 7 is the section we find so much dispute about. That is the section that the international bankers do not like but that 95 percent of the American people want.

SEC. 7. In case all of said farm-loan bonds are not readily purchased, then the Land Bank Commissioner shall present the remainder to the Federal Reserve Board, and the Board shall forthwith cause to be issued and delivered to the Land Bank Commissioner Federal Reserve notes to an amount equal to the par value of such bonds as are presented to it.

Now, my friends, those of you who are opposed to this because it is inflation, let me say to you that is exactly what the Federal Reserve bank is doing right along. Why should we deny this same right to the Federal land bank with limitation? That is all we are asking. The Federal Reserve bank can go as high as it wants to, get as many notes as it has bonds, but we are limiting the Federal land bank to $3,000,000,000; and, in addition to limiting the Federal land bank to $3,000,000,000, we are making them pay 1½ percent interest, or 50 times as much for every $1,000 as the Federal Reserve bank pays for the same privilege. I submit to you this is more than fair. We do not ask the same privileges that the Federal Reserve bank enjoys.

Then what follows? I want you to follow me carefully now. I may say that the steering committee was unanimous that the farm mortgages were better security than gold. They were unanimous in saying that it is not necessary to add any amendment to this part of the bill, but in order to satisfy a public psychology that is still wedded to yellow metal, the metal that we buried, and I hope forever, in Kentucky; and I hope you Kentuckians get it all, and I hope you will keep it there, we can get along without it; but in order to satisfy that psychology we give the President authority, if he wishes to put the same amount of gold—not gold, but pretended gold, make-believe gold, back of this bill as you have back of the Federal Reserve notes. That is fair enough, is it not? So we proposed this amendment, or they, the steering committee, accepted it, not that we need it—I prefer it were not there. I do not think we should fool people all the time, but some people must be fooled or they will die; they think gold is money. So we said, "Let us go ahead with it and give them the same security they think they have now behind the other money", and we put in the following proviso:

Provided, however, That the President, in his discretion, by Executive order, may set aside a gold fund in the Treasury, as a reserve for such notes, out of free gold in the Treasury or out of the exchange stabilization fund created by section 10 of the Gold Reserve Act of 1934, and maintain such a reserve fund in an amount equivalent in dollars to not less than 20 percent of such notes outstanding.

We give the President this authority if he wants to use it in order to satisfy a false psychology, if you please, that many people have. It is wrong for me to assume that we can take a goldbug who has been trained and raised all his life up to the age of 60 to believe that gold was the only kind of money; it is more than one can expect to change his belief in 1 year; it would be unfair to him. So we give him the same thing he is getting at the present time.

We come now to the machinery that is set up for this act. I may say that as to the machinery we create a farm agricultural board. This board is created in order to relieve you and me from answering all those letters we get. It is a board that represents the farmers. According to amendments we have agreed on, the board has no power except to advise the Farm Credit Administration, perhaps, not to send that kind of slush that they sent to us this morning when we are to vote on a bill when it ought to be here a sufficient time beforehand that we could study and analyze it. The farm agricultural board has only advisory power and it represents the farmer. If it is to represent the farmer, why should not the farmers select their own representatives rather than to have the places filled by ward politicians? When this board is set up and I get 100,000 letters complaining, I will just hand them over to the board and say, "This is your job." It is an executive committee of three here in Washington, and stands between the farmers and their representatives and the bureaucrats up here as the representatives of the other end of Government. There is nothing wrong about that. We have amended it to make its powers advisory only. Surely no one can object to that.

I have given you a rough outline. I want to call your attention to a few things. The statement has been made that the Federation of Labor is against this bill. I challenge the accuracy of this statement, because I was present and know that the late Mr. Truax got the statement from Mr. Green that neither he nor his organization were fighting the Frazier-Lemke refinance bill; that they had no objection to it. That was in May 1934, and it has not been repudiated in writing. Mr. Green did give out a statement that he was against inflation, but he knew enough to know, as I assume—I did not talk to him—that this bill is not inflation.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Just a minute, if the gentleman does not mind.

Mr. KVALE. If my memory serves me correctly, the late Mr. Truax made the statement himself from the well of the House.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Very briefly.

Mr. CONNERY. I looked up this matter last night and find that the only record made by the American Federation of Labor was in 1934 during their annual convention, when the executive committee issued a resolution against uncontrolled inflation. Mr. Green in his statement recently came out against uncontrolled inflation, but you will find no record from the American Federation of Labor placing it on record against the Frazier-Lemke bill. [Applause.]

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. DUNN of Pennsylvania. Why should the American Federation of Labor be opposed to legislation that is humane and progressive?

Mr. LEMKE. May I make the statement that this is the same kind of misinformation that has been given to the Members of Congress in regard to this bill so far as inflation is concerned all the way through. This is not inflation at all. It is not any kind of inflation, let alone uncontrolled inflation. No one is for uncontrolled inflation. We are simply asking for expansion of the currency under the same rules and regulations that you have expanded it by the issuance of $4,000,000,000 of Federal Reserve notes.

Mr. DEEN. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Georgia.

Mr. DEEN. The gentleman knows I am one of the Members who signed his petition, and the gentleman also knows it was on condition that we would consider the bill and perhaps amend it if we could. Will the gentleman tell the House whether or not he is in favor of this proposition? In the event a bond cannot be sold is he in favor of having the money issued by the Treasury on chattel mortgages taken on livestock, cattle, hogs, goats, sheep, and use that as a basis for the money? Will the gentleman tell us whether or not he expects the House to vote for the bill in that condition?

Mr. LEMKE. I appreciate the good work the gentleman has been doing, and may I say to him that we are getting that kind of money right now, through these cooperative banks, and this was brought out in the Senate hearings on this bill. They are lending money on cattle. However, we are going to take that paragraph out entirely so that there will be no question about that. We will wipe it out.

Mr. DEEN. In other words, the gentleman is going to eliminate the provision which will require the issuance of money on livestock of any kind or description?

Mr. LEMKE. That is correct.

Mr. BARRY. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from New York.

Mr. BARRY. Under section 17 of this measure, it states that the benefits of the bill shall be extended to any tenant or member of his or her family who desires to purchase part or all of the farm lost or another like farm provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act. In other words, this bill permits any tenant who has operated a farm for 2 years prior to the enactment of this measure to obtain money. Will the gentleman tell me just how many tenant farmers in the United States would be eligible to obtain money under this act?

Mr. LEMKE. I may say the question is impossible of answer, because there are a lot of tenants who do not want to own a farm. As far as I am concerned, we are willing to do the same as the Federal land bank has done; that is, go as far as the bill possibly can, so far as taking care of the people is concerned. I may say we are putting a limitation in there taking out the unencumbered part, and our steering committee will accept that as an amendment. I may say to the gentleman from New York, that there never has been a bill offered that covered all of the cases or put all the people on an equal basis. When we passed the Home Loan Act in this Congress, we permitted the people living in cities and town to mortgage their homes.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield myself 15 additional minutes.

Mr. BARRY. Is it not a fact that under this section, regardless of what the gentleman may say, there are enough people eligible to obtain money to absorb the entire $3,000,000,000 that the act provides for?

Mr. LEMKE. No; because I am satisfied, if we have a proper rate and if we have the same power as the Federal Reserve banks, that they will be glad to buy these farms. In fact, there is enough money in the banks now if they would just use it to take care of the whole bond issue.

Mr. DOXEY. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Mississippi.

Mr. DOXEY. The gentleman has made references in his speech to the steering committee. Do I understand that is the regular steering committee of the House?

Mr. LEMKE. No; it is not.

Mr. DOXEY. Let us get the record straight.

Mr. LEMKE. The steering committee to which I refer is composed of men and women who are in favor of the Frazier-Lemke bill. It is an unofficial steering committee, but it will be official later on.

Mr. DEEN. Can the gentleman tell us whether or not he expects the membership of the House to vote for the provision of this bill which sets up a farm board to be elected by the people of the respective counties and parishes of the different States? In other words, the gentleman does not expect me to vote for a proposal which would turn this whole thing into the greatest political organization in the history of the Nation? I could not vote for a matter of that kind; neither could I vote for that livestock proposition.

Mr. LEMKE. I am not suggesting that this be a political machine. It is the same kind of machine as the Federal land bank has, which sends out scores of collectors and spends the farmers' money. There are so many collectors that the farmer does not know which way to turn. We are amending the bill to make that only advisory. Surely the gentleman would have no objection to his farmers getting together and selecting someone who will advise them as to the best method of liquidating the mortgages on their farms and someone to cooperate with the Farm Board?

Mr. DEEN. The gentleman knows that the land bank and the Farm Credit Administration, as well as the Federal Reserve banks, do not hold elections to elect people to operate this whole business.

Mr. LEMKE. Unfortunately they were supposed to under the original Farm Land Bank Act, and that is what the gentleman from Nebraska [Mr. BINDERUP] will tell you about before he gets through. But that has been taken away.

Mr. FULMER. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from South Carolina.

Mr. FULMER. Is it not a fact that under the original bill that was the whole purpose of the bill? But today they are sending men into the various land-bank districts who have never been in those districts, and they are running the affairs of the Federal land banks.

Mr. LEMKE. That is correct.

Mr. DONDERO. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Michigan.

Mr. DONDERO. Under section 17 of the bill I notice that it extends to any farmer or member of his family who lost his or her farm by foreclosure since 1921 certain benefits. Now, suppose the gentleman had foreclosed a mortgage for a client of his in 1922 and the redemption period has become absolute. The farm has been sold to a third person. How would this bill apply to a situation of that kind?

Mr. LEMKE. I am afraid the gentleman has misread the bill. The farmer may buy a similar farm. It says, "similar farm", expressly. The gentleman is misconstruing the intent of the bill. That is not the intent and we are going to amend that and bring it up to about 1925 or 1928.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. BOILEAU. The clear purpose of that provision is to permit a farmer or a person who has lost his farm to buy it back, provided the person who now holds it wants to sell it.

Mr. LEMKE. Yes.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Does not this bill purely and simply give the farmer an opportunity to reorganize his capital structure to meet present-day conditions? This Congress voted for section 77B, which permits business to go into court and reorganize its capital structure downward, and does not this measure give the farmer the same opportunity?

Mr. LEMKE. It gives the farmer the privilege of reorganizing at such a rate of interest that he can make good. It takes into consideration ability to pay, rather than the rate of interest involved.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. CELLER. Is it or is it not true, according to the paper we received from the Farm Credit Administration, that only 66 percent of the farms of the country are not mortgaged?

Mr. LEMKE. I would say that is not true.

Mr. CELLER. How many farms are mortgaged, by percentage?

Mr. LEMKE. I would say that depends on what you consider to be a farm. If you take the acreage, I would say about 80 percent is mortgaged; but if you include the little, small farms and consider it from the standpoint of individual farms, including the little chicken and truck farms, and so forth, of those who live near the large cities, as is being done in that statement, then a lesser number are mortgaged; but I want to take it by acreage, and I would say that 80 percent or more of the acreage of the Nation is mortgaged.

Mr. CELLER. How many farms are there left that are not mortgaged?

Mr. LEMKE. I do not know, and neither does the Farm Credit Administration.

Mr. COLDEN. Mr. Chairman, will the gentleman yield for two questions?

Mr. LEMKE. Yes.

Mr. COLDEN. The gentleman's bill provides, as I understand it, for about one-third of the farm indebtedness of this

country. What is the gentleman going to do about the other two-thirds?

Mr. LEMKE. I may say that this refinancing under the bill will be under the control of the Farm Credit Administration, and at present it has been unable to take care of them all; and we will take $3,000,000,000 more out of the $5,000,000,000 it has not seen fit to take care of, and then we will use the money that comes in as a revolving fund and continue this plan until we get all the farmers of this Nation out of debt; and suspend all this resettlement business where it costs $18,000 to settle a farmer in Alaska, when if the same amount of money had been given to the farmers here in this country they would be the richest people in the Nation.

Mr. COLDEN. And you are going to charge one class 4 and 5 and 6 percent and another class 1½ percent.

Mr. LEMKE. You have always done that, and some are now paying 6 and 7 and 8 percent and some are paying less.

Mr. COLDEN. As I read the bill, there is no limitation on the amount you are lending to each farmer.

Mr. LEMKE. The limitation is already fixed by the Farm Credit Administration.

Mr. COLDEN. What is the limit?

Mr. LEMKE. I think $25,000.

Mr. CARPENTER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. CARPENTER. According to my experience, the greatest difficulty the farmer is up against today is the high rate of interest he has to pay. Does the gentleman agree with that?

Mr. LEMKE. Yes.

Mr. CARPENTER. And one of the greatest benefits the farmer will get out of this bill will be lower rates of interest.

Mr. LEMKE. Lower rates of interest, and not only that but the preservation of 2,000,000 farm homes in this Nation.

Mr. CARPENTER. And is it not the gentleman's judgment that one of the main reasons for the opposition to this legislation is the opposition of the banks and mortgage companies to the lower rates of interest as proposed in the legislation?

Mr. LEMKE. I do not know where the opposition comes from. It seems to be an underground channel, and I have not been able to discover it.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. FULMER. I would like to state to the gentleman, in line with the statement made by the gentleman to my right that you are discriminating as to $6,000,000,000 worth of farm mortgages; is not that the case today with the Federal land banks?

Mr. LEMKE. Certainly.

Mr. FULMER. They have refinanced about $3,000,000,000 worth and under this bill we would continue to take that same type of loan just as fast as any other and the farmers are now paying 5, 6, 7, and 8 percent.

Mr. LEMKE. Yes.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Michigan.

Mr. CRAWFORD. With reference to mortgaged farms, under date of May 9, the Farm Credit Administration addressed me and sent me five tables. Table no. 5 states:

Number of farms in the United States, January 1, 1935, census of 1935, 6,812,049.

Estimated number of mortgaged farms, 2,300,000.

Number of tenant farms, including croppers, in the United States, January 1, 1935, census of 1935, 2,865,155.

Mr. LEMKE. I thank the gentleman for the information.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. ASHBROOK. I want to say to the gentleman that I am sympathetic, as you know, and expect to vote for this bill, but I would like to ask the gentleman a question for information.

I had a wire this morning from a constituent of mine who lives in my home county. He bought a valuable farm at peak price. He has a loan on it with the Federal land bank. Due to the depression and the slump in the value of real estate and farm commodities he has been unable to meet the payments and the farm is advertised to be sold on the 23d of this month. I would like to ask the gentleman in what way will this bill benefit and help that farmer?

Mr. LEMKE. I do not know what the law is in your State but if he has a year redemption then he would have an opportunity to refinance up to the present value of that farm. If he cannot make an arrangement there is no relief because we cannot compel the creditor to accept less than the amount due unless he has the good judgment and decency to take another loan on the farm and put the man on a self-sustaining basis.

Mr. ASHBROOK. Do I understand if the farm is sold on the 23d of this month and this bill became a law, which I hope it will, that within a year he will have an opportunity to refinance the farm at present values?

Mr. LEMKE. Absolutely.

Mr. GILLETTE. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. GILLETTE. Section 3 authorizes the liquidation of farm mortgages and 75 percent of the value of the insurable buildings. What is the limit?

Mr. LEMKE. The limit is the lien indebtedness. The lien, perhaps, on his home. It puts the limit on his indebtedness as the present value of the farm.

Mr. GILLETTE. The limit is the loan indebtedness?

Mr. LEMKE. Yes.

Mr. McFARLANE. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. McFARLANE. The question of interest is the main question here involved in this bill as I see it. Since the Federal Government loans to the Federal land banks at the actual cost of printing—about 30 cents a thousand dollars—why should anybody object to a farmer paying 50 times as much—1½ percent interest?

Mr. LEMKE. That is what the farmers cannot understand.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. MARTIN of Colorado. I want to ask this question as bearing on the alleged inflation. The gentleman said that the Reconstruction Finance Corporation had issued four billions in notes. I want to ask the gentleman where is the money; has it not all been reabsorbed by the banks?

Mr. LEMKE. The money is in the banks, but they cannot loan it out because there is no credit left.

Mr. MARTIN of Colorado. This money will go into the banks, too, will it not?

Mr. LEMKE. It will ultimately find itself in the banks, and it will wipe out some of the three hundred billion too much public and private debts, and you will not have to be looking for new cows to milk in order to satisfy the tax-eaters of this Nation. [Laughter and applause.]

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. CELLER. I would like to ask the gentleman this question: We come from the city. We would like to know whether or not the gentleman would be willing to include in this bill city dwellings; and if so, what would be the total cost to the Government?

Mr. LEMKE. I may state you cannot include everything in one bill. If I had the power to draw a bill that would make everything perfect for all the future, I would decline to do it, because I want our children to have something to do. [Applause.]

Mr. CELLER. Does not the gentleman think we should have some relief in the cities?

Mr. LEMKE. You have had the H. O. L. C. A similar bill to this was introduced in the Seventy-third Congress by Congressman Swank, of Oklahoma, and it has not been followed up by any of these people who wish to help the city

home owners. I have been fighting just as hard and will continue to fight for the city people. I want the homes preserved wherever they are. You do not expect the Federal land banks to make loans in the city any more than we expect the H. O. L. C. to make loans on farms. You have to keep these two institutions separate.

Mr. CELLER. But we pay 5 percent on loans in the city.

Mr. LEMKE. Why do you not introduce a bill to lower it? I am with you. [Applause.]

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. KENNEY. The gentleman has made a statement which has gone unchallenged, which is a source of some concern to me. It has to do with section 7 of the bill. It is there provided that the bonds that are not readily purchased may be taken to the Federal Reserve Board and Federal Reserve notes may be issued against them.

The CHAIRMAN. The gentleman has consumed 45 minutes.

Mr. LEMKE. I yield myself 5 additional minutes, please.

Mr. KENNEY. In that connection the gentleman has stated that is no more or less than a privilege accorded to the Federal Reserve Board at the present time.

Mr. LEMKE. That is correct.

Mr. KENNEY. Will the gentleman tell us whether or not there is not a distinction there in this case: That we are forcing the Federal Reserve Board to issue notes against securities that have not been purchased, and for which presumably there is no ready market, whereas today, under the principle in vogue, currency is issued only against bonds which have already been purchased and which presumably are marketable.

Mr. LEMKE. I will state that the bonds against which Federal Reserve bank notes have been issued, we have been informed, were backed by Insull bonds, and some of those may be back of some of the notes that we have in use now.

Now, I must limit myself because there are others who want to speak on this bill.

Mr. AYERS. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. AYERS. The gentleman allowed one question to go unanswered that must be answered before this House. The question was asked where the opposition to this bill came from. The opposition comes from the same people who opposed the original Patman bill, and secured a bond issue in order to pay the bonus bill, so that the banks would secure the privilege. It comes from the Liberty League. It comes from people outside of this House, organizations in this country who have fought every relief measure that this administration has put over. That is where it is coming from. It is coming from people who are not for the people of this Nation.

Mrs. GREENWAY. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mrs. GREENWAY. Am I correct in understanding that the city home cannot be used as a parallel issue for the reason that the home in the city is an expression of money earned, while the farm is an expression of the basis of earnings?

Mr. LEMKE. That is correct. They should be treated separately in separate bills. The problems are different and must be kept entirely separate for administrative purposes. The loan on a farm home is an entirely different problem than a loan on a city home. There should be a bill drawn to cover urban homes.

Mr. MARTIN of Colorado. And is it not a fact that a home owners' amendment would not be germane to this bill?

Mr. LEMKE. It would not be.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. MICHENER. There is some difference of opinion. For instance, I do not agree exactly with the gentleman from Montana [Mr. AYERS] on this question of inflation. The gentleman whom I am interrogating and I possibly do not agree on the question of inflation, but I have been told recently that the gentleman has a bill prepared, and that it is his purpose, if this bill passes, carrying $3,000,000,000—call it inflation or whatever you want to; to introduce that bill covering city property, and that Members from the city here are being asked to vote for this bill with the understanding that the city property will be taken care of in the follow-up bill. Is that true?

Mr. LEMKE. That is not correct. I have offered to draw a bill for some of these people who have opposed this bill and who have taken their names from the petition, if they would introduce it. If they do not know how to draw it, I will draw it for them. [Laughter and applause.]

Mr. MICHENER. There are some who do not fear $3,000,000,000 as inflationary, but there are some of us who fear unlimited inflation which another bill might mean.

Mr. LEMKE. One further word in regard to labor's position, because a number of statements have been made on this subject that are very misleading. I have a letter from Hon. I. M. Ornburn, former member of the United States Traffic Commission, and now secretary-treasurer of the Union Label Trades Department of the American Federation of Labor. He has endorsed this bill. The Union Label Trades Department comprises 43 out of 110 national and international unions, including over 1,000,000 members of organized labor. On January 15 of this year Mr. Ornburn sent me the following letter:

> I heartily endorse the Frazier-Lemke bill, the purpose of which is to refinance the farm mortgages at a lower rate of interest. I do not know of any security for Government loans better than first mortgages on the productive land owned by American farmers. Surely if the farms that produce our raw material are not good security—nothing else is.
>
> The opponents of the Frazier-Lemke bill point out that if it is passed, more money will be put into circulation. I do not know of any better method of restoring prosperity than by increasing purchasing power, especially when such money is based upon sound security.
>
> Cordially yours,
>
> I. M. ORNBURN.

[Applause.]

[Here the gavel fell.]

AMENDMENTS TO H. R. 2066 PROPOSED AND ACCEPTED BY THE STEERING COMMITTEE

Section 2

Page 2, line 4, beginning with the word "and", strike out all down to and including the word "annum" in line 6.

Section 3

Page 2, line 13, strike out "farms" and insert in lieu thereof "farm lands."

Page 2, line 14, strike out "farms" and insert in lieu thereof "farm lands."

Page 2, line 19, beginning with the word "In", strike out all down to and including the period in line 3, page 3.

Section 4

Page 3, strike out lines 6 to 17, both inclusive.

Renumber sections 5 to 19 as sections 4 to 18.

Section 6

Page 4, line 7, strike out the first comma and all that follows down to the period in line 9.

Page 4, line 13, strike out "the duty of" and insert in lieu thereof "lawful for."

Section 7

Page 4, line 19, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 4, lines 23 and 24, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 5, line 1, after the word "reserve" and before the period, insert a colon and the following: "*Provided, however,* That the President, in his discretion, by Executive order, may set aside a gold fund in the Treasury as a reserve for such notes, out of free gold in the Treasury or out of the exchange stabilization fund created by section 10 of the Gold Reserve Act of 1934, and maintain such reserve fund in an amount equivalent in dollars to not less than 20 percent of such notes outstanding."

Section 8

Page 5, lines 5 and 6, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Section 9

Page 5, line 11, beginning with the word "Whenever", strike out all, down to and including the word "the" in line 12, and insert in lieu thereof "The."

Page 5, lines 13 and 14, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 5, line 17, strike out the figure "2" and insert in lieu thereof the figure "3."

Section 13

Page 7, line 8, strike out the figure "5" and insert in lieu thereof the figure "4."

Section 14

Page 7, line 21, strike out the figure "5" and insert in lieu thereof the figure "4."

Section 16

Page 8, line 8, beginning with the word "and", strike out all down to and including the word "by" in line 10.

Page 8, lines 10 and 11, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 8, line 17, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Section 17

Page 9, line 1, strike out "1921" and insert "1925."

Page 9, line 4, strike out "an encumbered farm" and insert in lieu thereof "a farm not exceeding $10,000 in value."

Page 9, line 5, strike out the word "two" and insert in lieu thereof the words "three consecutive."

Section 18

Page 9, line 7, beginning with the word "executive", strike out all down to and including the word "Agriculture" in line 8, and insert in lieu thereof "Farm Credit Administration."

Mr. JONES. Mr. Chairman, I yield 15 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, while this controversy does not involve the issue of life and death, at the same time it is of vital importance. It is important to me because it is important to the people whom I have the honor of representing. Regardless of the outcome of this debate, I believe that all of us, Republicans and Democrats alike, can well afford to center our hopes in the rising glories of this great Nation of ours. Surely we are making progress and our leadership has declared, "We shall not retreat." I do not believe this Congress will subvert or destroy, but, on the other hand, that it will at all times seek to reconstruct and to save the great American system, that system which has been builded upon the everlasting and immutable principles of justice and "equal rights to all men with special privileges to none."

I come from one of the great agricultural districts of this country, and I am bold and frank to state that as a Congressman my first love is the farmer of my district, my State, and my Nation. I regard agriculture as the mother of all arts and the nursemaid of all industry. It animates every species of industry; it creates and maintains manufacturers; it gives employment to navigation; it furnishes the material for commerce; it is the art of arts and the most honorable employment of man; it is the bedrock of well-regulated society and is the surest basis of internal peace.

Coming as I do from one of the great agricultural sections, I am anxious at all times to devote my time, my attention, and my talent to the solution of the great problems facing the farmers of this country today. It was because of my interest in agriculture that I wanted to be elected by you as a member of the House Committee on Agriculture, so that I might have an opportunity to consider all legislation which was proposed which might affect the welfare and the happiness of those people who earn their living on the farms. But, my friends, I hope that I will not permit my zeal to become intemperate to the extent that I will depart from the leadership of the great party now in power to follow some fantastic monetary scheme which is advocated, not by this administration, not by the Farm Credit Administration, or the Treasury, but by a Republican leadership which seems for the moment to have taken over the control of this Democratic House of Representatives. [Applause.]

I take the position that this bill is not fair, that it is not just. Why, this bill discriminates within the very class it seeks to benefit. If this $3,000,000,000 of additional currency is not an expansion of the currency, if it is not inflation, why limit the amount to $3,000,000,000 when the farm mortgages of the Nation amount to approximately $9,000,000,000?

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. No; I must decline to yield.

Mr. RANKIN. The gentleman asked for an answer to his question.

Mr. COOLEY. I do not yield. The gentleman can answer it in his own time.

Mr. RANKIN. I shall be very glad to do so. It can very easily be answered.

Mr. COOLEY. It stands to reason that the Government, under this measure, will be called upon to take over the bad mortgages. We know that by no act we may pass here today or at any time in this Congress, in the light of the decisions of the Supreme Court, can we impair the obligations of an existing contract. We know that a majority of the land mortgages of this Nation are held by the insurance companies and the banks. We know further that the effect of this bill will be to "bail out" the insurance companies and the banks to the extent of the bad loans they now have on hand, because they will not be willing to surrender the good loans which pay a higher rate of interest. Yet how can it be suggested that this bill, which will benefit the banks and the insurance companies to the extent of relieving them of their bad mortgages to the extent of the full value of the property which is encumbered by the mortgage, is opposed by the banks and that the bankers have any interest in defeating it.

Notwithstanding the propaganda, notwithstanding the radio speeches, notwithstanding the activities of the National Union for Social Justice and the Catholic father in the Shrine of the Little Flower, and notwithstanding the speeches that have been made here and elsewhere, I have not received a single letter from a single farmer in the Fourth District of North Carolina asking me to put my stamp of approval upon this bill.

Mr. DUNN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. No; I have only a little time.

I do not own any stock in any insurance company or bank; I have no interest in any bank or insurance company, and my only interest is to try to do the right thing.

The author of this bill complains about propaganda. Does he stop to think about the propaganda that has emanated from the sponsors of this bill, who now complain about the information given by the Farm Credit Administration, which they call slush? What part of it is slush? What part of it is false? What part of it is misleading? They can answer this when their time comes. You cannot point out wherein it is false or wherein it is misleading. O Mr. Chairman, there has been a desperate effort made to bullwhip and browbeat some Members of this Congress into voting for this bill. Why, they told me that the general assembly of the great State of North Carolina had memorialized me to vote for this bill. Yes; and the general assembly of my State of North Carolina has done other foolish things, my friends. One day during the last session its members memorialized me to vote for the repeal of the processing tax, the one thing that brought more happiness to the farm homes in North Carolina than any other act that has ever been passed by the Federal Congress. [Applause.] But when they realized what they had done and the effect of that act on their part, about 2 or 3 days later they sent us another memorial requesting that we not consider the memorial sent earlier urging us to vote against the processing tax.

The proponents of this bill have brought pressure to bear from every nook and corner. Shall the legislature of my State dictate to me what I should do as a Representative of the people of the Fourth District? No, Mr. Chairman; I have no control over any votes in this House except one, but, thank God, I have control over that vote, and I will not be bullwhipped, browbeaten, or intimidated by even the general assembly of my own State, and much less by the Catholic priest of Michigan.

We may as well be fair in the consideration of this matter. Are we going to discriminate to the extent of helping only one-third of a class? If this is not expansion of the currency, or inflation, why not put it up to the limit and make it $9,000,000,000? What about the city man who comes to me as a Member of Congress and says, "You gave the farmers an interest rate of 1½ percent. What about the poor city

dweller?" The humble citizen who is living in a hut in a city, trying to earn a livelihood for his little brood, striving to pay off the mortgage on his house in order to give shelter to his children, are we going to deny him the same fair treatment you are asking for the farmer?

Mr. Chairman, I could not be so unfair. I could not be so unjust. Then, if we are going to embrace city mortgages, it will not be just $9,000,000,000, but somewhere near $29,000,000,000, and even the most ardent inflationist in this House would throw up his hands in holy horror at any such suggestion as $29,000,000,000 in new currency. Yet we Democrats are asked today, after hearing the Governor of the Farm Credit Administration ridiculed and denounced on the floor of the House by a Republican, to turn our backs, not only upon the leadership of the House, not only upon the Democratic Party, but upon that great President who now occupies the White House. I know not what course the other Members may choose, but, Mr. Chairman, I prefer to stand by MARVIN JONES, of Texas, and Franklin D. Roosevelt, who I know are friends of the farmers, than to stand by LEMKE and FRAZIER, the Republicans from Dakota. [Applause.]

What will happen to the financial structure of this Nation? When Uncle Sam holds a mortgage on every poor man's farm and on every poor man's home in America, either by virtue of this legislation or otherwise, what will be the situation then? Uncle Sam will be called a Shylock, the cruel holder of the lien, and will not be permitted at any time to foreclose or collect. There will be cries for moratorium after moratorium, and ultimately there will be a demand for cancelation, which can end only in chaos. This program will lead us down the primrose path of inflation and bring chaos to this Nation. Do not forget that it is being sponsored by a gentleman who delights in opposing the present occupant of the White House and who would rejoice in his defeat. Shall we repudiate our President and follow a new leadership? The gentleman sponsoring this bill seems to be very much excited about helping the farmers of this Nation, but back of it all is money—money.

Mr. Chairman, this bill is not a solution of our farm problem. It leads us not to equality for agriculture. The Federal land banks and the land bank commissioner have refinanced practically all of the debt-burdened farmers of my district. We could give the farmers an interest rate of 1½ percent, but still the great problem would confront us tomorrow just as much as it did yesterday. We should enact legislation which will bring to the farmers of this Nation a fair and just price for the commodities they produce by their sweat and toil, a price that will return them a fair profit for their labors. Then you would not hear the farmers complaining about an interest rate of 1½ percent or 3 or 4 or 5 percent. We must find a market for the tremendous surpluses produced by this great Nation and when we find that market, either at home or abroad, or when we can give the farmers of the Nation even the price they received under the A. A. A., they will pay the 3½-percent interest rate, they will retire their loans, they will pay their taxes, and they will not be calling upon Congress to pass relief bills for them. Therein is the solution, and instead of our talking so much about this measure, if we would devote our time and attention to a solution of the surplus problem of this country we would be making headway. [Applause.]

I believe that the present administration is fostering the highest form of democracy, that it is sincerely seeking to find a new freedom for the men and women who work in the fields and factories of the Nation, and is sincerely striving to solve the titanic problems confronting a complex civilization. This administration has brought a degree of relief to the farmers of the Nation and will continue in its efforts in the direction of equality for agriculture. Again I repeat, shall we repudiate that leadership and place our stamp of approval upon a half-baked proposition which is sponsored by Republicans?

The low rate of interest which this bill proposes to give to approximately one-third of the debt-burdened farmers, would be unfair to the remaining two-thirds who must continue to pay interest rates varying from 3½ to 8 percent. The same injustice will be visited upon future generations of farmers, who, of course, will not be benefited by the pending bill. The contemplated low rate of interest would, in effect, put a premium upon mortgaged property and penalize the thrifty while benefiting the unfortunate. The difference in the rate of interest which will be paid by those whose property is mortgaged and who are fortunate enough to refinance under the pending measure, and the rate of interest which will be paid by the ordinary citizen who has been thrifty and whose farm is not mortgaged, and by those whose farms are mortgaged and who are unable to refinance under the bill, would be more than sufficient to pay the taxes upon the property. The effect of the measure, therefore, would be to make the farms refinanced under the bill tax free while other farmers are tax burdened. Is this just? Is this fair? The premium placed upon the mortgaged property would naturally increase its resale value to such an extent that the benefits of this bill would be more than offset by the increased price which subsequent purchasers would have to pay. The only benefit, therefore, would go to the owner of the property which is now mortgaged and which is refinanced under the bill. The two-thirds of the farmers whose farms are now free and clear of debt, as well as farmers who could not refinance under the bill, would obviously be hurt rather than helped by this proposed legislation. No individual or private agency could compete with the Government in this field. The result would be, to illustrate what I mean, if a prospective purchaser desired to purchase a farm, say of the value of $10,000, which is encumbered with the Frazier-Lemke mortgage, for its full value, at the rate of interest of 1½ percent, the principal to be repaid over a period of 47 years, and another man owns a $10,000 farm which is unencumbered, which he is willing to sell upon reasonable terms, the deferred payments to bear a reasonable rate of interest, but who is unable to finance the deferred payments at 1½-percent interest and over a period of 47 years, certainly, it is only natural to suppose that the prospective purchaser would prefer to purchase the mortgaged farm with the low rate of interest and easy terms. Certainly, it would be difficult, under these circumstances, for a thrifty man, whose farm was not mortgaged, to dispose of it profitably in the event he desired to sell.

Since only approximately 66 percent of the farms in the United States are mortgaged, and since the amount contemplated by this bill is only approximately 33⅓ percent of the amount of the outstanding farm mortgages, the $3,000,000,000 provided under H. R. 2066 would take care of approximately 30 percent of the farmers whose farms are mortgaged at the present time and would, therefore, provide benefits for less than 15 percent of all of the farmers of the country at the expense of the 85 percent remaining, of the farmers and other taxpayers.

FEDERAL LAND BANK SYSTEM WOULD BE RUINED

If a substantial percentage of land-bank borrowers refinanced their loans under the provisions of H. R. 2066, the Federal land banks would receive cash for the mortgages so refinanced, which cash they would have to hold, since they would be unable to call outstanding issues of farm-loan bonds, most of which bear interest at from 3 to 4½ percent and are not callable for from 8 to 10 years. Since there are no sound securities in which the banks could invest the cash thus obtained on a basis which would yield an amount sufficient to pay the interest on their bonds, they would inevitably be forced to default, which would mean receivership and eventual liquidation of the system. This would mean the loss of the $113,000,000 capital stock investment of some 600,000 farmer borrowers through the system, as well as some $217,000,000 which the Government has invested.

ACCOMPLISHMENTS UNDER PRESENT LEGISLATION

Nearly 750,000 loans for approximately $2,000,000,000 have been made by the Federal land banks and the land bank commissioner since May 1, 1933. Estimated scale-downs in con-

nection with these operations approximate $200,000,000. Annual interest reductions as a result of such refinancing amount to $38,000,000 on the basis of the contract rate. When temporary interest reductions are added, the total saving to the farmers of the country for the year ending June 30, 1936, will approximate $74,000,000.

Liberal provision has been made for deferring principal payments and for granting an extension of time on past-due items where farmers, through no fault of their own, have been unable to meet their obligations.

With decreased interest charges and improved prices the amount of farm products required to pay interest charges has decreased materially. Whereas in 1932, 25.5 bales of cotton were required to pay the interest on a $10,000, 6½-percent farm mortgage; the interest charges on a $10,000 Federal land-bank loan in 1935 could be paid with only 5.9 bales of cotton. Similar improvement has taken place in other lines of agricultural production.

For the country as a whole, 9.6 percent of the gross farm income was required to pay the interest on the farm-mortgage debt in 1932. In 1935 the corresponding figure was 4.5 percent, the lowest during the 10-year period, 1926–35.

The number of delinquent Federal land-bank borrowers has declined substantially. As of December 31, 1933, approximately 47 percent of all Federal land-bank borrowers were delinquent; as of December 31, 1934, 34 percent of such borrowers were delinquent; while as of December 31, 1935, only 27 percent of all borrowers were delinquent.

During 1935 the farmers of the country voluntarily repaid principal to the Federal land banks in an amount greater than they would have been required to pay had no deferment privilege been granted.

During 1926 it is estimated that there were 18.2 foreclosures per 1,000 farms in the United States. In 1932 the figure reached 38.8 foreclosures per 1,000 farms. By 1935 the number had decreased to 19 foreclosures per 1,000 farms.

I am consistent in my opposition to the pending bill in its present form. I voted against reporting it by the Agriculture Committee. I was anxious to have an opportunity to study the feasibility of lowering the rate of interest now given to farmers by the Farm Credit Administration and, if possible, to vote for and to support some measure which might bring some equitable relief to the farmers of the Nation at large, but a vote was demanded and the bill was reported. The Rules Committee was discharged and the bill is now before the House. I can only express the hope that it may meet with defeat. While I have no desire to urge unduly the Members of the House to cast their vote against this measure, I do urge you to give it the benefit of your very best thought. I may be wrong and I may be mistaken. If I am, the error can some day be corrected. [Applause.]

Mr. JONES. Mr. Chairman, I yield 15 minutes to the gentleman from Maryland [Mr. LEWIS].

Mr. LEWIS of Maryland. Mr. Chairman, this bill proposes an immediate inflation of the currency by more than 50 percent. I cannot vote for the bill, worthy as its intended beneficiaries are, and I want to give my reasons.

There are 33,000,000 life-insurance policy-holders in the United States. These policies average $2,000. And their paid-in value aggregates over $20,000,000,000, more than the total value of the railroads of the United States. Nearly one in every four of the population holds such a policy or is interested in its benefits. Some 328 insurance companies are conducting this massive business, and it may be said with patriotic pride for them that they have in recent years passed through the most crucial financial test that insurance companies might have ever successfully met.

Sir, in Austria, in Germany, in France, and in Italy, before the war they had like life-insurance companies equally well managed and discharging a similar great function of saving for the people; but what happened to them? Following the war, under an inflation of the currency of these countries, the entire value of the Austrian insurance policyholders was lost. Eighty percent of the paid-in value of the French insurance policyholders was lost, 75 percent of the Italian policyholders was lost, and 90 percent of the German policyholders was sacrificed.

What was the occasion of tragedies so Nation-wide and so utterly devastating to such a worthy part of their population? Ah, it was the policy of paying public debts and marketing public policies with printing-press money by inflation statesmen in those countries. In Germany, for example, although they came out of the war with less than 37 billion marks, later inflation raised the currency to 2,000 billions in 1922 to 28 quadrillion marks in September of that year and by December to the superastral figure of 497 quintillion marks.

Mr. Chairman, this stupendous inflation of these currencies occurred not because anybody wanted it to occur, not because anybody intended that it should occur, it occurred because once inflation got started down its toboggan, nobody could stop its headlong descent to financial anarchy and perdition.

In Germany, for example, the purchasing value of the mark began rapidly to fall. At length employers and employees found it necessary to readjust their wages monthly; soon they had to readjust wages weekly; then, at length, every day; and near the tragic end of the chapter the workmen were allowed an extra hour at noon to go out and spend the day's wages, in order that they might get some value for their toil before the day's inflation had destroyed the fruits of the morning's labors. Depositors, sensing the situation, withdrew their savings out of the savings banks to spend them before they became valueless, and within a year all the savings banks were empty and have not yet fully recovered.

The farmers—yes, the farmers, too—were victims, for when they sold their products they immediately had to spend. They bought diamonds—diamond rings—and stockbrokers bought carpenter tools in order that at the end of the insane frenzy of inflation they should have something real in their hands to trade for their needs. All kinds of pensions existed over there, earned pensions as well as public pensions, and what happened to them? In Austria a $50 pension, for example, dropped to a value of $7.35 a month and never got back beyond the point of $25.

Now, perhaps, you say, "Oh, well, Mr. LEWIS, this was all due to the war." It was not due to the war. It did not happen in Great Britain, that suffered as much from the prosecution of the war as Italy, France, Germany, or Austria. It was due to the falsity, implicit and inescapable, in the inflation philosophy.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. LEWIS of Maryland. I cannot yield.

Now, in this measure there is an immediate issue of $3,000,000,000 involved. I want to say to you sober Representatives of the American people, this is the largest first step in inflation ever undertaken in history. If it succeeds in this measure, it will be followed by others. We will then be on the toboggan with Austria, Germany, Italy, and France, and when once on that toboggan, our statesmen will no more be able to control the subsequent train of events than the inflation leaders of those countries.

My God, have we not had enough of the lessons of inflation in the fields of both public and private finance? We know what such inflation, printing-press stocks and bonds, did in the field of private investment. We know the story of 1929, 1930, 1931, and 1932—what followed that false philosophy which closed every bank in the United States. After all, what is it we want—the restoration which we all seek so urgently? It is confidence. Businessmen must have, not only confidence in Government—thank God, that confidence we fully have—but they must have a confidence in one another and especially in the financial instrumentalities of commerce.

We ourselves have worked earnestly to restore the purpose of the confidence essential in commerce, in industry, and in our financial organization. But the passage of a bill like this, ladies and gentlemen, would, by one act, utterly wreck

this work of restoration during the last 3 years. It would destroy all reasonable hopes for years. I dare not now pull back the curtain to disclose the financial anarchy that would ensue with another break-down of the financial credit of both the Government and our private financial organizations.

Sir, there are two motives impelling this measure. I shall speak of the worthy one first. It is that appeal which the farm makes to all human beings. Yes, the farm was the cradle of civilization. Yes, the farm is still the best man maker and the best woman maker on the face of the earth. Certainly there could have been no government, no religious or ethical system without their development on the farm throughout the ages.

(The time of Mr. LEWIS of Maryland having expired, he was given 2 minutes more.)

Mr. LEWIS of Maryland. We all acknowledge that, but I want to say that this bill provides no remedy for farm injustices. Give the farmers a just price for their product; that is the remedy. [Applause.]

Now, another motive actuating this measure is politics. If the American people do not soon go on strike against politics, they may wake up some morning to learn that they have no Government left to play politics with. It is true that no Philip of Macedon has ever horsed his way over the North American Continent; and firmly we Americans are resolved that no ambitious and unscrupulous imitator of Stalin, Hitler, or Mussolini ever shall. Yet if ever the work of Washington shall be undone, charge it now to irresponsible legislation of this character.

Now, my fellow Members, I thank you warmly for the patience with which you have heard the reasons why one Member, representing, as I think, one of the best agricultural districts in the United States, finds it necessary to so differ with the proponents of this bill. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Chairman, I listened with great interest to the speeches of the gentleman from North Carolina and of my distinguished friend from Maryland. I think it is a pity that this discussion cannot avoid emotion, because if there ever was a matter which required intellectual processes, it is the matter now before the committee.

My distinguished colleague from Maryland, in his impassioned appeal about inflation, lost sight of two fundamental facts which stand out through all history from the beginning of time until the present moment. One of these facts is that inflation has never occurred anywhere at any time in a stable government. The second fact is that inflation cannot occur until all the wanted goods and services which can be produced have been distributed or are being distributed. These two fundamental facts are entirely lost sight of by the eloquent gentleman from North Carolina and by my colleague from Maryland.

Now, let us see whether or not some of those who find it necessary to vote for this bill are inflationists. When we began to consider the Banking Act of 1935, we found that the excess reserves of the member banks of this country amounted to $2,700,000,000. We found that the necessary reserves amounted to $2,700,000,000. We realized that there was danger of a tremendous inflation, because these excess reserves, when used by the banks, could be multiplied by at least 15 and result in $40,000,000,000 of loanable funds. So the House committee, when it introduced the bill, provided that the Federal Reserve Board, in order to prevent excessive inflation or deflation, should have control of the reserves of member banks and raise and lower them as they saw fit, in order to prevent inflation and deflation.

We did two other things in the House in order to prevent inflation. We knew that the reserves of the Federal Reserve banks amounted to $4,200,000,000. We realized that meant that the Federal Reserve banks had available to lend to member banks two and one-half times that amount, or over $10,000,000,000. We realized that if that money was borrowed by the member banks and expanded 15 times when loaned, it would amount to more than $150,000,000,000. We realized that combining the two potential inflations of the member banks and the reserves of the Federal Reserve banks, we would have the tremendous sum of over $190,000,000,000. So what did the House Committee on Banking and Currency do? We tried to give the entire right to raise the reserves to the Governors of the Federal Reserve Board. But what we were finally able to do over the opposition of the conferees on the part of the Senate, and over the bankers' opposition, was to give the Federal Reserve Board the right to raise the reserves up to 100 percent. With that right to raise the reserves up to 100 percent, it could wipe out the $2,700,000,000 of excess reserves of the member banks, and prevent that $40,000,000,000 inflation. That is what the House Committee on Banking and Currency and the conferees, supported by the House, did to prevent inflation. That is one of the things. And realizing the tremendous potential inflation because of the $4,200,000,000 of reserves of the Federal Reserve banks which could be translated into $157,000,000,000, we succeeded, after days and nights of toil, in getting into the bill a provision that the Federal Reserve Board should control the rediscount rates, which means that the Federal Reserve Board can so raise the rediscount rates as to entirely prevent this $157,000,000,000 inflation or any part of it.

Did you ever hear of the Liberty League, did you ever hear of the Economy League, did you ever hear of the great credit structure which has its apex in Wall Street denounce the condition we found when we began to consider the 1935 bill? No. We had to fight that element every inch of the road in order to prevent this great inflation. They do not care anything about inflation so long as it is inflation created by debts to them. And they come in here and talk about inflation, involving the relatively insignificant sum of $3,000,000,000 in real money. God save the mark!

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. LEMKE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GOLDSBOROUGH. Mr. Chairman, it has been impossible up to this time to create the substantial medium of exchange in this country except by debt. This debt is mounting hundreds of millions of dollars a year. The backs of the American people are bowed down by it. Under this system, instead of the masses of the people getting the benefit of what the people can produce, we are destroying production that is needed by millions of people who do not know where their breakfast is coming from 10 days from now. While I could not have introduced a bill like this, arbitrary in its provisions, unscientific in its demonstration, yet it serves notice on the great creditor class that the people of the United States are beginning to find out there is some way they can transact their business without going from the cradle to the grave with a burden of debt on their shoulders, which their children for the next generation, and for generations yet unborn, will have to bear.

So, Mr. Chairman, it is because of that broad principle, because of the fact that this socialization of credit constitutes a beginning of understanding that there is no reason in a rich country like this why we should transact our business based on debt, that I am supporting this bill. There is another reason. For 50 years I have been watching the farmer. When I was a little boy driving around with my grandfather, who was a country doctor, I saw how they were burdened with debt. I know of hundreds of cases where that same debt, as I said before, has been transmitted from generation to generation; and whenever I can help them I propose to do it. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Chairman, I grew up on a farm, remained on it, and worked on it until I was 25 years of age. I went from the farm to the practice of law and in connection with it had the privilege of serving at the head of a national

bank for more than 20 years. When the inflation, or deflation, or whatever you call it, came to us in 1933 and all of the banks in this country were closed, the one with which I had been associated for 20 years stood like the Rock of Gibraltar and paid out at the back door while the President's Executive order was in existence in order to keep people from starving. That was because we had adopted a rule early in the history of the institution that we loaned money on real-estate mortgages based upon 50 percent of the fair market value of the farm. The Frazier-Lemke bill, in violation of the banking rule, and of the rule of insurance companies that have made millions and billions of dollars of real-estate loans, authorizes the Federal Government to lend money based upon not the fair and reasonable value of land but upon the fair value of the land. It authorizes loans to be made based upon 75 percent of the value of the buildings and improvements. It authorizes loans to be made upon 65 percent of the value of livestock—something that is transitory, something that is liable to be carried away, liable to to be lost; in fact, it is perishable property, just like the buildings are perishable, as they may be lost through fire and things of that kind. Having grown up on a farm, having worked with my hands as a toiler for low wages from the age of 10 to 25, having been associated with banking circles, having had long years of experience in the law practice, I feel that I am in position to know something of the danger of this character of legislation, and I feel that I am able to speak with some feeling of confidence on this subject. I want some of the proponents of this legislation to answer this question, Whether the Federal Government has done more for any other group of our people than it has done for the American farmer? And whether or not the Seventy-third and Seventy-fourth Congresses have done any more for any other class of people than we have done for the American farmer? I am glad to have voted for and supported all farm-relief legislation since I have been a Member of this body.

I, therefore, as a Democrat, and as one who believes in the fundamental principle of equal and exact justice to all men with exclusive privileges to none, believe it is infinitely unfair to say to about 85 percent of the American farmers who have borrowed from the Federal land banks and from the Federal Land Bank Commissioners at 5 and 6 percent interest that we will lend to another class of American farmers at 1½ percent interest. I believe in equal treatment to all and special privileges to none. I am afraid—desperately afraid—that after this Congress—and when I say this Congress I mean the two sessions of the Seventy-fourth Congress—has laid upon the back of the Federal Government a bonded indebtedness of $21,000,000,000, that if we thrust upon it through these loans another $3,000,000,000 we may bring the terrible monster of inflation upon this country that will make it necessary for the people of this country—what people?—the laborers of America, the working people, numbering in all the crafts and trades more than 40,000,000 of our citizens, to do what the people of Germany had to do during their period of inflation. Following the World War the streetcar conductor who worked on a wage base of $5 per day had to get off his streetcar in the evening and take a market basket full of German marks to the store before he could buy enough food for one meal. This is the thing we are coming to if this character of legislation is passed. I do not care whether the President of the United States be Herbert Hoover or Franklin D. Roosevelt, I would follow him in opposition to this bill because I believe first in the foundation stone of the great American Republic that is laid upon the great doctrine of equal and exact justice to all men, with exclusive privileges to none. [Applause.]

Let us see what else they do in this bill. They will, of course, never come to do it unless this Congress has gone crazy or unless I have gone crazy; and I hope I have not; but if I should vote for this bill I would feel as though I had.

Do you believe it is fair to me as a farmer to require me to pay even 5-percent interest on a farm loan and then say to my neighbor just across the fence that you will lend him money at 1½ percent? What happens to the 85 percent of our farmers who have not borrowed from the banks? Sixty-six percent of them have no mortgages at all. This 85 percent of the farmers who have not borrowed from the banks would be up against the worst sort of discrimination any man could conceive. Why? Because you know that a loan extending 47 years at 1½-percent interest is far below a reasonable rental value of any farm, and the result of it would be that there would be a market for the man whose loan extended 47 years at 1½ percent, and no market for the man who is paying 6 percent. So it would discriminate against 85 percent of the farmers in order to help 15 percent of them. If you are going to lend $3,000,000,000 in this country to 15 percent of the farmers and make it on a 47-year basis, at 1½ percent, you are going to leave out of consideration $21,000,000,000 of indebtedness on urban and city property that is under mortgage at from 4 to 6 percent.

Let justice be done to all our farmers without discrimination. Inflation is always followed by an era of destructive deflation, such as we have experienced since October 1929, for which we are now having to pay the penalty in billions of dollars. Who were the greatest sufferers under the deflation that followed that credit inflation? It was the laborer and the consumer. The laborer in lower wages and resulting inevitable suffering. The consumer in higher prices and less to eat and wear. Notwithstanding my great sympathy for the farmer, this is such a dangerous and discriminatory character of legislation that I cannot support it. I must stand by the toilers and wage earners and with the President of the United States. [Applause.]

If it is not inflationary, then let us bale out all of the banks and insurance companies that hold these mortgages. If it is not inflationary, let us put on top of the $20,000,000,000 that we have already put the Government in debt another twenty or thirty billion dollars; then we will have a sure enough problem on our hands. We will have not merely inflation but chaos.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MAY. Mr. Chairman, I want to answer the distinguished gentleman, who is a member of the Banking and Currency Committee.

Mr. WHITE. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Idaho.

Mr. WHITE. Was not the same condition practiced by the Reconstruction Finance Corporation? Did they not lend money cheaper to one borrower than the borrower could get from outside sources? The Reconstruction Finance Corporation did all the things the gentleman has been complaining of.

Mr. MAY. If the gentleman is going to answer, I will not have time to answer my colleague. The Reconstruction Finance Corporation laid down certain rules and regulations covering industries, which rules and regulations were based on sound banking rules and the Reconstruction Finance Corporation followed them. But if it be true that Reconstruction Finance Corporation has discriminated, is that a reason why we should? In this instance we are adopting a rule which provides for 1½-percent interest, based on the full value of the farm. If the farmers are as hard up as they say they are, and everybody knows they are doing better than they have done in the last 10 years, they will move off, abandon, and leave their farms.

Mr. KLEBERG. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Texas.

Mr. KLEBERG. Following the question asked by the gentleman from Idaho [Mr. WHITE], my distinguished friend, does the gentleman think that because the Reconstruction Finance Corporation might have practiced some little discrepancy or discrimination that makes it right for us to go ahead with this kind of legislation and continue that sort of practice?

Mr. MAY. I should say that was the basis of the gentleman's argument and the reason for his statement. His position is perfectly in harmony with this bill.

Mr. Chairman, I want to answer the gentleman from Maryland, who is a member of the great Banking and Cur-

rency Committee of the House. He says there has been no complaint from the Federal Reserve Bank, there has been no complaint from insurance companies, and there has been none from Wall Street. Of course, they do not complain because they expect the Federal Government to bail them out on a lot of stale loans. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, there seems to be some apprehension on the part of the preceding speaker that the passage of this legislation will bring on inflation. I would direct the attention of the Members of the House to section 6, on page 4, which provides for refinancing farm indebtedness through the issuance of bonds, and only in the event the bonds fail to sell will currency be issued, and then in an amount not to exceed $3,000,000,000.

I look upon this measure as the remedy necessary to bring agriculture back to a reasonable level of prosperity. We may legislate until we are black in the face in an attempt to restore prosperity in this country, but I say there will be no prosperity, and there can be no prosperity, until we have restored the buying power of the farmers. You cannot expect the farmer to regain his buying power so long as the greater part of his income is devoted to the payment of taxes and interest. The gentleman from Maryland [Mr. GOLDSBOROUGH] referred to the fact that he had known several generations of farmers in his State, most of whom passed on debts from one generation to another. That is the case all over the country. The children of farmers inherit debts rather than property, and it has been my observation that these debts increase with time.

We reduced the interest rate for the farmer a short time ago, but the reduction was not sufficient to be of assistance. The farmer must get money at the rate that the Frazier-Lemke bill provides if he is going to work his way out and again become a contributing factor to the welfare of our country. There is no class legislation involved in the pending measure.

Can any Member of this House give any good reason why a farmer should not get money at the same rate of interest that is carried by much of the commercial paper put out by corporations? Surely no Member of this body will contend that a conservative farm mortgage is not better than any other form of security. I would say that a farm mortgage is even better security than Government bonds, because all wealth comes from the soil.

During the war we loaned billions of dollars to the Allies at 1½ and 2 percent. It has turned out that those advances have resulted in total loss through repudiation. Shall it be said that we are more considerate of foreign nations than we are of the people who raise the food for our tables and provide us with clothing?

The Frazier-Lemke bill deserves to pass both Houses of Congress with an overwhelming majority. It is one of the most beneficial pieces of legislation that we have ever had before us. I regard it as the best possible insurance for the perpetuation of the Republic.

One-third of our farmers are renters, according to the census of 1935. We may pass laws without number prohibiting the teaching of communism and other forms of destructive radicalism, but all of them combined will not contribute as much toward the maintenance of our institutions as will the passage of the Frazier-Lemke bill, because under its operation our tenant farmers would become farm owners, and property owners are never radical. I pass this thought on to you conservative Members who represent city constituencies.

Mr. Chairman, I have no fear that the passage of the Frazier-Lemke bill will bring on inflation, as I have discussed it with several sound financiers, who have assured me that there is not the least possibility of that happening unless the measure is materially broadened. Of course, no one wants inflation. We saw what happened in Europe following the war, and no Member of this body would vote to bring on such a condition in this country. I feel that this legislation is necessary to the welfare of our country, and I strongly urge every Member of this body to vote for it. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Chairman, the discharge rule on the pending bill has caused me a great deal of trouble, because as a result of my refusing to sign the discharge petition I had opposition in the primary and the people in my district are voting on my case today. I have been out in my district for the last 2 weeks, and I have told the people that I was going to vote against this iniquitous bill. [Applause.] So they know where I stand. I would like to let the Members know where we stand as a Democratic Party if we pass this piece of legislation.

The Democratic Party in only one instance in its history has even gone off on the proposition of sound money. The Democratic Party in its platform of 1932 declared for sound money, and this bill violates every principle of sound money. It does more than that, Mr. Chairman; this bill violates a monetary principle that has come down to us through the centuries; that is, that money belongs to the people and does not belong to the state. This bill contemplates that money belongs to the state. If you set aside the principle that has come down through the experience of the centuries, then we are indeed going down the primrose path that was suggested by my friend, the gentleman from North Carolina.

The Committee on Agriculture voted this bill out of committee without any great studies made of it, and this bill was never passed upon by the Banking and Currency Committee of the House. They never had it up for consideration, and we are sitting here today being asked to change a principle, without competent committee consideration, that has come down through all the ages.

Mr. Chairman, Mark Sullivan, a week ago Sunday, in the Washington Star, had an article, and I want to read a small part of it, because I believe it tells what is going on and what is likely to happen in this country.

One of two major dangers which the depression brought to America, I have said, was violent inflation of the kind which after the war took place in several European countries. This danger still exists. I do not wish to overemphasize it. I would not make a 50–50 bet that it will take place, though some competent judges would.

And competent judges, as Sullivan says, will know more about it after we take a vote on this bill in the House.

This danger of violent inflation to whatever extent it exists, involves within itself the other danger, the danger of a new form of society and government, for, if inflation should really come in America and go on to a catastrophic stage, the result would be a collapse, a collapse much more serious than the depression, and after the collapse would come a period of chaos in which we would again be subject, as we were in the depression and to a greater degree than by the depression, to the danger of falling into or being taken into a changed form of society and government.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. I cannot yield.

So that it is not possible to consider the two perils separately, one, the danger of inflation contains within itself the other, the danger of a changed form of society and government.

This is what you are voting for under this bill. You are voting in the final analysis for a changed form of government and I predict you are going to have a dictatorship in America. First, you will have chaos and then a dictatorship.

Mr. Chairman, the Roosevelt administration has with unusual and unrelenting vigor attacked the farm problem. The farm problem, in large measure, grew out of the fact that farm products had been left while industrial products were more or less restricted in their economic play, due to trade barriers, trade agreements, and monopoly. The result was that agriculture received too little and industry received too much out of the common reservoir of income; to express it another way, the farmer's dollar bought too little of what industry had for sale, and industry's dollar bought too much of what agriculture had for sale. Because of this abnormal

condition, in large part due to the fact that agriculture was subject to different and more hazardous play of economic forces than industry, it cost more to finance agriculture than it did industry.

Now, as I said, the Roosevelt administration has attacked the problem, attempting to give agriculture some of the privileges enjoyed by industry, to wit: Regulation of supply to demand, to the end that higher prices may be enjoyed; lower rates of interest on money needed to finance itself, and by the institution of reciprocal-trade agreements, that industrial prices may be kept in check if not lowered, and also as a means of giving purchasing power to people abroad to buy our agricultural products and thus relieve agriculture of too much restriction in product, and thus moderate the cost thereof, which falls heavily upon the Federal Treasury. That the economic system has responded to this treatment is borne out by the recovery we have had during the past few years. That these policies, in view of the whole economic picture, are essentially sound and helpful, hardly anyone will deny, except those who have adverse political motives, or those who, because of special economic pressure, are chasing rainbows in a field of proposals, which are, to say the least, in conflict with administration policies. This bill would wreck the whole Roosevelt recovery program.

Mr. Chairman, some weeks ago when I was being importuned to sign discharge petition no. 7 that was upon this desk, I tried to make a fair and impartial analysis of the Frazier-Lemke bill, and presently I am going to give the House and the country the result of my effort.

Before I begin, let me say that I have been interested in lower rates of interest on farm mortgages and I went down recently to the Farm Credit Administration and had a talk with Governor Myers, and I pleaded with him to recommend that we have lower rates upon farm mortgages. Governor Myers seemed to take the position, and with sympathy for the farm debtor, that it would disturb the fiscal policy of the Government. It is claimed by the proponents of this bill that 30,000,000 people—that is practically the entire farm population—in the United States are back of its enactment, and that some 29 State legislatures have petitioned the Congress that it be made into law. There is no doubt a considerable force is in favor of this bill. On the other hand, there is a very substantial force, including farmers, who are against the bill; but among those who have voiced their approval, how many would have done so if they had known just what consequences this bill would produce?

Fortunately, information and data is available to indicate the possible confines of those most likely interested in the measure. The following data was elicited from reports of the Department of Agriculture of a very recent date:

The number of farms in the United States is 6,800,000; mortgaged farms, 2,300,000; farms not mortgaged, 4,500,000.

According to the above there are 6,800,000 farms in the United States, and of this number about one-third are covered by mortgage debts. Of the 2,300,000 farm mortgaged, 800,000 are financed through the Federal land banks at the lowest rate of interest ever known for farm mortgages in this country or any other country.

I should think it reasonable to assume that the farmers without mortgage debt would not be interested in this measure, and those who are financed through the Federal land bank at the lowest rate of interest ever known would be only passively interested. The remaining owners of farms may have an active interest in the measure, although of this group not all, by any means, are in distress, for great numbers of them are now financed by banks and insurance companies.

In other words, it was estimated that of the farmers in this country, not over 10 or 15 percent were in distress, and we are changing a monetary principle that has come down through the experiences of the ages to satisfy 10 or 15 percent of the farmers of this country, and I noticed in the document handed to us this morning that has been criticized here, that out of a thousand farms in 1926 there were 17.3 foreclosures, while the number went up in 1933 to 38 farms per thousand, and in 1935 it came down to 21, while this year it is estimated the number will be back to 19, or almost equal to the 1926 figure, which was what we consider a normal year for agriculture. In that year agricultural prices were in parity with industrial prices.

Now, I do not wish anyone to infer from what I have said that I have not sympathy for the farmer, or anyone else for that matter, who may be in distress. I wish it were possible never to have another foreclosure, but that is impossible, and there are limits beyond which the Government may not go. The Government must at all times be just to all its citizens, including our churches, schools, and colleges which pay 4.5 and 6 percent, and if it accorded preferential treatment to a limited group of farm people it most certainly should extend the same consideration to all farm owners and to city home owners and other classes who can meet reasonable qualifications. The size of such an undertaking must serve to reveal the absurdity of such a proposition.

The liquidating and refinancing of these mortgages under the plan proposed in this bill would not establish parity on the part of agriculture with industrial prices. The use of banking credit under the plan proposed by the bill would most likely inflate all prices, industrial as well as agricultural, in like degree and continue any disequilibrium that may now exist. Its only effect would be to shift the burden of debt of the farmers benefited to the backs of the farmers not benefited and to the wage earners, savings-bank depositors, holders of insurance policies, and people having and living upon fixed incomes. But this is not the worst of it. These same classes would pay toll to speculators and holders of corporation equities who would reap a rich harvest.

This measure is class legislation. It is discriminatory without helping agriculture, and it injures every other class.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. I will yield if I have the time.

And, again remembering that but one-third of the farms would be entitled to benefit under this bill, the owners of these farms would receive an unjustifiable, competitive advantage over the other two-thirds not entitled to participate, for immediately farms entitled to participate would reflect in value the advantage of a subsidized interest rate and long-term conditions of payment under amortization.

For example: A and B have adjoining farms of equal size and value. A is entitled to benefit under the terms of the bill. B is not. A's buyer would probably receive little or no advantage, because A's loan or right to secure a loan at less than half the rate of interest that long-term money commanded, would command a premium for A, measured by B's disadvantage. We cannot make fish of one farmer and flesh of another—class legislation is un-American.

The bill provides that the liquidation and refinancing undertaken is to be done through the use of the machinery of the Farm Credit Administration and the Federal Reserve Banking System. I submit that it is not machinery that is intended to be used, but the machinery facilities and credit of those institutions.

The bill would compel the refinancing of farm mortgages up to the fair value of farms and 75 percent of insurable buildings and improvements thereon. That is contrary to all experience and practice. I submit that would hardly place any restraint upon human nature. It is within a farmer's power to skin the land of its fertility, allow the buildings and fences to decay, and then depart, for unless he has sentimentalities there is little, if anything, to hold him. Bonds based upon such security would not float in open markets except at considerable discount, nevertheless national banks and Federal Reserve banks are required in the bill to invest all their surplus and undivided profits in those bonds, which are to be used as collateral to secure up to $3,000,000,000 of Federal Reserve notes. And notwithstanding the fact that the bonds which are secured by these mortgages and Federal Reserve notes are dependent for their stability upon the payments of interest and amortization payments, the executive committee shall have the power, in case of crop failures and in other meritorious cases, to extend the time of payment on loans under this act from time to time for a period of 3 years, provided the mortgagor keeps up the payments of all taxes on the

mortgaged property. There seems to be no limitation here. The executive committee may extend payments of interest and amortization for 3 years and then extend it again for 3 years, and then again for 3 years, provided the mortgagor keeps up his taxes. The bill places no limitation upon indebtedness other than it must be farm indebtedness and exist at the time of the act. That it may not be due, or that Congress could not accelerate its due date, or violate contracts between debtor and creditor, seems not to have bothered the writers of the proposed legislation.

The bill provides that the Farm Credit Administration, through the Land Bank Commissioner and the Federal land banks, shall issue bonds in the manner now provided by law, which bonds in full face amount shall cover farm and chattel mortgages in full face amount. These bonds are to be delivered to the Farm Credit Administration, which may offer them for sale at not less than par to any individual or corporation or to any State, National, or Federal Reserve bank or to the Treasurer of the United States.

Two of these classes mentioned may not exercise their free will to refuse the offer of the bonds, for Federal Reserve banks and national banks are required to invest their available surplus and net profits in the bonds. This procedure and the procedure as to Federal Reserve notes are perfect examples of forced loans. Such loans are not new to history, and became so obnoxious to English freemen that they long ago imbedded an inhibition against such practice in the fundamental law of England, and our constitutional fathers following their examples have provided likewise in the Constitution of the United States. Not to mention other features, this feature alone renders this bill clearly and unmistakably unconstitutional.

All bonds not sold freely or forced upon unwilling purchasers shall be presented to the Federal Reserve Board, which shall forthwith cause to be issued and delivered Federal Reserve notes in an amount equal to the face of the bonds, and the bonds are deemed sufficient collateral to secure the Federal Reserve notes, which shall not exceed at any one time $3,000,000,000. This amount is in addition to the amount taken by forced loans against the Federal Reserve and national banks, which are compelled to invest all surplus and profits after dividends. National banks under this bill are placed at a serious disadvantage compared to our State banks.

Federal Reserve banks are depositories for the reserves of member banks. Deposits are made by banks with Federal Reserve banks in about the same manner that one deposits money in his home-town bank. Outside of the stock and surplus account these deposits are the principal assets and liabilities of Federal Reserve banks. To liquefy these deposits, Federal Reserve banks must be kept absolutely liquid at all times. These banks are the last refuge of liquidity, and as such are the keystone to the whole banking and commercial structure.

Now, in compelling the Federal Reserve banks to issue these notes secured by farm mortgages, and in compelling Federal Reserve banks and national banks to invest their surplus and undivided profits in these bonds and absorb about all their liquid assets, what would happen?

Most sensible persons dislike to predict what the future holds, but I am sure most eminent authority in such matters would predict that the mere making of this bill into law would carry potentialities of wrecking the monetary and banking structure of the United States, causing widespread panic, trade stagnation, unemployment, bankruptcy, and a host of economic ills. Our currency must be sound and stable, our credit high among the nations of the earth, or our people have no hope of enjoying prosperity.

Mr. Chairman, I could not vote for a bill that even carries the potentialities of such frightful consequences. Heretofore I made the statement that these bonds would not float in financial markets except at a discount, that discount may be measured as to their security compared with Government bonds, and Frazier-Lemke bonds are not guaranteed by the Government, and the interest coupon is less than one-half of the average the Government has had to pay for money for the last 20 years, which average was approximately 3⅜ percent.

The bill further provides that all payments of interest and principal on bonds covered by Federal Reserve notes shall be paid to the Treasurer of the United States, and shall be kept by him for the purpose of redeeming said Federal Reserve notes, but in the meantime it shall be used as a sinking fund and invested in farm-loan bonds issued under the terms of this act. This means that principal and interest payments on bonds covered by Federal Reserve notes are not to be used in retiring the notes, but such payments are to be used for further investment in the bonds.

Mr. THOM. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. THOM. Suppose the $9,000,000,000 in farm mortgages held by farmers were offered to this new institution in order to obtain 1½ interest rates. Which of these $9,000,000,000 would be recognized; which man would have the loan taken care of. There is only $3,000,000,000 authorized in this bill.

Mr. FIESINGER. The bill does not say anything about that.

Mr. THOM. Then there would have to be discrimination, would there not?

Mr. FIESINGER. Of course.

Mr. McFARLANE. The same proposition was made to the Farm Board and the Farm Credit Administration; why was not the same question raised then?

Mr. FIESINGER. We took care of that by orthodox financing. We were not violating a monetary principle which has come down through the ages.

Mr. WHITE. Will the gentleman yield?

Mr. FIESINGER. Yes; I yield to the gentleman from Idaho.

Mr. WHITE. Did not we finance the Federal Reserve System in the same way?

Mr. FIESINGER. No; by all means, no.

Mr. WHITE. And did not that bill violate the monetary principle?

Mr. FIESINGER. No; it does not. In answer to that question, I say this: I have been accused of talking one way and voting another. I stand strong on what I have always advocated in this House. I am as strong today as I ever was, and that is this, that the Congress of the United States should do its constitutional duty. [Applause.] That is, to coin money and regulate the value thereof. It has never done its duty and it is today allowing the bankers to do it, and I am against that just as strong today as I ever was.

But this bill does not reach that problem by any means.

Mr. WHITE. The Federal Reserve currency was issued against Federal obligations.

Mr. FIESINGER. I cannot yield further.

Mr. KENNEY. I think the gentleman ought to answer the gentleman from Idaho.

Mr. FIESINGER. I did not hear the gentleman's question.

Mr. WHITE. I said the Federal Reserve currency was issued against Federal obligations.

Mr. FIESINGER. But they were not forced on them. These are forced loans which the Constitution of the United States inhibits. You are changing the whole monetary structure and putting on the Federal banks and the national banks forced loans.

Mr. WHITE. What about the farm loans made by the farm-loan bank?

Mr. FIESINGER. There is no forcing of loans there. If those loans were forced the Supreme Court of the United States would say that the authority was unconstitutional, as they will say under this bill. I was about to answer that question. I will go on. I know my time is getting short. I want to talk about this board of agriculture.

Mr. MAY. Mr. Chairman, will the gentleman yield for a question?

Mr. FIESINGER. Yes; I will yield.

Mr. MAY. On page 4 of this bill there is a provision which provides that the Federal Reserve banks and national banks shall invest all their earnings and all payments of dividends in these bonds.

Mr. FIESINGER. Yes. What the proponents of this bill want is inflation. It is the same old wolf in sheep's clothing that has been snarling at the door of Congress ever since I have been here.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. BOILEAU. An amendment will be offered to make it permissive instead of mandatory.

Mr. FIESINGER. It is rather perplexing for me, because I do not know what proposals are going to be offered. But in its final form it will either be inflation leading the way to uncontrolled inflation or saddling the debts, or part of the debts, of indebted farmers on the Government, which is what the bankers and insurance companies want.

Mr. BOILEAU. If it is made permissive, it certainly would not be an obstacle.

Mr. FIESINGER. If you make it permissive this bill will fall flat, because no Federal reserve bank and no national bank nor anybody else will ever invest in these bonds, because they will only be worth 50 cents on the dollar. Put mortgages upon farm land at full value, plus 75 percent of the insurable value of the buildings, and these bonds will go down to 50 cents on the dollar. There is no question about that in my mind.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. WOLCOTT. In that respect, may I call the gentleman's attention to the fact that under the Banking Act of 1935 we provided in the open-market provisions of that bill, authority whereby the Federal Reserve Board can compel banks, if it adopted as a policy, to take these or any other bonds that the Government may issue.

Mr. FIESINGER. Have you tried that out before the Supreme Court of the United States?

Mr. WOLCOTT. It is generally conceded that the Federal Reserve Board has the authority.

Mr. FIESINGER. I would like to see a decision of the Supreme Court of the United States on the proposition of forcing these banks which own the private money of this country. I would like to see the authority sustained by the Supreme Court of the United States.

Mr. WOLCOTT. That is what we provided for last year in the Banking Act of 1935.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. FIESINGER. There is set up by the bill a board of agriculture to be composed of one member from each State elected by delegates selected by mass conventions of farmers in each county or parish within the United States who are indebted and declare it to be their intention to take advantage of this act. This could hardly be called democratic government, for only those who are indebted and declare it to be their intention to take advantage of this act are entitled to vote. A farmer having no indebtedness is not entitled to vote, nor is a creditor entitled to vote, although he may have long-term contracts with those entitled to vote. No representative of the Government, the Farm Credit Administration, the Federal banks, the Federal Reserve Board or banks, or national banks are entitled to vote. This is a government entirely of debtors and their elected State representatives shall elect members of the board of agriculture, one from each State, which, in turn, elects an executive board of three members, none of whom shall be members of the board of agriculture. This executive board or committee, as it is named in the bill, has some very extraordinary powers.

The members of the board of agriculture shall keep in touch with and report to the executive board on the progress made in liquidating and financing farm mortgages, and in doing so they shall cooperate with county or parish or State organizations, and with all farm and cooperative organizations within their respective States, and county or parish organizations shall at all times cooperate with and assist the board of agriculture, the Farm Credit Administration, the Federal land banks, and national loan associations. This executive board, with its disconnected network of cooperation, assistance, and report as a background, shall advise and supervise the work of liquidating and refinancing farm mortgages and farm indebtedness by the Farm Credit Administration and the Federal Reserve Board, and they, the said executive board, shall cooperate with the Federal Farm Administration, and so forth, and so forth.

The executive board is tied, and responsibly so, to the board of agriculture, because its tenure of office is subject to the will of the board of agriculture. The bill gives the executive board the power to advise with and supervise the work of liquidating and refinancing farm indebtedness by the Farm Credit Administration and the Federal Reserve Board. To advise with and supervise gives this board powers in connection with the purposes of the act greater than like powers conferred upon the President of the United States. It would give this board the power, in plain words, to boss the Farm Credit Administration and Federal Reserve Board. Let us take an example that no doubt would frequently happen. Suppose the Farm Credit Administration reported an appraisal of a farm at $5,000 and the executive board said the appraisal should be $10,000. Under its power to supervise, which means to have general oversight over, to superintend, inspect, the board's authority would no doubt be controlling; and if any member of the Farm Credit Administration or the Federal Reserve Board did not heed its supervisory power, the executive board would then report such member to the President of the United States for neglecting, hindering, or delaying the carrying out of this act. Before the President acts, cause must be shown; but the cause is shown when the Federal Reserve Board refuses to accept the executive board's judgment as to the fair value of the land and 75-percent value of the insurable buildings.

In other words, that farm board, that executive board, has more authority, as is provided in this bill, than the Federal Farm Credit Administration or the Federal Reserve Bank. Yes; more than the President of the United States.

Permit me to say this in conclusion: Our Government is inflating price levels through what is known as the credit route along orthodox lines. Credit inflation has never ruined a people, but, historically, at times it has become uncomfortable. Because of this experience this administration has set up certain banking controls by which it hopes to avoid many of the discomforts suffered in the past. This bill adopts a policy of monetary inflation. History records no single instance of monetary inflation that has not wrecked the people using it, and the worst of it is that the poorer classes and wage earners suffer most. The rich escape better than the poor because they know better the method of escape. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. LEMKE. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. MILLER]. [Applause.]

Mr. MILLER. Mr. Chairman, I am one of those Members who signed the petition. I voted to discharge the Rules Committee from consideration of the rule. I expect to vote for this bill. I will vote for it just as it is, if it is necessary, to get it. There are some provisions of the bill, of course, that we would all probably like to see amended, but the important question before us is this, and, in my opinion, one cannot sit here and listen to this debate and reach any other conclusion.

The question is this: Who is in control of the money of this Nation and what is money created for? Is the money created to serve mankind or is mankind created to serve money? That is all that it amounts to. What has been our policy during the last 50 years? Why is our economic con-

dition such as it is in this Nation today? Whom has money been serving?

WHO IS THE FORGOTTEN MAN?

We have heard a great deal about the forgotten man. We heard a lot about him a year or two ago; we shall probably hear more about him in the next 6 months. We have heard a lot about relief for farmers in years gone by, and we shall probably hear more about it in the next 6 months. After all is said and done, the American farmer is the last great individualist in our Nation, and unless he is given an opportunity to sustain his individualistic character, individualism will fade away. He cannot compete, he cannot survive, under the present economic conditions. The farmer is the only class of man, farming is the only class of business of a substantial nature, that has to pay as high a rate of interest as is being paid on agricultural indebtedness. In Arkansas today the average is 8.1 percent. Other States are paying almost as high a rate of interest. It is no argument to say there are a lot of men who do not owe anything; that there are a lot of farms not mortgaged. This is true, of course. It is just as foolish to argue that this bill is a discrimination against the man who does not owe. It is not going to discriminate against the man who does not owe. Nobody wants to be in debt. Not a farmer in the United States wants to be in debt. How can the man who is not in debt be discriminated against by his neighbor who is in debt receiving a loan?

There are some things that just simply do not coincide with common sense. You may sit here and listen to these arguments and talk about inflation and all that kind of stuff, but let me tell you there is no danger in inflation if the property values are there, not a bit in the world. Upon what is the money of this country based if it is not the property values in this Nation? If you destroy the American homes you destroy the value behind our money. Some of you gentlemen who are so anxious to fly to the defense of the Federal Reserve banks and the banking interests in this country answer me this question: What are you going to do when you destroy the morale of the farming class in this Nation? When you, by defeating this bill, destroy agriculture, where is the value of your property and what is there behind the money of the country, be it inflated or not inflated? [Applause.]

ARGUMENTS AGAINST BILL ANSWERED

I am well aware of the arguments that have been advanced for the last few years by those opposed to this bill. They claim that it is inflationary—that it is unsafe and unwise for the Government to engage in the task of refinancing the farm indebtedness of this Nation. The claim is made that during recent years agriculture has received preferential treatment by the Congress and that a general bill for the refinancing of the farm indebtedness is not necessary. Men whose sincerity I do not doubt argue that the Government is not financially able to refinance this indebtedness, and that it is not for the best interests of the farmers themselves for the Government to do this. These same gentlemen talk earnestly about the necessity of preserving the financial integrity of the Government. They advocate that political philosophy that teaches that the monetary policies of the Government should be dictated by the financiers and by Wall Street. This policy has been followed by this Government for the last 50 years, with the result that money has become the master of man. People are compelled to serve the moneyed interests because of the political philosophy of the gentlemen who are opposing the passage of this bill. They overlook the fundamental principles upon which this Government is based and for which it was inaugurated.

EQUAL RIGHTS FOR ALL

This Government was set up as an instrument to promote the general welfare of our people, and in order to do this it is necessary that equal rights and opportunities be afforded to every class of citizens, regardless of whether they may be engaged in agricultural pursuits or some other pursuit. Money is merely an instrumentality that serves the needs of man, and unless we recognize this fundamental truth there cannot be any well-ordered and sustained prosperity in this Nation. [Applause.]

NECESSITY FOR BILL

It is not necessary to quote statistics and figures to show the absolute necessity for the enactment of this bill. We all personally know the actual conditions that exist in our own districts. We should face these conditions and not be led astray by any theories or by the arguments that are advanced against this bill.

This bill does not propose to create any new or additional interest-bearing tax-exempt securities. It does provide that the credit of the Government shall be used to refinance the farm indebtedness of this Nation in an amount equal to the fair value of such farms, if such an amount is necessary. The true wealth of this Nation is not in the stocks and bonds owned by the favored few, but all of our wealth rests upon the value of the property of the citizens. The bonds that are to be issued for the purpose of this act will be secured by the value of the property of this Nation. If the property is valueless, then our whole financial structure will crumble. We can only guarantee the value of the property of our citizens of this Nation by providing a means whereby those citizens can own the property and enjoy the fruits thereof. If the present conditions continue as they have in the last past several years, the morale of those engaged in agricultural pursuits will be undermined and destroyed. The farms will cease to be the homes of this Nation, and when that day comes we may expect the farmers of this Nation to demand that the Government discharge its plain obligations to them.

Farm tenancy is on the increase and will continue to grow unless this or a similar bill is enacted which makes it possible for the present landowner to continue to own and operate his farm.

Gentlemen claim that there has been a decline in agricultural indebtedness, but this decline since 1928 was not the result of normal liquidation, but it is the result of foreclosures and bankruptcies. It is not necessary for me to call to your attention the fact that present conditions cannot be tolerated much longer. The temporary measures heretofore enacted by the Seventy-third Congress and by this Congress are mere palliatives, and the invalidation of the Agricultural Adjustment Administration is only another indication and another reason why this bill must be enacted and should be enacted this session.

HOMES MORE SACRED THAN POLITICS

We Democrats are told that we are following a Republican in supporting this bill. Personally such an argument does not appeal to me. This is a question of giving actual relief to agriculture. It is, in my opinion, of greater concern than partisan politics. The responsible Democratic leadership of this Congress has failed to sponsor a bill to give relief to my people; the present bill does give relief to them and is a step in the right direction. I am more concerned about the welfare of the people of this Nation than I am about mere politics, and therefore I expect to continue my fight for the bill. It may be that this bill will be defeated in this session of the Congress, although I, for one, think we should stay here until this bill is passed. I have an opponent, just like many of you have, who is now busily engaged in a campaign against me, but the welfare of our people is more important than the political fortunes of any one man or any political party, and we should stay here until this bill is enacted.

A LIFE AND DEATH STRUGGLE

This is a death struggle for the economic freedom of agriculture, and those who vote against this bill should not be heard in the future to say that they want to grant relief to agriculture. The supreme test is at hand, and I call upon all of you who really and truly believe in providing equality for agriculture to vote for this bill. [Applause.]

It is argued that $3,000,000,000 will be required to finance the operations under this bill. Suppose it is true that $3,000,000,000 or more is required. We have, during this session of the Congress, appropriated more than a billion

dollars to maintain our Army and Navy. Heretofore we have spent billions of dollars on great reclamation projects. Millions have been spent on flood-control projects, on roads, and other internal improvements, but we have overlooked and have utterly failed to provide a means for those whom we expect to live in the reclaimed areas and on the farms of this Nation to pay their indebtedness and at the same time provide through their own industry a reasonable living for their families. Agriculture is feeding America today and those engaged in other pursuits do not have the legal nor the moral right to enjoy the fruits of agriculture without sharing with those engaged in agriculture some of the things that make life worth while.

OTHER LEGISLATION DOES NOT ANSWER PURPOSE

We have heretofore enacted a social-security law by which the Government undertakes to aid in the payment of an old-age pension; we have appropriated billions of dollars to provide employment for those without means of livelihood. As a rule, farmers have been excluded from sharing in these billions that were appropriated for work relief upon the assumption that the farmers had work to do on his farm. It is true that the farmer does have work to do upon his farm, but if he cannot retain that farm, and if the produce from the farm cannot be sold for a sum sufficient to support himself and family, then the discrimination becomes unbearable. We cannot expect the farmers of this Nation to continue the struggle to pay the exorbitant rates of interest that they are now compelled to pay upon the indebtedness and the high land taxes, and unless this bill is enacted it will be only a few years until agriculture is reduced to a state of peasantry.

Everyone within the sound of my voice knows the fight that I have made for a reasonable and adequate old-age pension upon such terms as will guarantee to those entitled thereto their economic freedom in their declining years. It is not necessary for me to review the record in this instance because the record speaks for itself of the fight that has been made to obtain this objective for our people. Neither is it necessary for me to call your attention to the fact that I have devoted days and weeks to the fight for the control of the flood waters on our streams, for the building of reservoirs in an effort to bring to those living in the valleys of the tributaries the same protection that is accorded to those living along the Mississippi River.

I have always made every effort to prevent the exploitation of the natural resources of our country by Wall Street controlled corporations. My fight for the development of hydroelectric energy in the White River Valley and other similar valleys of our Nation is sufficient to convince anyone that I believe that this Government must aid our people, and not the corporations, to conserve and develop the resources that we have if we are to continue to promote the best interests of our people as a whole. [Applause.]

All of these activities on the part of the Government and all of these great projects for the betterment of the living conditions of our people must and do necessarily depend upon the stability of the American homes. There can be no stability to our agricultural homes as long as the spectre of oppressive debt is hanging over those homes. I plead with you to join with us from the rural sections of our Nation in this fight to give to our people the opportunity to emancipate themselves from the crushing burden that is now theirs. By so doing we will in fact give those who want to work an opportunity to build and save their homes. We will be adding strength to the foundations of our greatest American institution, the home. [Applause.]

Mr. JONES. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, at the outset I want to pay a tribute to our colleague the gentleman from North Dakota [Mr. LEMKE] for the time, the energy, and the ability he has displayed and his consistency in trying to bring this farm-mortgage refinance bill before the House of Representatives. It was reported a year ago by the Committee on Agriculture and has been held up by the House majority and the Rules Committee. This is one of the most important bills that has come before the House in this session. It should have been brought before the House in an orderly way by the Rules Committee. You might just as well write over the door of the Rules Committee: "Abandon hope all ye who enter here", when important legislation of this kind cannot be presented for the consideration of the Members on the floor of the House of Representatives.

My views and sentiments are very much divided on this bill. I do not expect to vote for it on account of the inflationary machinery that is set up; but there is a fundamental principle in this bill that is vital that I would like to vote for because it upholds our American system, almost our American system of government founded on the ownership of private property. We cannot afford in times of depression or any other time to rob the farmers and the home-owners and make them pay such high rates of interest as 6 percent and amortization of 3 percent where they make only $800 a year with the help of all members of their families on the farms working 10 and 12 hours a day. If you want to promote communism and socialism in America, drive the farmers and the home owners out of their farms and their homes, destroy their savings; and then you will communize and socialize this country quicker than in any other way.

I would like to vote for this bill, but I cannot do it because I am firmly opposed to inflation. I propose to offer amendments which I assume will be voted down. I propose to offer an amendment for a 3-percent interest rate and then one for 2¾-percent interest rate, because we have already sold long-term bonds at 2¾ percent. I may even go to 2½ percent, but I do not propose to vote for any bill which carries, as the pending bill does in its present form, inflation to the amount of $3,000,000,000, a 50-percent increase in the currency of the United States.

What we need in America is an inflation of confidence, not an inflation of the currency. If you pass this bill, and if I were impelled only by political motives, I would like to wish this bill upon my neighbor's lap at Hyde Park with the 1½-percent interest rate and inflationary features without amendments. If I were to follow merely partisan views and wanted to hurt the Democratic Party, I would vote for this bill. Any number of people have come to me and said, "Why not vote for the bill? Pass it on to the President. Let him take the responsibility before the people. If he signed this bill in its present form, he would not carry an Eastern State." But, after all, I believe that we have a duty to perform as Members of Congress, and that duty is to legislate, to legislate honestly on the merits of the propositions presented and to the best of our ability to perfect legislation. I am one of those who voted to discharge the Committee on Rules. I did that gladly and would have voted for the rule, because I believe the time has come when the Members of Congress should legislate for themselves instead of being rubber stamps and taking orders from the "brain trust", or even from the White House. That is why I voted to bring the bill out on the floor of the House for consideration and that is why I propose, under the 5-minute rule, to offer various amendments which I hope will be discussed upon their merit and voted either up or down.

Gentlemen get up here on the floor of the House and talk in a sneering way about the great creditor class and try to make out that just a few millionaires in Wall Street are the sole creditors in the country. May I point out who the creditors are? The creditors are the American people—the wage earners and 125,000,000 consumers. They are the real creditors of this country. Eighty-five percent of all the income of the country goes to 40,000,000 wage earners who will suffer if we pass this inflationary bill. If you increase the currency by $3,000,000,000, all wage earners, consumers, people of small incomes, life-insurance policyholders, and those millions of Americans with savings accounts, disabled veterans, widows, and orphans, all will suffer financially.

Someone said that the American Federation of Labor was not for or against this bill. I do not know whether they

are or not, but I know that William Green, president of the American Federation of Labor, has repeatedly spoken against inflation. American labor is fully awake to the urgency of the situation and has expressed its stand in no uncertain terms through its president and spokesman, Mr. Green, who defined labor's attitude when he recently said:

> Labor knows that this is a problem that affects us vitally, because we know that when dollars are cheapened commodity prices rise but wages stand still. We have not forgotten how our workers in other nations in Europe suffered because it required on some occasions an amount of money that would fill a bushel basket in order to buy just an ordinary commodity.

That is still the position of the American Federation of Labor.

My main objection to the bill is if you pass this ruinous inflationary bill in its present form, recovery will be greatly retarded and business confidence destroyed. That is what is lacking in this country today. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. MORITZ].

Mr. MORITZ. Mr. Chairman, in this instance the people say to the Government, "Here are our farms—lend us $3,000,000,000", and we will pay you 1½-percent interest on the loan. We stipulate 1½ percent because we know it is impossible to pay 6 percent. Mr. Chairman, this is a fair deal. Why is it necessary to pay any interest? All the interest at one time was considered usury. It is only by custom that we countenance it now. Is not the vital question at present to help out our own citizens? Or is the vital question a matter of profit?

If our citizens are prosperous, will not the state of the Union forge onward to greater success and glory? The question often arises, What about the city home owner? Is he expected to pay 6 percent when the farmers are asked to pay only 1½ percent? There is no question but that the city dweller should have some help.

The tragedies and sorrows written over my home-town papers, for instance the Pittsburgh papers, every month for the last 4 years bespeaks this relief. Page after page of foreclosure advertisings appear monthly. It means many good citizens who aspired to be home owners have ended up in bankruptcy.

In this Frazier-Lemke bill we are marching to our first great battle against the racket control of the international bankers. This skirmish is likened to the Battle of Lexington where the shot fired that day was heard "around the world." Be assured our votes today will mark every man a friend or foe of the people.

Big interests financed by big bankers have consistently thrown into the eyes of the people the poison gas and bug-a-boo of inflation.

They would have the people believe that this is the first step of wholesale inflation as was witnessed right after the war in Germany. The truth is that the bankers have practiced inflation for years for their own benefit. Think of taking a borrower's most precious asset, his home, and in return giving the borrower only bookkeeping money and not real money.

It is about time we break up this unlawful special privilege and give the farmers, the backbone of our country, a fair deal. During the period after the war, when money seemed to be floating through the air and there was a seeming prosperity in the cities, the poor farmer, after laboring long and tirelessly on the sunbaked farms, was forced to pay high prices for his needs from the city, and the produce of his farm oftentimes could not find a market.

We read in the old law of Moses that almost every 50 years there was a tangle up of the societies' economics. Moses solved this problem by declaring a jubilee in which the mortgagee was forced to break his hold on the land and restore the land back free of encumbrances. Unless the people have access to the land there can be no real recovery. This Frazier-Lemke bill, in a mild manner, attempts to restore the land to the people who are willing to produce wealth instead of merely sitting idly by waiting for the necessary but harmful relief check. [Applause.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Chairman, I am only going to touch upon one aspect of this bill, because, manifestly, in 10 minutes it would be impossible to cover all the different points that this bill contains. I am going to speak today on the question of currency issue by the Federal Government as provided in this bill.

The gentleman from North Dakota [Mr. LEMKE], in his address today, used a great many of the arguments which we are accustomed to hear from those who wish an additional amount of currency to be issued by the Government. It is the speech that we have been accustomed to hear from the gentleman from Texas [Mr. PATMAN] on numerous occasions.

The chief points in the discussion which we hear so often are that the issuance of currency is a Federal function; that it is a function surrendered by the Congress to private bankers; that it is something of advantage to the bankers; and that other people in the country besides bankers should have the same advantage and be able to make the same use of it. I believe there is a well-known radio priest who talks along these lines every so often.

Mr. LEE of Oklahoma. Will the gentleman yield?

Mr. HOLLISTER. I am sorry I cannot yield now, but if I have time I will yield to the gentleman when I have finished.

Mr. Chairman, the sole purpose of currency is for the convenience of the people of the country in carrying on their everyday business activities. Currency will expand and contract as the needs of the country are made evident. At the time of the bank holiday the outstanding currency exceeded $7,000,000,000, because more people wanted currency to carry in their pockets than before the bank holiday. In 1929, when the business of the country, as is well known, reached probably a greater volume than ever before, and there was a theoretical prosperity to which we sometimes like to look back, the outstanding currency in the country was about a half billion dollars less than it is today. This was chiefly because more people used checking accounts, and therefore less people needed to carry currency around in their pockets. If through custom or because of other reasons more people want currency, it is available in the banks and can be issued. If the habits of the people change so that less currency is needed from day to day, that currency goes back into the banks.

The quantitative theory of money, based on the idea that as times improve more money is actually circulating, is absolutely fallacious. It is equally fallacious to think we can improve the times by putting more money into circulation. The question is entirely separate from the question as to whether or not the issuance of currency is to be done by the Government or done by private banks. If the Government should take over the banking functions of the country, if it should take over the issue of currency instead of having it done through the Federal Reserve banks as it is being done today, under Government supervision, there would still exist the same situation. There would still be the necessity for the amount of currency to be issued which the people needed to carry on their daily transactions, and the Government itself, operating these banks, would merely issue the currency that the people wanted. When people had more currency than they needed it would automatically come back.

Mr. Chairman, the understanding that currency should be put out in some arbitrary way is wrong. Even when $1 is put out, to that extent there is an arbitrary inflation of the currency. I do not mean to say by that that the effects are immediate. I do not mean to say that the issuance of $1, $1,000, $1,000,000, or even $1,000,000,000 can be traced immediately in its effect, but as soon as we depart from the

idea that currency is to be used as a convenience, as the medium of exchange for business done in this country, just to that extent we weaken the whole financial set-up.

Now, this bill provides, it is true, that Federal Reserve notes shall be put out, I suppose similar to other Federal Reserve notes. They are to be issued by the Federal Reserve Board as a branch of the Government. Let me answer here another argument which we hear from time to time, that if the Government has the right to issue a bond, which is a promise to pay, and on which it must pay interest, why should it not, instead of issuing a bond and paying interest on it, issue a piece of paper which we call a note, on which interest would not have to be paid? This argument, of course, followed to its logical conclusion means we could take some $30,000,000,000 of Federal Reserve notes or whatever you may wish to call the promise of the Government to pay, with them redeem our bonds on which we pay interest and thereby, perhaps, save ourselves almost $1,000,000,000 a year in interest. The answer, very briefly, Mr. Chairman, is this. The only way in which a government, just the same as an individual, can secure the wherewithal to pay its debts is by drawing on the wealth of the country, drawing on the accumulated resources that you and I and others may have gotten together in the past by our labors.

When the Government from day to day is spending more than it takes in, naturally, it must have to borrow this money from somebody. It does not borrow from any other country, it borrows from its own people, the same as you and I may borrow from somebody else. There is, and should be, the same relationship of debtor and creditor. If you borrow a horse from somebody for a year, you pay rent for the horse; and if you borrow a thousand dollars from somebody for a year, you pay for that thousand dollars. The Government, Mr. Chairman, is no different. If the Government hires your horse for a year, it pays you for it. If the Government hires your money for a year or more, it pays you for it, and that is a bond.

Now, the instant that the Government in paying for articles which it has to have or for services rendered, instead of borrowing from the accumulated wealth of the country, proceeds by fiat to issue a piece of paper which it compels you to take—and the compulsion may be concealed, but is nonetheless there—the instant this happens, at that instant the Government is making a forced loan, and forced loans are things which free peoples have fought against for many thousands of years. The instant you force anyone to take the promise of a government to pay, the instant it ceases to be a matter of free barter between borrower and lender whereby the Government offers you a bond on which the return is adequate to induce you to lend the accumulations of your savings to the Government—the instant you depart from that business transaction and force the person who has the money to take something which they would not freely and willingly take, that instant you have made a forced loan, and that instant the credit of the Government is impaired.

Now, I know it will be said that "Here is a Federal Reserve note. Would you not take a Federal Reserve note if the Government offered it to you?" Of course, because the only way today in which the Government gets Federal Reserve notes is by drawing them from some bank where the Government may have a credit set up in some legitimate way. The instant, however, that the Government manufactures by fiat of Congress a credit which did not arise from a legitimate transaction, the mere fact it issues against it Federal Reserve notes or issues against it any other kind of promise, that instant the Government is compelling the people of this country, even if they may not be the initial takers from the Government, to accept something which does not naturally belong in circulation, and that is the beginning of inflation.

I repeat, Mr. Chairman, that there is no group of economists we have in the country today, no group of economists the world has ever known who can tell you the exact time when you have exceeded what may be, apparently, a safe situation in the issue of additional currency. You all know what Gresham's law is. If you have two kinds of money outstanding, the more valuable will go into hiding and the less valuable, going down in value, will stay in circulation.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. HOLLISTER. I just want to finish this thought.

I realize it will be said that one Federal Reserve note is as good as another and therefore Gresham's law would not operate. I will be asked why if the Government issues them the new ones are not just as good as the notes outstanding. You have, however, basically the same fundamental error, and that is that there is more money in circulation than is demanded by the people to carry on their ordinary activities, and when that condition is once created by Government fiat, then you have taken the first step. The evils may not be in evidence, but the evils are nonetheless there. The consequences are inexorable and can be predicted by no one. [Applause.]

I now yield to the gentleman from Oklahoma.

Mr. LEE of Oklahoma. The gentleman pointed out that the Government retires currency as it is not needed.

Mr. HOLLISTER. I did not say that the Government retired it at all. The Government does not retire it.

Mr. LEE of Oklahoma. I understood the gentleman to say that the Government retired it and only as it was needed kept it in circulation.

Mr. HOLLISTER. When not in circulation, it remains in the banks.

Mr. LEE of Oklahoma. Why cannot the Government do that as was provided in the Patman bill?

Mr. HOLLISTER. If that is sound, why cannot we buy up all the outstanding bonds with currency and retire them immediately?

Mr. LEE of Oklahoma. They are not due.

Mr. HOLLISTER. But we could call them all.

Let me analyze another statement frequently made by those who urge the issue of additional currency by the Government for one purpose or another. We hear that the bankers acquire bonds from the Government and in payment for them open up a credit on their books in favor of the Government. It is therefore argued that the banks have paid nothing for these bonds. We are then told that these same banks take these same bonds and deposit them as part security for Federal Reserve notes, the inference being that the bankers by this legerdemain have created something of value at the expense of others, and that this same something of value should be equally available to others as well as to bankers.

The first fallacy in this argument is as to the question of payment for the bonds. When the banks acquire bonds from the Government they acquire them either for resale to their own customers or for investment. If the banking system is to exist, it must be profitable. That means that the deposits of a bank's customers must be put to work earning money and this is done by lending or investing. The buying of bonds by banks from the Government is only a method by which the accumulated wealth of the country's citizens as expressed in their deposits in the banks is loaned to the Government at a time when the current revenue collections of the Government are insufficient for its needs. When the depositors need their money they draw it out, and the bank must call its loans or sell its investments.

The same thing is, of course, true of Government deposits in a bank, whether they represent a credit opened up on the books of the bank in payment for bonds, or a credit set up in some other way. In either case the Government may draw this deposit down the very next day and the bank must pay it out. As a matter of fact, the proceeds of recent sales of bonds by the Government have been to a great extent deposited, not in the banks that bought the bonds but in the Federal Reserve banks themselves.

The second fallacy in this familiar argument is the implication that the right to issue currency is of itself of actual

value, and that banks rush to deposit their bonds as security for the issue of Federal Reserve notes. As a matter of fact, the gold certificates, which were the property of the banks, and which, though not in circulation and inconvertible, are still held in the Federal Reserve banks as security for Federal Reserve notes, make up the great part of this security, and there is only a small portion of the Federal Reserve notes outstanding today which are secured by the deposits of bonds.

There is no advantage to a bank to have the right to have currency issued to it, for its sole use for this currency is to supply the convenience of its customers. It is just as profitable for a bank, which lends a man a thousand dollars, to open up a deposit for that man as it is to give him $1,000 in currency.

We thus get back to our starting point—that currency is a convenience for the use of people in trade; that the amount outstanding should never exceed that which is needed by the people generally for their daily use; and that any arbitrary issuance of it in excess of these needs is to the extent of such issue a dilution of the currency, and therefore a real inflation, though, if limited to small amounts, only inflation to a small degree. The only trouble is that no financial expert and no economist has ever been able to predict how far such a process may be followed without disastrous results, concerning which other speakers will tell you.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL of Tennessee. Mr. Chairman, ladies and gentlemen of the Committee, I do not think there is a great deal in the proposed legislation that should seek to agitate gentlemen on either side of the House to the extent that some of our colleagues seem to be agitated as to the effect of this bill. I am glad to be a member of the Committee on Agriculture. I am glad to have worked alongside these distinguished gentlemen, some of whom favor the bill and others oppose it. Certainly it is due the House that legislation of this kind should have thoughtful consideration by the Members of the House representing our common country.

I am interested, as you are interested, in trying to help the American farmer retain his home; and I am interested, as you are interested, not to have undue inflation. I see nothing about this bill that is alarming.

I find in the bill that we now for the first time seek to do for agriculture what has already been done for other lines of business in this country. The railroads, municipalities, and corporations have refinanced their indebtedness. One-third of America are home-owning people. They are farmers, and they are the foundation stone upon which must rest the future security and prosperity of 125,000,000 people in America.

What do we propose to do in this bill? Simply use the credit of the people of the Nation. Let us not misunderstand one another. You talk about extending credit of $3,000,000,000 to do what? To help $100,000,000,000 worth of real estate in America.

What is the borrowing credit of these farms in America? I doubt if any statistician can tell what it is. A few years ago I noticed in a census report that there were $77,000,000,000 of value in the farm homes in America. A few years thereafter it seems to have been reduced in value to $33,000,000,000. That was back in 1935.

Let us be courageous. This great administration has done much in the depression to help the farmers in giving them liberal credit through the Federal land banks. We have helped all industry in an effort to make credit available to those institutions in America.

What is wrong with this bill? Not a thing. The maximum of inflation that is referred to could only be $3,000,000,000. What you are undertaking to do now is to lend a helping hand to the folks who have needed it so long and been so long neglected in America.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Tennessee. I yield.

Mr. BARRY. The gentleman said the maximum amount it is possible to use under this bill is $3,000,000,000. I refer the gentleman to section 17:

> This bill shall also extend to any tenant, or member of his or her family, who desires to purchase an unencumbered farm, provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act.

There are millions of tenant farmers in this country who can qualify.

Mr. MITCHELL of Tennessee. I understand what the gentleman is referring to. You will not have any trouble to understand that. There never was a perfect piece of legislation brought on any floor of any Congress. If this bill needs amending there are 435 sovereign, thinking lawmakers here. I would not say it is perfect. Propose your amendment, if you have it in mind. I am talking about the principle behind the measure. All you are doing is to loan money to agriculture, to the farmers of this country at 1½ percent interest.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Tennessee. I yield.

Mr. MARTIN of Colorado. Is there not a limit set at the top of page 5 of the bill in the language, "The outstanding Federal Reserve notes issued under this act shall at no time exceed $3,000,000,000"?

Mr. MITCHELL of Tennessee. That is specifically stated in the bill. It is "much ado about nothing." I think I am pretty close to the leadership on this side of the House. I have not had anybody pulling at my coattails about this bill. I think we are free and sovereign, and trying to meet and work out a constructive program to help the American people.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Tennessee. I yield.

Mr. McFARLANE. Has the gentleman heard anybody, as spokesman direct from the White House, say that the President is against this bill?

Mr. MITCHELL of Tennessee. I believe it is the best Democratic measure that could be passed, because the Democratic Party is the friend of the common people in this country. [Applause.]

Mr. BARRY. Will the gentleman yield further?

Mr. MITCHELL of Tennessee. I would yield, but I would rather see the gentleman wait until we reach the amendment stage of this bill. Some men can ask questions that a wise man cannot even answer. [Laughter.] The Bible tells about that kind. [Laughter.]

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of Tennessee. I will yield to the gentleman from Kentucky, who has the unhappy faculty so often of getting on the wrong side of every proposition. [Laughter and applause.] If I could get my friend right on this bill, I would love to put my arms around him and hug him, because he is as baldheaded as I am. [Laughter.] I yield to the gentleman from Kentucky.

Mr. MAY. The trouble with the gentleman is that he has not hugged the right person. [Laughter.]

Mr. MITCHELL of Tennessee. The gentleman might not have been on the scene. [Laughter.]

Mr. MAY. I want to ask the gentleman from Tennessee, considering the testimony of the Secretary of the Treasury, a few days ago, that we will have a deficit of $6,000,000,000, Where are we going to get the money, in the language of the gentleman from Pennsylvania [Mr. RICH], to loan to the farmers?

Mr. MITCHELL of Tennessee. I appreciate, of course, when I made reference to my good friend from Kentucky, that he is a hard-working and fine Member of Congress, but you talk about the psychology of money. There is not any of us who understands it. [Laughter and applause.] I never saw a man who did, and the man who thinks he does understand money is fooled worse than anybody else. [Laughter.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. MITCHELL of Tennessee. Mr. Chairman, I ask unanimous consent to be permitted to extend my remarks, and I should like to include a part of this report filed by the Committee on Agriculture, pages 1 and 2.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MITCHELL of Tennessee. Mr. Chairman, during the past 6 years the American farmer has been hard pressed for money. The bill under consideration proposes to do for the farmer exactly what every corporation, every railroad, and many municipalities in the country have already done, and that is to simply refinance the present outstanding indebtedness and to enjoy a cheaper interest rate. The indebtedness would be spread out over a long period of years and the carrying charges on the farmer's indebtedness would be commensurate with the present value of farm land and the average income which the farmer receives from the same.

The Government places itself in the role of a benefactor by loaning its credit behind the refunding operation and, in turn, receives full protection by holding a lien against the land itself. This is the best security we have in America and is the oldest and soundest basis for credit in the world.

There is nothing inflationary about the plan to save the American farmer from the bankruptcy court. It is sound common sense. It is justice to the farmers and the producers of what we eat and wear. The farmers provide for those engaged in manufacturing or commerce by purchasing the output from mills and factories.

It was not called inflation when we voted $4,800,000,000 for relief 2 years ago, and neither was it called inflation when we voted a billion five hundred million dollars a few days ago for the same purpose, but now it is called inflation if we are called upon, as this bill provides, to loan money to the farmers over a period of years with a reduced interest rate, when the maximum amount of money that can be provided for in the bill to relieve the farmers is $3,000,000,000. It is not consistent in those who oppose the bill to claim that it is inflationary. If so, it is needed and helpful inflation.

The fear I have is that the bankers and big interests will so influence the Congress as that the bill may not ultimately become the law. It is not inflation that I fear so much as deflation. The farmers in my district in Tennessee suffered greatly because of reduced farm prices, not only on their land but livestock and produce as well, from 1929 until the beginning of the New Deal legislation in 1933, which has resulted in a stimulation in prices. I hope that this may continue. One-third of the people of this Nation are engaged in work on the farm, and they produce that which feeds the remaining two-thirds of the population. Nothing would add so much to America just now as to have the farmers once again prosperous. When they are financially able, they spend money and make investments that keep the wheels of industry moving. When they cease to buy or cease to have an income, then bankruptcy overtakes industry.

This bill is not intended to increase farm indebtedness. No one should be encouraged to go into debt. The legislation proposed is to refinance outstanding farm mortgages at low rates of interest and so extend the indebtedness that the farmer can keep his home for himself, his wife, and children, and not suffer them and him to be cast out by the collector. No farm debts are increased because of the bill, but it will come to the relief of worthy farm people who are engaged in the all-important industry of agriculture. There are too many opportunities for the farmer to get in debt now, and what we seek to do by this bill is to get him out of debt.

The bankers and money sharks have had him and his earning capacity under mortgage for all too many years in the past. The farmer has been forced to work for the bankers and money interests longer than Jacob served for Rachel. He has been in bondage long enough; and while this bill may not lead him into the "promised land", it will lighten his burdens and reduce his interest rate and enable him to pay his debts and to keep his home and farm. This duty we owe the producers of the wealth of this country. Then, and not until then, will they acquire buying power and be enabled to go on the market and take part in business activity and in the restoration of prosperity to all classes of people. There has been but slight decline in farm indebtedness since 1928. The drop in farm-commodity prices brought about the destruction of many farmers. With a reduction in prices of farm products likewise came a reduction in farm values. Federal land banks have helped some, but they have not been adequate to care for the situation. Many legislatures have passed laws declaring a moratorium on debts to prevent the farmers from being sold out under the hammer and more of our people thus seeking shelter in charitable institutions. The passage of this measure will help to rid the country of bread lines. It will give a new faith and a new hope to agriculture, and the farmer can work with the assurance that his home can be kept from foreclosure and that his family may be made secure in the years to come. Surely there is nothing inflationary about making a happy and contented rural population in this country. Alone is their security for the United States when we have a contented farming people. No other people on earth work such long hours as do the farmers. They have no vacation, winter or summer, but theirs is a 7-day-a-week work proposition in many instances and with 14 hours per day as the average day's toil, without any fixed or guaranteed income. They are subject to droughts, storms, and pestilences. They are subject, in the sale of their commodities, to the speculator and the gambler. If they are to continue to pay tribute to the bankers and money changers, then their days are numbered. The farmers have been overwhelmed by conditions for which they were not responsible, and they have exhausted their resources. They are loath to permit their homes to be taken away from them and to see their loved ones sacrificed because of insolvency and foreclosures. The farmers believe in living up to their contract, and they believe in keeping their promises and their obligations. They are loyal to their country. They keep and preserve its laws. Along with this, surely the Government can lend him a helping hand and help rescue his wife and children from bankruptcy.

If he is thrown out of his home and put on the cold charity of the world, he becomes despondent and broods over his losses and loses confidence in his country and its flag. He becomes resentful and is no longer in love with the institutions that he formerly cherished and fought for. Despair and desolation will drive any of us to desperation. Those who eat the bread of the American farmer owe it to him to be willing to share his burden so as to bring about better conditions for him and make his home life more pleasant and reestablish him and his family in society on a basis of decent, bountiful, intelligent, and religious citizenship.

The things the farmer must buy have risen in value to a greater extent than have the prices increased on his farm products. No one can dispute this. Likewise his taxes have increased and during all this time the farmers, while going through bankruptcy and foreclosure, have been called upon to pay their taxes in increased amounts to help feed the unemployed and to furnish relief to 10,000,000 of our folks who are not farmers but are dependent upon Government bounty and Government doles.

This bill provides that farm indebtedness may be refinanced through the use of existing governmental machinery at an interest rate of 1½ percent and the further payment of 1½ percent annually to amortize or pay the loan incurred. It will require 47 years to pay such indebtedness, and during this time the debtor would make a yearly payment of $30 on the principal for each $1,000 borrowed. Provision is made to issue bonds which will be secured by first mortgages on the farm lands of the country. The bill has been approved by the national farm organizations in practically every State of the Union. It has been endorsed by the leaders of the Veterans of Foreign Wars and by the American Federation of Labor and by the National Union for Social Justice. It has also been endorsed by 29 State legislatures that have petitioned Congress to pass the bill, including my own State of Tennessee. Our people want this legislation passed dur-

ing the present session of Congress. The realization of their hopes should not longer be delayed. The best interest of America will be served when the bill is passed and the tenure of the Democratic Party in power at Washington will be assured so long as beneficial legislation of this type is written into law.

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Michigan [Mr. DINGELL] 15 minutes.

Mr. DINGELL. Mr. Chairman, as a Representative of the Fifteenth District of Michigan, which is composed of an element entirely urban, I desire while discussing H. R. 2066, known as the Frazier-Lemke bill, to make clear that I am not assuming a narrow or provincial attitude.

I am mindful that the benefits of this bill are intended solely for the farmer. I have proved my friendship toward the farmer by voting for every measure intended to grant him relief, and shall continue to do so in the future.

Moreover, Mr. Chairman, I have been on the firing line with my old friend, Tom Howard, of the Farmers' Union, doing everything possible for the benefit of the farmer, a long time before I came to Congress.

Let me first analyze the objectives and intended benefits of this bill. Its primary objective is the inflation of the currency system in an amount of at least $3,000,000,000. As I look upon and interpret section 9, it is quite apparent that considerable latitude is allowed above the figure of $3,000,000,000 contained in section 7.

I am not at all opposed to the bill because I fear controlled inflation. On the contrary, I believe in an elastic currency system which will meet the needs of the people. The wealth of this Nation as represented by its farm lands is sufficient to justify the amount, if it is found necessary. Over and above that, the Treasury of the United States has in its vaults at the present time an unprecedented amount of gold which might be used to secure any issue of additional currency. Thus even the gold adherents need not fear this phase of the bill.

The question, however, of necessity must be definitely proved before I can subscribe to inflation. In this instance inflation is absolutely necessary to the successful carrying out of the terms of the bill. Without it the bill is a rank failure, and its proponents know as much.

It is significant that the American Federation of Labor voices its opposition to the Frazier-Lemke bill. The liberal president of this great organization, Mr. William Green, contends that the inflationary provision of the bill would increase the cost of living and decrease the purchasing power of the wage earner.

The bill provides a smoke screen for the issuance of bonds which can be sold, but the bill further provides under section 7 that in case all of said farm-loan bonds are not readily purchased, then the Land Bank Commissioner shall present the remainder to the Federal Reserve Board and the Board shall forthwith cause to be issued and delivered to the Land Bank Commissioner Federal Reserve notes in an amount equal to the par value of such bonds as are presented to it.

The reason this provision is inserted is because the proponents of this bill know that the extremely liberal appraisal of land values, of such farms as are under mortgage and subject to the terms of the bill, will, in itself, impair the marketability of such bonds. Add to this the fact that bonds will be issued for a period of 47 years, the long pull being a further risk because the life of the bonds exceeds the normal life expectancy of the borrower. At the present time the life expectancy, according to the 1930 census of Commerce Department, is 59 years. So it is evident that when a farmer, not less than 21 years of age, applies for refinancing of his farm under the terms of this bill, he would be 68 years old at the time he completes his payments. This exceeds the normal span of life by 9 years. Taking as an example an older farmer applying for such a loan, the excess of years beyond his normal expectancy of life is correspondingly increased.

The drawback to the sale of the bonds is not confined to the long pull or the character risk. The lack of attraction will be further accentuated by the low return and lack of guaranty of the Government of the principal and interest. The request in the form of legislation for guaranty of principal and interest will come later.

The bonds, if secured by mortgages on farms, are to pay interest at the rate of 1½ percent per annum, and a similar amount to reduce the principal payment, making a total of 3 percent, payable annually.

I shall not deal here with the chattel mortgages on livestock. The weakness in that connection is about on a par with the basic provision of the act.

Many very sincere people have become interested in this bill because the proponents of the measure have very skillfully sold the idea that it is intended to relieve the distress among the farmers. That is only part of the bill, and certainly no one would object to that. The bill, however, provides for the refinancing of all farm mortgages. It does not take into account the ability or the inability of a rich farmer to pay his contractual obligation to the holder of his mortgage. The bill makes no distinction between a large incorporated farm and a small, individual-owned farm. In fact, all that is necessary for a farmer to refinance, and to benefit by the scaling down of the amount that he owes, is to apply to the agency of the Government established for the purpose of making these loans.

Members of this House, whether from rural communities or from the cities, cannot justify their action if they vote for this bill as it stands because it is unjust and one-sided. A farmer who is able to meet his principal and interest payments and who is otherwise prosperous is not in need of any relief. Members residing in the cities cannot justify their vote for this bill because there are thousands of mortgages held by poor, hard-working citizens who have suffered as much or more than did the farmer. I have never seen nor heard of bread lines on the farms, nor a farmer starving to death, but I have seen bread lines and starvation among the workingmen in the cities.

Why is it that these great humanitarian proponents of this measure did not include the city dweller in their plan of relief from high interest rates?

I insist that there be no favoritism shown. The man in the city should and must be included before I could vote for this bill.

Why is it that the proponents of this bill did not see fit to provide for a means test? This House under President Roosevelt has been extremely liberal and a means test could be provided which would square with the liberal view of the Members. According to this bill, however, the only means test is that a prospective applicant for these low refinancing rates must be a farmer and no other qualifications are necessary. He need not be in distress. In fact, he may be prosperous. He may be able to meet his interest and principal payments. That would make no difference. He would be entitled to refinance his mortgage regardless of his financial condition or character.

As I view this bill, such indiscriminate refinancing, using the $3,000,000,000 as a revolving fund to refinance approximately $9,000,000,000 of farm mortgages—only a part of which could be classed as distress cases—would work a tremendous hardship upon thousands of individual mortgage holders residing in the cities.

For example, let us assume that a laborer named Smith, living in my district, working in a brass foundry or an automobile plant, over a period of years saved $5,000 with which to educate his son. Laborer Smith goes to his banker where his savings are on deposit and drawing interest at the rate of 2½ percent. He tells his banker that he would like to invest this $5,000 life's savings in some reasonably safe security. His banker takes out the portfolio containing mortgages and discovers a farm mortgage held by the bank in the amount of $5,000 at 6 percent. For a nominal commission the banker sells Laborer Smith the mortgage. It is to produce $300 in interest per year, which might pay the tuition of his son.

Upon the passage of this bill this farm mortgage becomes subject to refinancing. Although the farmer may be

prosperous and quite able to meet his principal and interest payments, he goes to his new mortgage holder, Laborer Smith, and says to him: "I demand that you scale down the $5,000 which I borrowed originally to $4,000, and that you agree to accept 1½ percent per annum in interest and extend my payments from 3 years to 47 years, or I shall have to go to the Government and obtain the money with which to pay you off."

The proponents of this bill argue that there is no injustice, in that Laborer Smith will get his money if he does not accept the proposal, and that he can immediately reinvest it. That contention is either deliberate misrepresentation of fact or gross ignorance. With billions of farm mortgages ultimately placed in the hands of the Government, the investment market cannot possibly absorb any investments of this nature at a rate higher than that which prevails, which would be 1½ percent. In other words, there will be a common level established except in extremely speculative investments. The interest rates will be at or about 1½ percent; and on this score let me say I have no objection to reduced interest rates, but it must not be at the expense of the unfortunate individual mortgageholder who resides in the city.

Moreover, I must insist that any plan proposed to relieve the farmer must at the same time include the urban population in my district. I cannot allow that Laborer Smith should lose $1,000 in cash by scaling down and reducing the earning power of $5,000 from $300 in interest per annum to $60. It is unfair to cause him a deliberate loss of $240 per annum. This means the difference between an education and no education for the son of Laborer Smith.

Now let us analyze the situation as it applies to banks, insurance, and trust companies. We remember the tragic days of the national bank holiday, when thousands of our banks were closed; when millions of depositors faced the total loss of their life's earnings, which at a great sacrifice they put aside for a rainy day. I hold no brief for the banker. I was extremely critical of the banker, because I contend that he was, by his negligence and short-sightedness, to a great extent responsible for the impairment of the bank structure of this Nation. The heroic efforts of this administration, however, have placed the banks on a sound and sure footing once again.

In the 3½ years of the Roosevelt administration the total number of bank failures approximate the number of bank failures in 1 day under Mr. Hoover's administration, and of these not one dollar of loss was sustained by the depositor. We do not want to create a condition which will wreck the banks and destroy the deposits of our people. We most certainly would not permit the impairment, much less the destruction, of the insurance companies. While the insurance companies are great corporations, they are as a general rule mutually owned and belong to the policyholders.

I am told by the proponents that the insurance companies have no objection to the Frazier-Lemke bill. Some people even believe the insurance companies expect to be bailed out with this printing-press money. That is not so. Insurance companies are positively opposed to it, and it is not due to selfishness on their part or narrowness of viewpoint, but because insurance companies know it will destroy the equities of policyholders and the earning power of their investments.

There are approximately 63,000,000 persons in the United States holding one or more insurance policies, which makes a total of approximately 128,000,000 life-insurance policies in force. Taking into account the beneficiaries of these policyholders, it is estimated that the number of individuals protected by life insurance in the United States is about 94,000,000.

During 1935, Americans purchased approximately fourteen billion five hundred million of new life-insurance protection from United States legal-reserve companies. This is 1.5 percent more than in 1934. There is a notable extension of life-insurance companies' stewardship. At the end of 1935 the total amount of insurance in force reached the staggering amount of $101,000,000,000. These figures were gathered from a statement made before the Association of Life Insurance Presidents at New York in 1935. There are approximately 32,779,000 people living on farms, and approximately 6,812,350 farm operators, according to the census of the Agricultural Department on January 1, 1936.

So that for every farmer who might benefit under the terms of this bill, regardless of whether he needs assistance or not, three policyholders will be either wiped out or their equities dangerously reduced. Many insurance companies will certainly go to the wall and the policyholders will sustain the loss.

Thus the plan of a provident father and husband to secure the future of his loved ones will be destroyed. Widows and orphans, many of the latter not yet born, will suffer because of the iniquitous provisions of this bill. For the same reason trust companies as legal trustees for estates, large and small, will sustain severe losses or be likewise wiped out.

This week of May 11 to the 16th is life-insurance week. An Associated Press dispatch from New York dated May 9 places the admitted assets of all life-insurance companies of the country as of December 31, 1935, at $23,828,173,000, the highest on record. This is a gain in the asset level of around $2,000,000,000 over the years 1932 and 1933.

The assets of the same life-insurance companies in 1929 amounted to $17,482,308,607.

It is interesting to note that during the six depression years these companies paid out to policyholders and beneficiaries approximately $18,200,000,000, or the equivalent of $10,000,000 each business day for that period.

In the face of such forceful facts, are we going to undermine these companies which have had a stabilizing effect upon business and employment? Are we not aware of the fact that these companies are for the most part mutual and as such owned by the policyholders who live in the cities and on farms?

Because of the interest of the National Union for Social Justice in this bill, I have given a great deal of time and study before making my decision to oppose it. My course is clearly defined. I will vote as my conscience dictates.

I cannot reconcile myself to support a bill of this kind because it is unfair to my people, because it will destroy more than it will produce, because it favors the farm element and discriminates against the man in the city, because it makes no distinction between the farmer in distress and the prosperous farmer.

When we passed the Home Owners' Loan Act for the relief of the home owners, a definite means test was provided. It was specifically stated that relief was intended for only those in distress, and it cannot rightfully or truthfully be stated that the farm element as a whole is in distress.

If $9,000,000,000 of farm mortgages are to be refinanced at 1½-percent interest, I contend that twenty-one billions in home mortgages throughout the United States must also be refinanced at the same time and at the same rate of interest.

Is there a man on this floor, a Representative of either a city or farm district, who can justify the asinine provisions of section 17, which states as follows?—

> The benefits of this act shall also extend to any farmer, or member of his family, who lost his or her farm through indebtedness or mortgage foreclosure since 1921, and who desires to purchase part or all of the farm lost or another like farm. It shall also extend to any tenant or member of his or her family who desires to purchase an encumbered farm, provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act.

Under the terms of this section a farmer who lost his farm through indebtedness or mortgage foreclosure at any time since 1921 can repurchase either the whole of that farm or perhaps the choicest part thereof, or, if he lost this farm willfully because he did not want it, he can obtain one of like value in that or another locality. Uncle Sam will finance Mr. Farmer with no questions asked.

This section further provides that the loaning facilities of this Government agency shall be available to any tenant farmer so that he can acquire by purchase an encumbered farm. The only qualification in addition to an expressed

desire is that he shall have operated a farm as a tenant for at least 2 years prior to the enactment of this act. The question of his character, credit rating, or any other reasonable qualification is not even mentioned or provided for. Bonds founded upon such a basis cannot attract capital. These loans cannot be financed by bonds sold in the open market. There is no assurance in the deal. Your Uncle Sammy would have to guarantee the bonds or make them eligible as backing for printing-press money. In either case the taxpayer will be the goat.

Why not permit the people of my district who have lost their homes since 1921 the privilege of repurchasing their homes, or any part thereof, or another like home, as provided in this section for the benefit of the farmer?

I have been an advocate of low interest rates for the home owner and for the farm owner, particularly during these times, when through no fault of their own, urban and rural citizens find themselves in distress. It is my contention that the only agency able to grant relief is the Government, and I am willing to support any reasonable measure which will relieve all those in distress.

The liberality of this House has been shown repeatedly. The farmers have been the special beneficiaries. Under the Federal Farm Loan Act and the Farm Credit Act of 1935, we passed legislation providing for loans on farm mortgages at the rate of 3½ percent. The law about to expire was again extended for a period of 2 years under the terms of the bill H. R. 10101, introduced by Mr. GILLETTE, of Iowa. Contrast this rate of 3½ percent with 5 and 6 percent being paid by the people in the cities. We must first provide relief for the workingman in the city by reducing the interest rate which he is called upon to pay.

I cannot and I will not, under any circumstances, support a bill which without any means test whatsoever will aid a prosperous farmer at the expense of the people in the cities. I will not destroy the equities held in trust by insurance companies and trust companies upon which the widows and children of provident husbands and fathers, who worked hard to establish them, are dependent. I will take no part in any move, legal or otherwise, which will undermine and destroy the bank structure of this country, thus wiping out the savings of millions of our citizens.

Mr. Chairman, it is my contention that it is not necessary to refinance the mortgages of any individual, be he a farmer or a resident of a city, who is capable of meeting his just obligations.

The provisions of this bill will revolutionize the entire scheme of life in this country, and I am certain that if the people are brought about to understand the pernicious provisions of this measure they will express themselves in opposition in such a way as to be thoroughly understood by those who have been erroneously led to support it.

During the period of agitation conducted by a small group of Members, who are not responsible to this administration nor to any responsible party, I was approached by Edward E. Kennedy, secretary of the Farmers' Union, by Messrs. Collins and Ward, representing the National Union for Social Justice, and likewise by Mr. LEMKE, the father of the bill. We conferred in my office, we lunched together and discussed the provisions of this bill. There has been no concrete argument produced which could convince me of the righteousness of this measure.

I was opposed to signing the petition to discharge the committee for various reasons. The first reason, but not the determining one, was because the bill had been favorably reported by the Agriculture Committee, and this is the first time in the history of Congress that the "blasting process" had been applied after a committee having jurisdiction reported such bill favorably. The chairman of such committee could have requested a rule and thus made the consideration of said bill in order. I was opposed to signing the petition on the grounds that the bill was a fake, that it was unfair, that it was destructive, that it would do infinitely more harm than good, and in addition the bill plays one element, the farmer, as a favorite against and at the expense of another element, the city dweller.

I agreed in the final analysis to sign the petition in order to give the bill a hearing, to show it up in all its comic raiment; but I specifically reserved the right to vote against it and to do everything legitimately possible to bring about its defeat. These Representatives whom I mention understood and readily admit the correctness of this statement.

Accordingly I have notified a number of my constituents who have written me in the premises, and who asked me to vote for the bill, that I could not agree to do so. I informed my correspondents, who are voters in my district, precisely how I feel about the measure, as I would not under any circumstances mislead them. Thus no registered voter in my district need labor under a misapprehension as to where I stand nor be misled in order that I may get his vote.

If this bill is amended to include the distressed home owners residing in the cities and in the country towns, and if the means test of actual distress is provided for in the bill, and the bond method of financing similar to the plan provided for in the Home Owners' Loan Act stipulated in this measure, I shall be most happy to support it. I will not, however, lend my support to this bill and thus destroy the banks, the insurance companies, the trust companies, and the savings and investments of millions upon millions of hard-working urban citizens, and much less would I permit the wiping out of the equities of the widows and orphans.

Anyone who advocates relief of a farmer according to the terms of this bill must think that my district is composed of a lot of uninformed rubes. The bill as now written is a sham and hoax. It must be defeated. [Applause.]

Mr. BOILEAU. Mr. Chairman, in behalf of the gentleman from North Dakota, I yield 10 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, I first wish to answer the gentleman from North Carolina [Mr. COOLEY], who, in his opening remarks, referred to this measure as a Republican bill, simply because the gentleman from North Dakota, Mr. LEMKE, who introduced it, happens to be a Progressive Republican. In answer to the gentleman from North Carolina, I desire to say that we who are supporting this measure are just as good Democrats as he is, and, coming from the State of Mississippi, I think I would probably have the last word, as my State has always gone Democratic and his went Republican in 1928. [Laughter.]

Besides that, Mr. Chairman, the author of this measure supported Franklin D. Roosevelt in 1932, stumped his home State of North Dakota for Roosevelt, and helped to carry it for him by an overwhelming majority; and no one has shown that the President is opposed to this bill.

Personally, I have no apologies to make to any man for supporting legislation that is sponsored by a Progressive Republican, when I know that it is right and in the interest of the distressed farmers of this country.

In the greatest fight in which I have engaged since I have been a Member of this House, and the one that probably meant more to the toiling millions of this world than any other battle I have gone through, was the struggle for the creation of the Tennessee Valley Authority, which is by far the outstanding accomplishment of the Roosevelt administration. In that contest I was carrying on at this end of the Capitol the same fight that was being waged in the Senate by Senator GEORGE W. NORRIS, of Nebraska, a Progressive Republican, and one of the best friends the common people of America ever had in either public or private life. [Applause.]

He was the author of the bill to create the T. V. A. He introduced it in the Senate and I introduced it in the House. That is why it is referred to as the Norris-Rankin bill. Without him and his untiring efforts at the other end of the Capitol we never could have passed such a measure. I went through that battle with him, and, as you Members know, if it had not been for my efforts here in the House section 12 of that measure would have been left out and the people in the T. V. A. area never could have enjoyed the full benefits of cheap electricity from Muscle Shoals, nor would any other dams have been built. It would have meant the

death knell of rural electrification so far as this generation is concerned.

I was glad to work with a Progressive Republican for the benefit of my people then, and I am glad to do it now. The farmers in my district are practically all Democrats, but they expect me to support legislation that will benefit them and help to save their homes, whether it is introduced by a Progressive Republican or a Progressive Democrat, for nothing that will do the farmers any good will ever come from the Old Guard reactionaries in either party.

The gentleman from Maryland [Mr. LEWIS] referred to this bill as wild, radical, and fantastic, and following in the wake of Germany. Why, the gentleman from Maryland [Mr. LEWIS] has been one of the chief sponsors of what is known as the Guffey coal bill, one of the most fantastic, wild, and unconstitutional measures that has ever passed the American Congress—one that would pile upon the backs of the consumers of coal in this country millions and millions of dollars in extra costs of coal to keep them warm. Instead of following Germany, that was probably following in the wake of Russia. [Applause.]

If the gentleman from Maryland could support that wild and unconstitutional measure to help the coal industry, he certainly ought to be able to support this sane, reasonable, and constitutional measure to help the farmers.

I am supporting this legislation for the simple reason that the farmers I represent, as well as the farmers of the whole country, are in dire distress. Their homes are being sold from under them and they are driven from the land. People who own some of the richest farm land in America are being driven from their homes today by foreclosures—driven from homes their people have occupied for 100 years—driven from their homes in crop time, when their wheat, corn, cotton, and other crops are in the field. Not only are they notified that they must leave, but they cannot even repurchase the land or rent it for another year—although it is often resold on credit to others for less than the real owner owes on it, and is willing to pay if given time and opportunity to do so.

They preach to us about the prosperous condition of the farmer, and the high prices of wheat, and corn, and cotton. Listen to this, you Democrats from agricultural districts: Wheat, and corn, and cotton prices are lower today than they were during the Taft administration, when the people rebelled in 1912 and drove that administration from power.

Yet the farmer's taxes have multiplied three, four, or five times since 1912, and everything he has to buy has increased in price in proportion since those days. Yet when he asks for this legislation, men who have voted to appropriate billions for relief, a large portion of which goes to people who are not even American citizens, denounce this legislation and try to stir up partisan prejudice against it. These farmers are Americans, let me remind you. [Applause.]

They are the ones who fight the Nation's battles in times of war and sustain its institutions in times of peace. You deny them this relief and yet vote money to take care of 1,500,000 aliens who are not American citizens, and have never tried to become American citizens, and the children of these farmers are going to have to help pay the bill.

Notwithstanding this, some of you arise and point out little discrepancies in the bill. You can amend this measure if you want to, and I will help you amend it, for I am not altogether satisfied with it in its present form. But 6,000,000 farmers in this country are appealing to us for help, and this is the only bill we have before us at this time that reaches their trouble. It is open to amendments to correct anything that is wrong with it. So do not vote to kill it and then try to make your farmers believe you did so because of some feature which you can correct by amendment if you really are sincere in your desire to do something for the farmers.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes; I yield.

Mr. BARRY. Is the gentleman conscious that there are other distressed groups?

Mr. RANKIN. Yes, and let me say to the gentleman from New York [Mr. BARRY] that we have poured more money into their hands than we ever gave the farmers of this country. The gentleman from New York, and others who train with him, are perfectly willing to take money out of the Treasury and give it to aliens in their own districts, but are unwilling to vote this aid to farmers for fear it will raise the prices of the things the farmers have to sell, although it will not cost the taxpayers of the country a nickel. They do not want to pay them what their produce is worth.

Now, Mr. Chairman, let me tell the gentleman from New York another thing. We have heard a great deal about the wolves of Wall Street, but it does not matter to the farmer whether he is skinned by the wolves of Wall Street or torn to shreds by the tigers of Tammany. Nor does it matter to him whether this legislation is defeated by petrified Democrats or putrified Republicans, he and his children will pay the penalty. [Applause.]

I would very much prefer to be caught voting for this measure in company with a few Progressive Republicans, than to be caught voting against it with the old reactionary Republicans, every single one of whom will vote "no!"—and lick their lips. [Laughter.]

Oh, but they say this will mean "uncontrolled inflation", which is nonsense, pure and simple. It will simply mean the possibility of a reasonable, controlled expansion of the currency, which cannot exceed $3,000,000,000, without the imposition of a single dollar for extra taxes. But it would raise the prices of wheat and corn and cotton and hogs, and cattle and land, and lumber and labor, and hay and vegetables, dairy products, and everything else the farmer produces, and make it possible for the farmers to live and pay their debts and taxes.

This same condition confronted Abraham Lincoln during the Civil War. He issued $346,000,000 of United States currency, which is still in circulation and on which we have saved $11,000,000,000 in interest since that war closed, and have not been taxed a dollar to redeem that currency.

They talk about the gold standard; we have enough gold to issue about four times the amount of money at present in circulation, without in any way impairing our gold reserve—if we were really on a gold standard. With $8,000,000,000 in gold, which we have at the present time, with a gold coverage requirement of 40 percent under the Federal Reserve Act, our present supply of gold would support a currency of $20,000,000,000, whereas today we have considerably less than $6,000,000,000 of currency in circulation.

As I have shown before, we have had inflation or expansion of the currency before. I wonder where the gentlemen who have been criticizing this proposition were from 1914 to 1920? In 1914 we had in circulation in this country $34.93 per capita. Cotton and wheat and corn were at the same prices they are now. Then we inflated or expanded the currency through the Federal Reserve System—almost the same proposition as that contained in the measure pending before us. By 1920 the per-capita circulation was $53.21. We had expanded through the Federal Reserve banks from $34.93 per capita in 1914 to $53.21 per capita in 1920. It was profitable for the big Wall Street banks to inflate then. They would do so now if the same profits were in sight.

What was the result? You remember the effect it had on the price of raw materials? Cotton went from 11 cents to 30 cents a pound; wheat went from 90 cents to $2.50 a bushel; corn, hogs, land, labor, lumber, and other raw materials went up in proportion; and for a time the farmers were prosperous. On those price levels we not only contracted debts but we fixed our tax rates, our wage scale, and our standards of living. Then in 1926 they squeezed the currency, contracted it, and drove prices down, and are now demanding that these farmers pay debts that were contracted and taxes that were levied on a basis of 30-cent cotton and $2.50 wheat with 11-cent cotton and 90-cent wheat. It cannot be done.

This bill will give them relief. It will raise the prices of farm products to their normal levels and restore the prosperity of the people who till the soil. It will restore their purchasing power, enable them to pay what they owe and buy the things they need. That will start the wheels of industry, relieve unemployment without taking money out of the Treasury to do so, and in that way restore prosperity throughout the whole country. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, may I say to my colleague from Mississippi that although I am wearing stripes today I do not happen to be one of the Tammany Tigers.

Mr. Chairman, I yield to no one in my desire to see legislation enacted that is in the interest of social justice. During my short time as a Member of this House I have supported and voted for every measure that I believed was in the interest of the distressed people of our country, regardless of what group or class they belonged to.

The Frazier-Lemke farm bill has been heralded for a long time as an important social-justice measure. For that reason I have probably given it more consideration than I have any other piece of legislation this session.

I have examined it with the principle in mind that justice means "giving to everyone the same advantage, privilege, or consideration as is given to any other", and I regret to say that my conclusion, aside from the question of whether or not the method of raising the money under this bill is sound, is that it is one of the most unjust pieces of class legislation that has ever been proposed in Congress. It is not only class legislation, but in view of the financial condition of our country, it practically precludes the distressed people of 75 percent of our population from receiving any further help from Congress.

For instance, there are many more millions of home owners in the United States than there are farmers, and they have a mortgage indebtedness three times as great as that of the farmers, and they have just as much right to help as the farmer has. In fact, at the present time the farmer can borrow money at 3½-percent interest while the best the home owner can get is 5 percent. If anyone has a claim for further relief it is the latter.

I have discussed the injustice of this situation with some of the sponsors of the Frazier-Lemke bill. They lamely tell me that after their measure is passed they will support a similar measure for the home owners. When one considers that this bill provides for only approximately a third of the outstanding farm mortgages and that a similar measure for a third of the outstanding mortgages on homes would require an additional appropriation of $7,000,000,000, their position is absurd and untenable.

I further contend in connection with the amount of money required for this legislation that section 17 of the bill, which permits any farmer or any surviving relative who lost a farm since 1921 as well as any person who never owned a farm but who operated one for any 2 years prior to the enactment of the Frazier-Lemke bill to obtain money to buy a farm, makes it possible to spend the entire $3,000,000,000 without refinancing any farm mortgages at all. Nobody knows how many people are eligible to qualify under that section.

I represent a district containing approximately 1,000,000 people. At least 85 percent of them live in one-family homes. During the past 4 years over 100,000 of them have lost their homes as a result of foreclosure. Despite the good work of the Home Owners' Loan Corporation the percentage of foreclosures in 1935 decreased but slightly.

I have stated that I will support this measure if it is amended so as to give the same benefits to the home owners as it does to farmers, and I will if it is so amended. However, I have been informed that in all probability such an amendment will not be germane. If subsequent events prove that to be the fact, I will consider my vote for this bill or that of any Representative from an urban center a betrayal of the people we represent. [Applause.]

Mr. BOILEAU. Will the gentleman yield?

Mr. BARRY. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. Who made the promise to the gentleman that someone would introduce legislation along the line the gentleman has just suggested?

Mr. BARRY. The gentleman from North Dakota [Mr. LEMKE] told me if I proposed such an amendment he would not oppose it. The gentleman from North Dakota [Mr. BURDICK], with whom I spoke the other day, told me if this goes through there will be a hue and cry from the home owners and we are bound to get such legislation.

Mr. BOILEAU. The gentleman from North Dakota said he would not oppose it. That is an entirely different matter from sponsoring such legislation.

Mr. BARRY. He told me he would support legislation for the home owners.

Mr. LEMKE. I told the gentleman I would support the legislation of home owners and would support them all in the future regardless of where they were located, whether in the city or out on the farm, but suggested that the gentlemen who are so interested in the home owners should themselves introduce further legislation.

Mr. BARRY. May I say that during the first or second week of this session I introduced a bill to reduce the interest charged by the H. O. L. C. to 3½ percent, and I introduced a second bill to give the owners in the H. O. L. C. a moratorium for 1 year.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield such time to the gentleman from Nebraska [Mr. STEFAN] as he may desire.

Mr. STEFAN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point and to include therein a brief table on farm imports.

The CHAIRMAN (Mr. BLAND). Is there objection to the request of the gentleman from Nebraska?

Mr. MAVERICK. Mr. Chairman, reserving the right to object, is the gentleman going to extend his remarks on the Frazier-Lemke bill?

Mr. STEFAN. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. STEFAN. Mr. Chairman, the bill we have under consideration today is of great importance to the people in the Third Congressional District of Nebraska, which I have the honor to represent. The State Senate of Nebraska and the Nebraska House of Representatives have endorsed this bill by resolutions sent to me. More than 30 other State legislatures have endorsed it. I have hundreds of letters from farmers in my district asking that the bill be passed. I feel that a majority of people in my district want this kind of legislation passed by this Congress. Many businessmen, and even some bankers, have told me they favor the passage of a lower-interest-rate measure for farm-mortgage refinancing. Laboring men who realize that they cannot hope to secure steady employment unless the farmer is successful also demand that this legislation be passed.

I feel that unless farmers secure a lower rate of interest to refinance the mortgages on their homes, the future of the American farmer is doomed. Farm income has dropped from around $19,000,000,000 in 1920 to around seven billion in 1936. Farm-land values have declined over 32 percent; nearly half of the farms in my State are not owned by the farmers who work on those farms; hundreds of farmers are on the relief rolls because they lost their farms because they could not refinance the mortgages; the amount offered to our farmers by the regular Government lending agencies is far under the amount of the mortgages.

Farmers are unable to borrow the difference between what the Government will loan them today and the total of the mortgage held by the loan companies. As a result there are many foreclosures, and farmers are being driven off

their farms and away from their homes by the thousands. A refinancing of these farm mortgages at a low rate of interest with a long time in which to pay will relieve this situation. There is no other remedy to this problem, in my opinion. There is no other real farm relief offered today. Unless this bill is passed and enacted into law the present farm problem will never be solved.

Loans have been made to private industry, to the railroads, to the private shipping industry, to banks and corporations in order to refinance their business in order to keep it from collapse; private banks loan money at very low rates of interest to packers and other industry. But the farm industry is neglected. Unless it is saved from its present plight, the collapse of the farming business is very near. Unless something is done immediately, we will have a country of tenant farmers working for loan companies who hold the mortgages or who eventually will own all of the farms of our land. Individual ownership of these farms by the farmers who work the land is the only answer to future prosperity in this country. A refinancing of these mortgages at a low rate of interest is the only answer to this problem.

Mr. Chairman, the happiest farmers are those who have individual liberty and own their own land. They look to the future in order to raise happy families and to lay by for a rainy day and to provide a start in life for the future generation. Let us give them the same opportunity to do that as our pioneers had when they plowed up the raw prairie and made it bloom with the fruits of Mother Earth. Today there is slavery on our farms. Men and women who have been digging a living for our country out of the ground are penniless. They are being driven from their homes by foreclosures to seek charity on the relief rolls in the towns and cities of our country.

Under the provisions of this bill these farmers are not asking for charity. They are asking the Government to loan them money with which to pay their debts. They want the same opportunity to borrow money from their Government as is given to more power industry. They want to pay that money back at a lower rate of interest. Their Government will not be giving them charity. They will give their Government the best security in the world for these loans—land; good land—from which the world's living comes. The Government will be making money in this venture. It will be securing interest on this loan, which is backed by the best security in the world—land.

Private industry will never continue to be prosperous until the farmer is prosperous. I have called attention of this great body of representatives several times that no town or city will ever continue to be prosperous unless the farmer is given an opportunity to get the same advantages from his business as is given to the businessman in the town. The merchants demand a fair return on their investments. The factories demand at least cost of production for their products plus a reasonable profit. The farmer is the biggest businessman in the world, yet he is the poorest paid for his work and for his products. He seldom gets cost of production for his products.

Towns and cities have been moved as close to the farms as possible for one reason and one reason only: to wait for the farmer to dig something out of the ground and bring it into the town to trade or sell. When he sells, he buys from the merchant; and the merchant in turn sends this money through his bank to the larger centers of factory towns to buy more goods to sell to the farmer.

My district of 22 counties, known for years as the richest agricultural district in the world, was once made up of farmers who owned their own farms. They are the best farmers in the world. They are frugal, hard-working, industrious, and honest. All they ask is to make a decent living for their families. All they want is to raise enough for the feeding of the livestock which they keep on their farms and for the human beings who operate the farm. A little to lay by for the rainy days and for protection against droughts and hard times; a little to leave behind for the children who follow them. This most of them have been able to do until recent years. They now find themselves in a worse plight financially than many of the great business enterprises which have been refinanced. They now call on their Government for the same opportunity, the same advantages as are given to other businesses of our land.

Give the farmers who need now to refinance their mortgages a lower rate of interest and they will pay it back to the Government tenfold. They will pay back the principal and the interest plus the knowledge that happiness has again returned to the men and women who dig the food out of the ground for you to eat. They will pay it back tenfold, because thousands of them will return to the land from the bread lines and from the relief rolls. They will pay it back tenfold because there will again be happy families united on farms where today there is much misery and suffering.

Thousands of letters from high-minded farmers telling of their present financial plight have reached me. I should like to quote many of these letters to prove to you that conditions are bad and that these conditions must be remedied. I am personally acquainted with many of the writers of these letters. I know them to be men and women of high standing in their communities. Many of them are men and women who have been working on those farms for 20 to 30 years, only to find now that they cannot refinance the mortgages on their homes and that they have been ordered to leave the place where they have lived most of their lives. Refinancing under the Frazier-Lemke idea will save these people.

One letter I quote from:

> This is to ask you to do all you possibly can to have the Frazier-Lemke bill, or one better, passed at this session of Congress. We need immediate aid as our farm home is about to be foreclosed. It just seems unjust that people who have always tried by diligence and care and thrift should lose their lovely home which they have worked years to attain. Especially does this seem terrible when parents have children, small boys, such as we have, who must be provided for in order to have them grow up to be good citizens. They must have a sense of security which the present conditions are not giving them. We must have immediate aid or lose our home.

This comes from the farmer and his wife in my district. From a family representative of the fine, stanch American citizens who make up the citizenry of my district and who I am proud to represent in this national body. We cannot and we must not refuse to listen to these pleas from these good people. They are looking to us for the same consideration that we have been giving to other people of our land. They are entitled to this consideration.

Mr. Chairman, since I have been in Congress I have fought for the solutions of the many problems which face the people who live on the farms and in the towns of my district. I discovered early that powerful industrial organizations are not helping the farmer. Neither are they helping the smaller towns and cities of our land. I have endeavored to represent my district from a nonpolitical party standpoint. I have worked and voted for those things which I believed to be for the best interests of all the people of our land, whether these things were sponsored by Democrats or Republicans. I have gone along with either side when I believed their suggestions and their legislative proposals were in my opinion for the best interests of all the people. But I have fought against all of those things which I believed were not good for all of the people, no matter by which party these things were sponsored. I have fought hard against useless expenditure of the taxpayers' money; I have fought and voted against legislation which would place class against class; and I have endeavored to bring before this body those problems especially confronting our farm population. I have learned early that our committee meetings are our workshops and that our House meetings are mostly showrooms.

I have the honor of being a member of three important committees—Educational, Buildings and Grounds, and Insular Affairs. Through work on these committees and the work with the Prairie State group, of which I have the honor of being one of the first members, I learned early that the

farm States' representatives have great obstacles to overcome if they hope to keep the interests of farming communities before the attention of this legislative body. I have learned that already great organizations have developed campaigns to take from the farmer the market entitled to his grain by the importations of blackstrap molasses which they hope will be a substitute as the basis for future industrial and beverage alcohol in our land. I have learned, too, that great organizations are planning to take over through the importation of coconut oil the market to which the product of the farm cow is entitled. I learned early to fight against the importation of great quantities of foreign-produced farm products to compete in the American market which rightfully belongs to the American farmer. There are many contributing factors to the present plight of the penniless American farmer. The so-called depression may have much to do with it, but continual importation of farm produce from foreign lands, the inroads of foreign substitutes for real American farm produce have much to do with the present conditions. The present farm relief apparently does not contemplate a remedy of this evil. How much the importation of foreign farm products into our land at this time contributes to the plight of American farmers can be seen in official figures of imports.

These importations come directly in competition with the products of American farms and forests. They have a value of approximately 25 percent of the total cash income of the American farmers for 1934, less the benefit payments. Nearly every dollar's worth of these products can be produced on American farms, provided always the Congress and the President will protect the American farmer in his fundamental right to produce these commodities.

The following official figures on imports of farm products for the years of 1932 and 1935 demonstrate more forcibly than mere words what has been taking place since the present administration has been in power, and more particularly to what extent President Roosevelt, through his reciprocal trade-agreement treaties, has surrendered the American market for farm products to the foreign farmer:

Product	Unit	1932 imports	1935 imports
Corn	Bushels	347,627	43,242,296
Oats	Bushels	58,786	10,106,903
Wheat	Bushels	10,026,320	27,438,870
Barley, malt	Pounds	52,532,636	320,622,537
Rye	Bushels	87	9,642,523
Tapioca (starch substitute)	Pounds	130,000,372	202,112,319
Hay	Tons	13,858	67,171
Soybean	Pounds	36,568,700	107,463,044
Cottonseed (cake and meal)	Pounds	1,058,945	59,743,572
Butter	Pounds	1,052,598	22,674,642
Cattle	Number	95,407	364,623
Hogs	Pounds	28,875	3,414,317
Fresh pork	Pounds	1,657,500	3,922,609
Hams, bacon, etc	Pounds	3,015,489	5,297,335
Fresh beef	Pounds	796,594	8,564,114
Canned meats	Pounds	24,638,261	76,653,242
Total meat products	Pounds	45,706,926	115,059,124
Eggs in shell	Dozen	243,784	432,076
Dried yolks	Pounds	726,400	3,952,664
Frozen yolks	Pounds	422,060	1,199,772
Egg albumen	Pounds	1,275,790	1,876,445
Wool and mohair	Pounds	56,535,176	202,732,658
Dried milk	Pounds	596,448	2,743,349
Hides	Pounds	188,013,286	303,475,633
Inedible molasses	Gallons	155,888,307	235,161,684
Beet sugar	Pounds	1,139,134	1,681,598
Sunflower-seed oil	Pounds	16,456,724	37,051,732
Palm-kernel oil	Pounds	2,938,209	7,977,812
Peanut oil	Pounds	1,512,682	80,723,225

This table does not show the tremendous loss to the American farmers resulting from the annual importation of 4,500,000 tons of sugar, valued $405,000,000, every pound of which could be raised on American farms if our farmers were permitted to do so. Nor does it disclose the reprehensible administration program under which the American production of sugar is curtailed.

The fact that we grow and refine only 30 percent of the sugar we consume is given no consideration whatever by the bureaucrats now regimenting the sugar industry. They go merrily on their crackpot way, taxing our people to pay the farmers to take out of production millions of acres of fine agricultural lands upon which we might well produce those foreign products now flooding the American market and ruining the price the American farmer receives for the products of his labor and investment.

It is announced that the President has completed negotiations with the Republic of France for another trade agreement. This treaty has already been signed, sealed, and delivered, and no American citizen is allowed to know until May 15 a single thing incorporated in the treaty, no matter how adversely he may be affected by its provisions. We may be sure, however, that this treaty will still further open our gates to the French, who give us something in return, and also to the 77 other nations who give us nothing in return. This "hoss trading" engaged in by Mr. Roosevelt and his Secretary of State is of a quality to make even the most unenlightened "hoss trader" seem a veritable mental giant in comparison.

How all of these contributing factors deal with the life on the farm should be taken into consideration by those who claim a refinancing of present farm mortgages is not timely. These contributing factors must be taken into consideration by those who claim on the floor today that we have done too much for the farmer; these factors must be taken into consideration by those who are fighting this refinance bill and who were so eager to vote to appropriate money to refinance other business—business which owes its very existence to the farmers, because all industry depends upon how much the farmer can raise and sell and how much the farmer can buy back to keep his farm in operation.

Farmers of my State will not be satisfied until their farm business is on a paying basis. It will never be on a paying basis until this farm business is given the same opportunity for refinancing as is given to other business in our country. I hope, Members of this House, that you will join with us today in refinancing the real business of America—the farm business.

Mr. LEMKE. Mr. Chairman, I yield such time to the gentleman from North Dakota [Mr. BURDICK] as he may desire.

Mr. BURDICK. Mr. Chariman, in view of the fact I have spoken five times in this Congress on the pending bill, I deem it only fair that other Members should have a chance to be heard on this subject. I therefore ask unanimous consent to extend my own remarks in the RECORD at this point and to include a table of the Liberty bond loans sold in this country, as prepared by the Secretary of the Treasury, and also tables that I have prepared myself as to the settlement of those debts and how they were settled in foreign countries.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

SHALL WE RELIEVE THE DEBTORS IN THE UNITED STATES? DID WE CANCEL LOANS MADE TO FOREIGN GOVERNMENTS DURING AND IMMEDIATELY FOLLOWING THE WORLD WAR?

Mr. BURDICK. Mr. Chairman, I desire to place before Congress and the country a statement concerning the loans made to foreign governments during and immediately following the World War, the amount loaned, the terms of the loan, the various settlements made since, the amount paid, and the amount outstanding today.

At the same time it will be necessary to show how this money for these loans was raised in this country and the condition today of the obligations incurred.

In the development of the scope of this inquiry, it will be necessary to show something of the cost of that war to the people of this country.

If all these real truths were brought home to the people of this country, it would put a stop to future wars so far as this country is concerned, unless there should sometime be a war of self-defense brought to our own shores.

Many people in this country are much concerned because the Federal Budget is out of balance. When we consider that drought and flood and other acts of God have been to a large degree responsible for much of the relief expenditures,

we can well say that the Budget in relation to ordinary expenditures is not far from being balanced today. The relief expenditures added to the ordinary expenditures throws the Budget out of balance. What we have spent for relief—and any just government should always stand ready to make these expenditures—is not a drop in the bucket when compared to war expenditures from 1917 to 1919. During that period the people of this country were actuated with a sort of wild hysteria to go ahead with war expenditures. Today, with the relief situation acute in many sections of the country, and suffering more acute than that ever before known in war or peace times in this country, we find the press—especially the metropolitan press—demanding that we put a stop to these expenditures. There is much merit in saying that the money for relief has been improperly, unfairly, unjustly, and politically expended, but this does not justify the statement that all further relief expenditures must be stopped. As a matter of fact, we shall be obliged to spend more billions for relief before we are through with this war of depression.

HOW THE MONEY WAS RAISED TO LOAN TO FOREIGN GOVERNMENTS

From June 1917 to May 1919, five Liberty loans were issued by the United States, in a total amount of $21,432,924,700.

On March 31, 1936, all of the Liberty loans had matured, and were paid, or refunded into other issues. On that date $125,000,000 of these loans had not been presented for payment and were, therefore, outstanding. A large percentage of these bonds will probably never be presented for the same reason that money is not all presented. Since the Government started, we are about $500,000,000 ahead on the issue of money for the reason that that amount has been lost, burned, or sunk in the oceans, and has never been and will not be presented for payment. The Government will come out many millions ahead in the issue of these Liberty bonds.

HOW THE LIBERTY BOND STANDS TODAY

Total	$21,432,924,700
Paid and retired	10,276,196,800
Refunded into other bonds	11,039,650,450
Outstanding	117,077,450
Total	21,432,924,700

The interest rate on the various Liberty loans was as follows: First issue 3½ percent, and the rates of interest on conversion and other issues is fully set forth in the tables below.

In this connection it should be remembered that in reality the Government did not loan its own money to any foreign government. The proceeds from the sale of Liberty bonds came from the people of this country. The people put the money in. In many instances good citizens were forced to buy these bonds, even when they did not have the money. In the tables below the number of people who purchased these bonds are listed. In the last sale—the Victory Liberty Bonds—11,803,895 people bought these bonds. In my section of the country, thousands bought bonds by borrowing money at the banks and giving as security their livestock, machinery, and land. Many farmers really were coerced into buying for fear that they would be charged with being German sympathizers. In fact, thousands of citizens were arrested, when the only evidence against them was that they had not bought bonds. Some of the purchasers never saw the bonds—they were left with the banks as security. Being actually forced into the bad business of going into debt, many people now wonder why the farmer today has a debt structure hanging over him which never can be paid.

When the Federal Reserve Board manufactured the depression in 1920, for no reason at all, and the bottom fell out of farm prices, including land, the farmer was forced to sell his Liberty bonds to raise ready cash. When the farmer got that far along, he found out that he must take a discount on these bonds, although he bought them at par. Discounts of 10 percent were common, and in many sections it ran up as high as 28 percent. At any rate, the farmers and workers lost their bonds but were forced to pay the purchase price in full. Countless numbers of first farm mortgages were made in this country for the sole purpose of paying the purchase price of these bonds.

While the people paid for the bonds the money was squandered, as we shall soon see, and still over 50 percent of the bonds or reissues of them are still outstanding and drawing an average rate of 4¼ percent. They must be paid, and the only way they ever will be paid is through taxation. Thus the people will pay for the bonds a second time. What has been paid was paid by taxation against the people. In addition to that, the interest charges on these bonds extracted annually from the people another $910,000,000 until the first bonds were paid. Since 1919, when the last Liberty Loan was made, this interest charge has amounted to $10,470,000,000. Adding this to the principal of the Liberty bonds issued, we have the following figures:

Principal	$21,432,924,700
Interest to date	10,470,000,000
Total Liberty-bond debt for the war	31,902,924,700

WHAT WAS DONE WITH THE PROCEEDS OF THESE BONDS

It will be interesting now to see how lavishly the Government handed out the people's money. Remember again, it was not Government money. At the time this country entered the World War, England and France had floated bond issues in this country, which were either held by the banks who floated the loans or by their customers. England's debt was $354,000,000. France owed $290,000,000.

The House of Morgan saw a chance to collect this money, and one of the very first uses made of the people's money—Liberty-bond proceeds—was to pay off this debt. There are many reasons assigned by the Government why this was done, but the one outstanding, undisputed reason is that these debts were actually paid. Money was advanced to foreign governments from the proceeds of these bonds in the amount of $9,610,405,575.45. Remember again, this was the people's money.

The money thus loaned, can, for the purpose of a complete understanding of the matter, be divided into two classes:

Pre-armistice loans amounting to	$7,077,114,750.00
Post-armistice loans amounting to	2,533,288,825.45
Total	9,610,405,575.45

These loans were made on demand, and drew interest at the rate of 5 percent.

To the above amount loaned to these governments must be added the following items:

Surplus supplies in Europe sold	$599,122,733.21
Relief after the war	84,093,963.55
Relief under the act of 1920	56,858,802.49
Principal as given above	9,610,405,575.45
Total loans	10,350,479,074.70

The next question the American people want to know is how much of their money is outstanding and not paid, and what has been done about it. A statement from the Treasury Department under date of January 10, 1936, presents the whole story:

In 1921 and 1922 the world was in a state of financial disorder. No debtor nation could have paid its debts to the United States (the people) had payment been demanded. Many of them were unable to pay the interest at 5 percent called for in their obligations. Only with time and more stable conditions could the possibility of settlement arise.

Recognizing that the debtor nations could not pay on demand, Congress originally authorized the debts to be funded (recontracted) on no longer than a 25-year basis and at not less than 4¼-percent interest. The act of February 9, 1922, created the World War Foreign Debt Commission, consisting of five members, with authority—

And so forth. This meant that this Commission had authority to carry out the provisions of the act of Congress.

Through subsequent acts of Congress the Commission made the following settlements respecting these foreign debts:

The total debt at date of funding	$11,586,820,828.53
Less payments made from 1917 to 1923, 1925, 1926	9,559,943.53
	11,577,260,885.00

There are people in this country who still assert that we did not cancel any of these debts. The Government still makes this claim, although the facts to which they agree demonstrate beyond the province of argument that the Government did actually give away over 50 percent of the people's money, and in effect all of it, in these settlements in the following particulars:

First. The time was changed from demand to 62 years.

Second. The interest was reduced from 5 percent to as low as four-tenths of 1 percent.

Third. Payments were arranged over this long period.

Fourth. The cash value of the paper they received in lieu of the old obligations was only $5,888,000,000 instead of $11,577,260,885, or a net loss of $5,689,260,885.

In addition to this, the story is not half told. For every dollar of this money loaned, the people of the United States are paying on Liberty bonds, and will pay for years to come, 4¼ percent, while the interest rate fixed for France was 1.6 percent, Italy four-tenths of 1 percent, England 3.3 percent. For years to come the people of the United States will have to pay this additional interest for all of the countries who settled for a lower interest rate than that which the people are required to pay on the Liberty bonds of their reissue.

I submit, for the purpose of illustration, the funding settlements with England, France, and Italy:

Data on war-debt settlements

	England	France	Italy	Average and grand total
Date of settlement	Dec. 15, 1922	June 15, 1925	June 15, 1925	
Total debt at time of settlement	$4,715,310,000	$4,230,777,000	$2,150,150,000	$11,096,237,000.
Total debt after settlement	$3,296,001,690 (cut of 30.1 percent).	$1,697,618,369 (cut of 60.3 percent).	$425,729,700 (cut of 80.2 percent)	$5,041,349,759 (average, 51.34 percent).
Total payments to be made over period of 62 years.	$7,105,965,000	$6,847,674,104	$2,407,677,500	$16,361,316,604.
Original rate of interest	5 percent annually	5 percent annually	5 percent annually	
Rate of interest after settlement	3.3 percent	1.6 percent	Four-tenths of 1 percent	Average, 2.51 percent.
Total indebtedness to United States Jan. 10, 1936.	$4,950,595,301	$4,041,152,328	$2,014,065,749	$11,005,813,378.
Excess interest paid by people of United States over all payments received.	$1,517,827,582	$1,977,756,125	$968,647,958	$4,464,233,665.

(1) Only 3 large debtors are included.
(2) The carrying charge to the people of the United States on these debts figured at 4¼ percent.
(3) Source of information; (a) Memorandum of the Secretary of the Treasury, revised Jan. 10, 1936; (b) combined annual reports of the World War Foreign Debt Commission, 1922–26.

WHAT IS THE PRESENT SITUATION OF THESE FOREIGN OBLIGATIONS?

How much is still due, although we discounted the total 50 percent and gave away in the next 62 years billions of interest which the American people will have to pay?

Funded debt unpaid	$11,229,078,286.95
Unfunded debt unpaid	204,851,113.64
Total	11,433,929,400.59
Interests postponed by moratorium agreements	184,164,561.52
Interest due and unpaid	810,743,068.22
Total due Jan. 10, 1936	12,437,837,030.33

Since the last funding date in 1925, with the exception of Austria and Greece, this foreign war debt has not been reduced, but actually increased from $11,577,260,885 to $12,437,837,030.33, or an increase during the last 11 years of $860,576,145.33.

In addition to the above debt of	$12,437,837,030.33
We must add the debt due us from Germany for the expenses of our army of occupation, amounting Jan. 10, 1936, to	1,332,250,360.95
Total debt	13,669,087,391.28

If these governments actually paid us the interest they agreed to pay, over a period of 62 years, the American people would lose on interest the difference between that rate and the rate of 4¼ which they have to pay on this debt of nearly $14,000,000,000.

In the case of Italy we lose annually interest on $2,150,150,000, the difference between 4¼ percent and four-tenths of 1 percent, which amounts to 3.85 percent. Annually this amounts to $82,780,775. If this process were kept up for 62 years, the loss in interest to the American people would be $5,132,408,050. But that is not all. Italy will probably never pay a cent of this debt, as it can better afford to use its money in wars of conquest than in paying its just debts.

At any rate the American people will have to finance foreign loans to the extent of nearly fourteen billions at the rate of 4¼ percent, while the average interest which foreign governments agree to pay—but have not—is 1.76 percent, representing an annual loss in interest of $350,000,000. Since these governments, or most of them, are paying no interest at all, the American people support those obligations at 4¼ percent annually, or an annual toll of $630,000,000.

In figuring the present value of the securities which we received on the date of settlement was only 50 cents on the dollar, in light of what has happened in the last 11 years, the present value of those obligations could not be more than 33 cents on the dollar. In the further light of the developments in Europe, I have no confidence whatever that, outside of a few governments, any of these debts will be paid. At the end of the 62-year period it is possible that we shall collect enough to pay 25 percent of the interest the people of this country will have to pay on the same amount of money represented by outstanding bonds.

Where is the informed, thinking Member of this Congress who will rise in his seat and deny that we have made a complete cancelation of the $12,000,000,000 of the people's money which this Government loaned to foreign countries?

There were many good reasons advanced why we should enter into these funding settlements. I present here some of them:

Speaking of the settlement with Great Britain, the Debt Commissioners, including Mellon, Hughes, Hoover, Smoot, and Burton, said in February 1923:

> It has not been the thought of the Commission that it would be just to demand over a long period the high rate of interest naturally maintained during the war and reconstruction, and that such an attempt would defeat our efforts at settlement. Beyond this the Commission has felt that the present difficulties of unemployment and high taxation in the United Kingdom should be met with suitable consideration during the early years, and therefore the Commission considers it equitable and desirable that payments during the next few years should be made on such basis and with such flexibility as will encourage economic recuperation not only in the countries immediately concerned but throughout the world.
>
> This settlement between the British Government and the United States has the utmost significance. It is a business settlement fully preserving the integrity of the obligations, and it presents the first great step in the readjustment of the intergovernment obligations growing out of the war.

Would not such a pronouncement, in regard to the affairs of the people of the United States, be in order now? We are now, as Great Britain was then, burdened with unemployment and mounting taxes. Would it not be in order

now in this country to extend our obligations over a long period of time and reduce what the commission called "high interest rates"? Would it not be in order to give the debtors of the United States a plan of debt payment that shall have in it the "flexibility" proclaimed for Great Britain by the august commission?

Would it not be a business settlement, preserving the integrity of obligations, to permit our farmers and home owners to have access to a system of finance that shall not take from them their last nickel to keep up an unconscionable and unbearable rate of interest?

When this commission canceled, according to the admissions of the Treasury Department, 50 percent of the foreign debts, they called it a business settlement, although the written contract provided for full payments with 5-percent interest annually. I wonder just where the "inviolability of contracts" which every court in America subscribes to was when these settlements were made.

I wonder how it came about that the present Chief Justice of the United States forgot the "inviolability of contracts", the "sacredness of contracts", when he subscribed his name to settlements, in clear and positive violation of contracts. When the Frazier-Lemke Farm Bankruptcy Act came before the same Justice, the principle of the inviolability of contracts, when applied to citizens of this country, came back in full force and significance. Even the presence of a great emergency where all farmers were helplessly mired in financial disorder, through no fault of their own, did not prevent the full and complete working of the American court custom of the "inviolability of contracts." Yes, the "sacredness of contracts" must be preserved, even though 10,000,000 farm people must be dispossessed to maintain this great principle of law.

Listen to President Harding on the debt settlement with Great Britain, under date of February 7, 1923:

> But here is a great nation acknowledging its obligations and seeking terms in which it might pay. So your Commission proceeded to negotiate in a business way for a fair and just settlement.
>
> It is the recommitment of the English-speaking world to the validity of a contract.

The contract of Great Britain—the original contract to borrow money, the note, the bond, the mortgage—was absolutely canceled and a new one substituted. If it was not, if the same contract was to be kept, why did Great Britain seek terms of payment? The terms were fixed in the bond. Yet, President Harding had the audacious nerve to say to Congress that this new contract maintained the principle of "validity of contracts."

The farmers of the United States want to pay; they will pay when they can. But they must have, like England, a reduction of the interest and a long period of time in which to pay. That is all. Under the debt contracts which they now have, this cannot be done, because the "inviolability of contracts" will be raised against them in the Supreme Court of the United States and there be sustained. Great Britain was a mighty nation seeking terms in which it might pay. We granted it. Today the farmers of the United States, involved in a great war of depression—a war that has lost them $47,000,000,000 in land values alone—are "seeking terms in which they may pay." The only possible way it can be done, in view of the "inviolability of contracts" doctrine of the courts, is to discharge the old contracts—debts—and enter into new contracts that will permit them to pay.

It is a sad commentary on American justice, if we shall be accused of funding $12,000,000,000 of debts to foreign countries but will now fail to fund $9,000,000,000 owed by the farmers of the United States.

Let us do here in this Congress what the Debt Commission did in those settlements. They said then, what we say now:

> This is a business settlement, fully preserving the integrity of contracts, and it presents the first step in the readjustment of, not inter-Government obligations, but the farm-debt obligations growing out of the war.

Do that and pass this bill providing for a just, a safe, a reasonable, and equitable, a constitutional, plan of farm refinance that will permit the farmers of the United States to retain their homes, protect their families, and taste again that spirit of American liberty which was kindled in the home. Permit them to pay their just debts—give them a chance to do it. Give them cause to respect this Government and if need be lay down their lives for it. Make them again, as they always have been, the unswerving defenders of American liberty. In that farm home is the spirit that no foreign invader can subdue; in that home live the men and women who produce the Nation's food—that thing that wins all wars. From that home come the gallant young soldiers who bare their breasts to the enemy fire, the men who go over the top, the men who have always preserved this Government and always will—if this Government will return to them a portion of that protection which they have always offered to their country. Destroy the homes in this country by whatever means you will—foreclosure, dispossession, unbearable interest burdens, and this great country will take its place with other failures of government whose records now lie forgotten among the musty pages of ancient history.

The tables above referred to are as follows:

THE LIBERTY LOANS (LIBERTY BONDS AND VICTORY NOTES), JUNE 30, 1935

FIRST LIBERTY LOAN OF 1932–47

Original issue of First 3½'s, dated June 15, 1917; subsequently in part converted (or reconverted) into other First Liberty Loan bonds bearing higher rates of interest. The date of maturity of all the bonds of this loan, whether of the original issue or a converted issue, was June 15, 1947; the bonds were callable for redemption on and after June 15, 1932, on 3 months' notice. On March 14, 1935, the outstanding bonds of this loan were called for redemption on June 15, 1935, on which date interest ceased.

First 3½'s—original issue June 15, 1917:		
Offered for subscription		$2,000,000,000
Subscribed		3,035,226,850
Allotted—final (issued)		1,989,455,550
Retired on conversion:		
To First 4's	$568,318,450	
To First 4¼'s	7,570,550	
To First-Second 4¼'s	3,492,150	
		579,381,150
Redeemed:		
Uncalled before Mar. 14, 1935	17,848,150	
Called since Mar. 14, 1935	1,317,667,200	
		1,335,515,350
		1,914,896,500
Outstanding June 30, 1935		74,559,050
First 4's—converted issue Nov. 15, 1917:		
Issued on conversion from First 3½'s		$568,318,450
Retired on conversion to First 4¼'s		547,641,750
Redeemed		20,676,700
Uncalled before Mar. 14, 1935	$15,674,250	
Called since Mar. 4, 1935	3,839,200	
		19,513,450
Outstanding June 30, 1935		1,163,250
First 4¼'s—converted issue May 9, 1918:		
Issued on conversion:		
From First 3½'s	$7,570,550	
From First 4's	547,641,750	
		555,212,300
Redeemed:		
Uncalled before Mar. 14, 1935	22,723,200	
Called since Mar. 14, 1935	463,667,400	
		486,390,600
Outstanding June 30, 1935		68,821,700
First-Second 4¼'s—converted issue Oct. 24, 1918:		
Issued on conversion from First 3½'s		3,492,150
Redeemed—called since Mar. 14, 1935		3,234,500
Outstanding June 30, 1935		257,650
Total First Liberty Loan bonds outstanding June 30, 1935 (payable on presentation)		144,801,650

SECOND LIBERTY LOAN OF 1927–42

Original issue of second 4's dated November 15, 1917; subsequently largely converted into second 4¼'s dated May 9, 1918. The date of maturity of these bonds was November 15, 1942, but the bonds were callable for redemption on and after November 15, 1927, on 6 months' notice. On May 9, 1927, the outstanding bonds of this loan were called for redemption on November 15, 1927, on which date interest ceased.

Second 4's, original issue Nov. 15, 1917:		
Offered for subscription (with right reserved to allot up to one-half the amount of any oversubscription)		$3,000,000,000
Subscribed		4,617,532,300
Allotted—final (amount issued)		3,807,865,000
Retired on conversion (into second 4¼'s)	$3,707,936,200	
Redeemed	99,313,050	
		3,807,249,250
Outstanding June 30, 1935		615,750
Second 4¼'s:		
Issued on conversion from second 4's	3,707,936,200	
Redeemed	3,706,815,750	
Outstanding June 30, 1935		1,120,450
Total second Liberty Loan bonds outstanding June 30, 1935 (payable on presentation)		1,736,200

THIRD LIBERTY LOAN OF 1928

Third 4¼'s, original issue May 9, 1918; matured for payment Sept. 15, 1928, on which date interest ceased:	
Offered for subscription (with right reserved to allot full amount of any oversubscription)	$3,000,000,000
Subscribed	4,176,516,850
Allotted—final (amount issued)	4,175,650,050
Redeemed	4,172,846,500
Outstanding June 30, 1935 (payable on presentation)	2,803,550

FOURTH LIBERTY LOAN OF 1933–38

Fourth 4¼'s—Original issue Oct. 24, 1918. The date of maturity of these bonds was Oct. 15, 1938, but the bonds were callable for redemption on and after Oct. 15, 1933, on 6 months' notice. All outstanding bonds of this loan have been called for redemption as follows: First call (Oct. 12, 1933) for redemption on Apr. 15, 1934, included bonds bearing serial numbers ending in 9, 0, or 1; second call (Apr. 13, 1934) for redemption on Oct. 15, 1934, included bonds bearing serial numbers ending in 8 or 2; third call (Oct. 13, 1934) for redemption on Apr. 15, 1935, included bonds bearing serial numbers ending in 5, 6, or 7; fourth (final) call (Apr. 13, 1935) for redemption on Oct. 15, 1935, includes bonds bearing serial numbers ending in 3 or 4. The interest on bonds included in each call ceases on the day fixed in each instance:

Offered for subscription (with right reserved to allot full amount of any oversubscription)	$6,000,000,000
Subscribed	6,992,927,100
Allotted—final (amount issued)	6,964,581,100

	Total amount	Total redeemed	Outstanding June 30, 1935
Uncalled	$722,344,250	$722,344,250	
First called (due Apr. 15, 1934)	1,880,428,200	1,868,737,150	$11,691,050
Second called (due Oct. 15, 1934)	1,246,231,800	1,228,925,850	17,305,950
Third called (due Apr. 15, 1935)	1,869,346,100	1,809,606,250	59,739,850
Fourth called (due Oct. 15, 1935)	1,246,230,750		1,246,230,750
Total	6,964,581,100	5,629,613,500	1,334,967,600

NOTE.—Fourth Liberty Loan bonds (temporary coupon, permanent coupon, and registered) were numbered serially beginning with no. 1 for each denomination, and all bonds have been issued in this serial order. Accordingly the outstanding bonds were divisible into 10 approximately equal series as determined by the final digits of the serial numbers, and this approximate division has been the basis for separating the amounts included in each of the four calls. It follows that the amounts above stated for each call are approximate amounts, subject to adjustment as bonds are redeemed.

VICTORY LIBERTY LOAN OF 1922–23

Victory 3¾'s and Victory 4¾'s: Two series of interconvertible notes, dated May 20, 1919; maturity date, May 20, 1923; but either or both series callable for redemption in whole or in part on June 15 or Dec. 15, 1922, on 4 months' notice. Victory 3¾'s called for redemption on June 15, 1922; Victory 4¾'s in part called for redemption on Dec. 15, 1922, the balance matured May 20, 1923. Interest ceased on such respective dates:		
Offered for subscription		$4,500,000,000
Subscribed		5,249,908,300
Allotted—final (amount issued)		4,495,373,000
Victory 3¾'s:		
Original issue	$672,585,100	
Issued on conversion	424,666,750	
		1,097,251,850
Retired on conversion	505,068,900	
Redeemed	592,172,050	
		1,097,240,950
Outstanding June 30, 1935		10,900
Victory 4¾'s:		
Original issue	$3,822,787,900	
Issued on conversion	505,068,900	
		4,327,856,800
Retired on conversion	424,666,750	
Redeemed	3,902,417,450	
		4,327,084,200
Outstanding June 30, 1935		772,600
Total outstanding June 30, 1935 (payable on presentation)		783,500

RECAPITULATION—FIVE LIBERTY LOANS

Liberty loan	Subscribed	Issued	Redeemed	Outstanding June 30, 1935
First	$3,035,220,850	$1,980,455,550	$1,844,653,000	$144,801,650
Second	4,617,532,300	3,807,865,000	3,806,128,800	[1] 1,736,200
Third	4,176,516,850	4,175,650,050	4,172,846,500	[1] 2,803,550
Fourth	6,992,927,100	6,964,581,100	5,629,613,500	[2] 1,334,967,600
Victory	5,249,908,300	4,495,373,000	4,494,589,500	[1] 783,500
Total	24,072,111,400	21,432,924,700	19,947,832,200	1,485,092,500

[1] Matured, on which interest has ceased.
[2] $88,736,850 matured on which interest has ceased; $1,246,230,750 called for redemption on Oct. 15, 1935, on which date interest will cease. (See note under Fourth Liberty Loan of 1933–38.)

Estimated number of subscriptions

First Liberty Loan	4,000,000
Second Liberty Loan	9,400,000
Third Liberty Loan	18,302,325
Fourth Liberty Loan	22,777,680
Victory Liberty Loan	11,803,895

TREASURY DEPARTMENT,
Office of the Commissioner of the Public Debt, July 26, 1935.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. PEYSER].

Mr. PEYSER. Mr. Chairman and ladies and gentlemen of the Committee, I am going to consume but 5 minutes of your time. There is one point I would like to bring to the attention of the Committee that has not been touched upon Although there was reference made to the fact that there were 63,000,000 life-insurance policyholders in this country, the subject as to how they would be affected was not particularly touched upon.

Prior to the passage of the first Frazier-Lemke bill, which has been held unconstitutional, I then expressed the belief that that measure would hurt instead of helping the farmer.

I believe that I have been justified in that belief, because I have the figures of one life-insurance company alone that in their annual report for the year 1933 showed $220,000,000 of farm loans. In 1935 that was reduced to $110,000,000.

Whether that result was reached as the result of the company bailing out, as some proponents claim, or not, it is my belief that the reduction was due to the fact that the company withdrew from purchasing farm mortgages.

I believe if this measure should become a law the result would become more hazardous, not only to the farmers but the 63,000,000 people who hold life-insurance policies.

These companies today set up a rate based on the combined table of mortality, using 3-percent interest. Some companies have 3½ percent and some 4 percent. How in the world can they exist where the style has changed and the interest has been reduced to 1½ percent?

It means only two things: It means that the policyholders in mutual companies will be deprived of their dividends and the companies will be forced to have policies in force based on 1½ rate of interest, instead of 3, 3½, or 4 percent, as called for when the policies were issued.

It means bankruptcy for those who come under that plan. Further, it means scuttling of all insurance rates in the country.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. PEYSER. No; I have only a few minutes. I claim under this bill that the farmer will be even worse off than before. It is not only life-insurance companies that invest in mortgages. The country banks and savings banks that formerly paid 3 and 3½ percent on deposits would be forced to cut the interest rate.

I hope this bill will be beaten here in the House and relieve the minds of millions of people now in fear of the inflation that would surely follow.

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include some brief quotations.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. REED of New York. Mr. Chairman, I am opposed to this bill because of its inflationary purposes. I do not think the Frazier-Lemke bill presents a partisan question. I believe that every vote cast in this House should be based upon the individual's honest conviction as to whether or not the bill is a good thing for the country as a whole. I believe that the House should, whenever it can in considering legislation, turn back the pages of history and see whether or not similar experiences have been tried and whether they have been successful or whether they have failed.

I do not suppose I can make very much of an impression upon any Member here. You, no doubt, have determined now how you intend to vote. I know how I am going to vote, and I am basing it very largely upon experience that various nations have had in years gone by, including our own.

I want to take you back about 200 years to the time when a great financial genius by the name of John Law lived. He was the son of a Scotch banker. He had given considerable study to the question of money and he had come to the definite conclusion that you can maintain the value of money by backing it with land, or purely as a credit money, rather than with metal.

He could not interest the Scotch bankers in his scheme. He went over to Amsterdam and tried to interest Dutch bankers, but they turned him down. Then he traveled into France and approached Louis XIV, who also declined to entertain his scheme. Later, when France was in desperation, the regent of Orleans showed sympathy for John Law's scheme for issuing paper money based upon land or credit, and just 220 years ago a bank was established and John Law was put in charge of it, the function of the bank being to issue paper money, and it did issue paper money to the ruin of France. This paper money rapidly diminished in purchasing power, inflation came, and one issue followed another until finally, to divert attention from the approaching fiscal disaster, he plunged into the Louisiana scheme where he had promised investors to open up mines of great wealth. This scheme also collapsed and he had to flee from France, and later died a dissolute gambler in a foreign land.

Now, you would have supposed that France would have learned a lesson from that experience, but such was not the case. Eighty years later, in 1790, the National Assembly met. France was in debt. The Government was spending more than it was receiving in revenue. The statesmen decided to again resort to the plan of issuing currency backed by land. The National Assembly confiscated all church property, valued at a billion dollars, which constituted one-fifth of the richest land in France. A motion was made in the National Assembly by Talleyrand, Archbishop of Autun, and seconded by the greatest orator of the time, the great leader, Mirabeau, to issue paper backed by the church land, and it was carried. The Assembly proceeded to issue currency, and it passed a resolution that never under any circumstances would they issue currency in excess of the value of the land; that they were going to restrict the issue to about $400,000,000 in our currency.

No sooner was that currency off the press than all kinds of metal, the smaller coins that were in circulation, disappeared. Then came a demand within 3 months—of course, under pressure of the paper-money groups—for more money, and the legislature again issued more paper money; and that kept up for a period of 5 years, until just one item, a pound of bread, cost $16 in our money, and everything else cost in proportion. It took 40 years to rebuild the industry and capital structure of that country. Yet, at the time of each issue of this paper money, starting in a small way at first, there was great enthusiasm displayed. The people held torchlight parades to celebrate the so-called new influx of wealth; chambers of commerce and various municipal organizations sent in resolutions commending the Assembly for issuing more and more of this paper money, but the periods of joy became shorter as the issues became more frequent.

We had an experience in our own country. We had an experience right after the Revolutionary War. The little State of Rhode Island found itself burdened with debt. The farmers had mortgages on their places, and they had their share of the national debt to carry. The farmers thought they saw a way out of their difficulty by issuing paper money backed by farm mortgages. They proposed to the Assembly of Rhode Island that it establish a paper-money bank, that it issue money based upon mortgages on the farms of Rhode Island. They went to the assembly with the proposal and it was turned down. Finally their groups grew larger and they went to the assembly again in 1786, but the assembly defeated their proposal by a vote two to one. Then what did they do? Exactly what political groups do today. They went out into the country districts and organized a paper-money party, with the result that they swept Rhode Island in the next election. They had control of the assembly. They immediately established a paper-money bank capitalized at 100,000 pounds. They provided that any farmer who wanted money could, by simply pledging twice the amount of farm property, receive currency. The farmers flocked in to get this new printing-press money. They, too, held celebrations. They saw great prosperity as a result of this so-called influx of new wealth. When the new money was issued it started to depreciate. The farmers took their produce into Providence and Newport; then when the farmers endeavored to buy goods the merchants refused to receive the new money at par.

The farmers would not sell at a discount. Finally the pressure became very great and the merchants in desperation closed their shops or else they sold by barter. They would not accept the new money. Then the assembly came to the rescue again and started passing forcing acts. They passed an act which provided that any person who refused to take this paper money at par could be fined for the first offense about 6 to 30 pounds, and for the second offense still more, and finally the penalty of imprisonment was imposed. A butcher refused to take this paper money for meat. He was hailed into court. Leading lawyers appeared on both sides and argued the question all day. The court held that the act was unconstitutional. Then the assembly summoned the court before it and finally removed four of the judges. Still the people would not take that paper money. They refused to take it, even in the face of the drastic forcing acts. The farmers would not sell their produce, unless the people would take the money at par. Finally the cities had

to borrow money and procure produce outside to keep the citizens from starving to death. There were riots and bloodshed on the street, but still the people refused to take this money. Finally the assembly formulated an act that required every person to take an oath to take the money at par. Otherwise a man could not run for office, a lawyer could not practice law, a ship captain could not take a boat in or out of the State, and it went on down the line; but the assembly had started to reflect; its members decided they would not assume full responsibility for it, instead they submitted the proposal to a referendum vote throughout the State, with the result that the people, realizing the futility of this paper money backed by land, voted it down. Only three townships in the whole State voted in support of this oath.

We are traveling, Mr. Chairman, in the same direction; and just as surely as you inflate the currency by starting the printing press by printing $3,000,000,000 you will have one group after another demanding more issues of fiat money. You are now traveling the same course that has been traveled by every country, even our own, which has tried this form of inflation. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 3 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, I have written up carefully what I wanted to say on this bill, because I knew the time would be short and perhaps I would not get much. I therefore ask unanimous consent that I may revise and extend my remarks and add thereto a short letter containing some questions that were asked by a constituent of mine, together with resolutions from the grange of which he is master.

Mr. SNELL. Mr. Chairman, I am sorry, but I shall refuse unanimous consent except to the gentleman revising and extending his own remarks.

Mr. MAVERICK. Mr. Chairman, reserving the right to object, several Members have asked permission to extend their remarks, and I have asked myself if it was on the Frazier-Lemke bill and did not object when it was. In other words, I thought this battle was just on the basis of matter extraneous to what we are debating.

Mr. SNELL. Mr. Chairman, if the gentleman's question is addressed to me, I will say there is no argument about any question. If we cannot be protected in correcting the RECORD when it is false, nothing except what goes on on the floor and the usual revision and extension of a Member's own remarks will go into the RECORD by unanimous consent.

Mr. MAVERICK. The gentleman will remember that he objected——

Mr. SNELL. I do not remember anything.

Mr. MAVERICK. That he objected to a unanimous-consent request to correct the RECORD. The gentleman himself objected to that.

Mr. SNELL. No; I did not. I objected to outside matter going in, not to the gentleman revising and extending his own language.

Mr. PIERCE. Then, Mr. Chairman, I ask unanimous consent to revise and extend my own remarks.

The CHAIRMAN. Is there objection to the gentleman revising and extending his own remarks?

There was no objection.

Mr. PIERCE. Mr. Chairman, I listened with interest to our historian friend, the gentleman from New York [Mr. REED]. There is a clear-cut answer. I have read it; I have taught it in school; and I hope somebody who is going to speak tomorrow will take occasion to prepare himself and express it in the words in which it has been expressed by brilliant men who have handled this very subject.

Recently my friend, the gentleman from Colorado, and I were talking to a man high in authority in the Government, and he said to us that for every $100 in currency outstanding in the United States there is today $130 in gold to redeem it in the Treasury, making of it the strongest currency in the world.

What does this bill do? This bill simply calls for the issuance of money that we provided for, months ago, in 1933, when in the act we passed we provided that the President could issue, through the authority he was granted, three thousand millions of currency; and, if it is issued and the bill is amended as the author intends to amend it, there will be 100-percent backing in gold against all currency outstanding. Then where is the inflation?

The forced consideration of the Frazier-Lemke refinancing bill marks an epoch in the legislative procedure of the Congress of the United States. A bill openly and bitterly opposed by certain groups in both parties is by a petition of 218 Members brought before the House for open discussion and final disposition. From my point of view, this is a proper procedure under representative government.

The Frazier-Lemke refinancing bill—H. R. 2066—now under consideration, is drawn to give the farmers of the United States the opportunity to refinance their farm-mortgage indebtedness. It states in section 1 that it shall be known as "The Farmers' Farm Relief Act." The bill creates an elective national board of agriculture representative of the borrowing farmers of each State. This board will control the administration of the law, cooperating with the Farm Credit Administration and the Federal Reserve Board. The bill provides that the farmer may have his farm appraised for refinancing, and money will be provided at an annual interest rate of 1½ percent, with an additional annual amortization or payment on principal of 1½ percent.

Under the original bill, a loan for the full appraised value was to be granted, but proposed amendment agreed upon by friends of the bill will somewhat reduce the amount. It is provided that bonds to finance the loans shall be offered at 1½-percent interest. These bonds will probably not be sold to the public but will be held in the Treasury because of the low-interest rate, then currency may be issued to the amount of $3,000,000,000, backed by the farm lands, the faith and credit of the United States, and pledge of the gold in the Treasury. The total amount of lending for mortgage refinancing under this bill is limited to $3,000,000,000.

The farmers of Oregon are earnestly demanding the passage of this bill so that they may be able to save their homes. I shall vote for the bill for several reasons which I desire to discuss with some care because of the importance of the proposed plan in its permanent influence on our farm-credit system.

FARM CREDIT AGENCIES

This administration, when it came into power in 1933, found many agencies of Government undertaking to extend credit to the farmers—the land banks, the cooperative banks, and the intermediate credit banks. In 1933, the crop-production associations were inaugurated and the entire farm-credit system was welded together under the Farm Credit Administration. Interest rates were reduced, loans provided for cooperatives, land bank commissioner's loans on second mortgages were added, to an amount of 75 percent of appraised value. We have made distinct progress through legislation, but many of the benefits hoped for through this legislation have been nullified by administrative interpretations. It was, no doubt, the intention of Congress that the borrowers should control the operation of the Federal land banks, but this has not transpired. A governor, not provided for in the original act but included in the administrative set-up, is now sanctioned by law. Rules and regulations now adopted have entirely changed the temper of the act which was originally supposed to allow the farmers to manage their own institution, for which they had provided the capital. It should never be forgotten that the farmer has no other source of credit. I know that the claim is made that life-insurance companies are again in the field, but their loans are so few and far between and so conservative that they are of practically no value in solving the problem of farm credit.

The Farm Credit Administration gives a great array of figures showing the large amounts loaned, but I judge it cannot be doing more than 10 percent of the business in farm

mortgages that was done in 1926, 10 years ago, when private lending agencies were really in the field and doing business. In other words, the Farm Credit Administration, by its extreme conservatism, has done much to depress farm values and build up the urgent demand for this bill, now pending.

I repeat, this bill is a protest against the restrictive and overconservative methods of the Farm Credit Administration which has not fulfilled our expectations in providing for agriculture the money necessary to prevent wholesale foreclosures. I am well aware of the fact that the success or failure of the Farm Credit Administration is dependent on commodity prices. If there is to be no advance in commodity prices, then many of the mortgages that have already been made, since 1929 as well as prior to that date, will be foreclosed by reason of the fact that the farmer, regardless of all the sacrifices he may make, will not be able to earn enough to pay the interest and amortization to keep his loan with the Farm Credit Administration in good standing. Foreclosure, in thousands of cases, must necessarily follow.

FARM INTEREST RATES TOO HIGH

The breathing spell mercifully provided by the Seventy-third Congress in remitting the semiannual payments on principal to the Federal land banks has indeed been a life-saver. It is possible this must be further extended or adjusted if farm prices do not come back. The reduction of interest on Government farm loans, under this administration, to 3½ percent was also a blessing. The farmer has, however, never been able to understand why his basic industry was originally, and is now partially, indirectly financed by borrowed money—bonds privately owned—necessitating interest rates vastly higher than those granted on Government funds lent other industries, financially more hazardous. He knows these other more-favored borrowers of public funds were privileged solely because of the power to demand and to coerce governmental bodies, legislative and administrative. We must have a more satisfactory farm-credit system and a more democratic organization worked out before the day of reckoning comes for payment of principal. This bill is offered to meet that emergency.

The farmer reads about ship subsidies, loans to banks, favors to railways, legislation to bail out mortgage companies under the guise of benefactions to home owners, Government-financed housing programs for the industries, and cheap money for great utility concerns. He becomes cynical and bitter when he reflects upon the tight-fisted governmental agencies through which he is financed. Screws are turned on the farmers, and their interest rates are higher, because they have not yet organized to speak loudly and firmly. The time is not far distant when they will organize and speak in a voice that will be heard across the country. It may be as a political party and it may be as an economic unit, but we shall then be wise to refrain from suggesting compromises.

I am for this bill because it is so decidedly advanced on the matter of interest. In future years when some economic student records the doings of this period, undoubtedly that historian will give high interest rates, far beyond the ability of the people to pay, as one of the principal causes of the crash of 1929 and the heart-rending incidents that have followed in its wake. Many times in the well of this House and on platforms in the Pacific Northwest I have denounced high interest rates as one of the major causes of the great break in our prosperity. I have announced, time and again, my belief that interest on money should never be higher than the increase of wealth when measured through a series of years, which would be from 1½ to 2 percent annually. The 1½-percent annual interest added to the 1½-percent amortization provided in the pending bill makes an annual charge of 3 percent for the use of money. This is all the producers of the foods and fibers of America can afford to pay, possibly more than they can or should pay. One of the lasting benefits of this legislation will be permanently lower interest rates for farmers.

I have always doubted the wisdom of compelling the borrower to guarantee his neighbor's mortgages to the amount of 5 percent of a loan as now required. I am well aware of the fact that the managers of the Farm Credit Administration believe this forces cooperation among the agricultural communities, and helps to hold down fraud and collusion. I think it has just the opposite effect. The borrower, in most cases, bids goodbye to the 5 percent taken out of his loan and feels that it is higher interest taken from him by the Government just as heartlessly as extra commissions were taken from him by private lending companies a few years ago.

FARM APPRAISALS UNFAIR

In recent months the Farm Credit Administration from coast to coast has adopted rules and methods of valuation, undoubtedly coming from headquarters in Washington, of such restrictive nature that it is practically impossible for many farmers to refinance themselves through the Federal land banks.

In the Pacific Northwest we never were affected by the extremely high price of agricultural lands which prevailed during the boom period in the Middle West, so we did not have to write off inflated valuations. There was an advance, but nothing comparable to the advance in states like Iowa and Illinois. In the extreme height of the boom in 1929, the very peak of prices on the best of farming lands was about $200 an acre. This has since fallen until, if the lands can be sold at all, the average price will not exceed $75 an acre.

When the Farm Credit Administration, through its appraisers, applies the yardstick which has undoubtedly been supplied from Washington, the values of these lands are forced down to, perhaps, $50 an acre, and a first loan of $25 is all that is granted. Then the Commissioner's second-mortgage additional loan, provided by the Seventy-third Congress, at 75 percent of the appraised value, would, perhaps, bring the loan up to about one-half of what the land would sell for, if a purchaser could be found. In other words, the Federal land bank, through its administrative methods, has practically nullified the law of Congress granting the commissioner's loan up to an amount of 75 percent of the appraised value. This is one cause for the agitation which has accentuated the demand for the passage of this Frazier-Lemke bill.

The Federal land bank has been generally administered, throughout the Nation, by men who lost their all in some banking crash, and perhaps in their earlier business ventures they were unduly optimistic. They are now certainly unduly pessimistic. They are thoroughly imbued with the bankers' viewpoint and generally look upon the farmer who seeks credit as a failure and a business incompetent. Most of them are, by political and economic faith, opposed to the present administration. Again I repeat that the administration of the Federal land banks and the attitude of its employees has had more to do in bringing about the strong agrarian movement in favor of the pending bill than any other one thing.

MORTGAGED FARMS

It has recently been stated in this House that farms are being foreclosed today at the rate of 20,000 a month. If present conditions continue, foreclosures will be wholesale and farmers will generally be trespassers on the very land their energy, skill, and labor has made fit for human habitation. It is still an open question, even if this bill becomes a law, whether the steady march of the farming people toward peasantry can be stopped. This bill and other laws must be passed soon in order to assure reasonable prices for farm products and to avert serious trouble.

I know that it is published and asserted and reasserted that only a very small percentage of the farms of America are mortgaged. I have seen statements that only 25 percent are under mortgage. It is now stated on this floor that 66 percent of all farms are not mortgaged. I do not know where the authors of such statements get their figures. Perhaps they count as a farm every acre of garden patch

throughout the entire country. I do know that in the real agricultural West and Middle West, nearer 90 percent of all farms are mortgaged, and in many sections the percentage is close to 100.

MONEY AND THE MEASURE OF VALUE

Now we come to the real heart of the matter and the reason for the outcry against this bill. Some of our friends fear the subject of money as politically dangerous. Others cry "inflation", because they have no understanding of the subject or because they are not willing to go along on the program for adequate and satisfactory farm credit. Privileges which have been accorded industry and have made it powerful and dictatorial and dangerous must not be extended to farmers, so they think. I grant that some honestly interested in justice to agriculture fear this proposed legislation, and I address myself to this group in an effort to assuage their fears and dispel their illusions.

To one who believes as I believe that the management of money and credit had much to do with the crash of 1929, the bill is most welcome, because it does bring into the campaign of 1936 the subject of money. I welcome the discussion. Until we go before our people facing openly and unafraid our major problems of money, unemployment, and concentration of wealth, we cannot ask for the allegiance of those who understand our critical situation and realize the imperative need for remedial legislation. Yes; it may be experimental, as science and economics are alike, dependent upon experiment for advancement. Such legislation must be based on research and experiment, supplemented by the determination to use all our governmental powers for betterment of our economic and social conditions.

In our intellectual progress we have delved deep into the secrets of Nature; we have invented machines which extend and increase all our natural faculties. We are enjoying the arts of civilization. We are happy in comforts and conveniences far exceeding those of the preceding generations. What a pity that we have failed, miserably failed, to divide, with any degree of equity, the products and rewards of human toil! I think it is largely owing to the control of the medium of exchange, money and credit. We cannot revert to the days of barter and maintain any degree of our marvelous civilization. I have been amazed, during the past few years, at the quick return to barter and exchange. We cannot contemplate a longer period of such procedure.

The farmer must have some more equitable and stable measure of the value of the things he produces and takes to market. There must be some just and assured system by which those products may be exchanged for the finished products of the factory which he must have for his own satisfaction as well as for the prosperity of the manufacturer. We have not yet offered a solution of this difficult problem. The Brookings Institution has made a real contribution in its series of studies, which set forth the situation and clearly propound the questions, but afford no sufficient answer. Our legislative bodies are groping in the dark passages of ignorance, tradition, and prejudice. Is the answer to be found in the commodity dollar with its varying value based upon the rise or fall in the prices of a certain number of commodities? This may be the solution. We cannot cast it aside. We must consider it. Is it to be sought under continuation of the present system of a managed currency? If so, what group is to be the powerful manager?

ADDITIONAL CURRENCY ALREADY AUTHORIZED

Our opponents say that this bill is highly inflationary. Did those who are so vehemently using that argument today, use the same argument when, in 1933, the Seventy-third Congress provided by law that the President might issue the same amount of currency, three billions, as provided in this act? Did those men who voted for that measure know that the President would allow that law to remain upon the statute books unused? Those who voted for the measure might never have been called upon to consider the Frazier-Lemke bill if the currency had been issued.

I am for this bill because it will bring into existence and circulation those three billions in currency authorized by congressional action many months ago, and based on the faith and credit of this Government. We now know that we have, in fact, an ample gold base for such an issue. If the farmers are given the chance this bill provides, that money will go into circulation. It will be used to buy the products of industry, and then those who work in factories and industries will be able to buy the products of the farm. The natural tendency will be to raise commodity prices. The issuance of more money is not the only thing necessary to increase commodity prices, but it is one of the contributing factors toward higher price levels. Do I hear you ask, what is the use of higher prices for everyone? Well, if you put a mortgage on your place you will certainly pay it more easily if you get more dollars for your products. I admit that the benefits will accrue chiefly to the debtor, whose debt was incurred before the crash. His load of debt has ever since been one of the main obstacles to farm recovery. This bill is reflationary. It will help to bring back normal prices, prices that will enable the farmer again to buy products of the factory, thus helping labor. I find progressive labor leaders in this House and elsewhere supporting the bill because they believe that what helps farmers will help them, and they desire to continue cooperation with the farm world. He will be able again to pay interest and taxes, and to take his proper and dignified position as a self-respecting, independent producer.

SILVER LEGISLATION AND HIGHER PRICES

I want higher prices for farm commodities not only in the United States but in the world's markets. When a cargo of wheat is sold in one of the world's markets, it is paid for in ounces of gold, or if sold in a silver-using country, then in ounces of silver. I believe that if the Government were, by law, to give to anyone the privilege of bringing silver bars to the United States Treasury to be coined into dollars at a ratio not greater than 16 to 1 as measured in gold, or, better still, to deposit the silver in the Treasury and have issued against it silver certificates, it would undoubtedly raise the price of silver. One of the causes of the agitation for this bill is low prices of farm commodities in foreign as well as in domestic markets. It seems reasonable to conclude that real silver legislation might have forestalled the movement for this bill.

SOUND MONEY

This administration deserves our commendation for many epoch-making achievements. In the economic field, I give first place to the courage with which it faced nullification of the gold clause in contracts, and the reduction of the number of grains in the gold dollar. This, undoubtedly, has been one of the real factors in the increase of commodity prices. Yes; bankers may strive to dictate otherwise, and editorial sanctums may ring with denunciations, but nothing can keep the money question out of this coming campaign of 1936.

We hear much about "sound money", and so far we have failed to get any understandable definition of the phrase. "Sound money" sounds well; it appeals to the ear, and undoubtedly has some effect upon the unthinking. Suppose the Government should retire one-half of the money outstanding today, what effect would it have? Do you think the channels of business would be full to overflowing? Do we not all know that stagnation would follow? Some of my good friends across the aisle say, "You want inflation." That is the bugaboo that is raised to scare the uninformed and the timid.

Someone will say, "Do you want to go like Germany and issue money in such quantity that it has no value, that it will take a million dollars to buy a dinner?" Nobody wants to follow that road. It is a well-known fact, and it will be admitted by all in a few years, that Germany deliberately and intentionally, with malice aforethought, issued untold quantities of paper money and ruined the value of her

currency, thereby wiping out much of her debt. Germany, through sale of her marks, took millions upon millions of ounces of gold out of other countries, including the United States, vastly increasing her own real wealth. Then Germany issued another kind of currency based on gold in limited quantities with an inadequate base. Germany has recovered from the disaster she suffered in the Argonne in 1918, rearmed, and is again a menace to world peace. No such speedy economic revival is to be found anywhere in history. We are not proposing the German method. We have an adequate gold base and a totally different economic and political situation. It is not fair nor intelligent nor honest to try to brand this bill with the German label.

Someone else says, "You have heard of the Continental money of the American Revolution. Do you want to issue paper money in such quantities as will call forth again the expression, 'not worth a continental'?" What else could our fathers have done in the dark days of the Revolution? No gold nor silver was obtainable. They had to have money of some kind with which to pay the soldiers so they might provide the necessities of life for their dependents. It was simply one of the devices used to win independence. Then came the Civil War and the issuance of Confederate money. What else could the South do? They were making a life-and-death struggle. They had no gold and silver, and could get none to pay their soldiers and buy munitions of war. They staked their all on the fate of battle, and lost. Such citations are not conclusive proof, by any means, that the banker group of the Atlantic border should continue to dominate the financial affairs of the National Government to the detriment of our farming population.

THE GOLD BASE

Our opponents ask, "What is behind this currency?" I reply, "The farmers' farms, the faith in the credit of the Federal Government and the gold buried in our Treasury." There is a far larger percentage of gold on deposit in the Treasury of the United States than is to be found in the vaults of any other country, larger in total and in ratio to the currency. The United States owns and has in its vaults almost one-half of the monetary gold of the world. I believe that the theory that all currency should have a metal base of gold or silver makes a fetish of metals. It is true that our ancestors have had, for countless generations, great veneration for gold and silver, and this has become imbedded in our thought. We shall shed it in time, but it will take time and economic leadership. Millions have believed and still naively believe that there is intrinsic value in gold and silver, and that they were especially designed by the Creator for use as money.

Long centuries ago when our ancestors first commenced to exchange the products of their labors they bartered; then gold and silver were used as one measure of the value of the ox sold or the slave purchased, and gradually came to be the only measures of value, or the constant medium of exchange. Those people who possessed large quantities of these precious metals had an advantage which gave them a commanding place in the world. The search for precious metals became the incentive which sent men forth on uncharted seas and opened up geographic knowledge of the earth. Gold and silver still play the leading part in commerce. The gold ounce is still the measure of the balance in the world's trade.

The careful student of history will find many times when prosperity was achieved without the help of the precious metals. Generally speaking, when gold and silver have come in quantity from Mother Earth, and have been poured into the channels of business, there has been a revival of prosperity, and when these metals have disappeared from circulation or gone into hiding or have been accumulated in a few hands man has retrograded in the arts of civilization. Our fathers could clearly recall the impetus toward material progress by reason of the discovery of gold in California and Australia 67 years ago. Many on this floor are old enough to remember the difficult financial days of 1893 and 1894. We who were then active know that a new and prosperous period dawned when out of South Africa came the tons of gold which went into the channels of business. Then from the frozen North came more gold found by the boys who climbed the Chilkoot Pass in the dreary days of 1898.

For many years legal money has, in most countries of our western civilization, been limited to gold through legislative act. The gold of the world was quadrupled from 1890 to 1898 and doubled again before the World War broke out in central Europe. In the light of these historic facts, it is no wonder that a great number of the American people still believe in metal money and are enchanted by the luster and glamour of gold and silver. I cannot think that civilization would disappear from the earth if gold and silver were to come in such quantities that they would be as cheap as wood or coal or if they were to disappear altogether.

Gold and silver are valuable in the arts and sciences and convenient as mediums of exchange, but that they are the nucleus of civilization is pure fiction. Being somewhat of a realist, I think it better to deal with this frailty of belief as we find it, rather than to attempt to disregard age-old traditions. Hence, I welcome the proposed amendment to this bill which provides that a gold reserve may be created in the Treasury for a substantial percentage of all currency issued under its terms. This gold is to be a security in addition to the mortgaged farms and the faith and credit of the Government of the United States.

According to its May 6 statement, there is in the United States Treasury $10,248,949,352 in gold. This same statement gives $4,467,568,907 as the amount of outstanding currency issued against the gold base, only a relatively small portion of which is earmarked for other purposes.

It was admitted to me by high authority a year ago that there was in the Treasury $130 in gold to redeem every $100 in currency outstanding. If that was true a year ago, and I have every reason to believe it was underestimated, the amount of gold and silver in the Treasury to redeem every outstanding hundred dollars in currency is nearly $200 today. The law requires a 40-percent base for the issuance of currency. In the light of this, why is it necessary to carry 130 or 200 percent, or whatever it may be? By all who know anything about it, it is admitted that there is more free gold in the Treasury than there is currency outstanding. Suppose a great gold strike should come, and tons of gold should come from Mother Earth. Ever in the past such an influx of money has meant prosperity, business, happiness. Under the present arrangement that stream of the yellow metal would simply move into the vaults in Kentucky, into the ground from which it came, and would have no appreciable effect upon prices or upon business. I think a fair analysis of the daily statement of the United States Treasury shows that if this entire currency issue of three billions is issued and loaned to farmers, as provided under the terms of this bill, there will still be hundred-percent backing or base against every dollar of currency outstanding. How, then, can it justly be called "phoney money" or unjustifiable inflation?

WORLD TRADE

Many on this side of the aisle approve the efforts of our Secretary of State to revive world trade, but we bitterly resent his often-repeated sacrifices of agricultural prices to promote the foreign sale of the products of industry. We of the Pacific Northwest deeply regret that he found it necessary to reduce the duty upon the importation of lumber, cattle, and grain from our neighbor on the north for the benefit of the automobile manufacturers in Detroit. Many who voted for the reciprocal tariff which placed in his hands this great power will refuse to vote to continue that power if the desire to promote amity and friendship with foreign countries leads to the sacrifice of the man behind the plow. He should not be called upon to bear all the burden of trade revival. If national isolation must come—and many believe it is inevitable, though deplorable—we must prepare ourselves to bar from our land everything we can produce here and reserve American markets for American industry, and agriculture as well. Prices paid for farm products must be

such as to leave not only the cost of production but a fair margin of profit. If the days of isolation must come, the only solution will be along the lines of the pending bill.

FARM-RELIEF LEGISLATION

The majority of the farmers of America are ready to admit that the Triple A worked marvelous results, especially for the larger farmers. These same farmers have great hope that the present temporary law for soil conservation will prove beneficial. We must supplement it with further credit legislation as embodied in this bill, and we must particularly care for the small farmer. The thinking and the observing farmers realize full well that our agricultural problems are not yet solved. They know that if America is forced to give up its foreign markets for surplus agricultural products, drastic forms of production control must come in some form. It has been constantly reiterated that agriculture is basic. Those who face the storms and perform the labor, those who raise the foods and the fibers, have a right to try this method of refinancing their debts, especially in the face of the partial failure of other methods. Should this measure be defeated, there will be such a storm of protests and discontent that I fear attempts in some places to set aside the due and regular processes of the law. Disheartened, discouraged, and financially wrecked farmers, having lost confidence in government, may lose self-control. The banking group of the Atlantic border, which has reigned supreme here in Washington since the days of the War between the States, should not forget that organization and methods of communication are so highly perfected that people cannot now be kept in ignorance of the facts about their public affairs. The banking and financial world of America must take its choice between increased commodity prices or wholesale repudiation of debts and final bankruptcy, not only for farm but factory as well.

WILL HELP END UNEMPLOYMENT

No thoughtful person can view with complacency the present desperate situation of our country in regard to unemployment. Times are better for thousands and millions, but there has not been the expected decrease in the unending line of the unemployed. There has been practically no decrease in the immense sums that must daily flow from the Federal Treasury to feed the hungry and clothe the unfortunate. Every effort has been made to solve this major problem, and it has been faced with sympathy and courage, but it still baffles us. This legislation will keep thousands upon thousands from the dreaded breadline. It will afford opportunity for thousands to return to farm life. It will, many of us believe, be the forerunner of a degree of prosperity and advancement in the agricultural communities that will stimulate the entire Nation.

WILL RESTORE FARM CONFIDENCE

This bill is the spearhead of the rise of the agrarian West against the dominating and governing banker group of the Atlantic border. In this bill is wrapped up the hopes and ambitions of thousands of broken, despondent people. Its passage by this Congress and its enforcement will be the opening of a new era in the affairs of America. No one who has not had the experience can realize the despair and hopelessness of the farmer and his family when the service of summons and complaint is made by the mortgagee. It means taking his home as well as his business and setting his family out on the highroad—all because of conditions over which he has no control. The conditions imposed upon him made it impossible for him to gather a sufficient number of bushels of wheat, pounds of pork, or whatever products he may have, to buy in the markets of the world the necessary number of ounces of gold or silver or their equivalent, with which to pay the annual debt of interest and principal. His life has been blighted by debt and that fateful heartless mortgage—a word made from two Latin words, "mort" meaning death and "gage" meaning grip.

This is not the first fight the farmer has made, nor will it be his last battle. Some of us were on the firing line during the prolonged struggle to shift a part of the tax burden from real property to incomes. Our adversaries were the same groups now denouncing this legislation. Before long the farmer will center his attention on the matter of farm machinery. He is now demanding the facts regarding the relative price movements of farm machinery and farm products since 1914. He wants to know about the concentration of control of the manufacture and distribution of such machinery and equipment.

As a Representative and a farmer acquainted with the life and struggles of farmers, I ask for your votes in support of this measure. In a certain sense it may be revolutionary; in another it is simply putting into effect the law we have already upon our statute books. Much has been done for farmers by this administration. Something more must be done to make the life of the American farmer more tolerable. He must have more opportunity to enjoy "the durable satisfaction of life." He must find it possible to realize some of his aspirations. He is entitled to security and stability in his important work. He demands it. He will see that he gets it.

Those who refuse to support this bill must accept the responsibility of a substitute satisfactory to the farming world. No such substitute has been offered. This bill cannot safely be rejected with indifference as to the result.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, no measure has been before Congress in years which has had such strong support among the people of Wisconsin, and the Northwest in general, as the Frazier-Lemke bill. The interest in the bill, and the demand for its passage, due to conditions which compel the people of that section to ask for this form of national legislation. The demand for it has not been confined to farmers alone, nor has its support been given only by the Farmers Union, the Grange, the Farm Federation, and other farm organizations. County boards in many counties of our State, commercial organizations, and city councils have united in asking for the legislation. The Wisconsin Federation of Labor is heartily back of those demands.

The Federal Government has been extremely liberal in extending credit facilities to the railways, banks, trust and insurance companies, and even to large industrial organizations which have borrowed liberally from the Federal Treasury through the R. F. C. to enlarge their plants and equipment, and to build new industries. The amount which has been loaned to these agencies is far in excess of the total farm debt.

When it comes to the farm-mortgage situation, however, its activities have been limited to less than two billions of dollars of land-bank credit. Local banks, because of strict Government regulations, have been denied the opportunity of easing the farm-mortgage situation. In the past few weeks, foreclosures have been proceeding at the rate of 2,000 per week. About one-fourth, or 500 foreclosures per week, have been brought by the Federal land banks, which have been extremely arbitrary in the making of loans, even more arbitrary in the extension of loans, and have set an example of hard-boiled attitude as to farm borrowing.

At the rate we are proceeding in this calendar year, over 100,000 farm mortgages will be in the process of foreclosure. Within another year 100,000 farmers, or approximately 500,000 farm people, will have been evicted from the title to their lands. In other words, within a year the country faces the possible eviction of more people from their farm homes than now reside in the entire city of Washington.

Much has been said about the continually increasing number of unemployed and the number on the relief rolls. No Government agency, however, has undertaken to ascertain how many have been driven from farms already foreclosed. Even in the plans of the Resettlement Administration for the rehabilitation of farmers on marginal lands, options are being taken on the lands which have been sold under foreclosure to provide new homes for those desiring

rehabilitation, and many will be purchased for that purpose. In every such instanace they are driving another farmer from his farm and home into the ranks of the unemployed.

The Government has been extremely liberal in the extension of foreign credit. Over $12,000,000,000 are due our Treasury from foreign governments for war debts, and no attempt whatsoever is being made to enforce collection of the principal or even the interest on those loans. Many of those loans were made at a lower rate of interest than is provided in the Frazier-Lemke bill. Over a million dollars a day of American taxpayers' money is being put into the Treasury because of the interest on debts which the European nations owe us. In fact, that portion of our national debt represented in the European war loans calls on the taxpayers of this country for an annual interest charge nearly as great as the interest on all the farm-mortgage loans. There is no attempt being made of compelling those nations which are spending billions for new armaments and ostensively forcing our Government to spend its billions for the same purpose, to pay their indebtedness to us.

Objections are made to various features of the Frazier-Lemke bill. Those who are the objectors, however, fail to offer any other plan of refinancing the farm-mortgage indebtedness and saving the farms to our farmers. Their objections are to extending the Government credit to farmers while continuing to extend it to foreign countries and to our own commercial and industrial organizations. In other words, the Government which spends billions for the relief of many of those hard pressed by the depression, closes the door in the face of the farmers who are pleading for an opportunity to retain their farms, lessen the depression, and help bring back a period of prosperity.

Unless the Frazier-Lemke farm refinancing bill shall be passed at this session, there will be no measure passed. The acute condition which exists in the northwest sections of our country will grow even worse. The land banks of this country in the past 2 years have advanced $57,000,000 to pay the local taxes on farms on which they hold mortgages. The Federal land banks now hold thousands upon thousands of farms which they have obtained by foreclosure proceedings, and they are continuing to add to that number.

This situation is due not only to the depression, nor to the dry years culminating in the drought of 1934. Farmers long have been forced to compete in the markets of their own country with foreign farm products, which in the past 4 years has caused our country to send to foreign farmers for farm products more billions than are asked for in this farm-refinancing plan as contained in the Frazier-Lemke bill. Continuing to sacrifice their markets by tariffs too low for proper protection, the negotiation of reciprocal-trade treaties, which further limit our domestic markets for our own producers, and many other policies, have resulted in conditions back of the demands for the passage of the Frazier-Lemke bill. If it fails to pass, these conditions will grow so much worse that a greater agricultural problem than we now have will face future Congresses and the Nation.

I have worked earnestly from the beginning of this Congress for the enactment of this legislation. I shall vote for it, and shall continue to work for it, with the hope that Congress will not turn a deaf ear to the millions of farmers and millions of other rural people who are being driven to the wall through no fault of their own. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield 7 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, there may be some gentlemen farmers in this House who own farms and someone else does the farming for them, who may be against this bill, but I challenge the membership of the House to show me one single man who has been on a farm, who has done the farming himself, who has had to do his own plowing, his own planting, his harvesting, and his selling, who is against this bill. Show me one.

Mr. FADDIS. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Pennsylvania.

Mr. FADDIS. I am one.

Mr. BLANTON. The gentleman quit the farm, did he not? He found out he could not make a living there.

Mr. KLEBERG rose.

Mr. MAY. And here is another one.

Mr. BLANTON. Every few years the farmer who has to get his living out of the ground found some money lender was taking a part of his acreage away from him under a mortgage. He had to quit and get out and come to Congress in order to make a living. [Applause.]

Mr. Chairman, I have been on a farm. I have seen just as fine a young crop of cotton as you ever saw, a crop that promised a yield of a bale per acre, and then the drought or the boll weevils or the bollworm came along and there would not be a pound to the acre. I have seen a fine crop of corn that promised a yield of 60 bushels to the acre. You could ride down the corn row on a big horse and it would be above your head. The first thing you knew the grasshoppers came along and ate it all up and you would not get a bushel to the acre. I have seen fine fields of wheat and oats. Rust would come in or a storm would come along and there would not be a bushel to the acre. The farmer of the country has more natural enemies than any other person who has to make his living. The farmer has to suffer the drought. He has to suffer too much rain. He has to contend with early frost. He has to contend with this enemy and with that enemy, and when he appeals to Congress the cry is "inflation."

Are you fellows over here who are against this bill, who helped to vote for the law that gave Charley Dawes the right to borrow $90,000,000 for one bank, and the money has not been paid back yet, afraid of inflation? Why were you not afraid of inflation when you did that for Charley Dawes and other big bankers of the country? You are much afraid now.

Mr. Chairman, I want to do something for the farmers of this country. For 50 years I have seen them growing poorer and poorer. I have seen them forced to give up their farms. I have seen the money lenders take the acreage away from them. The time has come when we should do something for the farmers, and I am going to give them my vote on this bill. I do not care what it costs me in my district. [Laughter and applause.]

Mr. Chairman, the Agricultural Committee is one of the responsible committees of the House. Some of the leading Members of the House form this committee. What are we going to do about this bill when a committee like the Agricultural Committee votes for a bill, reports it out, and puts it on the calendar? Has my distinguished colleague from Texas, the head of the committee, filed any minority report against this bill? No. I have been looking for it. There is not a minority report filed against it. If it is a bad bill, I look to him as my leader on the Agricultural Committee to tell me what is the matter with it. He should tell me in a minority report if it is a bad bill. Then I shall follow him, but he has not done this, and I am following his committee that has reported out this bill and put it on the calendar, and I was not afraid to sign that petition, although they told me the bill did not come from a Democrat. It did come from a distinguished former attorney general of his State. [Applause], and whether it came from our side or not, it comes from a proper source. It has the proper stamp of approval on it. It has the stamp of the Democratic Committee on Agriculture of this House, and I am going to vote for it, Governor, just like you are.

Mr. PIERCE. Good for you.

Mr. BLANTON. And we are going to help to pass it, and we are going to tell agriculture we are behind them.

Look at this. Here is a letter I have just traced, received from the Treasury Department—the Bureau of Customs—

which tells me that on the steamship *American Legion* that arrived in port March 12, 1936, from the Argentine they brought 74,040 cases of canned beef.

From the Argentine—to compete with the beef that is raised in my district. Oh, I saw thousands of good calves in west Texas—up in the Amarillo country and in the Abilene country—taken out and shot; and they would not even let the poor people eat them. Henry Wallace shot them, and now he is permitting 74,000 cases of canned beef on one little boat to come in here from the Argentine. It ought to stop. We ought to protect the farming interests of this country better than that. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I ask unanimous consent that every Member who has spoken on this bill today may have permission to revise and extend his remarks, and also that I may extend my own remarks, including therein the amendments that the steering committee has approved so that the Members may know the amendments that are going to be offered to the bill.

The CHAIRMAN. The Chair is advised that a request of such a general character is usually made in the House.

Mr. LEMKE. Then, Mr. Chairman, I ask unanimous consent to extend my remarks and include therein the amendments I referred to in my remarks this morning during general debate.

Mr. MAVERICK. Mr. Chairman, reserving the right to object, if any similar objections are going to be made on the other side I shall object to this request, too.

Mr. BOILEAU. These are the remarks of the gentleman himself setting forth the amendments he has prepared and which he expects to offer to the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. LEMKE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H. R. 2066) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve banking system, and creating a Board of Agriculture to supervise the same, had come to no resolution thereon.

EXTENSION OF REMARKS—FRAZIER-LEMKE BILL

WHO RUNS THE COUNTRY—THE BANKERS OR THE PEOPLE?—BY THEIR VOTES YOU SHALL KNOW THEM

Mr. HOEPPEL. Mr. Speaker, my experience and observation in the Congress has but confirmed the views that I had before I became a Member; that is, that the bankers of the United States have more influence in the Congress than do the people themselves.

I left the Republican Party in 1932 because I considered that there was more promise for the people in the Democratic Party than in the Republican Party under the leadership of the "old guard." I stood beside Mayor LaGuardia, of New York, and only a short distance behind the President, on March 4, 1933, when he delivered his inaugural address, in which he promised to drive the money changers from the temple. Mr. LaGuardia, a Republican and former Member of Congress, appeared to be as enthusiastic as I in reference to the pronouncements of the President, and I am satisfied that millions of our citizens felt the same as we did—that here, at last, we had a President who represented the people and who would drive the money changers from the temple.

I cannot speak for these millions or for Mr. LaGuardia, but I can speak for myself, and I believe that I reflect the views of many of my fellow citizens when I state that in my opinion not only have we failed to drive the money changers from the temple but they are now more firmly established in the halls of finance than ever before, and thus far absolutely no effort has been made to prevent them from continuing their trespassing on the rights of the people and their usurpation of the constitutional prerogative of the Congress to coin money and regulate the value thereof. People throughout the land are asking themselves this question: What keeps the money changers in the temple? The answer is simple—money changers. The international banker and his fellows are still working at the same old game, exchanging money for propaganda to perpetuate the system which permits them to exact their pound of flesh from our distressed citizens, home owners, and farmers.

THE THREE P'S OF THE POLITICIANS—PARTISANSHIP, PATRONAGE, AND THE PUBLIC

Many officeholders appear to be actuated primarily by partisan considerations. They are influenced, if not actually controlled by patronage, and although they profess to have a sincere interest in the public, they appear to conveniently overlook that interest when it comes to a question of an issue between the people and the bankers.

We read a great deal about the Magna Carta of personal liberty. I am hopeful that before this session of Congress concludes we may give to the people a magna carta of financial and monetary liberty so that our Nation may go forward under the Constitution and in the observance of every provision thereof.

LET THE PEOPLE DECIDE

The vote on the Frazier-Lemke bill will show to the world the Members of Congress who are interested in the people and it will show just as decisively the Members who feel that the private, international banker should control the finances of our Nation. We might well reorganize our political parties, separating the sheep from the goats on the basis of their vote on this important measure, undeniably in the people's interest, which has been held up in the Congress for the past four sessions, and which comes to us now for a vote only after a determined battle on the part of the distinguished gentleman from North Dakota [Mr. LEMKE] and those of us who have cooperated with him. We shall soon know whether the controlling vote of the Congress represents the voice of the people or the voice of the money power.

If the Frazier-Lemke bill carries in the House, I advocate the circulation of a resolution, which I will be pleased to head, pledging the signatories to hold Congress in session until the Frazier-Lemke bill has been acted upon by the Senate, and if passed by the Congress, until it has been acted upon by the President, so that there will be no danger that after passage by the Congress it will die aborning in a pocket veto. In my opinion, this is an issue of the people versus the bankers, and as a Democrat who left the Republican Party because, under the "old guard", it had sold out to Wall Street, I hope that my own party, the Democratic Party, will show itself today in the Congress to be the champion of the people's cause against the selfish interest of the financial power, and that the faith which the people have in us may thus be confirmed and strengthened.

WHO IS RESPONSIBLE FOR THE CONTINUED ISSUANCE OF TAX-EXEMPT BONDS?

I was present on the floor of the Congress and witnessed a battle there between the chairman of the Committee on Banking and Currency and the chairman of the Committee on the Judiciary in which both were clamoring for jurisdiction of a bill which had been proposed to abolish tax-exempt bonds. The Committee on the Judiciary was given jurisdiction of such legislation, and thus far has failed to act. I was recently informed that the failure of the committee to take up legislation to abolish tax-exempt bonds may be attributed to administration pressure against its enactment.

If this is true, it appears the administration is in favor of the continued issuance of tax-exempt bonds, to which all thinking Americans must object.

There is no reason why the American people should pay interest on their own credit, and it is for this reason that I am so anxious to see the enactment of the pending Frazier-Lemke farm refinancing bill, which, if enacted into law, will

bring mortgage relief to our distressed farmers and at the same time will bring billions of dollars of profit to our Government in interest payments, which under our present system accrue to the private banker. Furthermore, the enactment of the Frazier-Lemke bill will set an admirable precedent for the enactment of similar legislation in the interest of the urban home owner and also for the extension of credit to legitimate business at not over 1½-percent interest. God help the American people if we as a people are to continue to be subject to the power of unearned, entrenched wealth in the hands of the international banker and his fellows!

Those opposed to the Frazier-Lemke bill have sought to defeat it by terming it "inflationary" without the slightest basis of fact for such a charge. Under existing law—made by the bankers—we are authorized to coin two and one-half times as much paper money as there is gold in the Treasury. Today we have over $10,200,000,000 in gold which we are soon to bury in the ground for safekeeping, and we have only one-half of this amount in circulation in paper money. Under existing law, which, I reiterate, the bankers made, we are authorized to print approximately $25,000,000,000 Treasury certificates or notes, yet the Frazier-Lemke bill, which calls for only $3,000,000,000 in Treasury notes, is termed inflationary. If we enact this bill, there will be only 80 cents in paper money for every $1 in gold which we have buried. This certainly cannot be considered as inflationary if we have 20 percent more gold than we have paper money in circulation.

We should bear in mind that Treasury notes cannot be destroyed by the Federal Reserve System in lieu of bonds. It is for this reason that the bankers oppose the Frazier-Lemke bill. They do not want money in circulation except such "rubber" Federal Reserve notes as they can issue or destroy, at will, to control prices for their advantage.

I have not yet filed for reelection to Congress. The enactment of the Frazier-Lemke bill and a constitutional amendment forever abolishing tax-exempt securities is of more interest to me than partisan politics. I look to the national convention of our party in the hope that our party platform will declare for a constitutional amendment forever abolishing tax-exempt bonds and establishing a more equitable system of taxation whereby those who have the wealth will be called upon to carry at least their proportionate share of our increased and increasing tax burden. If we are to have "equal justice under law", we also should have equal taxation, and no man's wealth should be tax exempt.

Let us consider for a moment the Frazier-Lemke bill in comparison with the discredited A. A. A., which I opposed. It must be admitted that the Frazier-Lemke bill will give real, substantial assistance to the distressed farmer and that at the same time, as a result of such assistance, a profit will accrue to the National Treasury in the interest payments. Contrariwise, under the A. A. A. the distressed mortgagees, farm tenants, and sharecroppers received very little benefit, while the opulent landholders, and in many instances foreign absentee landlords, obtained "agricultural relief" as high as $1,000,000 or more per individual or corporation. A comparison of these two measures shows how much more effective and just is the Frazier-Lemke farm-refinancing bill than was the A. A. A., under which a large share of the benefits which were intended for the distressed farmers were absorbed by wealthy landlords. Unlike the A. A. A., which increased the prices of farm products to the consumer—we are still suffering from the high price of meat attributable to this act—the Frazier-Lemke bill is not an indirect sales tax on foodstuffs but it is a real, legitimate aid to the farmer, without the intervention of the international banker, and the profits under this bill will go to the Government and not to Wall Street.

I for one am proud of the opportunity to cast my vote in support of the Frazier-Lemke bill. If we are to progress we must legislate for the people who are in distress and not for those who have brought about our present depression and who thus far have profited out of all proportion in so-called relief measures. In the storm which has overtaken our economic ship of state the financial interests have ensconced themselves safely in the lifeboats and have been given every possible assistance, while the unfortunate shipwrecked citizens who are floundering in the waters of depression, millions of them without life preservers of any kind, have been considered as "the least among these." I hope that before this Congress adjourns a life line strong enough to bring them safely to shore will be thrown to these unfortunate struggling citizens who, notwithstanding their desperate plight, still have the utmost faith in our promises to save them.

Shall we dissipate their hopes? Shall we play the part of hypocrites and tell them with one voice that we are concerned over their plight and will do all in our power to rescue them and provide for them "the abundant life", while at the same time we ignore their immediate needs and give every aid and succor to those who are already safely in the lifeboats and who have more than enough of this world's goods? If we abandon them now, they will be indeed "the forgotten men."

I reiterate, the Frazier-Lemke farm-refinancing bill, free from profits to the international banker, is the real magna carta of financial and monetary liberty, and the action we take on this measure and on the abolition of tax-exempt securities will stamp every one of us with the brand we deserve—either for the people or for the bankers.

CALENDAR WEDNESDAY

Mr. BANKHEAD. Mr. Speaker, I desire to submit a unanimous-consent request. I ask unanimous consent that business on Calendar Wednesday tomorrow may be dispensed with so that we may conclude the pending bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. JONES. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection?

Mr. SNELL. I shall not object, but I should like to ask the majority leader if he will tell us what the program is for the rest of the week and why it is necessary to meet at 11 o'clock tomorrow?

Mr. BANKHEAD. I will state that there are several conference reports which we are anxious to dispose of and which have been pending for a long time. We hope that after the pending bill is disposed of we can take up the conference reports, one of which is the Interior Department bill, which is rather controversial and will take probably a day.

Mr. SNELL. You will take that up on Thursday?

Mr. BANKHEAD. Yes; if the pending bill is concluded.

Mr. LAMBERTSON. I have understood that the gentleman from Colorado [Mr. TAYLOR] will not be back until the first of the week.

Mr. BANKHEAD. The last information I had was he would be able to be here this week. I will say that there is no other legislative program yet arranged because we hope to take up the conference reports.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. HANCOCK of North Carolina. Mr. Speaker, I ask unanimous consent that on Thursday after the reading of the Journal and disposition of matters on the Speaker's table I may be permitted to address the House for 10 minutes.

The SPEAKER. The Chair will entertain that request in the event that the pending bill is completed.

Mr. HANCOCK of North Carolina. My request is made on that understanding.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their own remarks on the pending bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address by the Assistant Secretary of the Interior.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

Mr. SNELL. I object.

SENATE JOINT RESOLUTIONS REFERRED

Joint resolutions of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. J. Res. 226. Joint resolution authorizing the President to invite foreign countries to participate in the San Francisco Bay Exposition of 1939 at San Francisco, Calif.; to the Committee on Foreign Affairs.

S. J. Res. 229. Joint resolution providing for the contribution by the United States to the expense of the celebration by the State of Arkansas of its admission to the Federal Union; to the Committee on the Library.

SENATE ENROLLED BILL SIGNED

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 3161. An act to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, and so forth", approved March 3, 1925, as amended.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 21 minutes p. m.), the House under the order just adopted adjourned until tomorrow, Wednesday, May 13, 1936, at 11 a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. DUFFY of New York: Committee on the Judiciary. H. R. 12329. A bill to reenact section 259 of the Judicial Code, relating to the traveling and subsistence expenses of circuit and district judges; without amendment (Rept. No. 2607). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLER: Committee on the Judiciary. S. 3043. An act for the relief of the State of Maine; without amendment (Rept. No. 2608). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. House Joint Resolution 583. Joint resolution authorizing the Veterans' Administration to prepare and publish a compilation of all Federal laws relating to veterans of wars of the United States; without amendment (Rept. No. 2610). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. S. 3440. An act to amend certain acts relating to public printing and binding and the distribution of public documents and acts amendatory thereof; without amendment (Rept. No. 2611). Referred to the Committee of the Whole House on the state of the Union.

Mrs. GREENWAY: Committee on the Public Lands. H. R. 12062. A bill to authorize the Secretary of the Interior to accept unsurveyed lands in numbered school sections in the State of Arizona in exchange for certain other lands, and for other purposes; with amendment (Rept. No. 2612). Referred to the Committee of the Whole House on the state of the Union.

Mrs. GREENWAY: Committee on the Public Lands. H. R. 11183. A bill to provide for the acquisition of certain lands by the town of Benson, Ariz., for school and park purposes; without amendment (Rept. No. 2613). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEVER: Committee on the Public Lands. S. 3805. An act to authorize the Secretary of the Interior to reserve certain lands on the public domain in Nevada for addition to the Walker River Indian Reservation; without amendment (Rept. No. 2614). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEVER: Committee on the Public Lands. S. 4230. An act to amend section 28 of the Enabling Act for the State of Arizona, approved June 20, 1910; without amendment (Rept. No. 2615). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. S. 4026. An act to amend the National Defense Act of June 3, 1916, as amended; without amendment (Rept. No. 2616). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. S. 4190. An act to amend the act approved February 7, 1913, so as to remove restrictions as to the use of the Little Rock Confederate Cemetery, Arkansas, and for other purposes; without amendment (Rept. No. 2617). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GREEVER: Committee on the Public Lands. S. 4374. An act for the relief of Ruth Edna Reavis (now Horsley); without amendment (Rept. No. 2609). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 1464. An act for the relief of Frank P. Hoyt; without amendment (Rept. No. 2618). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 3067. An act for the relief of A. J. Watts; without amendment (Rept. No. 2619). Referred to the Commitee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 3128. An act for the relief of Daniel Yates; without amendment (Rept. No. 2620). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. S. 3663. An act for the relief of William Connelly, alias William E. Connoley; without amendment (Rept. No. 2621). Referred to the Committee of the Whole House.

Mr. TURNER: Committee on Military Affairs. Senate Joint Resolution 110. Joint resolution authorizing Brig. Gen. C. E. Nathorst, Philippine Constabulary, retired, to accept such decorations, orders, medals, or presents as have been tendered him by foreign governments; without amendment (Rept. No. 2622). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DEMPSEY: A bill (H. R. 12676) to provide for the establishment of an agricultural experiment station within the Middle Rio Grande Conservancy District in the State of New Mexico; to the Committee on Agriculture.

By Mr. HAMLIN: A bill (H. R. 12677) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of York County, Maine; to the Committee on Coinage, Weights, and Measures.

By Mr. O'MALLEY: A bill (H. R. 12678) to provide for the control of floodwaters in the Wisconsin Valley, to improve navigation on the Wisconsin River and its tributaries, to provide for the irrigation of arid and semiarid lands, and for other purposes; to the Committee on Flood Control.

By Mr. ROBINSON of Utah: A bill (H. R. 12679) to correct the description of a portion of the Fort Douglas Military

Reservation, State of Utah; to the Committee on Military Affairs.

By Mr. LEA of California: A bill (H. R. 12680) to regulate the transportation and sale of natural gas in interstate commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON (by request): A bill (H. R. 12681) to amend section 1 of the act of Congress entitled "An act to fix the salaries of officers and members of the Metropolitan Police force, the United States Park Police force, and the fire department of the District of Columbia", approved May 27, 1924, and for other purposes; to the Committee on the District of Columbia.

By Mr. O'CONNELL: A bill (H. R. 12682) authorizing the construction and operation of two American trans-Atlantic airships; to the Committee on Interstate and Foreign Commerce.

By Mr. BUCKLER of Minnesota: A bill (H. R. 12683) authorizing the Secretary of Commerce to establish a fish-cultural station in northern Minnesota; to the Committee on Merchant Marine and Fisheries.

By Mr. CASTELLOW: A bill (H. R. 12684) providing for the sale of certain lands within the Fort Benning Military Reservation, Ga.; to the Committee on Military Affairs.

By Mr. GASQUE: A bill (H. R. 12685) granting the consent of Congress to the county of Horry, S. C., to construct, maintain, and operate a free highway bridge across the Waccamaw River, at or near Red Bluff, S. C.; to the Committee on Interstate and Foreign Commerce.

By Mr. McLAUGHLIN: A bill (H. R. 12686) authorizing the Chief of the Weather Bureau to enter into 3-year contracts for airplane observation flight services; to the Committee on Agriculture.

By Mr. MAVERICK (by request): A bill (H. R. 12687) to provide for the protection of workmen on public buildings; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri: A bill (H. R. 12688) granting a pension to Hattie B. Roberts; to the Committee on Invalid Pensions.

By Mr. McLAUGHLIN: A bill (H. R. 12689) for the relief of William McKinley Gill; to the Committee on Military Affairs.

Also, a bill (H. R. 12690) authorizing the President of the United States to present, in the name of Congress, a Medal of Honor to Thomas E. Langdon; to the Committee on Military Affairs.

Also, a bill (H. R. 12691) granting a pension to Harriett M. Hughes; to the Committee on Invalid Pensions.

By Mr. SHANLEY: A bill (H. R. 12692) for the relief of David W. Morgan; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10871. By Mr. CULLEN: Petition of the Bricklayers' International Union, Local No. 9, Brooklyn, N. Y., endorsing and supporting the Wagner-Ellenbogen housing bills (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10872. By Mr. HILDEBRANDT: Resolution of the American Legion, favoring the construction of a veterans' hospital at some point east of the Missouri River; to the Committee on World War Veterans' Legislation.

10873. By Mr. JOHNSON of Texas: Memorial of G. P. Todd, of Ennis, Tex., in behalf of the Smith resolution, regarding payment of cotton-pool certificates; to the Committee on Agriculture.

10874. By Mr. KENNEY: Petition of the North Hudson Real Estate Board, Inc., requesting the Interstate and Foreign Commerce Committee to favorably consider the Copeland-Kenney bill (H. R. 31) now before the House of Representatives; to the Committee on Interstate and Foreign Commerce.

10875. Also, resolution of the executive committee of the Newark Newspaper Guild, urging the President and Congress to continue the Federal arts projects on a national basis under direct Federal control, and requesting resolution be sent to the President and to Members of Congress; to the Committee on Appropriations.

10876. Also, petition of the American Association of University Women, Grand Junction, Colo., favoring the pure food and drug bill with elimination of provisions permitting claimant whose goods have been seized to require trial in a court in his own district; preventing multiple seizures of misbranded products; and urging the retention of enforcement of advertising provisions of the act under the Food and Drug Administration; to the Committee on Interstate and Foreign Commerce.

10877. By Mr. PFEIFER: Petition of the Bricklayers' International Union, Local No. 9, Brooklyn, N. Y., urging support of the Wagner-Ellenbogen housing bills (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10878. By Mr. SUTPHIN: Petition of the executive committee of the Newark (N. J.) Newspaper Guild, commending the Federal arts projects of the Works Progress Administration, and urging that same be continued on a national basis under direct Federal control; to the Committee on Appropriations.

10879. By Mr. TREADWAY: Petition of the custodial employees of the Post Office and Treasury Departments in Boston, Mass., urging the enactment of the Boylan bill; to the Committee on the Civil Service.

SENATE

WEDNESDAY, MAY 13, 1936

(Legislative day of Tuesday, May 12, 1936)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, May 12, 1936, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 3161) to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, etc.", approved March 3, 1925, as amended, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. LEWIS. Mr. President, it being obvious that a quorum is not present, I ask that the roll be called.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Byrnes	Gibson	McAdoo
Ashurst	Capper	Glass	McGill
Austin	Caraway	Guffey	McKellar
Bachman	Clark	Hale	McNary
Bailey	Connally	Harrison	Maloney
Barbour	Coolidge	Hastings	Metcalf
Barkley	Copeland	Hatch	Minton
Benson	Couzens	Hayden	Moore
Black	Davis	Johnson	Murphy
Bone	Dieterich	Keyes	Murray
Borah	Donahey	King	Norris
Brown	Duffy	La Follette	Nye
Bulkley	Fletcher	Lewis	Pittman
Bulow	Frazier	Logan	Pope
Burke	George	Lonergan	Radcliffe
Byrd	Gerry	Long	Reynolds

Robinson	Smith	Truman	Walsh
Russell	Steiwer	Tydings	Wheeler
Schwellenbach	Thomas, Okla.	Vandenberg	White
Sheppard	Thomas, Utah	Van Nuys	
Shipstead	Townsend	Wagner	

Mr. LEWIS. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. MCCARRAN] are absent because of illness; that the Senator from New Mexico [Mr. CHAVEZ] is absent because of a death in his family; and that the Senator from Mississippi [Mr. BILBO], the Senator from Oklahoma [Mr. GORE], the junior Senator from West Virginia [Mr. HOLT], the senior Senator from West Virginia [Mr. NEELY], the junior Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Louisiana [Mr. OVERTON] are necessarily detained from the Senate.

Mr. McNARY. I announce that the Senator from Wyoming [Mr. CAREY], the Senator from Iowa [Mr. DICKINSON], and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

ADDITIONAL CIRCUIT JUDGE, THIRD CIRCUIT—RECONSIDERATION

Mr. DAVIS. Mr. President, I enter a motion to reconsider the vote by which the bill (S. 4457) authorizing the appointment of an additional circuit judge for the third circuit was passed on yesterday.

The VICE PRESIDENT. The motion will be entered.

DEFICIENCY ESTIMATES, DEPARTMENT OF JUSTICE (S. DOC. NO. 212)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting deficiency estimates of appropriations for the Department of Justice, amounting to $112.30, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DEFICIENCY AND SUPPLEMENTAL ESTIMATES, DISTRICT OF COLUMBIA (S. DOC. NO. 211)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a deficiency estimate of appropriation for the District of Columbia for the fiscal year 1933 and supplemental estimates of appropriation for the fiscal year 1936, amounting in all to $4,137.99, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

ACTIVITIES AND EXPENDITURES OF RESETTLEMENT ADMINISTRATION (S. DOC. NO. 213)

The VICE PRESIDENT laid before the Senate a letter from the Administrator of the Resettlement Administration, transmitting, in response to Senate Resolution 295 (submitted by Mr. BARBOUR and agreed to May 8, 1936), a report covering the objectives, accomplishments, and effects of the resettlement program, which, with the accompanying report, was referred to the Committee on Agriculture and Forestry.

Mr. McNARY subsequently said: Mr. President, I have just been advised that the Resettlement Administration, in response to a resolution offered by the Senator from New Jersey [Mr. BARBOUR], has submitted a report to the Senate, and in the absence of the Senator from New Jersey, and for him, I ask that the report be printed, with illustrations, as a Senate document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Central Labor Union of Philadelphia, Pa., and vicinity, favoring the enactment of legislation for the creation of a court of appeals for civil-service employees with employee representation thereon through a recognized union representative, which was referred to the Committee on Civil Service.

He also laid before the Senate resolutions adopted by the City Council of Greenville, S. C., and the Council of the City of Dearborn, Mich., favoring the enactment of the so-called Wagner bill, being Senate bill 4424, known as the United States Housing Act of 1936, which were referred to the Committee on Eudcation and Labor.

He also laid before the Senate a resolution adopted by Hope Council of the Sons and Daughters of Liberty, of Washington, Ill., favoring the prompt enactment of the so-called Reynolds-Starnes immigration-restriction and alien-deportation registration bill, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by the joint legislative board of the four transportation brotherhoods assembled at Waco, Tex., favoring the enactment of the so-called Pettengill bill, being the bill (H. R. 3263) to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution of the Nonpartisan County Convention of Mountrail County, N. Dak., favoring the enactment of the so-called Frazier-Lemke refinance bill at the present session, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Republican Territorial Convention at Honolulu, Hawaii, opposing the making of any changes in the organic act of the Territory of Hawaii unless such changes receive the prior approval of the people of the Territory expressed through their legislature, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Republican Territorial Convention at Honolulu, Hawaii, reaffirming its belief in the protective-tariff policies of the Republican Party, and favoring the broadening of the tariff policy so as to include in its benefits those who depend upon agricultural pursuits for a livelihood, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Republican Territorial Convention at Honolulu, Hawaii, favoring the same treatment for the Territory of Hawaii in all Federal legislation as is accorded to the States of the Union, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Republican Territorial Convention at Honolulu, Hawaii, favoring the enactment of legislation authorizing an Hawaiian regiment of infantry to be raised locally and for service only in the Hawaiian Islands, which was referred to the Committee on Territories and Insular Affairs.

Mr. WAGNER presented the petition of delegates of the Niagara Falls Central Labor Union, American Federation of Labor, Niagara Falls, N. Y., praying for the enactment of the so-called Walsh-Healey bill, relative to contracts for the sale of materials, supplies, etc., to the United States, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the New York Unemployment Insurance State Advisory Council, favoring amendment of the Federal Social Security Act so as to provide that employers shall be given an allowance of credit against the Federal tax for all contributions paid by them into an approved State unemployment insurance fund, etc., which was referred to the Committee on Finance.

He also presented a resolution adopted by the Lockport (N. Y.) Board of Commerce, favoring the enactment of the so-called Pettengill bill, being the bill (H. R. 3263) to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), which was referred to the Committee on Interstate Commerce.

He also presented a petition of sundry citizens of Elmira, N. Y., praying for the enactment of the bill (S. 4174) to foster and protect interstate commerce by authorizing the Interstate Commerce Commission to approve or disapprove of the consolidation or abandonment of carrier facilities of public service, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the New York Adult Blind Aid Association, of New York, N. Y., favoring the enactment of the bill (H. R. 7122) providing for the granting of pensions by the Federal Government to certain blind persons, imposing duties upon the United States Treasurer in connection therewith, providing penalties, and making an appropriation, which was referred to the Committee on Pensions.

LOW-COST HOUSING

Mr. WAGNER presented various resolutions relative to the enactment of pending legislation for improvement in housing conditions, which were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

PAUL LAURENCE DUNBAR APARTMENTS, INC.,
New York, April 30, 1936.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SIR: The following resolution for the Wagner-Ellenbogen slum clearance and low-rent housing bill has been adopted by the tenant subscribers of the Paul Laurence Dunbar Apartments, Inc.:

"Whereas we, the tenants of the Paul Laurence Dunbar Apartments, Inc., feel that the passage of the Wagner-Ellenbogen slum clearance and low-rent housing bill will inure to our great benefit and we are anxious that the measure be given favorable consideration by the Congress for the following reasons:

"1. Low-income wage earners in every part of the country are obliged to occupy dwellings which are a constant menace to health and safety, to life itself.

"2. Insanitary and unsafe conditions of housing are an economic drain upon the entire community because the cost to the city of servicing them is commonly many times greater than the amount received by the city in taxes from such property.

"3. Private enterprise finds it unprofitable to provide accommodations of modern standard at rents sufficiently low to meet the needs of low-income workers and therefore it becomes the responsibility of Government to do so.

"4. The clearance of slums and the gradual rehousing of low-income families will provide for a steady flow of activity in the long dormant building industry:

"Be it therefore

"*Resolved*, That the tenants of the Paul Laurence Dunbar Apartments, Inc., hereby goes on record as favoring the purposes and the general provisions outlined in the Wagner-Ellenbogen slum clearance and low-rent housing bill."

Respectfully,

CHARLES W. JOYCE, *Secretary.*

Resolution adopted unanimously by International Longshoremen's Association, Local 1416, Miami, Fla.

Be it known and to go on record that the International Longshoremen's Association, Local 1416, Miami, Fla., do hereby adopt this resolution and to forward same to the President of these United States and also to the Congress and the Senate of the United States and do hereby urge and beseech you this 8th day of May, A. D. 1936, to pass on and enact into law the United States Housing Act, Senate bill No. 4424, introduced by Senator ROBERT F. WAGNER, and that the House of Representatives enact the identical bill introduced in said House by Congressman HARRY ELLENBOGEN, of Pennsylvania, and being H. R. 12164.

That this local go on record and adopt the following resolution:

Whereas the availability of decent sanitary and safe housing for all of the people is now recognized as a proper concern of the Government; and

Whereas the people of low income can be housed adequately only by a degree of Government aid; and

Whereas the low-income group is of necessity occupying cast-off housing in what are known as our slum and blighted areas; and

Whereas the continued maintenance of our slums is socially undesirable and an economic waste; and

Whereas the city of Miami has embarked upon a low-cost housing and slum-clearance program with the aid of the Housing Division of the Emergency Administration of Public Works; and

Whereas no funds are available to carry on this work without additional appropriations; and

Whereas it is desirable to preserve the benefits of the emergency housing experiences by providing for a permanent housing agency in the Federal Government; and

Whereas the building trades are still in need of stimulation in order to bring back a greater degree of employment; and

Whereas this resolution constitutes an emergency in that the same provides for the immediate preservation of public property and the usual daily operation of a municipal department: Now, therefore, be it

Resolved by Local 1416 of the International Longshoremen's Association, city of Miami, Fla., and to go on record that we of this organization unanimously adopt this resolution and ask the Congress of the United States, and also the Senate, to enact the above-mentioned bills into law at their earliest possible convenience.

NIAGARA FALLS CENTRAL LABOR UNION,
Niagara Falls, N. Y., May 9, 1936.

Hon. ROBERT F. WAGNER,
United States Senator, Senate Office Building,
Washington, D. C.

MY DEAR MR. WAGNER:

Whereas we in the city of Niagara Falls, N. Y., are urgently aware of the bad housing conditions here and elsewhere, of the acute housing shortage which is growing rapidly worse, of the inability of private enterprise of local initiative alone to remedy this situation, and of the suffering caused by continuous unemployment in the building trades; and

Whereas the Wagner-Ellenbogen housing bill (S. 4424, H. R. 12164) presents the first concrete forward step toward fulfillment of labor's housing program: Be it therefore

Resolved, That the Niagara Falls Central Labor Union heartily endorses the Wagner-Ellenbogen housing bill, and urges its immediate adoption by the Congress of the United States; and be it further

Resolved, That we hereby petition the Congress, while leaving the general policy and administrative set-up as it now is in the bill.

Fraternally yours,

WALTER A. KOSKE,
Recording Secretary.

LACKAWANNA CITY HOUSING AUTHORITY,
Lackawanna, N. Y., May 5, 1936.

At the regular meeting of the Lackawanna City Housing Authority, held May 4, 1936, the following resolution was passed:

"Whereas it has been proven that bad housing is detrimental to the health of the people in a community and that slums constitute an economic waste; and

"Whereas it is an acknowledged fact that good housing for persons of low income cannot be provided through the ordinary channels of private enterprise; and

"Whereas city, State, and National Governments have accepted the principles and acknowledged the obligations of governmental responsibility for the housing of persons who cannot be reached through private enterprise; and

"Whereas it is necessary for the Government to bear a certain portion of the burden of financing the clearance of slums and the construction of low-rent housing: Therefore be it

"*Resolved*, That the Lackawanna City Housing Authority endorses a bill introduced in the Senate by the Honorable ROBERT F. WAGNER, United States Senator from New York, and in the House of Representatives by the Honorable HENRY ELLENBOGEN, Congressman from Pennsylvania, which reads as follows: 'A bill to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions; for the development of decent, safe, and sanitary dwellings for families of low income; and for the reduction of unemployment and the stimulation of business activity; to create a United States housing authority, and for other purposes.' Be it further

"*Resolved*, That a copy of this resolution be forwarded to Hon. ROBERT F. WAGNER and ROYAL S. COPELAND, Senators from New York, and the following Representatives: Hon. JAMES MEAD, Hon. W. G. ANDREWS, Hon. ALFRED BEITER, Hon. HENRY ELLENBOGEN."

N. H. STEBBINS,
Chairman, Lackawanna City Housing Authority.
Rev. JOSEPH GLAPINSKI,
SUZANNE V. KUBIAK,
GERTRUDE WHITEHILL,
TIMOTHY N. MCCORMICK,
Members, Lackawanna City Housing Authority.

Resolution of the Lower East Side Public Housing Conference, 265 Henry Street, N. Y.

Whereas it has been proven that bad housing is detrimental to the health of the people in a community and that slums constitute an economic waste; and

Whereas it is an acknowledged fact that good housing for persons of low income cannot be provided through the ordinary channels of private enterprise; and

Whereas city, State, and National Governments have accepted the principles and acknowledged the obligation of governmental responsibility for the housing of persons who cannot be reached through private enterprise; and

Whereas private enterprise finds it unprofitable to provide housing accommodations of modern standard at rents sufficiently low to meet the needs of low income wage workers, and therefore it becomes the responsibility of the Government to do so: Therefore be it

Resolved, That the Lower East Side Community Council endorses a bill introduced in the Senate by the Honorable ROBERT F. WAGNER, United States Senator from New York, and in the House of Representatives by the Honorable HENRY ELLENBOGEN, Congressman from Pennsylvania; be it further

Resolved, That a copy of this resolution be forwarded to the President of the United States, the Honorable ROBERT F. WAGNER and ROYAL S. COPELAND, Senators from New York, and the Honorable DAVID I. WALSH, chairman of the Senate Committee on Education and Labor, and the following Representatives: Hon. HENRY B. ELLENBOGEN, Hon. EMANUEL CELLER, Hon. JAMES O'LEARY, Hon. SAMUEL DICKSTEIN, Hon. CHRISTOPHER D. SULLIVAN, Hon. WILLIAM

I. SIROVICH, Hon. JOHN J. O'CONNOR, Hon. MARTIN J. KENNEDY, Hon. HENRY B. STEAGALL; and be it further

Resolved, That the Lower East Side Community Council urge the chairman of the Committee on Banking and Currency to arrange for public hearings on this bill, at which time they may appear and present their arguments for its enactment.

Resolution adopted by the housing authorities of the State of New York at a State-wide conference in Syracuse on the 29th of April 1936 sponsored by the New York State Board of Housing and the conference of mayors and other municipal officials of the State of New York

Whereas housing is one of the major social problems in this country; and

Whereas housing for persons of low income is impossible without subsidy; and

Whereas it is now impossible for State and local governments to provide this necessary subsidy; and

Whereas, under Federal administration, great progress has been made in providing housing for families of low income; and

Whereas failure to continue Federal aid would seriously retard housing progress in the United States: Therefore

We, representatives of housing authorities in the State of New York, do by resolution adopted at a State-wide conference in Syracuse on the 29th of April 1936 urge upon the President and the Congress of the United States their support of Senate bill 4424, introduced by Senator ROBERT F. WAGNER, of New York, and H. R. 12164, introduced by Congressman HENRY ELLENBOGEN, of Pennsylvania.

New York City Housing Authority; Langdon W. Post, chairman; Municipal Housing Authority of Schenectady; John MacGathan, chairman; Mrs. Willis T. Hanson, Jr., vice chairman; Richard J. Carmichael; Housing Authority of the City of Port Jervis; Byron E. Harding; Syracuse Housing Authority; T. Aaron Levy, chairman; Mrs. William F. Canough; Orville H. Greene; John A. Dittman; Yonkers Municipal Housing Authority; Theodore T. McCrosky.

REPORTS OF COMMITTEES

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (S. 4609) to correct the description of certain land granted to the University of Utah, reported it without amendment and submitted a report (No. 2025) thereon.

Mr. CONNALLY, from the Committee on Finance, to which was referred the joint resolution (H. J. Res. 497) to permit articles imported from foreign countries for the purpose of exhibition at the International Petroleum Exposition, Tulsa, Okla., to be admitted without payment of tariff, and for other purposes, reported it without amendment and submitted a report (No. 2026) thereon.

Mr. McADOO, from the Committee on Patents, to which were referred the following bills, reported them each without amendment:

H. R. 9995. A bill to grant a renewal of patent no. 59560 relating to the emblem of the Disabled American Veterans of the World War; and

H. R. 10194. A bill granting a renewal of patent no. 40029, relating to the badge of the Holy Name Society.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and by unanimous consent the second time, and referred as follows:

By Mr. McADOO:

A bill (S. 4625) for the relief of Vincent Ford (with an accompanying paper); to the Committee on Military Affairs.

By Mr. POPE:

A bill (S. 4626) to create a Federal crop insurance corporation, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. ROBINSON:

A joint resolution (S. J. Res. 266) for the appointment of boards to study and report upon the Atlantic-Gulf Ship Canal project, Florida, and the Passamaquoddy tidal power project, Maine, and for other purposes; to the Committee on Commerce.

INVESTMENTS OF FOREIGN CITIZENS IN UNITED STATES

Mr. McADOO. Mr. President, I ask unanimous consent to introduce a joint resolution and have it read to the Senate—it is not very long—and then I should like to have it lie on the table.

The VICE PRESIDENT. Without objection, the joint resolution will be received, and the clerk will read, as requested.

The joint resolution (S. J. Res. 265) authorizing an inventory or census of all property, including investments of every kind and character, in the United States belonging to citizens or subjects of foreign nations, and for other purposes, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the Secretary of Commerce, in cooperation with the Securities and Exchange Commission, is authorized and directed to make an inventory or census of all property, including investments of every kind and character, in the United States belonging to or held or controlled for or on behalf of any cititzen or subject of any foreign nation, or any corporation, association, company, firm, trust, or partnership organized under the laws of any foreign nation.

SEC. 2. As used in this act—

(a) The term "property, including investments of every kind and character, in the United States", shall mean all property of every character and description, whether real, personal, or mixed, tangible or intangible, in any State, or in any Territory, possession, or place subject to the jurisdiction of the United States, including all obligations of, and capital stock or beneficial interests in, any corporation, unincorporated association or company, firm, trust, or partnership organized or existing under the laws of any such State, Territory, possession, or place, irrespective of the physical location of such obligations, capital stock, or beneficial interests.

(b) The term "person" shall, unless otherwise expressly provided, mean and include every individual who is a citizen of the United States or a resident within any State, Territory, possession, or place subject to the jurisdiction of the United States, and every corporation, association, company, firm, trust, or partnership organized or existing under the laws of any such State, Territory, possession, or place, or of any foreign nation or political subdivision thereof if residing in any such State, Territory, possession, or place.

SEC. 3. Every person who, alone or jointly with others, holds or has or shall hold or have custody or control of any property in the United States of, for, or on behalf of a citizen or subject of a foreign nation or a corporation, association, company, firm, trust, or partnership organized under the laws of a foreign nation, and any person who is or shall be indebted in any way to any such citizen, subject, corporation, association, company, firm, trust, or partnership shall, within such time or times and under such rules and regulations as the Secretary of Commerce may prescribe, make and deliver to the Secretary a full report of such fact by written statement, sworn to by such person, or in case such person is not an individual, by the representative of such person, containing such particulars as the Secretary shall require.

SEC. 4. Every person, other than an individual, issuing shares or certificates representing beneficial interests, shall, within such time or times, and under such rules and regulations as the Secretary of Commerce may prescribe, make and deliver to the Secretary a statement in writing, sworn to by a duly authorized representative of such person, showing the amount and character of the shares or certificates issued by such person and held by each such citizen, subject, corporation, association, company, firm, trust, or partnership, or by a representative or nominee of any one of them.

SEC. 5. The Securities and Exchange Commission is authorized and directed to cooperate with the Secretary of Commerce, upon the request of said Secretary, in any way which may be practicable for carrying out the purposes of this act; and the said Commission and all other agencies and establishments of the Government are authorized and directed to furnish to the Secretary of Commerce, upon request, all information in their possession which may aid the Secretary in carrying out the purposes of this act.

SEC. 6. The Secretary of Commerce is authorized to prescribe such rules and regulations as may be necessary effectively to carry out the purposes of this act. Any violation of this act or of any such rule or regulation shall be punished by fine of not to exceed $500 or imprisonment for not to exceed 6 months, or both.

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

The VICE PRESIDENT. The joint resolution will lie on the table.

INTERNAL-REVENUE TAXATION—AMENDMENT

Mr. BONE submitted an amendment intended to be proposed by him to the bill (H. R. 12395) to provide revenue, to equalize taxation, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

JOHN N. HUNTER ET AL.—AMENDMENT

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (H. R. 8799) for the relief of John N. Hunter, Edmund M. Cook, Fred C. Putnam, Merchants National Bank of South Bend, Ind., and St. Joseph

Loan & Trust Co., of South Bend, Ind., which was referred to the Committee on Claims and ordered to be printed.

AMENDMENTS TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. LEWIS submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:
"The Secretary of the Treasury is hereby directed to pay to Gladys Hinckley Werlich, widow of McCeney Werlich, late a Foreign Service officer of the United States at Paris, France, the sum of $4,100, as authorized by H. R. 12183. This sum of $4,100 being 1 year's salary of the late McCeney Werlich, who died while in the Foreign Service."

Mr. HAYDEN submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 3, after line 13, to insert the following:
"For the printing and binding of a compilation containing the provisions of Federal laws held unconstitutional by the Supreme Court of the United States, $1,200."

REORGANIZATION OF CORPORATIONS UNDER BANKRUPTCY LAW

The Senate resumed the consideration of the bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The VICE PRESIDENT. The first amendment reported by the Committee on the Judiciary will be stated.

Mr. ROBINSON. Mr. President, I think it is generally felt by Senators that the Senator in charge of the bill, the Senator from Indiana [Mr. VAN NUYS], should make a general explanation of the purposes and provisions of the measure.

Mr. VAN NUYS. Mr. President, I shall be glad to explain the provisions of the bill and the amendments proposed by the Committee on the Judiciary of the Senate.

The bill, which originated in the House, proposes certain amendments to section 77B of the Bankruptcy Act, which is the corporate reorganization provision of the act passed in the Seventy-third Congress. Under the old law three creditors holding an aggregate of over $1,000 in debts against a corporation could file a petition and bring an action to reorganize the corporation. The first material amendment proposed by the House bill is that the three creditors must be possessed of at least 5 percent of the total indebtedness of the corporation. The Senate Committee on the Judiciary approve that amendment and think it is very reasonable to impose a limitation or requirement of the possession of at least 5 percent of the total indebtedness before creditors may file a petition for reorganization.

The second amendment to the existing law proposed by the House bill provides that the petition of creditors must set out in detail the status of the corporation and its indebtedness and the facts showing the necessity for the relief prayed. This amendment requires the creditors' petition to conform to the same requisites as in the case of a corporation in the event a corporation had filed a petition.

The third material amendment proposed by the House bill is to the effect that if the manager, after the petition has been approved, shall continue in possession of the property and be appointed trustee under the law, he shall receive only one fee or salary. Experience has shown that often the manager has been appointed trustee and has drawn both the trustee's salary and the manager's salary. This amendment would prevent the pyramiding of salaries.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Utah?

Mr. VAN NUYS. I yield.

Mr. KING. Some of us, and I am speaking principally for myself, are not familiar with the workings of the present act, and do not know whether it has proved satisfactory or unsatisfactory. We are not familiar, perhaps, with some of the details of the act. Will the Senator kindly explain the bill, its object, and also the amendments which he deems necessary to perfect it, so its general purposes may be understood?

Mr. MINTON. Mr. President, will my colleague yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to his colleague?

Mr. VAN NUYS. Certainly.

Mr. MINTON. I understand the amendments my colleague has just been discussing would prevent one from being trustee and at the same time manager. Is there anything in the amendment which compels him to make a choice, or anything of that kind?

Mr. VAN NUYS. No.

Mr. MINTON. Does the amendment provide that if he is one he cannot be the other?

Mr. VAN NUYS. No. The amendment provides that if the court, in its discretion, shall appoint the manager of the corporation as trustee under the law, he cannot draw two salaries, one as trustee and one as manager of the corporation. Experience has shown that that has been done in some instances.

Recurring to the query of the Senator from Utah [Mr. KING], these are amendments to section 77B of the Bankruptcy Act, which is the Corporate Reorganization Act passed in the Seventy-third Congress. I wish I had the time this afternoon, and I think I shall take occasion later on, to discuss the wholesome workings of this particular statute. Hundreds of corporations in failing circumstances have invoked the relief provided by this statute. Under the workings of the statute corporations which otherwise would have had to go into bankruptcy and complete collapse have rehabilitated themselves, keeping their doors open, and employing thousands of employees who otherwise probably would have gone on the relief rolls. I really think one of the most constructive pieces of legislation passed by the Seventy-third Congress was the Corporation Reorganization Act.

Mr. KING. Does the act fully protect the creditors?

Mr. VAN NUYS. It fully protects creditors and has been invoked by creditors in many instances.

Coming now to the amendments proposed by the Senate Committee on the Judiciary, the first of such amendments will be offered on page 4, line 17. This amendment is not in the bill as reported by the Committee on the Judiciary, but will be submitted as a committee amendment.

Mr. KING. Mr. President, will the Senator yield again at that point?

Mr. VAN NUYS. Certainly.

Mr. KING. This is rather a long bill. Does it reenact part of the existing law with amendments, and does that account for its length?

Mr. VAN NUYS. That is true.

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Oregon?

Mr. VAN NUYS. Certainly.

Mr. McNARY. I merely wish to suggest that some of us on this side of the Chamber would like to know what is going on. I should like to have the Senator speak louder so he may be heard. Is the Senator referring now to the Senate committee amendments?

Mr. VAN NUYS. Yes; at this time I am. The first committee amendment will be found on page 4, line 17, and would substitute the words "the security" for the words "secured debts." It was never intended that the creditor should possess $1,000 of debts over and above their secured debts, but over and above the security which any of them might have. The same amendment will be offered in line 25.

On page 4, beginning in line 18, the committee has added different classes of creditors who may be eligible as petitioners for reorganization. These include those holding provable claims against corporations engaged in owning, holding, or selling real estate, real-estate mortgages, or oil or gas royalties. In instances such petitioning creditors have been refused the relief provided by the present law, and it is to assist them in invoking the relief provided under the law that this amendment is proposed.

On page 5, in line 14, after the word "appointed", the committee proposes to add the words "or any arrangement in lieu thereof has not been approved." The purpose of that amendment is to take care of a situation existing in several places, but particularly in the city of Chicago. When petitioning creditors ask for relief under this law the courts have appointed trustees to collect the rents and profits on mortgaged properties, but refuse the creditors relief. It is to get away from that abuse of the statute that the amendment is proposed.

On page 5, line 16, after the word "jurisdiction", we propose to add the words "in equity or foreclosure." That is required because the courts of Chicago and of the seventh circuit and the circuit court of appeals of the seventh circuit have decreed that when a receiver is appointed in a foreclosure proceeding the trustee appointed by the court under the act has no authority to claim possession of the property under a receiver in a foreclosure proceeding. To a great degree this has defeated the operation of the statute in the seventh circuit.

The next amendment is on page 6, and provides that the court must find that the corporation was in need of the relief at the time of the adjudication, as well as at the time when the petition was filed. Under the old law, the court was confined to making a finding that the corporation was in need of relief at the time of filing the petition. Between the filing of the petition and the approval of the plan, which covers several weeks, many a corporation has rehabilitated itself; so if the court finds that at the time he is called upon to approve the plan there is no demand for the relief, he is at liberty to refuse the petition.

Mr. ROBINSON. Mr. President, under the present law, if at the time the petition was filed a condition existed making necessary the relief, the court would be required to make the order. This amendment permits the court to exercise his discretion and to decline to make the order if the necessity has disappeared?

Mr. VAN NUYS. That is correct, if the necessity has disappeared at the time he is called upon to approve the petition.

The next amendment is the addition of a new section. Section 3, the new section in question, does not apply to section 77B, but to section 74, which is the statute giving to an individual the same right that has been given to farmers, corporations, and railroads. It is necessary to propose this amendment because, as I have said, when property of a petitioning individual is in the hands of a receiver under a foreclosure sale, many courts have held that the relief demanded by the individual cannot be afforded, and have refused to turn over to the trustee named in the relief act the property in the hands of the trustee under a trust deed, or in the hands of a receiver under a foreclosure proceeding. This section is very important and has been initialed and approved by committees of the American Bar Association and others who have studied it and who are very familiar with the bankruptcy statute.

Mr. KING. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield.

Mr. KING. Does the Senator feel that in the application of the provisions of this bill there should be any distinction between individuals and corporations or copartnerships?

Mr. VAN NUYS. I will say to the Senator from Utah that these amendments attempt to coordinate the relief provided for corporations, for individuals, the attempted relief for farmers with which the Senator is familiar, and for railroads, which acts have been in existence for some time, to unify and make uniform the provisions for all these different classes of petitioning creditors.

Mr. KING. The Senator believes, then, if I correctly interpret his position, that under the provisions of the Constitution of the United States relating to bankruptcy there are no separate categories, but that corporations, individuals, municipalities, and all may avail themselves of the provisions of any law which may be passed based upon the constitutional provision?

Mr. VAN NUYS. That is the general purpose of all these amendments and of these different bills. That is true.

Mr. KING. From what the Senator has learned as to the operation of the statute, does he believe there has been any abuse of the power granted on the part of those who sought relief under bankruptcy proceedings?

Mr. VAN NUYS. The only abuse I have been able to discover has been in the courts of the country, which are slow to adopt innovations such as these different statutes provide. The chief abuse—and it applies to millions of dollars' worth of property in the city of Chicago—is the holding of the circuit court of appeals for the seventh circuit that when a property is in the hands of a receiver under foreclosure, the trustee appointed under the terms of the statute is not entitled to possession of the property. What has happened? Action for foreclosure is brought and a receiver is appointed, and the proceeding is allowed to drift for years and years, and the petitioning creditors are helpless.

I may say that Mr. Justice Cardozo, of the Supreme Court of the United States, upheld the position of the seventh circuit court of appeals, and I think properly so, because the act provides that the trustee shall have all the duties and responsibilities of a receiver in equity; and therefore he held that if the property was in the hands of a receiver in foreclosure, the trustee appointed under the terms of the Bankruptcy Act could not take possession of the property. That decision has paralyzed the functioning of the act in a proper degree, and these amendments are designed to correct that condition.

Mr. KING. Let me say to the Senator that a number of complaints have come to me, not only from Chicago but from New York and a number of other cities, and indeed from some rural districts, that there have been conflicts between the State courts and the Federal courts, and between those proceeding under the bankruptcy statute and those who had control under mortgage foreclosure or State statutes, as a result of which expenses were piled up, so that when final adjudication was had the creditors received an insignificant sum, or perhaps nothing at all.

Mr. VAN NUYS. The Senator is correct, and the purpose of these amendments is to correct the very evil of which the Senator speaks.

Mr. KING. One other question: Are any amendments to be tendered by the Senator which will protect the creditors as well as the owners from the greedy, grasping, avaricious—I was about to say "criminal", but I will withdraw that expression—attitude of so many trustees and attorneys, and the complacency with which the courts too often have received their applications for enormous fees, and have granted what I have conceived to be extortionate rewards?

Mr. VAN NUYS. I desire to be very frank with the Senator from Utah. There is nothing in this bill, or in the amendments it contains, touching the abuses to which the Senator now refers. They ought to be the subject matter of separate legislation.

Mr. MINTON. Mr. President, will the Senator yield for a question?

Mr. VAN NUYS. I yield.

Mr. MINTON. Is not the compensation of all trustees in bankruptcy specifically fixed by statute?

Mr. VAN NUYS. It was under the old bankruptcy act, but not under this bill. The court has the right to fix the compensation of the trustees.

Mr. MINTON. Let me ask the Senator another question. I do not know that I caught the significance of the question of the Senator from Utah [Mr. KING] a moment ago. Do I understand that the amendment which the Senator is now discussing would make it possible, where a suit for foreclosure is pending, to institute a proceeding in bankruptcy, and divest of its jurisdiction the court which had the foreclosure proceedings?

Mr. VAN NUYS. The bill provides that when there is a receiver in foreclosure the trustee is entitled to take possession away from the receiver in foreclosure, which will eliminate one of the worst abuses in connection with the original legislation. As I have said, under the ruling of the circuit court of appeals for the seventh circuit, sustained by the decision handed down on behalf of the Supreme Court of the United States by Mr. Justice Cardozo, the trustee under the act was not entitled to possession of property which was in the hands of a receiver under foreclosure proceedings; and that decision has defeated the proper functioning of the act, particularly in the city of Chicago.

Mr. MINTON. Then, the effect of this bill, if it should pass, would be to abate the foreclosure proceeding, to stay it?

Mr. VAN NUYS. Yes. That is, the effect would be to give to the trustee the right to take possession of property in the hands of the receiver in foreclosure.

Mr. MINTON. Would the foreclosure proceedings proceed to a finality or would they be stayed?

Mr. VAN NUYS. That would be the end of them. That is the purpose of the bill.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. VAN NUYS. I yield.

Mr. CONNALLY. Heretofore it has been the theory of bankruptcy and foreclosure proceedings that a foreclosure proceeding represented the creditors, and the trustee in bankruptcy took the place of the defendant in a sense. Is that true?

Mr. VAN NUYS. That is true; yes, sir.

Mr. CONNALLY. In other words, the trustee in bankruptcy represents the estate, whereas the foreclosing creditors proceed independently of the bankruptcy. They are not required to file anything at all in bankruptcy, are they?

Mr. VAN NUYS. No; but the abuse we are trying to correct——

Mr. CONNALLY. I was just wondering if the abuse resulting from taking the property out of the hands of the receiver in foreclosure would be any worse than the abuse resulting from some of the bankruptcy proceedings in the Federal courts.

Mr. VAN NUYS. This is not really a bankruptcy proceeding; it is a rehabilitation proceeding. The creditors come in and propose a plan of rehabilitation and reorganization.

Mr. CONNALLY. But we are proposing to take this action under the general power of Congress to regulate bankruptcies.

Mr. VAN NUYS. Oh, exactly; the Senator is entirely correct.

Mr. CONNALLY. I should be very glad to do anything to minimize the scandals and the outrages in both bankruptcy courts and receiverships, for that matter; but in equity proceedings, where the creditors file a bill for foreclosure of a mortgage, we will say, and they are really the beneficial owners of the property, in the last analysis, I was just wondering how we can oust their jurisdiction and turn them over to the bankruptcy trustee.

Mr. VAN NUYS. If the receiver in foreclosure would perform his duties and responsibilities as he should, there would never be any necessity of doing so.

Mr. CONNALLY. But is it not just as much the duty of the Federal court to make the receiver in foreclosure perform his functions as it is the duty of the Federal court to see that the trustee in bankruptcy performs his functions?

Mr. VAN NUYS. No; because the receiver in foreclosure is appointed by the State court, and over the receiver the Federal court has no jurisdiction.

Mr. CONNALLY. That is true in some cases, of course, but in many other cases the Federal court has jurisdiction first.

Mr. VAN NUYS. I will say to the Senator from Texas that 99 percent of the foreclosures are in State courts.

Mr. CONNALLY. Is it a desirable public policy to oust the State authorities from the enforcement of these trusts and turn them over to the Federal jurisdiction? I am not familiar with the proposed legislation, and I have great respect for the judgment and legal ability of the Senator from Indiana, as well as a personal attachment for him, and I am not seeking any quarrel with his views, but I am seeking enlightenment.

Mr. VAN NUYS. It is desirable from the standpoint of public policy. Within my own knowledge there are many instances where a receiver has been appointed in a foreclosure, and the courts have held that a trustee appointed by a Federal court could not touch the property, and the receivership has been continued and continued for years and years, with exorbitant fees granted by the State court to the receiver. It is to correct that very abuse that these amendments have been proposed.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. VAN NUYS. I yield to my colleague.

Mr. MINTON. Are the amendments limited to reorganization proceedings under section 77B, or would they be broad enough to cover any proceeding in bankruptcy?

Mr. VAN NUYS. The amendments are limited to section 77B and section 74, as set out in the new section 3, page 13 of the bill.

Mr. MINTON. Let me ask the Senator whether, in his opinion, the amendments would cover a case where a proceeding had been started to foreclose a mortgage, we will say, in a State court, the State court assumed jurisdiction and possession of the property, either by a receiver or otherwise, and an ordinary proceeding in bankruptcy was instituted. Would this measure then apply to divest the State court of its jurisdiction and transfer it to the Federal court?

Mr. VAN NUYS. In my opinion, it would.

Mr. POPE. Mr. President, will the Senator from Indiana yield?

Mr. VAN NUYS. I yield.

Mr. POPE. I think the Senator stated awhile ago that where a man was appointed manager and receiver by the court he could draw only one salary. Does he have the choice of drawing the salary as manager or as receiver?

Mr. VAN NUYS. No; that is up to the court; but his fee in his joint capacity as manager and trustee shall be no more than it was originally as manager of the corporation.

Mr. McADOO. Mr. President, will the Senator yield to me?

Mr. VAN NUYS. I yield.

Mr. McADOO. I may say to my distinguished friend from Indiana that I have not had a chance to examine the bill, and for that reason the question I am about to ask may be superfluous. Suppose a State court has taken jurisdiction of an action brought by the trustee under a mortgage to foreclose for the benefit of the bondholders.

Mr. McNARY. Mr. President, it is impossible for us to hear the Senator.

Mr. McADOO. I am asking a question about the pending bill.

Mr. McNARY. I have no doubt of that, but I should like to know the nature of the question; and I cannot hear the Senator.

Mr. McADOO. I am not familiar with the bill, and I am addressing myself to the point that was under discussion.

I ask the Senator from Indiana this question: Suppose a proceeding for foreclosure of a mortgage had been instituted in a State court by the trustee under the mortgage for the benefit of the bondholders and the State court had taken jurisdiction. Under the pending measure would the jurisdiction of the court be ousted upon the filing of a petition in bankruptcy?

Mr. VAN NUYS. It would if the petition and plan of reorganization were approved by the court and were acquiesced in by the proper percentage of the creditors.

Mr. McADOO. I may say to the Senator that one of the great abuses we have discovered in an investigation by a committee of which I happen to be chairman is that investors in the bonds of corporations find that they are not permitted to pursue their legitimate remedy in the courts because in some cases bankruptcy proceedings have displaced the jurisdiction of the State courts. That of itself

causes a lack of confidence in investments generally, and to that extent is very harmful to enterprise throughout the country. If by this bill we are going to make the position of the secured creditor less secure than it is already, I should feel considerable apprehension about it. I ask the question merely because I wish to know whether the bill deprives a secured creditor, in those circumstances, of the right to pursue his remedy in the courts.

Mr. HASTINGS. Mr. President, will the Senator from Indiana yield to me?

Mr. VAN NUYS. I yield.

Mr. McADOO. I should like to have an answer to my question before the Senator from Delaware asks a question.

Mr. HASTINGS. I should like to call the attention of the Senator from Indiana to the fact, for fear he may overlook it, that the committee was informed that in many cases such as that suggested by the Senator from California the trustee takes possession and holds on and the minority bondholders have no opportunity at all to realize on the value of the property. The trustee takes it and operates it and holds onto it for a long while. I desired to remind the Senator from Indiana that that was my recollection of the testimony.

Mr. VAN NUYS. Mr. President, I appreciate the observation of the Senator from Delaware, and I will say to the distinguished Senator from California that the only relief the minority bondholders of whom he speaks will have will be found in some legislation such as that provided by the pending bill. The only channel through which minority bondholders and creditors may protect themselves is through some such amendments as we are proposing here. That is one of the main purposes of the amendments.

Mr. KING. Mr. President, I desire a little more light upon a bill so important, and I am not sure but that the questions propounded by the Senator from California and the replies thereto did not make the matter clear. I should like to inquire again, if the inquiry was not made by the Senator from California, where in good faith a creditor has pursued his proper remedy in a State court, for instance, in the foreclosure of a mortgage, and the court has appointed someone to take charge of the property and collect the rents pending a final disposition of the claim, whether some other creditor could then deprive the State court of jurisdiction of the suit then pending, and of the subject matter, and transfer it to the Federal court.

The Senator is familiar, I think, with a situation which has been called to my attention, one existing particularly in New York and Chicago, and in one or two other cities, namely, that there are certain individuals, not to say firms, lawyers and accountants, and others, whose ethics do not reach the standard we would like, bankruptcy rings, who wait and watch for the purpose of getting property into the Federal courts where for an indefinite period it is retained, and they are reaping enormous rewards in the meantime.

I have faith in the Federal courts, of course, but I have faith in the State courts also, and where a State court in good faith has taken jurisdiction over a matter and is administering a trust, I do not want to see a Federal court authorized to jerk that proceeding out of the hands of the State court and transfer it over to the Federal court, where some of these rings, or some creditor who has a subordinate lien or a subordinate claim against the property, goes into the Federal court for that purpose.

Mr. VAN NUYS. Mr. President, I suggest to the Senator from Utah that the plan of reorganization has to be approved by two-thirds of the creditors before the Federal court can approve the plan, appoint a trustee, and demand the possession of the property from a receiver in a State court. It is to defeat the very abuses the Senator from Utah has mentioned that these amendments are proposed. In the city of Chicago there are many tenement houses and hotels for which receivers have been appointed under State courts, and unreasonable, unthinkable compensation has been allowed the receivers and the attorneys for the receivers, eating the very life and the vitals out of the assets of the corporations. It is to take such property away from that kind of abusive administration and put it in the Federal courts that these amendments are proposed.

Mr. MINTON. Mr. President, does it require a two-thirds vote of the secured and unsecured creditors, or of the secured creditors only?

Mr. VAN NUYS. Of all types.

The PRESIDENT pro tempore. The clerk will state the first amendment of the committee.

Mr. VAN NUYS. Mr. President, on behalf of the committee I should like to offer an amendment to come at a point in the bill before the first amendment reported by the committee.

The PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 4, line 17, after the words "value of", it is proposed to strike out the words "secured debts" and to insert in lieu thereof the words "the security."

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the first amendment of the committee as printed in the bill.

The LEGISLATIVE CLERK. On page 4, line 18, after the word "over" and the comma, it is proposed to insert the words "and three or more creditors who have provable claims against a corporation principally engaged in owning, holding, or selling real estate, real-estate mortgages, or oil and gas royalties, or three or more holders of beneficial interest certificates in a common-law trust, principally engaged in owning, holding, or selling real estate, real-estate mortgages, or oil and gas royalties which amount in the aggregate, in excess of the value of the securities held by them, if any, to $1,000 or over."

Mr. VAN NUYS. Mr. President, I desire to offer an amendment to the committee amendment, on page 4, line 25, after the words "value of the", to strike out the word "securities", and to insert in lieu thereof the word "security."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment of the committee was, on page 5, line 14, after the word "appointed", to insert the words "or any arrangement in lieu thereof has not been approved"; on page 5, line 16, after the word "jurisdiction", to insert the words "in equity or foreclosure"; and on page 6, line 1, after the word "faith" and the comma, to insert the words "and that the corporation was at the date of the filing of the petition and is at the date of the approval thereof in need of the relief provided for in this section", so as to make the section read:

That subdivision (a) of section 77B of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, be amended to read as follows:

"SEC. 77B. Corporate reorganizations: (a) Any corporation which could become a bankrupt under section 4 of this act, and any railroad or other transportation corporation, except a railroad corporation authorized to file a petition or answer under the provisions of section 77 of this act, and except as hereinafter provided, may file an original petition, or, before adjudication in an involuntary proceeding, an answer, or in any proceeding pending in bankruptcy, whether filed before or after this section becomes effective, provided the present operations of such corporation do not exclude it hereunder, and whether or not the corporation has been adjudicated a bankrupt, a petition stating the requisite jurisdictional facts under this section; the nature of the business of the debtor; in brief description, the assets, liabilities, capital stock, and financial condition of the debtor; if a prior proceeding is pending, the name of the court in which it is pending and the nature of such proceeding; facts showing the need for relief under this section; and that the corporation is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization. The petition shall be filed with the court in whose territorial jurisdiction the corporation, during the preceding 6 months or the greater portion thereof, has had its principal place of business or its principal assets, or in any territorial jurisdiction in the State in which it was incorporated. The court shall, upon petition, transfer such proceedings to the territorial jurisdiction where the interests of all the parties will be best subserved. The petition or answer shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other sections of this act. Upon the filing of such a petition or answer the judge shall enter an order

either approving it as properly filed under this section if satisfied that such petition or answer complies with this section and has been filed in good faith, or dismissing it. If the petition or answer is so approved, an order of adjudication in bankruptcy shall not be entered and the court in which such order approving the petition or answer is entered shall, during the pendency of the proceedings under this section, have exclusive jurisdiction of the debtor and its property wherever located for the purposes of this section, and shall have and may exercise all the powers, not inconsistent with this section, which a Federal court would have had it appointed a receiver in equity of the property of the debtor by reason of its inability to pay its debts as they mature. The corporation shall be referred to in the proceedings as a 'debtor.' Any corporation the majority of the capital stock of which having power to vote for the election of directors is owned, either directly or indirectly through an intervening medium, by any debtor, or substantially all of whose properties are operated by such debtor under lease or operating agreement, may file, with the court in which such debtor had filed its petition or answer, and in the same proceeding, a petition stating that it is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization in connection with, or as a part of, the plan of reorganization of such other debtor; and thereupon such court, if it approves such petition, shall have the same jurisdiction with respect to such corporation, its property, and its creditors and stockholders as the court has with respect to such other debtor. Three or more creditors who have provable claims against any corporation which amount in the aggregate to not less than 5 percent of the total amount of all indebtedness of such corporation as shown by a balance sheet, as of a date within the preceding 12 months, of the corporation or by its latest annual report or by its books and which amount in the aggregate, in excess of the value of the security held by them, if any, to $1,000 or over, and three or more creditors who have provable claims against a corporation principally engaged in owning, holding, or selling real estate, real-estate mortgages, or oil and gas royalties, or three or more holders of beneficial interest certificates in a common-law trust, principally engaged in owning, holding, or selling real estate, real-estate mortgages, or oil and gas royalties which amount in the aggregate, in excess of the value of the security held by them, if any, to $1,000 or over, may, if such corporation has not filed a petition or answer under this section, file with the court in which such corporation might file a petition under this section, a petition stating the requisite jurisdictional facts under this section, the nature of the business of such corporation, a general description of its assets, liabilities, capital stock, and financial condition, if a prior proceeding in bankruptcy or equity receivership is pending, the name of the court in which it is pending and the nature of such proceedings, facts showing the need of relief under this section, that such corporation is insolvent or unable to meet its debts as they mature, and if the corporation has not been adjudicated a bankrupt or a receiver of the corporation has not been appointed, or any arrangement in lieu thereof has not been approved, by any court of competent jurisdiction in equity or foreclosure, that it has committed an act of bankruptcy within 4 months preceding the date of the filing of the petition, and that such creditors propose that it shall effect a reorganization; and such corporation shall, within 10 days after the service of a copy of such petition upon it, answer such petition. If such answer shall admit (a) the jurisdiction of the court, and (b) the material allegations of the petition, the court shall enter an order approving the petition as properly filed under this section if satisfied that it complies with this section and has been filed in good faith, and that the corporation was at the date of the filing of the petition and is at the date of the approval thereof in need of the relief provided for in this section, or dismiss it if not so satisfied. If such answer shall deny any material allegation of the petition, the judge shall determine summarily the issues presented by the pleadings, without the intervention of a jury, and if the material allegations of the petition are sustained by the proofs and the court is satisfied that the petition complies with this section and has been filed in good faith, it shall approve the petition; otherwise the court shall dismiss the petition; and if any such petition shall be so approved, the proceedings thereon shall continue with like effect as if the corporation had itself filed a petition or answer under this section. In case any such petition or answer or proceedings shall be dismissed in the manner provided in this subdivision (a) or in subdivision (c), clause (8), of this section, the same shall not constitute an act of bankruptcy or an admission of insolvency or be admissible in evidence, without the consent of the debtor, in any proceedings then or thereafter pending or commenced under this act or in any Federal or State court. If three or more creditors who have provable claims which amount in the aggregate in excess of the value of securities held by them, if any, to $1,000 or over, or if stockholders holding 5 percent in number of all shares of stock of any class of the debtor outstanding shall, prior to the hearing provided for in subdivision (c), clause (1), of this section appear and controvert the facts alleged in the petition or answer, the judge shall determine as soon as may be the issues presented by the pleadings, without the intervention of a jury, and unless the material allegations of the petition or answer are sustained by the proofs, the proceedings shall be dismissed."

The amendment was agreed to.

The next amendment of the committee was, in section 2, page 12, line 15, after the words "as the", to strike out "judges" and to insert in lieu thereof "judge", so as to make the section read:

SEC. 2. Subdivision (c) of section 77B of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, is amended to read as follows:

"(c) Upon approving the petition or answer or at any time thereafter, the judge, in addition to the jurisdiction and powers elsewhere in this section conferred upon him, (1) may, after hearing upon notice to the debtor and to such others as the judge may determine, temporarily continue the debtor in possession or appoint a trustee or trustees of the debtor's estate, and shall require the debtor, or such trustee or trustees, if appointed, to give such notice as the order may direct to creditors and stockholders and to cause publication thereof to be made at least once a week for 2 successive weeks of a hearing to be held within 30 days after such appointment, or, if no such appointment, within 30 days after the approval of the petition or answer, at which hearing or any adjournment thereof, or at any subsequent hearing after notice, the judge may make permanent any such appointment, or terminate it and restore the debtor to possession, or, if no trustee has been appointed, may appoint a trustee or trustees, and may remove any such trustee or trustees and continue the debtor in possession or appoint a substitute trustee or trustees and may appoint an additional trustee or trustees: *Provided, however,* That if the debtor is continued in possession, or if the management of the debtor is appointed trustee, no compensation shall be allowed the management as trustee in addition to the compensation of the management as salary, which salary shall not be in an amount greater than the salary of which the management was in receipt at the time of the approval of the petition or answer; (2) shall fix the amount of the bond of every such trustee, and every such trustee, upon filing such bond, shall have all the title and shall exercise, subject to the control of the judge and consistently with the provisions of this section, all the powers of a trustee appointed pursuant to section 44 of this act, and if authorized by the judge, the same powers as those exercised by a receiver in equity to the extent consistent with this section, and, subject to the authorization and control of the judge, the power to operate the business of the debtor during such period, fixed or indefinite, as the judge may from time to time prescribe; (3) may, for cause shown, authorize the debtor or the trustee or trustees, if appointed, to issue certificates for cash, property, or other consideration approved by the judge for such lawful purposes, and upon such terms and conditions and with such security and such priority in payments over existing obligations, secured or unsecured, as may be lawful in the particular case; (4) shall require the debtor, or the trustee or trustees if appointed, at such time or times as the judge may direct, and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the debtor's affairs and the fairness of any proposed plan; and may direct the debtor, or the trustee or trustees if appointed, to prepare (a) a list of all known bondholders and creditors of, or claimants against, the debtor or its property, and the amounts and character of their debts, claims, and securities, and the last known post-office address or place of business of each creditor or claimant, and (b) a list of the stockholders of each class of the debtor, with the last known post-office address or place of business of each, which lists shall be open to the inspection of any creditor or stockholder of the debtor, during reasonable business hours, upon application to the debtor, or to the trustee or trustees, if appointed, and the contents of such lists shall not constitute admissions by the debtor or the trustees in a proceeding under this section or otherwise; (5) may direct the rejection of contracts of the debtor executory in whole or in part; (6) shall determine a reasonable time within which the claims and interests of creditors and stockholders may be filed or evidenced and after which no such claim or interest may participate in any plan, except on order for cause shown, the manner in which such claims and interests may be filed or evidenced and allowed, and, for the purposes of the plan and its acceptance, the division of creditors and stockholders into classes according to the nature of their respective claims and interests; and may, for the purposes of such classification, classify as an unsecured claim the amount of any secured claim in excess of the value of the security therefor, such value to be determined in accordance with the provisions of section 57, clause (h), of this act; (7) shall cause reasonable notice of such determination and of all hearings for the consideration of any proposed plan, or of the dismissal of the proceedings, or the liquidation of the estate, or the allowance of fees or expenses, to be given creditors and stockholders by publication or otherwise; (8) if a plan of reorganization is not proposed or accepted within such reasonable period as the judge may fix, or, if proposed and accepted, is not confirmed, may, after hearing, whether the proceeding be voluntary or involuntary, either extend such period or dismiss the proceeding under this section or, except in the case of a railroad or other public utility or of a debtor which has not been found by the judge to be insolvent, direct the estate to be liquidated, or direct the trustee or trustees to liquidate the estate, appointing a trustee or trustees if none shall previously have been appointed, as the interests of the creditors and stockholders may equitably require; (9) may allow a reasonable compensation for

the services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and the plan by officers, parties in interest, depositaries, reorganization managers and committees or other representatives of creditors or stockholders, and the attorneys or agents of any of the foregoing and of the debtor, but appeals from orders fixing such allowances may be taken to the circuit court of appeals independently of other appeals in the proceeding and shall be heard summarily; (10) in addition to the provisions of section 11 of this act for the staying of pending suits against the debtor, may enjoin or stay the commencement or continuation of suits against the debtor until after final decree; and may, upon notice and for cause shown, enjoin or stay the commencement or continuance of any judicial proceeding to enforce any lien upon the estate until after final decree; and (11) may refer any matters to a special master, who may be one of the referees in bankruptcy, for consideration and report, either generally or upon specified issues, and allow such master a reasonable compensation and reimbursement for his services and actual and necessary expenses. The debtor shall have the right to be heard on all questions. Any creditor or stockholder shall have the right to be heard on the question of the permanent appointment of any trustee or trustees, and on the proposed confirmation of any reorganization plan, and upon filing a petition for leave to intervene, on such other questions arising in the proceeding as the judge shall determine. In case a trustee is not appointed, the debtor shall continue in the possession of its property, and, if authorized by the judge, shall operate the business thereof during such period, fixed or indefinite, as the judge may from time to time prescribe, and shall have all the title to and shall exercise, consistently with the provisions of this section, all the powers of a trustee appointed pursuant to this section, subject at all times to the control of the judge, and to such limitations, restrictions, terms, and conditions as the judge may from time to time impose and prescribe. While the debtor is in possession (a) its officers shall be entitled to receive only such reasonable compensation as the judge shall from time to time approve, and (b) no person shall be elected or appointed to any office, to fill a vacancy or otherwise, without the prior approval of the judge."

The amendment was agreed to.

The next amendment of the committee was, at the end of section 2, to insert a new section, as follows:

SEC. 3. The first sentence of subdivision (m), section 74, of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, be, and it is hereby, amended to read as follows: "The filing of a debtor's petition or answer seeking relief under this section shall subject the debtor and his property, wherever located, to the exclusive jurisdiction of the court in which the order approving the petition or answer as provided in subsection (a) is filed, and this shall include property of the debtor in the possession of a trustee under a trust deed or a mortgage, or a receiver, custodian, or other officer of any court in a pending cause, irrespective of the date of appointment of such receiver or other officer, or the date of the institution of such proceedings: *Provided*, That it shall not affect any proceeding in any court in which a final decree has been entered unless the debtor's right of redemption has not expired."

That section 74, subsection (e), be amended to read as follows: "An application for the confirmation of a composition or extension proposal may be filed in the court of bankruptcy after, but not before, it has been accepted in writing by a majority in number of all creditors whose claims if unsecured have been allowed, or if secured are proposed to be affected by an extension proposal, which number must represent a majority in amount of such claims; and the money or security necessary to pay all the costs of the proceedings, and in case of a composition, the consideration to be paid by the debtor to his creditors have been deposited in such place as shall be designated by and subject to the order of the court. After the first meeting of the creditors as provided in subdivision (c), the debtor fails to obtain the acceptance of a majority in number of all creditors whose claims are affected by an extension proposal representing a majority in amount, the debtor may submit a proposal for an extension, including a feasible method of financial rehabilitation for the debtor which is for the best interest of all the creditors, including an equitable liquidation for the secured creditors whose claims are affected."

The amendment was agreed to.

The next amendment of the committee was, at the end of the section just agreed to, to insert a new section, as follows:

SEC. 4. Subdivision (a) of said section 77B, as amended by this amendatory act, shall apply to all petitions under said section 77B filed prior to the effective date of this amendatory act which shall not have been approved prior to said date. All other provisions of this amendatory act shall apply to all proceedings under sections 74 and 77B pending on the effective date of this act in which a plan of extension or composition or reorganization has not been finally confirmed by the court or judge.

The amendment was agreed to.

The PRESIDENT pro tempore. That completes the committee amendments. Are there further amendments to be offered?

Mr. VAN NUYS. Mr. President, I send to the desk a further amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 14, after line 22, and after the committee amendment heretofore agreed to, it is proposed to insert a new section, as follows:

SEC. 5. The first sentence of subdivision (i) of section 77B of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", is amended by striking out all of the first sentence of said subdivision (i) after the words "if the petition or answer is approved" and inserting the following in lieu thereof "The trustee or trustees appointed under this section, or the debtor if no trustee is appointed, shall be entitled forthwith to possession of and vested with title to all property of the debtor, including property in the possession of any receiver or prior trustee, whether appointed by a court or otherwise, and the judge shall make such orders as he may deem equitable for the protection of obligations incurred by such receiver or prior trustee and for the payment of such reasonable administrative expenses and allowances as may be fixed by the court in any proceeding in which such receiver or prior trustee was appointed."

Mr. KING. Mr. President, will the Senator from Indiana explain the purpose of the amendment?

Mr. VAN NUYS. The amendment is recommended in order to meet the dictum of Mr. Justice Cardozo in the DuParquet case, recently decided. In that case Justice Cardozo stated that in proceedings under section 77B a court has no power to direct a receiver in a foreclosure action to deliver possession of the property being foreclosed. It seems highly desirable that the 77B court be given this power. The amendment is intended to grant such power. It has also been worded in such manner as to include the power to direct a trustee taking possession under a trust indenture to deliver the property held to the trustee or debtor in proceedings under section 77B. This power seems desirable in order to enable the 77B court to administer all the property of the debtor.

We amended one section, and, in order to coordinate the later section, it is necessary to make the amendment in question.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Indiana.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BUREAU OF NAVIGATION AND STEAMBOAT INSPECTION—CONFERENCE REPORT

Mr. COPELAND submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8599) to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board and increase efficiency in administration of the steamboat inspection laws, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 7.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 5, 6, 8, and 9, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 4450. (a) The Secretary of Commerce shall prescribe rules and regulations for the investigation of marine casualties involving loss of life in order to determine whether any incompetence, misconduct, unskillfulness or willful violation of law on the part of any licensed officer, pilot, seaman, employee, owner or agent of such owner of any vessel involved in such casualty, or any inspector, officer of the Coast Guard, or other officer or employee of the United States, or any other person, caused, or contributed to the cause of such casualty. For the purpose of investigating such a marine casualty, the Secretary of Commerce shall appoint a marine casualty investigation board or boards consisting of a chairman and two other members; the chairman shall be an officer or employee of the Department of Justice (learned in maritime laws) designated by the Attorney General; one member shall be a representative of the Bureau of Marine Inspection and Navigation designated by the Secretary of Commerce; and the other member shall be an officer of the United States Coast Guard designated by the Secretary of the Treasury. All reports shall be made to the Secretary of

Commerce and such reports shall be public records and be open to inspection at reasonable times by any persons. Copies of such reports shall be sent to the Attorney General and to the Secretary of the Treasury."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: On page 5 of the Senate engrossed amendments, line 3, after the comma insert "any owner, licensed officer, or any holder of a certificate of service, or any other person whose conduct is under investigation, or any other party in interest, shall be allowed to be represented by counsel, to cross-examine witnesses, and to call witnesses in his own behalf, and"; and the Senate agree to the same.

ROYAL S. COPELAND,
DUNCAN U. FLETCHER,
HIRAM W. JOHNSON,
WALLACE H. WHITE, Jr.,
MORRIS SHEPPARD,
Managers on the part of the Senate.

S. O. BLAND,
WILLIAM I. SIROVICH,
ROBERT RAMSPECK,
RICHARD J. WELCH,
Managers on the part of the House.

The report was agreed to.

REGULATION OF STEAM BOILERS, ETC., IN THE DISTRICT

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 2953) to provide for the inspection, control, and regulation of steam boilers and unfired pressure vessels in the District of Columbia.

Mr. KING. I move that the Senate disagree to the amendments of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. KING, Mr. REYNOLDS, and Mr. CAPPER conferees on the part of the Senate.

RELIEF OF OFFICERS AND SOLDIERS OF THE VOLUNTEER SERVICE

Mr. ROBINSON. Mr. President, I understand a motion is pending to reconsider the vote by which the Senate passed House bill 9472, for the relief of officers and soldiers of the Volunteer service of the United States mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace April 11, 1899, and that Senators desire to have that motion taken up now.

The PRESIDENT pro tempore. The motion is pending before the Senate.

Mr. KING. Mr. President, I should like to debate the motion for a few minutes.

Mr. McNARY. Mr. President, as I understand, the motion is to reconsider the vote by which the Senate passed the bill.

The PRESIDENT pro tempore. The Senator is correct. The Chair will state the parliamentary situation as the Chair understands it.

There is pending a motion made by the Senator from Kansas [Mr. CAPPER] to proceed to the consideration of the motion of the Senator from Utah [Mr. KING] to reconsider the vote by which House bill 9472 was passed. Under the motion pending the Senator from Utah is recognized.

Mr. KING. Mr. President, the bill before us—H. R. 9472—passed the House in March, and later, during the morning hour, was brought up in the Senate. Like many other bills that are reached during the morning hour, or under the 5-minute rule, the message passed the Senate without any discussion and, as I am advised, without any consideration. Shortly thereafter my attention was called to the fact that a bill—H. R. 2024—in substantially the same form had passed last year and had been vetoed on the 2d of September 1935 by the President. In view of the action of the President, I believed that it was only fair that the Senate should have an opportunity to consider the bill and to learn of its provisions. Accordingly, I entered a motion to reconsider the action of the Senate in the passing of the bill, and the motion to reconsider is now before the Senate.

In my opinion, the President's veto message presents the issue involved, and is a sufficient explanation of the bill which is now before us. It occurs to me that we owe it to the President to consider his position with respect to the bill, and the reasons assigned by him for vetoing a measure which, as I stated, is practically the same as the one before us. The President, upon many occasions, has evinced his interest in those who have rendered service either on land or sea in behalf of our country and flag, and his action in vetoing the bill referred to, should be a challenge to the Congress to consider the reasons assigned and to investigate all facts involved with a view to determining the validity and justice of the President's position. He stated in the message which I have just referred to that the approval of the message presented to him would result in the—

Payment of a gratuity to each of the officers and men concerned in an amount exceeding his pay for a full year, plus the value of rations for the period involved in sea travel from the Philippine Islands to the United States.

He further stated that this would be a "benefit utterly without warrant" for the reason that—

Each individual concerned has already received transportation and subsistence at Government expense for the journey performed in addition to full pay for the entire time.

Mr. President, all Americans appreciate the services rendered by the military forces of the United States, whether those in the Regular Army or in the voluntary forces, during the Spanish-American War. Both in Cuba and the Philippine Islands our military forces rendered conspicuous and important service in behalf of our country. Their record is one of which they and the American people are proud.

The message of the President to which I have referred is as follows:

THE WHITE HOUSE,
September 2, 1935.

I have disapproved H. R. 2024, an act for the relief of officers and soldiers of the Volunteer service of the United States mustered into service for the War with Spain and who were held in service in the Philippine Islands after the ratification of the treaty of peace, April 11, 1899.

The effect of this bill is that the beneficiaries thereof "shall be entitled to the travel pay and allowance for subsistence provided in sections 1289 and 1290, Revised Statutes, as then amended and in effect, as though discharged April 11, 1899, by reason of expiration of enlistment, and appointed or reenlisted April 12, 1899, without deduction of travel pay and subsistence paid such officers or soldiers on final muster out subsequent to April 11, 1899."

I am advised by the Secretary of War that there was approximately 15,000 officers and soldiers of the Volunteer forces of the United States in the Philippine Islands at the conclusion of peace with the Kingdom of Spain who would become beneficiaries of this act.

The Comptroller General, in his report of February 23, 1935, advises that the enactment of this bill would authorize payment of travel pay at the rate of 1 day's pay and 1 ration for each 20 miles, inclusive of the distance by water from the Philippine Islands to San Francisco, approximately 8,000 miles, and that such payments for the water travel alone will exceed 1 year's pay plus 1 day's ration for each day of such period. It is estimated the cost of the legislation will approximate $7,000,000.

Congress has heretofore recognized the service of these officers and men by the award of a special medal, and there was also an allowance by the act of Congress approved January 12, 1899, of 2 months' extra pay to all Volunteers who served honestly and faithfully beyond the continental limits of the United States. I join most heartily in recognizing and appreciating the patriotic service of these men.

However, approval of this bill would result in the payment of a gratuity to each of the officers and men concerned in an amount exceeding his pay for a full year, plus the value of rations for the period involved in sea travel from the Philippines to the United States, a benefit utterly without warrant, since each individual concerned has already received transportation and subsistence at Government expense for the journey performed in addition to full pay for the entire time.

I have recently signed an act restoring pensioners of the War with Spain and Philippine Insurrection to their full rate of pension. I feel that no breach of trust has been committed by the Government as regards the men who served their country in the War with Spain and Philippine Insurrection, and from the facts in this case general legislation upon this subject as provided in H. R. 2024 is not deemed advisable.

Mr. President, the facts, as I understand them, are substantially as follows: During the Spanish-American War the Government sent a large number of soldiers to the Philippine Islands. Among them were several thousand Volunteers. Under the terms of their enlistment, when peace was declared, automatically their military services terminated. The

situation, however, in the Philippine Islands was such as to require our Government to maintain in the Archipelago a considerable military force. Several thousand Volunteers whose terms of services were ended volunteered to remain, and reenlisted for service in the islands.

The President states that the treaty of peace between the United States and Spain was ratified on April 11, 1899, and, as I have indicated, the American Volunteers were entitled to their immediate discharge. Several thousand who were within this category immediately reenlisted; others were mustered out and returned to the United States, the Government furnishing water transportation to the mainland and cash from the landing port to the place where they enlisted. The Volunteers who returned home at the termination of their enlistment were treated just the same as officers and men of the Regular Army—i. e., the Government transported them from the Philippine Islands to continental United States and also furnished them cash to take them from the landing ports to their homes. The Volunteers who elected to reenlist the same day or the day after the termination of their enlistment received a cash allowance from the continental port where they would have landed to their respective homes, even though they did not return home at that time. The Volunteers who did reenlist, and they were mustered out several months later, were transported by the Government to continental ports, from which they went, presumably by train, to their homes. As stated, those in this class had received the usual cash amount or payment to meet transportation costs from the landing ports to their various homes. There is no question but that the Volunteer officers and men, when they were finally mustered out, received the same consideration by way of money and transportation as was accorded to the Volunteer officers and men who did not reenlist or those who were in the Regular military service of the Government. A number of the Volunteers did not return home, but remained, and still remain, in the Philippine Islands. They received the same cash payment as if they had returned to their homes in the United States.

The contention is now made by those supporting the pending bill that the Volunteers who reenlisted the same day or the next day after they were entitled to discharge, upon the ratification of the Paris Treaty, are entitled to double payment, i. e., are entitled to assume that when their term of enlistment expired on the 11th or 12th of April 1899 they were entitled to transportation to their homes in the United States, even though they immediately reenlisted and served for several months, at the expiration of which time they were mustered out; and that the Government, when they were mustered out, should again pay for their transportation to the United States. Moreover, as I understand, they claim that notwithstanding all other persons in the military service, whether in the Regular Army or in the Volunteer forces, when their services in the Philippine Islands terminated, were transported by the United States to ports in continental United States and also received a regular cash allowance from such ports to the places of their enlistment, they are entitled to be paid, as and for water transportation, 20 cents per mile from the Philippines to San Francisco, and also cash allowances from that port to their homes.

It may be that those in the Regular Army did not receive cash allowances from the continental ports at which they were landed to the places at which they enlisted if their term of service had not expired.

Those who are supporting this bill contend, as I understand, that the Volunteers who reenlisted should receive not only double payment in cash from the continental ports at which they landed to their respective homes but also 20 cents a mile from the Philippine Islands to such ports. It was a bill containing substantially these provisions which the President would not approve.

Mr. President, as I understand the facts, the President was justified in his veto message of September 2, 1935.

Mr. CAPPER. Mr. President, House bill 9472 provides for the payment to about 15,000 officers and enlisted men, State Volunteers, who served in the Philippine Islands beyond the period of their enlistment, of the same amount of travel pay as was paid to enlisted men of the Regular Army who were discharged in the Philippines. These officers and men enlisted for the War with Spain and voluntarily remained in service in the Philippine Islands after the conclusion of peace by the treaty with Spain of April 11, 1899, for a period of several months for the purpose of engaging in the suppression of the Philippine Insurrection, which began in February 1899.

Their retention in service followed an exchange of cablegrams between Adjutant General Corbin and General Otis, in command in the Philippines. In answer to a cablegram from Adjutant General Corbin on March 16, 1899, General Otis replied as follows:

> Believed after inquiry majority Volunteer organizations willing to reenlist for 6 months from ratification of treaty, provided that upon original discharge are paid traveling allowances to places of muster in, and that after expiration of second enlistment they are transported to those places by United States.

This reply from General Otis was based on responses he had received from the several organizations of Volunteers under his command to whom the inquiry from the President had been submitted. In some units the inquiry had been read to the men by their officers and voted upon, while in others where the men were scattered the officers had spoken for the men and agreed to reenlist and stay for the period required, not to exceed 6 months. The condition contained in the cablegram was in substance a statement of the law then in effect governing travel-pay allowances to officers and men discharged (honorably) and who were again appointed or who reenlisted.

On March 25, 1899, a general advance was ordered against the insurrectionists, and from that date until in June these Volunteer troops were in active combat—some of them longer—in the campaign against the insurrectionists. They were required to meet unusual hardships in this campaign, fighting as they were under a tropical sun, badly equipped, without adequate food and water, and continually harassed by surprise attacks. When the date of the exchange of ratifications of the treaty of peace arrived, April 11, 1899, these Volunteers were in the field and continued so for months. It would have been a physical impossibility to have effected the signing of a muster-out roll and muster-in roll, so that the service of these men would actually show a discharge and a reenlistment or reappointment, but these officers and soldiers believed when they accepted the duty of remaining on so long as their services were required in the Philippine Islands, not to exceed 6 months, that they had in effect reenlisted. Their services in the field were accepted and utilized by the Government following almost immediately the agreement to remain in service until troops to replace them could be supplied. This service in active combat continued until after the date of the conclusion of peace with Spain, for some units not longer than 3 months, for others and most of the troops in the Volunteer service of the United States for the greater part of 6 months.

Had these officers and soldiers insisted upon their discharge as of the date of the conclusion of peace with Spain, it would have meant the abandonment of the islands to the insurrectionists except for the very limited number of Regular Army troops then in the islands.

The result would have been the retaking by the Aguinaldo forces of the territory then held by these Volunteers, the strengthening of the insurrectionist organization, and the expenditure of many millions not only for the transportation of another army to take up the fight again but also for a long and fierce combat by nonacclimated troops against well-equipped and well-organized native soldiers accustomed to the climate and acquainted with the country. The organized insurrection was broken by the continuous drive of the Volunteers, and the replacement troops which took their places had but to clear the country of unorganized detached bands. It is pertinent to remark here that the insurrectionists, numbering between 30,000 and 40,000, had been equipped and trained by the United States and had been cooperating with American troops in the War with Spain, and that, knowing

the Volunteers were entitled to be discharged when the War with Spain terminated, they counted upon the withdrawal of the Volunteers to make it possible for them to gain control of the islands and eventually their independence.

It is obvious that there is no legal liability on the part of the Government because the formality of mustering the troops out and mustering them in as again appointed officers and reenlisted soldiers did not take place; but the men did perform valiant service, for which they were commended by President McKinley, and which Congress recognized by the awarding of a special medal; they did remain in service for from 3 to 6 months beyond the termination of the War with Spain on April 11, 1899, on which date they were entitled to their discharge; and they did this all believing that they were to be regarded as having reenlisted in the temporary forces authorized by section 15 of the act of March 2, 1899, and were thereby entitled to the travel pay and allowances authorized by then existing law as though their first enlistment had terminated on April 11, 1899, and they had entered upon a second enlistment beginning April 12, 1899. They fulfilled all the requirements of such temporary enlistment without having formally gone through the process of veteranizing.

Mr. ROBINSON. Mr. President, will the Senator yield for a question?

Mr. CAPPER. I yield.

Mr. ROBINSON. Does the Senator distinguish between this bill and the bill which was referred to by the Senator from Utah [Mr. KING] and which was vetoed by the President last year?

Mr. CAPPER. I can only say that this bill passed the House after full consideration; there was practically no opposition there; and there is every reason, I think, why the bill should receive the approval of the Senate.

Mr. ROBINSON. The Senator is not answering the question which I directed to him. The Senator from Utah made the statement that an almost identical bill was passed last year, went to the President, and was vetoed by him. Evidently the implication of that statement is that if this bill be passed it also will encounter an Executive veto. I should like to be informed a little more definitely. I understand that there has been some change in the bill?

Mr. CAPPER. There is a change in the bill.

Mr. ROBINSON. And my question is, What is the difference between this bill and the one passed last year which we did not try to pass over the President's veto?

Mr. CAPPER. The important change is found on page 2, at the end of line 6, where the following proviso is added:

Provided, That no benefit shall accrue under any provision of this act to any person whose claim is based upon the service of any officer or soldier discharged in the Philippine Islands at his own request.

Mr. KING. There are 26 of those persons.

Mr. BORAH. Mr. President, I could not very well hear the statement of the Senator from Utah, but I understood him to say that these Volunteers received their pay.

Mr. KING. That is true.

Mr. BORAH. If that is true, that ought to be a matter which could be demonstrated. Certainly we do not want to pay them again. The letters which I have received are to the contrary. As the Senator knows, I should be glad to know the facts.

Mr. KING. Mr. President, I have stated what I understand the facts to be in connection with the matter before us, and I can add but little thereto. I have conferred with a number of officers in the War Department, and what I have stated is based largely upon the information derived from them and from the facts recited in the President's veto message. I am repeating when I state that after the Paris Treaty was signed, the Volunteers were entitled to be mustered out of service. The situation in the Philippine Islands, however, called for the maintenance there of military forces by the United States, and, as I have stated, several thousand Volunteers elected to reenlist for a short time. A number of Volunteers preferred to return home and the Government furnished them water transportation to continental ports and supplied them with cash, such as the law required, to take them from such ports to their respective homes. If all of the Volunteers had returned home at that time they would have been accorded the same treatment as those Volunteers who did return, as well as a number who were in the Regular Army who were returning—some as the result of the termination of their enlistment and some by reason of their physical disabilities. Those who voluntarily remained, as I have stated, received the usual cash payments from the continental landing port to their homes as they would have received if they had gone home at that time. The Government still owed them the duty to transport them by water from the Philippine Islands to some port in the United States.

But it is claimed now that those who did remain, and at the end of their second enlistment were transported to continental ports by the Government, should be paid according to a different rule, cash at the rate of 20 cents per mile from the Philippine Islands to the United States, and a further payment of cash from San Francisco, if the boat landed there, to their various homes.

I repeat what I said a few moments ago that the Government did transport to San Francisco all the Volunteers who did not remain in the Philippine Islands, and in addition, as stated by the President, gave them an additional 2 months' pay. There is some justification for the claim that double pay is sought.

Mr. BORAH. Did all the soldiers reenlist?

Mr. KING. No. Some of them came home and those who did are not concerned in this proposed legislation. It is simply those who remained and reenlisted and who subsequently returned to the United States who are involved and who are asking this double transportation benefits.

Mr. BORAH. Are there any reports from the War Department on the subject?

Mr. LOGAN. Mr. President, may I suggest that, as I recall, I have seen a report from the General Accounting Office. It is a very lengthy and complicated report. After reading it I remember that I was left in some confusion. I should like to suggest, however, that the Senate Committee on Claims amended the House bill in accordance with the contention of the War Department. I do not know whether this bill contains the amendment which the Claims Committee of the Senate reported or whether the House bill contains a similar provision. The amendment to the bill was acceptable to the War Department.

Mr. BORAH. What was the effect of the amendment?

Mr. LOGAN. The effect of the amendment was to exclude from the benefits of the bill the classes to which the Senator from Utah [Mr. KING] has been referring, and confine the payment of the travel pay to those who did not voluntarily fail to take advantage of the travel pay which they might have received at the time of the expiration of their service. A similar bill was vetoed by the President last year for the reasons given by the Senator from Utah. When the bill came before the Senate Committee on Claims at this session we took up the matter with the War Department and the suggestion of an amendment was made to the committee. We then reported the bill with that amendment included in it. I do not know whether the bill which we are now considering is that bill or whether we are considering the House bill.

Mr. KING. I see no amendment suggested by the War Department. I received a letter from the Secretary of War a few days ago, saying:

The matter is under investigation in this Department, and as soon as the investigation is completed, I will write you further relative thereto.

Mr. LOGAN. It was taken up personally with the Secretary of War and the War Department. The Committee on Claims was advised by the clerk of the committee that the War Department said if the bill should be passed at all, it should be amended in the manner indicated, and such an amendment was inserted in the bill by the committee. That was perhaps before the House passed the bill. That was the Senate bill. It is possible that when the Senate

bill was called on the calendar the House bill was substituted for it and passed. I am frank to say I do not know whether the bill we are now considering is the House bill as it passed the House or whether it is the Senate bill.

Mr. BORAH. We ought to be able to find out which bill we are considering, it would seem to me.

The PRESIDENT pro tempore. May the occupant of the chair suggest that the bill now before the Senate contains a provision which was submitted as a committee amendment. The clerk will report it for the information of the Senate.

The LEGISLATIVE CLERK. On page 2, line 6, the following proviso was added:

Provided, That no benefit shall accrue under any provision of this act to any person whose claim is based upon the service of any such officer or soldier discharged in the Philippine Islands at his own request.

Mr. KING. There is no controversy over that fact. There were a number of persons who took advantage of the situation and remained in the Philippine Islands.

I do not think there can be any controversy about the facts. The men were entitled to their discharge from the service on the 11th of April 1899. Many preferred to remain in the service; the Government desired them to remain, and they did remain and rendered valient and patriotic service. When they were discharged about 6 months later the Government transported them to the United States. They now say, "We are entitled to two payments, because when we were first discharged we were entitled to receive transportation home, but in view of the fact that we did not avail ourselves of that and did not return home then, but remained 6 months longer, we are entitled now to two payments."

Mr. BORAH. Then, if we should pass this bill we would be practically passing the bill which was vetoed at the last session?

Mr. KING. Yes; that is my opinion. I have received a letter from the Secretary of War, dated April 11, in which he says:

I have your letter of April 3, in which you request information relative to the number of persons eligible for payment of travel pay, the average cost per person, and the total cost to the Government in the event H. R. 9472, Seventy-fourth Congress, known as the so-called Philippine travel pay bill, was enacted into law. The matter is under investigation by this Department, and as soon as the investiagtion is completed I will write you further.

It seems to me if there is any controversy the matter might be delayed a few days, and the Senator who is the proponent of the bill, or any other Senator interested, should confer with the War Department and obtain information which I am sure will corroborate the statement I have made.

Mr. BORAH. Mr. President, I have a letter from a gentleman who served in the Philippines. I know him well personally. He contends that he was never compensated for his return expenses, and so forth, at any time. I should like to know if the bill is what the Senator from Utah contends, for, if it is, I myself should not want to vote for it.

Mr. KING. Mr. President, if I may repeat—and I know the Senator from Kansas will pardon me—I read again from the President's message:

Congress has heretofore recognized the service of these officers and men by the award of a special medal, and there was also an allowance, by the act of Congress approved January 12, 1899, of 2 months' extra pay to all Volunteers who served honestly and faithfully beyond the continental limits of the United States. I join most heartily in recognizing and appreciating the patriotic service of these men.

However, approval of this bill would result in the payment of a gratuity to each of the officers and men concerned in an amount exceeding his pay for a full year, plus the value of rations for the period involved in sea travel from the Philippines to the United States, a benefit utterly without warrant, since each individual concerned has already received transportation and subsistence at Government expense for the journey performed in addition to full pay for the entire time.

That was less than a year ago.

Mr. BORAH. I should think the bill ought to go over until we know about these things.

Mr. KING. I have no objection, and I shall be glad to join with the Senator from Kansas [Mr. CAPPER] in calling at the War Department for the purposes of obtaining full and complete data in regard to all questions involved in connection with this proposed legislation. I suggest that the bill go over until Monday, hoping that by that time any additional information may be obtained.

Mr. ROBINSON. I ask unanimous consent that final action on the motion to reconsider be postponed until next Monday.

Mr. McNARY. For the purpose of obtaining further information from the Secretary of War?

Mr. ROBINSON. Yes, sir.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

Mr. ROBINSON. It is my suggestion that some Senator who is interested in the bill procure the information.

Mr. KING. I will join with my friend from Kansas in an effort to secure all information bearing upon the matter before us.

CHANGE OF NAME OF DEPARTMENT OF INTERIOR

Mr. LEWIS. Mr. President, I ask the Senate if it will be generous enough to let me explain a matter.

I desire to request that Senate bill 2665, which, with the amendment to be proposed, will merely provide for a change of the name of the Department of the Interior, be considered at this time.

The original bill which is on the calendar provides for the amalgamation of certain governmental agencies and the exercise of their functions by the Interior Department. That being wholly abandoned, and the amendment providing only for a change of name, I ask the Senate to consider the Senate bill, and then I shall ask the Senate to adopt the amendment.

Mr. McNARY. Mr. President, Senate bill 2665 was reported early in the present session of Congress. It contains provisions which I should very vigorously oppose. I understand from the declaration of the Senator that he desires to offer an amendment in the nature of a substitute.

Mr. LEWIS. Exactly.

Mr. McNARY. The amendment strikes out all after the enacting clause, all the controversial provisions, and relates only to changing the name of the Department of the Interior?

Mr. LEWIS. The Senator from Oregon correctly states the premises.

Mr. BORAH. Mr. President, I have a letter from the Secretary of the Interior in which he says there is now nothing in the bill except the change of name.

Mr. LEWIS. Nothing more.

Mr. ROBINSON. Mr. President, it will be necessary for the Senate to proceed to the consideration of Senate bill 2665 with the understanding that the author of the bill, the Senator making the motion, will offer an amendment to the bill striking out all after the enacting clause and inserting language which will be limited to effecting a change in the name of the Department.

Mr. McNARY. That is correct, Mr. President.

The PRESIDENT pro tempore. That is the understanding of the Chair. The Chair understands that the Senator from Illinois desires the consideration of Senate bill 2665 with the understanding that he will offer the amendment which now lies on the desk, which proposes to strike out all after the enacting clause and to substitute matter which will be read for the information of the Senate.

The LEGISLATIVE CLERK. The amendment proposes to strike out all after the enacting clause and in lieu thereof to insert the following:

That the Department of the Interior shall hereafter be called and known as the Department of Conservation, and the Secretary of the Interior shall be called and known as the Secretary of Conservation, and all the provisions and sections of titles IV and XI of the Revised Statutes, including all acts supplementary thereof and amendatory thereto, are hereby amended accordingly.

The PRESIDENT pro tempore. Is that the amendment which the Senator proposes to offer?

Mr. LEWIS. Yes, Mr. President. The clerk has failed to read the last part of the amendment.

The LEGISLATIVE CLERK. It is also proposed to amend the title so as to read:

A bill to change the name of the Department of the Interior, to be known as the Department of Conservation.

Mr. LEWIS. It is such that I tender now as the amendment and, using the words of the Senator from Oregon, as a substitute, the original text of the bill, containing the provision for amalgamation, being wholly withdrawn.

The PRESIDENT pro tempore. The Senator from Illinois asks unanimous consent, under that statement, that the Senate proceed to the consideration of Senate bill 2665. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2665) to change the name of the Department of the Interior and to coordinate certain governmental functions.

The PRESIDENT pro tempore. The bill is before the Senate and open to amendment.

Mr. ROBINSON. The Senator now offers the amendment, as I understand.

Mr. LEWIS. Now I offer the amendment as explained by myself.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause, and in lieu thereof to insert the following:

That the Department of the Interior shall hereafter be called and known as the Department of Conservation, and the Secretary of the Interior shall be called and known as the Secretary of Conservation, and all of the provisions and sections of titles IV and XI of the Revised Statutes, including all acts supplementary thereof and amendatory thereto, are hereby amended accordingly.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to change the name of the Department of the Interior, to be known as the Department of Conservation."

PARK, PARKWAY, AND RECREATIONAL FACILITIES

Mr. ROBINSON. Mr. President, I understand that the Senator from New York [Mr. WAGNER] wishes to bring a measure before the Senate. If the bill is made the unfinished business, I shall then shortly move a recess.

Mr. McNARY. What bill is it?

Mr. WAGNER. Mr. President, I desire to move the consideration of Calendar No. 1764, being House bill 10104, so as to make it the unfinished business. I move that the Senate proceed to the consideration of the bill.

Mr. McNARY. Mr. President, may the title of the bill be read?

The PRESIDENT pro tempore. The clerk will state the title of the bill for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 10104) to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational-area purposes, and to provide for the transfer of certain lands chiefly valuable for such purposes to States and political subdivisions thereof.

Mr. WAGNER. Mr. President, as the Senator from Oregon will recall, the bill was before the Senate for consideration earlier in the session. A number of objections were made to the effect that the bill did not give the right to recommend the transfer of certain Federal properties to the States upon the approval of Congress. The bill thereafter was recommitted to the committee, and it has been redrafted so as to remove all the objections that were made upon the floor, and now is limited to a study and survey of the recreational facilities of the country for the purpose of coordinating State and Federal recreational facilities; and that study and survey are to be reported to Congress.

Mr. McNARY. I have no objection to having the bill made the unfinished business, with the understanding that we shall recess at this time to a future date.

The PRESIDENT pro tempore. The question is on the motion of the Senator from New York that the Senate proceed to the consideration of House bill 10104.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 10104) to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational-area purposes, and to provide for the transfer of certain lands chiefly valuable for such purposes to States and political subdivisions thereof, which had been reported from the Committee on Public Lands and Surveys with amendments.

STATUS OF BONUS RECIPIENTS ON WORK-RELIEF PROJECTS

Mr. VANDENBERG. Mr. President, if I may have the attention of the junior Senator from Washington [Mr. SCHWELLENBACH] I desire to address a question to him prefaced by a brief statement.

I did not vote for the immediate payment of the bonus when the bill for that purpose was before the Senate, but now that the bonus is to be paid I have a very distinct feeling that it would be nothing short of an outrage if veterans entitled to it should be penalized in respect to work relief because they are receiving their bonus.

I am advised from some sections of the country, including my own State, that an order either already has gone out or is in contemplation which will take veterans off work relief so long as they have their bonus payments in their possession. I desire to ask the junior Senator from Washington if my recollection is incorrect that when the bill was on the floor of the Senate he offered an amendment specifically for the purpose of preventing this sort of practice and whether he did not withdraw it upon the distinct assurance that no such practice would be pursued.

Mr. SCHWELLENBACH. Mr. President, I will say that the Senator from Michigan is correct. I had offered that amendment, and the junior Senator from South Carolina [Mr. BYRNES] came to me, and we had the understanding, which he confirmed with the Works Progress Administration, that it would not be the practice of the Works Progress Administration to penalize anyone because of the fact that he had received a bonus. Upon that understanding I withdrew the amendment.

I have received information, and, in fact, proof, that in at least three States, Michigan, California, and one other—I do not remember the name of the other State—immediately after the passage of the Bonus Act steps were taken to prevent men who might be recipients under the Bonus Act from being eligible under W. P. A. I have now offered an amendment to the appropriation bill to the same effect as the amendment I offered to the bonus bill. The amendment has been referred to the Committee on Appropriations, and I intend to present it as soon as the facts have been gathered together for me showing that the Works Progress Administration is attempting to discriminate against men because of the fact that they are to receive a bonus.

Mr. VANDENBERG. I thank the Senator for his statement.

It seems to me that this process is utterly indefensible. Regardless of what one's attitude may be toward the payment of the bonus itself, certainly we are not justified in substituting adjusted compensation for whatever obligation the Government owes to those who are in distress. I am glad the Senator is pursuing the matter, and I thank him for his statement.

PAYMENTS TO EASTERN CHEROKEES

Mr. THOMAS of Oklahoma. Mr. President, there is now pending before the Committee on Indian Affairs a bill in the nature of a jurisdictional act giving the Cherokee Indians the right to go into the Court of Claims. Before the committee can pass upon the bill it will be necessary to ask for certain information. I have prepared a resolution asking the Comptroller General for the information.

The resolution has been printed and is on the table.

At this time I ask unanimous consent to take from the table Senate Resolution 285 for immediate consideration.

The PRESIDENT pro tempore. Without objection, the unfinished business will be temporarily laid aside for that purpose. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution (S. Res. 285) submitted by Mr. THOMAS of Oklahoma on April 21, 1936, calling for information concerning payments to the Eastern Cherokees for lands ceded under treaty of December 29, 1835, which was agreed to, as follows:

Resolved, That the Comptroller General of the United States, for the information of the Senate, is hereby requested to advise the Senate of the amounts appropriated by Congress in payment of the lands and improvements of the Eastern Cherokees ceded by them by treaty of December 29, 1835 (7 Stat. 478); what charges against such funds were found justly due and payable by the Supreme Court of the United States after deducting such just charges; whether or not the balance bore interest; and, if so, from what date and at what rate. He is further requested to advise the Senate what amount or amounts of payments were made thereon to the Eastern Cherokees per capita since the dates of appropriation; and the balance due the Eastern Cherokees per capita, if any, after applying such payments made in accordance with the established law governing partial payments. Also what gratuities, if any, have been paid to the Eastern Cherokees per capita.

RESTRICTION OF MARKETING OF GOVERNMENT-HELD COTTON

Mr. SMITH. Mr. President, during the call of the calendar yesterday objection was made to the consideration of Senate Joint Resolution 242, authorizing and directing the Commodity Credit Corporation to facilitate the liquidation of loans to cotton producers. I think the objection was made under a misapprehension. As I stated yesterday, the joint resolution has the approval of the Department of Agriculture. It simply proposes to restrict the sale of cotton held by the Government during the slack period, from the present time up to the 1st of September, to a certain amount, and that is all. The remainder of the measure is a recital of what is already being done. It would simply restrict the amount of Government holdings that could be put on the market.

Mr. McNARY. Mr. President, what is the calendar number of the joint resolution?

Mr. SMITH. It is Order of Business 1822 and is Senate Joint Resolution 242. I assure my colleague on the Committee on Agriculture and Forestry that the only object of the measure is the restriction of the amount of cotton held by the Government that may go on the market during what is known as the slack period.

Mr. McNARY. Who objected to the consideration of the joint resolution? If it came up under the unanimous-consent agreement to consider unobjected bills on the calendar, it would not be fair to take it up out of order if objection was made.

Mr. SMITH. I think the objection has been removed.

Mr. McNARY. I understand the Senator to say that when we were considering unobjected bills on the calendar, objection was made to the consideration of the joint resolution.

Mr. SMITH. But the objection has been removed.

Mr. McNARY. Who objected?

Mr. SMITH. The Senator from Utah [Mr. KING].

Mr. McNARY. The Senator from Utah only?

Mr. SMITH. Yes; alone.

Mr. ROBINSON. Has the joint resolution been considered by a department or an agency of the Government?

Mr. SMITH. I have a letter from the Department of Agriculture in which they endorse the joint resolution.

Mr. McNARY. Would it not be well to have it inserted in the RECORD?

Mr. SMITH. I read from it yesterday.

The PRESIDENT pro tempore. The Senator from South Carolina asks unanimous consent to temporarily lay aside the unfinished business and proceed to the consideration of Senate Joint Resolution 242. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution (S. J. Res. 242) authorizing and directing the Commodity Credit Corporation to facilitate the liquidation of loans to cotton producers.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Commodity Credit Corporation is authorized and directed to facilitate in the following manner the liquidation of the loans it has made to cotton producers:

1. The borrowers shall be permitted until August 31, 1936, to repossess their cotton, in an amount not exceeding 750,000 bales by the payment of:

A. The average quotation of Middling ⅞" in the 10 designated spot markets on the day preceding date of notice of payment less one-quarter of a cent per pound, on cotton on which loans of 12 cents per pound have been made and less 1¼ cents per pound on cotton on which loans of 11 cents per pound have been made: *Provided, however*, That in no instance will the cotton on which loans have been made of 12 cents per pound be released for an amount less than 11¼ cents per pound, nor will the cotton on which loans of 11 cents per pound have been made be released for an amount less than 10¼ cents per pound.

B. Reconcentration costs of freight, compression, and patches, if any, shall be paid by the borrower.

C. The Commodity Credit Corporation shall pay all carrying charges to and including the month in which the cotton is repossessed.

2. Between February 1 and August 31 of each succeeding year thereafter, the same concessions as these set out in paragraphs A, B, and C shall be made on an amount not exceeding 1,000,000 bales during each year: *Provided, however*, That the minimum prices stipulated in paragraph A shall be substituted by such minimum prices as shall be determined by the Commodity Credit Corporation, and such prices so determined shall be announced by the Commodity Credit Corporation not later than December 15 of each year.

3. When there remains not more than 500,000 bales in said loans the Commodity Credit Corporation shall take such steps as it deems best to liquidate said remainder.

UNITED STATES DISTRICT COURT IN MISSISSIPPI

Mr. HARRISON. Mr. President, there appears on the calendar House bill 12162, to create an additional division of the United States District Court for the Southern District of Mississippi, to be known as the Hattiesburg division. The bill has been reported favorably by the Committee on the Judiciary, after having been passed by the House of Representatives. The bill merely provides for the creation of another division of the court. It would involve no extra expense. The additional division is very much needed, and I ask that the bill be considered and passed at this time.

Mr. McNARY. Mr. President, I am advised that the bill would not result in the creation of a new judicial district but would merely provide for the court's sitting in some other place in the district than that at which it now sits.

Mr. HARRISON. That is correct.

Mr. McNARY. I have no objection.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Mississippi?

There being no objection, the Senate proceeded to consider the bill (H. R. 12162) to create an additional division in the United States District Court for the Southern District of Mississippi to be known as the Hattiesburg division, which was ordered to a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting a nomination and a convention, which were referred to the appropriate committees.

(For nomination this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. COPELAND, from the Committee on Commerce, reported favorably the nomination of A. Harry Zychick, of Ohio, to be United States Commissioner General for the Great Lakes Exposition.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers in the Navy and the Marine Corps.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination on the calendar.

PUBLIC WORKS ADMINISTRATION

The legislative clerk read the nomination of George M. Bull, of Colorado, to be State director in Colorado.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John Latenser, Jr., of Nebraska, to be State director in Nebraska.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Arthur S. Tuttle, of New York, to be State director in New York.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Henry P. Canby to be assistant dental surgeon.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Robert H. Moore to be assistant dental surgeon.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc.

RECESS TO FRIDAY

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon on Friday next.

The motion was agreed to; and (at 1 o'clock and 18 minutes p. m.) the Senate took a recess until Friday, May 15, 1936, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 13 (legislative day of May 12), 1936

COLLECTOR OF INTERNAL REVENUE

Harry M. Hickey, of Albany, N. Y., to be collector of internal revenue for the fourteenth district of New York, to fill an existing vacancy.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 13 (legislative day of May 12), 1936

PUBLIC WORKS ADMINISTRATION

George M. Bull to be State director of the Public Works Administration in Colorado.

John Latenser, Jr., to be State director of the Public Works Administration in Nebraska.

Arthur S. Tuttle to be State director of the Public Works Administration in New York.

PUBLIC HEALTH SERVICE

Henry F. Canby to be assistant dental surgeon.

Robert H. Moore to be assistant dental surgeon.

POSTMASTERS

ALABAMA

Jack Vaughan, Cuba.

CALIFORNIA

Earle Heath Stanley, Cedarville.
George P. Meek, Covina.
Allie C. Cook, Montebello.
Daisy E. Platt, Rice.
Ernest L. Finley, Santa Rosa.

COLORADO

Richard D. Saunders, Alamosa.
William D. Joyce, Antonito.
Daniel B. Venable, Ault.
Anthony J. Ricci, Georgetown.
Bernard C. Killin, Kiowa.
Ernest C. Norris, La Salle.
Palmer V. DeWitt, Oak Creek.
Ray L. Ford, Vona.
George A. May, Windsor.

GEORGIA

Leon DeLos Miller, Emory University.
Benjamin N. Walters, Martin.

ILLINOIS

Richard J. Ommen, Arenzville.
Francis P. Ryan, Assumption.
A. Albert Moehle, Brighton.
Edward A. Bauser, Bunker Hill.
Herman H. Kattenbraker, Coulterville.
Elizabeth K. Butler, Crystal Lake.
Eugenia Spaulding, Depue.
George J. Fruin, Dixon.
Walter L. Reed, Galena.
Tracy Earl Horrie, Gardner.
Henry C. Rathgeber, Girard.
Paul L. Wells, Grayville.
Irwin H. Mitchell, Metropolis.
John Joseph Fedor, Mount Olive.
William H. Cain, Patoka.
Margaret D. Drummet, Prophetstown.
John Suddick, South Wilmington.
Ernest Hunter Reynolds, Tiskilwa.

INDIANA

Alonzo L. Rogers, Walkerton.
George F. Bandeen, Westport.
James D. Arnold, Winslow.

IOWA

Arthur Joseph Claeys, Akron.
Orren W. Swartfager, Ankeny.
Mina N. Umbehaun, Arnolds Park.
Charles E. Malone, Atlantic.
Otto T. Lamansky, Brighton.
Anthony N. Huber, Calmar.
Carl E. Jones, Cincinnati.
Boyd L. Yance, Coin.
Edith M. Reed, Delta.
Pauline K. Kraschel, Farragut.
Clesson E. Woodward, Griswold.
George R. Sawyer, Hawarden.
Francis J. Spain, Kingsley.
William E. Lovett, Lake City.
August Sindt, Lake Park.
Wallace G. Strabala, Lohrville.
Edward J. Rutenbeck, Lowden.
Frederick E. Mulholland, Malvern.
Irvin W. Machamer, Merrill.
William H. Lucas, Nora Springs.
Kathryn P. Thomas, Red Oak.
Ulysses G. Pedersen, Schaller.
Charles Benesh, Toledo.
August C. Soer, Victor.
William J. Cash, Williamsburg.

KANSAS

John R. Neifert, Glen Elder.
Omar G. Beougher, Gove.
Goldie L. Blades, Independence.
William D. O'Loughlin, Lakin.
Glenn B. Hale, Mankato.
Vernon K. Campbell, Merriam.
Barton W. Wherritt, Montezuma.
Charles E. Canny, Mound Valley.
George D. Brooks, Oil Hill.
Ellen Rae Silvers, Preston.
Edward G. Behrhorst, Sylvan Grove.
Chester C. Chambers, Tescott.
Charles W. Hickok, Ulysses.
Clarence O. Masterson, Wilmore.

LOUISIANA

Reynald J. Patin, Breaux Bridge.
Albert B. Coroy, Gonzales.
John H. Lyons, Lake Charles.
Howard J. Durand, St. Martinville.

MINNESOTA

Henry H. Lukken, Boyd.
Beatrice Perrizo, Delavan.
Herbert G. Carlson, Gibbon.

NEBRASKA

Harry H. Burden, Axtell.
John E. Hunt, Bayard.
Charles R. Larson, Bertrand.
Eli V. Balthazor, Campbell.
Patrick J. Mullin, Friend.
Alfred L. Hill, Ord.
Lester V. Kozel, Ravenna.
George H. Woolman, Republican City.
Frank E. Sullivan, Springfield.
Charles M. Brown, Sutton.
Fred Shimerda, Wilber.

NEW HAMPSHIRE

Walter D. Cleary, Bennington.
Fred R. Hutchinson, Canaan.
Thomas W. Kiniry, Walpole.
Fred L. Sargent, Woodsville.

NEW JERSEY

Samuel Munyan, Gibbstown.
Richard F. Holt, Kenvil.
John A. Smith, Wrightstown.

NORTH CAROLINA

Millard T. Eatman, Bailey.
John L. Cassell, Draper.
John E. Creech, East Flat Rock.
Thomas Carlyle Pate, Gibson.
John Harmon Linville, Kernersville.
Thomas Mortimer Harris, Louisburg.
James Kelly Bridgers, Sr., Nashville.
Fuller T. Currie, Pinehurst.
Lacy F. Clark, Raeford.
Albert Lee Herring, Snow Hill.
Walter Marsh Cavin, Stanley.

OREGON

Walter A. McHargue, Brownsville.
John W. Bubb, Huntington.
Jay C. Freeman, Moro.

SOUTH CAROLINA

Robert J. Aycock, Pinewood.
Mollie S. West, Tucapau.

SOUTH DAKOTA

Ralph L. Chambers, Clear Lake.

TEXAS

Peter Hilton Williams, Albany.
Rena Hurst Cox, Bellevue.
Oran L. Ferrell, Bullard.
Alvin Henry Lohoefener, Burkburnett.
Emmett U. Reagan, Dilley.
James H. McClellan, Gatesville.
Zora Harold Bonner, Hamlin.
Elvis E. Wallis, Iowa Park.
John C. Clayton, Kerens.
Carl Little, Ladonia.
Alvin L. Allen, La Feria.
Owen C. Taylor, Lamesa.
Harry W. Moynihan, Miles.
Cicero Harper, Moran.
Richard Pfeuffer, New Braunfels.
Cephas V. Whatley, Palo Pinto.
Doris I. Rogers, St. Jo.
Floyd C. Platt, San Juan.
William A. Trotman, Trinidad.
Jennie C. Jenkins, Tuscola.
Oliver Lee Lowry, Valley View.
Clifton Davenport, Weslaco.
Milton J. Gaines, Wichita Falls.

VIRGINIA

Frances Glassell Beale, Bowling Green.
Claude Franklin Whitmer, Broadway.
John William Duncan, Onancock.

WISCONSIN

Quiren M. Groessl Algoma.
Stephen D. Balliet, Appleton.
Miles P. Tierney, Boscobel.
Paul W. Cornish, Fort Atkinson.
Fred C. Wolff, Lakemills.
Cora A. Thompson, McFarland.
Joseph R. Coyle, Menasha.
Charles F. Kurtz, Two Rivers.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 13, 1936

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Most gracious Heavenly Father, while another night has been enfolding us, Thou hast kept us in Thy everlasting arms. For this beautiful day, we thank Thee; may we look up through nature to nature's God and be blest with the sunlight of a strong, happy faith. Conscious of our needs, blessed Lord, we beseech Thee to assure us of the constancy of Thy wise guidance. Evermore may we realize that in Thee we live and move and have our being. Identify us with truth so that right action may result from a will purified from selfishness. Grant that our lives may not die away amid toil and daily care, but so bless and sustain us that we may present both souls and bodies for Thy service, and Thine shall be eternal praises. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills and joint resolutions of the House of the following titles:

H. R. 1398. An act to provide for the establishment of a Coast Guard station at or near Crescent City, Calif.;

H. R. 2119. An act for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor;

H. R. 2467. An act for the relief of Holy Cross Mission Hospital;

H. R. 3340. An act for the relief of Jesse S. Post;

H. R. 5058. An act to convey certain lands to Clackamas County, Oreg., for public-park purposes;

H. R. 8089. An act for the relief of Joseph J. Baylin;

H. R. 8370. An act to provide for the establishment of a Coast Guard station at Port Washington, Wis.;

H. R. 8506. An act for the relief of Oliver Faulkner;

H. R. 9042. An act to provide for the sale of the Port Newark Army Supply Base to the city of Newark, N. J.;

H. R. 9370. An act for the relief of Frank Cordova;

H. R. 9373. An act for the relief of H. L. and J. B. McQueen, Inc., and John L. Summers, former disbursing clerk, Treasury Department;

H. R. 9455. An act for the relief of Robert J. Mann;

H. R. 10308. An act to amend article 3 of the "Rules Concerning Lights, etc.", contained in the act entitled "An act to adopt regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States", approved June 7, 1897;

H. R. 10321. An act to amend section 4 of Public Act No. 286, Seventy-fourth Congress, approved August 19, 1935, as amended;

H. R. 10589. An act to amend section 32 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes", approved August 30, 1935;

H. R. 10847. An act to authorize the acquisition of land for cemeterial purposes in the vicinity of New York City, N. Y.;

H. R. 11036. An act to amend section 4321, Revised Statutes (U. S. C., title 46, sec. 263), and for other purposes;

H. R. 11302. An act to authorize the Secretary of War to lend to the reunion committee of the United Confederate Veterans 3,000 blankets, olive drab, no. 4, 1,500 canvas cots, to be used at their annual encampment to be held at Shreveport, La., in June 1936;

H. R. 11346. An act for the relief of H. R. Heinicke, Inc.;

H. R. 12183. An act for the relief of Gladys Hinckley Werlich;

H. J. Res. 538. Joint resolution to provide for participation by the United States in the Ninth International Congress of Military Medicine and Pharmacy in Rumania, in 1937; and to authorize and request the President of the United States to invite the International Congress of Military Medicine and Pharmacy to hold its tenth congress in the United States in 1939, and to invite foreign countries to participate in that congress;

H. J. Res. 547. Joint resolution providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition to be held at Cleveland, Ohio, beginning in June 1936, and for other purposes; and

H. J. Res. 569. Joint resolution to authorize an appropriation for the expenses of participation by the United States in a conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H. R. 4148. An act for the relief of the Thomas Marine Railway Co., Inc.;

H. R. 6163. An act for the relief of Mrs. Murray A. Hintz;

H. R. 6258. An act for the relief of D. E. Woodward;

H. R. 8262. An act for the relief of Tom Rogers;

H. R. 8431. An act to provide for the establishment of the Fort Frederica National Monument, at St. Simon Island, Ga., and for other purposes;

H. R. 8705. An act for the relief of Claude Curteman;

H. R. 8766. An act to authorize municipal corporations in the Territory of Alaska to incur bonded indebtedness, and for other purposes;

H. R. 9496. An act to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration; and

H. J. Res. 439. Joint resolution authorizing the erection in the Department of Labor Building of a memorial to the officers of the Immigration and Naturalization Service and Immigration Border Patrol who, while on active duty, lost their lives under heroic or tragic circumstances.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10267) entitled "An act to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service, to correspond to the rates established by the Classification Act of 1923, as amended."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8372) entitled "An act to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station and to authorize the construction and installation of a naval air station thereon."

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1975. An act to authorize certain officers of the United States Navy, officers and enlisted men of the Marine Corps, and officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 949. An act for the relief of R. R. Purcell;

S. 2041. An act for the relief of Charles E. Wilson;

S. 2575. An act for the relief of Emma Gomez;

S. 2576. An act for the relief of Manuel D. A. Otero as administrator of the estate of Teresita S. Otero, deceased;

S. 3671. An act for the relief of Howard Hefner;

S. 3715. An act for the relief of Roscoe McKinley Meadows;

S. 3721. An act to authorize additional coinage in commemoration of the one hundredth anniversary of the independence of the State of Texas and the one hundredth anniversary of the admission of the State of Arkansas into the Union;

S. 3808. An act for the relief of R. D. Stephens and Vera Stephens;

S. 3844. An act for the relief of Mrs. M. N. Shwamberg;

S. 3921. An act authorizing the Secretary of War to bestow the Silver Star upon Michael J. Quinn;

S. 3992. An act for the relief of Capt. Laurence V. Houston, retired;

S. 4038. An act to amend an act of Congress approved March 3, 1863, entitled "An act to reorganize the courts in the District of Columbia, and for other purposes";

S. 4078. An act to authorize the award of a decoration for distinguished service to John C. Reynolds;

S. 4082. An act to authorize the presentation of a Congressional Medal of Honor to Taliesin Waters;

S. 4099. An act to authorize the award of the Congressional Medal of Honor for distinguished service to Pleas Sanders;

S. 4100. An act to incorporate the Veterans of Foreign Wars of the United States;

S. 4105. An act authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission, of Maryland, for park, parkway, and playground purposes;

S. 4124. An act for the relief of the State of Connecticut;

S. 4140. An act for the relief of Homer Brett, Esq., American Consul at Rotterdam, Netherlands, as a result of money stolen from the safe of the American Consulate;

S. 4252. An act to provide for the modification of the contract of lease entered into on June 12, 1922, between the United States and the Board of Commissioners of the Port of New Orleans;

S. 4297. An act to amend section 80 of the act entitled "An act to establish a uniform system of bankruptcy

throughout the United States", approved July 1, 1898, as amended;

S. 4317. An act to authorize the Secretary of War to grant to the city of Buffalo, N. Y., the right and privilege to occupy and use for sewage-disposal facilities part of the lands forming the pier and dikes of the Black Rock Harbor improvement at Buffalo, N. Y.;

S. 4340. An act to authorize the President to designate an Acting High Commissioner to the Philippine Islands;

S. 4390. An act to amend the National Defense Act relating to the Medical Administrative Corps;

S. 4425. An act to relinquish all right, title, and interest of the United States in certain lands in the State of Connecticut;

S. 4461. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.;

S. 4462. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa;

S. 4463. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near the cities of South Sioux City, Nebr., and Sioux City, Iowa;

S. 4487. An act to provide for a preliminary examination and survey of Smugglers Cove, Oreg.;

S. 4542. An act authorizing the Comptroller General of the United States to settle and adjust the claim of the Merritt-Chapman & Scott Corporation;

S. 4556. An act authorizing an appropriation for the payment of the claim of Gen. Higinio Alvarez, a Mexican citizen, with respect to lands on the Farmers Banco in the State of Arizona;

S. 4584. An act to amend the Migratory Bird Treaty Act of July 3, 1918 (40 Stat. 755), to extend and adapt its provisions to the convention between the United States and the United Mexican States for the protection of migratory birds and game mammals concluded at the city of Mexico February 7, 1936, and for other purposes;

S. J. Res. 200. Joint resolution to extend the period of suspension of the limitation governing the filing of suit under section 19, World War Veterans' Act, 1924, as amended;

S. J. Res. 235. Joint resolution authorizing the Secretary of Agriculture to expend funds of the Agricultural Adjustment Administration for participation by the United States in the 1936 Sixth World's Poultry Congress;

S. J. Res. 250. Joint resolution extending thanks in appreciation of services rendered by Hayden W. Wren as superintendent of the docks of the port of New Orleans; and

S. J. Res. 257. Joint resolution authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Maximo Mariano Pruna y Hernandez, a citizen of Cuba.

CALL OF THE HOUSE

Mr. O'MALLEY. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 94]

Allen	Cooper, Ohio	Fernandez	Kerr
Andrew, Mass.	Cox	Fish	Kloeb
Arends	Dear	Gambrill	Kvale
Bacon	Deen	Gasque	Lamneck
Berlin	Dempsey	Gassaway	Larrabee
Bolton	DeRouen	Green	Lehlbach
Brennan	Dietrich	Greenwood	Lesinski
Bulwinkle	Dockweiler	Hamlin	McGroarty
Burnham	Doutrich	Hancock, N. Y.	McLean
Caldwell	Duffey, Ohio	Harlan	McLeod
Cary	Duffy, N. Y.	Hartley	Mahon
Cavicchia	Eagle	Hoeppel	Maloney
Claiborne	Eaton	Jenckes, Ind.	Marshall
Clark, N. C.	Edmiston	Jenkins, Ohio	Merritt, Conn.
Coffee	Ferguson	Kee	Montague
Montet	Plumley	Sanders, La.	Steagall
Murdock	Polk	Sandlin	Taylor, Colo.
Nichols	Ramsay	Scrugham	Thomas
Oliver	Rich	Sears	Utterback
Pearson	Risk	Short	White
Perkins	Rogers, N. H.	Smith, W. Va.	Wigglesworth
Pettengill	Rogers, Okla.	Spence	Wood
Pierce	Sabath	Starnes	Zioncheck

The SPEAKER. Three hundred and thirty-five Members have answered to their names; a quorum is present.

Mr. WOODRUM. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The motion was agreed to.

THE FRAZIER-LEMKE BILL

Mr. LEMKE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 2066) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a board of agriculture to supervise the same.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 2066, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. REILLY].

Mr. REILLY. Mr. Chairman, as one of the five Members of this House who signed, at the same time, the petition to bring the Frazier-Lemke bill before this body, I desire to state that it was understood by the friends of the bill and others at the time I placed my name on the said petition that I was opposed to the bill and was signing the said petition only for the purpose of giving the sponsors of the measure a chance to bring their bill up on the floor of the House for discussion and a vote, a right I believed they should have, in view of the wide interest in their bill. [Applause.]

Two years ago in reply to a letter from one of my constituents asking me to support the Frazier-Lemke bill I gave the reasons why I could not vote for the bill. This letter was published in the papers of my district, so that in the campaign of 1934 all of my constituents who were interested in this bill knew where I stood.

Since the beginning of the panic there have been four theories advocated for bringing our country out of the depression:

Theory no. 1, the do-nothing theory, holding that we are going through an ordinary industrial depression, the likes of which our country has gone through many times before, and that there is nothing that the Government could do or should do to help bring about economic recovery. All the Government and the country have to do is to wait and let the laws of economics and nature run their courses, and in due time our country would get back again on the highway of industrial prosperity.

Theory no. 2, the printing-press theory. The advocates of this theory believe that all we have to do to start the wheels of industry and put men back to work is to start the money-printing presses, and run them 24 hours a day until the country would be flooded with paper money, fiat money, rag money, and their proposal for starting the money flood is the Frazier-Lemke bill.

Theory no. 3 is based upon the belief that our individualistic, capitalistic system is all wrong; that it has not worked and cannot be made to work; and that if we are going to have general prosperity in this country, the capitalistic system must be wiped out, and some other economic system set up in this country, to take its place. If the advocates of this theory had their way all our individualism, rugged or controlled, would be something of the past. The capitalistic system is a nightmare to them and they would save none of it.

Theory no. 4, the New Deal theory, holding that this is an extraordinary industrial depression, or rather break-down of the capitalistic system, unparalleled in all our history; that as a result of the loss of our frontiers, our boundless West of the past, and the coming of the machine and power age that has revolutionized our industrial world and multiplied our jobless army, we are living in a new economic era, just as unlike the economic day of 1893, the date of our last great panic, as that day was unlike George Washington's day, and if we are going to save what is best of our capitalistic system we must modify our institutions so as to meet the demands of a changed and changing world.

The gentleman from North Dakota [Mr. LEMKE] is an inflationist, not a mild inflationist, but a wild inflationist, and his bill is a wild inflationary measure designed to carry out the theory of those who believe in traveling the printing-press road to industrial recovery.

The Frazier-Lemke bill is not a farm-relief bill except in a very limited sense. The slogan "farm relief" is simply used as a camouflage to conceal the launching in this country of a printing-press monetary system that is in direct conflict with the sound-money ideas of our country's past. The printing-press plan for saving our country has no place in the New Deal program, and the enactment of the Frazier-Lemke bill into law would wreck President Roosevelt's whole recovery program, and would be the beginning of a financial policy for our country that would bring wrack and ruin not only to industry but also to agriculture. We have plenty of money today. Our banks are filled to overflow with idle money and the exchange of $3,000,000,000 of farm mortgages for $3,000,000,000 of printing-press money would simply add that much more to the already too large bank reserve of the country.

The furnishing by the Government of $3,000,000,000 over a period of 3 years, to 15 percent of the farmers of the country, as provided by this bill, to take up their farm mortgages at an interest rate of 1½ percent could not materially affect the general prosperity of the other 85 percent of the farmers of the country. This bill certainly will not benefit in any way the 2,500,000 farm renters of the country or the 2,000,000 farmers who own their own farms clear of debt.

Again, the furnishing of mortgage money at 1½-percent interest rate per annum to 15 percent of the farmers of the country would be an unjust discrimination between such farmers and the millions of other farmers who have mortgages on their farms but who could not be taken care of with a $3,000,000,000-farm-mortgage-relief bill, and it would also be an unjust discrimination against the millions of city mortgagors who are paying 5 percent and 6 percent and 7 percent interest on their mortgages.

Of course, if this bill should become a law there would be an irresistible demand for a new Frazier-Lemke bill to take care of the balance of farm mortgages, about $5,000,000,000 and the $17,000,000,000 of city mortgages, with the result that not $3,000,000,000 but $25,000,000,000 of new money would have to be issued in order to treat all of our mortgagors alike. And, according to the statement of the gentleman of North Dakota, made on this floor on yesterday, he would favor such legislation.

The gentleman from North Dakota says that his bill is not an inflationary measure, but President Green, of the American Federation of Labor, asked Congress not to pass the bill because it was an inflationary measure and would bring economic distress to millions of wage earners of the country. And besides, many of the Members of this House who have spoken for this bill admit that it is an inflationary bill, and that is why they are in favor of it. If it is not a move toward inflation to issue $3,000,000,000 of new money, why not make the amount issued ten billion, or fifteen billion, or twenty-five billion, and take up all farm and city mortgages—and why stop then? And the gentleman from North Dakota would not stop then; he would not stop until he had issued about $33,000,000,000 more of new money, to take up all our national bonded debt, on the theory of saving interest. Such a riot of printing-press money might save interest but it would bring wreck and ruin to our country as the printing-press remedy for industrial ills has brought wreck and ruin to other countries where tried. The fact of the matter is $3,000,000,000 of new money is just to be a starter in this fiat-money program. It would let the camel get his nose under the financial tent, and then the floodgates of fiat money would be opened, and with the blessings of the author of the pending bill.

The farmers of the country—at least of my district—do not ask for any special favors at the hands of their Government. All they ask for is a square deal with industry. The farm problem today and yesterday and tomorrow is not and will not be a problem of interest but rather of prices. If the farmers of the country could get for their products what they should get, or prices on a parity with what industry gets for its products, the farmers would be able to pay their interest and their taxes and there would be no agricultural distress.

The farm problem today has resulted from the terrific shrinkage in farm prices that took place between 1929, when the farmers' crop was valued at about $12,000,000,000, and 1932, when the value of their crop was only a little over $5,000,000,000. In 1932, taking the country as a whole, 9.6 percent of the gross farm income was required to pay the interest on the farm-mortgage debts for that year, while in 1935 only 4.5 percent of the gross farm income went to pay the interest on farm mortgages. Again, farm-mortgage foreclosures have decreased about 50 percent since 1933, when they reached the peak for all times.

Of course, the farmer has a long way to go yet before he will receive his equitable share of the total income of the country, but he is on the way, and any printing-press legislation such as is proposed by the Frazier-Lemke bill will interfere with, and not help, the farmer to gain his goal of parity of prices with industry. The New Deal, without any printing-press aid, has made it possible for the farmers of this country to get for their 1935 crop about $3,000,000,000 more than they received for their crop in 1932.

The passage of the Frazier-Lemke bill would wreck our Federal land-bank system, and it would break every farm-mortgage association in the country. Six hundred thousand farm borrowers have invested $113,000,000 in the capital stock of our Federal land-bank system, and the Government has invested or loaned to such banks $217,000,000. At the present time a great many of the local farm-mortgage associations are broke because of losses resulting from mortgages given on the basis of a 50-percent value of the land. The Frazier-Lemke bill, as it was first presented before the House, provided for mortgaging up to 100 percent value of the land, and now the sponsors of the bill have agreed to cut down the loaning value to 80 percent. The farmers who joined the farm-mortgage associations went in with the understanding that they were to guarantee mortgages up to 50 percent value. Under the Frazier-Lemke bill they will be obliged to guarantee new mortgages up to 80 percent. The result, based upon past experience, cannot be otherwise than that every farm-mortgage association of the country will go broke.

The printing-press road to industrial recovery in every country is strewn with the wrack and ruin of industry. The inflation theory of bringing about industrial recovery as tried out in France and Germany, in recent years, tells a story of the ruin of the great middle class of these two countries. Four-fifths of the savings of the French people, and practically all of the savings of the German people were wiped out by the inflationary program tried by these nations.

Our farmers get the lowest rate of interest of any farmers in all the world, and as I have stated, the farm problem is not an interest problem, but a price problem, and the way to solve the farm problem is not by wrecking our monetary system but by legislation that will preserve a sound financial system for this country and at the same time make it possible for the farmer to secure prices for what he

sells, that are on a par with the prices he has to pay for what he buys.

I was born on the farm. My sympathies are with the men and women who toil early and late on the farms of our country in order that our industrial millions may be fed. I believe that agriculture is our principal industry and that there can be no general prosperity in our country until the farmers are prosperous. During all my congressional life I have supported legislation designed to help agriculture and to give the farmers a square deal, but I cannot support legislation allegedly designed to help the farmer but in fact intended to launch our country on a fiat-money spree.

When the present administration came into power the farm problem was a pressing problem. The farmers' income had been about cut in two during the panic years, and the farmers had no purchasing power. They were unable to meet their taxes and interest charges and they were practically out of the picture as buyers of the products of industry, with the result that industry suffered and the army of the unemployed grew.

President Roosevelt took up the farmers' problem just as he took up other problems, and launched a farm-relief program designed to give the farmer a parity of prices, with industry, and that program without the assistance of the printing-press remedy of the gentleman from North Dakota, Mr. LEMKE, has been successful in bringing to the farmers of the country a notable increase in their income. The fact is under Mr. Roosevelt's farm-relief program the farmers of the country had an increase of income in 1935 over 1932 of about 62 percent and in view of the increased income for the first 6 months of 1936 over the same months of 1935 it would appear that the farmers' income for 1936 will show an increase of about 70 percent over their income for 1932.

I have received quite a few letters from my constituents, individuals, and groups, asking me to support the Frazier-Lemke bill. Some of these letters were accompanied with a threat of defeat at the polls if I failed to vote for this bill. My constituents by this time ought to know that it does no good to threaten their Congressman with political exile from Washington for failing to vote as they think he should vote. Of course, I concede that the friends of this bill are just as honest in their convictions that the printing-press road is the right road for our country to travel in these times as I am in my belief that the printing-press road is a road of danger and ruin to our country. I am willing to listen to reason and arguments but not to threats. I do not believe that I could fittingly represent my constituency in Congress in these trying times if I voted with my eyes on the ballot box. I must vote my convictions regardless of the effect of such votes on my political fortunes. [Applause.]

Mr. LEMKE. Mr. Chairman, I yield to the gentleman from Oregon [Mr. MOTT] such time as he may desire.

Mr. MOTT. Mr. Chairman, whatever may be the verdict of the House upon the roll call which will follow this debate, it is my belief that this day will take its place in legislative history as one of the most important days of any session of the Congresses. For today, after 5 years of continuous struggle, and in the face of odds that have seemed almost insurmountable, the Frazier-Lemke farm mortgage refinancing bill is at last before the House of Representatives, not merely for academic discussion and debate but for an actual vote.

Whether this bill will pass the House today no one, of course, can predict. If it is decided upon its merits and not upon the basis of partisan politics, it is my opinion it will pass, for I am convinced that a majority of the people's representatives in this body are actually in favor of the bill. In all, 240 Members of the House or 22 more than a majority, have signed the petition to discharge the Rules Committee and to force this vote upon the bill today. All of these Members, of course, were not in favor of the bill when they signed the petition. Others have been persuaded from time to time by administration leaders to remove their names from the petition. Nevertheless, I am convinced that at the time the committee was discharged there were more than 218, or a majority, who favored the passage of the Frazier-Lemke bill.

But I am also aware, as is everyone here, that since the Rules Committee was discharged, the administration, which is opposed to this measure, has been using every ounce of pressure it could to destroy that support on the majority side of the aisle and to defeat the bill because it does not meet with the approval of the administration. It will be very interesting to note when the vote is taken today what effect that pressure has had. It will be important, as well as interesting, for the country to learn whether or not in this administration a bill strictly nonpartisan in character is to be given the strictly nonpartisan consideration to which it is entitled.

I regret that the debate up to now has not been entirely free of partisanship. I was particularly sorry to note the approach of the distinguished majority member of the Agriculture Committee, the gentleman from North Carolina, in the debate on yesterday. The gentleman complained, to quote his own words, that this bill "is advocated not by the administration, not by the Farm Credit Administration, but by the Republican leadership, which seems for the moment to have taken over the Democratic House", and he declared he would not permit his zeal for the farmer to become "intemperate" to the extent of departing "from the leadership of the great party now in power."

What an argument to advance against a bill which everyone knows has been from the first admittedly nonpartisan. Has this body descended to such an estate that we must decide the question of farm solvency and the future destiny of agriculture upon a partisan, political basis?

Likewise, in his remarks in the RECORD of Saturday the distinguished administration leader, the chairman of the Rules Committee, took occasion to emphasize very pointedly the fact that the authors of the Frazier-Lemke bill were Republicans.

Is that any reason for opposing the bill if it is a meritorious one? Must majority members of the national lawmaking body, with its overwhelming voting strength of more than 3 to 1, continue indefinitely to support only administration measures and to oppose everything else? Is there no virtue in any legislation unless it comes in here from the executive department stamped in advance with Executive approval?

It is true, of course, that the authors of this bill happen to be Republicans. But that certainly does not properly raise a partisan question. It is true, also, that a majority of the Republican membership of the House signed the petition to discharge the Rules Committee and to force this vote upon the bill. But that likewise does not make a bill of this kind a partisan issue, and I am glad the RECORD will show that no Republican in this body has ever tried to make it a partisan issue. Not a single word has come from the Republican side in this debate which anyone could construe as partisan. All that Republican supporters of the bill want to do is to pass it, and that is what everyone who believes in it should want to do, no matter whether he is Republican or Democrat.

Let me proceed now briefly to discuss this bill upon its merits, which is the only basis upon which any bill should be debated.

First, then, what is the purpose of the bill? What is the situation and what is the condition in the country which brings to Congress a measure like the Frazier-Lemke farm-mortgage refinancing bill? What is the problem that this bill presents and seeks to solve, and why must it be solved? Just what is it that the Frazier-Lemke bill proposes to do and why is it necessary that that thing should be done?

The Frazier-Lemke farm-mortgage refinancing bill proposes a comprehensive, carefully worked out national plan for permanently helping the farmer out of his present impossible state of insolvency through the refinancing of existing farm mortgages by the Federal Government at a rate of interest which the farmer can afford to pay.

The Frazier-Lemke bill undertakes to refinance farm mortgages at an interest rate of 1½ percent per annum, plus 1½ percent annually to be repaid upon the principal,

upon agriculture for their livelihood. This constitutes roughly about one-fourth of our population. In the days of normalcy and so-called prosperity when the farmer actually owned his farm and was able to sell his product at a profit, this one-fourth of the population constituted nearly one-fourth of the entire purchasing power of the United States, and that purchasing power was responsible in a large degree for whatever prosperity was enjoyed by all other industry. The farmer was the best customer the merchant had, the best client the lawyer had, the best buyer the materialman had, and the best risk the bank had. Whole communities in those days depended for their own welfare and happiness upon the success and prosperity of the farmer.

Today the major portion of this one-quarter of our population do not, in the first place, own their farms at all. They simply hold them through the sufferance of those to whom they have given mortgages which they cannot pay. They got into this condition when the price of what they had to sell went below the cost of producing it, and when the price of that which they had to buy arose above their ability to purchase it. This condition was thought at first by everybody to be a temporary one. To the bewilderment of everyone, however, including the farmer, the condition has remained permanent, and that is the condition which confronts agriculture today.

The result has been that this one-quarter of our population is today virtually without purchasing power, just as it has been without purchasing power for the past 5 years. The purchasing power of the farmer, although in some years there may be a slight exception to the rule, is, on the whole, decreasing instead of increasing, and this in spite of all the Government has tried to do heretofore to remedy this condition. And in addition to not being able to buy anything out of the income of their farms these farmers are losing the bare title and the equity to their property at a rate which is appalling to anyone who will merely read the cold figures on foreclosures.

And so, I repeat, unless a way can be found to give them a new lease on life, not only is the future of the farmer a hopeless one, not only is his own industry doomed, but the future of every industry in this country will likewise suffer irreparable loss. One-fourth of the population of the United States cannot be permanently deprived of its buying power, nor can it be deprived of the very land itself out of which its income is derived, without permanently injuring the whole population, and to argue otherwise is sheer nonsense.

No one, I think, will seriously deny that the statement of the situation as I have here outlined it is correct. The fact is that opinion on this point is virtually unanimous. It is agreed also by nearly everyone that a solution must be found, and found now for this problem, and that that solution is a legislative one. Furthermore, there are few who now contend that the Frazier-Lemke farm-mortgage refinancing bill, if enacted and put into operation, would not actually do what it proposes to do in the way of solving this problem.

What then is the objection to the Frazier-Lemke bill? The objection is that while the bill may do what is claimed for it, yet the method it proposes for doing it is a wrong method. It is proper, I think, to observe here that those who have raised objection to the bill have not undertaken to offer any substitute for the portions of it they object to. It is proper to observe also that the supporters of this bill have repeatedly stated that they are willing to accept any reasonable amendment which is offered in good faith. The opponents of the Frazier-Lemke bill therefore are put directly in the position of opposing a bill, the objects and purposes of which are admittedly both worthy and necessary, simply because they do not agree with the particular method by which those objects are sought to be attained.

Four principal objections to the Frazier-Lemke bill—aside from the political objections I have referred to—have been advanced during this debate. The first is that the rate of interest proposed to be charged is too low. The second is that the Government should not loan its credit to the farmer because that would be preferring him to other classes of citizens. The third objection is that if it is proper to refinance farm mortgages at an interest rate of 1½ percent, it is equally proper to refinance home mortgages at the same rate, and that unless we include home mortgages in the bill the measure should be defeated. And the fourth objection, and the one that has been loudest, is that the money proposed to be issued under the Frazier-Lemke bill would be fiat or printing-press money and that it would constitute inflation.

Let me try to answer these objections in the order I have named them.

In answer to the contention that the rate of interest proposed is too low, it is only necessary to observe that a total rate of repayment of 3 percent, principal and interest, is all the farmer can afford to pay. That amount, as experience has demonstrated, represents the maximum of his ability to repay. One of the principal reasons for the farmer's present financial plight is that he cannot pay the rate of interest he is now being charged either by the private lender or the Government. And unless you lend to the farmer at the rate of interest he can pay then, obviously, the lending does neither the farmer nor the Government any good and any attempted refinancing at a higher rate would be futile.

In further answer, let me say that the Government has already financed other private industries, including banks, railroads, and financial institutions, at a rate of interest in many cases very little higher than this and in no case higher than the borrower, under conditions then existing, could afford to pay. It has also financed foreign governments with the people's money at a rate even lower. On most of these foreign loans the Government has cut down the principal to almost nothing and few of us expect that we will get back even that.

The interest provided in the Frazier-Lemke bill is necessarily low, but it is sufficient; and it has this all-important and sufficient feature—and that is that the farmer can and will repay it.

The objection that the Government would be preferring farmers to other classes of citizens by extending its credit to them is sufficiently answered by showing that the Government has already extended its credit to almost every other form of industry and that it is extending its credit now to farmers, also, under various existing farm-loan laws. All of these loans, however, have carried a rate of interest which experience has already demonstrated the farmer cannot meet, and the attempted refinancing thus far has been a failure.

Furthermore, the Government has been loaning its credit to national banks, all of which are privately owned, ever since the first national-bank law was passed. And it has been loaning this credit to the banks free. Up until a few months ago it even allowed the banks to issue money of their own on the credit of the Government. There is absolutely nothing new in this bill so far as the lending of credit by the Government to private industry is concerned. That has been done for years and is still being done.

The third objection, that this bill does not include the refinancing of home mortgages, ought to be easily disposed of. In the first place this is exclusively a farm-loan bill. Home-loan refinancing is another subject entirely, and upon that subject several laws have already been enacted and are in effect. There is an essential difference between the necessity for comprehensive farm-mortgage refinancing, as such, and the refinancing of home mortgages by the Federal Government. The problems presented in these two proposals are so fundamentally different that they cannot properly be joined in the same bill.

Farm-mortgage refinancing presents a problem which is distinctly national and industrial in its scope. It is a problem of saving a basic industry, without which no other industry can survive, from bankruptcy. Home ownership is something which people in all walks of life and in all branches of business and industry may enjoy, or not, accordingly as they may prefer to own or to rent the homes in which they live. It is a very desirable thing, of course for a citizen to own his home, and for that reason I have supported and shall continue to support all sound and proper home-loan legislation. But home ownership, as such,

the entire loan to the farmer, both principal and interest, to be amortized over a period of 47 years.

As security for these loans, the Federal Government takes the farm mortgages and becomes the holder of these mortgages in the place of the present private holders. Upon these mortgages farm-loan bonds are issued, bearing interest at 1½ percent. The bonds are first offered to the public, and, if not readily sold, they are taken by the Treasury of the United States as the basis, in part, for a new issue of Federal Reserve notes with which the refinancing is done. The bill provides that "the outstanding Federal Reserve notes issued under this act shall at no time exceed $3,000,000,000." It should be clearly noted at this point that the security of the farm-loan bonds and mortgages is in addition to the regular security behind this and all other issues of Federal Reserve notes, which is the gold reserve in the Treasury.

While this $3,000,000,000 is somewhat less than one-half of all the farm mortgages now outstanding in private hands, the provisions of the bill for the annual repayment by the farmer of his loan to the Government are such that a greater amount than three billion will never have to be outstanding at one time. As the annual payments on principal and interest, amounting together to 3 percent, are made, this amount is loaned out again each year to refinance other farm mortgages until the refinancing is completed upon all farm mortgages existing at the time of the passage of this bill and which the mortgagor desires to have refinanced.

The question is often asked how much this refinancing will cost the Government. The answer, of course, is that it will cost the Government nothing. This bill provides for no grants and no subsidies. The Government gives the farmer nothing under the Frazier-Lemke bill. What the Government does under this bill is to loan its credit to the farmer, the same as it has been loaning its credit to banks for the past 100 years. For this credit the farmer gives to the Government the best security that anyone can give—the land of the Nation itself. And the farmer repays to the Government every dollar he borrows. One of the essential differences between this bill and other bills under which Federal farm-mortgage refinancing has been unsuccessfully attempted is that under the Frazier-Lemke bill the farmer repays his loan at a rate of interest low enough actually to enable him to pay it. The rate is still high enough, however, so that the Government not only will not lose money but will, as a matter of fact, make a small profit on the transaction.

This, then, is what the Frazier-Lemke farm-mortgage refinancing bill is, and what it undertakes to do. The refinancing benefits under this bill extend not only to farmers who are in present danger of losing their farms through foreclosure but also to those who have actually lost their farms in that manner within the statutory period prescribed in the bill. In other words, farmers in that unfortunate position are given an opportunity to repurchase the farms they have actually lost.

Several important amendments will be offered and adopted today, changing some of the original features of the bill. Under these amendments, the provisions for loans on farm chattels are eliminated and the refinancing will be confined exclusively to mortgages on real estate. The original bill provided for refinancing up to the full fair value of the property mortgaged. This feature is to be changed by amendment to provide for refinancing up to 80 percent, instead of 100 percent, of the fair value of the mortgaged property. There are other amendments which, while important, are not fundamental but which we think are valuable as tending to remove objection raised by some of the opponents of the bill.

Having stated what the Frazier-Lemke farm-mortgage refinancing bill undertakes to do and how it proposes to do it I come now to the question as to why it is necessary to do this.

To those who have made a careful study of the farm-mortgage problem the answer to this question presents no great difficulty. The simple fact is that unless farm mortgages are refinanced by the Federal Government at a rate of interest low enough to enable the farmer to repay his loan and again actually to own his farm, within a very few years there will be no such thing as independent farm ownership and operation in the United States. The average farmer under present conditions cannot pay his existing mortgage, and unless conditions should change fundamentally in the future he can never pay it. That is a statistical fact which does not even admit of argument. Page after page of statistics could be cited proving that it is a mathematical impossibility for the average farmer ever to get out from under his present mortgage load, and this is the case whether his loan be a private or Government one.

Between 70 and 80 percent of the farm acreage of the United States is mortgaged, and everyone now agrees that it is not possible, under any existing method of farm-mortgage refinancing, for the majority of the farmers in the United States to recapture the ownership of their mortgaged farms. It is for this reason that private banks and loaning agencies long since have ceased to make farm loans. They know that such loans cannot be repaid under any rates or terms the private lender can afford to make. For the same reason, even the Government, through its present land bank set-up, has practically ceased making any new farm loans, and it is now devoting a large part of its time to foreclosing the farm mortgages which it already holds. In other words, the average owner and operator of a mortgaged farm in the United States has reached the end of his financial rope and nothing remains for him except foreclosure.

Therefore, either the Federal Government, through the system proposed in the Frazier-Lemke bill, or through some other system equally effective and workable, must refinance those mortgages at a rate of interest that will permit the farmer to repay his loan, or within a very short time the American system of agriculture, as an independent owner-operated industry, must come to an end and must be replaced by a universal system of absentee ownership and farm tenancy. This is not mere prediction. It is a fact which is demonstrated conclusively by the farm foreclosure history of the past 10 years. Already nearly 40 percent of the farmers of the United States are tenant farmers.

It is generally conceded that there are two main problems which confront agriculture as an industry today, both of which must be solved if that industry is to be restored to its rightful and necessary place in our economic structure. First, a feasible way must be found to enable the farmer to liquidate his mortgage indebtedness and allow him again to own and operate his farm, and second, a rational scheme must be evolved and put into operation under which the farmer, when he does own his farm, may be assured of a fair chance of receiving at least the cost of production, plus a reasonable profit, on that part of his commodities which are sold and consumed in this country. If these two things can be accomplished the farmer has a chance to survive. If they are not accomplished then neither the agriculture population nor the rest of the population of the United States can prosper, because without a prosperous agriculture industry there can be no prosperity in any other industry.

The Frazier-Lemke bill is an attempt to solve only the first of these two problems. Obviously the first one is the more important of the two, because unless it can be solved the second problem is impossible of solution. The solution of the first, however, will greatly aid in the solution of the other.

I have said that the recovery and prosperity of the whole population of the United States depends largely upon whether the farmer can again be made solvent and capable of earning a reasonable return upon his labor and his farm investment. Let me tell you why this is so, and then you will see why the Frazier-Lemke bill is not merely a farm bill but a bill which affects the future and the destiny of every person in the United States no matter in what business or industry he may be engaged.

There are 6,000,000 farm families in the United States, or about 30,000,000 people, directly engaged in or dependent

however desirable and beneficial it may be, is not in itself essential either to the continuance or the prosperity of the particular business or industry in which the home owner is engaged and from which he derives his income.

Farm ownership by the farmer, on the other hand, is absolutely essential to that industry and unless the man who lives upon and operates the farm can continue to own it the agriculture industry as we have known it in the United States for the past 100 years will cease to exist and will be replaced by a new economic system of farm tenancy.

I come now to the fourth objection—namely, that the Federal Reserve notes proposed to be issued under this bill would be fiat or printing-press money and that their issuance would be uncontrolled inflation.

This is the argument which the opponents of the bill employ as their heavy artillery. The charge of inflation makes up the bulk of the propaganda that has been sent out against this bill. And although every argument advanced that the bill is inflationary has, in my opinion, been conclusively proven to be without merit, the charge still persists. Opponents continue to repeat it and to hold it forth as the bugaboo and the big bad wolf of the relief offered in the Frazier-Lemke bill. Let us see what that charge really amounts to. Let us see whether it is based upon anything substantial or whether it is merely a smoke screen behind which the fight against effective farm-mortgage refinancing is being waged.

At the outset let me direct your attention to the fact that the Federal Reserve notes to be issued under the Frazier-Lemke bill are exactly the same as the Federal Reserve notes already issued and outstanding under existing law, and which constitute the bulk of the currency of larger denomination with which we carry on our ordinary business transactions today. If you are fortunate enough to have in your pocket at this moment a $20 bill you will probably find upon examining it that it is a Federal Reserve note. The new issue of notes under this act will be exactly the same as that bill. They are issued in exactly the same way, under exactly the same authority, and with exactly the same security behind them as every other Federal Reserve note outstanding.

I submit, therefore, that it is obvious that unless the money with which we now carry on our daily business is fiat or printing-press money, neither will a new issue of the same kind of money, as proposed in this bill, be fiat or printing-press money, unless the issue should be so large as to impair the security and the credit upon which it is issued.

Now, then, of what does our currency consist? Aside from national-bank notes, the issuance of which is no longer permitted and which are now being withdrawn from circulation as rapidly as possible, we have only two kinds of lawful money in circulation in the United States, namely, the Federal Reserve note and the silver certificate. We have, of course, silver, nickel, and copper coins, but I am speaking of currency. Gold is no longer lawful money. Not only may no gold be coined under existing law, but it is unlawful for a citizen even to possess any gold of the value of more than $100. Furthermore, none of our money is redeemable in gold.

What, then, is this money which, as I have said, consists of Federal Reserve notes and silver certificates, and what is it that gives this money its value or purchasing power?

A silver certificate is a piece of paper upon which is printed the denomination of the bill and the statement that the United States Treasury will pay that amount to the bearer in silver dollars upon demand. Our silver certificates are our ordinary $1, $5, and $10 bills. The silver certificate is the only kind of money we have which is redeemable in metal or metal coins. Since nobody wants to carry silver dollars about with him, nobody ever demands payment of a silver certificate from the United States Treasury.

The silver dollar in which the certificate is redeemable has an intrinsic value of about 50 cents. The certificate, however, is worth 100 cents and will purchase 100 cents' worth of goods or services, and so will the coined silver dollar upon which it is issued. The value of the silver certificate, of course, does not depend upon the 50 cents' worth of silver in the Treasury, which is the specific metallic security or reserve upon which it is issued. If it depended on that, obviously, it would be worth only 50 cents. The reason the silver certificate or the coined silver dollar is worth 100 cents instead of 50 cents is because the United States Government says it is worth that much and because the faith and credit and the wealth and the taxing power of the Government is strong enough to make the statement good.

Now, what is a Federal Reserve note? A Federal Reserve note is a piece of paper upon which is printed the denomination of the bill and the statement that the United States will pay that amount to the bearer upon demand in lawful money. Since the only lawful money at present in circulation is the Federal Reserve note, the silver certificate, and the silver, nickle, and copper coins, a person demanding payment of the note at the Treasury could only receive in payment another Federal Reserve note, or its equivalent in silver certificates, or silver coins. Nobody, of course, ever demands payment either of a silver certificate or a Federal Reserve note because there would be no sense in doing so. The Federal Reserve note and the silver certificate are money—the only kind of money we have—and that is all there is to it.

Now, what is behind the Federal Reserve note, and what is it that gives it its value as money? It is the same thing that gives the silver certificate and the coined silver dollar their value—the faith and credit, the wealth and the taxing power of the Government which issues it.

It is true that even although none of our money is redeemable in gold its issuance is based, theoretically at least, upon the gold reserve in the Treasury. That gold reserve is an enormous thing. It is twice as large as it was when our money, under the gold standard, was actually redeemable in gold, and when we had more currency in circulation than we have now. The gold reserve in the Treasury of the United States is larger than that of all other governments in the world combined. That gold reserve today is a little over ten and one-quarter billion dollars, or more than twice as much as all the money of all kind in circulation in the United States today, including Federal Reserve notes, silver certificates, and national-bank notes still outstanding.

The Federal Reserve note has the strongest gold backing of any money in the world, and yet, after all, since neither the Federal Reserve note nor the silver certificate nor any other money is redeemable in gold, its real value, like that of all other money, is the faith and the credit of the Government, which in wealth and resources and taxing power is infinitely greater than the ten billions of gold metal which it has piled up in its Treasury. That amount, huge as it is, would only be enough to operate the Government about 2 years if that were all the wealth the Government had. And, incidentally, if that were all the wealth the Government had, its money would be worth nothing at all.

Thus, the most casual analysis of what the Federal Reserve note is should be enough to destroy the argument that it is fiat or printing-press money. If it is printing-press money we will have to get along with it anyway, because aside from silver and silver certificates it is the only money we have at present.

Equally untenable is the contention that the new issue of $3,000,000,000 of Federal Reserve notes under the Frazier-Lemke bill would constitute uncontrolled inflation or that it would make the notes any more fiat or printing press than they are now.

There is a limit, of course, to the amount of currency or money of any kind that a government may properly issue. The decision as to that matter is placed by the Constitution in the hands of the Congress, which has exclusive authority to "coin and issue money and to regulate the value thereof." The question at issue is, therefore, before the proper tribunal or forum.

The only legitimate argument against a new issue of Federal Reserve notes is, it seems to me, that the size of it would unduly expand the currency. That contention, if it

could be sustained, would be sufficient. But that it would be uncontrolled inflation, as some have persisted, is not a legitimate argument at all; first, because the amount of the issue is definitely limited in the bill; second, because it is issued for a specific object, and automatically ceases with the accomplishment of that object; and, third, because under the provisions of the bill a certain portion of the issue may be withdrawn from time to time to whatever extent may be necessary to keep the amount of currency outstanding in line with the actual currency needs. In this respect the Treasury has the same discretion that it has over any currency now outstanding. This argument, therefore, must fail because it is directly contradicted by the provisions of the bill itself.

As for the contention that $3,000,000,000 is too great an addition to the notes at present outstanding and that it would cause a strain on the gold reserve in the Treasury or on the credit of the Government, it is only necessary to observe that after this issue is made we will still have a gold reserve in the Treasury of more than 100 percent of all the money then outstanding and in circulation. This is twice as large a reserve as we had under the gold standard when you could actually take a Federal Reserve note to the Treasury and get gold for it. When our money was literally redeemable in gold a gold reserve of from 40 to 60 percent was considered sufficient, and that is all we ever had. Now, when our money is not redeemable in gold it is objected that a gold reserve of 100 percent behind these notes is not sufficient.

And so again the charge of inflation against this bill reduces itself upon analysis to an absurdity. There is no inflation in the Frazier-Lemke bill.

But the gold reserve in the Treasury is not the only tangible thing this bill offers in the way of security for the Federal Reserve notes. In addition to that gold reserve the Frazier-Lemke bill places in the Treasury of the United States, as a further security for this specific issue $3,000,000,000 worth of farm mortgages. The new issue would be 100 percent sound without this, upon the basis of the gold reserve alone. But in addition to that 100-percent gold reserve it has as security something which no other money has ever had—the land of the Nation itself.

Here, then, Mr. Chairman, is a proposal which, it seems to me, meets all the requirements that a Federal farm mortgage refinancing bill ought to meet or that it can meet. Here is offered a solution for a problem which we all agree must be solved in some way if agriculture is to be restored to its rightful and necessary place in our economic structure.

I have tried to discuss this bill fairly, temperately, and upon what I believe to be its merits. I have tried to answer all of the objections that have been raised to it and to answer them upon their merits. I intend to vote for the bill upon its merits and without regard for any consideration of partisanship or political expediency. Let me repeat what I suggested in the beginning—that that consideration has no proper place either in the discussion or the vote upon this bill, and that I hope that in the vote, at least, it will be given none on either side of the aisle.

Let me say with all the sincerity I can that if the authors of this bill were Democrats instead of Republicans I would be supporting it with just as much energy as I am supporting it now. If it were an administration bill, instead of one to which the administration is opposed, I would not only be supporting it myself but I would also be doing my best to persuade all Republicans to support it.

There is a proper place for partisanship in the consideration of some kinds of legislation. There are many bills in which to follow the call of party leadership is not only politically expedient but entirely legitimate and proper. The Frazier-Lemke bill, however, is not one of those bills, and I respectfully suggest to those who may consider it to be such that they will find they have made a serious mistake in that regard. Opponents may not be aware of it, but those of us who have been supporting this legislation here have had the satisfaction of knowing from the first that in this fight we have been representing the hopes and the desires of more people than have ever before united in a demand for any legislation of national scope, and that that demand is entirely nonpartisan in its character.

Gentlemen who may be inclined to view this legislation from a partisan angle should remember that 33 States of the Union have by formal resolution of their State legislatures petitioned the Congress to pass this bill, and that those resolutions, which are now on file in this body, come from Democratic and Republican States alike. There is not a single State which is generally classed as an agricultural State that has failed to adopt and file such a resolution with the Congress. Practically every unit of the Grange and the Farmer Union in the United States has formally gone on record in favor of this bill, and in doing so not a single one of them took a partisan view of this legislation.

And so let me suggest to those who have sounded the call to partisan solidarity on the majority side that the demand for this legislation comes as strongly from Democrats as from Republicans. Let me suggest that Democratic farmers are more concerned in saving their farms than they are in voting straight party tickets. And let me warn those who have sought to make a partisan issue of this measure that if it is defeated upon that basis there will be as many Democratic farmers as Republican farmers to reckon with when the membership of this House is called upon to give an accounting to the country of the action it is to take today.

Six million farm families this afternoon are looking to the National House of Representatives with hopes raised higher than they have ever been before. Thirty million farmers are asking us to give them a chance to save their farms and their homes by helping them to lift from their shoulders the mortgage load which is crushing them and destroying their industry. To American agriculture this bill means a new Magna Carta. As the Representatives of the people in the supreme lawmaking body of the Nation we have it in our hands today to grant that new charter to the farmer or to withhold it from him. Let us not withhold it. Let us affix to it the seal of our approval. Let us grant the charter.

Mr. LEMKE. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, in the brief time at my disposal I want to discuss one phase of the Frazier-Lemke bill that I know has been informally discussed by Members while sitting in their seats and in the cloakrooms during the time this bill has been under consideration. I hope I may be able to assist in clarifying one part of the bill and that I may be able to give some information to those Members who have not given this matter thorough consideration. I refer to that provision of the bill that permits loans to be made up to the fair value of the land and 75 percent of the value of the insurable improvements.

Many Members who have demonstrated, by voting for consideration of this bill, that they desire to have an opportunity to fully discuss and consider the bill, have stated that there is one provision that they feel is fundamentally wrong and that they cannot support the bill unless that provision is amended.

They feel it is an objectionable feature of the bill, and for that reason I want to devote my time to explain it, if I can, in the hope that those Members of the House who have that conviction may understand the position of those of us who are advocating the enactment of the Frazier-Lemke bill.

Objection is voiced to making loans up to the full value of the land. It has been stated that a loan to the full value of the land is a departure from accepted policy and is unsound. Some Members point to the fact that commercial loans have seldom been made in an amount greater than 50 percent of the value of a farm. They point out that in the case of home owners the H. O. L. C. does not lend up to the full value of the home, but loans an amount not in excess of 80 percent of the value of the home.

Mr. Chairman, there is a vast difference between a farm loan and a home loan. In the first place a home loan is not a loan made on business property. The home loan is not

based on property needed for making a livelihood, whereas, on the other hand, a farm loan includes both a home loan and a business loan. A farmer obtains a loan to enable him to carry on a basic industry of this country. There is a vast difference between the two types of loans.

For that reason, we are justified in making a distinction between a farm loan and a home loan. Under the terms of this bill, a farmer can borrow only 75 percent of the value of the insurable improvements. The insurable value does not mean the full value, and as a result, the farmer will not be able to borrow as great a percentage of the value of that part of his farm that constitutes his home as can the home owner borrow from the H. O. L. C. at the present time. Under the present provisions of the bill, we undertake to provide for the making of a loan up to the full, fair value of the land. In my judgment, that is not too much to loan a farmer who is in need of refinancing at present depressed values. There is no danger of the Federal land banks being required to take over these lands, and after all that is the test of the security of the loan. No one would object to making a loan on any piece of property in the world, up to 100 percent of its value, if he was assured that principal and interest would be paid. In determining the soundness of a loan, the test is whether or not the loan will be repaid in full with interest.

Mr. Chairman, I submit that a loan up to the full value of the land and 75 percent of the value of the insurable improvements, under the provisions of this bill, is a much better loan than those which have been made by the Farm Credit Administration under existing law. In other words, the Farm Credit Administration will have greater assurance of getting its money back from loans made under the provisions of this bill at 1½ percent interest than it has of being repaid on loans made up to 40 percent of the value of the farms at 4 percent interest under the present Farm Credit Act.

Why do I make this statement? We will assume the case of a farmer who has a thousand-dollar farm. In the first place, he may not borrow an amount equal to the full value of the farm if his debts are less than its full fair value. If a farmer has farm lands worth a thousand dollars, and he has a mortgage or other lien of $500 against it, all he could borrow would be $500, but if his indebtedness should amount to a thousand dollars, he could then borrow a thousand dollars under the provisions of the pending bill. He borrows this money at a rate of interest of 1½ percent. Is it not a fact that a mortgage of $1,000 on a $1,000 farm is better security, is more apt to be repaid, when it carries an interest rate of 1½ percent and an amortization of 1½ percent per year, than a $500 mortgage on a $1,000 farm that carries interest of 4 percent? A farmer is in a better position to repay a loan of $1,000 with 1½-percent interest than he would be to repay a loan of $500 if the interest rate was 4 percent. That is plain arithmetic. In other words, under the provisions of this bill a farmer can more easily carry a $1,700 mortgage than he can a $1,000 mortgage under existing conditions; that is really the test of whether or not the security provided under this bill is adequate to guarantee the repayment of the loan.

May I ask this further question. Assuming there are two farms of equal value having mortgages against them; one for $1,000, with interest at the rate of 1½ percent, and the other with a $1,000 mortgage with interest at the rate of 4 or 5 percent. Would you prefer to buy the farm subject to the mortgage which bears 1½ percent interest or the farm with the mortgage bearing 5 or 6 percent interest?

Mr. DINGELL. Is the gentleman asking a question to be answered?

Mr. BOILEAU. No. I am simply presenting the argument in the form of a question that answers itself.

Mr. Chairman, it seems to me that anyone who wants to purchase a farm would rather buy a farm with a $1,000 mortgage, bearing interest at the rate of 1½ percent than to buy one with a mortgage against it of $500 or $600, bearing interest at the rate of 5 or 6 percent. What does this mean? It means that a farm upon which one of these 1½-percent interest loans are made will take on an additional security value. There would be less likelihood of such farms being foreclosed upon, because the owner could more easily pay his interest. On the other hand, if such a farmer is pressed, he could readily sell his farm subject to the mortgage, and there would be no danger of the mortgage being foreclosed. There is absolutely no danger, as I see it, of these loans being foreclosed, and the Farm Credit Administration being forced to take over the property.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. BOILEAU. Mr. Chairman, in my judgment, such a loan at 1½-percent interest, based on the full fair value of the land and 75 percent of the value of insurable improvements, is amply and fully secured.

I call attention to the further fact that the Government of the United States will make money if we enact this bill into law.

The Federal Government will make a profit in excess of $1,400,000,000. Even if there should be some losses on loans, which I cannot conceive, the profit which will be made by the Government would more than reimburse us for any such losses.

This is the situation as I see it, and this is why I believe the bill in its present form should be approved; but I know there are a great many Members who want to go along with this legislation who are fearful of this one provision that I have referred to, and I also know that many gentlemen in the cloakrooms have successfully used this argument against the measure.

The steering committee had meetings last night and this morning and this matter was thoroughly discussed. Many Members of the House, in addition to the steering committee, who are friendly to the legislation, and who will vote for it, whether it is amended in this particular or not, decided that it was advisable to submit an amendment which will limit the loans to 80 percent of the value of the land, plus 75 percent of the value of the insurable improvements. [Applause.]

I do not think such an amendment is necessary, but I am going to support it. I am going along with other supporters of the bill and vote for such an amendment because we feel that the farmers will actually be taken care of and we feel further that the loan on such a basis will be large enough to take care of practically all the farmers who are in distress. Such loans may not be large enough to take care of all of them but it is the best we can hope to get, and we are hopeful that the membership of the House, in the interest of the passage of the bill, will accept the amendment which will be offered by the distinguished gentleman from North Dakota [Mr. LEMKE]. With this amendment and other amendments which we propose to offer and which have been given thorough and full consideration, we believe the bill will be in such form as will satisfy those Members who have expressed a desire to go along with this general type of legislation, but who have conscientious convictions against some particular provisions now in the bill and which we do not regard as being fundamental.

We have not compromised on fundamental principles, but we have made some concessions which we hope will appeal to the intelligent judgment of the membership of the House. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from Tennessee [Mr. BYRNS]. [Applause.]

Mr. BYRNS. Mr. Chairman, I have asked for this brief time in order to read to you a letter which has just been sent to me, expressing the wishes and the hopes of some 50,000,000 people.

Wage earners are involved in the proposition now pending before the House, as are all classes of our citizens, and I wish to read to you a letter from the president of the American

Federation of Labor with reference to this bill. It is addressed to me as the Speaker of the House:

AMERICAN FEDERATION OF LABOR,
Washington, D. C., May 13, 1936.

Hon. JOSEPH W. BYRNS,
Speaker, House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: The executive council of the American Federation of Labor, which is now meeting here in Washington, gave special consideration to the provisions of the Frazier-Lemke Act. The council is in thorough accord with all practical legislation which has been advanced for the purpose of relieving the economic situation existing among the farmers of the Nation. We wish to see them helped and assisted by the Federal Government. This fact was demonstrated when labor gave united support to the enactment of the processing tax which was embodied in the Agricultural Adjustment Act.

The executive council of the American Federation of Labor, however, is opposed to the Frazier-Lemke Act, largely because of the inflation feature of this proposed legislation.

Labor knows and understands that the proposal to print and circulate billions of currency as proposed in the Frazier-Lemke Act will very vitally affect the economic well-being and status of labor. We know quite well that when inflation of the kind and character embodied in the Frazier-Lemke Act is adopted commodity prices rise but wages stand still. We cannot subscribe to this sort of economic philosophy. Labor would suffer reduction in living standards, reduced buying power, and the problem of unemployment would become more acute. There are other features of the bill which are highly objectionable.

For this reason we call upon our friends in Congress to vote against the enactment of this legislation. We are confident that the best interests of the wage earners of the Nation would suffer very greatly if by any chance the Frazier-Lemke bill would be enacted into law.

We sincerely hope and trust that the Frazier-Lemke Act will be defeated. We rely upon the friends of labor to vote against this proposed inflation legislation.

Very sincerely yours,

W. GREEN,
President, American Federation of Labor.

I have read this communication to the Members of the House because, as I said at the outset, this bill concerns the entire country as well as the farmers, in whom I am as deeply interested as any man on the floor of the House. All of my ancestors, almost without exception, were farmers, and I have always been interested in all legislation which looked to their best interests; but as a Representative upon the floor of this House pledged not only to the farmers but to all classes, I cannot vote for a bill which makes a clear discrimination in favor of one class as against other classes of our people in this country, and the people whom I represent neither expect nor want me to do so. [Applause.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman, I want to compliment the Members of the House on each side of this bill for the manner in which this discussion has been carried on. Whenever I do not agree with anybody, I know somebody is wrong, and I may be that somebody.

This is one of the most important bills that has been proposed since I have been here. I have been connected with the effort to do something for agriculture ever since I have been in Congress. With all respect to my distinguished friend who has introduced this bill, I believe this sort of proposed legislation is hurtful to the interests of agriculture.

There are two groups—and I mean no offense—hurtful to every forward movement—one who do not want to do anything and the other who want to go too fast. The latter, in my judgment, is the most hurtful.

If the cause of the American farmer is to be supported, he has got to go along with the other people. He must not run out ahead of public opinion and public support.

When I was a boy back in Tennessee pulling a steep hill a boy went along behind the wagon with a rock to scotch the wagon. He did a good service, but if he had gotten too enthusiastic about his part of the program and got his rock ahead of the wagon he would have stalled the team, and the wagon might have rolled down the hill and made it necessary to pull the hill again with a tired team. It would have been more difficult. If we put the agricultural program beyond the support of public opinion, we will lose the support of those on whom we must depend.

As has been said, this bill deals with capital structure. It proposes that the Federal Government shall advance every penny sufficient to buy farms; every penny necessary to pay off the indebtedness of farms mortgaged up to 100 percent of the value of the farm, to be paid for with printed money—by inflation of the currency.

Mr. BOILEAU, the able champion of this bill, stated the correct facts a minute ago when he said that this bill deals with the agricultural business.

If we advance this printed money, $3,000,000,000, to pay off all the capital investment of farmers, what are we going to say when the busted merchant or manufacturer comes in and asks Congress for billions of the same sort of money to go into business again?

If the Government advances 100 percent to take care of the mortgage on the farm or to buy a new farm as this bill provides, what can we say when the people of the cities come and say, "We want you to advance 100 percent of the value of our property to take care of the debts that we owe as you have done for the farmers", or "We want you to advance 100 percent of the cost of property we want to buy as you have done for the farmers", and then the businessmen come with their demands. They all come with demands which require inflation.

Is there anybody in this Chamber now who can get himself to believe that we will not have to face these problems tomorrow if we pass this bill? The arrangement in this bill is to authorize the issuance of $3,000,000,000, turned out from the printing presses. The gentleman from North Dakota [Mr. LEMKE] talked about provisions in the bill which are concessions to the psychology of the people. He provides for bonds, as a concession to that psychology, and puts the interest at 1½ percent on the bonds to insure they cannot be sold. I will not say it is slick stuff. But anybody knows that a bond is not going to sell with 1½-percent interest which runs for 47 years and is based upon the full value of the property. Stripped of the words in the bill, the arrangement is to issue $3,000,000,000 of currency from the printing press to do all this business we are talking about.

Then come the home owners from the cities.

What will the Government have to do then? Advance them a hundred cents on the dollar and also advance 100 percent of the cost of the property they buy. Who can stand against that demand if you pass this bill? Then what is the next thing? Issue about six or eight billion dollars more from the printing presses to take care of that. When that is done, can you stand against the merchant, manufacturer, and other business people who say, "I have had a business. It has been wrecked in these trying times. I want the money to start another business." That is what Mr. LEMKE proposes in this bill for the farmers. Can we stop there? This bill proposes to supply every dollar of the value of the farm either to pay off a mortgage or buy a new farm. That is more than other people are getting. That is more than other people will agree farmers are to have. Why drive away friends by such proceedings? The country is not willing to enter upon a program of billions of dollars of inflation, and upon this new peril to the national credit. Why propose it in the name of agriculture? That is too much to ask now in the name of the farmers of this country. I say this sort of a bill offered as a demand of agriculture upon the Government, upon all the rest of the people of the country is bad business, and is calculated to drive from the farmers of the country the support which it has taken years of constant tactful effort to get. I understand money is being advanced now to farmers at 3½ percent. That would not have been possible except for the support of the people of the cities, the business people, and the laboring people there. Farmers have not got the votes. They have got to get these people to vote with them.

This bill is being forced over the protest of labor, as expressed in the letter just read by the Speaker from the President of the American Federation of Labor, Mr. Green. Labor has been the friend of agriculture. Mr. Green says his people would suffer from this inflation. He asked that

the farmers do not press the bill. He gives his reasons. Farmers cannot afford to throw away that support and the support of other groups who have thus far gone along with the agricultural program. I will not follow Mr. LEMKE. I will not put my farmers in the attitude of demanding this bill. I will not put them in an attitude hostile to those without whose support they could not have made progress in the development of their program. I prefer to follow MARVIN JONES, chairman of the Agricultural Committee, who is opposing this bill.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Only to the gentleman from Minnesota.

Mr. LUNDEEN. What about big business that came and wanted hundreds of millions of dollars? They got their money. Why not the farmers?

Mr. SUMNERS of Texas. We are dealing only with this bill now. Shall we or not pass this bill is the only question now. I hold no brief to defend any group. Are my statements correct or not? Does the gentleman challenge any statement I have made? He cannot.

Mr. LUNDEEN. I challenge the gentleman there.

Mr. SUMNERS of Texas. But you cannot challenge a single statement I have made. I know you have got sense and I know you are honest. [Laughter and applause.] You will not challenge a single statement I have made. I know the gentleman. He is a good fellow. [Laughter.]

I have been making every effort since I came here to build up support for the cause of agriculture. With the slogan that we want for the farmers of this country only that which we are willing others may have and only that which is in line with the general public interest, we have finally won the support of the people of the country. It has been a long, hard fight. Twenty-two years ago in this Chamber I discussed the city man's interest in the economic problem of agriculture. With that slogan and that policy we have won for agriculture a recognition and a public interest which it never had before.

The plain practical proposition is this: Are we who come from the agricultural districts going to put up to the people of the Nation in the name of agriculture a proposition like this, not only calculated but certain to lose for the farmers of this country much of kindly interest and support. You heard the Speaker read a letter from Mr. Green, president of the American Federation of Labor, opposing as inimicable to labor the inflationary features and other features of the bill. Labor has stood with the farmers until Mr. Lemke brought this bill in here that drove them out. I say this sort of thing is not in the best interests of the agricultural people of this country. We do not have the votes. We must have support. I do not have time to discuss the other features of this bill. I emphasize in my time this one point.

Now I like the gentleman from North Dakota [Mr. LEMKE]. He is one of the most resourceful and lovable men in this House, but he has got a philosophy of Government and ideas about dealing with the problems of our farmers which come from somewhere that mine do not come from. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. LEMKE. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Chairman, I am hoping that we will all keep our coats on and not be carried away from the real merits of this bill by the many statements made by the opponents, which do not have anything to do with any phase of the bill, and that we may be able to give fair and just consideration to same.

I admire the gentleman from Texas [Mr. SUMNERS], but at least two-thirds of the statements made by him were about what will happen hereafter in connection with legislation for other groups. Is it not a fact that we have these arguments to contend with on every bill that we bring up in this House, regardless of what group we are trying to help?

What about my colleague from North Carolina, one of the best orators of the House. He says, "I cannot vote for this bill because it was introduced by a Republican." This type of statement is usual because it will sound good in the gentleman's district.

More than that, he says that for all these years we have had a system that he does not expect to depart from. I do not know what system the gentleman was referring to; but I want to say to him that if it is the system we have had for the past 50 years, whereby the money changers of this country have been able to bring about deflation and inflation at will, not by issuing currency, which has robbed the independent merchants of the country, put the farmers into bankruptcy and the unemployed into bread lines, then I am not interested in the gentleman's system.

What about the statement of our majority leader? We all admire and respect our majority leader. He said this bill would be in the interest of only 4 percent of the people and certainly would not take care of but about 15 percent of the farmers. That statement was made by the Farm Credit Administration. I want to refer to two or three of these statements.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield to me?

Mr. FULMER. In one moment. My friends, I want to say to you, it is misleading. That is the statement carried in this document sent out by the Farm Credit Administration. What about the program that we have today under the Farm Credit Administration? Is it not a fact that they have refinanced or financed only $3,000,000,000 worth of land mortgages up to this good hour, taking care of only 15 percent of the farmers? We do not hear the gentleman complaining about this. This type of statement is made by many of the opponents of the bill. But this bill—oh, no; it is different. "It discriminates", so say those opposing the bill.

Mr. BANKHEAD. Mr. Chairman, will not the gentleman yield to me, having referred to me?

Mr. FULMER. In just 1 minute. This statement sent down by the Farm Credit Administration refers to what we have done about bringing up farm prices. Let us take cotton, for instance. Prior to 1932 the farmer had to sell about 20 to 25 bales to pay interest on a $10,000 mortgage, at 6½ cents. These mortgages were held by private interests and insurance companies. This document states that now we have these prices up on cotton at this time so that it takes only six bales of cotton to pay the interest on a $10,000 land-bank mortgage. But, my friends, the same farmer under the Lemke bill could pay the interest on this same mortgage with three bales of cotton.

Another argument raised against the bill by every man from the city district is, "What are you going to do about the $21,000,000,000 that my people owe on their homes?"

We are not considering city homes in this bill. When we passed the H. O. L. C. we did not try to include the farmers. You did not take care of the $21,000,000,000 under the Home Owners' Loan Corporation. If we are ever to rehabilitate this country, it will be when you put the farmers on a fair basis. [Applause.]

There is nothing wrong with the Lemke bill, except it did not come through the proper channels; it did not come here in a strait jacket. Now, my good friend, the chairman of this committee, Mr. JONES, has a good bill proposing to issue currency. It was reported at the same time this bill was reported. It is a good bill. I should be glad to vote for it. But it did not come through the regular channels; it did not come in under a strait jacket, therefore it has never been considered on the floor of the House. I want to ask the chairman, Mr. JONES, now why he did not get a rule from the Rules Committee for the consideration of his bill. He probably would answer that the chairman of the Rules Committee would not give him a rule. In speaking about the manner in which bills come to the Congress and that are considered by the Congress, I am not referring to the President of the United States. He is one of the best Presidents

we have ever had in the White House; he is interested in the common people; but would to God we could get some men like some of our leaders, the Speaker, if you please, and a few others on the advisory council, instead of the type of people that appear to be the President's advisers. Even the leaders of this House cannot reach the President; and I am sure, along with me, they do not agree with some of the things that are being done at this time and the manner in which the program is being administered. [Applause.]

Mr. Chairman, the Frazier-Lemke bill deals only with those farmers who now have mortgages on their farms and those who have lost their farms and want to repurchase same or some other farm and to certain tenants under certain conditions.

The bill proposes to use the same machinery that has been set up—that is, the Farm Credit Administration. The bill does not set up any new machinery, new high-salaried jobs, neither will it call for additional employees, except as provided for under section 10, which is very necessary if we are to have the bill properly administered.

Now, it has been said by those opposing this bill, especially the Liberty League, that this is an inflationary bill. Let us see about this. For the past 3 years we have issued billions of bonds bearing 3- and 4-percent interest, which has proven to be a godsend to those who, during the Republican reign, made untold millions at the expense of small speculators, independent business concerns, labor, and agriculture. The great masses have been bled white during this period, farmers losing their farms, independent merchants forced into bankruptcy, labor placed in bread lines, therefore, their purchasing power gone, and, as stated, these monopolistic parasites, the rich, composed of a very few of the 125,000,000 citizens of this great Republic are placing their money in these bonds. Every time one of these bond issues have been offered they have been gobbled up and considerably oversubscribed in each instance.

When you mention this bill to those who oppose same, the first thing they will say is: "I am not going to vote for a bill that proposes to print $3,000,000,000 worth of paper money."

Now, let us see what we propose to do under this bill.

We propose to issue $3,000,000,000 worth of bonds bearing an interest rate of 1½ percent. These bonds as issued from time to time will be offered to the investing public, as we have been doing in the past. These will be 47-year bonds, backed by the best collateral in the world, that is, the earth, from whence all real wealth originates.

Farmers will pay 1½-percent amortization payment into a revolving fund. This fund will be used as it accumulates to buy in these bonds as an investment and for retirement at the end of 47 years.

You ask, "Can we sell these bonds?"

Well, out of our past experience we find that every time Government bonds are offered, they are oversubscribed, as previously stated.

On March 12 the Secretary of the Treasury offered for sale 1½-percent Treasury notes, receiving total cash subscriptions amounting to three and one-fourth billion dollars. The award in this instance in these notes amounted to six and three-fourths billion dollars.

The amount subscribed over and above the amount delivered would indicate the eagerness on the part of investors to buy these bonds. If, however, these bonds do not sell when offered, then we have the right under the bill to go to the Federal Reserve banks and have currency issued on these bonds. Why not? This privilege has been given to banks for many years.

As president of a national bank, back in the teens, I was privileged to buy 2-percent consol bonds and have currency issued in the name of my bank, dollar for dollar, without any cost to my bank except a small amount for paper and the printing of the currency. This currency was expended through my bank, and in the meantime we were drawing 2-percent interest on our bonds.

Since that time the Federal Reserve Act has been so amended that banks can put up your note, my note, as well as farmers' notes and mortgages, all of which these banks are receiving from 6- to 8-percent interest thereon, and have currency issued.

Under this bill, if we have to issue currency, the Government will get the 1½-percent interest on the bonds that will be put up as collateral with the Federal Reserve banks.

I imagine that the Liberty League has in mind, in opposing this bill, that it is all right for bankers to do this, but, farmers, why, they should make themselves comfortable and satisfied by continuing to feed and clothe the world without profit, even to the extent of losing their farms, by continuing to pay 4-, 5-, and as high as 8-percent interest on their land mortgages.

Who is getting these milions from the high interest rates on these tax-exempt bonds which are bringing poverty to agriculture and encouraging communism in this country?

Certainly it is not the Government.

We all know that those actively engaged in business and industry are not; therefore, labor employed by these business concerns and by industry are not getting any of these millions.

As stated, the rich, who refuse to put their money into active business, which would give employment to the unemployed, so as to restore the purchasing power of that great class of wage earners, are securing these benefits.

Oh, we hear much these days about the Government's going into business, thereby competing with private business. I am against the Government's going into business, any line of business, that can be handled by the citizens of the country, except for the reason that this administration had to enter many lines of business because banks were broke and could not make loans and business and industry slowed down and in a great many instances closed their places of business and closed down their industries.

You know, in their estimation, it is all right for business and industry to control their production at the expense of placing millions of wage earners in bread lines; but when it comes to farmers, we must encourage them to increase their production so that the poor and unemployed might buy cheaply, while farmers are going into bankruptcy.

It is my belief that Mr. Roosevelt wants to get out of business, and will do so if and when banks begin to make loans and when business and industry put the unemployed to work on a fair wage scale.

Now, what is the sane and sensible view in issuing currency under this bill?

It is my firm belief that if we have to issue currency we will not reach the amount of $1,000,000,000 at any time; and if so, there is a provision in the bill providing for the retirement of this currency from time to time. If this bill is passed and signed by the President during this session of Congress, I feel sure, if the bonds do not sell, although I firmly believe that when offered from time to time they will be oversubscribed, that we would not be able to use over one-half billion of currency between now and the time when Congress meets next January. If at that time, out of our experience, we find that the act should be amended, it can be done.

I am as much against uncontrolled inflation as any Member of this House. However, after having passed through the deflation beginning in 1921 and the credit inflation of 1928–29, I would not mind having a little of some other type of inflation.

What happened in 1921, when the Federal Reserve banks under Governor Harding increased interest rates and called the banks of the country to pay their indebtedness? I can tell you because I was a victim.

I was president of a small country bank making loans to farmers. We had no trouble in rediscounting our paper with our corresponding bank or the Federal Reserve bank. It was stated that farmers must increase their production in order to take care of starving people, in that we had just come out of an awful war. Why, my little bank, with twenty-five thousand capital and twelve and one-half thousand reserve, borrowed $100,000 in 1921. When Governor Harding issued his orders given to him by the money changers of the East,

cotton prices fell from 35 cents per pound to 6 cents per pound, and from that time on banks began to cave in, millions of depositors lost their life savings by the thousands, and farmers have been losing their farms from that time on.

What happened in 1928–29? Speculators and investors and stock and bond sellers were furnished all the money they wanted by the Federal Reserve banks and the large banking interests of the country, and you know what happened when the crash came in 1929.

Perhaps that is the kind of inflation that you people who oppose this bill want.

One of the things we need today is a line of credit to business and industry. But those in control of the finances of the country prefer to hoard their cash and place same in high-interest, tax-exempt bonds and soak the taxpayers of the country.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. FULMER. Mr. Chairman, let me give you a picture as to just what has been going on during the past, and even at the very present time.

I know of a farmer who in 1913 bought a large farm, paying all that he could rake and scrape on same, giving as part payment a mortgage of the farm for $18,000 at 6-percent interest per annum. For 12 long years this farmer was unable to make a payment on the $18,000 indebtedness, having a hard time raising the interest. During these 12 years he paid as interest $12,960. During the last 10 years he made payments along, paying in full for his farm last year. During the last 10 years he paid in interest $5,000. This makes a total interest payment over 22 years on the $18,000 mortgage of $17,960, or an amount in interest equal to the amount of the mortgage.

Let us take a look at this same case under the bill which we are considering at this time. Suppose, we will say, that this farmer would have paid this $18,000 in the same period of time, 22 years, although the bill gives him 47 years. He would have paid a total amount of interest of $4,800, a saving of $13,160.

Let me give you a case under the financing of farm mortgages by the Federal land bank at this time.

We have a farmer borrowing $10,000 for 30 years at 4 percent interest. During this period of 30 years he will have paid, largely to the holders of the land-bank tax-exempt bonds, a total amount of interest of $12,000.

Under the Frazier-Lemke bill this farmer would have paid $4,500, or a saving of $7,500.

Let us take the case of a small farmer dealing with the Federal land bank. We have lots of these small farmers, and they usually have large families to support.

I want you to remember that this is the type of farmer who was discriminated against under the Bankhead Cotton Control Act, in that he was not given enough cotton allotment to pay his actual farm expenses, let alone paying interest on his mortgage.

This small farmer owes $2,000, and at 4-percent interest rate he is called upon to pay in annually $80. During the 30-year period in which he is allowed to liquidate his land mortgage, he pays in interest $2,400.

Under the bill he would have to pay only $900 over a period of 30 years, or a saving of $1,500.

Would it not be better to give this little farmer this $1,500 than give it to those who are buying these 3- and 4-percent tax-exempt bonds?

My God! Do we wonder that 65 percent of the farmers in South Carolina are farm tenants? With all of this purchasing power unjustly taken away from farmers, going into the hands of the investing public as interest rates on tax-exempt bonds?

I want to say to you, my friends, who represent the large cities of this country, those of you who represent the industrial centers of the East, that if and when the urban homes of your cities will cease to be foreclosed upon, and if and when your wage earners have been put back to work, it will be if and when we give the 30,000,000 people living on the farms of the country a square deal, thereby restoring their purchasing power.

I know that it is your theory that to make farmers prosperous the unemployed must be put to work, that the various industries of the country must be protected with a tariff so as to be able to pay good wages, all of which will restore the purchasing power of the wage earners.

Calvin Coolidge stated on one occasion:

> If we (the Republican administration) can so administer the affairs of Government as to make business and industry prosperous, these groups will take care of agriculture and the wage earner, and everybody will be happy.

Past experience has taught us that this is not true. Go back, if you please, to the period during the past when farmers happened to receive fairly good prices for their products, which increased their purchasing power, and you will remember that you did not hear of any wholesale selling of the homes of the urban people of your cities, and in the meantime wage earners were employed.

I realize that if the people are employed, and at fair wages, it will mean purchasing power that can be used in purchasing farm products and manufactured goods, all of which is necessary to bring about an all-around, normal prosperity.

Several years ago the farmers asked for the McNary-Haugen equalization-fee bill. I am one of the very few men from the South who voted for it.

You gave us a Farm Board that wasted millions of the taxpayers' hard-earned money.

Go back to the CONGRESSIONAL RECORD at that time, and you will find where I stated that unless some means were provided to control production, pegging cotton prices would be just like putting millions of dollars in a rat hole. I am still sticking to this statement, but I do not want the kind of control that was given to many farmers under the Bankhead Act.

There was nothing wrong with this act, but the trouble was in the manner in which it was administered, and in a great many instances our own home people were responsible.

I realize that the Frazier-Lemke bill will not cure all of the evils that farmers have, but this bill is just and fair and will go a long way in giving heart to that great, poverty-stricken people, which will encourage thrifty tenants and young men and women, who are leaving the farms, to purchase lands and engage in farming.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. Chairman, I regret exceedingly having to be in disagreement with men with whom I have served on the Committee on Agriculture for a number of years and with whom I have sat side by side and worked in behalf of the farmer day in and day out, month in and month out, and year in and year out. I say to the membership of the House, and the RECORD will bear me out in the statement, that during this administration the House Committee on Agriculture has never brought before the House for its consideration a piece of legislation that did not have the cooperation of the membership of the House. No legislation yet proposed by my Committee on Agriculture has ever been defeated in this House; and when we proposed legislation here with committee approval, the legislation was passed by the House. Why? This House has had and always shown great confidence in the Committee on Agriculture, and we members of the Committee on Agriculture endeavor to iron out our differences in committee, in executive session, and in conference, and appear before the membership of this House with a united front, you may say. In regard to this bill—H. R. 2066—the Committee on Agriculture has not been able to agree, and we do not come before you with a united front. Mr. LEMKE is not a member of the Committee on Agriculture.

On both sides of this aisle there are Members who are conscientious friends of the farmer. Democrats and Republicans are working and doing all they can to help the farmer, yet they disagree as to this legislation. I want to say to the

real friends of the farmer that the philosophy of some of us is as expressed by the distinguished gentleman from Texas [Mr. SUMNERS], chairman of the Judiciary Committee, who has preceded me on this floor. I can express it more aptly in the limited time I have by citing the Aesop fable, which tells us about the dog who had a juicy, luscious piece of steak in his mouth, and as he crossed the bridge he saw his reflection in the pool beneath. He wanted that piece of steak in the other dog's mouth that he saw reflected in the water, and in an effort to get it he opened his own mouth and lost what he had. I am afraid that is what will happen to the farmers of this country if we are not careful.

The city Members here have cooperated with us in the past and helped us pass the legislation for agriculture that we now have on the Federal statute books, and we deeply appreciate it. Today we have a separate credit structure for agriculture which is separate and apart from industry. It is sound and based on a solid foundation. That is taken care of through the Farm Credit Administration, the land banks, the cooperative banks, and various agricultural lending associations. There is an endeavor to meet the credit needs of the farmer through those agencies, and we are helping the farmer as best we can at present. It may be stated that we are charging too much interest, and I agree with the statement, but the tendency, Mr. Chairman, is to lower the interest rate. This is necessarily a slow process and must be proceeded with in a cautious and sound manner. I know this administration has done more for agriculture than any administration in the history of this country. And nobody will deny that statement. [Applause.] We today have the lowest farm interest rate in the world, and it may be reduced, but not at this session of Congress.

In the debate yesterday it developed there is a misunderstanding with some city Members. I have the highest regard for city Members; and if and when as a Member of Congress deeply at all times interested in the welfare of agriculture I promise anything, I will live up to the promise. It is evident, from what was said yesterday, there has been some trading by somebody, and I am of the opinion someone is going to be disappointed. If there is any promise here or trade, there is liable to be a dilusion, confusion, and disappointment. This bill may be passed and go to the Senate. It may come back here and instead of providing $3,000,000,000, as it now does, there may be provided $9,000,000,000. I do not know, and neither does any other Member know, what the situation may be, but we know what this Nation can stand, and we know what is sound legislation. Our committee has always tried to bring sound and constructive legislation before the House, and we have always endeavored to defend anything we brought in here as being based on soundness and on a financial structure that was genuine and worth while and one which meant real relief to the farmer. That is something for you friends of agriculture to think about. Does this Lemke bill do it?

Mr. Chairman, in my limited time I cannot analyze the bill. This credit is forced by the provisions of this bill—the security is insufficient and the proponents of the bill admit the weakness of that section by a proposed amendment which they expect to offer. They know the bill will be declared unconstitutional if the forced credit transaction is left in the bill as it is at present. Yet if the forced credit feature is taken out of this bill, it will never be enforced. It just will not work in a practical and business way. It has been said: Oh, you can sell these 1½-percent bonds, but you cannot do that with these particular bonds, because these are 47-year bonds; and the other sales of bonds as cited here which have been made by this Government involved short-term bonds only. There is a great difference on the bond market between short-term and long-term bonds.

This question of refinancing any kind of indebtedness by the Government is a most delicate and complicated matter. There is very little that any of us know about the broad question of money—when it is sound and when it is not. But we all know when the Government loans the taxpayers money it should be on a sound basis.

The Committee on Agriculture reported out another refinancing bill known as H. R. 7593—the Jones bill. I know this bill—H. R. 7593—has been given much time and study by my distinguished chairman, Mr. JONES, of Texas, and others of us privileged to be on the House Committee on Agriculture. But we cannot substitute the Jones bill for this bill under the rules of the House. That is my opinion. I do know, however, that my chairman, Mr. JONES, will offer his bill as a substitute at the proper time, but I am afraid that the point of order that will be made will be sustained by the Chair and that the Jones bill will not be substituted for the Lemke bill.

No one can deny that this Lemke bill sets up discrimination. On its face only about 15 percent of the farmers will be benefited. Eighty-five percent of the farmers will never be benefited by this bill even though it should become a law. There is no provision in this bill as to what farmers will be helped and what farmers will be left out. We all know that they cannot all be refinanced and that they all will not be refinanced.

There are nearly $9,000,000,000 of farm mortgages in this country and, my friends, please mark this prediction of mine at this time. If such a plan as this becomes a law, the big interests, the insurance companies, the big banks, and large mortgage-holding companies will get rid of the farm mortgages they now hold, procure what Government aid is available, and the actual farmers of your district and of my district will never receive any of the contemplated and much-talked-of relief promised them by this Lemke bill.

The way of this bill, if it becomes a law at this session of Congress, will be strewn with "broken promises." I fear it will be one of the greatest disappointments the farmers of our country have had. Everybody knows this Lemke bill is not an administration measure, and the administration has proved that it has always had the interest of the farmer at heart, and no one will deny it.

The leadership of this House have spoken against this bill.

To my mind, it was a mistake to consider the bill at this time, for we all know it is not going to become a law at this session of Congress. Politics is behind this bill, and it is going to leave scars, and I am afraid it is going to hurt the cause of agriculture and our future efforts to do something really worth while for agriculture.

We have gone a long way toward helping agriculture under this administration—much further than any other administration in the history of our country—but we have not yet reached our goal, and to enact this type of legislation at this particular time would, in my judgment, throw a monkey wrench into the whole agricultural program and would have a most unfavorable reaction, prejudicing Members of this House against the cause of agriculture, who have heretofore been our true and warm friends.

For instance, the agricultural program that we now have, which is a substitute for the A. A. A., cannot pay its way as the original A. A. A. did, because the Supreme Court has said that we cannot levy processing taxes for the specific benefits paid directly to the producer. Yet we all know that an agricultural program requires a great deal of money to finance it, and we have this year appropriated $500,000,000 to carry out the plans and provisions of the A. A. A. substitute that we recently passed. We could not have secured this appropriation if you city Members had not helped us. Now, if you city Members are laboring under any misapprehension that if you refinance or propose to refinance farm mortgages to the tune of $3,000,000,000, this farm bloc, who are sponsoring this Frazier-Lemke bill, will in turn help you to pass legislation here that will refinance some mortgages on homes in the cities to the amount of six or ten billion dollars, you city Members are going to be disappointed. We all know that this Nation cannot stand that kind of inflation. Yet when you start it, where are you going to stop? You can talk all you want to about "controlled expansion." That sounds good, but in all nations and in all countries wherever the camel got his nose under the tent, as this Lemke bill provides, the expansion was not controlled, but "uncontrolled inflation" resulted.

You have already heard on the floor of this House that if you refinance farm mortgages in this manner, you must and will be called on to refinance city mortgages. As I understand it, there are twenty or twenty-five billion dollars of city mortgages outstanding today. This administration is trying to help the city folks through the H. O. L. C. and other governmental agencies. But, my friends, you cannot at one fell swoop pass legislation that will help all the farmers in this manner any more than you can pass legislation that will help all the city folks who have mortgages on their homes. To do that it would require twenty-five or thirty billion dollars, and everybody—it does not matter how fantastic and wild their ideas may be with regard to inflation—knows that such a plan or policy as that would mean wrack and ruin for this country and destroy our financial structure. Big things have small beginnings.

I believe that most of you are just as I am—you want agriculture to have all the relief possible. We want the lowest possible rate of interest, but it has got to be commensurate with sound business and based on a solid foundation. We can best serve the interests of the farmer by watching our step, developing this sound agricultural program that we have, and not doing anything to drive our friends away from us who have helped us in the past by holding out false promises to them, be they living in the cities or not.

It would be a sad day for agriculture, in my judgment, if this House should lose confidence in those of us who have up to now carried the banner of agriculture under the approval of this administration, but we have a different leadership as to this bill, and I hope that we will not do anything here today that will be like Banco's ghost to rise up and plague the friends of agriculture in the future.

We must look to the future. We must plan for the future. And today with agriculture on the upward grade, we should not hamper its future progress under the guise of misinformation, propaganda, and the political claptrap of trying to help the farmer when in truth and in fact the reverse is what would likely happen should this particular bill at this time become a law; but I believe most of you feel as I do—that when the real facts concerning this legislation are known to the membership of this House this bill will be defeated—for it is not all that it is claimed to be, but it would take time, and more of it than I have at my disposal, to take this bill up and analyze it by sections.

Again, I want to say to you, my city friends, that our Committee on Agriculture craves your continued cooperation, for we have other constructive legislation that it is going to be necessary for the city vote to support in order for it to become a law.

I have introduced several bills providing benefits to the actual producer, but it is likely, as this session is drawing to a close, that it will be next session before the membership of this House is asked to consider these bills, as well as other vital and important legislation that our committee will present which we know will be of real benefit to agriculture and which will provide benefits that will go directly to the individual farmer, while here a plan is being proposed, under the guise of farm relief, to help the insurance companies, the big banks, building and loan associations, and great holding companies, who own and control a great percentage of the farm mortgages of this country, and who expect, if this bill is passed, to reap a rich harvest at the expense of the taxpayers of this Nation.

Therefore, may I again repeat and ask you to bear in mind that if you pass this bill there is no valid and good reason why similar legislation should not be enacted in an effort to help the city folks whose homes are mortgaged, which would require billions and billions of the taxpayers' money. In most instances the city home owner is in the same shape as the farmer—the one who owns the mortgage is either a bank, building and loan association, holding company, or big insurance company, and, unless I am wrong in my judgment, they are the ones who would get the cream; and if anything were left, the individuals we really want to help would hardly get the crumbs left from the table.

At all times my supreme effort here has been to do that which I thought was for the best interest of the farmer, and certainly that is my position with regard to this bill at this time.

There can be no question in the minds of anyone that the administration is against the Frazier-Lemke bill in its present form. It is my personal belief that this administration does not intend for this type of legislation to pass at this session of Congress be it supposed to benefit the farmer, the city man, or any other special class. All classes have been benefited by the efforts of this administration.

I am with and for this Democratic administration. It has meant much to this Nation, to my State, and to my district.

The laws we have enacted, the benefits we have received, the projects we have secured, and the Federal money that has been spent for our welfare has had administrative approval, and without the cooperation of the leadership of this administration very little real worth-while result can be obtained.

I do not intend now at this crucial time to desert the Democratic leadership of this House.

I thank you. [Applause.]

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. COLDEN].

Mr. COLDEN. Mr. Chairman, I desire to ask, who has the best credit in the United States? There is but one answer, and that is Uncle Sam. He normally pays 3-percent interest for the money he obtains from the sources from which many of us obtain our loans. Why should the Government loan money to a special group for one-half the rate it must pay?

I represent a part of the city and county of Los Angeles, and the cheapest money that the city of Los Angeles has ever borrowed, of which I have any knowledge, is at about 4 percent. Most of our city obligations draw around 5 percent, and 4 or 5 percent is the usual rate for our municipalities and for our States. For the Government, which pays 3 percent, to lend money at 1½ percent to any group, whether they are shipbuilders and operators, bankers, farmers, or laborers, or whoever they may be, is unfair discrimination.

I was very much intrigued by the very clever argument of the author of this bill [Mr. LEMKE], the eminent Member from North Dakota. In defending this discrimination he said that the Federal Reserve banks can borrow money for the cost of printing, or 30 cents per $1,000. He proposes to pay 50 times that much, but the bill does not propose to wipe out the unjust discrimination to which he refers. If we did our duty, we would take over the Federal Reserve System, authorize the Treasury or some governmental agency to issue every dollar of paper money in the interest of all the people, and exclude the Federal Reserve bank from this vicious privilege of issuing money. Congress should coin money and regulate currency, and not delegate this favor to favored bankers.

This bill provides that the favored farmer may borrow up to $25,000. The farmer who has assets that would justify this sort of loan does not need help one-tenth or one-hundredth as much as the millions of people in this country who do not own a foot of land anywhere.

If we want to do something fundamental in this Congress, we should bring out the Bankhead-Jones bill and give the forgotten man and the tenants a chance in this country.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. COLDEN. I am sorry, but I have only 4 minutes and cannot yield.

I am against these discriminations. The indefensible discrimination exercised by bankers does not justify creating a new one for a small group of farmers. I hope we can sponsor some measure that will treat all classes equally.

This bill, if it passes, discriminates against the farmers who owe $6,000,000,000, and it discriminates against every home owner in the cities, and it discriminates against every business in this land. It is an unjustified discrimination in favor of a few, and I believe in that old slogan of democracy—equal rights to all and special privileges to none. [Applause.]

I signed the discharge petition to bring this bill to the floor for discussion and consideration. I believe the proponents of any measure in the interest of a material group should have consideration by the Members of the House. But in extending this right to be heard to the supporters of the Frazier-Lemke bill, I reserved the right to vote according to my convictions, my duty, and my responsibility.

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Chairman, inasmuch as the Speaker deemed it advisable to read a communication from Mr. William Green, president of the American Federation of Labor, who is personally opposed to this legislation on the ground that if enacted into law it would lead to unrestricted inflation, I take this opportunity of reading a letter from Mr. A. F. Whitney, who is president of the Brotherhood of Railroad Trainmen. The letter was written to Mr. J. A. Farquharson, who is national legislative representative of the Brotherhood of Railroad Trainmen, and who is located here at Washington, D. C.:

MAY 6, 1936.

DEAR SIR AND BROTHER: I am enclosing herewith copies of letters I have just addressed to Senator LYNN J. FRAZIER and Congressman CHESTER C. BOLTON.

These letters are self-explanatory, and I urge you to do whatever you can to assist in the enactment of the Frazier-Lemke farm-refinancing bill.

Fraternally yours,

A. F. WHITNEY, *President.*

I also take this opportunity of reading to you the letter sent by President Whitney to Senator FRAZIER, which reads as follows:

MAY 6, 1936.

Hon. LYNN J. FRAZIER,
United States Senator, Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: I note the required 218 signatures have now been obtained on the Frazier-Lemke bill and the bill will come up for discussion in the House on May 11. This organization has consistently favored this legislation, for we realize that the farmers of this Nation are fast descending into a state of peasantry and will continue to do so unless some financial relief is obtained for them. I am communicating with our national legislative representative, Mr. J. A. Farquharson, 10 Independence Avenue SW., Washington, and asking him to give this bill his support.

I am glad to be of assistance in this worthy legislation, and I heartily agree with you that, in view of the fact that 32 State legislatures have endorsed this bill, it should be enacted without amendments, for certainly the majority of the people must favor such legislation.

With best wishes, I am,
Sincerely yours,

A. F. WHITNEY,
President, Brotherhood of Railroad Trainmen.

I want to make it perfectly clear that the brotherhood is wholeheartedly supporting this legislation. It might also be said at this time that the Speaker of the House might also have obtained a letter from Mr. Shouse, who is the head of the Liberty League, because he is also opposed to this legislation. [Applause.]

American Federation of Labor members, as well as members of the railroad brotherhoods, realize that their well-being and prosperity is entirely dependent upon the well-being of their fellow citizens who own and operate our farms. This bald attempt to play the laboring man against the farmer, and vice versa, is an old game which has been successful too often for the good of this great country. It is merely a "red herring" drawn across the path of this legislation by the servants of vested interests to confuse the real issue, which is, "Do you or do you not believe in real farm relief?"

The conditions following the debacle of 1929 remain. While farm prices of many commodities have risen in unit value, still the things the farmer must buy have risen in greater degree and he still remains in relative submergence. No man can win in an economic race while carrying such a handicap. On the basis of the present income of agriculture and of the present indebtedness of agriculture and of the present taxes and interest rates which agriculture must pay, it is impossible for agriculture to carry on successfully. When it can carry on, when it does prosper, then we will not be compelled to furnish relief to millions of nonfarmers who are now dependent upon governmental bounty and governmental doles. Farm tenancy is growing apace. Foreclosures have divested real farmers from ownership, while moratoriums against foreclosures are merely temporary and are not permanent nor remedial.

The Frazier-Lemke measure under consideration, if enacted into law, would give real relief. I am, therefore, wholeheartedly supporting the measure. [Applause.]

Mr. JONES. Mr. Chairman, I yield myself the remainder of the time.

I wish that the fine enthusiasm of my friends could be used to better advantage than in connection with this bill. In many respects they and others have favored recognition of equality for the farmers. But I have listened with interest to the statements that were made on yesterday and today by the proponents of this bill and there has not been one meed of praise for the institution that has done the finest job of refinancing of farm mortgages in the history of the whole world. It has not even been mentioned.

It would seem from these speeches that this administration is wholly subject to criticism in all its farm program, because I have not heard from the proponents of the pending measure a single statement in recognition of the only administration in 50 years that has actually done anything toward putting the farmers on an equality with industry. [Applause.]

YEARS OF STRUGGLE

I went through the period from 1920 on. Through a long period of years many of us worked in season and out urging equality for the farm and ranch and claiming that was all we wanted. We met defeat after defeat, coming back empty-handed, and then finally, after gaining victory, had our bills vetoed.

In carrying on that fight we had two obstacles: First, those who did not want to do anything, and, second, those who wanted to do too much, and by claiming too much wound up by getting nothing. Those who went through that long struggle realize how important it is to keep what we have builded and not by claiming more than can be attained, lose, as my friend from Mississippi [Mr. DOXEY] has said, the substance of what we have.

That was the story of the dog in Aesop's fable which had a good piece of meat in his mouth. Looking down into the water he saw what he thought was a better piece of meat. Turning loose what he had, he sought the other, and thus lost all his efforts. The moral of the fable was this:

Beware, lest in grasping at the shadow you lose the substance.

Aesop said that 2,600 years ago. It was built on folklore and the experience of the human race. It is just as true today as it was then.

THE RECORD

I am going to give you some facts. In the last two and a half years more farms have been refinanced by the Farm Credit Administration than in the 16 previous years of the land bank's history. [Applause.] One billion nine hundred and seventy-two million dollars have been used to make 748,000 loans on farms. These banks now have outstanding nearly 1,000,000 loans, aggregating $2,800,000,000, and we have the lowest interest rate for farm mortgages that ever existed in the history of the world. [Applause.]

Why do not my friends recognize that?

This is peculiarly a farmers' institution. It has taken years to build it. Nearly every fine institution can be easily wrecked, even when there is no intention of doing so. We should not take a hand ax and machete and wreck the train in order to get what seems to be a little more, but which in reality would prove to be less.

SEPARATE CREDIT STRUCTURE

I said in my platform years ago, when I first ran for Congress, that there ought to be an institution for agriculture apart from the commercial credit structure. I championed that on the floor for years. I talked about it so much that some almost thought I was "daffy" on the subject. But

within 3 months after this administration came into power it was my privilege to sponsor a measure which did just that.

Under this administration the loans on land-bank mortgages are 3½ percent, and the commissioners' loans are 5 percent. This is the lowest rate that prevails in any great country. Here are some of the rates which prevail elsewhere: Great Britain, 5.2 percent; Germany, 4½ percent; Canada, 5 percent; Denmark, 4 to 6½ percent; Hungary, 5 percent; Bulgaria, 8 percent; Czechoslovakia, 6 percent; France, 6 percent.

I want a lower rate as much as anyone. I want the lowest possible rate, but I want to look down the road. There are only 30 percent of the American people who are engaged directly in farming. We must show a disposition to be fair if we expect to hold what we have. I do not blame these gentlemen, but this country has been builded under party responsibility. This is a nonpartisan issue, and should be. But, if the machinery of government is not handled by one party or the other, confusion is likely to result—there is no continuing organization to be held responsible, and real issues are likely to be clouded.

I want to say that my friend—he is my good friend, and I admire him—voted against the Soil Conservation Act and the new farm program of this administration on February 21. That is his privilege. I do not criticize it. God bless him, if that is the way he felt, that is the way he should vote.

Members of the House, especially on the Democratic side, are you going to take your philosophy from a man who evidently does not believe in the philosophy of this administration? [Applause.] I do not know what the Republican side is going to do this year. If they want to go away back, they will nominate Mr. Hoover. If they want to go definitely forward along progressive lines, they will probably nominate someone like Senator BORAH. If they do not know where they are going, they will probably nominate someone like Mr. Landon. [Laughter.] He is smart. I admire him. He knows what discordant elements he must say grace over, and he is taking the only practical method. I say, "Luck to him." It probably does not make much difference whom they nominate.

But this thing transcends party lines far and away.

OUR GOVERNMENT

You would think from some of the discussion here that the American Government was a terrible thing and that it had mistreated nearly everybody. Go into any country on earth and see how glad you are to get back to these American shores. Bless your heart, this is a fine country. It has been builded on the genius and industry of American men and women. It is the finest country that was ever fashioned on this or any other continent in all the history of the world. And I want to say here and now that, whether under a Republican administration—bad as I think it sometimes is—or under a Democratic administration—fine as I think it usually is—I would not trade our country for any other country on earth.

FARMERS' INSTITUTION

Here is another interesting thing: Not only do the farmers have in the Farm Credit Administration for the first time in all the history of the world an institution of their own; not only has it handled and refinanced more farm mortgages in the last 2½ years than in the last 16 years of the land bank's history; not only has it handled them at the lowest interest rates this country has ever known, but its bonds are selling at practically an all-time high.

When this administration took over the land banks and reorganized them under the Farm Credit Administration and broadened the organization so as to include all types of farm credits, the land-bank bonds were selling at 82 and 83 and 81. Now they are selling around 100 cents on the dollar. I say that is a magnificent tribute to the way this job has been done by this administration.

It has not been perfect, but we must perfect it as we go along. In perfecting it, in making the necessary changes, or in performing any operation on the Farm Credit Administration, I want the surgeon who handles the knife to be one who wishes the patient to live; don't you? [Applause.]

Not one word of compliment has come from the lips of these gentlemen who are so anxious to perform a major operation. Oh, how unreasonable it all seems. This is the only institution we have ever had that has done a job like this. It has been a long, long struggle to the top of the hill. I wish we could get money without interest. I wish we could get it at 1 percent or one-half of 1 percent. I do not know whether I will stay here any number of years or go into the shadows soon. That is not important. But the whole essence of my life has been dedicated to this thing. Whatever faults I may have—and they are many—I am not going to try to fool the farmers. [Applause.]

When I go out I certainly want a stamp on my work. I may be wrong, but I have sat here through the years and have watched this thing. I believe I know something about what I am talking about. I have been carrying wood and water for this cause ever since I have been in Congress. Some of it has been wet; some of it has been green. I have not been very smart at times. But I do not want to try to burn down the house just to get a bigger fire for the moment. [Applause.]

CAREFUL LEGISLATION

I have great admiration for my friends, and I expect to be with them on many things that come down the line. I think they have let their enthusiasm run away with them. I really believe that. In order to try to bolster up a lost cause, in desperation they are offering a number of amendments which very vitally change their bill. Anybody who has ever studied money, who has ever studied financing, knows that it is a very delicate structure, and you cannot at a town meeting or on the floor of this House rewrite a bill that so vitally affects farm interests like the Farm Credit Administration in a haphazard fashion.

There is too much at stake to do things in a haphazard way. This is a broad, big country with many and conflicting interests. The most important interests of all are the interests of the farm and ranch. I believe I have worked as hard and as long as anyone in this House to get the lowest possible interest rates. But I am not interested in just advocating something. I want results.

I have been working for a considerable time with a number of others on a plan to form a Federal Reserve System for Agriculture. That is, a system that will give the 12 Federal land banks the same status and privileges now enjoyed by the 12 Federal Reserve banks. If this can be done, much more will be accomplished for the farmers of America than could possibly be accomplished by the pending bill, even though it had a chance of finally being enacted into law.

About 18 months ago, with the assistance of some others who are interested and with others who had given long study to the subject, I began the drafting of a measure which I hope will be finally enacted. At least I hope something like it may be finally enacted. It parallels the commercial credit structure and would furnish a very low rate of interest.

PARALLEL SYSTEM

We have a Federal Reserve System which takes care of the commercial credit structure of this country. We furnish local banks the privilege of issuing money by putting up 40 percent gold reserve or certain types of Government bonds, plus the balance in commercial paper.

We have drafted a similar measure for agriculture. It has been favorably reported by the committee. It is designed to furnish cheaper farm credit by providing means by which interest rates may be very materially reduced. This is done in two ways: First, the intermediate credit banks, being the discount banks for the Farm Credit Administration, and being owned by the United States Government, are given the privilege of selling their obligations and furnishing the money at cost to the Federal land banks. The intermediate credit banks, being Government institutions, can sell bonds at a cheaper rate than the Federal land banks.

In addition we transfer from the $2,800,000,000 profit which the Government made on the gold transaction 30 percent, or $840,000,000 in gold, to the intermediate credit banks. These being Government institutions, this would simply be a

bookkeeping transaction. On this gold as a reserve, plus agricultural paper instead of commercial paper, the note-issuing privilege is given. Such note would have the same backing and the same privileges as Federal Reserve notes. As it parallels the Federal Reserve System, no one can gainsay its justice. Again, we are merely asking for equality for agriculture.

The 40-percent gold basis, plus the farm paper, for intermediate credit notes is just as sound as the 40-percent gold basis, plus commercial paper, for Federal Reserve notes.

This bill has been gone over carefully by several who have made a great study of this subject. I expect to offer it as a substitute. Some of you may not want to go as far as I want to go along these lines, but I believe it would be a great step forward. It would accomplish far more than the pending bill and would inure to the benefit of all the farmers of the country, instead of to the benefit of comparatively a few. It is just and it is fair, and the privileges would be extended to every borrower under the land-bank system. I do not know whether we can do it now, but I believe ultimately we will get a program of this character, because I believe it is sound.

LOW INTEREST RATE

Under the measure which I propose an interest rate of not to exceed 2 percent would be provided on all loans of $5,000 or less, and upon the first $5,000 of all loans, regardless of size, made by the land banks or the land-bank commissioner. This low rate would apply to the uncollected balance of outstanding loans, as well as to future loans. On that part of the loan in excess of $5,000 the rate would be as low as the method of financing and the cost of administration would permit.

The measure which the gentleman from North Dakota is sponsoring provides for refinancing a portion of the farm mortgages of the country. His measure provides for 1½-percent interest and 1½-percent amortization payment. Then in addition each farmer or borrower is charged his pro-rata part of his expense of operation annually.

The experience of the land banks has been that this operating cost, including appraisals, papers, the making of loans, collections, and administration, generally amounts to about 1 percent. This is lower than private-mortgage companies have been able to administer, but this showing has been made by the Farm Credit Administration. This would make the rate of interest on the pending bill approximately 2½ percent, which, added to the 1½-percent payment on principal, would make a total annual payment of 4 percent, which is very low.

The measure which I propose to offer as a substitute would, in my judgment, be far more effective, more desirable, and would inure to the benefit of more farmers.

EQUAL TREATMENT

I put into my bill that the advantage of the note issue should go to all farmers in the farm-credit system. It would take care of the small farmer at a very low rate. It might be less than the sum specified, but it would not exceed that rate—probably about the present rate or perhaps a little less. At any rate it would take care of all the borrowers from the land-bank system on the same basis.

If the pending bill passes, a part of the farmers would be paying the low rate specified, and the remainder would be paying 3½ percent. It hardly seems fair that a farmer who has paid a portion of his loan and has managed in some way to keep his payments up, but who still owes a substantial balance, should be denied the privileges of the lower rate of interest.

It is necessary to use great care in drafting legislation of this kind. England had a farm problem in Ireland, as you will probably remember. They decided to buy from the absent owners a great deal of the land and sell it to tenants at a rate of interest materially below what the mortgage companies were charging. The loans ran over a long period of time—some 60 years. I think the interest rate was around 3 percent, while the commercial rates were around 6 percent. Naturally the tenants bought the homes.

Immediately speculators began offering the new purchasers $500 and $1,000 profits for their contracts, and the thing at once went into speculation. You could not blame these tenants, but many of them, lured by the easy money they had not known, parted with their purchases. Speculation grew so rife that as much as $150 and $250 per acre was being paid for tenants' rights in 1926, thus in many instances encumbering the land with second mortgages when the first mortgage still had about 45 years to run.

SAFEGUARDS

I take care of that feature in the measure which I shall offer by providing that only the actual operating farmer shall have the benefit of the reduced rate on these mortgages and that if the land is sold to other than an actual operating farmer the payments shall become immediately due and payable or the interest rates increased. Whenever interest rates are provided that are materially lower than current interest rates, some safeguard should be had to prevent the land from falling into the hands of speculators. This is just one of the safeguards which I mention and which shows how difficult it is to make numerous hurried corrections on the floor of the House and how much care should be exercised in the preparing of this type of legislation.

We have had a very difficult situation in this country. I am anxious to encourage home owning in every possible way. I have introduced a farm-home bill which would provide an opportunity for the purchase of farm homes. I have long worked on legislation which would provide for lower farm-mortgage interest rates. I want real results. I do not want to leave any loopholes that will permit speculators to reap the advantages of such legislation. I want those who till the soil and who furnish the basic wealth of this country to be the ones who will receive the benefits of legislation of this character. The farm-mortgage situation is very definitely improved, as shown by the statistics. However, there is room for still greater improvement. As a matter of fact, foreclosures are very small under the Farm Credit Administration just now. They are practically back to normal throughout the country, regardless of what may be said. The land banks last year completed foreclosures in less than 2 cases in each 100 of the mortgages which they held.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. JONES. I would rather yield a little later, if I have time.

Mr. RANKIN. The gentleman is not referring to Federal land banks, is he?

Mr. JONES. I am referring to the Federal land banks, and I have the statistics to support my statement. One and eight-tenths percent is the percentage of actual foreclosures in 1935, including voluntary deeds. That is the fact, and those are the statistics. [Applause.] The Farm Credit Administration informs me that many of those were cases where the farmer had abandoned the farm, or where they had ceased to try.

The foreclosures by private loan companies and other mortgagees has been considerably larger; in fact, several times as large. The Federal land banks now hold about 37 percent of the farm-mortgage debt of the country, and yet with more than one-third of the outstanding mortgages they have carried out only one-tenth of the foreclosures of the country. In other words, private companies, in proportion to the number of loans held, have foreclosed in four times as many cases.

I want to state the policy as given me by the Farm Credit Administration. Here is what they state:

> No foreclosure shall be instituted where any farmer, first, is doing his honest best; second, is applying the proceeds of production over and above reasonable living expenses to the payment of the primary obligation; third, is taking proper care of the property; and, fourth, has the capacity to work his way out of a reasonable burden of debt under normal conditions.

I am informed that practically all cases, or at least a great many cases, where foreclosure was had, were those where there had been abandonment or where the situation was hopeless and so recognized by the farmer himself.

Mr. WHITE. Mr. Chairman, will the gentleman yield there?

Mr. JONES. I cannot yield.

Mr. WHITE. Does the gentleman know that the Federal land bank has been charging 8 percent on delinquent payments and that that has been going on all the time?

Mr. JONES. No; I do not know that. While the law authorizes collection of 8 percent on delinquent installments, the Administration advises me that the average collection in such cases is only about 5 percent.

Mr. WHITE. I will inform the gentleman of that fact.

Mr. JONES. I do not think the gentleman is correct. The Farm Credit Administration advises me that the rate charged varies a little with the different banks. Five of the banks charge 6 percent, five of the banks charge 5 percent, and two of the banks charge the present loan rate on delinquent installments.

Mr. WHITE. I have documentary proof of what I state, and I will place it in the RECORD.

Mr. JONES. They do charge a little extra on delinquent payments; but, as a matter of fact, the delinquent interest carries only a small penalty which will run to much less than what the gentleman states. The figures have just been furnished me by the land-bank officials.

Now, let me cite the progress which has been made under this administration which our opponents charge has done just about nothing at all. Under this administration in 1932 if a farmer had a $10,000 mortgage on his farm, it would take 25 bales of cotton to pay the interest. Today it takes 5.9 bales. It took 1,826 bushels of wheat; it now takes 458 bushels. It took 2,174 bushels of corn; it now takes 425 bushels. It took 70 head of hogs; it now takes 19 head. It took 4,514 pounds of butter; it now takes 1,570. Figuring 100 percent as normal, it took an index of 175 of the all-unit basis index to pay the interest. It now takes 53. In other words, it takes less than one-third of the farm products to pay the interest on a farm mortgage than it did in 1932.

FARM HOMES

Mr. Chairman, I do not want to do anything which will interfere with the best possible deal for the farmer. I hope everyone who wants a home will have a chance to secure a home, because this Republic is anchored in the homes of America. But I do not believe we can turn the issuing of the money of this Republic over to any interested group. That is the trouble we have had heretofore. Let us get it clear away from the groups as we have tried to do in the past, and put it in the hands of the Government. I believe the Government should have its own bank of issue and should issue its own money, control the currency, and regulate the value thereof. [Applause.]

I would go that far, but I do not believe that we can afford to turn over to any interested group of borrowers that right. You know when the land banks were first organized they used to borrow the money from commercial sources. Now it has reached the point where the Government is putting up some money and, under this bill, if it should be adopted, the Government would put up practically all the money. No group should control the issuance of money. If you do this, how can you refuse to do the same thing for the home owners of cities?

I want to take the control of money out of the hands of the money changers. I want to restore complete control to the Government, whose responsibility it is, and whose faith and credit makes the money worth while. Then I want to see all of the citizens of our country put on the same basis and given the same privileges. This is the very essence of every democratic government. For this reason I have worked out the bill which I have introduced. I would be willing for similar privileges to be extended to the home owners in the cities. It could be done on a perfectly sound basis. It seems to me that this would encourage home owning, both in the country and in the city, in a far greater way than any other measures that have been proposed.

America did not just happen. It was builded. It was builded from the foundation up. Its cornerstone is equality. For this principle I have worked for years. Many fine spirits in this House and throughout the country have done likewise. We have sometimes disagreed as to methods, but I believe progress has been made. I want to see the rainbow of the farmers' hopes touch the ground. I believe that this can be done in strict accord with the principles on which this Government was founded and has grown great.

Mr. Chairman, I believe in the United States Government, its history, its institutions, and its people. [Applause.]

[Here the gavel fell.]

Mr. LEMKE. Mr. Chairman, I yield the balance of my time to the gentleman fromg Nebraska [Mr. BINDERUP].

Mr. BINDERUP. Mr. Chairman, ladies and gentlemen, fellow Members of the Committee, I have listened with profound interest and much disappointment to the last speech delivered on the floor of Congress today against the Frazier-Lemke bill, that bill in which I am so intensely interested.

GREEN DESERTS FARMERS' CAUSE

The speech reflected sadness and disappointment. I refer to the speech of our Speaker [Mr. BYRNES], when he quite unusually took the floor to oppose our righteous cause by reading a letter from William Green, president of the American Federation of Labor, who opposed our bill because it would, as he said, help the farmers and not the laboring people. And so it was read—this message of poison promoted by some peculiar short-sightedness that could not see that the interests of labor and the farmer are so completely tied together that to help the one helps the other, that one cannot succeed without the other, that labor cannot gain employment unless the farmer can buy the goods from the factories. By this faulty statement there was once more injected the poison of prejudice to divide the ranks of labor and the farmer—disappointing, disheartening, and discouraging when I realize the years we have battled, the thousands of miles I have driven, the many talks I have made, in an effort to eradicate this poisonous prejudice injected by the enemies of our righteous cause for one reason only—that is, knowing that if they could keep a strife and a division between the farmer and the laborer, predatory, plundering wealth could sit back and laugh and accomplish its purpose; decorated in honor and clothed in the power of prestige we gave him when we elected him our Speaker, the gentleman from Tennessee amplifies the erroneous statement, the prejudicial poison, by spraying it out over the Nation, into every nook and corner.

UNITED WE STAND; DIVIDED WE FALL

I realize the battles I have in my own home district because I voted for labor in every case and in every bill that came up in Congress, especially because I voted for the Guffey coal bill, which would increase the price of coal to every one of my constituents in my district; because I supported the outstanding N. R. A., that did so much to increase prices of manufactured articles out in the West—all this in an effort to favor labor and to raise the price level. I was censured for this by my constituents, and now how painful it is for me to realize that, after our years of effort to help labor in every suggestion, in every bill introduced into Congress, that the labor leader, Mr. Green, turns his back upon the great agricultural West, the consumers of the products of the factories of the East. I explained to my farmer constituents that you cannot hope to establish a market for pork unless you increase the purchasing power of labor and put meat on the laboring man's table. You can never hope to sell your wheat unless the laboring man eats bread. And I received their approval by a flattering majority in the last election, sending me as their representative to the Nation's Capital. I am pleased to believe, however, from the knowledge that I have from personal contact with labor, that when Mr. Green wrote the poisonous sentiments in his letter to be read in Congress and destroy the farmers' cause, he did not speak the true sentiments of labor, and it is my own personal belief that he abused the confidence of his office by expressing an individual opinion, assumed to be the sentiment of labor in general. I believe labor understands that labor and the farmer must work hand in hand and raise the price level of the farmer's

commodities and the laboring man's wages to where they can maintain that high American standard of living to which each is so justly entitled. And I believe labor will regret the damnable poison spread by their leader so effectively equally as much as do the farmers regret it today. I sincerely hope that our enemies have not succeeded in dividing our ranks permanently and that the poison that pervades the atmosphere of this Chamber of Congress today, dividing labor and the farmer once more, may soon evaporate and that the former good feeling of cooperation may again return. My friends, I say with much consideration and forethought that William Green, who is the head of labor, has done more damage by this letter to the righteous cause of labor than he will ever be able to make right again if he should live to be a hundred years old and devote every hour of the day to make right his wrong. [Applause.]

GREEN'S LETTER RETARDS LABOR'S CAUSE

Mr. Chairman, I recognize most painfully the fact that when we, the Members of Congress, working in a righteous cause of labor and the farmer, go home to our districts and meet our constituents once more we will have to go back many years and begin all over again to create an understanding and cement together once more the combined efforts of the farmer and the laborer.

OPPOSITION TO FRAZIER-LEMKE BILL ONLY ONE-HALF PERCENT

But I heard another speech this afternoon on the floor of this Congress that made me happy. It was the message delivered by my friend the gentleman from Texas [Mr. JONES], chairman of the Agricultural Committee, who appeared in opposition to our bill. I had expected to hear opposition from him, but I am glad to note that no such opposition developed. There is only a half a percent in interest difference between the gentleman from Texas [Mr. JONES] and myself so far as the Frazier-Lemke bill is concerned, and I believe he stated that even this little difference might be reduced somewhat. [Applause.]

UPHOLDING THE DIGNITY OF LABOR

Mr. Chairman and fellow Members of the Committee, I pause for just a moment. I can hardly realize that at last this long-anticipated moment, this coveted opportunity has come. For many years at home I have been waiting and hoping and longing for this wonderful opportunity, when I would be permitted to stand upon the floor of this Congress and uphold the dignity of labor and the farmer and plead their righteous cause. I can hardly realize that this most coveted time has at last arrived. What a wonderful realization it is, my friends. What a privilege it is.

THE TORCH OF REASON OUR ONLY GUIDE

Coming from downtown this morning, I read once more that outstanding inscription carved on the cornerstone of the Archives Building, those three most important words, "Past is prelude." Yes; truly the past is the prelude to the future. It is out of the past, my friends, that we must find the retrospect that shall shed light into a dark and unknown future. It is out of the past that we must gather the criteria that will guide us knowingly and intelligently into the future along unknown paths. These criteria, my friends, are the only guidance we have—they are the very oil in the torch of reason, that wonderful, dependable torch of reason, that infallible guide which can be extinguished by only one power, and that is by the poisonous winds of prejudice. Prejudice, my friends, unknowingly perhaps, developing in the mind without a realization, that causes a Congressman to become a rubber stamp, following, perhaps blindly, in the leadership of some other man, or following some old dogmatic theory simply because it is old and has been used for hundreds of years. Prejudice—the stumbling block in the way of human progress. It warps the brain of men and sears the conscience and destroys the great institutions of civilization. Remorseless prejudice—it wipes from the earth today nations as it has in the past and covers them with a mantle of dust, giving only a yellow page in the history of countries that were once and are no more.

Prejudice—that is to the brain as poison to the body and sin to the soul. It was prejudice that in its effort to extinguish the torch of reason cast Galileo into a dungeon to die with thousands of others because they dared to proclaim the sound philosophy that the sun did not revolve around the earth but that the earth revolved around the sun, a philosophy that had been prohibited by the church and its horrible inquisition for hundreds of years. It was prejudice, my friends, in its effort to extinguish the torch of reason, that cast Christopher Columbus into prison because he dared to say the world was round, contrary to an old philosophy that had for centuries proclaimed the world was flat, dictated by ignorance. It was prejudice in its effort to extinguish the torch of reason that gave to Socrates the cup of poison hemlock as a reward for the great knowledge and wisdom he had given to the world. Prejudice, my friends, that in the morning of that fateful day whispered into the ears of Pilate, "Crucify Him. Crucify Him because he dares to propound a new religious philosophy that recognizes the worthy weak as against the greedy strong." Prejudices, pervading the atmosphere in this Chamber, that cries out today like a Joshua of old, when he said to the sun and the moon, "Stand still; stand still while I destroy humanity and murder the children and the mothers and the fathers and devastate the land." So prejudice whispers into the ear of the Senate and the House of Representatives today, like the Joshua of old, "Stand still while I destroy the homes of the Nation, while I destroy by foreclosure 256,000 farm homes, evicting the children and the fathers and the mothers. Stand still, O Congress of the United States, while we devastate and destroy homes that are God's sacred sanctuary on earth to man." Homes that are the very units of the foundation of our Government, without which our great Government will be destroyed, distintegrate and rot away, as have other nations of the past. The homes, my friends, wherein is molded the disposition and character of your children and mine, that shall determine the welfare of our great Nation, the Nation we love.

ENEMIES OF THE FRAZIER-LEMKE BILL

The Frazier-Lemke bill, my friends—the bill we are considering today—is all-important; and the enemies of the Frazier-Lemke bill were not satisfied with the title Frazier-Lemke bill, so they took the word "inflation", and they dipped this word into the poison cup of hemlock, such as had been handed to Socrates, and when they had steeped this word in poison distributed it through the radio and the public press and so wafted it into the minds of the American people they added it to the title and called it the Frazier-Lemke inflationary bill, stressing the danger of inflation that would raise the price level of labor and the farmer—the only thing and the only plan that ever can raise the price level of the farmer's products and the laboringman's salary. If they wanted to add to the name "Frazier-Lemke", why did not they call it the Frazier-Lemke home-building and home-protection bill? That is the right name. Why did not they call it the Frazier-Lemke perfecting amendment to the Federal land bank, for that is truly what it is? And without that amendment the Federal land bank will be a hopeless failure, as at present it protects only the wealthy and the speculators and entirely ignores the holy mission for which it was created—that of home building and home protection to the tiller of the soil.

TWO FEDERAL REGIONAL BANKING SYSTEMS

(At this point Mr. BINDERUP took a pointer and, referring to a large map of the United States he had prepared and placed before Congress, continued.)

Mr. BINDERUP. I have a map here before me that I have prepared in order to give you, my fellow Congressmen, a vision of the banking system of the United States.

The blue network (blue lines) on this map is descriptive of the Federal land bank; the red network (red lines) on the map is descriptive of the Federal Reserve banks. We have 24 Federal regional banks in the United States. Twelve of these are Federal land banks; they are the farmers' banks. Twelve of them are the Federal Reserve banks; they are the bankers' banks. Now, the only thing the Frazier-Lemke bill asks is that you will give to the 12 Federal land banks—the farmers' banks—the same rights that

you give to the 12 Federal Reserve banks—the bankers' banks. [Applause.] My friends, that is all there is to the Frazier-Lemke bill. Why should I continue for 30 minutes on the floor when this is all there is—and who dares deny the righteousness of this request?

FEDERAL LAND BANKS 100 PERCENT GOVERNMENT BANKS

The Federal land bank is purely 100 percent Government controlled. The Federal Reserve banks are purely and 100 percent privately controlled by member banks whose stocks are owned by foreigners to a great extent—in England, Italy, Germany, and France, primarily—as well as owned by American citizens. Now, the only thing that the Frazier-Lemke bill asks is that you will give the farmers' banks that are Government owned and controlled the same rights and privileges that you give to the Federal Reserve banks that are foreign and domestically owned and controlled. That is all there is to the Frazier-Lemke bill, and who dares to stand up in this audience and say there is anything unjust or unfair about this?

The Federal land bank is the largest financial cooperative agricultural institution in the world, although it has been in existence for only 20 years. It has 5,034 national farm-loan associations scattered in practically every county in the Nation. It has 650,000 farmer borrowers and stockholders. It has deposited in Washington $113,000,000 of the farmers' money, and they say to Uncle Sam, "We guarantee each other's obligations to the extent of 5 percent of the mortgage value of our land. If our neighbors fail to pay you, Uncle Sam, for their interest, insurance, or taxes, you can draw on this fund of ours of $113,000,000, as we want to protect you in every way, Uncle Sam. We have mortgaged our farms, the greatest and best farms and farmers and farm homes of the Nation, in order to secure you so that you will never lose a cent. We borrowed $90,000,000 of you, Uncle Sam, in 1916; up to the time of the depression in 1933 we had paid you back every cent except $50,000, thus showing our ability and desire to treat you right, and that is more than your other borrowers are doing for you. We have left the management entirely to you, Uncle Sam." The President of the United States appoints the Governor in Washington, who is the sole dictator of the whole system, who appoints 5 directors in each one of the 12 regional banks, as well as his own personal agent, thus making 6 representatives of the Government in every regional bank; and the farmers of 48 States, all the farmers, elect only one to represent the farmers' interests in each one of the banks. All the authority is the Government's, and even though we pass this bill the Government could at any time increase or decrease the amount of the $3,000,000,000 we ask, as Congress sees fit.

There is no greater security on God's green earth than Federal land-bank mortgages, where every farmer in the Nation guarantees his neighbor's indebtedness to the extent of 5 percent of the mortgage value of his own land. Even if our entire Nation should some day be conquered by a foreign foe and the entire Government be changed, and our Government bonds be worthless, the Federal land-bank mortgages on the homes of the Nation would still be worth 100 cents on the dollar. This is the kind of security we propose to give you, Uncle Sam, if you will just treat us the same as you treat the bankers. We do not ask as much, even. You are only charging the bankers 30 cents a thousand for the use of your credit and your Federal Reserve notes. We are willing to pay you 50 times more than the bankers pay you. We want to pay you 1½ percent interest, or $15 per thousand. Is there a Congressman within the hearing of my voice who will stand up and say that this is an unfair demand on the part of the farmers of our Nation?

FEDERAL RESERVE BANKS NOT GOVERNMENT BANKS

Now, I want to show you what kind of security, as a matter of comparison in the Federal Reserve Banking System, the bankers' banks, are offering Uncle Sam as security or basis on which to issue Uncle Sam's money, the Federal Reserve notes. I wish first to state, however, that I have been actively associated with the Federal land bank since 1917 as a borrower and stockholder; that I am very familiar with the entire Federal land bank system from the time when you write out the application with individual farmers, passed by the local national farm-loan associations, passed on to the Federal land banks, loans, obligations, or mortgages as sent on to Washington, placed with the Farm Credit Administration and consolidated bonds issued thereon; the formation of the Federal Farm Mortgage Corporation in 1933 that handled $700,000,000 of these bonds, whereon the farmers pay 4½ percent. The Government is selling these bonds with as low as 1½-percent interest, thus dealing on a 300-percent margin. I want to add I am very familiar with the Federal Reserve Banking System of the United States, and in order that I might qualify to stand before you here, my fellow Congressmen, I spent a great deal of time with members of the Federal Reserve Board at the last session of Congress; I remained in Washington last year until the latter part of September, believing as I did that a Congressman, a true representative of the people, is not made by an election, but is made by devotion and sincerity to his work, and that knowledge is light and wisdom is power. Therefore I became acquainted with the different departments of our Government, and most especially with the Federal Reserve Board of the Federal Reserve bank. I knew and understood that the Federal Reserve System of the United States is more powerful than our Government. And I just wanted to know how it happened.

WHAT BACKING HAS FEDERAL RESERVE MONEY?

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. BINDERUP. No; I cannot yield as my time is so limited. I just explained to you that the red network on this map represents the Federal Reserve System, the bankers' banking system of the United States. Can you imagine what the money of the Federal Reserve System of the United States is based on? In your wildest imagination, in your strangest fancies, in your vaguest dreams, can you imagine what is back of this Federal Reserve bill I am holding in my hand? No; you cannot; that is impossible. There is not a single soul in the world who knows what is back of this currency. A million inspectors would not be able to trace back and find the substance back of this Federal money. I asked a member of the Federal Reserve Board of the Federal Reserve bank in Washington and they told me they did not know, as all the paper back of Federal Reserve currency was held in the 12 private Federal Reserve regional banks; and that they, the Federal Reserve Board here in Washington, never did see the security nor even the paper representing the security, but merely took the word of the chairman of the class C directors of these banks, who acts in a dual capacity, and is also the Federal Reserve agent of the Federal Reserve Board. In other words, the buck was passed to the Federal Reserve regional banks. I undertook to run this matter down last summer during vacation and managed to meet a former director of one of the Federal Reserve regional banks. I asked him what was back of this Federal Reserve money in the way of substance, and he said they—the directors of the Federal Reserve banks—really did not know, as they never saw any of the security, but took the word of the directors of the member banks of the Federal Reserve System. In other words, he passed the buck. So I managed to meet the president of one of the member banks of the Federal Reserve System, and I asked him what was back of this Federal Reserve currency they had rediscounted with their regional Federal Reserve bank, and he replied, "Well, I do not really know; I only take the word of my customers." He had really never seen the security and did not know what the security was. In many cases there was no security—only the promise of some individual to pay. And so, in reality, I would have to hunt up the individual. In other words, they passed the buck; and, as I said, a million inspectors working overtime could never find the real substance security back of this Federal Reserve currency.

FEDERAL RESERVE MONEY BASED ON STOCK GAMBLERS' PAPER OF WALL STREET

But suppose we all make a few guesses. Let me guess first. I will tell you what might be back of this Federal Reserve currency, this bankers' bank money. Oh, it might

be some more Insull bonds such as the bankers' Federal Reserve banks financed so he could pyramid his stock and sell holding-company stock, mostly 99 percent water. Oh, yes; the Federal Reserve banks financed all the gamblers of Wall Street in 1929, boosted their stock to the sky by furnishing plenty of this Federal Reserve currency such as I hold in my hand; then all at once said, no; no more; and took the money away from them, and down crashed all bonds and stocks flat, just as they left the farmers flat in 1920. I pause once more and ask you to explain, if you can, why you financed Wall Street gamblers in this manner in 1929, and you are doing the same thing this very minute, and still refuse to vote for the Frazier-Lemke bill that provides for issuing our Federal Reserve money on the farms of the Nation, the greatest security on earth, and strictly a Government function. You do not cry "inflation" when we finance the crooks of the Nation and give them the right to inflate two hundred billions; in fact, the sky is the limit. But when we ask you to finance the farmers' homes to the comparatively small amount of $3,000,000,000, you holler until you are hoarse; you stand on the floor of Congress and call us radical inflationists. Let me ask you, are we radical because we ask that the farmers, through their banking system, the Federal land bank, should have the same right as the bankers have through their Federal Reserve banks, or are you radical that demand a superior right for the bankers? You Republicans on this side of the aisle: I ask you, who are continually urging that we must stay by the Constitution of the United States—and I am with you in this—you accuse the Democrats of violating the Constitution. Then, why not be practical and insist that the function of issuing money must be returned to the Government as the Constitution provides in plain words:

Congress shall coin all money and regulate the value thereof.

That is plain English. Why do you not insist in this case that we take this privilege away from the Federal Reserve banks that have stolen this sacred right from our Government? You rejoiced when the Supreme Court found the farmers' A. A. A. unconstitutional, but when we plead to take our constitutional right to issue money away from the Federal Reserve Banking System, private banks, if you please, wherein the Government does not own one cent of stock, many of you fight against this constitutional provision and insist that the bankers must retain this superright.

FEDERAL RESERVE MONEY BASED ON LIMBURGER CHEESE OVER IN GERMANY

But let us go back to the Federal Reserve currency such as I hold in my hand, and guess again. Second, maybe it is a shipment of limburger cheese over in Germany that has not been shipped yet that some importer in the United States bought on 30, 60, 90, 120, or 180 days' time on acceptances, time drafts, notes, debentures, or other evidence of indebtedness—as all Federal Reserve currency is issued on debt—that readily finds its way into the notorious stock exchange of New York City, where it is bought at a discount by some member bank of the Federal Reserve, or perhaps by the Federal Reserve bank itself, as they buy paper direct. Thus it finds its way into the Federal Reserve Banking System of the United States, and Federal Reserve currency is issued thereon, such as this $20 bill I am holding in my hand. If I had a little more time, I would like to tell you, step by step, just how this is done. I hope sometime in the future I may have this privilege. Now, my friends, I pause again for a moment to challenge anyone to deny this statement.

FEDERAL RESERVE MONEY PRINTING-PRESS MONEY

Or it might be something else. I have a friend out in Nebraska whose business it is to churn butter. He sells this butter to buyers, foreign and domestic, and, as evidence of his customers' indebtedness to him, he accepts time drafts and sometimes notes whereto are attached certain contracts. He discounts this paper with his bank, which happens to be a member of the Federal Reserve System. The member bank sends this paper to the Federal Reserve Bank of Kansas City, and the Federal Reserve bank says something like this to the Federal Reserve Board in Washington: "We have a certain amount of paper that has been examined by the directors of our bank, O. K.'d by the chairman of our directors", who is now speaking to you in a somewhat changed personality, because he has now become the Federal Reserve agent of the Federal Reserve Banking System of the United States, so he speaks with governmental authority. He tells the Federal Reserve Board of the Federal Reserve bank to inform the Comptroller of the Currency to advise the Secretary of the Treasury to instruct the Bureau of Engraving and Printing to press an electric button and start the printing press going and to print a certain amount of Federal Reserve currency such as I hold in my hand here and send this printing-press money to the Kansas City bank to finance what? Oh, my friend's butter, which has not as yet been churned; the cows have as yet not been milked; the cows are probably not as yet fresh, and no one on God's green earth knows where the cows are. [Laughter and applause.] And on such imaginary transactions the Federal Reserve Bank of the United States issues the currency such as I hold in my hand, which reads "Federal Reserve note—Government of the United States will pay to the bearer."

A wonderful system, is it not? How would you like to have the privilege of issuing checks, stating on the check that your neighbor, John Jones, would pay to the bearer on demand? Well, that is exactly what the Federal Reserve does, issues checks on the United States Treasury, and we are supposed to believe that they have some security hidden away some place, God only knows where, and we just draw on an inexhaustible imagination, and so Uncle Sam issues his money based on such imaginary security. That is not all; I am going to take a little more time to tell you just exactly how another one of these transactions happened—one out of a million.

FEDERAL RESERVE MONEY BASED ON AL CAPONE'S WHISKY

Did you ever know that during the balmy palmy days of prohibition we financed Al Capone's bootleg whisky, that he shipped from Canada, with Federal Reserve money based on United States credit, through the Federal Reserve Banking System of the United States, money such as I hold in my hand here? I want to dwell a little on this transaction. First I want to tell you that this information was brought to me by a cashier in one of the banks of Chicago. I had also read something of the kind, but it seemed to me that this was going quite a way, to print money based on bootleg whisky. So I asked a member of the Federal Reserve Board if this could possibly be true. He replied, "There is no doubt whatever but what this paper would be eligible for rediscount in the Federal Reserve System, and undoubtedly your information is correct. We, of course, do not see the paper on which this money is issued, as it is retained in the 12 Federal regional Reserve banks; we take the word of the director of the bank, who is the Federal Reserve agent in each bank. And the Federal Reserve relies on the member bank who rediscounts the paper. They are only interested in the maker and endorser, as to their mercantile responsibility, and, of course, the paper is first class. The distiller in Canada is a millionaire and so is Al Capone. The paper is unusual, as it is collectible under two codes of law—first, against their net worth under the civil law, and, second, collectible under the criminal law. All anyone would have to do would be to whisper, 'Al, the paper is due. Come in and pay up or you and your distiller will go to jail.'" [Applause and laughter.]

I want to go into this transaction more in detail to show you step by step how the paper drifts into Washington as a basis of money issued. Those of you who are familiar with the Federal Reserve System will know that they are exercising many short cuts, but I am giving it to you step by step, such as it would be handled if they did not avail themselves of the short cuts. Al Capone orders a million dollars' worth of whisky from Von B—— & Son, distillers in Canada. He buys this probably on 60, 90, 120, or 180 days' time, always with renewal privileges if necessary. The Canadian distillery immediately sends acceptances, time drafts, notes, or

other evidence of Al Capone's indebtedness to their correspondent bank in Chicago who advises Al Capone to come in and sign this paper. The member bank buys this paper, usually at a pretty good discount because there is plenty of profit in the whisky business. A dollar does not mean a whole lot to them. When the member bank rediscounts this paper with the Federal Reserve Bank of Chicago, the Federal Reserve bank directors examine this paper under the direction of the class C director. He O. K.'s the transaction. He takes this paper in his hand and steps across the aisle into another room and lo and behold the transformation. A modern Dr. Jekyll and Mr. Hyde. Passing into the other room he now becomes the agent of the Federal Reserve Banking System of the United States; clothed in governmental power he calls up the Federal Reserve Board of the Federal Reserve bank in Washington and talks to them something like this: "I have a million dollars' worth of good paper that is eligible under the Federal Reserve Act as a basis for issuing money. Send me a million dollars at once." And the Federal Reserve Board in Washington takes his word for it and phones to the Comptroller of the Currency, Mr. O'Connor, who instructs the Secretary of the Treasury, Mr. Morgenthau, to inform the Bureau of Engraving and Printing to touch a certain electric button and the printing presses start running and grind out a million dollars' worth of Federal Reserve currency such as I hold in my hand, and send this printing-press money to the Federal Reserve Bank of Chicago, Ill., and thus Uncle Sam finances Al Capone's whisky and all the farmers ask is the same consideration Al got and will pay 50 times more for the same privilege. [Applause.]

Going over this transaction with a member of the Federal Reserve Board, he explained to me that his Board were cutting out all of these steps now and that they were printing hundreds of millions of dollars of this currency in advance, and sending millions to each one of the Federal Reserve regional banks so they could just help themselves and they would not have to ask the Federal Reserve Board for any money.

FALSE REASONS FOR DEPRESSIONS

My friends, do you hesitate to believe me? I do not blame you if you do. You did not think the Federal Reserve Banking System and the monetary system of the United States were so rotten, did you? And you wonder why we have panics, depressions, and hundreds of thousands are losing their homes. You did not understand, did you? No; the enemies in this case told you that it was God Almighty that was doing this, and that it was He who visited this curse upon humanity every few years. They called it cycles, and they said it just could not be helped. They said it was because there was too much machinery. Yet we have had many panics before, way back in 1837, one of the most severe panics, and there was not any machinery in existence at that time. Then they told you that it was the tariff, but the Republicans gave us all the high tariff they could and the Democrats are in power right now, and if they believe it, they could give us free trade any minute they wanted to. They said it was because there was too much labor. Yet in 1929—that is only 7 years ago—labor was so scarce you could hardly hire a man, especially mechanics in the various lines. Yes, the enemies through the public press and the radio will tell you all these things. And then they will say it was the war, but we had prosperity for 11 years after the war, and every thinking man knows this is not true. They told us that it was overproduction—that we raised too much—and yet 10,000,000 people are hungry and 50,000,000 people would fain have more. They say we went too fast, and that the Nation overbuilt its homes, and yet millions of people are without homes. They said we had lived too fast and bought too much, while we know the farmers and the laboring people scarcely have enough clothes and are living without the great conveniences to which they are entitled in a civilized nation with endless resources and endless credit. They say it is because we have gone into debt too much, and yet, my friends, analyze the monetary system of the United States and you will know that all of our money is based on debts. And if we should pay our debts and thereby take 90 percent of our check-book money out of circulation the price of a good farm will go down to less than a dollar an acre.

You have wondered about our monetary system, have you not? But you have also wondered why we are starving to death in the midst of plenty. Examine and you will find that the two are positively and absolutely linked together. They say the monetary system is difficult to understand. My friends, believe me when I tell you that anyone who could learn his multiplication tables can much easier understand the monetary system. There is nothing difficult about it.

USING UNITED STATES CREDIT TO FINANCE ARGENTINE WHEAT

In conclusion, just one more example of what this treacherous money can do, such as I hold in my hand, the Federal Reserve currency, issued by the Federal Reserve Banking System of the United States. Just a short time ago an exporter of wheat in Minneapolis received an order for a million dollars worth of wheat to be shipped to England. He investigated the markets and found he could buy this wheat for a small fraction of a cent, because of freight rates, cheaper in Argentina than he could buy it in the United States. He made a small deposit on the wheat, and through the same system as described in former cases, through obligation of the English importer, evidenced in time drafts, notes, or debentures that found its way into the stock exchange, or, perhaps, it was into the Federal Reserve Bank of Minneapolis. It traveled the same course as Al Capone's whisky paper, and thus we used the credit of the United States with these Federal Reserve notes to finance a shipment of wheat by an American exporter from Argentina to England, and used the credit of the United States in competition with our own farmers. [Applause.]

LIKE CHILDREN GROPING IN DARKNESS

Here in Congress, fellow Members, it seems to me we are like children groping in darkness. Why not pause for a moment and analyze the situation? I know we all believe in cause and effect. Let us find out the reason we fell from the highest plane of prosperity to the lowest level of depression, starvation, and misery; and knowing the cause we are sure to find the remedy. They have said that we should go out on an experimental stage—and God knows we have been there. Maybe, however—maybe if we keep groping along in darkness long enough, and all the blind alleys have finally been closed, we will then discover the right cause and all work together in the right alley. Believe me, my friends, it is the control of our monetary system that we lack, that measures the sweat of the brow of man by its own abundance—meaning its own abundance of money in actual circulation, not locked up in bank vaults. It might as well be in the bottom of the Atlantic Ocean. And the Frazier-Lemke refinancing of farm mortgages is the first step in the right direction. [Applause.]

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act shall be known by the title "The Farmers' Farm Relief Act."

Mr. JONES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 1, line 3, strike out all of lines 3 and 4 and insert in lieu thereof the following:

"That this act may be cited as the 'Agricultural Bank Note Act.'

"AGRICULTURAL BANK NOTE COMMITTEE

"SEC. 2. (a) There is hereby created a committee to be known as the 'Agricultural Bank Note Committee' (hereinafter in this act referred to as 'the Committee') which shall be composed of the Secretary of the Treasury, the Governor of the Farm Credit Administration, and the Intermediate Credit Commissioner. Each of such officers may, at any time, authorize any officer or employee of the department or agency of which he is the head to act in his place as member of the Committee for such period and under such circumstances as may be fixed by him, and while so authorized such officer or employee shall have all the powers and duties of the member of the Committee for whom he acts, including the power of acting as chairman. The Governor of the Farm Credit Administration shall be chairman of the Committee and a majority of the Committee shall constitute a quorum.

"(b) The Committee shall have power, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation and duties of such agents, officers, and employees as may be necessary to carry out the powers and duties now or hereafter conferred upon the Committee, to require bonds of them and fix the penalties thereof, and dismiss them at pleasure. The rates of compensation of all such agents, officers, and employees shall not exceed the rates of compensation prescribed for comparable duties by the Classification Act of 1923, as amended. No member of the Committee and no person acting as a member shall receive additional compensation for such service but may be allowed actual necessary traveling and subsistence expenses when engaged in the business of the Committee outside the District of Columbia.

"(c) The Committee shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. In carrying out its powers and duties, the Committee may, with the consent of any board, bureau, commission, independent establishment, or executive department of the Government, avail itself of the use of information, services, facilities, officers, agents, and employees thereof.

"(d) The Committee shall have power to prescribe the manner in which the obligations of the Committee shall be allowed and paid. The expenses of the Committee shall be paid out of the proceeds of assessments levied on the Federal Intermediate Credit Banks by the Committee. The Committee shall from time to time estimate the expenses of the Committee for such period as may be determined by it, and each such bank shall pay to the Committee, within 15 days after demand therefor, the amount which the Committee fixes, on such equitable basis as the Committee may determine, as the bank's proper share of such estimated expenses.

"(e) The powers conferred on the chairman of the Committee under this act shall be exercised in accordance with the policy determined by the Committee and subject to the general supervision and control of the Committee.

"(f) The Committee shall have power to make such rules and regulations as it deems necessary in carrying out the powers and duties now or hereafter conferred upon it.

"DISCONTINUANCE OF DEBENTURE ISSUE

"SEC. 3. No Federal Intermediate Credit Bank shall have authority, after 90 days after the date of the enactment of this act, to issue debentures under the provisions of section 203 of the Federal Farm Loan Act, as amended (U. S. C., 1934 ed., title 12, secs. 1041, 1042, and 1043; Supp. I, sec. 1041), except that if the Committee unanimously finds that the issuance of debentures by any Federal Intermediate Credit Bank is necessary to supply funds to such bank to supplement funds made available under this act, or to meet emergency needs of such bank, the Committee may, by unanimous vote, and with the approval of the President, authorize such bank to issue, under the provisions of such section 203, such amount of debentures as the Committee may prescribe. Notwithstanding any such authorization, no such bank may have outstanding at any one time debentures and other obligations issued under such section 203 in excess of 10 times the amount of the paid-in capital and surplus of such bank, nor have outstanding at any one time debentures and other obligations and notes in excess of 15 times an amount equal to the unimpaired capital plus the surplus of such bank. For the purpose of enabling any such bank to comply with the requirements of such section 203 relating to the giving of security for obligations incurred by it, the Committee shall authorize the release of the lien for notes provided in section 4 (b) on so much of the assets of the bank as may be necessary, but no such release shall be authorized if the effect of the release would be to reduce the fair book value of the amount of assets of the bank subject to such lien below an amount equal to the total face amount of outstanding notes issued by such bank.

"ISSUANCE OF BANK NOTES

"SEC. 4. (a) Upon application by any Federal Intermediate Credit Bank to the chairman of the committee, in such form as may be prescribed by him, such bank may be authorized by him to issue notes under the provisions of this act for any lawful purpose for which such bank may need funds. The chairman shall determine the needs of such bank for funds, the necessity of such contemplated note issue to meet such needs, and whether the requirements of this act will be complied with in connection with, and its purposes carried out by, such note issue, and, on the basis of such determination, shall grant such application in whole or in part or reject it entirely.

"(b) Such notes, when issued, shall be lawful money, shall be legal tender at their face value for all debts, public and private, shall be obligations of the United States and the issuing bank, and shall be a first lien on all the unpledged property, except cash, real property, and tangible personal property, of the issuing bank. Each Federal Intermediate Credit Bank shall be liable on the amount of notes issued by each other Federal Intermediate Credit Bank which is not paid after the assets of such other bank have been liquidated and distributed, and, in such case, the provisions of section 207 of the Federal Farm Loan Act, as amended (U. S. C., 1934 ed., title 12, sec. 1081), relating to unpaid losses of principal on debentures of the banks, shall apply with respect to notes issued under this act. The total amount of such notes which any such bank may have outstanding at any one time shall not exceed the fair book value of the unpledged property (not including tangible personal property or real property) of such bank, nor shall such total amount of notes, together with the total face amount of any debentures and other obligations of such bank which may be outstanding, exceed 15 times an amount equal to the unimpaired capital plus the surplus of such bank. The total face amount of such notes which all the banks may have outstanding at any one time shall not exceed two and one-half times the amount of the fund set aside as a reserve for such notes under section 5 (a).

"(c) Upon approval of any such application, the Comptroller of the Currency, on order of the chairman, shall deliver such notes to the Farm Loan Registrar of the land-bank district in which the issuing bank is located. The registrar shall hold the notes subject to delivery to the bank as required by it and shall be responsible for the safekeeping of such notes during the time they are in his custody.

"(d) In order to furnish suitable notes for issue under this act, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of $5, $10, $20, $50, $100, $500, $1,000, $5,000, and $10,000 as may be required to supply the issuing banks. The notes shall be in such form and tenor as shall be prescribed by the Secretary of the Treasury. The Secretary shall provide for identifying the issuing bank on the notes by a distinctive letter and serial number.

"(e) When such notes have been prepared they shall be deposited in the Treasury or in the Subtreasury or mint of the United States nearest the place of business of the issuing bank and shall be held by the United States for such bank subject to the order of the Comptroller of the Currency for their delivery as provided by this act.

"(f) The plates and dies to be procured by the Comptroller of the Currency for the printing of such notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the committee. The examination of plates, types, bed pieces, etc., and regulations relating to such examination of plates, dies, etc., of national-bank notes provided for in section 5174 of the Revised Statutes (U. S. C., 1934 ed., title 12, sec. 108), are hereby extended to include notes herein provided for.

"RESERVES FOR NOTES

"SEC. 5. (a) The Secretary of the Treasury is authorized and directed to set aside in the Treasury and hold as a reserve for the notes of all banks authorized to be issued under this act the sum of $800,000,000 in gold of the standard of weight and fineness provided in accordance with law on the date of the enactment of this act. The stabilization fund provided for in section 10 of the Gold Reserve Act of 1934 is hereby reduced by such amount.

"(b) The Committee shall require each issuing bank to maintain on deposit in lawful money (other than notes issued under this act) with the Treasurer of the United States a sum sufficient, in the judgment of the Secretary of the Treasury, to meet demands for redemption by the Treasurer of notes issued under this act by such bank, but in no event less than 5 percent of the total amount of such notes issued by such bank which are outstanding. Such deposit shall be considered property of such bank for the purposes of determining the amount of notes which such bank may have outstanding under this act.

"(c) The Committee shall require each issuing bank to keep on hand at all times in other lawful money a sum sufficient, in the judgment of the chairman of the Committee, to meet demands for redemption at the issuing bank of notes issued under this act by such bank, but in no event less than 5 percent of the total amount of such notes issued by such bank which are outstanding. Such sum shall be considered property of such bank for the purposes of determining the amount of notes which such bank may have outstanding under this act.

"REDEMPTION OF NOTES

"SEC. 6. Notes issued under this act shall be redeemed in other lawful money upon demand at the Treasury Department of the United States in the District of Columbia, by the Treasurer of the United States, or at the bank issuing the notes. Redemption shall be in such kind of lawful money as may be determined by the redeeming agency. In the case of redemption at the Treasury, the amount required for redemption shall be paid out of the deposit for such purpose maintained by the issuing bank or, if such deposit is inadequate, the amount, upon direction of the Secretary of the Treasury, may be paid, in whole or in part, out of the deposit of any other issuing bank or banks. The issuing bank shall, upon demand by the Secretary of the Treasury, restore the amount of its deposit, or the deposit of any other issuing bank, as the case may be, for the amount of any redemption at the Treasury of notes issued by such bank.

"RETURN, RETIREMENT, AND CANCELATION OF NOTES

"SEC. 7. (a) Whenever notes issued under this act by one bank are received by any other issuing bank, the receiving bank shall promptly return such notes to the issuing bank for credit or redemption, or upon direction of the issuing bank, shall forward such notes direct to the Treasurer of the United States to be redeemed. The Committee is authorized to require any Federal Reserve bank to present notes issued under this act to the bank of issue or to the Treasurer of the United States for redemption, at any time, and in such amount as the Committee deems necessary to carry out the purposes of this act.

"(b) Notes issued under this act received by the Treasurer of the United States otherwise than for redemption shall be returned to the bank of issue for the credit of the United States.

"(c) Any issuing bank may at any time reduce its liability for outstanding notes issued by it by depositing with the Secretary of the Treasury notes issued by it or other lawful money.

"(d) Notes returned to the issuing bank under this section, redeemed by the issuing bank, or deposited with the Secretary of the Treasury under subsection (c) shall not be reissued except upon compliance with the terms of an original issue.

"(e) The Secretary of the Treasury is authorized and directed to prescribe regulations governing the return of notes to the issuing bank and the cancelation and destruction of notes unfit for circulation and preventing reissue of notes except upon compliance with the terms of an original issue.

"FEDERAL RESERVE BANKS AS AGENCIES

"SEC. 8. The several Federal Reserve banks, upon the request of the committee, any bank authorized to issue notes under this act, any Farm Loan Registrar, or the Comptroller of the Currency, are authorized and directed to perform such services (including acting as depositories and fiscal agents) in connection with the execution of the powers and duties conferred on the requesting agency under this act as may be requested by such agency and shall for such services receive such compensation as may be agreed upon.

"LOANS TO LAND BANKS BY INTERMEDIATE CREDIT BANKS

"SEC. 9. Effective 90 days after the date of the enactment of this act, the Federal Farm Loan Act, as amended, is amended by inserting at the end of section 202 (a) thereof the following new paragraph:

"'(4) To make loans or advances direct to any Federal land bank on the security of direct obligations of the United States, Federal Farm Mortgage Corporation bonds, consolidated Federal land bank bonds, Federal land bank bonds, or other security approved by the Governor of the Farm Credit Administration. The limitations on maturity of loans provided in section 202 (c) of this act and the provisions of section 204 (b) of this act (relating to rates of interest charged original borrowers) shall not apply with respect to loans or advances made under this paragraph.'

"INTEREST AND DISCOUNT RATES

"SEC. 10. (a) Effective with respect to loans and discounts made by Federal intermediate credit banks after 90 days after the date of the enactment of this act, section 204 (a) of the Federal Farm Loan Act, as amended, is amended to read as follows:

"'SEC. 204. (a) The Intermediate Credit Commissioner, with the approval of the Governor of the Farm Credit Administration, shall fix the discount rates and interest rates to be charged by Federal intermediate-credit banks. Different rates may be fixed for different banks and for different classes and maturities of loans and discounts made by the same bank.'

"(b) Effective with respect to loans made after 90 days after the date of the enactment of this act by the Central Bank for Cooperatives and the banks for cooperatives, section 8 (a) of the Agricultural Marketing Act, as amended by section 54 of the Farm Credit Act of 1933, is amended to read as follows:

"'SEC. 8. (a) Loans to any cooperative association shall bear such rates of interest as may be prescribed by the Cooperative Credit Commissioner, with the approval of the Governor of the Farm Credit Administration. In fixing such rates of interest the Commissioner shall fix such rates as he deems the needs of the lending agencies require, and different rates may be fixed for different banks and for different classes and maturities of loans made by the same bank.'

"CHARTERS AND BYLAWS

"SEC. 11. Such changes as are necessary in order to make the charters and bylaws of corporations affected by this act conform to the provisions of this act are hereby expressly authorized to be made.

"FEDERAL FARM MORTGAGE CORPORATION AS DEPOSITORY

"SEC. 12. Any corporation organized under (a) the Federal Farm Loan Act, as amended, (b) the Farm Credit Act, as amended, or in which a production-credit corporation organized under such act holds stock, or (c) section 201 (e) of the Emergency Relief and Construction Act of 1932, and any receiver of any of the foregoing corporations is hereby authorized to deposit funds with the Federal Farm Mortgage Corporation, which is authorized to accept such deposits upon such terms and conditions as may be prescribed by it, except that interest rates paid on the various classes of deposits shall be subject to the approval of the Secretary of the Treasury. The Federal Farm Mortgage Corporation is authorized to invest such deposits in such manner as is authorized by law in the case of other unobligated funds of the Corporation.

"INTEREST RATES ON LAND-BANK LOANS

"SEC. 13. (a) Section 13 of the Federal Farm Loan Act, as amended (U. S. C., 1934 ed., title 12, sec. 781), is amended by adding at the end thereof the following new paragraph:

"'Seventeenth. In the case of any loan on mortgage made after the date of the enactment of the Agricultural Bank Note Act, and, in the case of loans made on or prior to such date, with respect to interest payments payable on installment dates occurring after such date, the rate of interest on so much of the unpaid balance of the loan as does not exceed $5,000 shall not exceed 2 percent per annum.'

"(b) The second sentence of section 7 of the Federal Farm Loan Act, as amended (U. S. C., 1934 ed., title 12, sec. 723), is amended by inserting before the period at the end thereof a comma and the following: 'or, in the case of any such direct loan made after the date of the enactment of the Agricultural Bank Note Act, and, in the case of direct loans made on or prior to such date, with respect to interest payments payable on installment dates occurring after such date, one-half of 1 percent in excess of the rate provided in paragraph "seventeenth" of section 13 on so much of the unpaid balance of the loan as does not exceed $5,000.'

"(c) Paragraph 'twelfth' of section 12 of the Federal Farm Loan Act, as amended (U. S. C., 1934 ed., title 12, sec. 771; Supp. I, title 12, sec. 771), is amended by inserting at the end thereof the following new paragraph:

"'The Secretary of the Treasury shall pay each Federal land bank, as soon as practicable after July 1, 1936, and after the end of each quarter thereafter, such amount as the Land Bank Commissioner finds is equal to the amount by which interest payments made to such bank, during the preceding quarter, are less, by reason of the rates of interest applicable under the provisions of paragraph "seventeenth" of section 13 and section 7 to unpaid balances, not in excess of $5,000, of mortgage loans, than interest payments would be without regard to such provisions; but in any case in which the Land Bank Commissioner finds that the amount of interest payable by such bank during any such quarter has been reduced by reason of loans and advances made to it by Federal intermediate-credit banks under section 202 (a) (3) of this act, as amended, there shall be deducted from the amount payable under this amendatory paragraph for such quarter the amount which the Commissioner finds is the difference between the amount which would have been payable for such quarter as interest on farm loan bonds of a face value equal to the amount of loans and advances on which such bank was obligated to Federal intermediate credit banks during such quarter under such section 202 (a) (3) and the amount of interest payable for such quarter on such loans and advances to such bank under section 202 (a) (3). There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to make the payments authorized by this amendatory paragraph.'

"INTEREST RATES ON COMMISSIONER LOANS

"SEC. 14. Section 32 of the Emergency Farm Mortgage Act of 1933, as amended (U. S. C., 1934 ed., title 12, sec. 1016; sup. I, title 12, sec. 1016), is amended by inserting at the end thereof the following new paragraph:

"'In the case of any first- or second-mortgage loan made under this section after the date of the enactment of the Agricultural Bank Note Act, and in the case of a loan made on or prior to such date, with respect to interest payments payable on installment dates occurring after such date, the rate of interest on so much of the unpaid balance of the loan as does not exceed $5,000 shall not exceed 2 percent per annum. Whenever a borrower obligated under a second-mortgage loan made under this section is also obligated under a first-mortgage loan made under this section, or under a first-mortgage loan made by a Federal land bank the interest rate on the unpaid balance, not in excess of $5,000, of which is determined under section 13 of the Agricultural Bank Note Act, the reduced interest rate provided in this paragraph shall apply to an amount of the unpaid balance of the second-mortgage loan equal to the amount by which the unpaid balance of such first-mortgage loan is less than $5,000, and this sentence shall apply regardless of the priority in the time of making such first- and second-mortgage loans.'"

Mr. BOILEAU (interrupting the reading of the amendment). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOILEAU. I would ask the gentleman from Texas if this is the bill known as H. R. 7593?

Mr. JONES. Yes. I do not care to have it read.

Mr. Chairman, I ask unanimous consent that further reading of the amendment may be dispensed with, but that it be printed in the RECORD at this point.

Mr. RANKIN. Mr. Chairman, reserving the right to object, very few of us know what the amendment is. We would like to hear it read. I object. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. Mr. Chairman, I make the point of order that the amendment is not in order for the simple reason that it is an entirely different bill, changes the legislation entirely, has an entirely different meaning and an entirely different import.

Mr. JONES. Mr. Chairman, I desire to be heard on a point of order.

The CHAIRMAN. The Chair will state that very little of the amendment has been read.

Mr. RANKIN. I reserve the point of order, Mr. Chairman.

Mr. BOILEAU. Mr. Chairman, I make the point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. BOILEAU. Mr. Chairman, I make the point of order that the amendment is not germane to the bill or to this section of the bill, that it provides an entirely different method of refinancing farm-mortgage indebtedness, that it has no relationship to the bill under consideration, and is not a proper amendment to the bill or the section. I desire to be heard on the point of order.

The CHAIRMAN. The gentleman from Wisconsin makes the point of order that the amendment is not germane. The Chair has now read the amendment. The Chair will be glad to hear the gentleman from Wisconsin on the point of order.

Mr. BOILEAU. Mr. Chairman, I call the attention of the Chair to a ruling of a former Speaker of the House, Mr. Rainey, when the Emergency Farm Credit Act of 1933 was under consideration in this House.

That was on April 13, 1933. Mr. Rainey was in the chair, and, as I stated before, the House was considering the Emergency Farm Mortgage Act of 1933, which was a bill that provided for a very definite method of refinancing farm-mortgage indebtedness. The bill then under consideration was finally enacted into law and is now known as the Emergency Farm Mortgage Act, or the law which amended the Federal Land Bank System to authorize the loans which have been made to the farmers during the present administration.

At that time the gentleman from Texas [Mr. JONES] was in charge of the bill, being chairman of the Committee on Agriculture, the position he now occupies. At that time I offered the identical bill that we are now considering, the Frazier-Lemke bill, as a substitute to that bill. The bill then being considered provided a very definite means of refinancing farm-mortgage indebtedness. It occurred to me at that time, Mr. Chairman, that because of the fact we were considering the question of farm-mortgage refinancing it would be germane to offer as a substitute the so-called Frazier-Lemke bill, which was another bill providing for the refinancing of farm-mortgage indebtedness. I was very firmly convinced at that time that I was right. However, Mr. Chairman, the gentleman from Texas [Mr. JONES] made such a convincing argument at that time, when the situation was just the reverse of what it is now, that the Chairman of the Committee of the Whole and later on—when a motion to recommit was offered—Speaker Rainey ruled that, although both related to the question of refinancing farm mortgages, they provided separate, distinct, and entirely different methods and means of raising money, and different administrative features, and therefore that my amendment was not germane.

Mr. Chairman, I submit that the situation today is identical with the situation that existed at that time, except that now the positions of the gentleman from Texas and myself are reversed. May I call the attention of the Chair to the language of the ruling made by Speaker Rainey at that time? He said:

> The question presented has been passed upon two or three times and presents nothing new. The bill under consideration provides a method of farm relief, essentially by the issuance of bonds, to be marketed in the ordinary way. The Frazier bill, which is the subject of the motion to recommit, provides also for farm relief, also for bond issues, and, in addition to that, provides a method of meeting the bond issues by currency, printed and issued, clearly inflation, which may amount to as much as three and a half billion dollars. The two methods are as wide apart as the poles.

In making his decision he called attention to a ruling of the Chair in 1924 when the McNary-Haugen bill was up for consideration. It appeared that Mr. Rainey, before he became Speaker, offered an amendment to the McNary-Haugen bill, and thought because both dealt with farm relief—and I took the position that both dealt with farm relief—the amendment which he offered would be germane. In his ruling of April 13, 1933, he mentions the fact that in 1924 he was firmly convinced that his position was correct, but that, as a matter of fact, the precedents of the House were against him. When he ruled, as Speaker, on this point of order in April 1933, he followed the precedent established when a point of order was sustained against the amendment he offered in 1924.

He referred also to a decision made by the gentleman from Michigan [Mr. MAPES] in 1929 when he was Chairman of the Committee of the Whole and in which the gentleman from Michigan followed the same precedent. It is interesting to note the language of the gentleman from Michigan in his decision, a part of which reads as follows:

> However, it is not possible to offer a substitute for a bill which undertakes to give the same relief and yet departs entirely from the method of the bill under consideration.

As I previously stated, that is the language of the decision of the gentleman from Michigan, Mr. MAPES. Similar language appears in the decision of the gentleman from Texas, Mr. SANDERS, in 1924, and in the decision of Mr. Rainey in 1933. The situation today, I submit, Mr. Chairman, is identical.

In the Jones bill, which is offered here as a substitute, the Chair will notice that on page 5 there is a subtitle "Issuance of bank notes." On that page the bill reads:

> Upon application by any Federal intermediate-credit bank to the chairman of the committee in such form as may be prescribed by him, such bank may be authorized by him to issue notes under the provisions of this act—

And so forth. This gives the Federal intermediate-credit banks additional powers. The bill under consideration does not deal with the Federal intermediate-credit banks at all and does not utilize such banks in providing the relief sought to be given farmers under the Frazier-Lemke bill. The intermediate-credit bank system is not referred to in the legislation under consideration at all. Therefore the amendment offered by the gentleman from Texas, which relates to the Federal intermediate-credit banks, is absolutely foreign to the legislation under consideration and is not a germane amendment.

As in 1933, both provisions relate to bonds, that is true, but both of them do not relate to the intermediate-credit bank system. The Frazier-Lemke bill relates to the Federal Reserve System and the Farm Credit Administration, and provides for the issuance of Federal Reserve notes, and therefore, an amendment is not germane to this bill that attempts to finance farm-mortgage indebtedness through the Federal intermediate-banking system.

Mr. Chairman, in conclusion, I submit that the decision made in 1933 by Speaker Rainey, ruling that an amendment to substitute the Frazier-Lemke bill for the Emergency Farm Credit bill was not germane, is on all fours with the proposition before us today, that and the arguments which were sound then are sound today and should prevail. I am satisfied, now, of the soundness of the ruling of Speaker Rainey. I confess, as Speaker Rainey did, at that time, that the passing years have taught me that I was in error. I am willing to rest my argument on that decision. The gentleman from Texas [Mr. JONES] is bound today as I was in 1933. Mr. Chairman, I again submit that the amendment is not germane because it provides an entirely different method of refinancing the farm-mortgage indebtedness of this country, and the point of order should therefore be sustained. [Applause.]

Mr. JONES. Mr. Chairman, I think the decision which Speaker Rainey made is the correct one, and I would not undertake to offer a bill like the original Farm Credit Administration Act as an amendment or as a substitute for this particular bill, but you will notice from the reading of the citation the gentleman from Wisconsin [Mr. BOILEAU] has just made that the distinguishing features that the then Speaker referred to as the reason for holding it out of order was the fact that the original Farm Credit Act did not provide for the issuance of any currency or any money, but simply for ordering a sale of bonds in the regular way, and ran the bills parallel up to the point where one did not provide for the issuance of Treasury notes while the other one did. Now, the particular bill I have follows and parallels that same point; in other words, it is just a little different method of approach to the same problem—I think a better method—but it differs in detail only, and the differences mentioned by the gentleman from Wisconsin are differences of detail.

I provide in this measure practically that 30 percent of the profit on the gold transaction should be transferred on the books of the Treasury to the credit of the 12 intermediate-credit banks. This 30 percent amounts to about $840,000,000. That this, plus the agricultural paper, shall be the basis of intermediate credit notes which shall have all the status and bearing of Treasury notes to the amount of $2,000,000,000. There is a difference in amount, but it covers the exact point of distinction made by the former Speaker.

The two bills provide for refinancing of farm mortgages, they both provide for a reduction of interest rates, and they both provide an issue of currency in connection with refinancing of farm mortgages. It extends the same privileges to the 12 land banks through the intermediate-credit system that is now had by the 12 Federal Reserve banks, with proper limitations. They also provide for the handling of the refinancing by the Farm Credit Administration. They parallel each other in the main essentials and they differ only in detail. There would not be any point in offering an amendment if it did not differ somewhat in its details.

Mr. Chairman, there is not anything in this bill that departs from the purposes of the Frazier-Lemke bill. It is true that the benefits of the refinancing provided in the measure I offer inures to the benefit of all the farmers in the land-bank system instead of a part of them, but does that make it not germane? My measure provides for the issuance of notes with the exact limitations and provides the same privileges for the Federal land bank that are now held by the Federal Reserve bank.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. MOTT. The gentleman states his bill is the same as the Frazier-Lemke bill?

Mr. JONES. The same purposes, refinancing at a lower rate of interest.

Mr. MOTT. It has been charged by opponents of the Frazier-Lemke bill that the bill is inflationary. The gentleman is one of the opponents of the Frazier-Lemke bill; is the gentleman admitting that his bill also is inflationary?

Mr. JONES. I do not admit that mine is inflationary, because I have avoided that by going exactly to the same methods and putting it on the same rock-bottom basis that is used for financing Treasury notes, to wit, 40 percent of gold and 60 percent of commercial paper. I take 40 percent of gold and 60 percent of farm paper, which makes it exactly the same basis of issue, with the same method of control. If one is sound, the other is sound. If the one for the Federal Reserve is noninflationary, then this is noninflationary. This is a carefully drawn measure, and I have had a great deal of help in drafting the mechanics of the bill. I think it is sound, I think it is fair; it inures to the benefit of all the farmers, and I regret exceedingly that the gentleman from Wisconsin has seen fit to make a point of order, but I insist there is a vast difference in holding the Frazier-Lemke bill out of order when offered as a substitute for the original Farm Credit Act and holding this amendment out of order as a substitute for the pending bill.

Mr. BOILEAU. Mr. Chairman, if the Chair will hear me further, I wish to call the attention of the Chair to one other distinguished authority, the opinion of a great parliamentarian. I want to refer to the CONGRESSIONAL RECORD of last Friday, in which the distinguished chairman of the Rules Committee of the House of Representatives, a man who is undoubtedly familiar with the rules of the House and the precedents and has served here a long time. In an extension of his remarks in the RECORD the gentleman from New York [Mr. O'CONNOR] states as follows, in referring to the Jones bill:

> H. R. 7593 is "a bill to facilitate the extension of agricultural credit at lower interest rates by providing for the issue of certain bank notes, and for other purposes." Again, unfortunately, however, this bill cannot be offered as an amendment to the Frazier-Lemke bill, because it is not germane and would be ruled out on a point of order, and it is well known that the proponents of the Frazier-Lemke bill will oppose any amendment offered to their measure.
>
> [Applause.]

I submit, Mr. Chairman, that the opinion of the chairman of the Rules Committee should be given great weight and consideration, especially in view of the great interest he has taken in this legislation and also because of the great interest he has shown with reference to the parliamentary procedures to be followed in the consideration of this bill.

The CHAIRMAN (Mr. WOODRUM). The Chair is ready to rule.

The bill under consideration (H. R. 2066), known as the Frazier-Lemke bill, as stated in its title, is for the purpose of refinancing agricultural indebtedness at a reduced rate of interest, and so forth, through the medium of the Farm Credit Administration and the Federal Reserve Banking System.

To that, as a substitute, the gentleman from Texas [Mr. JONES] offers an amendment containing the provisions of the bill H. R. 7593, which has for its purpose to facilitate the extension of agricultural credit at a lower rate of interest, and so forth, through the medium of a committee known as the agricultural bank note committee.

The gentleman from Texas having notified the committee that he intended to offer his bill as a substitute, for which the Chair is grateful, the Chair has had an opportunity to examine the amendment and to give it some consideration in collaboration with the Parliamentarian of the House.

Of course, the point of order is directed to the amendment because it is alleged that it is not germane. The Chair will read very briefly from Cannon's Precedents, volume 8, section 2912, which states the fundamental principle of germaneness:

> The mere fact that an amendment proposes to attain the same end sought to be attained by the bill to which it is offered does not render it germane.

Again:

> To a bill designed to raise the price of agricultural products to a ratio consistent with the price of other commodities by the creation of a corporation authorized to deal in such products, an amendment proposing to accomplish the same results through a comprehensive system of cooperative marketing was held not to be germane.

The Chair is also familiar with the quotations from the rulings of Mr. Sanders, a very distinguished former Member of the House and Parliamentarian, which are found in the same volume in section 2912, which the Chair will not repeat. The gentleman from Wisconsin has read them.

Paradoxically as it may seem, the question arose between the two distinguished gentlemen who are now contending on opposite sides of the issue when the farm mortgage bill was before the committee for consideration on April 13, 1933. The gentleman from Wisconsin offered then the Frazier-Lemke bill as a substitute for that bill, and the distinguished and able gentleman from Texas [Mr. JONES] very vigorously and successfully presented a point of order and in apparently convincing logic addressed the Chair as follows:

> Mr. Speaker, in my judgment there can be no question that this motion is not germane to the measure before the House. True they both provide for refinancing of farm mortgages, but the Chair, of course, is familiar with the rule that in order to be germane all features of an amendment must be germane.

Again the gentleman said, speaking of his effort to make the amendment germane:

> The next year, I think it was, in an effort to get my proposition voted on, I took the pending bill, spent about 3 days writing all the provisions of the pending bill into the clocklike work of my bill in such a way that I thought the Chair would not be able to distinguish between them. I used the same sort of organization, the same officials, the same procedure, the same method of application, in an effort to bring the case within the rule.
>
> The Chair again ruled, on April 25, 1929, that a similar proposal to a similar bill was not germane.

Mr. Speaker Rainey then sustained the point of order made by the gentleman from Texas.

The Chair thinks, without entering into any extended ruling on the question, that the amendment offered by the gentleman from Texas, while it may seek to attain the same result, certainly does seek to attain it through an entirely different method, to wit, the creation of an entirely different and separate agency to administer, and also, as the gentleman admitted in his discussion of the point of order, brings

in an entirely separate and new class. The Chair, after such consideration as he has been able to give the matter, is constrained to sustain the point of order, and rules that the amendment is not germane.

Mr. LESINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LESINSKI: Page 1, strike out lines 3 and 4 and insert in lieu thereof the following: "That this act shall be known by the short title Farmers' and Home Owners' Relief Act. When used hereinafter, unless the context otherwise requires, the term 'farmer' and the term 'farmers' shall include an urban home owner, and the term 'farm' shall include urban home. The functions of making loans on urban homes shall be exercised by the Home Owners' Loan Corporation."

Mr. BOILEAU. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order.

Mr. LESINSKI. Mr. Chairman, I am one of the men who signed the Frazier-Lemke petition, but I also feel that the urban population of this country should have the same benefits as the farmers.

Mr. BOILEAU. Mr. Chairman——

Mr. LESINSKI. There are only 30 percent farmers in this country and we have over 70 percent of urban population and workingmen in the cities.

Mr. BOILEAU. Mr. Chairman, I dislike to do it while this parliamentary situation is involved, but I insist that the gentleman discuss the point of order.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. LESINSKI. I feel that the home owners and the urban population is entitled to the same consideration.

The Chair will say that the amendment brings in a different set of provisions not contemplated in the pending bill.

Mr. BOILEAU. Mr. Chairman, I wish to be heard on the point of order. I am sorry to disagree with my colleague from Michigan. For months we have been talking about an agreement which will take care of the home owners, and it is obvious that the bill is purely a farm bill referring to the Farm Credit Administration.

Mr. O'MALLEY rose.

The CHAIRMAN. For what purpose does the gentleman from Wisconsin rise?

Mr. O'MALLEY. I make the point of order that the gentleman is not speaking to the point of order. He is discussing the merits of his amendment. He is not discussing the germaneness of the amendment.

The CHAIRMAN. The Chair disagrees with the gentleman, and the gentleman will proceed.

Mr. O'CONNOR. Mr. Chairman, this bill is distinctly a farm-mortgage bill and does not provide for agencies to take care of the urban mortgages. While there are several amendments that would likely take care of that situation, we are satisfied that they are not germane to the bill.

The CHAIRMAN. The Chair thinks the amendment is not germane and sustains the point of order.

Mr. CONNERY. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I want to say at the outset that I have the highest respect and friendship for the president of the American Federation of Labor, William Green. [Applause.]

I want to say also that at different times in the last few years, when I, as chairman of the Committee on Labor, have taken this floor and have advocated labor legislation, on each side of the aisle I have been accused, probably facetiously, of being controlled by Mr. Green, the president of the American Federation of Labor. I hope today, after voting in favor of this bill, which Mr. Green opposes in his letter to the Speaker of this House, that the membership of the House will understand thoroughly from now on, if they did not before, that no one controls me, and that I will continue to vote and speak today, as in the past, for what I believe are the best interests of the American people.

Mr. BOILEAU. Will the gentleman yield?

Mr. CONNERY. For a question.

Mr. BOILEAU. Is it not a fact that whenever Mr. Green wanted to communicate with the membership of the House with reference to some legislation he got in touch with the gentleman from Massachusetts as chairman of the Committee on Labor? But when it is in reference to farm legislation he gets in touch with somebody else?

Mr. CONNERY. Well, I prefer not to answer that question. I am going to vote for this bill because I believe and have believed for many years that we cannot have prosperity in this country until we have prosperity for the farmers. I do not believe that there can be prosperity for all of the people until we have prosperity for the farmers. Labor in my district, which is industrial, cannot get decent wages nor decent living conditions until the farmers can get a decent price for their products.

If the farmers cannot refinance their farm mortgages, they will have to leave their farms and walk into the city and each become another member of the 14,000,000 unemployed in the United States. [Applause.]

We have heard a lot of talk about inflation here, but we have heard very little talk on the floor of this House about the fact that if you have a bank in your home city the president of that bank can take $100,000 worth of Liberty bonds, bring them to the Federal Reserve System, and get $95,000 in cash, the same kind of cash with which we want to refinance the farms. He can get this cash from the Treasury of the United States for the mere cost of printing the notes, and in the meantime will draw 2½-percent interest from the Government on the bonds which he has put up and still retain the right to lend out the $95,000 in cash at 6, 7, 8, or 10 percent to borrowers. This kind of inflation is not inflation when it is for the benefit of the banks, but when we want to utilize it for the benefit of the farmers to save their farms we are all wrong. The farmers do not fit because they do not belong to the Federal Reserve ring. I am going to vote for this bill. [Applause.]

Mr. RANKIN. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, the gentleman from Texas [Mr. JONES], for whom we all have great admiration, and the others who were supporting his amendment, must realize now that this is a fight between the friends and opponents of farm relief.

This has developed into a battle to keep us from doing something for the farmer. Gentlemen criticized certain provisions of this bill. I am not altogether satisfied with it, and I have told you from the beginning that there were changes that should be made. You have the power now, if you are sincere in your alleged desire to do something for the farmer, to offer helpful amendments.

Amendments to correct this bill will be germane. Correct the bill, if there is anything wrong with it, but do not try to hide behind the proposition that there are some provisions in it you do not like, or that you think are unwise or unconstitutional, if you have not offered amendments to correct them.

The farmers of this country are in dire distress. I disagree with the gentleman from Texas on the foreclosures that are going on. The district which I have the honor to represent is the scene of many foreclosures today. The people are driven from their farms while their crops are in the fields and they are appealing to us for relief.

I am going to offer an amendment, on page 2, to reduce the limit of these loans to 80 percent. Some Members object to lending to the extent of 100 percent of the value of the farm. Well, we are stripping that camouflage out of your way. We are going to offer an amendment limiting the amount that can be loaned to 80 percent.

Others have criticized the bill because of the interest rates. Now is the time to show whether you are in earnest and want to do something for the farmers, or whether you are going to line up with the Liberty League and this self-appointed guardian of the farmers, this man Green, who had the impudence to send a letter in here and tell the Congress of the United States how to legislate for the farmers of this country.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield for a question?

Mr. RANKIN. Yes.

Mr. McFARLANE. I believe the membership of this House is entitled to know where Mr. Green and his committee gets

authority to express themselves as representing the A. F. of L. against the Frazier-Lemke bill. I think it is important that the Members of this House should know that Mr. Green and his executive committee had not taken any action on the Frazier-Lemke bill at 10:30 o'clock this morning.

Mr. RANKIN. No. I have voted for labor consistently for years, but I, for one, resent the impudence of this man Green in sending a letter to Congress to tell us how to vote on farm legislation. [Applause.]

[Here the gavel fell.]

Mr. SWEENEY. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, Mr. William Green, president of the American Federation of Labor, is a personal friend of mine. I served with him in the Ohio State Legislature. In my campaign for reelection he gave me a personal letter, reciting my labor record as a Member of Congress, that I read to the voters of my district, which assisted in my nomination yesterday at the Ohio primary election. I made my campaign, and I won by a 2-to-1 vote over my machine-endorsed opponent yesterday in Ohio [applause] on the Frazier-Lemke bill and other forms of social legislation.

I have not got a cow in my district, I have not got a farm in my district, but I recognize that the farmer is entitled to social justice just the same as is the laborer in the city. They are interdependent upon each other. [Applause.] With full knowledge of my support of the Frazier-Lemke bill, organized labor supported me.

Great groups of voters are organizing now that have their grass roots in the people and not in Wall Street. They are determined to drive the money changers from the temple and are demonstrating their strength at the polls, and let me say to my colleagues on the majority side of the House do not give me the argument that I cannot get the support of my county Democratic organization if I vote for a liberal measure that is sponsored by a Republican. What an asinine argument that is! I would not care if it was sponsored by the most reactionary Republican, if that could be possible; but this measure is sponsored by a progressive Republican, a Roosevelt Republican, by WILLIAM LEMKE, except for whom Mr. Roosevelt could not have been elected President. It took more than Democratic votes to elect Franklin D. Roosevelt. The influence of WILLIAM LEMKE and the farmers of this Nation helped to elect Franklin D. Roosevelt.

Nor do I subscribe to the argument that this measure is highly inflationary. The red herring of inflation is drawn across the trail. By whom? Not by the laboring class, the small mechant, or the farmers, but by the investment bankers and the international bankers, the holders of large blocks of tax-exempt interest-bearing bonds issued by our Government. The people are going to decide the issue of whether or not this is a Government of, for, and by the people or whether it is a Government of the people, by the people, for the private-owned banking system. This is the most highly controversial measure before the American Congress, and one that will have a tremendous effect in the coming Presidential election. I trust the majority party will see the wisdom of passing a bill designed to assist a distressed farm population of 30,000,000 human beings, many of whom are now the victims of the cruel process of foreclosure with others to follow. An amendment will be offered, I think, to permit a percentage of the gold reserve now idle in the Treasury vaults to back this measure so the controls will not be lost; and to prevent so-called wild inflation of the currency I am saying to you now that the action this House takes today will reflect itself in the November 1936 election. The statement has been made that if the President should veto this bill if it passes, he would lose 5,000,000 votes. I do not think he would veto it. If it passes and he signs the bill, he will receive 10,000,000 or 15,000,000 votes of those who will bless his memory. The issue will be decided by the people, not by the privileged classes.

Mr. Chairman, I am going to support this bill.

Mr. CONNERY. Mr. Chairman, if the gentleman will yield, if the President signs this bill, he will gain 15,000,000 votes.

Mr. SWEENEY. Yes; that is right. The President has never stated he was opposed to this bill; on the contrary, he is reported to have said at Sioux City, Iowa, before the Chicago convention of the Democratic Party in 1932, that he was for the principle of the Frazier-Lemke bill to aid the farmers in distress to refinance their farm mortgages.

Mr. HOLLISTER. Mr. Chairman, I rise in opposition to the amendment.

With the ringing oratory of the gentleman from Massachusetts [Mr. CONNERY] still in our ears, this is perhaps as good a time as any to emphasize once more the heart of the objections to this bill, and that is the currency-issue provision. We have heard the gentleman from Massachusetts reiterate the familiar—perhaps I should not use the word "claptrap", but say instead—statement that the bankers get bonds from the Government which they buy but do not pay for; that they in turn pledge the bonds, and then currency is issued against the bonds; the conclusion being that if the bankers can do that, why not let others do it as well.

Mr. Chairman, we are again mixing the problem of who should do the banking of the country with the problem of the issuance of additional currency. Whether you believe in a private banking system or in a banking system entirely under the control of the Government is not the issue before us today. That is a separate issue on which there are arguments on both sides. Even if the Government was in control of the banking system it would still be proper for the Government to issue currency only for the needs of industry, trade, and agriculture as those needs might rise, and it would be most improper for the Government to issue fiat currency; just as improper as when the banking system of the country is conducted privately as it is today under Government supervision.

As a matter of fact, all of this talk about the use of bonds to back Federal Reserve notes is beside the point. A very, very small percentage of the Federal Reserve notes today are backed by bonds because of the fact there is more than an adequate supply of gold certificates owned by the banks and held in the Federal Reserve banks, which in turn represents a certain amount of gold earmarked in the Treasury of the United States, and which these gold certificates are held against. The great majority of the Federal notes are secured by gold certificates and not secured by bonds. There is no incentive or advantage to a banker to be able to take those bonds and get currency because a bank does not want currency except insofar as its customers may need currency from day to day in their ordinary business. The privilege of putting out currency is not one which is particularly desired by the banks. It is one which is, however, innate in any banking system, whether it be private or Government conducted. In considering this bill, and in considering the dangers of diluting the currency and forcing the issuing of additional amounts of it, please do not mix that problem with the problem of whether or not we should have a private or Government conducted banking system, because the two problems are not the same.

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Chairman, during consideration of the Guffey bill in the Seventy-third Congress I called attention to the growing division in the House between Representatives from the agricultural States and the industrial States and to the growing tendency of the Representatives of one group to oppose legislation in favor of the other group. I was prompted to make that statement by reason of the fact that a very brilliant Member of the House, one of the leaders on this side of the aisle, from an industrial State, rose in his place and not only declared but boasted that he had not voted for a single farm measure under this administration.

Mr. Chairman, at the same time leaders of the farm group on that side of the aisle were not only opposing the Guffey bill but they were practically as much in opposition to the National Industrial Recovery Act as the National Association of Manufacturers. I commended this situation to the consideration of Members on both sides of the House who were harboring hopes of the foundation of a Farmer-Labor

Party in this country. I could well afford to do that, Mr. Chairman, because my record is 100 percent for every measure that aids both agriculture and industry under the Roosevelt administration. [Applause.]

This morning an incident occurred which disturbs me deeply. I refer to the letter read by the Speaker of the House in the last moments of general debate. This letter was written by the president of the American Federation of Labor, and called on all friends of labor to oppose this bill. That is the first intimation as to any opposition on the part of organized labor I have heard during the 3 years the bill has been pending in the House.

Mr. Chairman, I was born in the ranks of labor. I have been a member of organized labor for 45 years, and I am proud of it. I have lost jobs in strikes for labor; I have gone to jail for labor; I was tried in the Federal courts of this country for labor, years and years before I ever heard of the president of the American Federation of Labor. [Applause.]

Now, Mr. Chairman, I am on the spot, notwithstanding an unblemished labor record that reaches back to the time when I worked on a section for $1.10 a day with a shovel. I am about to have a black mark placed against my record down in the American Federation of Labor headquarters if I vote for this bill.

Mr. McFARLANE. Will the gentleman yield? The basis for the letter which the Speaker read cannot be backed up by proceedings of the American Federation of Labor of 1934, the last time this organization has spoken on the question, at which time this organization stated that they are opposed to uncontrolled inflation. They made no reference to this act, which was then pending before Congress. The provisions of this act clearly show it is not uncontrolled inflation, so it seems Mr. Green and his associates speak only for themselves.

Mr. MARTIN of Colorado. I fear there will be repercussions from this letter far beyond the scope of this bill. I fear there will be a tendency to still further divide labor and agriculture in this country and line up the one against the other, and neither group can succeed alone.

I may say to my able young friend from Texas that I have a very high regard for the American Federation of Labor. I have read its platforms for years and have always found them progressive and constructive. I will be surprised if the reactions of the rank and file to this letter are altogether favorable.

Mr. Chairman, the handling of this bill has been unfortunate. It was assumed that it would never reach this stage, and as a consequence it did not receive the consideration in committee which would have doubtless resulted in improvement. Now, it has been petitioned out as originally introduced. No bill can receive proper consideration and amendment in the House; we all know that. It must be the work of the committee. But now it is take it or leave it as is, a bill that embodies a good principle and has perhaps the largest endorsement ever given a farm measure in Congress. Both branches of the legislature in my State unanimously memorialized Congress to pass this bill. My vote is pledged to it and will be cast for it.

Mr. Chairman, it is unfortunate that party politics has been injected into this debate and emphasis given to the fact that it is sponsored by a so-called Republican.

I apprehend the Republican Party would be glad to trade the gentleman from South Dakota [Mr. LEMKE] and his type of Republicans for Liberty League Democrats. We Democrats of the West cannot afford to countenance this line of attack. We know that time and again transfusions of progressive Republican blood have revitalized the Democratic Party in the West. It made the West Democratic for 12 years under the leadership of Bryan. It reelected Woodrow Wilson. It gave the West to Franklin D. Roosevelt. In my home State it has given us such Democratic leaders as Senator Henry M. Teller, Senator John F. Shafroth, Senator Edward P. Costigan, our beloved colleague, Edward T. Taylor, former progressive Republicans who found a home in the Democratic Party and were welcomed with open arms; also Governors and Representatives in Congress.

It is the same story in other Western States. The West is first of all progressive. It has given the country much of its progressive leadership—LA FOLLETTE, BORAH, NORRIS, JOHNSON. These are western names, so-called Republicans, but, in principle, Democrats. Their work is not yet done, nor the work of the West. The West gave us a political party to save the Nation, and it again needs saving.

Many objections are urged against the bill: That the amortization period is too long, that the interest is too low, that it would discriminate against outstanding farm mortgages with higher interest rates, that it does not include home owners, that it will lead to similar demands from other groups, that it will destroy the value of life insurance, and so forth; but all these objections rolled into one do not compare with that of inflation.

All the horrible examples of history, ancient and modern, have again been brought out and paraded before us. We have again heard of the stratospheric flight and collapse of the German mark after the war, by means of which a prostrate nation, with no gold, inflated its paper into the trillions for the express purpose of destroying its domestic debt. We have heard again of the French inflation and the devaluation of the franc, whereby France charged off most of its domestic debt. We have heard again of the greenback of the Civil War—the rag baby that won the Civil War—and which could not be depressed below 40 cents on the dollar, even though it had printed on its face repudiation by its own Government. We have heard of the John Law bubble in France 200 years ago. We have been made to hear the midnight clatter of the printing press down in the Bureau of Engraving.

Mr. Chairman, I cannot hear the clatter of the printing press in this bill. The money to be issued under this bill is backed by what ought to be the most valuable security in existence—the land. This money will be a first mortgage on the land, and it will be real land right under foot, and not the imaginary land of John Law located on another continent. Its issue and application will be in the hands of the Federal Government. It will be a slow process. If any Member thinks we are in danger of a monetary blizzard in the refinancing of farms, it indicates that he has had no experience in helping mortgaged farmers under the present system. I think we may safely leave it to the Federal Reserve System and Federal land banks to see to it that no monetary flood will deluge the land. We may also rely to some extent on a monetary and banking system under which this money will be reabsorbed in the banks nearly as fast as it issues. Instead of more money in the hands of the people we are likely to have more money in the banks. I apprehend, though, that the inflation bogey may again serve its purpose and scare the country out of an attempt to try something besides tax-exempt bonds to put new life into our economic system.

Mr. Chairman, one more thought. This bill is addressed to the solution of an ominous problem. It may be stated in two lines. One-half the farmers in this country are tenants and the number is steadily growing. The farms of this country are mortgaged for $9,000,000,000 and the debt can never be paid under present conditions and methods. We have heard a lot about the redistribution of wealth. Unless we want to have on our hands the issue of a redistribution of land, we must reverse this tenant and debt process. This bill is intended to do that.

Mr. CURLEY. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, I have the highest regard and respect, as well as love, for our distinguished Speaker, the gentleman from Tennessee [Mr. BYRNS]. I also have 100-percent loyalty to him as a member of the Democratic majority of this House. I also have the same sort of respect and regard for the majority leader of the House and for the distinguished chairman of the Committee on Agriculture, the gentleman from Texas [Mr. JONES], who so ably presented his case here today.

With respect to the bill, I am reminded of the story told of that famous French philosopher and statesman, Voltaire, who, in his dying days, during one of his sicknesses, said to his physician:

You are trying to convey drugs about which you know little, into a body about which you know less, to cure a disease about which you know nothing at all.

[Laughter and applause.]

This bill proposes issuance of new currency up to $3,000,000,000 at 1½-percent interest for use as a revolving fund to refinance eight and a half billions of dollars in farm mortgages at a cost of 1½ percent for retirement of principal.

The move to push this bill down the throats of this body appears suspiciously to me as an attempt to not only embarrass the President but to "put him on the spot" at a time when, as the great physician whose remedies are fast bringing about the recovery of a very ill patient—a broken-down prosperity—he is about achieving the goal he set, the full recovery and happiness of the country.

Although a new Member of this distinguished House of Representatives, Mr. Chairman, and one who was elected on the Roosevelt New Deal platform, I feel honor-bound, under such circumstances, to carry out to the best of my ability the humane public policies inaugurated by President Roosevelt through his sane common-sense administration of our National Government for the benefit of all the people and not any class or group of our economic family.

Then, this bill, if it becomes a law, it has been said by many experts that it would ruin the large army of our small insurance policyholders. I wonder if the sponsors of this legislation have given this feature any serious thought. Many substantial business people in my district deem this class legislation. If that opinion is correct, then it is unsound, and if adopted will meet the fate of its half brother in the St. Paul Federal court of appeals decision. If this legislation is just and meritorious, as sponsors believe it to be, I am compelled to think of the unfortunate plight of the owners of equities in the poorer classes of tenements in the cities throughout the country, most of whom are shackled hand and foot by the mortgages to the extent of $21,000,000,000. If we are going to refinance the eight and a half billion farm mortgages, then in all fairness take in the urban cripples as well.

There is and there should be a bond of sympathy and brotherhood between the farmer and city dweller. Industry and agriculture are vitally essential to the life of the human structure affecting 130,000,000 people in this country. Our great President has had that picture within range of his vision every day of his public life and in his dreams every night as well. The plight of the forgotten man is constantly before him with his problems for solution. But let me point out to you that there is another important group of our great American Nation occupying a great deal of his attention just now that were the first to be flattened on its back and kept there ever since in a strait jacket to this very day. It represents the 4,000,000 craftsmen of the building industry and its affiliated businesses. And these 4,000,000 or more, when employed, supplied the flow of the bloodstream—the purchasing power for consumers of the farmers' commodities. Ladies and gentlemen, there is where your trouble lies. Legislate to give a financial blood transfusion to the paralyzed building-trades industry and you will have your remedy. If, as, and when you strengthen that backbone of our human structure, you will have planted the germ from which prosperity must come, not only for the farmer and the 40,000,000 members of the families of our citizens in distress but for the whole population in America. If you do that, you will not need any Frazier-Lemke bill, because it will not be necessary.

That great man, our peerless leader, President Roosevelt, is possessed of deep affection for the farmer. As a matter of fact, he has done more for the farmer than any of his predecessors have done. He is now making heroic efforts to lighten still more their existing burdens under the most trying conditions. Why should a convalescing body politic be subjected to an untried remedy when unnecessary? But if you are going to insist on the policy "everybody for himself", then every element in our economic structure should be incorporated into any scheme for relief. If you are going to subsidize the farmers, then, in the name of fair play and justice, do the same thing for our vast army of urban equity owners in the cities, thereby guaranteeing to them their constitutional rights of equal opportunity to all with special privileges to none.

Under section 7 of this proposed act, in the event the proposed bonds to be issued are not readily purchased, the Federal Reserve notes—greenbacks—shall be issued and delivered to the Land Bank Commissioner. Remember, my colleagues, the tragedy of 1929, when billions and billions of gilt-edged securities that had been sold to the innocent investing American citizens throughout the country, including these very same farmers, as well as widows and hundreds of thousands of others throughout the country, who gave up their life savings when these inflated security bubbles burst, bringing disaster and unspeakable shock to a stunned public. Do you want another dose of that kind of inflation? Our answer is, No; we do not. We must help those in need, but by reason and common sense, not magical formulas. [Applause.]

Mr. MARCANTONIO. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, I knew that quite a number of distinguished gentlemen in this House were opposed to this bill. I also learned today that the Speaker is opposed to the bill. I also learned that Mr. Green is opposed to the bill; but never did I realize that Mr. Voltaire is opposed to this bill. [Laughter.]

Mr. Voltaire's opposition is characteristic of the other reasons advanced against the bill. However, Mr. Chairman, despite the philosophers, the statesmen, and the labor leaders who have taken their position against this bill, in my own humble way I shall do my best toward its enactment. I think I have established one fact since I have been here, and that is that I have always been diligent and very zealous in the protection of the rights of labor.

I have followed Mr. Green on matters of labor legislation when I felt that his position was in the best interests of the American workers; but when Mr. Green attempts to throw the weight of the organized workers of America on the side of the Liberty League and the Economy League and other reactionaries who are opposed to this bill, then I refuse to follow Mr. Green's leadership and shall vote my conscience on this bill. [Applause.]

I have no farmers in my district. I have nothing to gain politically by supporting this bill. When I signed the petition for the discharge of the Rules Committee, I made up my mind to support this bill, because I realized that in America there is an economic unity between farmer and laborer and that today this economic unity is becoming more strongly welded than ever before.

I also realized that the workers in my district cannot live while we have an impoverished American farmer. The economic welfare of one is dependent on the economic welfare of the other.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. MAY. I understood the gentleman to say that he had chosen not to follow Mr. Green and to follow his conscience, although he had been following Mr. Green. Does the gentleman mean to say that heretofore he has been following Mr. Green rather than his conscience? [Laughter.]

Mr. MARCANTONIO. The gentleman's question is obviously silly. I stated that I had been following Mr. Green on matters of labor legislation insofar as I thought he was right. That by no means implies that I have followed or will follow him when he takes a position which is inconsistent with the best interests of labor. What I should like to know from the gentleman is whether his opposition to this bill is influenced by Mr. Green's opposition to this bill or whether his opposition to this bill is influenced by the National Economy League or the American Liberty League. Since when has the gentleman decided to become a friend of labor?

Mr. MAY. Is that question put to me?

Mr. MARCANTONIO. Yes; and I will leave it up to the gentleman to answer it.

Mr. MAY. I will answer the question by saying that I have too much common sense and to much experience to vote for this kind of dangerous legislation. [Laughter.]

Mr. MARCANTONIO. Well, the gentleman has not given any reason except his common sense, and I submit that that is not enough, because, I am sorry to state, that the exercise of the gentleman's common sense should not be accepted as a good reason for voting against the bill. [Applause.]

Mr. Chairman, it is most unfortunate that Mr. Green has taken this position. He has dealt a most serious blow not only to the farmers but also to labor. He has retarded the much-needed alliance between farmer and labor. This result is most injurious to American labor. With 270,000 farms about to be foreclosed, organized labor cannot stand by and permit these farms to be sacrificed because of any artificial excuses. Nobody has yet been able to prove any inflationary danger in this bill. Nobody has established that. Nobody as yet has shown wherein this law is going to hurt labor. All that has been furnished have been generalities. This bill will in nowise hurt the American worker. It will aid the American worker. I repeat, a prosperous agriculture means a prosperous American working class. [Applause.]

[Here the gavel fell.]

Mr. O'MALLEY. Mr. Chairman, I rise in opposition to the pro-forma amendment and ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. O'MALLEY. Mr. Chairman, I saw come into this House today something that I had hoped would never come here, because if it comes here and stays here it threatens the safety of the Republic.

When labor and the farmer can be tricked into fighting each other, then the money changers can sit back and accomplish their designs without hindrance and without check, something that they have been unable to do in this country since its founding. I thought we had once and for all learned enough of the tricks of the money changers and international bankers not to let them poison us with the prejudicial and false notion that if labor helped the farmer it would cost labor something, and if the farmer helped labor it would cost the farmer something. No one can prosper in the cities of this country unless the farmers can make enough money, after they have paid the interest and principal charges on all their indebtedness, to have some purchasing power left. I come from a city district, and by the smallest application of logic I know that the workers of the factories of my city have no market for their products and their skill unless the farmers' purchasing power is restored.

I was not only astonished, but I was depressed, to hear the Speaker of this, the greatest legislative body in the world, read in the Well of this House today a letter from the president of the American Federation of Labor stating that the president of that great labor organization was asking the friends of labor in this House to defeat a measure so needed by and so beneficial to the agricultural interests of our country. I was surprised that in that letter the great American Federation of Labor should set down for public record the statement that that organization had helped pass the processing-tax acts that have since been rightfully rejected by the Supreme Court of this country.

One of the features of my own personal record in Congress of which I am most proud is the fact that I have consistently opposed and voted against that false and atheistic philosophy that believes that destruction of foodstuffs and other crops is the way to economic welfare. There is only one thing I have gathered from a scholastic study of economics, but that thing I cling to and that is the principle that only production produces wealth and that only from production can the people enjoy the benefits of decent living.

I am surprised that any organization founded, supported, and made powerful by the wages of the workers of the cities should boast of the fact that it had helped make possible the passage of a bill in which a processing-tax feature reached into the pockets and the meager pay envelopes of every wage earner who toils in America for hard-earned money to transfer that money to the toilers on the farm.

I have never believed that it was either fair, just, or honest to compel, as we have done by all previous farm legislation, the poor of the cities to help out the poor of the farm, instead of assessing the cost of recovery where it belongs, against the money changers and the rich that have today control and landlordship of most of the fertile lands that once belonged to a free and independent people. I should be ashamed to ever want it recorded by any organization to which I might belong that my organization was a party to the passage of legislation that destroyed meat, milk, and foodstuffs sorely needed by the toilers of my city, whose children today, even as we debate this bill, are hungry and insufficiently clothed because of such destruction and because of such a totally un-Christian and un-American theory of agricultural restoration.

I have always been a friend of labor, as my record shows. I come from a family and a class that has earned its way by honest toil. I am proud of that fact; too proud of it to ever vote to deny the benefits of equal government to any group in this Nation who honestly toil for their daily bread. If my recollection serves me correctly, the Wisconsin State Federation of Labor went on record in favor of this legislation. Today, however, at the last moment, in secrecy and by surprise, an expression is recorded in this House that would have you believe that the rank and file of labor is against this measure. In my State a Farmer-Labor federation has sought to politically capitalize the common needs of agriculture and labor for common gains. I wonder what they now can say in their councils to this unfortunate attempt to pit labor against the farmer and farmer against laborer. I will have no part of it myself and shall vote for this measure because it is a pure and simple measure of justice to the farmer; will not in any way cost labor one single penny in increased prices for the products of the farm, as did the processing taxes and the agricultural adjustment bill—that we learn today who it was who helped pass these penalizing acts.

If it is to be a blot against my record, which has always been on the side of labor, and which will always be on the side of labor when labor seeks justice, that a vote for justice to the American farmer is a vote against labor, then that blot will shine brighter than all the rest of my record. I know the rank and file of labor in my city and my State. I know that they have achieved an intelligence that goes far beyond the opinions of some who sneer at their understanding and alertness. I know that they see behind, beyond, below, and back of many things special privilege would have them believe. They know that their interest and the farmers' interest must be always joined to bring about success in the age-long struggle with entrenched greed and special privilege.

Without lower interest rates, without the ability to reduce his mortgage debt within a reasonable period of time, all the processing taxes that can be devised by the professors of all the universities of the country cannot put the farmer on his feet again. Without the opportunity to discharge his indebtedness upon the same terms and with the same privileges and machinery that the banker and stockbroker and grain trader is allowed under present law, you can pay the farmer of my State $2 a hundred for milk, a price he has never dreamed of, and he will still be unable to bail out of his indebtedness in a lifetime. I want the farmer a prosperous, free, and independent landlord of his own land, just as I want the laborer a prosperous and independent landlord of his own skill and toil; and I am proud today, when the vote comes, to be able for the first time in 3½ years to cast my vote on the side of the debtor instead of on the side of the creditor. The greatest credit that can be given a group of legislators is due the steering committee of this bill and to my colleague the gentleman from North Dakota for doing the most important thing that can be done in a session preceding an election, and that is to bring about a record vote

on whether or not this Congress shall legislate for the debtors of this country who have had the chains of debt fastened to them tighter with each piece of legislation we have passed to date. Perhaps the only thing wrong with this bill is that it came from the Members of Congress of the United States instead of a council of "brain trusters" gathered together in a locked room and that it was prepared through free and open debate and not under the whiplash of machine politics. This is the first farm-relief bill I have had the opportunity to vote on that has come into these Halls in the way that legislation should come before a representative body of a free people, and, were there no other reasons to commend it, that novelty alone would compel me to favor it.

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word. I wish to make a very few brief observations. It is interesting to have so many from the other side of the House walk over to this side and try to make out that this is our responsibility. With a majority of three to one, you must accept the responsibility, whatever the outcome of the vote may be.

The gentleman from North Dakota may have voted for Roosevelt, but I doubt it. We are told he is a Roosevelt Republican. I should be glad if he would rise in his place and state if he is in fact a Roosevelt Republican.

Mr. LEMKE. I am not a Hoover Republican. [Laughter.]

Mr. GIFFORD. Mr. Chairman, I want to say that I think the country will know which party is to take the responsibility. Many things have been said today that ought to benefit the Republican Party. We welcome such statements, inasmuch as it is your huge Democratic majority that will decide the fate of this bill.

But what worries me—although I am against this bill, of course—is that if I am allowed to come back next year, we shall be obliged to vote for a $3,000,000,000 for urban mortgages. It would be unthinkable, if you pass this legislation, that we should not extend the same privileges to all. In the end it would mean many millions to be provided in the same manner.

The gentleman from Ohio [Mr. HOLLISTER] has answered fully the argument that the Federal Reserve banks may draw 2½-percent interest on bonds, then receive currency at a very low charge and reloan. If it is so profitable, why have not they done it? They have used this privilege only to meet currency necessities. Why hide behind that in trying to get this three billions and the other billions that must follow? Do not let the public think we are too blind not to realize fully that this is the beginning of dangerous inflation.

There is a new influence in evidence here today. Even the defenders of labor are not following Mr. Green today. There is no lack of suspicion in some of our minds that if this bill should pass, some radio priest might exclaim, "See the scalps dangling at my belt. See the results I have accomplished over the radio during the past several weeks. I have got those fellows frightened now." How we have enjoyed, and been persuaded by, that voice which we hear so many Sundays cursing Republicans and Democrats alike. We cannot help but feel there must have been influence from somewhere that even the voice of labor is unheeded by its customary followers.

Mr. SWEENEY. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. No. The gentleman can take all the time he wants to praise the man who today seems to have such a great influence over the House. No doubt he believes that both great parties will be annihilated by this new reformer, wearing the self-styled cloak of social justice and breathing forth inflammatory economic nonsense, as it was recently characterized by the president of Yale University. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN of Pennsylvania. Mr. Chairman, I am one of 21 members of the Committee on Labor of the House of Representatives. I do not know of any member of the Committee on Labor who received any information from Mr. Green or any other person affiliated with organized labor who said they were opposed to the Frazier-Lemke bill. It seems to me if the American Federation of Labor was under the impression that this constructive and humanitarian piece of legislation would be injurious to the laboring people of our country, Mr. Green and other people affiliated with organized labor would have communicated with the gentleman from Massachusetts [Mr. CONNERY], chairman of the House Labor Committee, and other members of the committee. [Applause.]

Mr. Chairman, I am going to vote for this bill because I believe it is going to save many farms of the unfortunate farmers. If I were convinced that by voting for this legislation I would be defeated next November, I would vote for it a hundred times. That is how I feel about this measure.

Many Congressmen said they are opposed to this bill because it is inflationary. I have respect for every man's honest opinion. However, I desire to say if our President would have informed the Members of this House that he favored the bill, many of the Representatives who are going to vote against it would undoubtedly support it.

I am convinced beyond a doubt that if this bill is enacted into law, the laboring men who live in my district—and I represent one of the largest industrial districts in the world—would be benefited; in fact, the laboring men throughout the country would be benefited. If the farmer cannot survive, the men who work in our industries will also suffer tremendously. One depends upon the other for their livelihood.

In conclusion I wish to state the reason there is so much opposition to this bill is that if it is enacted into law it will be one step closer in giving the right to Congress to coin and regulate the value of money, and this right rightly belongs to Congress and not to the international bankers, who are responsible for a great deal of the human misery which now exists in our country. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

SEC. 2. That the Government now perform its solemn promise and duty and place American agriculture on a basis of equality with other industries by providing an adequate system of credit, through which farm indebtedness and farm mortgages now existing may be liquidated and refinanced through real-estate mortgages on the amortization plan, at 1½ percent interest and 1½ percent principal per annum, and through mortgages on livestock used for breeding or agricultural purposes at 3 percent interest per annum through the use of the machinery of the Farm Credit Administration and the Federal Reserve Banking System.

Mr. LEMKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: On page 2, line 4, beginning with the word "and", strike out all down to and including the word "annum", in line 6.

Mr. LEMKE. Mr. Chairman, the purpose of that amendment is to take out of this bill any loan on livestock. It simply limits the bill to agricultural loans, and so takes livestock loans out of the bill. I feel there can be no objection to taking that part out of the bill, and therefore there should be no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota.

The question was taken; and on a division (demanded by Mr. BANKHEAD) there were ayes 68 and noes 84.

Mr. BOILEAU. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. LEMKE and Mr. JONES to act as tellers.

The committee again divided, and the tellers reported there were ayes 120 and noes 118.

So the amendment was agreed to.

Mr. FISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 2, line 3, after the word "at", strike out "1½" and insert "2¾."

Mr. FISH. Mr. Chairman, judging from the vote just had on the last amendment, it is evident that my amendment will not be passed. It is quite evident to me that the amendment cannot be passed. As a Member of this House, I am sorry to see the spectacle we just witnessed a few moments ago, when many Members of the House refused to try to perfect legislation which has come before them for the first time, and refused to vote for a sound perfecting amendment offered by the sponsor of the bill, in order to defeat it, and for no other purpose. I do not expect to vote for the bill, but I am going to vote for every perfecting amendment that is offered that will improve the bill, because that is my duty as a Member of Congress.

The only function we have in the Congress is to legislate, to try to write legislation and to try to perfect it instead of being rubber stamps and having legislation jammed down our throats. We just saw a deliberate attempt by the opponents of the bill to evade perfecting this farm-mortgage refinancing bill which makes a travesty and mockery of the House of Representatives as a deliberative body.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. FISH. No; I am sorry; my time is too short. I have said all I want to say on that subject.

I have not arisen, either, to uphold or defend Mr. William Green, president of the American Federation of Labor, as no defense is necessary. I am 100 percent with him on what he says against inflation in order to properly safeguard the interests and welfare of 45,000,000 American wage earners. That is the group he is speaking for, also the 125,000,000 consumers; and no one has the right to criticize him for defending and protecting the rights and interests of labor against ruinous inflation. But as long as our old friend, Voltaire, the French philosopher, has been brought into Congress and interjected into the debate, I am reminded of what he said, not about this bill but about all bills. He said:

I do not agree with a word you say, but I will defend to the death your right to say it.

[Applause.]

That is the position I take about Mr. Green, and I happen to agree with what he said.

The purpose of my amendment raising the interest rate to 2¾ percent is to obviate the inflationary machinery set up in this bill. I want to be fair to the sponsors of the bill without using words which may hurt someone's feelings. I think this whole bill, so far as inflation is concerned, is utterly deceptive and amounts to an inflationary smoke screen that approximates a fraud. Every man and woman in this House knows that you cannot float any bonds at 1½-percent interest at anytime or anywhere in the United States. I communicated with the Treasury Department this morning and found that the lowest rate of interest on any of their long-term bonds is 2¾ percent. Those were the bonds that were issued last September, and another billion or more of similar bonds were issued last month at 2¾-percent interest.

I want to see the farmers get the very lowest possible interest rate, but I do not want to see it come about through uncontrolled inflation. For that reason I have offered this amendment raising the interest rate to 2¾ percent so it can be handled by a bond issue, as we have all other appropriations, and enable us to sell those bonds to the people and get the lowest possible rate for the farmers of this country. If we refinanced the farm mortgages at 2¾ percent it would be a great help to the farmers in saving their farms instead of having this bill defeated because of the inflationary provision and the farmers get nothing at all.

[Here the gavel fell.]

Mr. McFARLANE. Mr. Chairman, I do not believe many are surprised at the gentleman from New York's [Mr. FISH] amendment. He signed the discharge petition; however, his remarks indicate he will vote against the bill even should his high-interest-rate amendment be adopted. I believe he, like many other Members, is trying to run with the hare and hunt with the hounds, so to speak. You will recall, he had the same trouble in voting on the adjusted service certificate question. He, like many other Republicans, wanted to pay the adjusted-service certificates out of what was supposed to be unexpended public-relief balances. We do, however, appreciate the fairness of the statement he just made regarding the debate and fairness to those favoring this legislation to have the right to offer perfecting amendments to the bill.

It is to be regretted that some of our leaders have taken the attitude from the beginning here that they are going to kill this bill any way they can and they are not going to permit recognized needed amendments to the bill to be placed upon same. The last teller vote on the section to strike from the bill the section permitting personal property to be used as collateral was agreed to by friends of the bill, yet the House leaders, even though they favor the amendment, voted against it, evidently having in mind that with this section left in the bill it would have less chance of passage. You will, nevertheless, go back home and look your farmers in the face and say: "Oh, I could not stand this provision or that provision", and you know that we cannot get a record vote on these different amendments. So you go and hide behind that smoke screen. [Applause.]

THIRTY CENTS PER THOUSAND TO THE BANKER—THIS AMENDMENT REQUIRES 78 TIMES THAT AMOUNT FOR THE FARMER

Now, let us be fair about this thing. The gentleman from New York has offered an amendment raising the interest rate to 2¾ percent. I am surprised we have not heard the gentleman from New York cry out in anguish and shed great tears of grief when we have passed the different amendments to the Federal Reserve Act allowing the Federal Reserve bank to print money and give it to its member banks at actual cost of printing. This has been the law of the country since the creation of the Federal Reserve System in 1913. Chapter 3 of title 12, United States Code, Annotated, paragraph 422, in part reads:

That nothing in this section contained shall be construed as exempting national banks or Federal Reserve banks from their liability to reimburse the United States for any expenses incurred in printing and issuing circulating notes.

According to a letter I have here from the Federal Reserve Board this money is costing member banks about 30 cents per thousand.

FEDERAL RESERVE BOARD,
Washington, January 26, 1931.

DEAR SIR: Referring to your letter of January 21, I beg to advise that * * * the cost of printing Federal Reserve notes is based on the number of notes printed, and accordingly the cost per $1,000 varies with the proportion of Federal Reserve notes of the different denominations printed. The average cost of printing Federal Reserve notes in December 1930 was slightly over 29 cents per $1,000. * * *

Very truly yours,

E. M. MCCLELLAND,
Assistant Secretary.

Gentlemen who have preceded me have gone into detail and have explained how the money is printed and issued to the different member banks. They get their money at actual cost of printing. This statement cannot be truthfully denied. But when it comes to the farmer—you have already indicated here this afternoon that his rights are to be measured with a different yardstick than the yardstick used in making laws for the banker.

Now, that is the issue in this bill. If the Government can furnish money to the banker, as it does under the law, for about 30 cents per $1,000, the actual cost of printing the money, why cannot it do the same for the farmer? We are dealing with the farmers land, the best security on earth. If real estate at 80 percent of its fair value is not good collateral then there is no good collateral in this country, and you know it. Whenever the homes of America fall, this country falls with them, and you know it; yet you say to the bankers they can have money on their own notes for the cost of printing, and they in turn loan industry money today at ¾-percent interest for production of the finished product,

but any other class of people such as the farmer who takes more risk than any other producer, you are saying to him that he must continue to pay from 8 percent to 15 percent interest for money for his production. Class legislation! Yes, we have been dealing with class legislation here for years, but it has been in favor of the privileged class and against the rights of the plain people. [Applause.] You know what I say is true, the record made by the Congress the past 50 years clearly proves that special privilege has largely written the laws of Congress for their special benefit.

TOO MUCH INTEREST DEBT—TOO MUCH TAX-EXEMPT BONDS

Now, a further word about the gentleman's amendment raising the interest rate to 2¾ percent. This is a money-changers' amendment to try to kill this bill. Everything we have done has been on a tax-exempt, bond-issue basis. I say we have floated far too many tax-exempt bonds already. Let us get back to fundamentals. The plain people of this country are going to have to pay the big tax-exempt bond indebtedness, and it is high time we stop such a program and cut down expenses wherever possible.

As stated by an eminent authority, suppose we list the new debts accumulated year by year since 1914. Then suppose we assume they are financed by Treasury notes and that each year 3 percent of these notes are retired by taxation. What would we owe today under such a system?

If all extraordinary expenses of Government were to be financed by currency issues, retired by taxation, at the rate of 3 percent annually, the following table shows the progress that would have been made in debt payment.

Contract year	New debt	Years elapsed for retirement	Amount retired	1936 balance
1914	$1,188,000,000	22	$792,000,000	$369,000,000
1915	3,000,000	21	1,890,000	1,110,000
1916	34,000,000	20	20,000,000	14,000,000
1917	1,750,000,000	19	1,000,000,000	750,000,000
1918	9,300,000,000	18	4,464,000,000	4,836,000,000
1919	13,200,000,000	17	6,732,000,000	6,468,000,000
1931	615,000,000	5	92,250,000	522,750,000
1932	2,615,000,000	4	327,000,000	2,288,000,000
1933	3,100,000,000	3	279,000,000	2,821,000,000
1934	4,500,000,000	2	300,000,000	4,200,000,000
1935	1,700,000,000	1	51,000,000	1,649,000,000
Total	38,000,000,000		14,250,000,000	23,750,000,000

But the period 1920–30 offered special opportunity for retiring more rapidly the terrific war debt. The following table shows the rate of actual retirement of principal, which reduction could have been applied to preceding debt balances:

	Actual reduction	
1920	$1,300,000,000	
1921	300,000,000	
1922	1,000,000,000	
1923	1,600,000,000	
1924	1,100,000,000	
1925	$700,000,000	
1926	900,000,000	
1927	1,100,000,000	
1928	900,000,000	
1929	700,000,000	
1930	700,000,000	
Reduction of principal	10,300,000,000	
Principal balance (above)		$23,750,000,000
Reduction 1920–30 (above)		10,300,000,000
Necessary net debt		13,450,000,000

But even such a debt is wholly unnecessary.

We have paid the bondholders in interest more than in principal. The interest payments on Federal debt from 1914 to 1935, inclusive, total $13,959,958,361.

Summary of Federal interest paid

	Amount		Amount
1914	$23,000,000	1920	$1,020,000,000
1915	22,000,000	1921	999,000,000
1916	22,000,000	1922	991,000,000
1917	24,000,000	1923	1,055,000,000
1918	189,000,000	1924	940,000,000
1919	619,000,000	1925	881,000,000

Summary of Federal interest paid—Continued

	Amount		Amount
1926	$833,000,000	1932	$599,000,000
1927	778,000,000	1933	689,000,000
1928	731,000,000	1934	756,000,000
1929	678,000,000	1935	820,000,000
1930	659,000,000		
1931	611,000,000	Actual total	13,959,958,361

If we assume it was necessary to borrow, between 1914 and 1935, inclusive, 38 billion dollars, we could have issued 38 billion in Treasury notes, non-interest-bearing notes, and could have retired over 24 billion with the amounts we have actually spent on principal and interest payments, between 1914 and 1935, with the result that there would not be over 14 billion of Federal debt today. This is truly the way to balance the Budget, without the present burden of taxation.

The farmer lives mainly in States denied credit. He pays his share of Federal taxes. The bondholders live in the States with large credit. The "bond racket" sucks money from agriculture into the financial centers.

USURY

The Bible is full of passages speaking out boldly against the taking of interest or usury. Exodus, chapter 22, verse 25, states:

If thou lend money to any of my people that is poor by thee, thou shalt not be to him as an usurer, neither shalt thou lay upon him usury.

Leviticus 25: 35–37 states:

And if thy brother be waxen poor, and fallen in decay with thee; then thou shalt relieve him: Yea though he be a stranger, or a sojourner; that he may live with thee. Take thou no usury of him, or increase; but fear thy God; that thy brother may live with thee. Thou shalt not give him thy money upon usury, nor lend him thy victuals for increase.

Deuteronomy 23: 19–20 states:

Thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of anything that is lent upon usury: Unto a stranger thou mayest lend upon usury; but unto thy brother thou shalt not lend upon usury that the Lord thy God may bless thee in all that thou settest thine hand to in the land whither thou goest to possess it.

Psalms 15: 5 states:

He that putteth not out his money to usury, nor taketh reward against the innocent. He that doeth these things shall never be moved.

Proverbs 28: 8 states:

He that by usury and unjust gain increaseth his substance, he shall gather it for him that will pity the poor.

Luke 6: 35 states:

But love ye your enemies, and do good, and lend, hoping for nothing again; and your reward shall be great, and ye shall be the children of the Highest; for He is kind unto the unthankful and to the evil.

Yet we find since about the fifteenth century as the importance of the money changers has grown and their powers extended over the different branches of business activity, the church, the school, and the politics of the Nation; they have been able to enact legislation legalizing interest or usury and have had same recognized as a highly moral undertaking.

Statements have been made recently that the total annual interest burden of the people of the Nation is about $15,000,000,000, and the total tax burden of the Nation—National, State, county, city, and schools—is about $15,000,000,000 annually, thus making the interest and tax burden for the 25,000,000 families in the United States of $1,200 for each average family of the Nation.

THE REMEDY

All of you fully realized the chaotic condition confronting us at the beginning of this administration. Due to the ever increasing special-privileged legislation being enacted in increasing amounts for more than 50 years, which class legislation has taken from the people their rights and privileges and given them to the special-privileged few, which has made them immensely wealthy at the expense of the people. All of our statisticians today frankly state that due to such causes about 4 percent of the people own more

than 90 percent of the wealth of the Nation. This concentration of wealth in a few hands has made it impossible for the wealthy to consume the commodities necessary to keep labor employed. This has forced unemployment, misery, and want among our people. We must correct the situation. No one realized existing conditions better than our great leader in the White House when he spoke thus in his inaugural address:

Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men. * * *

The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit.

None have tried harder than our great leader, the President, to overcome the many obstacles confronting the Nation. I believe the records will show that we have made great progress in all lines of recovery. However, the simple facts still remain as to the money changers—they have not been driven from the temple since they were lashed out by our Lord while He was here on earth. We see ample evidence of their handiwork all around about us and find ourselves blocked by them on every piece of legislation we try to enact for the benefit of the masses which would in any way curb their money-making powers. It seems that their invisible hand is always at work and writes into law in every bill provisions that amply protect their ill-gotten gains. There is nothing wrong with our economic structure today that correcting our monetary system would not cure.

How long, O Lord, will our people stand idly by and allow their farms and their homes and savings and their all to be taken from them without demanding of their Congress legislation requiring the enforcement of the one provision of the Constitution written by the blood of our forefathers that really would mean and permit for them all the right to life, liberty, and pursuit of happiness? I refer to paragraph 5 of section 8 of article 1 of the Constitution, which provides:

The Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

CITY HOMES VERSUS FARM HOMES

Much has been said in the debate of this bill in an effort to prejudice the city vote or those living in the industrial centers against this bill that it would be unfair and the meanest kind of class legislation to enact this kind of legislation for the farmer without enacting similar legislation to relieve city home owners.

No one sympathizes with the overburdened city home owners more than I, and none here will more strongly support such legislation than the friends of the Frazier-Lemke bill. All of you realize that under our rules of procedure that such an amendment taking care of city home owners cannot be made germane to this legislation. Introduce your legislation, and you will find us supporting same.

The Philadelphia Record in a series of editorials, May 7, 8, and 9, had a good deal to say under the heading, "Why does it have to be 6 percent?"

In the first editorial they said:

Our interest rate set-up endangers recovery. Depression lowers interest rates for production, but makes no corresponding reduction for consumption. This accelerates the making of goods, retards the making of customers.

The 6-percent-and-up rate is not applied equally to all borrowers. The high rates are applied to little merchants, to householders, to buyers. But the giant corporations, our chief producers, our sellers, are borrowing all the money they need at rates as low as three-quarters of 1 percent.

In commenting further they state:

In depression the 6-percent-and-up fetish holds only against the little fellow. The results are obvious.

We have talked about increasing consumption buying since depression. We have prided ourselves on solving the problems of production. We have realized that consumption is our difficulty. We meet that difficulty with unparalleled stupidity by charging manufacturers three-quarters of 1 percent to finance the making of things and scaring off would-be customers by demanding 6 percent up when they want to buy the same things on time.

Speaking further, in comparing the interest rate for the manufacturer as compared to the consumer, they say:

The man who makes refrigerators pays 75 cents per $100 per year for the financing he needs. The small-business man dealing in refrigerators must pay at least $6 per $100 for the funds he needs to run his store. And the man who buys a refrigerator must pay as high as $14 per $100 for the credit he needs.

The neck of the bottle isn't making refrigerators. It's getting them into the home.

But because our interest set-up is tradition bound we make it as easy as possible to produce, as hard as possible to sell, which means to consume, which means to prosper.

Our banking system reflects the emphasis on production, the disregard of consumption that sent us into our 1929 tailspin.

THE H. O. L. C. AND F. H. A. INTEREST RATES

The Government tried to break through tradition to secure for the overburdened home owners, both city and farm, lower interest rates and succeeded only in a very limited way. But as stated in the Philadelphia Record in their editorial of May 8, 1936:

But the very same interests which had helped ruin the home owners brought all their pressure to bear on the Government. Shielding their precious high-rate structure, they warned that cheap Government loans would ruin them, that home owners would refuse to pay "regular" interest rates if the Government charged only 4 percent, that the Government had to protect them. The Government, therefore, borrows money at 2½ percent for long terms and lends it to home owners at 5-percent interest, plus so heavy a schedule of amortization that the total carrying charge is brought to 9.6 percent. The high-rate fallacy remains. H. O. L. C.'s job is to enable home owners to keep their homes. Its giant weapon is cheap Government credit. But because this is an era of 6-percent-plus for the little fellow, H. O. L. C. piles up the charges—and H. O. L. C. reports begin to show mounting foreclosures.

We ran into the same stone wall in trying to provide reasonable rates under Federal Housing. As you know Federal Housing was created to enable wage earners to build homes and repair existing homes. It was supposed to do a "billion-dollar job"; it was not supposed to lend money but to insure loans through commercial banks to such home owners; there was no risk to it under such plans but as the Philadelphia Record says:

The F. H. A. requires a 5-percent interest rate, discounted in advance. This advance discount of interest on the entire loan makes no allowance for monthly payments which reduce the principal, thus bringing the true interest rate up to 9.5 percent. And here we see the interest-rate fallacy exposed in all its beauty.

The manufacturer of bathtubs borrows money at less than 1 percent to finance his production. The small contractor who wants to install bathtubs has to pay 6 percent for his financing—where he can get financing at all.

And the home owner, the consumer on whom the bathtub industry depends, has to pay 9.5 percent. The only reason he isn't paying 14 percent is the Government guaranty.

This set-up encourages the making of bathtubs; but it discourages the sale of bathtubs.

Thus we find after 2 years' business the Federal Housing Administration has done a little over $300,000,000 worth of business instead of $1,000,000,000 worth of business. High interest rates have kept low incomes of labor from making needed improvements and purchases. Thus we find we have unlimited cheap money for production and manufacture year in and year out, in good times and in bad times, but high interest rates for the consumers.

THE FARMER AND THE WAGE EARNER

The Record, in its editorial of May 9, summarized the case thus:

Our distorted interest rates are intensifying the distortion of our economic system—giving the big the advantage over the small, giving production the edge over consumption.

There is only one way out. That is to reduce interest rates to the small borrower.

In view of the bitter attack being made against this legislation by the money changers, it seems to me that a comparison of the income of the farmers and wage earners covering the past number of years would be interesting to study. The figures given below for the farmers are compiled by

Dr. A. G. Black, Chief of Bureau of Agricultural Economics of the Department of Agriculture:

Farm income per capita and agricultural wealth of the United States, 1909–34

Year	Agriculture's share of national income		Agricultural wealth		Percentage agricultural wealth is of total
	Total	Per capita [1]	Total	Per capita	
	Million dollars	*Dollars*	*Billion dollars*	*Dollars*	*Percent* [2]
1909	4,988	156	41.3	1,291	19.6
1910	5,218	163	42.9	1,336	19.0
1911	4,815	150	44.1	1,374	18.7
1912	5,294	165	46.1	1,436	18.4
1913	5,133	160	47.7	1,486	18.2
1914	5,081	158	47.9	1,492	18.8
1915	5,488	171	50.5	1,573	18.1
1916	6,631	207	55.0	1,719	17.6
1917	9,188	288	61.6	1,931	17.1
1918	11,205	352	67.0	2,107	17.1
1919	12,182	384	79.1	2,495	18.2
1920	11,057	350	71.8	2,272	15.3
1921	6,967	220	63.1	1,991	14.6
1922	7,300	230	61.4	1,931	13.3
1923	8,026	256	58.9	1,882	12.1
1924	8,325	268	57.7	1,855	11.6
1925	9,089	292	57.8	1,859	10.8
1926	8,214	267	56.7	1,841	10.3
1927	8,371	276	57.2	1,888	10.2
1928	8,109	268	58.1	1,917	9.6
1929	8,254	272	58.1	1,917	9.3
1930	6,320	209	52.7	1,745	9.5
1931	4,659	152	45.3	1,480	9.6
1932	3,582	115	30.7	984	8.2
1933	4,557	142			
1934	5,287	163			

[1] Total of agriculture's share divided by farm population, Jan. 1.
[2] Agricultural wealth divided by farm population.

The figures given below for national income for all wage earners as shown by the Conference Board Bulletin, April 10, 1935, is as follows:

National income produced, 1909–1934

Year	Total (billion dollars)	National income		
		Per capita	Per gainful worker, including unemployed	Index of wholesale prices, all commodities (1926=100)
1909	27.2	$300	$727	67.6
1910	30.1	326	785	70.4
1911	29.4	314	761	64.9
1912	31.8	334	814	69.1
1913	33.7	350	857	69.8
1914	32.0	327	806	68.1
1915	34.5	347	860	69.5
1916	44.2	439	1,093	85.5
1917	53.2	521	1,304	117.5
1918	60.2	581	1,463	131.3
1919	67.4	642	1,623	138.6
1920	74.3	697	1,770	154.4
1921	52.6	486	1,233	97.6
1922	61.7	562	1,423	96.7
1923	69.8	626	1,584	100.6
1924	69.6	615	1,555	98.1
1925	77.1	671	1,695	103.5
1926	78.5	674	1,699	100.0
1927	77.2	653	1,647	95.4
1928	80.5	671	1,691	96.7
1929	83.0	683	1,719	95.3
1930	70.3	571	1,436	86.4
1931	54.6	440	1,107	73.0
1932	39.4	315	793	64.8
1933	41.9	333	836	65.9
1934	47.6	377	946	74.9

Thus we find from studying the above tables that the farmers' income in 1934 was $163 per capita or $13.58 per month while the average per-capita income of labor generally was $377 or $31.42 per month. Thus we see that the incomes of the farmers and wage earners generally will not permit payment of high interest rates.

The Government records show to what extent foreclosures are being made under H. O. L. C. chart.

Foreclosures and acquisitions of properties by the Home Owners' Loan Corporation, 1934–36

Year	Number of outright foreclosures	Number by acquisitions by voluntary deed	Total number of properties acquired
1934	30		30
1935	4,106	334	4,440
1936	11,713	1,100	12,813

It may be of interest to see how foreclosures have increased under the Federal land bank.

Foreclosures and acquisitions of properties by the Federal land banks, 1930–35

Year	Number of outright foreclosures	Number by acquisitions by voluntary deed	Other acquisitions [1]	Total number of properties acquired
1930	[2] 4,645		71	4,716
1931	[2] 7,386		413	7,799
1932	[2] 10,039		1,369	11,408
1933	5,577	1,039	952	7,568
1934	4,024	756	1,095	5,875
1935	9,964	1,488	1,576	13,028

[1] Includes real estate acquired in trade, purchase-money mortgaged, foreclosed or canceled by deed, cancelations of real-estate sales contracts, and abandonments reacquired.
[2] Includes cancelations by voluntary deed, break-down not available.

FRAZIER-LEMKE FARM REFINANCING

An eminent authority shows the necessity of new credit facilities, new purchasing power, new debt-paying ability, is found in an analysis of the farms mortgaged. The following table shows for each of the 48 States: (1) The number and (2) percentage of farm mortgaged, (3) the totals of mortgages on farms operated by full owners, and (4) probable distribution of Frazier-Lemke refinancing.

There is a justifiable criticism of this table. It is statistically correct. But practically every little 3-acre farm in the country that is termed a farm "statistically" and is free from debt is incorporated into the table.

If the Department had used only farms of 10 acres or over in compiling its figures, then the much higher percentage of mortgaged farms would be revealed, and this table would appear far too conservative.

State	Farms mortgaged	Percent of total	Total mortgages on farms operated by full owners	Probable distribution Frazier-Lemke refinancing
Mississippi	261,000	83.7	$36,733,000	$27,000,000
Oklahoma	163,000	80.4	60,931,000	46,000,000
Alabama	202,000	78.9	37,422,000	28,000,000
Georgia	199,000	78.2	35,624,000	26,000,000
North Dakota	60,000	78.2	60,044,000	45,000,000
Louisiana	125,000	77.6	26,675,000	20,000,000
South Dakota	64,000	77.4	64,358,000	48,000,000
Iowa	165,000	77.3	452,902,000	340,000,000
Nebraska	99,000	77.2	172,342,000	129,000,000
Arkansas	186,000	77.0	35,388,000	26,000,000
South Carolina	121,000	76.7	26,447,000	20,000,000
Texas	877,000	76.1	199,238,000	150,000,000
Kansas	119,000	71.9	113,807,000	85,000,000
Colorado	40,000	67.9	48,854,000	36,000,000
Minnesota	125,000	67.8	235,114,000	175,000,000
Idaho	27,000	67.1	50,225,000	37,000,000
Illinois	141,000	66.2	199,229,000	150,000,000
Missouri	169,000	66.1	187,863,000	140,000,000
Wisconsin	119,000	65.9	355,029,000	265,000,000
Montana	30,000	64.5	36,598,000	27,000,000
North Carolina	176,000	63.2	49,670,000	37,000,000
Wyoming	10,000	62.5	12,781,000	9,000,000
Indiana	111,000	61.4	112,185,000	84,000,000
Tennessee	147,000	60.2	49,750,000	37,000,000
Oregon	32,000	59.6	64,116,000	48,000,000
Delaware	5,000	58.6	5,617,000	4,000,000
California	79,000	58.3	298,523,000	223,000,000
Washington	40,000	57.7	72,303,000	54,000,000
New Jersey	14,000	57.6	39,796,000	30,000,000
Vermont	14,000	56.4	26,376,000	20,000,000
Michigan	95,000	56.2	141,034,000	105,000,000

State	Farms mortgaged	Percent of total	Total mortgages on farms operated by full owners	Probable distribution Frazier-Lemke refinancing
Utah	15,000	55.9	$28,741,000	$21,000,000
Maryland	22,000	53.4	32,863,000	24,000,000
Massachusetts	13,000	53.1	34,060,000	25,000,000
Connecticut	9,000	52.7	23,556,000	17,000,000
Ohio	113,000	51.9	143,089,000	107,000,000
New York	82,000	51.7	170,460,000	127,000,000
Kentucky	126,000	51.4	62,777,000	47,000,000
Nevada	1,000	46.3	8,074,000	6,000,000
Florida	26,000	44.9	21,606,000	16,000,000
Virginia	75,000	44.3	53,424,000	40,000,000
Pennsylvania	75,000	43.9	122,744,000	92,000,000
Rhode Island	1,000	43.4	2,655,000	2,000,000
Arizona	5,000	41.8	11,618,000	9,000,000
New Hampshire	5,000	38.4	8,199,000	6,000,000
New Mexico	12,000	38.4	10,325,000	7,500,000
Maine	13,000	35.1	22,539,000	17,000,000
West Virginia	26,000	32.6	16,260,000	12,000,000

THE JONES BILL, H. R. 7593

At the beginning of debate on this measure the gentleman from Texas [Mr. JONES] offered his bill H. R. 7593, authorizing the issuance up to $2,000,000,000 of new currency at 2 percent interest with proper gold reserve protection, and the Chair held the bill not germane to this measure pending.

A comparison of the two bills, however, clearly shows the recognition of the justness of the lower interest rates provided in the Frazier-Lemke bill.

In conclusion, let me say that I believe it is generally recognized that we need more money in circulation. On October 31, 1920, we had $53.21 per capita in circulation; since then it has decreased about $20 per capita. In 1929, before the crash, we were using about $62,000,000,000 of bank checks which now is down to about $20,000,000,000. In other words we formerly had at least three times as much bank money as we now have.

Under existing law, title 12, chapter 3, paragraph 248 (d), United States Code, Annotated, the Federal Reserve Act provides:

To supervise and regulate through the Bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal Reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the Comptroller to the Federal Reserve agents applying therefor.

Thus we find the Federal Reserve System has complete authority to regulate the issue and retirement of outstanding currency. Thus we find that should prices rise as greatly feared by Mr. Green and his committee, the Federal Reserve Board has ample authority to retire sufficient outstanding currency to adequately regulate the amount of currency in circulation, and this measure because of the provisions of the bill under existing law could not truthfully be considered as inflationary.

Nothing is ever settled until it is settled right. You may defeat this measure through the tactics used here today by appealing to the prejudices of the industrial Members to vote against the farmers, but when labor understands the situation it will, as it has always done, demand a square deal for its friend and co-worker, the farmer.

We have certainly learned our lesson, one section of the country cannot prosper without the other section being allowed its fair share of prosperity. [Applause.]

Mr. DEEN. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, as the only Member from my State who signed the petition to discharge the Rules Committee, I want to state to the Members of the House I did so hoping that we could amend the bill if and when it ever came to the floor of the House. I have studied the bill offered by the gentleman from Texas [Mr. JONES], chairman of the Committee on Agriculture, as an amendment to the bill now under consideration. I have drafted and had drafted certain amendments along the line of the provisions contained in Mr. JONES' bill, which amendments, however, are not germane to the bill under consideration, so I am informed.

Mr. Chairman, I am for the principles enunciated in the bill offered by the gentleman from Texas [Mr. JONES], which uses $300,000,000 in gold as the basis for the issuance of the money. I am for the lowering of the interest rate, and I yield to no man, the gentleman from Texas [Mr. MCFARLANE], who just preceded me, or anyone else, in my ambition to be of service to not only the farmers but to all the people of my district and the country at large. However, I cannot subscribe to the method of financing and the policy of administering this act as provided in the Lemke-Frazier bill.

I believe that all meritorious legislation should be brought to the floor of the House for consideration and should be either passed or defeated on its merits or demerits. I do not think any bill should be pigeonholed, and for this reason I signed the petition in reference to the Frazier-Lemke bill. I signed the petition, believing I could amend the bill to the point where it would be satisfactory. Since the amendments I have in mind, which were prepared along the line of Mr. JONES' bill, are not germane to the pending bill under consideration, I cannot vote for it, and I hope the Congress will not pass a bill which will jeopardize the farmers of the country and make conditions worse than they are today. This is my honest, conscientious conviction. [Applause.]

[Here the gavel fell.]

Mr. BINDERUP. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in opposing the amendment offered by my good friend from New York, Mr. HAMILTON FISH, whom I highly respect, who speaks continuously about the inflation feature, I want to issue a challenge to the opponents of this bill and yield to anyone who dares to deny the righteousness of this provision. That is the fundamental thing in the Frazier-Lemke bill.

Mr. Chairman, I want to read a paragraph of a bill that every one of the gentleman on that side [addressing the Democratic side of the House] voted for. I quote a paragraph from the Banking Act of 1935, section 24:

Any national banking association may make real-estate loans secured by first liens upon improved real estate, including farm mortgages.

And then, at the end of the paragraph, note this:

Notes representing such loans shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of the Federal Reserve Act.

This is what I want to bring out particularly. If you will change three words in that act, if you will amend section 24 to include just three words, you will have included the Frazier-Lemke bill. If you will add these three words, then we may eliminate everything in the Frazier-Lemke bill, because it is the fundamental part of it. Put in three words, "or Federal land bank", making it read:

Any banking association or Federal land bank may make real-estate loans secured by first liens upon improved real estate, including farm mortgages, and notes representing such loans shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of the Federal Reserve Act.

Just include those three words; and why not? Why not give the Federal land bank, the farmers' banks, the same privilege in this Banking Act that you are giving to the Federal Reserve System, the bankers' banks? That is all there is to the matter, and I challenge anyone to reply or to answer why this should not be done. I wait for the reply. I challenge you Democrats, with whom I have associated all my life, to get up here and say why that should not be done. Let your constituents at home know that you do not think as much of the farmers as you do of your bankers. I dare you to go on record in reference to that matter. [Applause.] Is it a fact that not a soul dares to arise, and yet will vote against this bill, the Frazier-Lemke bill? [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FISH].

The amendment was rejected.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PETTENGILL. Mr. Chairman, there is no doubt that the passage of this bill would afford a temporary measure of relief to many of our citizens who have been caught between fixed mortgage obligations and a declining price level. They are among the most worthy of our people, and because their situation has been such a hard one I have been anxious to have this bill considered on its merits.

It was for this reason that I signed the discharge petition so as to give this bill its day in court and to permit parliamentary government to perform its true function, which is to debate important measures rather than smother them in committee.

The bill is now out on the floor and its merits and demerits must be weighed. We have to consider its total effect on our farmers and all our people, rather than a small minority of the farmers alone. I regret exceedingly that I have come to the clear conviction that the bill will be bad for all our people, taken together, and that it will do little good and much harm to the farmers themselves.

As many sincere people have a different view I shall state the reasons for my belief. In doing so I refer to the bill as it has come on the floor, without reference to amendments that may be offered or adopted. In fact, my constituents who favor the bill have generally asked me to vote against all amendments. I will discuss it, therefore, in the form in which it has been presented to the country.

The bill provides for refinancing of farm mortgages, and the purchase of farms by tenants. No provision is made for mortgagors or tenants or land-contract purchasers living in towns and cities. They get no benefit whatever from the bill. On the contrary the wage earner's lot is certain to be made worse by still further increase in the cost of living, as stated by the president of the American Federation of Labor.

We have to consider the bill itself, as drawn, and also the probability that if it is once passed it will irresistibly lead to still more legislation of the same character.

But for the moment let us analyze the bill itself on the assumption that if passed its provisions will be lived up to and no more similar legislation will follow.

The bill provides for refinancing mortgages or financing farm purchases by tenants or former owners. Loans are to be made on both real estate and chattels. Real-estate loans are to be made at 1½-percent interest and 1½-percent principal payment annually, which means that the loans will run for 47 years.

Loans may be made up to 100 percent of the value of the land and 75 percent of the value of insurable buildings and improvements. The same provisions apply to financing the redemption of land lost by foreclosure at any time within the past 15 years and to the purchase of land by tenants.

Right there let me ask if there is a single supporter of the bill in this House, or anywhere in the Nation, whether a farmer or not, who would loan $100 of his own money or money for which he is responsible as guardian or trustee upon any such terms? I mean loan up to 100 percent of the value of the land at 1½-percent interest, and 47 years before his loan would be paid back? I have never heard of any such person anywhere. Even if a man had money of his own to loan, who would deposit a dollar in a bank which was known to be making that kind of loans? I dare say that every farmer who favors this bill would at once withdraw his deposits from his country bank if he knew the bank was making 100 percent loans of his deposits. I want someone to tell me why the Government should make loans that no one would make if his own money were at stake.

Chattel mortgages are to be refinanced up to 65 percent of the value of the security, with 3-percent interest and maturity up to 10 years.

The total amount of money provided for these purposes is $3,000,000,000. It cannot be more and might be less.

How far will $3,000,000,000 go? How many farm mortgagors and farm tenants would be helped? How many are certain not to be helped, and on the contrary, are certain to be hurt by the passage of the bill?

A careful analysis shows how extravagant have been the claims for this bill and how disappointing it would surely prove to be.

To show how effective this misrepresentation has been, I read an advertisement printed in an Indiana newspaper the other day:

FARMERS, TAKE NOTICE!

The Frazier-Lemke bill for financing all farm indebtedness at a rate of interest of 1½ percent comes up for consideration in the House of Representatives on May 11. No measure so far proposed for farm relief has half the merit of this bill. Every farmer should write his Congressman urging him to support it.

You will note that it is claimed that the bill will finance "all" farm indebtedness.

Someone is misleading the public. The advocates of the bill know that the bill cannot and will not finance "all" farm indebtedness. Either that, or they are not sincere when they say in the bill that the fund shall not exceed $3,000,000,000.

We cannot change the science of arithmetic. However desirable, no one can make 2 and 2 equal 6 or 60. We cannot pay off the farm debt of this country and finance farm purchases by tenants with $3,000,000,000. The money simply will not go around. There is no way to make it go around, and the inevitable result of the bill is to work serious injustice among mortgagors and tenants, all equally worthy, helping a few and denying the same equal treatment to their neighbors.

I favor giving farm borrowers as cheap credit as can safely be done. But I would give all the farmers credit at 3 or 3½ or 4 percent, or whatever the lowest safe rate might be, and not give a third or fourth 1½-percent money and then require the other two-thirds or three-fourths to keep on paying 5 or 6 or 7 or 8 percent. If you make credit as cheap as it can reasonably be made to all farmers, you have done something that is real and constructive and sound and just. But this bill offers injustice, unequal treatment, and disappointment to the overwhelming majority of our farm population.

Let us look at the facts and figures. Farm real-estate mortgages as of January 1, 1935, are estimated to total nearly eight billions—$7,770,000,000. I do not have the figure for chattel mortgages, but it is probable that it is at least a billion more, making a grand total of about nine billions.

You cannot refinance nine billions with three billions. All this bill can do, at the utmost, is to refinance one-third of the farm debt and one-third of farm debtors, doing nothing whatever for the other two-thirds. The bill condemns the latter to their present situation. In fact it will probably hurt two farm debtors for every one that it would help.

It is argued that the three thousand million dollars will revolve and therefore after many years it will refinance more than one-third of the farm debtors.

This assumes that there will be no losses or operating expenses; that all payments will be made promptly as they fall due; that there will be no foreclosures or abandonments; that during the next 47 years there will be no more depressions; no more crop failures; no more wars; no more shrinkages in the price level of farm lands.

This assumption flies in the face of all experience. To begin with, all of the 1½-percent interest paid by the farmers will be required to pay the 1½-percent interest on the farm-loan bonds to be issued under the terms of the bill.

That leaves only the 1½-percent principal payment (forty-five million on three thousand million) to "revolve." How

much of that 1½ percent will be left after operating expenses and losses are charged off? With loans up to 100 percent of the value of the lands, and therefore little or no equity in the borrower, it seems obvious that abandonments will occur much more frequently than normally whenever there is even a mild depression in values, and that the expense of collections, foreclosures, and losses will absorb all of the 1½ percent which may be collected. In fact, the Farm Credit Administration estimates that expenses and losses will almost certainly be greater than all the amounts collected.

This being the case, there will be nothing to "revolve" for the purposes of making additional loans. This limits the total available fund to the original $3,000,000,000 or less.

So far we have talked only of farm mortgagors and have shown that the bill can benefit only one-third of them; and they in turn are only 18 percent of all farmers.

But this has omitted the farm tenants entirely and the men who have lost on foreclosures entirely. The bill provides for them as well as the mortgagors and when the claim of the tenants and purchasers to part of the $3,000,000,000 are considered, the amount available to refinance farm mortgagors is still further reduced.

It is necessary to consider the claims of all persons intended to be benefited by the bill. They include farm mortgagors, farm tenants, and those who have lost farms by foreclosure within 15 years, whether now living on farms or not.

The farm census for 1930—the last year for which all figures are available—shows the following:

April 1, 1930

Total number of farms	6,288,648
Farms operated by full owners:	
(a) Free of mortgage debt	1,157,848
(b) Mortgaged (for $4,080,000,000)	1,569,178
Mortgage data not reported	184,618
	2,911,644
Farms operated by part owners	656,750
Farms operated by managers	55,889
(c) Farms operated by tenants	2,664,365
Tenants farms—value of land and buildings	$16,381,557,526

Disregarding for the moment all of the above items except (b) and (c)—mortgagors and tenants—and disregarding also all chattel mortgages, we have a total of farm mortgages and value of lands available for purchase by tenants of approximately $20,461,000,000, or nearly seven times the three billions provided in the bill. In addition we have those who have lost farms by foreclosure within 15 years and who might like to rebuy them with purchase money provided by the Government up to 100 percent of the value of the land and 75 percent of the value of the improvements. No one can estimate how large a sum would be applied for by them, but it is no doubt a large amount. Whatever it might be, it is obvious that this bill cannot possibly assist more than one farm mortgagor and tenant out of seven. For the other six the bill does nothing. And, of course, it gives no benefit to the 1,157,848 farm owners who fortunately are free of mortgage debt, except as it is claimed that they would indirectly benefit by "inflation", which I shall discuss later.

If all the benefit of the bill went to the farmers living on mortgaged farms and none to tenants, it is plain that it would take care of only three-fourths of them—$3,000,000,000 under the bill, as against $4,080,000,000 of debt against these 1,569,178 farms—or 1,177,500 farms, which is only 18 percent of the total farms in the country which would stand to benefit under the bill.

If all the benefits of the bill went to finance purchasers of farms by the 2,644,365 tenants and none to mortgagors, it is again plain that it would take care of less than 1 tenant out of 5—$3,000,000,000 against $16,381,557,526—or about 479,520 tenants, and would do nothing for the remaining 2,184,845 tenants. For them the bill promises bread and gives them a stone. If the benefit of the bill went to the 479,520 farm tenants and nothing to the mortgagors, it would benefit less than 7 percent of the total farmers of the Nation, leaving nothing for 93 farmers out of 100.

The advertised claims of this bill as the solution of the farm problem and the salvation of hard-pressed farmers simply do not stand up.

If we provide for only three farm mortgagors out of four, will the fourth mortgagor and all tenants feel that they have been treated justly and equally by their Government? They will not. They will demand equal treatment. How can we defend such a discrimination against them?

If we provide for only 1 farm tenant out of 5, what will the other 4 tenants and all mortgagors say about the way we have treated them? How can you defend giving the favor of government to only a few of many equally worthy and denying it to a far greater number who have the same claims to your consideration?

The answer is that you cannot defend your work, and, having created injustice, you will be subjected to irresistible pressures to remove the injustice you have created. You will be asked to treat all alike.

If you do, and I know many proponents of the bill intend to do that very thing, instead of $3,000,000,000, you will eventually issue many times that amount to finance farm debtors and tenants, possibly up to the figure given of $20,461,557,526.

And when you have financed all farm debts and provided money for all farm tenants to buy farms at 1½-percent interest and 1½-percent principal, or 3 percent, which uncounted numbers will do, as 3 percent is far less than many now pay as rent, what will you then say to the wage earner and home owner and house buyer and tenant in the towns and cities of America? Mortgages on homes in towns and cities total about $20,000,000,000 more, to say nothing of homes that city tenants and purchasers on land contract would like to buy, as well as merchants and businessmen hard pressed with debt.

What are you going to say to them? Are you going to say, "We are sorry. We will provide the farmer with 1½-percent money, but not you people who live in town. You are not as deserving as the farmer."

The Home Owners Loan Corporation has made 1,016,142 loans, totaling $3,081,000,000, on town and city homes at 5-percent interest. Can you justify three billions to farmers at 1½ percent and three billions to wage earners at 5 percent?

Who thinks he can defend any such discrimination—1½-percent money to the farmer and leave the city mortgagor and tenant and the buyer on land contract of a city home to pay 5, 6, or 7 percent? In view of the fact that the 70 percent of our people live in town and 30 percent in the country, it is as certain as sunrise that the 70 percent will demand and get the same treatment as the 30 percent. If they do not, they will elect a Congress that will give them equal treatment.

This is a road that has no turning. "Controlled inflation" by this means is a dream. It does not exist in the field of practical politics.

Either you are going to discriminate against large groups of people—a far larger number than you help—or you will remove the discrimination by finally voting out twenty or thirty or forty billions of paper money to refinance all debts—rural and urban—and all tenants, and when you have done that no one is helped and everyone is ruined by skyrocketing prices, the farmer included, with a dictator seizing the reins of power in a chaos such as has overwhelmed three-fourths of Europe.

Believing as I do, that this bill is the beginning of the road to ruin, from which there is no turning once we embark upon it, I have no choice but to vote against it. It is either unequal and unjust discrimination toward citizens equally worthy and equally in need or it is billions of ruinous inflation. There is no escape from that conclusion that I can see.

But, again, for argument's sake let us suppose that the provision in the bill that no more than $3,000,000,000 of money shall be issued remains the law permanently, what then? Someone will say, "Well, let us help those in distress up to $3,000,000,000, anyway. Why deny that much good?"

The answer is that to do temporary good to a few you cannot avoid harming an equal—in fact, a much greater—number.

For example, here are two farms, A and B, of equal value, producing the same kind and quantity of crops for the same market, both mortgaged for $5,000, at 5-percent interest. That means that both have a fixed interest charge of $300 a year. You refinance A at 1½ percent, or $75 a year. As your funds will not go around, you do not refinance B. A pays $75 a year interest and has 47 years to pay. B continues to pay $300 interest a year. A, therefore, is given an advantage over B of $225 in annual interest charges alone, to say nothing of principal payments.

What does this do? It makes A desirable to buy and by the same token destroys the real-estate market for B. No one would buy B with a 6-percent mortgage when he can buy A with a 1½-percent mortgage. In 10 years, at an interest saving of $225 annually, a buyer could afford to pay up to $2,250 more for A than B—to say nothing of lower payments on the principal. As a result you have reduced, if not destroyed, the real-estate market for all farms not financed at 1½ percent. Am I to not consider them? This would apply also to the 1,157,848 farms now free from debt. Are they to be forgotten? It will hurt their real-estate market also, for the reason that a prospective purchaser will certainly prefer to buy the farm with 1½-percent interest and 47 years' maturity. The farmer who is fortunate enough to get 1½-percent refinancing under this bill will be able to capitalize his interest saving at the expense of all other farms in the same real-estate market.

We can enact this bill but we cannot repeal human nature or, as Abraham Lincoln once said, "escape the verdict of history." "I know but one light to guide my feet, and that is the lamp of experience." Not only in all history is there no precedent that justifies this bill, but, on the contrary, the one example of legislation most like this bill demonstrates how futile it is as a solution of the difficulties of farm debtors and farm tenants.

I refer to the experience in Ireland. The Irish Land Act of 1903, known as Wyndham's Act, and other similar legislation before and since then provided for the financing of purchases of farm land by tenants at low total interest and principal payments yearly. More than half of the land purchased by tenants took place at the rate of 3¼ percent—about the same as this bill.

What happened? The right to buy at this cheap interest and principal rates of payment became known as "tenants' rights." These "tenants' rights" became highly desirable, and in many cases the tenant right became as valuable as the land itself.

I quote from the Struggle for Land in Ireland, 1800–1923, by John E. Pomfret:

> The tenant no longer competed for the landlord's land since his interest had become a fixed and known quantity. Instead the tenants entered into competition for the tenant right. In bidding for the farm of an outgoing tenant the applicants bargained fiercely against each other, not for the appurtenances of the farm but for the right to obtain a holding at a fixed rental; and in this new struggle for land the tenant suffered as before. The tenant right was as valuable as the interest that was being purchased from the owner.

The experience in Ireland demonstrates how necessary it is to think things through, and how cruelly disappointing much well-meaning legislation for socially desirable ends turns out to be if not thought through.

What reason is there to believe that the result would be different under this bill? That the 1½ percent land would not rise in the speculative markets at the expense of all other farms and all other farmers? True, a small minority who would originally participate in the $3,000,000,000 made available by this bill would benefit for a time at least, but it seems as plain as a pikestaff that by helping a small minority you not only subject the majority to unjust credit discrimination but, more than that, their farms cannot find buyers in the same real-estate market with farms financed at 1½ percent.

I again repeat, let us support farm credit legislation that treats all farmers, equally situated, alike. This bill is a denial of that sound principle of "equal rights for all, special privileges for none." This bill throws one-third or one-fourth or one-seventh of the farm mortgagors and tenants into unfair competition with all the rest.

In voting against this bill I am voting to protect the great majority of farm borrowers and tenants against this unjust discrimination and unfair competition.

There are other dangers that lurk in this bill.

We have to consider the rights of existing borrowers under the Farm Credit Administration, as well as the investors in its bonds. This bill is certain to subject them to the danger of serious loss.

Let us see why this would be so. It arises, first, from the fact that no one will buy the 1½-percent, 47-year bonds proposed to be issued under this bill. Therefore, existing mortgages would be paid for only by the issue of $3,000,000,000 of Federal Reserve notes.

The Farm Credit Administration now has outstanding its own issues of farm loan bonds bearing interest at from 3 to 4½ percent and not callable for from 8 to 10 years and now selling at a premium. As a substantial number of its farm borrowers would no doubt refinance their present loans under this bill at 1½ percent, the Farm Credit Administration would receive cash therefor.

Could it, in turn, reinvest the cash so received in Government securities that would yield enough to continue to pay the 3- to 4½-percent interest on its noncallable bonds now held by the public? The Farm Credit Administration states that it could not. The average interest rate on Government securities is now 2.55 percent—not sufficient to meet the rate paid by the Farm Credit Administration on its outstanding bonds. That means only one thing—interest received would not equal interest paid and the Farm Credit Administration would default in the interest on its outstanding bonds, and this, in turn, would mean receivership and liquidation of the system. Receivership would cause a loss of the $113,000,000 capital-stock investment in the Farm Credit Administration now held by some 600,000 farm borrowers, to say nothing of $217,000,000 invested by the Government.

It is apparent that there is much more to be thought of in this bill than its proponents have made public. They have never thought it through.

The destruction of the present Federal land-bank system and the loss of the capital-stock investment of 600,000 farmers would in all probability give such a black eye to farm credit that private lenders of farm credit would call their loans just as fast as they could.

Where would farm borrowers go then?

Aside from the disaster which the bill threatens to the Farm Credit Administration and private farm credit, it is to be noted that the bill makes it the "duty of the Federal Reserve and national banks to invest their available surplus and net profits" in the 1½-percent, 47-year, nonsalable bonds to be issued under this bill.

That would "freeze" $3,000,000,000 of the assets of our banks in paper they could not turn into cash.

What effect would that have on bank borrowers, the merchant, and manufacturer, and so forth?

Upon careful study, the bill appears certain to—

(A) Benefit temporarily only one-third or one-fourth or one-seventh of the total farm borrowers and tenants of the Nation.

(B) Impair the real-estate market of all other farmers.

(C) Destroy or seriously harm the present Farm Credit Administration.

(D) Put to serious hazard $113,000,000 capital-stock investment of 600,000 farmers in the Federal land-bank system.

(E) Drive private lenders out of the farm-credit field.

(F) Freeze three billions of the assets of Federal Reserve and member banks, thus impairing their ability to serve their customers, and thus causing a return of business stagnation among those who live in the cities and are in turn the farmers' market.

(G) Put in motion forces that would press for an uncontrolled and uncontrollable inflation that would be ruinous to every home in America, the farm home included. After inflation had swept over Germany, the farm-mortgage debt in terms of gold marks was double what it was before. This was due in part to the fact that in a period of inflation commodities—which the farmer has to buy as well as what he has to sell—increase in value faster than real estate.

Mr. Chairman, this bill suffers from the same disease that prevented any favorable action on the soldiers' bonus until it was divorced of monetary experimentation. Farm credit is one thing. It ought to be treated on its merits. Any attempt to mix farm credit and monetary theory is bad for both.

I was raised on a farm—a run-down, hill farm—that sold, buildings and all, for $6 an acre. In saying that I say all that is necessary. There never was anything but a depression on that hillside farm.

My natural sympathy, therefore, goes to the farmers of my district and the entire Nation. They are literally the backbone of the Republic. I have voted for every farm measure that gave reasonable promise of helping them to secure equality with those who live in the towns and cities.

But ballyhoo is one thing; careful study is another. This bill will not stand examination. As it will help only a few and harm most of the farmers themselves, I am unable, as their friend and well-wisher, to vote for it.

Time does not permit a review of farm progress under recent legislation. It has been real and substantial. Farm income in 1935 was about $3,000,000,000 more than 1932. In other words, a single year's increase in income was equal to the total amount to be loaned under this bill.

While a reduction of overhead costs through reduced interest is important it is far more important to increase income. One and one-half-percent interest under this bill would help only about 18 percent of farm debtors. But increased income helps all farmers.

Commodities raised by farmers have doubled in price in the past 3 years, an increase more than any other group in the price index. I hope it will continue until farm and city goods are placed on a parity where they can be exchanged freely.

A large, perhaps the greater, part of this increase has been due to untying the American dollar from the old fixed weight of gold. I have strongly supported the administration's policy in this regard and shall continue to work for a dollar that will have a substantially uniform exchange value for all commodities, rather than one commodity, gold, which fluctuates as does a ton of coal or a pound of iron. I favor a nonpartisan, nonpolitical monetary "Supreme Court" that will make such congressional policy effective for farmers and town dwellers alike.

Another policy I strongly favor is the development of the cooperative movement, not only to reduce selling costs in marketing farm commodities but also to reduce the middleman expense for what the farmer buys. The cooperative movement is democracy at the grass roots—a sound middle ground between irresponsible individualism and compulsory paternalism.

Since the spring of 1933 over $2,000,000,000 of farm debt has been refinanced by the Farm Credit Administration, with a total of $3,361,555,498 outstanding on April 30, 1936. The long-term interest rate is from 4 to 5 percent, a saving of one dollar in three. Until 1938 it has been further reduced to 3½ percent, the lowest interest rates ever to be had in America. Interest savings total $72,000,000 annually. Through scale-downs, $200,000,000 of principal has been wiped out on the $2,000,000,000 of mortgages, about 10 percent.

Foreclosures have been cut in half—from 39 per 1,000 farms for the year ending March 15, 1933, to 19 per 1,000 in the year ending March 15, 1936. Out of 1,000 farms, at the present time 981 are not being lost to their owners. No one can deny that this is not real progress. It is shown by the increase in real-estate values. A testimonial to this advance is the fact that private credit instead of getting out of farm lending is now reentering that field—70 percent of farm loans being made by private lenders in 1935 as against 23 percent in 1934, and at lower interest rates.

Another thing that makes the future look better is the development of new farm markets. Millions of acres are now in soy beans used for paint. Then there is the growing market for tung oil; for paper from slash pine; for power alcohol from corn and Jerusalem artichokes—possibly this is the most important of all. Many chemists believe industrial alcohol will some day take the place of gasoline and put every idle acre at work. One hundred pounds of cotton go into every automobile and its tires. Cotton is being used as a binder in concrete highway construction. Plastic materials such as the steering wheel of automobiles, cellophane, and "silk" stockings are coming from the farm. The Farm Chemurgic Council looks forward to the day when houses and furniture will be "grown" on the farm. Experiments in rubber from milk weed are now going on. Industry and chemistry are apparently just at the threshold of furnishing agriculture new markets that will completely change the outlook for rural America.

I do not claim that agriculture is yet reestablished to its just position in the life of the Nation. But it is certain that it is closer to the goal than at any time in many years.

Mr. NICHOLS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the figures which the gentleman from Indiana [Mr. PETTENGILL] has prepared are probably correct, I do not know, but when the gentleman says that these figures will portray the benefits that will be reflected to the farmers by the enactment of this legislation, the gentleman is incorrect for this reason. One of the biggest benefits that not only the farmers but the great mass of all the producers of this Nation will receive from this bill is not whether or not as an individual he will get money to pay off a mortgage on a farm. The general benefit will flow from the fact of the so-called expansion of the currency, which simply means the putting into circulation of more of the price-fixing units, cheapening the purchasing power of the dollar.

Today, when a man takes a cash dollar and goes into my district in Oklahoma and buys a dollar's worth of cotton, he gets 127 cents' worth plus of my farmer's cotton for his dollar. This applies to labor. When a person buys a dollar's worth of labor at the present purchasing power of the dollar, he buys 127 cents plus worth of that man's labor, and so it applies all the way down the line.

Therefore if this bill can be held to its present rate of interest, so that if it becomes law they cannot issue bonds instead of issuing the currency, then the expansion of the currency by $3,000,000,000 will bring the purchasing power of the dollar down low enough, I hope, so that it will have a purchasing power of only 100 instead of 127 cents.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. FULMER. Is it not a fact that today, under the Federal land bank system, Farmer A is paying 2½-percent interest, while B, who is next door, is paying six?

Mr. NICHOLS. That is very true, and if you amend this bill and raise the rate of interest to 2¾ percent or some other percentage, certainly you will get it up to the point where it is profitable to issue bonds, and if you issue bonds, outside of the benefit that would flow from this set of figures, there will not be any benefit to the farmers of the Nation, because if this bill is to give them genuine benefit you have got to keep the rate of interest so low that it is not possible to issue bonds, but it is safe to issue currency or United States Treasury notes.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. REILLY. Then the gentleman admits that this is an inflationary measure?

Mr. NICHOLS. So far as I am concerned, I am for it because it is an expansion of the currency measure, and insofar as I am concerned I would be pleased if there were a provision in the bill which would stop the further issuance of tax-exempt Government securities. [Applause.]

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. RANKIN. The gentleman from Indiana [Mr. PETTENGILL], who made these figures, shows by his own figures that he does not understand the bill, for the simple reason that the farmers who profit would not be limited to the amount of $3,000,000,000.

Mr. NICHOLS. And I want to say at this point that something was said on the floor yesterday by a Member who said he controlled his own vote and was not influenced by any outside influences. I may say to you that I control my vote, too, and I am not supporting this measure because of any pressure put on me or any persuasion being used on me by the National Union for Social Justice or anybody else. [Applause.]

[Here the gavel fell.]

Mr. GRAY of Indiana. Mr. Chairman, while this bill is not a full measure of relief, it is a step in the right direction, and, if followed by other steps carrying the same low interest to home owners, it will bring relief from the slavery of debts, release the people's income from the exhaustive drain of interest and mortgages, and leave the earnings free for use as buying and consuming power.

THE GOVERNMENT FURNISHES THE MONEY

The enormity of the unjust discrimination against the people can be realized only when it is understood that the Government is printing the money, guaranteeing and standing behind it to make it good, and insuring its redemption, and then turning it over to private bankers for only three one-hundredths of 1 percent to loan to the people at 4, 5, 6 percent, or even a higher interest. When it is realized and understood that after turning this money over to the bankers, the Government is borrowing back the same identical money on bonds at 3 and 4 percent, and the people are paying millions for the use of their own money, the enormity of this injustice will appear.

PROVIDES A LOW INTEREST RATE

This bill is to require the Government, loaning this money issued to the Federal Reserve banks at three-hundredths of 1 percent to loan the money direct to the farmers at 1½ percent, or a percent 50 times more than the Government is charging the bankers for the same money. And yet, with the farmers offering to pay 50 times the interest charged the bankers, these private bankers are objecting and declaring such a low interest rate to the farmers would be "inflation." But the true and only reason appears that the bankers would not be getting the interest.

BONDS EXEMPTED FROM TAXATION

But this is not all to be considered. After the private bankers objecting gets the money for three-hundredths of 1 percent, or one-fiftieth of what the farmers are offering to pay in this bill, the Government exempts these bankers from all taxation on the money and bonds. But the farmers under the provisions of this bill are not only offering to pay 1½-percent interest, or 50 times more than the bankers are paying, they are further offering to continue paying taxes upon their mortgaged property, and are claiming no exemption as claimed and granted to the bankers.

THE GOVERNMENT WILL GET MORE AND THE FARMERS WILL PAY LESS

If this bill becomes a law today it will make this substantial difference: The Government will receive from the farmers $45,000,000 more money than from the bankers who are objecting. And the farmers will be paying $90,000,000, less interest, and the bankers will be taking no interest on the money loaned by the Government. This is the reason that this bill is being opposed by the lending bankers, the reason they are raising the cry of "inflation" and charging "unsound" and "bad" money.

The Government is issuing millions of money to the big banks and financial interests based upon whisky paper or distiller warehouse receipts. These lending bankers are taking this same money based upon distiller's warehouse receipts instead of upon improved farm land under this bill. The only difference, they collect interest upon the money, which makes them overlook so-called inflation and all the vicious evils warned of as "unsound" money.

OBJECTION OF CLASS LEGISLATION

A further objection urged against this bill is that it is class legislation, favoring the farmer over other classes of people. But this objection is more apparent than real. While it favors farmers directly, it favors all other classes no less indirectly, and to an extent substantially equal with farmers. While I am favoring an equal interest charge for all classes, home owners, and others as well as the farming and agricultural classes, yet there is no legislation pending today which will bring more certain and prompt recovery and create more employment to the laboring classes than to reduce the farm interest charge and help the farmers pay their debts.

THE PROBLEM OF CONSUMPTION

The problem today is a problem of consumption, a problem of the buying and consuming power, a problem of the power and the ability of the people to buy, take, use, and consume the products of factory, mill, and workshop. The problem of production has been solved but the problem of consumption remains for solution.

FARMERS MORE NUMEROUS AND DOUBLE CONSUMERS

The farmers are not only the more numerous consuming class but they are a class of double consumers over others. They consume not only what other men buy and consume for personal and family use in their homes, but they buy and consume an equal or greater amount over and above personal and family use for farm upkeep, equipment, and operations. These items over personal and family use and above what other men buy and consume, includes ropes, chains and pulleys, harness, wagons and farm vehicles, plows, harrows, rollers, and disks, binders, reapers, mowers, and rakes. These articles over what other men buy further includes roofing, paint, and lumber, fencing, concrete, tiling, and hardware and a thousand and one other articles and materials which other men do not buy or use and which keeps factories, mills, and workshops running.

By means of these double needs and requirements of the farm population of the country over what is consumed by other men for personal use, the 43,000,000 farm people of the country and dependents are equal to 70 percent of all other consuming classes and without which restoration of the farm buying and consuming power there can be no recovery from this panic.

FARM DEBTS AND THE CONSUMING POWER

It was farm interest, debts, and mortgages under the fall of farm values and prices which destroyed the farm buying and consuming power and brought on this panic or depression. It was under the same fall of values and prices that interest, debts, and mortgages were doubled, measured in farm products with which the farmers have to pay.

The effect of the fall of farm prices and values, which multiplied taxes, interest, and debts, was to absorb all farm earnings and income, destroy and take away the buying and consuming power of the great farm population and dependents. And only the payment and release of farm debts can bring a restoration of their power to buy and consume the products of factory, mill, and workshop.

Before the panic or depression came and during the time of higher prices and farm values, the farmers were selling not more than one-fourth or one-third of their products—corn, wheat, and hogs—with which to meet interest, debts, and mortgage payments and were left with the other three-fourths or two-thirds thereof with which to buy, take, and consume the products of factory, mill, and workshop. And with the proceeds of these two-thirds or three-fourths of their crops, with which to use as buying and consuming power, the farmers were taking all industry produced. All the mills, factories, and workshops were kept running. All laboring men were kept employed on full time, and prosperity was everywhere abroad in the land.

But when farm values and prices fell in 1920 and again in 1929, the farmers were compelled to sell and give up not only one-fourth or one-third of their crops to meet interest and make debt payments but ultimately compelled to sell four-fourths or three-thirds of their crops and produce of the farm, or the whole of their stock, produce, and crops, with

which to pay taxes, interest, and debts, and no part was left with which to buy, take, and consume the products of factory, mill, and workshop.

And it was this failure of the farm buying and consuming power, this taking of all farm earnings and income with which to pay interest, debts, and mortgages, which reached back through retail merchants, through wholesale and commission houses, and brought on a failure of orders and stopped the mills, factories, and workshops and threw 30,000,000 laboring men out of employment. It was this drain of interest and debts which took away and absorbed all the earnings and income from the farm and destroyed the farm buying and consuming power. And as long as this greater share and portion of farm earnings and income and proceeds continues going into the vortex or sink hole of farm interest and debts, there never can be a recovery from this panic.

UNTIL FARM DEBTS ARE PAID THERE CAN BE NO RESTORATION OF THE CONSUMING POWER

If there had been no farm debts to be paid when farm values and prices fell and if other values and prices had fallen in the same proportion as farm values and prices, there would have been no destruction of the farm buying and consuming power. But now, until farm debts are paid or substantially reduced and more of farm earnings and income are left free for use as farm buying and consuming power, there never can be a recovery or economic relief from the blight of this panic or depression. The release of farm earnings and incomes from farm debts will alone restore the farm buying and consuming power.

WHAT FARMERS REQUIRE TO PAY FARM DEBTS

A restoration of farm buying and consuming power requires first that the farmers be released from the drain of interest, debts, and mortgages and that all or greater share of earnings and income be left free to be used by the farmers with which to buy, use, and consume the products of factory, mill, and workshop. The payment and release of farm debts and mortgages first requires a lower interest charge, and, second, higher prices for farm products not only for a part or reduced crop but higher prices for a full, normal crop.

The farmers' debts and mortgages are largely renewal debts and mortgages and were made or contracted for under and based upon higher prices for a full, normal farm crop. A higher price for a part or reduced crop will not restore the farmer's power to pay his debts and mortgages contracted under higher prices for a full crop. Because what the farmer gains in price he will lose in reduced production.

THE VORTEX OF FARM DEBTS AND MORTGAGES

Without such lower interest rates and such higher prices for a full crop the farmer's income will continue to be absorbed in the vortex of interest, debts, and mortgages, destroying their buying and consuming power. Farm debts and mortgages will remain unpaid and will pass on as burdens upon the farmer's children. This Frazier-Lemke bill, now being considered, will give the farmers the lower interest required and a restoration of the money supply, secretly withdrawn from circulation, will restore farm prices and the power of farm products, wheat, and corn to pay taxes, interest, debts, and mortgages.

When the farm buying and consuming power is restored, when all or a greater part of farm proceeds are released and made available to farmers with which to buy, take, and consume the products of factory, mill, and workshop, the subterfuge plea of overproduction, with people starving and suffering will no more be heard in the land.

DEBTS EXCEED ACTUAL PROPERTY VALUATION

The public and private debt today upon which the people are paying interest directly or in some concealed form is estimated in equal amount and value to all the wealth and property of the country.

THE SLAVERY OF IMPOSSIBLE DEBTS

The people can never pay and be released from these crushing, monstrous debt obligations. They are under the slavery of impossible debt which will be passed on to their children and to their children's children.

Every man is paying today not only directly upon his own personal debts, not only upon his own farm or home mortgage, but he is paying upon the public debt and upon the private corporate debt covered and concealed in the increased price which he is compelled to pay for the necessaries of life. The farmers of the country are struggling under an impossible debt burden. They may be able to pay their debts, but not while using their income with which to live. Or they may be able to earn enough upon which to live, but not while paying their debts. They cannot both pay their debts and live.

AN OLD STRATEGY OF KINGS

The same old artifice or strategy has been resorted here today in an effort to defeat this farm-relief measure which the kings of old and royal rulers have used for 1,000 years to hold their people in subjection for the levy and collection of tribute from them. Whenever their people and subjects grew restless and revolted against their burdens of taxation and tribute exacted the kings would start a war, array the people against each other, and make them defeat each other and hold themselves in bondage and subjection.

BONDAGE OF THE ISRAELITES

The farmers of the country today are struggling under a yoke of debt slavery and bondage as galling as ever held upon the Israelites by Pharaoh. Substantially 80 percent of the farm acreage is under mortgage far toward the limit and the money lenders are exacting their interest tribute. Under existing farm conditions these mortgages can never be paid. The owners will struggle a lifetime in self-denial to pay interest and taxes but will pass beyond, leaving the burdens of these impossible debts still unpaid and weighing upon their children.

In order for the farmers to pay their debts they must have a lower interest rate and they must receive for their crops not only a higher price for a part crop but a higher price for a full crop upon which basis these mortgage debts were based and contracted for. This bill, if enacted into law, will give the mortgage-ridden farmers interest at 1½ percent which they can pay, and the new money going into circulation will raise farm prices substantially higher not only on a part crop or reduced crop but prices upon their full crop, both lowering their interest and increasing their ability to pay.

FARMS UNDER OR SUBJECT TO FORECLOSURE

Two million farms are now under foreclosure or are subject to foreclosure, and without which lower interest and higher prices for a full crop millions of farmers will become tenants and others will be left struggling, staggering on under crushing, impossible debt burdens.

The labor Members who signed the petition to bring the bill out of committee and to bring it out upon the floor and constituting a full majority of the House membership are now hesitating and wavering in their support. The old strategy of kings is working to divide the laboring masses and defeat this bill.

THE STRATEGY OF DIVIDING THE PEOPLE

And if this bill is defeated, it will not be defeated upon its merits, nor by the free will of the majority. It will be defeated by the strategy of dividing the labor membership here representing the toiling masses, the farmers in the field, and the workers in the shops. If this bill is defeated here today, it will be defeated by the same class of men, by the certain, special, crafty few who have always held the masses in subjection during the long, painful years of the past and by this same strategy and artifice of dividing the workers and making them defeat themselves.

And when a bill comes here for the relief of industrial labor, these same legislative manipulators will reverse their strategic maneuvers and seek to array farmers against laborers, to divide them and make them fight each other, and in this way they will continue their strangle hold upon the people.

A LESSON FROM THE EXAMPLE OF HISTORY

After long, tedious years of slavery and bondage and crushing, exacting tribute taken by the kings and royal rulers of

old, the people finally realized the folly of fighting and contending one against the other and, joining and uniting first in France, in Switzerland, and in America, they threw off the galling yoke of servitude and exacting tribute and won their freedom and independence, the right of self-government, and to determine their own affairs. And some day the people—the laboring masses—may take heed and learn a lesson from these great examples in history, from the people held under kings, from the people held in bondage and slavery, and join together in common cause and free themselves from the modern slavery—the bondage of debts.

The men who labor on their farms and the men who labor in the mills for wages under industrial taskmasters have the same common cause and interest at stake as the people under the kings and royal rulers of old and kept divided to hold them in subjection. This morning this bill was assured of passage. Enough Members had signed to bring it out. Enough Members had voted for its consideration. The Labor Committee of the House and the chairman and leaders of that committee had declared for this bill to help deliver the farmers from the slavery of debt.

A LEADER TO LEAD LABOR

But now at the psychological moment, during the heated debate upon the bill, and when the monstrous imposition of charging private bankers only three one-hundredths of 1 percent and denying the same money to farmers at 1½-percent interest, or 50 times greater than the bankers pay, a letter was secured and read to the House from a man assuming the leadership of labor, condemning the bill solely because it would raise farm prices, the object of which is to divide the farm and labor membership of the House and make them vote against each other and thereby secure the defeat of this bill.

If this old strategy of the ages can be carried out to defeat this bill and the laboring masses divided and made to defeat each other, certainly no great claim of progress under our boasted civilization and intelligence can be made for the people of the world today over the people of thousands of years ago.

BIPARTISAN LEADERS AND THE PEOPLE

But the people today are not only being divided and arrayed against each other as farmers against industrial workers, but they are being kept and held divided and arrayed against each other by arraying farmers and other workers of one political party against farmers and laborers of another political party. The farmers, regardless of party organization, have the same common interest and welfare at stake, and yet they have been and are being misled year after year to fight each other at the polls, and while thus fighting each other they have been chained down in debt slavery, impossible for them or their children to pay.

As long as the laboring masses, the men toiling on the farms and the men laboring in the mills, can be kept arrayed against each other, whether as different classes of people or as members of different political parties, they will remain in the bondage of debts to pay tribute as interest to their masters. And as long as the farmers will allow themselves kept divided and arrayed against each other by politicians and party leaders they will remain in hopeless debt slavery and bondage and their children will be left carrying the chains of interest charges and held in the bondage of staggering debts impossible to pay.

The Clerk read as follows:

SEC. 3. Farm Credit Administration is hereby authorized and directed to liquidate, refinance, and take up farm mortgages and other farm indebtedness, existing at the date of enactment of this act, by making real-estate loans, secured by first mortgages on farms, to an amount equal to the fair value of such farm and 75 percent of the value of insurable buildings and improvements thereon, through the use of the machinery of the Federal land banks and national farm-loan associations, and to make all necessary rules and regulations for the carrying out of the purposes of this act with expedition. In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceed the fair value of any farm and 75 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. Such loans shall be made at a rate of 1½ percent interest and 1½ percent principal per annum, payable in any lawful money of the United States.

Mr. LEMKE. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 2, line 13, strike out the word "farms" and insert in lieu thereof "farm lands"; page 2, line 19, beginning with the word "in", strike out all down to and including the period in line 3 on page 3.

Mr. LEMKE. Mr. Chairman, the first amendment is simply the correction of a word. In place of "farms" there has been some question on the part of some Members that that would mean the buildings as well as land and therefore make double valuation. So instead of the word "farms" we insert simply the words "farm lands."

That is the first amendment in that section.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. CELLER. Suppose a man owns a million acres. Can he come within the provisions of this bill with all those acres?

Mr. LEMKE. That is not germane to this amendment.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield for a question?

Mr. LEMKE. I yield.

Mr. BANKHEAD. There is no definition whatever in this bill of what constitutes a farm. In bills heretofore offered where the question of farm relief has been involved there has been a specific definition of what constitutes a farm. What is the gentleman's interpretation of what a farmer is under his bill to be entitled to the benefits of this legislation?

Mr. LEMKE. It provides for the same farmer, uses the same machinery, and will loan on the same land under the same conditions as the present Farm Credit Administration. This simply provides to refinance farmers, as already defined by law.

Mr. BANKHEAD. Regardless of the size of the farm and regardless of the nature of the products that he produces?

Mr. LEMKE. No. That is already limited by law to $25,000, I believe.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. BOILEAU. This is an amendment to the Farm Credit Act?

Mr. LEMKE. Yes.

Mr. BOILEAU. And those definitions already appear in the law and apply to this act as well as to existing law, so that there is no ground for complaint in that regard.

Mr. LEMKE. That is correct. Now let me finish. I want to talk about the amendment, and not answer questions that can be answered later on. Then we go to line 19 of the bill and we strike out the words which have in mind a scaling down. We take that out, because those words seem to have been misunderstood by some Members. So in order to comply with the suggestion that there be no reference in this bill to the bankruptcy proceedings, we take all that part of it out. So we take out these words:

In case such farm mortgages and other farm indebtedness to be liquidated and refinanced exceed the fair value of any farm and 75 percent of the value of insurable buildings and improvements thereon, then such farm mortgages and indebtedness shall be scaled down in accordance with the provisions of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Those are the words taken out. We take out any reference to bankruptcy. So when we get through with this bill, we have nothing that refers to bankruptcy.

Mr. Chairman, I ask for a vote.

Mr. CELLER. Mr. Chairman, I rise in opposition to the amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CELLER. Mr. Chairman, when we are told that this is a farm-relief measure, there is indeed a misnomer. The Farm Credit Administration very clearly told us yesterday, and the facts are undisputed, that only 15 percent of the farmers of the country will be benefited by this act. We are told that 66 percent of the farms in the United States are unencumbered. Mortgages on the remaining 34 percent amounted, as of January 31, 1935, to $7,770,000,000. Therefore the $3,000,000,000 provided in this bill would take care of less than 40 percent of the mortgaged farms. That would mean just this: Only 15 percent of all the farmers in the country would obtain benefits under this act at the expense of the other 85 percent of the farmers and all the other taxpayers of the country.

I come from the city of New York. We in the city of New York and the State of New York have voted fairly consistently for relief to farmers during the last decade. I personally never voted against a farm bill, except one, in my 14 years of tenure in this House; but when we hear that this bill only benefits 15 percent of the farmers at the expense of all other farmers and all of the other citizenry of the country, and when we further consider that all but the 15 percent of all farmers must foot the bills, it is time to call a halt. We of the city are not going to support you on a proposition of that sort. It is unfair; it is class legislation with a vengeance.

It is admitted now by the distinguished and honest gentleman from Oklahoma [Mr. NICHOLS] that this is an inflationary measure. That is the first admission we have had. Shall I say the truth has come out at last, and that this is an inflationary measure, involving in the first instance but $3,000,000,000? We are told beyond peradventure of doubt that this bill, if passed, will be followed by a similar measure to help the dwellers of the cities, to help the city owners of homes, and the total cost thereof would be $25,000,000,000. Will you stop with twenty-five billion? Of course not.

The history of the issuance of our continentals during the Revolutionary War, whence comes the phrase "not worth a continental", the history of France in 1789, the history of Germany a few years ago, all indicate the danger of toying with currency inflation. You plunge the population into the most acute misery. In all places where such measure as the Frazier-Lemke bill was tried the misery lasted over a decade. The first issue is always a small one and quite limited, but is soon followed by dozens of issues, and soon business becomes stagnant, capital more timid, yet always there is the cry for more and more issues of money.

The only ones who benefit are the speculators and the very rich. The poor become poorer, and the helpless become more afflicted. Usually dictatorships follow the orgy of inflation. Witness what happened in Germany, where Hitler became supreme; witness what happened in Italy, where Mussolini became supreme; witness what happened in France in 1789, when Napoleon ascended to power. It is easy for a dictator to lead into subjection a people made unhappy by inflation.

No one knows what tomorrow will bring forth. Nobody drinks to get drunk; but just as soon as you get on the toboggan of inflation, as admitted honestly by the gentleman from Oklahoma, you go the whole way. There is no stopping. You may sip inflation today, but tomorrow you are drunk with it. You may say this is only a bogey of inflation. It is no bogey. The menace is imminent. The danger is present. Once you pass this inflationary measure, there can be no stopping of similar measures.

Let me call your attention to this: In 1928 there was a bishop by the name of Cannon who injected himself into politics and tried to defeat certain candidates for political preferment. At the present time there is another gentleman stepping out of the pulpit into the political arena, thereby soiling his clerical robes. He tries to browbeat and threaten candidates for public office in various States, including my own. He boasts that he has defeated in several States numerous nominees. We must and should vote according to our own dictates, not the dictates of any pulpiteer. This particular cleric may be guided by the highest motives, but, nevertheless, his actions are dangerous. There is a marked cleavage between religion and politics. That cleavage must be maintained; otherwise Jefferson and our great patriots lived in vain. I shall wear the collar of no man, no class, no sect. Be no puppet for any man, be he rabbi, minister, or priest. I shall be no puppet to any one of them. [Applause.]

The CHAIRMAN. The question is on the amendment of the gentleman from North Dakota.

The amendment was agreed to.

Mr. RANKIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RANKIN: Page 2, line 14, strike out the following words: "to the fair value of such farms" and insert in lieu thereof the following: "to 80 percent of the appraised value of such farm lands."

Mr. RANKIN. Mr. Chairman, I do not care to take up the time of the House. I just wish to call attention to the fact that a great many Members have expressed the view that the bill ought not to be passed in the form provided for loans up to 100 percent of the value of the property. I have, therefore, offered this amendment to limit it to 80 percent of the fair value of the property. I offer the amendment, and I trust there will be no opposition.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. GILCHRIST. What is the last word of the gentleman's amendment? Is it "such land" or "such farm lands"?

Mr. RANKIN. It is "80 percent of the appraised value of such farm lands."

Mr. LEMKE. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. LEMKE. I wish to state, Mr. Chairman, that the steering committee having this bill in charge has considered the amendment and is not opposed to it. The steering committee accepts the amendment. [Applause.]

Mr. RANKIN. Mr. Chairman, permit me to say to the membership of the House that this is simply an amendment that reduces the amount that may be loaned on any piece of farm land under this bill. Members who are opposed to it, or who profess to be opposed to it because the bill provided for 100-percent loans, I trust you will support the amendment.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. McFARLANE. The amendment the gentleman has offered reducing the limit to 80 percent provides for the same percentage of appraised value as now exists in the Home Loan Act.

Mr. RANKIN. Yes; that is correct.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Chairman——

The CHAIRMAN. The gentleman from Alabama is recognized. Does the Chair understand the gentleman rises in opposition to the amendment?

Mr. BANKHEAD. Mr. Chairman, I prefer to rise for the purpose of supporting the amendment, because even the adoption of the amendment would in no wise change the basic principles of our opposition to this bill.

But I am rather curious to know why the author of this bill, after so many months of deliberation and consideration and after presenting to the Committee on Agriculture the absolute necessity for providing 100-percent loans, has so abjectly surrendered his views on this point.

Mr. LEMKE. Mr. Chairman, I may say to the gentleman from Alabama that we did that because we have a steering committee and because the Congress of the United States is writing the laws. On this steering committee we have Democrats, Republicans, and Members representing other groups, selected impartially. They have asked that this be done.

But I will say to the gentleman from Alabama that a 100-percent loan under this bill is safer than a 50-percent loan under the present Farm Credit Administration set-up with its higher rates of interest and payments.

Mr. BANKHEAD. I just wanted the gentleman to confirm the fact that he himself was still standing for a 100-percent loan.

Mr. LEMKE. Yes; but I am voting for this because I am guided by my colleagues on the committee.

The CHAIRMAN. The question is on the amendment of the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. BOILEAU) there were—ayes 120, noes 14.

So the amendment was agreed to.

Mr. McFARLANE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McFARLANE: On page 2, lines 11 and 12, strike out the words "existing at the date of enactment of this act", and insert in lieu thereof "existing on the 30th day of April 1936."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

Is there objection?

Mr. MAIN. Mr. Chairman, I object.

Mr. JONES. Mr. Chairman, I modify my request.

Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. Mr. Chairman, this is just a corrective amendment to place in the bill, a date certain when mortgages under the bill will become eligible. This date is fixed as of the 30th day of April 1936, rather than the date the act becomes effective.

Mr. LEMKE. Mr. Chairman, I may say the steering committee that has this bill in charge agrees to the amendment and accepts it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. McFARLANE].

The amendment was agreed to.

Mr. MAIN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MAIN: Page 3, line 3, after the word "be", strike out "made at the rate of 1½ per", and strike out line 4 and insert at the end of line 5: "and such payment shall be made according to an amortization plan providing for annual payments of $3 for each $100 or fraction thereof of the initial principal sum in each of such mortgage agreements. Out of such annual payments not more than 1½ percent of the principal from time to time remaining unpaid on the respective mortgage agreements shall be applied as interest, and not less than 1½ percent of the original principal sum shall be applied toward the retirement of the principal debt."

Mr. MAIN. Mr. Chairman, it is my understanding from the sponsors of this bill that it is their purpose and intent that the mortgage obligations entered into under this law shall be retired in a period of approximately 48 years. As I read the language of the bill as printed, it would seem to me it would require 66⅔ years to retire the principal.

The purpose of my amendment is to put explicit language in the bill which will clarify the thought which sponsors have in connection with the term "amortization plan", and thereby we will make specific and clear the intention and purposes of the bill so that payments to apply on interest shall be on a downward sliding scale and payments to apply on principal shall gradually increase from year to year and thus the principal may be retired in a shorter period than that suggested in the language of the bill as it now stands.

Mr. Chairman, I want to say that if a transaction involving the financing of illegal liquor can be used as a basis for issuing currency, I would hang my head in shame if I should deny to the farmers of the Nation the right to use the machinery of the Federal Government to issue currency backed up by their obligations.

Some may say that the I O U of Al Capone is entitled to a preference over and above the mortgage bonds of sober, industrious, God-fearing farmers of the Nation. May Heaven forbid that such a condition should continue to exist.

I realize that those who would justify the issuing of currency to finance bootleggers will say that the paper of Al Capone could be liquidated in a short time. But, Mr. Chairman, I consider that the obligations of the American farmer, even if deferred over a period of 48 years, are infinitely more essential to the stability of this Nation than the paper of Al Capone even if it can be liquidated in 48 hours.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. MAIN].

The amendment was rejected.

The Clerk read as follows:

SEC. 4. The Farm Credit Administration is further authorized and directed to liquidate, refinance, and take up chattel mortgages and other farm indebtedness, existing at the date of enactment of this act, by making loans at the rate of 3-percent interest per annum, secured by first mortgages on livestock, to an amount equal to 65 percent of the fair market value thereof, such loans to run for a period of 1 year, with right of renewal from year to year for a term of 10 years: *Provided*, That any depreciation in the value of such livestock is replaced by additional livestock, and the amount of the loan is reduced 10 percent each year.

Mr. LEMKE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: On page 3, strike out lines 6 to 17, both inclusive, and renumber sections 5 to 19 as sections 4 to 18.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Texas.

Mr. JONES. Does not the amendment which the gentleman has just offered make the bill conform to the other amendment which has been adopted?

Mr. LEMKE. Yes; this makes it conform to the other amendment which has been adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. LEMKE].

The amendment was agreed to.

The Clerk read as follows:

SEC. 5. There is hereby authorized to be appropriated, out of any money not otherwise appropriated, $100,000 for the use of the Farm Credit Administration to carry out the provisions of this act. The necessary and actual expenses incurred in carrying out the provisions of this act shall be apportioned and prorated and added to each individual mortgage, and such sums so added shall be paid to the Farm Credit Administration for administrative purposes.

Mr. KVALE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I hope I shall not take the 5 minutes allotted to me, for I well know the House is anxious to proceed with dispatch. So, instead of eulogizing those who have brought this bill this far—John Simpson, of the Farmers' Union, and his coworkers; the gentleman from North Dakota, Mr. LEMKE; Senator FRAZIER; and the others who with them have fought for the principles embodied in this bill for all these years—I propose to use my little minute to another purpose.

The measure has been amply championed on this floor, both during this debate and prior to it. Members of this body should know what it means, if they do not, for they have had sufficient opportunity. If their presence on the floor has permitted them to do so, they have heard from the lips of men like GOLDSBOROUGH, LEMKE, BOILEAU, BINDERUP, and others enough about the mechanics of the bill so that any expression that I might make would be needless as well as useless.

And we who are here well understand the attitude of the administration leaders.

The only thing I frankly cannot understand is the expression of the head of the American Federation of Labor, William Green, that has been read to us. That, to me, is some-

thing that will have to be lived down by him and his organization for long years, even though I hold the Federation itself without guilt. I say it as one who has without fail supported labor measures with the fullest conscience. It might well be labeled "traitorous" as far as I am concerned. I know he does not speak the voice of our Minnesota federation.

I realize our beloved MARVIN JONES, of Texas, who heads the House Committee on Agriculture, opposes us today. That is his privilege. He leads the opposition from a feeling of sincere conviction, and no one who knows him or has observed his activities could imagine him acting otherwise. But, Mr. Chairman, with all deference, I shall say that today I would prefer to follow others of the members of his committee, notably Representatives FULMER and BOILEAU, than to take his word in this controversy.

When my father came to this body, in the Sixty-eighth Congress—and God love his memory—JONES was third from the top on the Democratic side of the committee, under the leadership of Haugen, of Iowa. FULMER sat close to him, and those two are the only members of that then committee who now serve. They, the two, will recall the strife at that time for relief in the areas from which I come. Today they are divided in their opinions of this measure. I go with FULMER today.

But while my father served in this body, until 1929, he had nothing but the warmest admiration for MARVIN JONES, because JONES was one of those who had just as much interest in the dairy, the corn and hog, the wheat and flax, the diversified farmer, as he had in his own cotton and row farmer. The tenant threat even then was creeping upon the South just as it was enveloping us with deadly certainty.

Today we stand apart. But I feel that the bill, improved by amendments offered by LEMKE and others, will hold out hope to literally thousands in my State and area that have been giving in to the despondency and despair that attends a 15-year struggle against the loss of the homes that their parents and grandparents, as well as themselves, had housed and reared. This bill will give them hope. It will help the entire Nation at the same time.

This silly talk of wild and uncontrolled inflation need not be taken seriously, as is evidenced by the fact that the man opposing the bill who stresses that argument in debate is immediately followed by another who argues that the three-billion limitation is authentic. Then, again, those who argue that the interest rate is unfair lay themselves open to the accusation that they approve no affirmative action until all interest rates in all financial transactions have been leveled, and economists and sensible men know that is a long way off.

Mr. JONES. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. JONES. I just want to pay an honest tribute to the gentleman's father, with whom it was my privilege to serve a number of years. I respected him not only for his ability but for his industry. I have never known a finer or more lovable character during my service here. Agriculture has never had a better nor a more loyal friend. I am glad that my friend who has just yielded to me is following in his footsteps and has many of the fine qualities of his illustrious father.

Mr. KVALE. Mr. Chairman, despite the remarks that included the purported expression of President Green, of the Federation of Labor, and despite the vicious tactics that have been employed in opposition to this measure, I hope the House will give it approval and permit it to be considered in the other body of Congress. I hesitate to believe that, if there also approved, our President would veto the measure.

If enacted, it would restore homes and homesteads to thousands of deserving citizens, revive prosperity in thousands of community centers and small cities as well as throughout the Nation, and would recreate in the hearts of afflicted and patient farmers the conviction that the Government in Washington is finally doing something for them instead of doing something to them.

[Here the gavel fell.]

Mr. BIERMANN. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. Yes.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BIERMANN. Mr. Chairman, I rise to ask the proponents of this bill a few questions, if they will be kind enough to answer them. In section 5 I find this language:

> The necessary and actual expenses incurred in carrying out the provisions of this act shall be apportioned and prorated and added to each individual mortgage and such sums so added shall be paid to the Farm Credit Administration for administrative purposes.

I should like to ask the author of the bill what this includes, and, specifically, whether it includes losses that the Farm Credit Administration may incur in taking back farms?

Mr. LEMKE. No; it does not. It simply includes the administrative expenses in connection with the making of the loans—that is, getting abstracts and various collection charges, the same as at present in the Federal land bank under existing law.

Mr. BIERMANN. How does the gentleman propose to take care of losses? Say, under this act a loan of $100 an acre is made and the land shrinks in value to $50 an acre and the Farm Credit Administration takes it back, who absorbs that loss?

Mr. LEMKE. There are not going to be any losses under this bill; and who is taking care of such losses at present? Losses would be taken care of by prorating them among the borrowers, only under this bill we make it possible for the Government of the United States to make a profit for the first time in the history of the Nation by issuing its own credit.

Mr. BIERMANN. Then, the answer to my inquiry as to how the losses are going to be taken care of is that there are not going to be any losses.

Mr. LEMKE. I have said they would be prorated among the borrowers. A very small cost to each farmer.

Mr. BIERMANN. Will these necessary and actual expenses be added to the principal of the mortgage or will they be prorated as the interest goes on?

Mr. LEMKE. They will be prorated as they are incurred each year, and a pro-rata estimate is made, and when you pay the interest you pay the costs.

Mr. BIERMANN. And this amount will be determined each year and added to the interest charged the mortgagor?

Mr. LEMKE. Yes; as is done now.

Mr. BIERMANN. Has the gentleman an estimate of what this additional charge will be?

Mr. LEMKE. The additional charge will be considerably less than it is at present because of the extravagant way in which they have been sending out collectors under the existing law because the farmers cannot pay. Under this bill the farmers will be able to pay, and I would say that the cost would be between one-fourth and one-half of 1 percent per year.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. DONDERO. Does the proponent of the bill mean to tell the House that no man will know what his interest is going to be from year to year, and that it might be more or less, according to the amount of the administrative expenses?

Mr. LEMKE. No; we have nothing to do with that. The interest is fixed, but the farmer is paying the expenses of administration right now, and they figure about 1 percent when they make the loan for appraisals, abstracts, and so forth.

[Here the gavel fell.]

Mr. BUCKLER of Minnesota. Mr. Chairman, 5 minutes does not give a man any time to speak, and I do not expect that I can change any votes in this Congress. I am not attempting that, because there are some of you in here whose

minds cannot be changed. I know that God Almighty had this in mind when he created the earth and put man on it. This is one reason he set the span of life at threescore and ten years. He thought it was the only way he could change some of the people on this earth. Some of them are in this Congress at this time. [Laughter.] But, of course, you may have a chance to be born again and come back, but I believe some of you would have to be born twice before you could catch up with the times, because times have changed so rapidly that at least some of you should have been born 100 years ago to have been up with the times. [Laughter.]

I remember yesterday, when the big guns of this House put the lesser lights down here in the well. They thought, perhaps, it would be much better to sacrifice them than to sacrifice themselves; but today the big artillery had to come down here in order to beat the bill. I can tell you lesser lights that you have got to go back to the country for your votes. If you defeat this bill, the big artillery will take the credit and what you lesser lights will get is hell from your people when you go back home. [Laughter and applause.]

I was amused yesterday and also today when I saw such gentlemen as my friend, MAY, of Kentucky, and this young gentleman from South Carolina get up here and shed tears for the farmers of the Nation. Oh, my friends, it is too bad. Now, I am a farmer, and you fellows cannot fool me [laughter]; neither can you fool the farmers that are sitting in these galleries; and if you fool the farmers back home, they are bigger fools than I think they are. [Laughter and applause.]

This is not a political question. This is a fight with the money changers and their friends on one side and the farmer and his wife and children on the other. Your vote on this bill is one of the most important votes you will be called on to cast in this Congress. It is a vote that each one of your constituents are watching all over this Nation. You will be counted standing on one side with the money changers or on the other with humanity and the farmers of this Nation.

I would not like to say anything here that would hurt your feelings, but I doubt if you have any feelings to hurt. You Congressmen who are fighting this bill do not seem to have any sympathy for the farmers of this Nation.

A great many of your fathers fought to free the slaves of the South. I beg of you to free the farmer's wife, who is nothing more now than a slave.

Many of you Congressmen nursed the breast of a good farm mother. She got up at 4 o'clock, ran after you, and waited on you until 10 o'clock at night. Many of your mothers, no doubt, have gone over yonder, never to return, but if she could only speak to you she would say, "Vote for this bill to help the farm mothers that are still alive."

Many a farmer's wife has gone to her grave long before her time trying to pay the interest to these money changers.

The farmer and his family put in a whole season working to produce a crop. Through no fault of theirs there may be no harvest, and they lose all their labor, but the interest has to be paid. The money changers never knock off or lose anything. If the farmer cannot pay his interest they take the farm.

You made a great deal of ado these last 2 days about 60 percent of the farms that had no mortgage. I think those figures are not true; but if they are, so much the worse for you fellows that are fighting this legislation. The loan companies and bankers have taken 2,000,000 farms away from the farmers since 1920. Of course, they have no mortgages on them. A great many businessmen in the cities, that made their money in business, bought a farm as a hobby. This accounts for most of your farms that are without mortgages now. There is not over 10 percent of the farmers that own land and live on the farm that have their land clear. In other words, 90 percent of these farmers are saddled down with mortgages.

A year ago we had, in round figures, $5,400,000,000 in currency and today we have $5,800,000,000, an increase of $400,000,000 issued by the Federal Reserve, which costs them 27 cents per thousand dollars.

There is less than $1,000,000,000 in actual currency in all the banks in the United States. Still they say we have $28,000,000,000 to loan. Talk about inflation, that surely is inflation for the big bankers of this Nation.

When the farmers ask for the privilege of using $3,000,000,000, you set up an awful howl. There is no limit to what the Federal Reserve bank could inflate.

They have $18,000,000,000 in Government bonds, and if they saw fit, they could have $18,000,000,000 in currency printed, or they could extend the credit for that amount and many times over.

They have $6,000,000,000 in gold. They could extend credit for $15,000,000,000. Talk about $3,000,000,000 inflation.

Christ drove the money changers from the temple, but we still have them with us. The time will come when we will drive them out, and we will have an honest dollar. [Applause.]

Every few days some of you Congressmen try to defend these bloodsuckers, money changers, the old Federal Reserve Board, and Wall Street bankers. What have they done? In 1920 they deflated the currency and broke the farmers and the small bankers of this Nation. They have driven 2,000,000 farm families out of their homes, filled the poorhouses, filled the insane asylums, filled all the jails in the State and Nation, caused people to commit murder, others to commit suicide, and you sit here and deny the farmers a cheaper interest that would help to save their homes, put money in circulation, give employment to labor, and help business of all kinds.

If you are not careful, somebody else will be warming your seat and you will be standing on the outside looking for a ticket to get in.

Some of you Congressmen who are opposing this bill were born with a gold spoon in your mouth, and you are still feeding out of it. You have not had an opportunity to mix with the farmers and the common people. I do not like to condemn you for voting against this bill for the reason that you do not understand it. Some of you others, before you came here to Congress, were as poor as church mice, and perhaps would have been in the soup line by this time except you grabbed hold of the public teat and have been milking $10,000 a year out of the taxpayers. You would really be worth more to the Nation if you were cleaning up the waste behind a good herd of cows. [Laughter and applause.]

[Here the gavel fell.]

The Clerk read as follows:

SEC. 6. The funds with which to liquidate and refinance existing farm mortgages and other farm indebtedness shall be provided by the issuing of farm-loan bonds by the Farm Credit Administration, through the land bank commissioner and Federal land banks, as now provided by law, which bonds shall bear interest at the rate of 1½ percent per annum, if secured by mortgages on farms, and 3 percent per annum if secured by chattel mortgages on livestock. These bonds, after delivery to the Farm Credit Administration, may, by it, be sold at not less than par to any individual or corporation, or to any State, National, or Federal Reserve bank, or to the Treasurer of the United States. And it shall be the duty of the Federal Reserve and National banks to invest their available surplus and net profits, after the dividends are paid to their stockholders, in such farm-loan bonds.

Mr. LEMKE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 4, line 7, strike out first comma and all that follows down to the period in line 9.

Page 4, line 13, strike out the "duty of" and insert in lieu thereof "lawful for."

Mr. LEMKE. Mr. Chairman and members of the Committee, this amendment simply provides for the striking out of these words: "if secured by mortgages on farms, and 3 percent per annum if secured by chattel mortgages on livestock", and where the bill reads "and it shall be the duty of the Federal Reserve and national banks" the amendment provides for striking out the words "the duty" and inserting the words "lawful for."

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection?

Mr. PALMISANO. I object.

Mr. JONES. I ask unanimous consent that all speeches on this section and all sections hereafter be limited to 3 minutes instead of 5.

Several Members objected.

Mr. PFEIFER. Mr. Chairman, I move to strike out the last word. I rise for information. Am I to understand by this bill that insurable property, buildings, and their improvements on farm lands can be taken care of to the extent of 75 percent of the valuation of the buildings? I am conscious, as you are, that buildings on farm land do not only pertain to buildings which may be called a home and a barn but on some farm lands there are such buildings as churches, homes for the disabled, homes for the aged, agricultural schools and colleges. I would like to know if these buildings will be permitted to receive 75 percent of their valuation.

Mr. LEMKE. All these things are taken care of in the Farm Credit Administration. The provisions of that act will continue with the help that they will have when we get this money to do it.

Mr. MASSINGALE. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman and Members of the Committee, I have listened with a great deal of interest to the discussion on this bill, due largely to the fact that I come from that section of the country where the people are unanimously in favor of the Frazier-Lemke refinancing measure, and to the further fact that I sincerely feel this to be the most important piece of legislation ever presented to this Congress. It seems to me such legislation is actually vital to the welfare of the Nation and will prove of tremendous political significance. By this vote we express our sentiments as to whether or not we favor the farmer retaining his home, or favor helping him to find his way to the dole, along with the 20,000,000 already there. It occurs to me that most of the argument that has been made for and against this bill has proceeded upon the wrong basis. We ought not talk about this as an investment matter of a commercial nature. If I judge the sentiment right, money loaned to farmers to save their homes is an investment in the security of the Government of the United States and in the perpetuity of the institutions under which we live. [Applause.]

Of course, I do no know anything about conditions in the big cities, but I do not think it is material. This is what happened last year when we had under consideration the H. O. L. C. bill. We appropriated an additional $1,750,000,000 to you. You did not claim in this discussion that that money was to be borrowed by the owners of the property in the cities. It was freely admitted here that that was added to the former $3,000,000,000 that had been paid by the Government of the United States to save the building-and-loan companies from failure. God knows I sympathize with you men who live in the cities. I have not been to many big cities, but I want you to have your homes secure, just as the farmers of this country must have theirs if we continue as a government.

Do you know that out in our portion of the country the farms of Oklahoma, Kansas, Colorado, and Texas are fast going into the hands of mortgage companies? They are the ones who received the benefits under the A. A. A. simply because the farmer was driven off by foreclosure. The Farm Credit Administration and the Federal land banks, of which the gentleman from Texas spoke today, while they were of some benefit to the farm people out there for a while, have of late been a complete dud. I can give you illustration after illustration of a man who has a farm worth ten or twelve thousands dollars who has a mortgage on it for $2,500, and he cannot have it refinanced because the appraisers will not let him do it. The security is too good and the mortgage company wants the farm. On the other hand, if a man has a farm that is worth $5,000 and he owes six or seven thousand dollars on it, the Federal farm-loan bank will jump in there and save the mortgage companies. [Applause.]

[Here the gavel fell.]

Mr. PALMISANO. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I have listened attentively to the arguments in favor of this bill. To my mind, this is not a farm loan bill. It is more or less a banker and insurance company bill. The fact that the gentleman from North Dakota has recommended and offered an amendment to strike out chattel loans, which will help the poor tenants who are unable to obtain any loans at all, shows, to my mind, that it is an insurance company and banker loan, in order that they might collect from the Government mortgages which they now have on farms that have depreciated considerably.

Mr. BINDERUP. Mr. Chairman, will the gentleman yield?

Mr. PALMISANO. No. The gentleman had 22 minutes and did not yield to anyone.

Now, the question has been put to the gentleman from North Dakota why he did not include city loans. The reply was, "Well, introduce a bill."

That reminds me of when I was a member of the Legislature of Maryland. The city of Baltimore paid 65 percent of the State taxes. We had a bill before the legislature asking for $7,000,000 for loans, and of the seven million we asked two million for Baltimore City. The contention was, "No. We will give you $1,200,000 out of the $6,200,000." In other words, 20 percent. Some of the members of the legislature who came to me said, "Why, PALMISANO, we are glad to vote for a bill if you will only put it in a separate bill. We know you are entitled to it, but you ought to do it in a separate bill. We cannot vote for it jointly in this bill." That is the same argument today that the gentleman from North Dakota makes—"introduce another bill." And when that other bill comes before the House the very gentlemen who are advocating this bill will run away from the bill that would put the city man on an equality with the farmers.

I hope this bill will be defeated, and if there is to be considered another bill to put the home owners' bill in with the farm, then perhaps a point of order will not be considered. But as it is today we are unable to offer an amendment to include the home owners' loans. I hope the bill will be defeated at this time and that in the near future we can consider a farm loan bill together with a home owners' loan bill.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BURDICK. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, I am sure this indulgent House will give me 3 or 4 minutes to defend ourselves as two orphans in this House. Many Members on the Democratic side have objected to this bill because it has been introduced by a Republican. About the time we thought we would have some support from the Republicans, along comes the distinguished gentleman from Massachusetts [Mr. GIFFORD] and disclaims any connection for the authorship of this bill.

I think it was from New England a few years ago that one of your Senators said we were the "wild jackasses" of the Northwest. If this is true, it is true only because our ancestors came from New England. [Applause.]

I will tell you the kind of Republicans we are. We are the kind of Republicans who, when we feel the President of the United States is right, are not afraid to stand up and vote with him; and we did that last year on the power company bill when about one-third of you Democrats ran out and deserted him. That is the kind of Republicans we represent in our State.

(Here it started to rain and hail, and the speaker stopped.)

Mr. BURDICK. No damned wonder it is raining! I knew we could do something on this bill. We made it rain. [Laughter and applause.]

As a precedent for money affairs, let me quote the Republican Party on the handling of gigantic financial matters. We lent a great deal of money to foreign countries during the war. At the time of settlement it amounted to $11,000,000,000. The Republicans of this Nation settled it as follows. Let us see if there is any business precedent behind this question of relief for the farmers of this country. We lent Great Britain $4,715,000,000, and the Republican administration settled that at a discount of 30 percent, and reduced the interest from 5 percent on demand to 3.3 percent payable in 62 years, and England has been so satisfied with the settlement that we have paid out to support the English, through loans in this country, more than England has paid us since 1922, the huge sum of $1,507,000,000; and the people of America paid it!

In the case of France they owed us $4,630,000,000. We gave her a discount of over 60 percent, and reduced her interest charge from 5 percent on demand to 1.6 percent payable in 62 years.

In the case of Italy, who owed us $2,000,000,000, we gave her a discount of 80 percent, and reduced her interest from 5 percent on demand to 0.4 percent payable in 62 years; and Italy has been so satisfied with the Republican settlement that she has not paid us a nickel since. [Applause.]

[Here the gavel fell.]

Mr. BURDICK. Mr. Chairman, in addressing the House I was given permission to extend my remarks on the subject of the farm-debt question and the Frazier-Lemke farm-debt refinance bill then pending before the House. In accordance with that authority, I submit the following statement:

First, I desire to call to the attention of the House my speech on this subject found on pages 7125 to 7128 of the CONGRESSIONAL RECORD, May 12, 1936. Next, I desire to call attention to remarks made by me and found in the RECORD under date of August 6, 1935. This last statement referred to contains a full and complete analysis of the farm situation and the tables of figures contained therein are most germane to the question now discussed. As a last preliminary to what I now wish to say, I call attention to extension of remarks made by me on February 28 and found on pages 3008, 3009, and 3010 of the CONGRESSIONAL RECORD, which discusses the failure of the Farm Credit Administration to be of further service in the refinancing of the unfinanced farm debt.

On the very day that this bill first came up for consideration—May 11, 1936—the Governor of the Farm Credit Administration mailed to every Congressman a memorandum giving reasons why the Frazier-Lemke farm-debt refinance bill should be defeated. Mr. Speaker, that memorandum is an amazing statement when compared with the testimony of Governor Myers given before the subcommittee of the Committee of the House on Appropriations during this present session of Congress. It is more amazing still when compared to the actual figures on the farm-mortgage debt, the rate of foreclosure, and the number of farmers who are still unable to secure the refinance of their loans. I do not believe it possible for any fair-minded person to come to any other conclusion than that this memorandum is positively misleading; that it contains misinformation, exaggerated statements, and assumes facts not in any degree involved in the present bill; that the arguments made in it are fallacious; that it sets up figures that are absurdly untrue and in direct conflict with what this same witness said before the Appropriations Committee; that the witness either deliberately misrepresented the situation or did not know the situation of the farmers. In either event the memorandum was misleading and cunningly gotten up to defeat the measure. Now, let us look to the facts:

Page 1 of the memorandum, Governor Myers:

> If the total farm debt and the total debt of urban-home owners eventually were to be refinanced under H. R. 2066, or similar legislation, over $25,000,000,000 would be required.

The bill did not provide for the refinance of urban-home owners. What did Myers make this statement for? Merely to prejudice Members of Congress. He wanted to hold up to them in a subtle way the horrors of inflation. This was an unfair statement and Myers knew it when he made it.

> Mr. CANNON. You say that farm values declined, and the value of the dollar during that time steadily increased, and it was harder each year to raise the interest.
>
> Mr. MYERS. That is right.
>
> Mr. CANNON. The farmer produced the same amount of stock and grain but the dollars he received were fewer.
>
> Mr. MYERS. In general that is true, especially since 1929.
>
> Mr. CANNON. Would you say the situation justified an inflationary policy?
>
> Mr. MYERS. I do not think my answer would be worth much, but may I say that I think conditions justify a restoration of stability of prices. We hope the approximate level might be maintained in the future, in order to avoid wide fluctuations both up and down.
>
> Mr. CANNON. Your position is that the farmer who borrowed a sum of money in 1920 which he could have paid back with a hundred hogs of standard weight and quality, should not be required, because of fluctuations in the dollar, to pay back 150 of such hogs.
>
> Mr. MYERS. I think the welfare of agriculture requires that the purchasing power of farmers' products remain as nearly level as possible from one period to another.

Compare this dialog with the statement of Myers on page 9 of his memorandum. He says:

> Similarly, 458 bushels of wheat met the interest bill in 1935 compared with 1,826 bushels in 1932.

Myers knows that these farm mortgages were not made in 1932, but way back before that, and an honest comparison would have included the number of bushels required to pay interest when the money was borrowed compared to the number of bushels required to pay the interest now.

I submit we want to know what happened to the farmer since 1920. Others may date their depression from 1929, but the farmers date their depression in 1920 and definitely fix the date as May 18, 1920. That day the Federal Reserve Board in the city of Washington broke the entire agricultural country by the adoption of a resolution increasing the discount rate. This resulted in calling farm loans all over the country. Prices of farm products, farm lands tumbled, but the debt remained unimpaired.

VALUE OF FARM PROPERTY

As the prices increased for the farmer's overhead expenses and the goods he purchased and at the same time the national income was becoming less and less and the farmers' percentage of that decreasing, we are not surprised to learn what became of the farmers' accumulations in farm property during the same period. This table tells the whole story. Value of farm property in:

1919	$79,000,000,000
1920	66,316,000,000
1929	58,000,000,000
1930	47,880,000,000
1932	37,027,000,000
1933	30,151,000,000
1934	31,655,000,000

During the same period the amount of interest increased:

1920, interest paid by farmers	$250,000,000
1935, interest paid by farmers	600,000,000

During the same period taxes increased:

1920 taxes	$452,000,000
1935 taxes	600,000,000

Myers states that the present farm indebtedness is $7,770,000,000.

The following table shows the farm indebtedness to 1934:

Farm debt

Year	Debt on lands	Other debts
1920	$7,857,700,000	$3,100,000,000
1925	9,369,620,000	4,305,000,000
1928	9,500,000,000	4,600,000,000
1932	8,500,000,000	3,910,000,000
1933	[1]	3,500,000,000
1934 [2]	8,200,000,000	4,100,000,000

[1] About the same. [2] Acre mortgage had trebled since pre-war.

This would indicate that the farmers were paying off their mortgages and were actually in better position financially now than in 1928. This important fact should be remembered that from 1928 to 1933 foreclosures and forced transfers greatly increased, and as each foreclosure or forced sale was made, that indebtedness was washing out and to that extent reduced the amount of outstanding mortgaged debt.

The proof of this statement is found in the figures published by the Bureau of Agricultural Statistics, House Document No. 9, Seventy-third Congress. An examination of these figures indicates that since 1920, 40 percent of all farm homes in America were either foreclosed, transferred to settle debts, or lost under delinquent tax sales.

Myers knew that the recorded debt on farms does not tell the story of the farm debt. On page 8 of the memorandum Myers says:

> The total scale-downs since May 1, 1933, are estimated at approximately $200,000,000. This is what actually happened. The Federal land banks would not close a loan unless the farmer could get his creditors to agree to take less than they actually had coming. The Federal land bank and all other Government agencies could not, under the law, make a discount, so the discount fell upon the general creditors.

With this knowledge, Myers knows that the recorded debt against farms does not tell the story of the farmers' debts. On page 2 he says, "The Federal land-bank system will be ruined by this bill." Let us see if it is not about ruined as it is, so far as helping any more farmers. Page 969, hearings, Myers said:

Loans made in 1934	$1,292,392,637
Loans made in 1935	449,412,704

Since 1935 the loans have been constantly declining, until today in some land-bank areas the officers tell you they have practically suspended. On the security offered and the appraisement they can make no more loans.

Myers admits this on page 957 (hearings). What is the land bank doing then? Myers tells you on page 970 (hearings):

> With the passing of the emergency the Federal land banks are not required to place as much stress on the making of loans and are, therefore, enabled to give greater attention to collections and real-estate operation.

He means the banks have practically quit loaning and are collecting, foreclosing, and selling out the foreclosed land. On page 3 of his memorandum, Myers says, in regard to foreclosures:

> During 1926, it is estimated that there were 18.2 foreclosures per thousand farms in the United States. In 1932 the figure reached 38.8 foreclosures per thousand farms. By 1935 the number had decreased to 19 foreclosures per thousand farms.

Let us see what the actual record is—page 941, hearings. Tables submitted by Myers himself:

Foreclosures and acquisitions of properties by the Federal land banks, 1930–35

Year	Number of outright foreclosures	Number of acquisitions by voluntary deed	Other acquisitions [1]	Total number of properties acquired
1930	[2] 4,645		71	4,716
1931	[2] 7,396		413	7,799
1932	[2] 10,039		1,369	11,408
1933	5,577	1,039	952	7,568
1934	4,024	756	1,095	5,875
1935	9,964	1,488	1,576	13,028

[1] Includes real estate acquired in trade, purchase-money mortgaged, foreclosed or canceled by deed, cancelations of real-estate sales contracts, and abandonments reacquired.
[2] Includes cancelations by voluntary deed, break-down not available.

When was Myers telling the truth? Was it when he presented figures showing conclusively that 1935 was the banner year of all years in foreclosures in the Federal land bank system, or did he tell the truth when he said in his memorandum that foreclosures declined in 1935?

Let us leave Myers and his fictitious figures and put in some that approximate the real situation in reference to foreclosures. I give them by States. The figures represent the number of farms per thousand that were foreclosed in the area having 39 percent of farm mortgages.

	1933, per 1,000	1934, per 1,000	1935, per 1,000
Illinois	44.6	33.8	21.7
Minnesota	59.1	37.5	24.3
Iowa	78.3	54.3	37.3
Missouri	51.2	36.1	29.0
North Dakota	63.3	31.3	18.9
South Dakota	78.0	64.2	62.4
Nebraska	58.2	45.8	41.0
Kansas	52.7	48.0	40.7
Mississippi	47.6	41.5	27.6
Oklahoma	44.7	23.7	16.4

To really show to what length Governor Myers went in misrepresenting the Federal land bank, look at page 1 of his memorandum:

	Percent
Total charges in Lemke bill	5
Total charges (Federal land bank) [1]	4

In the very next paragraph on the same page he says:

> Low interest rates (under the Lemke bill) granted to a part of the farmers would place the remaining farmers * * * under a tremendous handicap.

First he artificially raised the interest cost in the Lemke bill and lists as charges the entire cost. After getting the charges up beyond the present Federal land bank rate—to drive votes away from it—he then proceeds to throw a scare into the farmers because of this cheap rate. Finally he caps the climax and asserts, page 1, paragraph 2—memorandum:

BENEFITS ACCRUE TO LESS THAN 15 PERCENT OF FARMERS

Let us examine the facts:

Number of farm people (living on farms) 1935	32,779,000
Number of farms in United States (last available report)	6,812,350
Full owners and managers	3,258,328
Renters and contract holders	3,554,022
Total	6,812,350

Forty-nine percent of the farms in the United States are owned by the tillers and their managers.

Fifty-one percent of the farms in the United States are not owned by the tillers.

If we can help 51 percent of the tillers to own a farm—and this bill makes it possible—why did Myers say we could help less than 15 percent of the farmers? We are rapidly developing into a land of farm renters. Whenever a farmer loses his farm on foreclosure he usually, for a year or two, becomes a renter, and then is finally ousted and goes to the cities and villages and lives on relief or friends or displaces some other worker.

If we were to finance the farm debt existing in 1920 and which was never paid, but 40 percent of which has been foreclosed, the farm debt today would be $20,440,000,000, even assuming that the taxes and interest had been paid. When Myers says the farm debt is now only $7,700,000, two obvious facts come to mind: First, the statement is not true. I have submitted a table of the farm indebtedness in 1934, showing it to be over $12,000,000,000. That includes other debts beside the recorded debt on farms, but Myers should include this, since he takes credit for debt adjustments on all debt of $200,000,000.

All will agree that the number of farm mortgages paid during 1935 was a very small percentage. If the farm debt has decreased since 1934, it is due entirely to the foreclosures that have taken place during that year. Every time a foreclosure is made the recorded debt is wiped out, or at least charged off. The creditors, including the Government, still pursue the unfortunate debt wretches with deficiency judgments. Therefore the more foreclosures there are, the smaller the recorded farm debt will be. I am now thoroughly convinced that if Governor Myers can pursue his policy of foreclosures, which demonstrates an increase of 120 percent in 1935 over the year 1934, that the farm debt will soon be wiped out.

The recorded farm-mortgage debt today is approximately $8,400,000,000. We can reduce it by deducting the number of sheriffs' certificates held by insurance companies and the Federal land banks, but those certificates are still subject to redemption, and neither Meyers or anyone else has a right to deduct them from the debt.

In all the years the Federal land bank has been operating the outstanding amount loaned as of December 1, 1935 was $2,866,651,139, and remember this includes commissioners loans which tie up the farmers' personal property as well as his land. If we considered strictly land loans, the account would stand, commissioners loans deducted, $794,726,418; total, $2,071,925,721—and that is only a little over 24 percent of the mortgage debt.

The balance of the farm-mortgage debt is carried by insurance companies, banks, and private individuals, and fully 67 percent of that is due or carried on short-time extensions.

Mortgage debt held by the Federal land bank (round numbers)	$2,000,000,000
By banks, insurance companies, and individuals	6,400,000,000
Total	8,400,000,000
Of this $6,400,000,000 held by others, 67 percent is due or carried on short-time extensions	4,288,000,000

In other words, 50 percent of the farm-mortgage indebtedness is either due and ready to be called, for which no financial help in refinance has been offered. The Federal land bank having taken the cream of the loans, we can well imagine that there appears to be no help to be given to the farmers in America who sustain 50 percent of the farm-mortgage debt. Two million farm homes are affected and 10,000,000 farm people.

Myers says 66 percent of the farms are not mortgaged. That includes largely land that is rented. The Federal land bank foreclosed in 1935 over 13,000 farms. Of course, they are not now mortgaged; they are clear. Everyone who forecloses land owns land that is clear. Forty percent of all farms in 1920 have been foreclosed since that date. They are clear. All farms will be clear just as soon as Myers and his allies can clean up the rest of the farmers. There will then be no farm-mortgage debt to bother anyone. If farmers then ask—the real tillers of the soil—to get help to finance the farm debt, Myers will tell them there is no farm debt; the money is not needed.

Getting right down to business and cutting out all of these fanciful and juggled figures indulged in by the Governor of the Farm Credit Administration, we know that there are at least 10,000,000 farm people whose homes are in jeopardy and whose homes will be taken away from them in the next 3 years unless we get a Congress that will listen to the farmers and the facts.

Will unemployment end? Never, as long as we force these millions of farm people into the cities. William Green committed an enormous crime against the workers of this Nation when he condemned a plan that will keep the unemployment ranks from being augmented by millions. The administration committed the blunder of the ages in refusing to help the farmer save his home. Relief expenditures will and must increase. The Republicans—72 percent of them—in Congress helped the administration—the very ones that complain the most against the extravagant expenditures of the Democratic administration—the very ones who shout, long and loud, "My God, the Budget isn't balanced." Who is going to care about the Budget as long as we have hungry people?

In my limited way I have tried and tried to point out in this Congress the necessity of saving farm homes, but my appeals mean nothing. Other Members have made appeals, but to no avail.

What the future holds in store I know not, but I will gamble my life that no republic can long endure when good, honest tillers of the soil must be dispossessed and driven into the soup lines. It may be possible to continue to abuse the aged farmers whose possession of farm homes dates back 150 years—but neither this nor any other government can thus subdue the youth on those farms—the very cream of all our inhabitants of the United States. We are playing with fire when we try it.

What I say here is not said in any partisan spirit. I give to the Democrats what is due them. They have done much for the relief of farmers, but not enough. They have relieved the pain in a degree, but have not touched the cause. The Republicans when in power did neither. Neither party, as such, is fully aware of what is wrong, or willing to cure the trouble if it knew. Party squabbles will not settle the matter in the slightest degree. When the Democrats are in power you can prove by every Republican that the Democrats are incompetent, and when the Republicans are in power, no proof is necessary. What I have to say here will not influence a single Member, but I cannot resist the impulse to say it.

Mr. KNUTE HILL. Mr. Chairman, the merits of this bill have been discussed pro and con and the time allotted to me is not sufficient to go into it. I shall deal only with two or three issues.

One of the arguments advanced against the bill has been on the ground that it is inflationary. We who are backing this bill contend that it is controlled inflation, not anything that is dangerous. Most of you Members who have been in this Chamber for several years remember our former colleague, Lewis W. Douglas, a Representative from Arizona, who later was Director of the Budget. I believe you will agree with me that he is at least considered a proponent of sound money. Listen to what he was quoted as saying with reference to the proposition when we wanted to issue Treasury notes for the payment of the bonus. I read from the Kansas City Star:

BELIEVE IT OR NOT—GREENBACKS VERSUS BONDS

There is no fundamental difference, says Lewis W. Douglas, former Director of the Budget, between the issuance of new currency, virtually greenback money, and the issuance of Government bonds which represent more public debt. The lack of essential distinction, he shows, arises from the fact that the Nation's currency, Government bonds, and Government checks are alike "pieces of paper." In short, the country is not legally on a specie basis, its currency being no more redeemable in gold or silver than are its bonds. Therefore the former Director of the Budget sees no more reason to become alarmed about paying the bonus with "new money" than about paying it with baby bonds. Yet the difference, if not fundamentally different, is different in its "psychology." The issuance of greenback or printing-press money would immediately be seen as outright inflation and fears would be aroused accordingly. The other process, the issuance of bonds, is more subtle, less obvious.

In other words, we issue bonds in this country, but the people do not consider it inflation because they are fooled; but when we come out openly and ask for controlled inflation then they say it is dangerous inflation.

Another criticism is on a partisan basis, objection being made that the bill was introduced by a Republican Member of this Congress; yet it is well known here that he and many of those with him on the Republican side supported Franklin D. Roosevelt in 1932 [applause], and without that support he never would have been nominated and elected. But aside from its authorship let us see if this is not really a Democratic measure. The Democratic Party has always been the friend of the farmer. Its 1932 platform promised reduced rates of interest and relief for the farmer. This bill has been endorsed by 32 State legislatures, a majority of which are Democratic. It was passed by a vote of 18 to 5 by the House Agriculture Committee, with a Democratic majority. It was passed unanimously by the Senate Agriculture Committee, with a Democratic majority. The petition to discharge the Rules Committee was signed by 150 Democrats, and would have been signed by many more Democrats but for the interference of party leaders. This would be a majority of the House Democrats.

A letter from William Green, president of the American Federation of Labor, has been injected into the debate. Unfortunately too often leaders of national organizations do not represent the rank and file. On labor legislation I would rather follow CONNERY, of Massachusetts, and CROSSER of Ohio, than Mr. Green. On veterans' legislation I would

rather follow PATMAN, of Texas, and RANKIN, of Mississippi, than Commander Belgrano. We could go on, but this illustrates my point of view.

The two large groups whose purchasing power has been destroyed during the past decade, the farmers and laborers, are the forgotten men. Their interests are common. They have been kept apart by exploiting interests. Until they unite and drive from power their common enemy they can never succeed in getting real relief. Aesop has been quoted today in the "dog and his shadow" fable. Let me call your attention to another of his fables, the one where while two dogs were fighting over a bone a third stole away with it. It is a sad commentary to note that the nominal head of the A. F. of L. should see fit to inject dissension between labor and agriculture and thus permit the big industrialists and the bankers to continue to "steal away with the bone." But in spite of the Greens, I, for one, will continue to support labor legislation and strive for united efforts. [Applause.]

Mr. JOHNSON of Oklahoma. Mr. Chairman, I have no apology for giving my enthusiastic support to the pending Frazier-Lemke measure proposing to refinance farm mortgages. Let me say at the outset that I do not propose to be stampeded now because certain House leaders are opposing this measure. [Applause.]

I have a profound respect and deep affection for the leadership of this House, but I have my own responsibility, just as the leadership has its responsibility. I am voting today as my conscience dictates. I have been as regular, I will say to the gentlemen on the Democratic side, as most of the Democrats of this House. I have been glad to follow the leadership of this House when I believed it to be right, but have not hesitated to differ with any of my Democratic brethren when in my judgment they were wrong. I have been glad to follow our great leader in the White House, and although many insinuations have been made it is significant that no one has stood on the floor of this House today and said the President is against this measure.

Nearly every speaker who has opposed this legislation so far has insisted that this is class legislation. That has been their theme song. But we all know that when the farmers prosper all business prospers. It is also just as true that when the farmers are hard pressed and broke that their calamities are reflected in all business enterprises everywhere.

It is a matter of common knowledge that farm tenantry has been on a decided increase during the past decade. Hundreds of thousands of our industrious, honest, and capable home owners, through no fault of their own, have been thrown into bankruptcy. They have seen their life savings swept from under them during the past several years because of the unreasonably low prices of farm commodities, high taxes, and high interest rates. All of these have made it impossible for thousands of farmers to clothe and feed their families.

In the State of Oklahoma more than 62 percent of all the farms are now being tilled by tenant farmers. We have in our State over 133,000 tenant farmers. Much of this land on which these tenants eke out a bare existence is owned by the big mortgage and insurance companies. It is significant that for the most part it is our most fertile lands that are encumbered with heavy farm mortgages. In several of the surrounding States the percentage of farmers who have been driven from their homes is even larger than in Oklahoma. More than 80 percent of the farmers of Oklahoma have their farms mortgaged. In fact, there are only about 23,000 farm owners left in Oklahoma. Oklahoma farmers owe a total of $60,931,000. The situation is similar in many other States, especially in the South.

Many opponents of this measure have held up the Bankhead-Jones bill as a solution to our problem. For several months some of us have been advocating the passage of the Bankhead-Jones farm-tenant bill. If passed, it would bring a measure of relief to a large group of farmers. It is a progressive bill that the farm tenants of the country have been anxiously looking to this Congress to pass. But we know that the Bankhead-Jones bill has been sleeping peacefully in the Committee on Agriculture several months, and in spite of the efforts of many of us to get action on it that it is not on the calendar and not in the legislative picture so far as this Congress is concerned. Of course, that bill, if passed, would not reach thousands of distressed farm owners who are facing bankruptcy and who would be helped by the pending bill. But it would have shown at least a disposition on the part of this Congress to assist a large group of needy homeless and helpless farmers who are about to give up in despair.

If we are to have a happy, contented, and reasonably prosperous citizenry, we must have a people of home owners. In the breast of every farmer of America who does not live under his own roof is that yearning for a comfortable home for himself, his wife, and children. If farm tenantry is ever to be eradicated and if the deplorable unemployment situation is to be solved in America, this Congress now or at some future date must enact legislation that will make it possible for the millions who yearn for an opportunity to do so to actually own and farm their own farms. We cannot side-step the issue. We cannot, ostrichlike, stick our heads in the sand and ignore this perplexing and all-important problem much longer. This Congress has the opportunity today to really do something worth while for our farmers. Your vote on this measure today will speak much louder and will be appreciated infinitely more than honey-coated speeches and beautiful eulogies to the distressed farmers of your district. [Applause.]

Several of the opponents of this legislation have criticized what they call defects in this bill. The pending measure may not be perfect. Within the past few days certain amendments have been agreed upon to strengthen and clarify the measure. Possibly other amendments will be added before it is voted on today. One thing we do know, it is a sincere effort on the part of a large farm group, irrespective of partisan politics, in and out of Congress to give the farmer a square deal. [Applause.]

The pending bill provides, among other things, that farm mortgages shall be refinanced by existing governmental machinery at an interest rate of 1½ percent and also 1½ percent on the principal each year. It would take 47 years to amortize his loan at this rate. In 47 years the farmer could pay off his mortgage if the Frazier-Lemke bill becomes a law. For example, on every $1,000 borrowed the farmer would pay $30 a year for a period of 47 years.

It cannot be denied that under this bill the Government would have a safe loan. It is conceded that a first mortgage on land is the best security possible. This Government would get back not only every dime loaned to the farmer but also a small rate of interest totaling over $1,000,000,000. So the farmer is not asking for a dole. He is not asking for charity. He is simply asking his Government, that has been so magnanimous to the big banks, insurance companies, railroads, and other big corporations, to give the broke and distressed farmers real farm relief.

Some of the self-admitted statesmen of this House have been rather bitter in their criticism of this farm refinancing bill. It has been held up as wild inflation, as being impractical and unsound. Yet the record shows that some of the same gentlemen have evidently considered it statesmanship and economically sound to give governmental aid and straight-out subsidies to big business far beyond the limits of anything suggested or dreamed of by the sponsors of this bill to assist the unfortunate farmers of America. I have noticed that some of the gentlemen who are so bitter in their criticism of the Frazier-Lemke farm bill have voted consistently for unreasonable Federal subsidies to the big shipping interests.

Some of them have condoned a $90,000,000 loan to one bank in Chicago—a loan that has never been paid. That, according to some of the critical gentlemen here, is statesmanship, but those of us who would raise our voices in behalf of the farmers are criticized and scolded as being impractical and visionary. Some of these same self-admitted statesmen who are so critical today have by their votes repeatedly condoned and endorsed the attitude of this Government several years

ago, while some of them were in Congress, in canceling billions of dollars in debts due this Government by foreign governments. In voting for such an outrageous thing they saddled such debts on the backs of the American farmers and their children and their children's children.

In a desperate effort to try to frighten some Democrats who have been pledged to support of the Frazier-Lemke bill for years from doing what we conceive to be our solemn duty to the farmers of this country, it has been suggested that in giving our support to this measure that we are straying away from the fundamental principles of democracy. Well, let us see about that.

May I say that so far as party regularity is concerned, in Oklahoma that our Democrats have wholeheartedly endorsed the Frazier-Lemke bill. The recent State Democratic convention in Oklahoma enthusiastically and unanimously endorsed the pending bill. [Applause.] Not only that, but might I remind Democrats who seem to have the jitters about party regularity that the last Democratic National Convention went on record in no uncertain terms in favor of legislation to assist the farmers. In fact, one plank in the Democratic platform almost described the Frazier-Lemke bill. It pledged the Democratic Party in no uncertain terms to assist the farmers of America in refinancing their farm loans over a long period of years at a low rate of interest. That is what the Frazier-Lemke bill, if passed, proposes to do.

Mr. McFARLANE. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield to the gentleman from Texas.

Mr. McFARLANE. I think there are thirty-odd States of the Union that by their legislatures have endorsed this bill.

Mr. JOHNSON of Oklahoma. The gentleman is correct, and there will be other State legislatures and other State Democratic conventions do likewise before this fight is finished. [Applause.]

Much has been said this afternoon by opponents of this bill about the good work done by the farm-credit banks. It is true that the farm-credit legislation has been of great assistance to a comparatively small group of our farmers, but it is generally conceded that in the main the job has not been done, and will not and cannot be done, without additional remedial legislation.

In giving my support to this bill I am perfectly willing to accept the criticism of the self-admitted statesmen who oppose it so bitterly. That is their privilege, and it is the privilege of others to offer their criticism. Well do I remember that in my last campaign for Congress I was bitterly criticized by my opposition for my stand for the Frazier-Lemke bill. But I did not weaken then, and I shall not do so now. Some of those who were critical or silent concerning the pending measure in the past are supporting it today, and I predict that many who will cast their votes against it today will support it in the future if the farmers are charitable enough to give them another opportunity to do so.

Mr. Chairman, I expect to vote on this measure as I have on every other bill that has come before this body for consideration. I am going to vote as my conscience dictates, and in so doing I accord every other Member the same privilege. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

SEC. 7. In case all of said farm-loan bonds are not readily purchased, then the land bank commissioner shall present the remainder to the Federal Reserve Board, and the Board shall forthwith cause to be issued and delivered to the land bank commissioner Federal Reserve notes to an amount equal to the par value of such bonds as are presented to it. Such farm-loan bonds to be held by the Federal Reserve Board as security in lieu of any other security or reserve. The outstanding Federal Reserve notes issued under this act shall at no time exceed $3,000,000,000.

Mr. LEMKE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 4, line 19, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

On page 4, lines 23 and 24, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. LEMKE].

The amendment was agreed to.

Mr. LEMKE. Mr. Chairman, I offer another amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 5, line 1, after the word "reserve" and before the period insert a colon and the following: "*Provided, however,* That as additional security and reserve the President, in his discretion, by Executive order, may set aside a gold fund in the Treasury as a reserve for such notes out of free gold in the Treasury or out of the exchange stabilization fund created by section 10 of the Gold Reserve Act of 1934, and maintain such reserve fund in an amount equivalent in dollars to not less than 40 percent of such notes outstanding."

Mr. BANKHEAD. Mr. Chairman, I make a point of order against the amendment—that it is not germane to the section of the bill just read, or, as a matter of fact, to the bill itself.

The CHAIRMAN. Does the gentleman from North Dakota desire to be heard?

Mr. BOILEAU. Mr. Chairman, I desire to be heard.

Mr. Chairman, in view of the fact this amendment or one similar to it appeared in the RECORD of yesterday the Chair has had some opportunity to examine the precedents and to determine whether or not in his opinion the pending amendment is germane. The section as written in the bill amends the Federal Reserve Act. In view of the fact that it refers to the reserve back of Federal Reserve notes, I feel that an amendment is germane which affects the reserve back of Federal Reserve notes.

Under the existing law, Federal Reserve notes are backed by 40 percent gold. That is the existing law. The section in the bill which this amendment would change now provides for the issuance of Federal Reserve notes. I am of the opinion that under existing law, even if this amendment were not approved, there would be 40-percent gold back of the Federal Reserve notes issued pursuant to the provisions of this bill. This amendment is offered merely to make it more specific, and I believe it is germane because it relates to the subject matter actually dealt with in this very section; in other words, the reserve back of Federal Reserve notes. For this reason I submit, Mr. Chairman, that the pending amendment merely is a perfecting amendment. The subject matter dealt with in this amendment is the same as that dealt with in this section of the bill, and it is, therefore, germane in every respect.

The CHAIRMAN. Does the gentleman from Alabama desire to be heard?

Mr. BANKHEAD. Mr. Chairman, I do not care to offer any argument on the point of order. It is apparent to me that under the rulings of the House and the precedents of the House the amendment is out of order, and I submit it to the Chair.

The CHAIRMAN. The Chair has had some opportunity to consider the present amendment in connection with an amendment that was offered by the gentleman from Texas this morning. The Chair directs the attention of the proponents of the amendment to the fact that section 5 (a) of the substitute amendment offered by the gentleman from Texas this morning also contained a gold provision. The Chair considered this provision and was to some extent influenced by it in the ruling he made at that time.

Much that was said in ruling this morning on the germaneness of the amendment offered at that time, of course, applies to the present amendment. The new section 6 provides for the issuance of certain Federal Reserve notes. The present amendment changes the form of that section and provides for a gold security and in addition to that provides certain discretionary duties for the President.

The Chair believes that under the rules and precedents of the House the amendment is not germane and, therefore, sustains the point of order.

Mr. SABATH. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

Mr. BOILEAU. Mr. Chairman, we have another amendment to offer to this section, and I object.

Mr. SABATH. Mr. Chairman, some of the Republican Members, and the gentleman from Oklahoma [Mr. JOHNSON] who preceded me, called attention to the pledges and promises given the farmers of the United States in the Democratic platform of 1932. If these gentlemen will recall all that has been done for the farmers and agriculture—the beneficial legislation in their interest and the relief provided, their honesty will compel the admission that not only has every pledge been kept, but that under President Franklin D. Roosevelt and the Seventy-third and Seventy-fourth Congresses more has been done for the American farmer than has ever been done during the entire life of the Nation.

Had it not been for the opposition of the vested interests, even more could have and would have been done for them. It is to be regretted that the stand-pat Republicans, for purely political purposes, are charging and will claim during the coming campaign that the administration has failed to accomplish all that it promised. I am satisfied, however, that the great mass of farmers and the people realize that the President has done everything possible to improve their conditions and to bring about better times, better prices, and greater consumption.

While it may not be generally known, the fact is that the value of farm lands in the United States has increased as much as 50 percent and even higher throughout the country during the last year. The farmer today receives from 100 to 300 percent higher prices for his products than he did from 1931 to 1933.

Mr. KELLER. Where did the gentleman get such information?

Mr. SABATH. I have and will give you that information.

Mr. KELLER. Where does the information come from?

Mr. SABATH. Investigations and reports indicate that fact. It is really amusing to hear the threats from the other side to the effect that unless this bill passes, dire results will be the lot of the Democratic Party. The people generally, including the farmers, have seen their confidence in President Roosevelt and the Democratic Party justified. For one, I have supported every farm bill and all legislation in the interest of farmers. At this time, however, I cannot support this bill.

I am obliged to vote against this bill because it is class legislation. It provides no aid to the city dweller, but rather discriminates against him. Had the proponents of the bill broadened it originally, as I strongly urged, to make its benefits available to home owners, it would have had my support. This was not done. They were blinded to the needs of everyone but a small percent of farmers. Today amendments and changes have been offered to the bill. Had the gentleman from North Dakota [Mr. LEMKE] and his steering committee for the bill given serious consideration to the need for such changes to broaden the bill before, there would not have been the opposition to it that there is now.

I, too, can see where the farmer should be assisted, but I cannot lose sight of the crying needs of the city dweller. Consider the fact that in 1931, 1932, 1933, and even 1934, a million Americans lost their homes, and that had it not been for the Home Owners' Loan Act another million would have lost their homes. It is claimed that the Home Owners' Loan Act aided the home owner. You know as well as I do that this Home Owners' Loan Act indiscriminately offered relief to all home owners, and that the farmer, particularly the small one, had equal resource to its benefits. The proposed bill, on the other hand, gives the farmer a 1½-percent interest rate, against that enjoyed by city dwellers under the Home Owners' Loan Act of 4½ and 6 percent on private loans and mortgages.

My colleague [Mr. KELLER] asked where I get the information as to the increase in value of farm lands. For his edification and that of the other Members, I refer to the Sunday, April 26, 1936, issue of the most critical partisan newspaper in the Midwest, the Republican, anti-Roosevelt Chicago Tribune. It would be educational to reprint here in the RECORD the full-page statistical report, and map, which considers the subject, but rules of the House will not permit of that. As pertinent to the matter under discussion, however, I refer to what it has to say. Of the Joilet territory it states:

Seventy-percent increase in farm sales in Joilet territory in last 15 months over year of 1934. Values up 40 to 45 percent, with real-estate men predicting a further rise. Prominent among farm buyers are city businessmen seeking safe investments.

Of Iowa it reads:

Sales of Iowa farm lands in 1935 increased 50 to 100 percent over preceding year, and trend is even more abruptly upward for 1936. Three-fourths of buyers city persons acquiring land for investment.

As to Wisconsin, it states:

Wisconsin enjoyed a substantial increase in farm sales in 1935. An even more gratifying increase on the books for 1936. Majority of sales to city buyers, who consider rural lands among safest of present investments.

Of central Illinois, it reports:

Steady advance reported in farm sales in Galesburg area. City dwellers conspicuous among buyers. Property moving better than at any time in 4 years. Public again "land minded" because of safety of investment. Values increased 50 percent since fall of 1932.

Of Michigan, it reports:

Notable upturn of farm-property market in Michigan. Leading broker reports sales 300 percent greater in 1935 than in 1934 or 1933. Approximately third of all sales to city factory workers, a third to businessmen, two-ninths to those already engaged in farming, one-ninth to professional men.

As to Indiana:

Central and southern Indiana report increased farm sales everywhere that erosion has not reduced soil fertility. Values highest since before depression. Suburban farms near larger cities in great demand.

There are many other favorable reports, and what applies to the Midwest applies to the entire country. There is not space to print the full-page newspaper articles, but those portions I have quoted are representative.

I am reliably informed that a great deal of consideration is now being given by the President to legislation that will bring about a reduction of interest, providing even greater benefits to farmers, city dwellers, and home owners. I know that the President is very friendly to progressive legislation. He is doing everything possible to aid all classes and to bring about reemployment of all those now unemployed.

Some of my colleagues oppose the present bill because they fear inflation. Such is not the case with me. That is a term recklessly applied by the big bankers to any measure which threatens to curb their control of money. My stand in favor of expanding our currency has not changed, but I have been and still am against uncontrolled inflation. I hope that in the next session of Congress, legislation will be enacted to do away with 6-percent loans, and that we will be able to limit interest on all loans to 3 percent. That is a fair charge. I might mention that it is my intention in the next Congress to do everything within my power to remedy the evil whereby a small man pays 6 percent and even 7 percent on a loan, where the speculator and gambler has access to the money at one-half of that figure. Why should not the farmer, the merchant, and the home owner enjoy the same low rates? As I have stated, I will support a bill looking toward currency expansion to the fullest limit of my power; I cannot support one which will result in uncontrolled inflation.

Those of you who have advocated this legislation and fought for it have my admiration. You have fought hard for something you believe in. Still, you must not condemn those whose views on one subject are different than your own.

Criticism has been directed against Mr. Green because of his letter to the Speaker against this bill by many Members who have been and are in accord with him on most matters. I think that criticism is unjust and uncalled for. He has the

interests of the wage earners at heart, and you and I are all aware of that. As president of the American Federation of Labor he has always been known as the champion of the common people. While I do not want to quarrel with my colleagues, I think that perhaps Mr. Green has more soberly considered certain phases of this bill and is aware of the results that would come about if it were to pass. I agree with him in believing that the benefits of legislation proposed by this bill would accrue but to a small percentage of the population, and that it would work to the disadvantage of laboring wage earners of the country. Mr. Green has, in my opinion, taken a courageous stand on this question.

I am sorry that the proponents of the bill could not have seen their way clear to make its benefits available to all the people. Had they done so there could have been no charge of discrimination, and many others besides myself would have been in a position to support it.

Mr. LEMKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 4, line 23, strike out the sentence beginning with the word "such" and ending with the word "reserve", on page 5, line 1.

Mr. LEMKE. Mr. Chairman, this amendment strikes out the following language:

Such farm-loan bonds to be held by the Federal Reserve Board as security in lieu of any other security or reserve.

In other words, this puts the same security back of these Federal Reserve notes in addition to these farm mortgages as is back of other Federal Reserve notes.

My own position in the matter is that makes very little difference, but since some feel there ought to be something in addition to the farm mortgages, we just strike that out and make these Federal Reserve notes the same as all the other Federal Reserve notes, and I can see no reason why any person should object to this amendment which the steering committee has considered and is willing to accept.

The amendment was agreed to.

Mr. BOILEAU. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOILEAU. A short time ago the gentleman from North Dakota offered an amendment which struck out the words "Federal Reserve Board" in lines 23 and 24 and substituted "Board of Governors of Federal Reserve System." This amendment strikes out the entire sentence, and I am asking whether or not the language in the bill is now clear.

The CHAIRMAN. The Chair thinks so.

The Clerk read as follows:

SEC. 8. The Farm Credit Administration and the Federal land banks shall turn over all payments of interest and principal on such farm-loan bonds, for which the Federal Reserve Board issues Federal Reserve notes, to the Treasurer of the United States, and shall be by him kept for the purpose of redeeming said Federal Reserve notes and shall be reinvested by him as a sinking fund in farm-loan bonds issued under the provisions of this act.

Mr. LEMKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 5, lines 5 and 6, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

The amendment was agreed to.

Mr. SISSON. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SISSON. Mr. Chairman, I asked for recognition, although I hate to take the time of the committee at the end of a wearisome day. There have been some charges passed back and forth as to why certain Members were for or against this particular piece of legislation, with insinuations that certain Members were dominated by the fact that somebody is for it or somebody is against it. I do not think it is very material who is for it or who is against it as individuals, and I do not believe that has influenced very many Members one way or the other.

I have that confidence in this House. I want to make my own position plain. I was one of those who signed the petition for the discharge of the Committee on Rules. Why did I do it? Because at that time or some time before, the Committee on Agriculture had reported out this bill. Why they did it is water over the dam, but so far as it appears from the record, and so far as we could find out, it was reported unanimously.

I was opposed to this legislation from the start, and I stated to the two gentlemen who came to see me for the proponents of the bill, and who asked me to sign the petition for the discharge of the committee, that if I did sign the petition, I would vote against the bill. I want to make that plain for all time.

The leading proponents of this bill in the House, I am sure, have long known what my position on the bill was, and that I would not support it.

I did not take my name off the petition, and I want to say, for the benefit of the country, that no one in the leadership asked me to take my name off, and I do not believe anyone else was asked to take his name off.

Now, a word or two about the bill. So far as I can find, this experiment—which started out as an experiment to loan money on a basis of 100 percent of the value of the mortgaged property; it may have been changed by amendments of the gentleman from North Dakota [Mr. LEMKE], who has practically rewritten the whole bill on the floor so that now no one knows what it is—has never been made in this country, and, so far as I can find out, has never been made in any other country. And it was to be loaned at a rate of interest of 1½ percent.

I am as much for the farmer as any man here; and I am standing now for the interests of the farmer, because loaning money at 1½ percent will destroy the private mortgage market and put the United States into the mortgage business for all time.

This experiment of lending money on the basis of 100 percent of the value of the property mortgaged to secure the loan has never before been tried in this country or in any other country, so far as I can find. There is no experience as to the losses on such a basis.

In itself, if we were sure we could put on the brakes at will, this bill, if enacted into law, might not be dangerously inflationary. I do not presume to be qualified to say whether it is or not.

But it would be the beginning of a downgrade which I do not dare to see this country take. No man can say how far it would take us. But judging from the experience of every one of the countries of the Old World which has ever tried such an experiment, it is certain to end in communism, state socialism, or a fascist dictatorship.

I am for the American farmer. I hope certain things will be done for the farmers of my district, my State, and the entire country; things which have not yet been done by this Government. I believe that when the American farmers are informed of the certain consequences of this legislation they will not demand or wish to get their mortgages refinanced by the Government at 100 percent of the value of their farms, at 1½-percent interest, and by any inflationary measure such as this would be.

If we were to enact this proposal into law, it would lead to an irresistible demand that our village and city home owners get their mortgages—on which they are now charged at least 5-percent interest—also refinanced at 1½ percent by the Federal Government.

It would entirely destroy the mortgage market and would put the Government into the mortgage business for all time to come.

Mr. Chairman, if I knew that by voting for this bill I could insure my reelection, and that my vote against it would assure my defeat, I could not, on my oath, vote for this bill. [Applause.]

The Clerk read as follows:

SEC. 8. Whenever the amount of money issued under this act shall exceed $25 per capita, then the Treasurer of the United States, by and with the approval of the Federal Reserve Board and the President of the United States, may retire Federal Reserve notes in an amount equal to the principal paid on farm-loan bonds, for which Federal Reserve notes were issued, not to exceed 2 percent in any one year, of the amount of Federal Reserve notes so issued.

Mr. LEMKE. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 5, line 11, beginning with the word "whenever", strike out all down to and including the word "the" in line 12, and insert in lieu thereof "The."

Page 5, lines 13 and 14, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 5, line 17, strike out the figure "2" and insert in lieu thereof the figure "3."

Mr. LEMKE. Mr. Chairman, I might make just a short explanation. The first part of the amendment strikes out of section 9 the language "whenever the amount of money issued under this act shall exceed $25 per capita, then." That is all taken care of by the absolute limitation of $3,000,000,000.

The balance of the amendments are simply perfecting amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from North Dakota.

The amendments were agreed to.

The Clerk read as follows:

SEC. 9. There is hereby created a board of agriculture consisting of one member from each State, elected by the farmers of such State, who shall be elected by delegates selected by a mass convention of farmers in each county or parish within the United States, who are indebted and declare it to be their intention to take advantage of this act, such county or parish convention to be its own judge as to who are bona-fide farmers and otherwise eligible to participate in its proceedings.

SEC. 10. The Farm Credit Administration is hereby authorized and directed to give public notice, through the Federal land banks, to the farmers of each county or parish of the time and place of holding the first county or parish convention, which shall be held at the seat of government of each county or parish; and it shall at the same time give notice of the first convention of the State delegates, to be held at the State capital of each State, notice of such convention to be given within 60 days after the enactment of this act.

Mr. BOILEAU. Mr. Chairman, I move to strike out the last word. I would like to call the attention of the membership of the House to the situation that developed a short time ago when an effort was made by the gentleman from North Dakota [Mr. LEMKE] to amend section 7 to provide for a gold reserve to back up these Federal Reserve notes that we propose to issue. A point of order was made by the distinguished majority leader and was sustained by the Chair, so that we were unable to present that amendment to a vote of the membership.

However, shortly after that you will recall that next to the last sentence of section 7 was stricken out by another amendment. In other words, this language was stricken out:

Such farm-loan bonds to be held by the Board of Governors of Federal Reserve System as security in lieu of any other security or reserve.

By striking out that sentence we have pure and simple Federal Reserve notes, Federal Reserve notes that are just as good as the Federal Reserve notes that you have in your pocket today, backed by just as good security as any security you own today; backed by just as much gold as any Federal Reserve notes in the country today.

Those of us who are supporting this measure are satisfied that we are providing for the issuance of Federal Reserve notes which are just as good as any Federal Reserve notes being issued.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. RANKIN. And under the Gold Standard Act of 1900 it is interchangeable with every other American dollar.

Mr. BOILEAU. I thank the gentleman.

Mr. HOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. HOLLISTER. Will the gentleman point out wherein there is any backing for these Federal Reserve notes?

Mr. BOILEAU. I say that the Federal Reserve System is directed by this section of the law to issue Federal Reserve notes and send them over to the land bank commissioner. I submit to the gentleman that that type of security is just as good as any other Federal Reserve note that is now issued.

Mr. HOLLISTER. Why?

Mr. BOILEAU. For the first reason, the Federal Reserve will, under this law, be required to put as much gold back of these notes as any notes which it now issues.

Mr. HOLLISTER. Where is that in the act?

Mr. BOILEAU. It is not in this act. It is an essential part of the Federal Reserve Act. It is already part of the law. The Federal Reserve notes are to be issued with certain gold backing.

Mr. HOLLISTER. Why? Where does that appear in the act?

Mr. BOILEAU. In the Federal Reserve Act. We are not repealing the Federal Reserve Act. We are not changing the Federal Reserve Act in any respect.

Mr. HOLLISTER. But the Federal Reserve Act says that notes shall be issued through the Federal Reserve banks, and the Federal Reserve banks, in turn, shall put up certain gold coverage. Where is there any provision for any gold coverage for these notes?

Mr. BOILEAU. I submit that in the Federal Treasury today there are billions of dollars of gold that is now claimed by the Federal Reserve System.

Mr. HOLLISTER. But the gentleman is mixing the Treasury and the Federal Reserve banks and putting them together.

Mr. BOILEAU. No; I am not. The gentleman is not giving me time to complete my statement.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HOLLISTER. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HOLLISTER. Mr. Chairman, I am very glad the gentleman from Wisconsin raised the question he did, because it gives me an opportunity to point out one of the troubles with the kind of currency for which this bill provides.

Mr. BOILEAU. Mr. Chairman, the gentleman used up part of my time interrupting me and did not permit me to finish my statement. I wonder if he would yield now?

Mr. HOLLISTER. Yes; I will yield.

Mr. BOILEAU. I would like to say to the gentleman that the language is clear as to the intent. We attempted to clarify the matter by putting in an amendment that would directly provide for the gold. If there is any change needed in the law to bring this about, we are helpless to present such an amendment because of a point of order having been raised, but that matter can be properly taken care of, because the clear intent of Congress is expressed.

Mr. HOLLISTER. The gentleman points out clearly the difficulty with this bill.

Here is a bill which these gentlemen have had under consideration for months and months, which they thought over very carefully, yet they find today they have not covered many things which everybody knows should have been covered. If Federal Reserve notes are to be issued, they certainly should be the same kind of Federal Reserve notes that are now issued under the Federal Reserve Act, yet absolutely nothing was put in this bill to explain how these notes could be placed in the same position as Federal Reserve notes

issued under the present Federal Reserve Act. If the gentleman will read section 16 of the Federal Reserve Act, he will see how there is a gold coverage placed behind all Federal Reserve notes, the issuance of which is provided under the Federal Reserve Act.

It is true that under recent legislation all gold coverage is, let me say, in a state of quiescence. It is a gold coverage which is theoretical, in that it cannot now be realized on; but it is none the less true that all Federal Reserve notes issued under the Federal Reserve Act have a certain percentage of coverage by gold certificates held by the Federal Reserve banks, which certificates, in turn, earmark a certain amount of gold held in the Treasury. The mere statement in this bill that these notes are Federal Reserve notes, without any provision securing them in the same way, does not make them identical with the other Federal Reserve notes. These gentlemen preparing this bill simply omitted to consider the fact that they were not providing protection behind these notes and were not making them the same as those now in circulation. This illustrates the fact that what the people backing this bill are interested in is to get out a lot of trick money which will dilute and inflate the currency of this country. If they were so anxious to have these Federal Reserve notes exactly like other Federal Reserve notes, it would have been a perfectly simple matter to insert such a provision in the bill.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. WHITE. As a matter of fact, as the law now stands, have not the Federal Reserve banks power to issue 10 times the amount of currency now outstanding?

Mr. HOLLISTER. I should say not.

Mr. WHITE. They can issue at least an amount far in excess of what is in circulation.

Mr. HOLLISTER. They can issue a large amount in addition; yes.

[Here the gavel fell.]

The CHAIRMAN. Without objection, the pro-forma amendment will be withdrawn.

There was no objection.

The Clerk read as follows:

SEC. 11. The farmers attending such county or parish convention and the State delegates attending such State convention shall organize and make such rules and regulations for their procedure as they deem necessary or convenient, and shall elect a president and a secretary and make arrangements for such other future conventions as they may deem necessary to carry out the purposes of this act, and they shall at all times cooperate and assist the board of agriculture, the Farm Credit Administration, the Federal land banks, and national farm-loan associations to liquidate and refinance farm mortgages and farm indebtedness.

SEC. 12. The State delegates so elected shall meet at the State capitals of their respective States and elect a member of the board of agriculture, who shall hold his office from the date of such election and for a period of 2 years from January 20 following, and who shall receive $15 per diem and necessary traveling expenses while on official business, to be paid by the Farm Credit Administration out of any funds set apart by section 5 of this act.

SEC. 13. Immediately after their election the members of the board of agriculture, upon call of the Farm Credit Administration, shall meet at Washington, in the District of Columbia, and organize by electing a chairman and a secretary, and they shall make such rules and regulations as they deem necessary and expedient to carry out the purposes of this act. They shall elect an executive committee of three, none of whom shall be members of the board of agriculture, who shall hold their office at the will of said Board and who shall receive a salary of $7,500 per annum and 5 cents per mile for necessary traveling expenses while on official business, to be paid by the Farm Credit Administration out of any funds set apart by section 5 of this act.

Mr. GILCHRIST. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, will the gentleman yield for the submission of a unanimous-consent request?

Mr. GILCHRIST. I yield.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 11 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GILCHRIST. Mr. Chairman, I wrote the report for the committee on the pending bill. I ask unanimous consent to revise and extend my remarks and to insert by way of extension such part of that report as I think pertinent to the bill as now amended and proposed.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GILCHRIST. Mr. Chairman, that report was made on May 3, 1935, more than a year ago. Some statements in it refer to conditions then existing, but these conditions still prevail. Seldom, if ever, does any bill suit everybody. Seldom, if ever, do the supporters of a given measure agree personally to every item or proposition in it. All legislation is accomplished because of a wholesome compromise between and among those who are in general support of the measure. The present bill is no exception, and its friends have agreed upon certain amendments that they will propose at the proper time. I myself, although I am for the bill, believe that it should be amended before the final vote comes, but these amendments should be those proposed by the friends of the bill itself. Mr. LEMKE and the steering committee have agreed upon several modifications. The provisions of section 3 concerning the scaling down of mortgages is not necessary and will be stricken. Section 4, relating to chattel-mortgage loans, is unwise and will be eliminated. No bank should be required against its own desire to invest in these bonds or in any other kind of bonds, and the bill will so be amended. Mortgages should be limited to 80 percent of the value of the lands and no more. It would be well to broaden the security behind these notes and to make such security similar in some degree to that behind Federal Reserve notes and not limit it to the bonds alone. The board provided for in the act should be an advisory board only and not a supervisory one, and the provisions of the act should not be extended to any farmer who has lost his farm through foreclosure more than 10 years ago. Such report is as follows:

It must be understood at the outset that the bill is not intended to increase farm indebtedness. If a farmer is out of debt, he should not be encouraged to go into debt. The bill is designed to refinance existing farm mortgages at low rates of interest and extend them over a long amortization period so that the farmer can keep a home for himself and his wife and children and not suffer them and him to be cast out by the sheriff. The bill will not increase farm debts. It will, however, come to the relief of worthy farm people who, in the aggregate, number about one-fourth of our entire population.

Facilities for getting the farmer into debt are already quite adequate, but facilities for getting him out of debt are inadequate. It is our duty to provide farm credit at such rates and on such terms as will get farmers out of debt. Then, and not until then, will they acquire buying power and be enabled to enter the markets and take part in business activity and in the restoration of prosperity to the whole country and to all classes of people.

The farmer needs lower rates and better terms. The last issue of the Yearbook of Agriculture (1934) points out that while ordinarily a reduction of indebtedness is a favorable sign, nevertheless the small decline in farm indebtedness, which has taken place since 1928, was not the result of normal liquidation but of foreclosures, bankruptcies, and forced sales and of the inability of credit agencies to give that support which is absolutely requisite to recovery. In 1932 one-seventh of the mortgaged farms were encumbered for 75 percent of their value; the mortgage debt represented 40 percent of the value of all mortgaged farms and 25 percent of the value of all farm land and buildings. Because of the drop in farm-commodity prices, payment became impossible for great numbers of farmers. About six and one-fourth million of our people are actively engaged in agricultural pursuits, and 30,000,000 people depend upon agricultural solvency in order that human souls may stay in human bodies. The system of the Federal land banks may have done some good, but it has not been adequate to the situation. State legislatures have been compelled to resort to moratoriums, else the sheriff would now be selling more farm homes than he ever did and more of our farm people would be seeking shelter in charitable institutions and more of them would be dependent upon bread lines for bare sustenance.

The present desperate condition of agriculture has been reflected in serious outbreaks in some sections of our land. Men who have lived upon their homesteads and who work in the hardest kind of toil from 12 to 14 hours a day during 8 months of summertime and almost 10 hours a day for 7 days in every week during wintertime; men who are skilled and who work intelligently and who have no sense of wrongdoing and who are without blame but are

overwhelmed by conditions for which they are not responsible, and who have exhausted their resources, are loath to permit their homes to be taken away and their loved ones sacrificed to a ruthless juggernaut or insolvency and foreclosures. The American farmer is a manly man. He believes that he must always perform his contracts and keep his promises and be loyal to his country and keep and preserve its laws and fulfill his duty to society in general. But is not his duty to his wife and his children the most sacred of all of these?

Is not his promise to his loved ones as consecrated as all others? If he is thrown out of house and home without fault of his own, he is likely to feel that sense of resentment which might even impel him to resist force with force. Despair may, at times, drive the best of our citizens to desperation. These men are feeding America, and no American citizen has a right to eat the bread that they produce unless he is willing to share with them all of the things that bring about beautiful home living and establish them in society on a basis of decent, bountiful, intelligent, and religious twentieth-century citizenship.

The conditions following the debacle of 1929 remain. While farm prices of many commodities have risen in unit value, still the things the farmer must buy have risen in greater degree and he still remains in relative submergence. No man can win in an economic race while carrying such a handicap. On the basis of the present income of agriculture, and of the present indebtedness of agriculture, and of the present taxes and interest rates which agriculture must pay, it is impossible for agriculture to carry on successfully. When it can carry on—when it does prosper, then we will not be compelled to furnish relief to millions of nonfarmers who are now dependent upon governmental bounty and governmental doles. Farm tenancy is growing apace. Foreclosures have divested real farmers from ownership, while moratoriums against foreclosures are mere temporary palliatives and are not permanent nor remedial.

The bill provides that farm indebtedness shall be refinanced through the use of existing governmental machinery at an interest rate of 1½ percent and a further payment of 1½ percent annually to amortize the loan. It will take 47 years to liquidate such an indebtedness, during which time the mortgagor will make a yearly payment of $30 on each $1,000 of the loan. Provision is made to issue bonds which will be secured by first mortgages upon the farm lands of the country. These bonds will draw interest at 1½ percent and will be amortized at 1½ percent annually. In the event that there is not a ready market for them the Farm Credit Administration will deliver them to the Federal Reserve Board which in turn will cause currency (notes) to be issued and given to the Farm Credit Administration dollar for dollar. These Federal Reserve notes are not to exceed $3,000,000,000, this being the amount of the revolving fund fixed in the bill. The Federal Reserve Board will issue these notes just the same as it does today, except that the Federal Reserve banks are getting them today and do not pay anything for them. They pay no interest upon them. They pay nothing for the use of the credit of the Government. Surely there ought to be some way for the Government when in need, to get money without borrowing it from a bank.

This bill has met with unprecedented public approval. It agrees with the party promises and the party platforms of all political parties. No other bill before this Congress compares with it in the backing and endorsement which has been given to it. The National Farmers' Union and many State grange and farm bureau organizations are for it. It has been endorsed by leaders in the Veterans of Foreign Wars and in the labor brotherhoods and by the National Union for Social Justice. Twenty-nine State legislatures have memorialized Congress for its passage, including those of Montana, Nevada, Wisconsin, Illinois, Minnesota, North Dakota, California, Nebraska, Oregon, Indiana, Arizona, Idaho, Colorado, Oklahoma, South Dakota, Tennessee, Iowa, South Carolina, Kansas, Michigan, Ohio, Texas, Kentucky, Wyoming, North Carolina, Arkansas, New Mexico, New Jersey, and Washington. In addition the lower house in each of the following States have endorsed the bill: New York, Delaware, Pennsylvania, Alabama, and Missouri. Our people want to have it enacted into law during this session. The realization of their hopes should not be postponed. The bill is a simple acknowledgment of the solemn promises and duties of the Government to place American agriculture on an equality with other industries.

Section 3 authorizes the liquidation of farm mortgages and other farm debts existing at this time by the making of real-estate loans to the extent of 80 percent (as amended) of the fair value of the farm land and of 75 percent of the value of the insurable buildings. This section authorizes the Farm Credit Administration to make all necessary rules and regulations to carry out the purposes of the act.

It is believed that such a loan will be a safe one and that the farmer can meet its conditions. The low rate of interest stipulated and the favorable terms given the borrower enhance his ability and makes the loan easier of payment. Furthermore, when a loan of this character is placed upon a farm home, then the value of the property will be increased because the advantageous conditions for payment surrounding the mortgage will make the property more desirable.

There should be no question about the safety of this security, provided that the bill is honestly administered and that loans are made on 80 percent of real values (as the bill will be amended) and not on fictitious or puffed-up values. The very fact that a piece of land carries a governmental loan at 1½-percent interest will in itself establish its value on a higher basis and therefore make the loan increasingly secure.

Section 5 authorizes a small appropriation to carry out the provisions of the act, but all necessary and actual expenses so incurred must be apportioned and prorated and added to each individual mortgage. Through this means the expenses of the administration of the act will be paid by those who get its benefit and not by the Federal Government. By this bill farmers are not asking for charity or for a dole or for any subsidy. They will repay these loans. In this respect they are asking for much the same treatment that the Government has already afforded to other industries such as railroads and banks and insurance companies through the Reconstruction Finance Corporation and through other instrumentalities.

Section 6 provides that the funds to refinance existing indebtedness shall be provided through the issuing of farm-loan bonds by the Farm Credit Administration through the land-bank commissioner and Federal land banks, as now provided by law. These bonds shall bear interest at the rates provided in the mortgages extending to farmers and must be sold at par.

Section 7 supplements section 6 and relates to the sale of bonds in case they are not readily purchased. Federal Reserve notes are to be issued up to the extent of these bonds and secured by them. The amount outstanding of these notes at any one time shall not exceed $3,000,000,000. Is this sufficient? This legislation will be administered under the regulations of the Federal land-bank system. This system has been in operation for more than 20 years, and to date it has now outstanding in farm loans less than $2,000,000,000. The fund named is a revolving fund and will surely be sufficient to cover loans that can safely be made for some period of time and until repayments are made and recovered under the revolving features of the plan. It is sufficient to take immediate care of those farmers who are in imminent danger and in sore distress, and who are about to be dispossessed. As time goes on and as amortization payments in excess of what is required for redemption of bonds are returned into the fund, new and increasing numbers of mortgagors will get advantage from the act.

There is a prospect also that private money to some extent will be invested in the bonds, and when this happens the revolving fund will be augmented and increased. The amount of farm loans outstanding in the whole country approximates $8,500,000,000. About 29 percent of them are held by individuals where there is more or less of a personal relationship existing between debtors and creditors. The holders of many of these private loans will not desire to have them rewritten right away, but will carry them indefinitely into the future; and many of these private mortgages will be refinanced upon terms which will not be wholly out of line with the present proposal. In this respect also debtors will gain substantial benefits.

Section 8 has to do with the payment of the interest and principal which will accrue on the farm-loan bonds, and provides that payments upon the bonds shall be turned over to the Treasurer of the United States for the purpose of redeeming the notes that have been issued and for the further purpose of reinvestment as a sinking fund in new issues of farm-loan bonds. If we compare this plan for the issuance of currency with those which have heretofore been used whereby the Government has loaned its credit to the banks, and has also given them as a free and gracious gift the right to issue currency, and moreover has actually paid interest to them besides, we will be compelled to agree that the Frazier-Lemke bill will prove to be of great value to the Government itself. Instead of paying 3-percent interest to these banks the conditions will be reversed and the Government will be receiving interest at 1½ percent. And at the end of the amortization period (47 years) as computed on the amount of the revolving fund, the Government will have made a profit of $6,345,000,000 above what it is now costing us under plans now practiced and schemes now fashionable. Instead of paying out money it will be receiving money. This is one of the few times in the history of this Republic that anybody has seriously proposed to pay the Government a profit for the use of its own credit. Heretofore, the money changers have demanded and derived that income and that profit. Heretofore certain banks have issued currency at a cost to them of only about 30 cents per thousand dollars, being the amount that is paid for preparing and printing the bills or notes.

This profit would keep our schools open; it would build a network of broad highways throughout the land; it would establish and maintain hospitals and colleges and libraries. It would reduce taxes. It would help to restore buying power to common people and prosperity to the country.

It is not necessary at this time to examine into the propriety of the privilege of issue extended to Federal Reserve banks. Many people who are in full support of the Frazier-Lemke bill believe that such privilege is proper and necessary. It must be remembered, however, that the 12 Federal Reserve banks are private corporations, that they and their stock are privately owned, and that none of their profits go to the Government. Why should the credit of the Nation be given away absolutely free? Why should a bonus (interest) be paid to those who receive such largess? Those who believe in this privilege as well as those who do not ought to be able to unite in refusing to monopolize it. Those who get it are not in a position to claim exclusive rights in it. Nobody owns a charter right to it. Safety and security being conceded then it must follow that the right involved in the issuance of currency based on Government bonds ought not to be a special one to be exercised alone by those who are affluent. Security regarding such issuance must be guaranteed always; but when this is done and when safety is assured, why cannot some of the benefits of this privilege be extended to farmers and home owners?

On February 28, 1935, there were outstanding from the Treasury $5,466,702,738, being about $43.07 per capita. On October 31, 1920, we had $53.21 per-capita circulation. Since then it has decreased $10.14 per capita. Furthermore, in 1929, before the crash, we were using at least $62,000,000,000 of bank money or bank checks. Some authorities make this figure much larger. This is now down to about $20,000,000,000. In other words, we formerly had at least three times the amount of bank money (checks, drafts, etc.) than we have now. These facts call for explanation and remedy.

A goodly part of the money that has gone from the Treasury is really not in circulation at all. Some of it is in foreign countries. Some of it is in Cuba, where it is used as money almost exclusively, and some of it is in other countries which use it in one way or another. A lot of our money has been lost or destroyed in fires, still more of it is hiding in safety deposit boxes and in old socks and mattresses. We can take the $8,580,000,000 of gold that is now idling in the Treasury and redeem every dollar of our outstanding currency and then have a balance of more than $3,000,000,000 of gold left untouched in the Treasury and not obligated in any way. We have also a billion of dollars of unused silver. We could issue an enormous sum of currency based upon those $4,000,000,000 worth of extra gold and silver.

Let it be remembered that this bill does not propose to create any new or additional interest-bearing tax-exempt securities. It provides for an intelligent and regulated expansion. There are specific limits provided and safe boundaries set against uncontrolled issues of currency. The contemplated issues do not so far exceed our previous experience as to cause any honest apprehension among those who desire in real good faith to restore prosperity to agricultural as well as to commercial interests.

Sections 10, 11, 12, 13, 14, 15, and 16 describe machinery and procedure. The gist of this is that a board of agriculture is created consisting of one member from each State, which will elect an executive committee of three to act as an advisory body, but does not control the Farm Credit Administration. They receive complaints, report delinquencies to the executive division of the Government or to the President, and act as a go-between. They are really an advisory body. The real truth is that Congressmen now act as chore boys for the people in performing the very work that this board and this executive committee will do after the bill is enacted into law. It is believed that actual experience will prove that little new machinery will be required to operate the act because the bill uses the present set-up of the Farm Credit Administration.

Section 17 extends the benefits of the act to those who have lost their farms since 1925 (as amended) to those who desire to repurchase their land or another like farm. Like benefits are also extended to tenants and members of their families.

The bill should be enacted.

Mr. Chairman, we all know that farmers still remain in submergence. The farms of the United States were valued at nearly $48,000,000,000 in 1930, and this value has fallen precipitously since then to the extent of probably 36 percent of former values, although I do not have the figures for 1935.

In my State—Iowa—as of April 1, 1930, farm lands were valued at practically $4,225,000,000, but by January 1, 1935, this was reduced to about $2,462,000,000, being a loss of 41.71 percent. In my own home county—Pocahontas—their value fell off from nearly $56,000,000 in 1930 to $36,000,000 in January 1935, being a loss of 35.38 percent. The cash income from the farms of this country has fallen from about $10,500,000,000 in 1929 to approximately $6,000,000,000 in 1934, and this was after the revaluation of the dollar. Farm debts remain practically as before except for that portion of them which has been canceled because of foreclosures and because they have been liquidated by bankruptcies, and by the sheriff, and by voluntary surrender to creditors.

Some improvement in prices for farm products is noticeable, but much of this is due to the drought. Some of it may be due to agricultural legislation, and some of it may be due to other causes, but nevertheless the prices for the things that the farmer buys have raised in a higher degree than prices for the things he sells. The last report—April 15, 1936—issued by the Agricultural Department itself shows that the ratio of prices received by the farmer to prices paid by him stands at 87 percent only. And this figure does not take into consideration the enormous increase in the taxes which are imposed upon him. He is not at parity. He is competing in an economic race while carrying a handicap. He is running with a 13-pound leaden ball chained to his feet.

The same thing is true as to farm labor. The farmer works 12 hours a day for 7 days in the week, including Sundays as well as groundhog days and other holidays. When one talks about 30 hours a week, as does Mr. Green, president of the American Federation of Labor, he can have no real conception of the hours during which farmers are compelled to toil. I wonder if these leaders who talk about prevailing wages are ignorant of the fact that farm wages for the hired man are now only about $20 to $25 per month? The farmer can pay him no more. Yet the farm group has always supported labor legislation; and when the day shall come that labor will not support agriculture, it will just be too bad for somebody.

Now, with these facts before us, nobody can deny that farmers must remain in submergence and that they can never get into a position of equality with other men until they are relieved from excessively high taxes, from burdensome interest, and from other unjust discriminations which are forced upon and against them.

In America we have three great agencies for culture and for improvement and for stabilization. We have the school. We have the church. But above and beyond these we have the home. We should save homes. The Republic cannot endure unless we build a high type of social life in and around our homes. I have heretofore and will continue hereafter to support all home legislation. The strategy of those who are opposing this bill is to separate the labor vote from the farm vote and the urban home-owner's vote from the farm home owner's vote. It is an old strategy, and its accomplishment forebodes evil and nothing else. When farmers can have prosperity, we know that all of us will have a higher and better civilization. When we save farm homes, then we will know that agricultural buying power will be increased and that this will stimulate heavy industries, actuate building, spread employment, and in every other way help and support business. Every man or woman who is engaged in labor or in commerce or in carriage or in finance or in any other kind of industry or business will be aided.

We can add much to rural life. A small percentage only of farm homes have electric appliances or plumbing facilities. A small percentage only of farm mothers can afford to go to the hospital when the baby comes. In many places schools for farm children are not what they ought to be, but happily this is not true of my own State, which continues to stand at the head of the whole country in respect to literacy. The farm wife ought to be able to buy the pretty things that add to a great culture and make a happy home.

We had better save the homes already owned than to make new ones. There are before Congress resettlement bills for rural people. Do you know that figures recently released show that the cost of rural resettlement is $5,345 per family? Keep in mind the number of mortgages against the farmers who stand a chance of being ousted from their farms, and then figure what your resettlement is going to cost. It will run into many multiples of billions beyond what this bill will cost. It will be cheaper and wiser and more humane to save the homes we already have.

I have in my hand a telegram from the clerk of courts in my own county which shows that about one-seventh of the farms there are now under mortgage foreclosure or have been during the past 5 years. In addition to these actual foreclosures many farmers have lost their farms because of voluntary settlements concerning mortgages which never reached the foreclosure courts. If one-seventh have lost homes and farms, what, let me ask, have the other five or six farmers been doing? What has happened to them? Many of them are now only about two jumps ahead of the sheriff with little in prospect for the future.

In my State we have a moratorium in favor of farms and against foreclosures. But this farm moratorium is based upon emergency, and it is bound to end sometime. It cannot go on forever and forever. The present law terminates on March 1, 1937, and when this moratorium ends, then the floodgates will be raised and a deluge will sweep over many of our farm communities. Gentlemen are claiming that the present bill will take care of only 15 percent of the mortgages of the country. Even if this is admitted, nevertheless the fund is a revolving one; and whenever payments are returned into the Treasury, new and additional mortgagors can take advantage of it. It is significant also that the number of farms which are in imminent and acute distress

seem to amount to about 15 percent, and the bill, in any event, will take care of those who are about to be evicted.

I have heard said here something about paper money and about printing-press money. Mr. Chairman, with the exception of a few silver certificates, there is not now a dollar of currency in this country that is redeemable in anything except another piece of paper. There is not a bond of the Federal Government now outstanding that is redeemable in anything else than another piece of paper or another bond likewise printed on a printing press. Gold payments have been legislated out of existence. The so-called Federal Reserve gold certificates given to the Reserve banks for the gold deposited by them in the Treasury state upon their face that they are payable to bearer on demand as authorized by law; but the law makes redemption entirely discretionary with the Secretary of the Treasury, and it has been made a punishable crime for anyone to have or to hold gold. Mr. Lewis W. Douglas, recently Budget Director for the present administration, who everybody admits is an authority on the question, recently wrote an article which I hold in my hand in which he says that substantially the same language is found in all of our currency, and I quote:

> It is a promise to pay, but in what? Not gold, no; for gold certificates have been legislated out of existence. Moreover, it would make little difference if the currency were redeemable in gold, because it has been made unlawful and a punishable crime for anyone to hold gold. Even gold previously acquired has been confiscated by the Government.

In this article Mr. Douglas sums up by saying:

> On the whole, however, our currency now being a mere piece of paper, our bonds now being mere pieces of paper, and a Government check now being a mere piece of paper, there is no fundamental difference between the direct emission by the Government of pieces of paper to a bank against which the Government draws another kind, but equally unsupported, piece of paper in payment of its bills.

I am for a stable currency just as much as anyone else is. I am against what is derisively called "fiat" money. I think that a foot should remain 12 inches, that a pound avoirdupois should always consist of 16 ounces, and that 231 cubic inches ought always to make a gallon. I do not believe that these measures should be allowed to change as much as 375 percent in a short while. By the same token there ought to be some means of controlling the dollar so that it will remain comparatively constant in value and so that a farmer who borrows a dollar today for the purpose of buying 1 bushel of corn shall not be compelled to part with 10 bushels of corn when he goes to pay the debt a short time afterward.

I do not see that anyone need to worry about any fiat money as being contained in this bill. There is none proposed by or in the bill. We have over $10,000,000,000 in gold in this country, and several billions of this is free gold. Federal Reserve notes are supposed to be secured by 40 percent of gold and 60 percent of commercial paper, but you cannot get this gold if you want to. Furthermore, I should like to put some of this free gold behind the issue of the notes involved in this pending bill; but none of those who are against the bill will vote for such a preposterous thing as to allow a farmers' bank to have the privilege that is now extended to a central reserve bank. And yet these same men talk about discrimination. I have heard them here today. They beat their breasts and say, "We are for equal rights for all and special privilege for none", and they talk about class legislation. Class legislation is connected in some way or another with 50 percent of the bills that come before us. We legislate about postal rates and give county newspapers the right to send their paper free within the county of their publication. That is all right. I am glad of it. But is it class legislation? The only offense that there may be in class legislation of the character that I am talking about is when the legislation does not embrace all of the class or when it selects some individual from a class and imposes some special burden upon him from which other persons are exempt. It is of two kinds, namely, that in which the classification is natural and reasonable and that in which the classification is arbitrary and capricious. The one is legal, the other is not. The one is wise, the other is reprehensible.

The legislation before us deals with a class in an honest and fundamental way. It is a natural and reasonable classification. Class legislation. Will gentlemen answer this question? Is the power of issue of currency now given to the Federal Reserve banks class legislation? I have heard them exclaim on the floor here today: "Oh, I have got to protect the great American principle of fairness to all." Will these gentlemen get up here and say that they are against the right of issue now exercised by Federal Reserve banks? No; they will not. Well, then, let them explain why that is not class legislation equally with what is proposed in this bill. Now, I am not opposing the present practice of the Federal Reserve System concerning the issue of money. I have not said anything against it; but I do say that men who are for it ought not to talk about class legislation when a farmer's bank wants to participate in it and have some of the rights that are involved in it, especially when the farmer's bank is willing to give better security than anybody else has ever offered.

Now, in this bill we are proposing the very best security that it is possible to offer. We are pledging the farm lands and the farm homes of our people. We are willing to write into the bill also the same regulations concerning the issue of money, including gold reserves, that attach to other issues, and such an amendment will be offered tomorrow. We have dug a hole somewhere out in Kentucky where we have buried our gold; and so far as actual use for redemption of currency is concerned, we might as well have 10 tons of pig iron avoirdupois out there, as to have 10 tons of gold, troy weight. We do not use the metal for redemption purposes anyway; so why do some of us become hysterical when we propose that relief should be given to farmers?

In order further to divide those who ought to remain together, Congressmen are here today stirring up home owners in the towns and cities against this bill. It has been pending for 5 years and not one of these gentlemen has ever proposed an amendment to it. So long as it slept in the Committee on Rules, and so long as it was believed that that committee had provided a sepulcher for it, these gentlemen were perfectly satisfied. But now, after 5 years of struggle and after Mr. LEMKE has been able to drag the bill out of the Rules Committee and to bring it to a fair and open hearing on the floor of the House, these same gentlemen are horrified in suddenly learning that there is no amendment on it for the Home Owners' Corporation. I have heretofore voted for and will hereafter vote for every proper thing that will save the homes of the cities and of the towns. But this bill does not discriminate against them, as claimed. Home owners, it is true, under present laws pay more interest, but home owners are not compelled to put 5 percent of the amount of their loan into an association that guarantees the payment of every other man who has such a loan. Farmers do this.

Is this discrimination? Is this class legislation? Are these gentlemen in good faith? Do they really think that after 5 years, during which time they have fought the bill, they should be allowed now to put an amendment onto it which would murder it? Why have they waited so long to make their suggestions? The reason is manifest. These gentlemen are against the bill, anyway, and always have been, and have heretofore hidden behind the skirts of the Rules Committee.

We must dignify agriculture. We must save farm homes. We must open the door of hope for those who raise our bread. We have no right to eat unless we are willing to pay the cost of producing our food and, in addition, allow a profit to the producer which will put him on an economic parity with men in other industry. The men and women on the farms have struggled heroically. They have risked all of their property and all of their lives that we may have abundance. They have helped to build a mighty Nation. They have seen a vision of brotherhood and justice in a world of reality and of selfishness. They have their ears to the wind. Their eyes are fixed on a far horizon, and they are marching toward it with firm feet. They demand justice, a thing which the wicked fear and which the righteous hope for. They

deserve social and economic parity with industry. Let us give it to them.

Mr. WHITE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD and to include therein a table from the Federal land bank which shows the charges on delinquent interest.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. WHITE. Mr. Chairman and Members of the Committee, this bill to provide a plan to refinance farm mortgages is a sound and constructive piece of legislation, far more important and necessary than any of the relief legislation that has heretofore been passed by the Congress during this administration. The very integrity of the agricultural industry and the people engaged in farming is at stake.

Mr. Chairman, the object of this legislation is to relieve the farmers of this country of an interest load which, under existing conditions, they cannot carry; and at the same time safeguard the ownership and the possession of the farms by those engaged in the industry, so that they may be secure in the possession of their property and the enjoyment of the fruits of their thrift and industry.

Mr. Chairman, anyone conversant with the financial conditions of the farm owners in this country, the history of foreclosures, and the precarious situation of the thousands of farmers who are vainly struggling to carry an unbearable interest load under impossible conditions knows that the relief to be given under the provisions of this bill must be had, and had quickly, if their farms are to be saved—farms that have been acquired and improved by a lifetime of work and saving.

Mr. Chairman, I speak from the experience of a lifetime in reclaiming and working a farm. No class of people and no industry in this country has been so handicapped and placed under such great disadvantage as have the farmers. The Government has permitted the manufacturing and business interests of this country to organize and stifle competition and fix and maintain exorbitant and unreasonable prices for most of the things the farmer has to buy. At the same time the prices of farm products have been below the cost of production. This disparity in prices can lead to but one end—disaster.

Mr. Chairman, the result of the failure of our Government to correct this short-sighted and ruinous policy of big business has brought ruin and distress to our people everywhere. Is it any wonder that under such hopeless conditions many farmers gave up the struggle and flocked to the industrial centers to compete with the city workers for jobs in other industries or that the young people refused to accept the hardships of farm life and went to the cities to swell the ranks of those who must find jobs?

Mr. Chairman, who can calculate the cost of the failure of the Government to protect the people of this country from the predatory practices of big business in profiteering at the expense of the people engaged in our basic industry—farming?

When the crash that resulted from this folly brought disaster to the people of this country, we know that to save business from complete collapse Congress has made three appropriations for relief totaling the staggering amount of $9,400,000,000 which has increased the interest load being carried by all of us by $282,000,000 annually; and a new appropriation of $1,425,000,000 is now being made for more relief, while the end is not yet.

Mr. Chairman, industry in this country must be reorganized. A plan must be devised so that the citizens of this country can become self-supporting, the population must be redistributed, and industry readjusted on a balanced plan to eliminate unemployment. We must begin at the foundation and restore agriculture by refinancing farm owners.

Let me remind the gentlemen who contend that this bill will discriminate against many farmers because sufficient funds are not provided to refinance all farm mortgages at this time that the same argument could have been used against the R. F. C. when it was created, as only $500,000,000 was appropriated at the time, with the authority to sell an additional billion in bonds. It is impracticable and absurd to demand that an initial appropriation be made to finance all existing farm mortgages by the passage of this bill. Let me also remind these gentlemen that no objection was made to the creation of the Federal land banks, which provided a means to reduce interest on farm mortgages to those who were free to borrow when it was established. Let me further remind the gentleman that it very effectively reduced farm-mortgage interest rates, as I was able to refinance a farm mortgage paying 8 percent quarterly to a Holland bank to 6 percent, with 1 percent of that to apply on the principal in amortization payment, although many other borrowers were unable to take advantage of the new plan at that time.

Mr. Chairman, if we are to save thousands of mortgaged farms throughout the country, this bill must be passed and the farm-loan law amended. In support of the statement I made in the debate with the chairman of the Agricultural Committee [Mr. JONES] when he had the floor earlier in the afternoon, as to the interest charges on delinquent farm-loan payments, I submit as part of these remarks a statement from the Federal Land Bank of Spokane to Mr. A. Klockman, a borrower who has invested a fortune and spent a lifetime in developing a farm in northern Idaho, and now in the evening of life, when the prices of farm products have fallen below the cost of production, with taxes and insurance piling up, he is charged 8-percent interest on delinquent farm payments.

Mr. Chairman, let the opponents of this bill study the statement presented here and tell me if this deserving man, who has put his all into this farm, can ever pay out unless this bill is enacted into law.

THE FEDERAL LAND BANK OF SPOKANE.

STATEMENT OF AMOUNT REQUIRED TO PAY OFF LOAN AS OF FEB. 1, 1936

Borrower: Martha N. Klockmann, National Farm Loan Administration, Boundary County—12, loan no. 33093.

Date of note: Nov. 7, 1924. Original loan, $25,000.

Installment due Nov. 7, 1932. Part payment $116.21, Oct. 22, 1934	balance	$696.29
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936		186.13
Installment due May 7, 1933	balance	812.50
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936		163.45
Installment due Nov. 7, 1933	balance	700.82
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936		112.95
Installment due May 7, 1934	balance	701.81
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936		85.04
Installment due Nov. 1, 1934	balance	686.45
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936		56.63
Installment due May 1, 1935	balance	488.82
Overtime interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936		20.78
Installment due Nov. 1, 1935	balance	380.19
Overtime interest at 5 percent to Feb. 1, 1936		4.75
Installment due May 1, 1936	balance	380.19
Less advance discount on $22,104.49 at 3 percent for 3 months		162.94
Unmatured balance of principal as of May 1, 1936		21,725.30
Interest at — percent from ——— to miscellaneous advance, Nov. 30, 1935		391.00
Extension and interest to ———; interest at 5 percent to Feb. 1, 1936		3.31
1931–34, general taxes advanced, June 18, 1935		3,687.02
Interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936		118.18
Filing fee advance, Jan. 20, 1933, $1; May 3, 1934, $1; Mar. 6, 1935, $1		3.00
Insurance premium advanced, Feb. 28, 1935		20.25
Interest at 8 percent to July 1, 1935, and 5 percent to Feb. 1, 1936		1.14
Notes receivable, Oct. 1, 1935	balance	7,500.00
Interest at 4 percent to Feb. 1, 1936		100.00
Notes receivable, Oct. 1, 1935		20,525.70
Interest at 4 percent to Feb. 1, 1936		273.68
Trust accounts credit, Dec. 4, 1935		22.66
Prepayment fee of — percent on unmatured balance of principal for — years to complete 5-year period		
Total		59,639.78

Release of mortgage will be mailed upon receipt of payment of the above amount.

O. H. JUNOD, *Treasurer.*

Prepared by M. H. Checked by R. G. D. Date, January 21, 1936.

Original to borrower. Duplicate to secretary-treasurer. Triplicate to file.

That is not the only injustice that is being done to borrowers by the system being followed by the Federal land banks. When I borrowed $3,000 on my farm they required 5 percent, or $150, as my subscription to the farm-loan association, who, in turn, invested this money in the farm land bank stock. That the Members of the House may know how these subscriptions are handled, I present a letter received from President Ehrhardt, of the Federal Land Bank of Spokane, stating my liability in the matter:

THE FEDERAL LAND BANK OF SPOKANE,
Spokane, Wash., April 25, 1936.

Hon. COMPTON I. WHITE,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN WHITE: Replying to your letter of April 18, our records indicate that the capital stock of the Bonner County National Farm Loan Association is impaired approximately 112 percent as of April 30, 1936.

As you know, the Federal Farm Loan Act provides that shareholders of national farm-loan associations shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

This section of the law was amended June 16, 1933, by the addition of section 744 (a), which provides that shareholders shall not be held individually responsible for any contract, debt, or engagement of the association entered into after June 16, 1933, but this section shall not be construed to relieve any other liability with respect to stock held by such shareholders.

In other words, there is a 100-percent superadded liability on association stock for debts contracted prior to June 16, 1933, but in this connection I think you should take into account the fact that it has not been the policy of the Federal Land Bank of Spokane at any time to impose this liability on association members.

Trusting this supplies you with the information desired, I am,
Very truly yours,

E. M. EHRHARDT, *President.*

And a letter from the officers of the Consolidation of Farm Loan Associations of Southern Idaho with a statement of their liability and also a letter from the Idaho commissioner of agriculture, which explains the workings of the plan in that district:

NATIONAL FARM LOAN ASSOCIATIONS OF
ADA COUNTY, BOISE COUNTY, KUNA, AND EMMETT,
Boise, Idaho, April 27, 1936.

Hon. COMPTON I. WHITE,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN: We wish to call your attention to the following facts in regard to the impairment of capital of the National Farm Loan Associations and enclose statement of financial condition of this association as submitted by the Federal Land Bank of Spokane showing stock impairment of 72.3 percent.

You will note by this statement that there have been certain losses which have been charged to this association and that 5-percent interest has been charged on such losses; also that interest has been charged on estimated losses. As we understand it, these losses are determined every 6 months and the interest is compounded; therefore we have an annual interest charge which continues to grow, and each 6 months our impairment is larger; but we have no income to pay these losses or interest. Therefore it is only a question of a very short time when our 5-percent stock will be wiped out.

Our borrowers were and are compelled to buy 5 percent of their loan in stock, and then this association in turn is compelled to buy equal amount of stock of the Federal Land Bank of Spokane, which stock pays no interest or dividend. Our fees are as large as the applicant should pay, yet barely enough to pay our expenses, so we have no opportunity to create a reserve for losses or interest. Being now associated with the Boise County, Kuna, and Emmett associations in a group office, the Federal land bank now sends us monthly reserve equal to 30 cents per thousand dollars of loans, which amounts to about $47.37 per month, but our interest impairment is about $240 monthly, leaving a monthly deficit of $192.63 without taking into account new losses which are bound to occur.

Under the above arrangement every association, we believe, whether their stock is now impaired or not, is doomed to bankruptcy, because losses will occur sooner or later, and when association stock becomes impaired it continues to increase because of this interest charge.

If we are to be charged interest at 5 percent on our impairment, we believe that we should have 5-percent interest on our capital stock which is invested in stock of the Federal land bank, or we should have some of the interest on the loans made through this association, so that we would have income to offset losses.

We have called this to the attention of the officials of the Federal Land Bank of Spokane, but they inform us that this interest is charged according to regulations issued by the Farm Credit Administration at Washington. They admit that sooner or later our stock of 5 percent will become worthless, but they have no remedy for us.

We ask your assistance in remedying this situation by new legislation or a change in the regulations of the Farm Credit Administration, or both, as we would like to be able to take care of ourselves; but under the present set-up we are doomed to failure.

Yours very truly,
ADA COUNTY NATIONAL FARM LOAN ASSOCIATION,
WM. J. HOLMAN, *President.*
R. H. DAVIDSON, *Director.*
C. A. OLIASON, *Director.*
B. F. HAYNES, *Director.*

Statement of condition of Ada County N. F. L. A. as of Nov. 1, 1935

Agreement signed Mar. 1, 1936

Accountability for:		
Indemnity account—debit		$28,654.83
Interest on indemnity account		9,603.45
Estimated loss on sheriffs' certificates		553.36
Interest on above		34.33
Estimated loss on unsold farms		
Interest on above		2,392.39
Liability to outsiders		891.09
Total accountable debits		42,129.45
Less accountable credits:		
Indemnity account—credit		
Interest on indemnity account		
Estimated profit on unsold farms	$1,469.41	
Reserve in F. L. B. bonds		
Other outside assets	269.52	
		1,738.93
Net accountability [1]		40,390.52
Capital stock		55,860.00

[1] Does not include delinquencies of or advances to borrowers.

Net impairment, 72.3 percent. Class 20.

STATE OF IDAHO,
DEPARTMENT OF AGRICULTURE,
Boise, February 27, 1936.

Hon. COMPTON I. WHITE,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: It has come to my attention on several occasions that in spite of the fact that prices of farm products are materially better than they have been during the past several years, that in many cases throughout Idaho, in fact, almost all cases, our farmers are not making any headway in the way of paying the delinquencies on their Federal land-bank mortgages—barely able to keep up the interest rates. There are several reasons for this.

Many of these farmers have delinquencies which were set up to be paid within a 5-year period. In many cases 3 of these 5 years have already expired, and the contract between the farmer and the Government states that the delinquencies must all be cleaned up in 5 years. One-half of this time has already gone by, and in very few cases have the farmers been able to pay one-half of their delinquencies. If the Government insists that all delinquencies must be paid up in this 5-year period, the farmers are practically right now back where they started.

I am sure we all agree that we are definitely on the upgrade, and that time will be the main factor that will allow our farmers to work from under their burden. If possible, I am sure it would be a saving factor in many instances if this whole program could be set up so that these delinquences could be placed at the end of the loan period and allow the farmer to pay his interest and taxes, and if he had any other money he could put it into general improvements around the farm. There is not one farm in a hundred but what needs equipment of almost every kind and also needs improvements in the way of painting and remodeling buildings. If the farmers have any money at all besides their interest and taxes and the normal payment they are faced with, I am sure it would be put to mighty good advantage right on the farm; and if these delinquent payments that are supposed to be taken care of in this first 5-year period, of which one-half has practically gone, could be placed at the end of the present mortgage or loan, it would make it possible for many to save their homes, which at this time looks as though they will be unable to do.

Naturally, our farmers have only one place to look for assistance like this, and that is to those who represent them in Washington, and I am sure you will consider one of the most serious problems to the Idaho farmer, as well as other farmers, when you take this vital matter under advisement.

With best personal wishes, I am,
Very respectfully yours,

F. LEE JOHNSON,
Commissioner of Agriculture.

Mr. Chairman, there can be no permanent business recovery or real prosperity in this country until the farm owners are relieved of the impossible interest load under which they are laboring. Farm loans must be refinanced, and this bill provides the means to do that without increasing the interest burden of the Government, which cannot be safely increased. I urge every Member to vote for this bill, which will do for our basic industry—farming—what has already been done for other industries by the R. F. C.

Mr. BUCKLER of Minnesota. Mr. Chairman, as the debate on the pending bill is about to close, I want to repeat a

statement I made a few minutes ago for the benefit of the lesser lights in this House. If this bill is defeated, the big perch will get the credit, and all you fellows from the country will get is "hell." There will be someone else here next session warming your seats, and you will be on the outside looking in and asking for a ticket to come in.

Mr. LEMKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 7, line 8, after the word "section", strike out "5" and insert in lieu thereof "4."

Page 7, line 21, after the word "section", strike out "5" and insert "4."

Mr. JONES. Why not wait until we get through with the bill and then ask that all section numbers be corrected?

Mr. LEMKE. This amendment involves the body of the bill and simply corrects the section numbers because we took out a previous section.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. LEMKE].

The amendment was agreed to.

The Clerk read as follows:

SEC. 14. The members of the board of agriculture shall keep in touch with and report to the executive committee the progress of liquidating and refinancing farm mortgages and farm indebtedness in their respective States. They shall cooperate with county or parish and State governments, and with all farm and cooperative organizations within their respective States, to speedily bring about the liquidation and refinancing of farm mortgages and farm indebtedness.

Mr. AYERS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the Frazier-Lemke bill to refinance farm mortgages, which we are now considering, has been under consideration by the people of this Nation since 1928. Ever since that time it has been introduced in each successive Congress. During these past 8 years the people of the Nation have studied it and have come to understand it. It has been the subject of discussion and debate in every State legislature of this Nation. As a matter of fact, 32 State legislatures have memorialized Congress to enact this bill into law, and every farm organization of the Nation is on record for it, yet it has taken 8 years to get it up for consideration on the floor of the House. The powerful invisible government which we have had to battle in order to pass any progressive legislation since I came to Congress has been the obstacle that prohibited consideration of this bill. The fact that this bill is a farmers' farm-credit bill and not a bankers' farm-credit bill is the reason that it has been delayed so long. If it is defeated now, that same fact is what will defeat it.

The opposition to the Frazier-Lemke bill comes from the same source and from the same interests which have opposed all the recovery legislation which we have passed during this administration.

Mr. Chairman, the opposition to this bill comes from Wall Street, from the international bankers, from those in control of the Federal Reserve System, and from those who have had special privileges for so long that they have come to believe that they and they alone own and control this Government for their own benefit. They are now organized under the title of the Liberty League and are fighting this bill for the simple reason that it is a farmers' farm credit act instead of a bankers' farm credit act. I hope this Congress will wake up to the fact that for that reason we must pass this bill.

This special-privileged class is now using every effort to scare the people and to scare this Congress into the belief that the Frazier-Lemke bill is an inflationary measure and therefore dangerous to the safety of our money system. Mr. Chairman and ladies and gentlemen of the House, let me call your attention to the fact that these special-privileged few have been and are branding as inflationary every piece of legislation or proposed legislation which helps the farmers or toilers of this country; but, according to their ideas, nothing is inflationary that helps the bankers, the Wall Streeters, the industrial institutions of the country, or anything that is connected with big business.

The same tax dodgers who held sway and robbed the Treasury of the United States under the Mellon and Mills regime by evading just taxes and by securing refunds equaling an amount as great as the Frazier-Lemke bill calls for to refiance farmers are the same persons who are now branding this bill as inflationary and dangerous and who are crying about the issuance of $3,000,000,000 worth of money backed by idle bullion in the Treasury and also secured by first mortgages upon productive farm lands. They are also the same persons—Liberty Leaguers—who so strenuously opposed all tax bills which have been enacted by this administration and who are now fighting the bill which the House recently passed levying a tax upon exorbitant reserves. These taxes upon exorbitant reserves were enacted by the House primarily to force the companies having these exorbitant reserves to pay them out as dividends to stockholders who in most instances would be glad to pay the income tax and the surtax in order to secure their just dividends. And then they would put the money into circulation, which in turn would help relieve the depression.

It might be worth taking the time to name just a few of these big corporations holding exorbitant reserves. The United States Steel Corporation has a reserve of over $520,000,000; the Standard Oil Co. of New Jersey, $449,000,000; the American Telephone & Telegraph Co., $401,000,000; General Motors, $270,000,000; the American Tobacco Co., $105,000,000; the Atlantic & Pacific chain-store corporation, $100,000,000; none of which reserves could have been built up had it not been for agriculture, the primary industry of this Nation. Yet when it comes to legitimately helping the agricultural industry all of these concerns call the measure inflationary and insist that it is dangerous to our governmental structure.

Just a little different situation, but what I consider a worse situation, exists with the Ford Motor Co. This is a family corporation with $580,000,000 in reserve deposited in a Ford family bank which purchases tax-exempt Government bonds upon which the Government pays a rate of interest greatly in excess of what is provided that the farmer should pay under the Frazier-Lemke bill. Of course, the Fords do not want to distribute their reserve because, first, if they did the members of the family would have to pay an income tax and a surtax on the dividend distributed to them; and, second, they would lose the interest the Government is paying them for it on their investment in Government bonds.

Of course, I could go on with a recitation of the same state of affairs with the Morgans, the Mitchells, the Chases, the Kuhns, the Loebs, the Mellons, the Mills, the Du Ponts, and many other of the enemies of this bill who are fighting it because it is a farmers' bill and not a bankers' bill.

The inflation argument on the floor of the House since we commenced the consideration of this bill has really become emotional. Almost hysterically we have been reminded of the great inflation of the German mark after the World War, and have been warned that this bill is a first step toward the same disaster that came to the German mark. Now, let me remind you, Mr. Chairman and Members of the House, that in all the history of the world, inflation has never occurred anywhere at any time in a stable government. Let us remember that when the armistice was signed, Germany was the most unstable of all governments on the globe, and the German leaders were wise enough to deliberately and intentionally take advantage of that fact and issue untold quantities of paper money and ruin the value of their currency, thereby wiping out their debt. But you will remember that these German marks were not backed by any gold that Germany had, nor were they backed by any gold that she was to get in the future; hence she wiped out her debt and vastly increased her own wealth.

The German situation is absolutely no argument in this case, for this bill proposes to put the idle gold of the Treasury and the lands of this Nation back of the money that is to be issued for the refinancing of agricultural loans.

This inflation argument is only a straw man being put up with the hope that the Congress will put on its boxing gloves against it and lose sight of the real issue, namely, refinancing the farmer with the best security in the world.

The same people and the same interests who are putting up this inflation straw man are the persons and the interests

who during the last 10 years have manipulated by amendments the Federal Reserve law so that today the Government is printing and delivering to the Federal Reserve System all of the currency of the Nation, except the $1 bills which are issued against the silver in the Treasury, for just the cost of printing. That is a fact, Mr. Chairman and Members of the House; the Government is not receiving one item of interest on the currency issued to the Federal Reserve System. The Government's credit is back of that currency, yet all of the profits are made by individual bankers. All that the Government gets is the cost of the paper, the ink, and the printing, which averages about 30 cents per thousand dollars.

Now that the farmers of the Nation are asking that currency be issued to the extent of $3,000,000,000, which is only about half of what has been issued to the Federal Reserve, and to be secured by the best security in the Nation, upon which they, the farmers, will pay 1½-percent interest and amortize the principal at 1½ percent per annum, the supporters of the Federal Reserve brand it as inflation.

Now, let us compare the money that is issued to the Federal Reserve with that which is proposed to be issued by this bill. The Federal Reserve gets its money absolutely free except for the cost of printing, which is 30 cents per thousand dollars, while under this bill the money to be issued will draw interest at the rate of $15 per annum on each thousand dollars. In other words, the money to be issued under this bill will bring into the Government 50 times as much as that which is issued to the Federal Reserve, and under this bill it will all be profit to the Government, whereas under the Federal Reserve issue the Government receives no profit at all—just the cost of printing.

To refinance the agricultural indebtedness and to make the loans under the Frazier-Lemke bill will not require any new machinery nor any new bureaus, boards, or commissions, and no profit-making enterprise or enterprises will be set up as are set up through the Federal Reserve System, for all of its member banks are private profit-making organizations. Under this bill the loans are to be made through the present Farm Credit Administration, which is already in operation and working. The program under this bill is not new at all. It is simply a program to have the money issued to the Farm Credit Administration and it to make the loans with its present organization, each applicant paying the initial expense incidental to his loan.

Mr. Chairman, before passing this inflation straw man, which has been set up by the enemies of this bill, permit me to say that I have recognized some real "inflation" in the arguments presented against the bill. But it is not money inflation. It is lobby and propaganda inflation. I have heard ideas and facts inflated to the greatest extent I have ever recognized since coming to Congress. For instance, just before the opening of the argument on this bill a 20-page mimeographed summary and analysis of the bill was delivered to the offices of the Members of the House. It is real propaganda against the bill. Some of the statements in it are so inflated that they are really amusing. One statement in particular advises us that 66 percent of the farms of the United States are not mortgaged. That statement is real lobby inflation. Then this propaganda program went on to say that this bill would hurt 85 percent of the farmers rather than help them. What do you think about that for lobby inflation? Then it went on to say that the Federal Land Bank System would be ruined. What do you think about that statement for real lobby inflation?

According to the best information I can get from reliable sources, 80 percent or more of the farm acreage of the Nation is mortgaged; and certainly it takes acreage to produce the agricultural products which feed and clothe a nation of more than 125,000,000 people, so the inflation we are confronted with today is the inflation of lobbying and propaganda against this bill.

I look upon this bill as necessary to bring agriculture back to a reasonable level of prosperity. We can legislate on all other subjects until we are black in the face, but we can never return a substantial and permanent prosperity to this country until we have restored the buying power of the farmer, and we cannot expect the farmer to regain his buying power so long as all of his profits go into interest and taxes. We must reduce his interest rate and we must reduce his taxes—he will do the rest and prosperity will be restored.

Can any Member of this House give any reason why the farmer should not get money at the same rate of interest that the Government is paying on its bonds, at the same rate that the big corporations are paying for their loans? That is one of the first steps in restoring his buying power, and as soon as we restore his buying power farm mortgages become one of the best classes of security in the Nation.

During the World War and during the reconstruction days thereafter our Government loaned billions of dollars to the Allies at 1½ and 2 percent and, by the way, this money was raised by the sale of Liberty bonds to the people of the Nation. From June 1917 to May 1919 over $21,000,000,000 was raised in that way. These bonds carried a rate of interest of 3½ percent and upward, and were sold to millions of people who could not afford to buy them. As a matter of fact, they were sold to people who had to borrow the money to buy them. Farmers and workingmen were really coerced into buying them for fear they would be charged with being German sympathizers. Some of the purchasers never saw the bonds. They were left with the banks as security. In this way the farmer was being actually forced into debt. Then after the war was over, and along in 1920, Wall Street manufactured a little depression for no other reason than to knock the bottom out of the farm prices, including lands and all farm products. This took the bond market down with it. Then all farmers and laborers of the country actually had to have money. They had no credit and were forced to sell their bonds far below par. When the bonds got into the hands of the same people who are now fighting, and always have fought the Frazier-Lemke bill, the bond market went up to par and better and has stayed there ever since. These fellows were profiteers at the expense of the producers and toilers of this Nation.

That is not all, Mr. Chairman, on this subject with which these same people should be charged. See what you think of this: The Government loans made to foreign countries were in most instances conditioned that the money loaned be used for American purchases, and the big manufacturers of this country received the benefits of excellent profits by reason of these loans to the foreign countries.

Now, let us analyze the condition that has put the farmer in the position where it has become necessary for him to have the benefit of the Frazier-Lemke bill. First, he was forced in debt by war conditions. Second, he was forced to sell his bonds at a loss. Third, he could not abandon his farm and he had no place else to go, so he went on and produced the raw materials to the manufacturer at a loss whereby the manufacturer made his profits on the moneys we loaned to the foreign countries. Fourth, the foreign countries repudiated their debts, which necessitated the making up of that sum to carry this country along, and it thereby increased the farmer's taxes in order that his own country be maintained. Fifth, when he could not pay his taxes and interest, the machinery of the law was put into effect to take his farm, either by mortgage foreclosure or by tax title. And now when he needs the benefit of the country he has protected and the interests he has helped we find those interests foremost in the arena fighting him.

These same interests that are opposing the Frazier-Lemke bill, first, on the pretext that it is inflation and, second, on the pretext that the Government cannot afford to issue $3,000,000,000 worth of money to refinance the farmer, were the same people who urged the loans to foreign countries. On these loans there is now over thirteen and one-half billion dollars repudiated; nevertheless, these same enemies of the Frazier-Lemke bill, these profiteers on war loans, these profiteers under the Federal Reserve System, hold this $3,000,000,000 money issue, with the best security in the world back of it, up to the people of the Nation and up to

Congress as absolutely ruinous. Their argument is just not consistent.

Mr. Chairman, under the Frazier-Lemke bill the farmers are not asking for charity. Far be it from that. They are simply asking the Government to treat them the same as it treats other industries and to give them an opportunity to pay their debts by loans at a rate of interest which they can bear. They ask the same opportunity to borrow money from the Government that is given to the industrial interests of the country.

I have called to the attention of this House several times during this and the last Congress that private industry cannot continue to prosper unless agriculture prospers. I reiterate that agriculture is the basic industry of this Nation, and it can only prosper by reducing its interest rate and its taxes; and the passage of the Frazier-Lemke bill is a full step to reduce the interest rate; and when that is done the States and the Government will go together to reduce the taxes and the purchasing power of the farmer will be restored; and then, and not until then, will prosperity return.

I implore you, Mr. Chairman and Members of the Committee, to give us an even break; that is all we ask, and that is all this bill provides for. An even break is just to treat us as industry is treated and to permit us to borrow money at the same rate of interest that industry pays. We are offering the Government better security than industry, for we are offering them the basis of all wealth of this Nation—a first mortgage on our agricultural lands.

The Clerk read as follows:

SEC. 15. The executive committee of the board of agriculture shall advise with and supervise the work of liquidating and refinancing farm mortgages and farm indebtedness by the Farm Credit Administration and the Federal Reserve Board, and they shall cooperate with said boards and with country or parish and State governments and with various farm organizations, and with the agricultral colleges of the Nation, in order to bring about a just and speedy liquidation and refinancing of farm mortgages and farm indebtedness. They shall report any member of the Farm Credit Administration or the Federal Reserve Board who neglects, hinders, or delays the carrying out of the provisions of this act, to the President of the United States, and it shall be the duty of the President, upon cause shown, to remove any such officer and to appoint some other suitable person in his place with the advice and consent of the Senate.

Mr. LEMKE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. LEMKE: Page 8, line 8, beginning with the word "and", strike out down to and including the word "by" in line 10.

Page 8, lines 10 and 11, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Page 8, line 17, strike out "Federal Reserve Board" and insert in lieu thereof "Board of Governors of the Federal Reserve System."

Mr. LEMKE. Mr. Chairman, I want to say that we strike out the following language:

And supervise the work of liquidating and refinancing farm mortgages and farm indebtedness.

In other words, we take away the supervision of the board of agriculture and make it merely advisory to the Farm Credit Administration. There has been some criticism made of taking powers away from the Administration.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MICHENER. Mr. Chairman, this bill is supported primarily by two groups: First, those farmers who because of a lack of parity between agriculture and industry since 1920 find themselves burdened with a mortgage indebtedness bearing a rate of interest that makes it practically impossible for them to ever pay out. That is, considering the prices which they receive for their product and their labor, the taxes which they must pay, and the costs of living and operation which they must meet, this group of our citizens see their farms going on the auction block. They face dispossession. Work as hard as they will, economize as they may, they fully realize that they must be refinanced or liquidated.

It is this group in which I am vitally interested. The urgency of the situation is such that I am willing to go a long way. Since I have been in Congress I have voted for practically every measure looking toward the relief of agriculture. I had little faith in the efficacy of some of these measures, but, feeling so keenly that something must be done for the farmer, I have been willing to chance anything. I signed the Frazier-Lemke petition in this frame of mind. I have tried as hard as I could to bring myself to the belief that the Frazier-Lemke bill, if enacted into law, would in the end be for the good of agriculture. I promised my constituents that I would do everything I could to bring the bill up for consideration. I have cooperated in every way with Mr. LEMKE in bringing this about. Mr. LEMKE and my constituents understand that I have never promised to vote for the Frazier-Lemke bill with all of its provisions.

Second, that group which believes that much of our economic trouble of the present day is due to the monetary system prevailing in our country. These people believe that there is a lack of money or currency afloat in the land. They believe in more currency. In short, they are generally known as currency inflationists. They are apparently interested in refinancing farm mortgages because they find here a vehicle to put more money in circulation. They will espouse any cause if it gives an opportunity to print more money. They supported the Patman bill providing for the payment of the bonus for that reason. We all know, however, that it was impossible for the soldiers to get their money as long as they insisted on printing new money. When this policy was abandoned, some of the most enthusiastic advocates of the payment of the bonus were no longer interested. However, the real friends of paying the bonus were still interested, and as a result the bonus will be paid in June. It is my thought that the farmer must not join up his troubles with any experimental money-issuing project; it matters not who proposes it or how alluring it may seem.

I do not belong to what has come to be known as the inflation group. And my interest in this bill is not motivated by the same hopes or desires that bring this last group to the support of this measure.

I am not going to take any time in reciting the number of farms subject to foreclosure, or in telling of the dreadful condition of agriculture as an industry. These facts are all well known to every Member of Congress. That type of speech has been made time and time again. There is no comfort for the farmer in depicting to him his distress and continuously reminding him of his hopeless condition. The farmer has been fed up on this kind of thing. And to me it approaches demagoguery on the part of those who would continuously preach to the farmer these things. We want a more cheerful aspect.

No one knows better than the farmer himself what his condition is. No one knows better than this same farmer and his family how he has striven ever since the World War to keep his head above water financially. The farmer who is about to lose his farm gets little solace out of the fact that he has plenty of company.

A few years ago one group of our farmers felt that the equalization fee, as embodied in the McNary-Haugen bill, was the solution. Another group was just as sure that the so-called debenture plan would bring the farmer into his own. Still another group was satisfied that the right approach to the problem was through cooperative marketing.

At no time have the several farm organizations and the farmers of the country presented a united front in behalf of any particular type of legislation looking toward relief. So that today we find one group and some sections of the country urging a continuation of the principles of the recent A. A. A., while other sections are violently opposed to this policy of scarcity. Then there is another group who would permit unlimited production, provide adequate tariff protection against foreign imports, and pay a bounty, if necessary, on all exportable surpluses.

The farmer who needs help is not interested in the authorship of legislation; whether the bill originates with the Farm Union, the Grange, the Farm Bureau, or any other organization should be immaterial. The measure should have the support of all agriculture if it is sound. Jealousies between farm organizations do much damage to the cause of agriculture. This is not true among farmers themselves, but human nature is human nature, and the leaders of various groups are bent upon supremacy for the particular organization. If an organization hits upon a good thing, the other organizations should be for it. Cooperation and not extermination is essential.

It is difficult for any student of the problem to arrive at a definite and restricted conclusion. The problem is not solved; and the enactment of this bill will in no way solve the problem in its entirety. It is regrettable that so much misinformation on both sides has gone out to the country concerning this measure.

The bill itself is loosely and poorly drawn. It expresses a hope and pictures an objective, with little attention having been given to the fundamental details and method of accomplishment. I feel sure that in drafting the bill much consideration was given to placing language in the bill that would sell the bill to the farmer. Now, the Congress finds itself in a position where, on the floor of the House, it is to be asked to rewrite the proposed law. Indeed, some of the proponents of the bill here in Washington have asked the farmers, who are to be the beneficiaries, to write and to wire the Congressman objecting to any amendments to the bill. In other words, these honest people have been asked to insist on the bill's passing without any amendments. Now, every Member here knows that this bill should not be passed without amendments. Mr. LEMKE, the author of the bill, would not want the bill passed without amendments; and Mr. LEMKE will offer clarifying and perfecting amendments which he feels are essential if the bill is to be seriously considered. I speak of this because present-day, high-pressure methods are ofttimes making it impossible to write constructive laws. If the honest legislator who is on the ground and knows the facts does not accede to these demands from back home, he is condemned as being opposed to what the law seeks to do.

The Frazier-Lemke bill has been before the House for several years. Those who fervently believe in the measure have only asked for a chance to be heard. When a bill is introduced into Congress it is referred to a committee, and it is the function of that committee to hold hearings—that is, to listen to the proponents of the bill as well as to the opponents of the bill. In these circumstances, the bill is considered carefully, line by line and sentence by sentence, and changes and alterations are always made. This is the sensible and correct procedure. When a bill of the importance and of the far-reaching effect of the Frazier-Lemke bill comes before Congress year after year, then there is but one way to handle the matter, and that is free, open, and fair consideration before the qualified committee and the Congress.

This bill has not had that consideration. The bill was never reported out by the committee with any thought that it would become a law in its present form. That is, the real friends of the bill on the Agricultural Committee, realizing the futility of any efforts in the committee, succeeded in inducing other members of the committee to report the bill to the House without any changes. Unquestionably there were those who felt that that killed the bill.

Efforts were then made to secure the permission of the Rules Committee to have the bill considered by the Congress. The signatures of 218 Members made this discussion and this consideration of the Frazier-Lemke bill possible. We are all agreed that the floor of the House is no place to write a technical bill. And I, for one, would be pleased to return this bill to the committee, where all sides might be heard, and a carefully prepared statute brought back for our vote and consideration. I know, however, that to recommit this bill would be to kill it. In short, no consideration would be given to it, and such a procedure is unthinkable under all of the circumstances.

One thing I like about the gentleman from North Dakota [Mr. LEMKE] is that he realizes that a measure of this kind is most difficult to draw, and that he is not only willing but anxious for constructive amendments.

On yesterday each Member of Congress was presented with an elaborate analysis of the Frazier-Lemke bill, H. R. 2066. This analysis was prepared by the Farm Credit Administration, the agency of the Government which is to administer the Frazier-Lemke Act if it ever becomes a law. The Farm Credit Administration, through its several divisions, is presumed to know more about the administration of agencies loaning to the farmer than any other set-up in the Government. In these circumstances, prudence requires that the Congress give every consideration to the details of this analysis. Again, it is impossible to do this on the floor of the House. The gentleman from North Dakota [Mr. LEMKE] has rightfully criticized the Farm Credit Administration for presenting this analysis at this late hour when the bill is being considered on the floor of the House.

It has been insisted in this debate that the Frazier-Lemke bill is discriminating in favor of agriculture, and that it is also discriminating as between various groups of farmers. There is some merit in both contentions. Yet it is very difficult to enact any law providing for reorganization or refinancing of industry or business of any type that is not in some way discriminatory. All bankruptcy laws are discriminatory. All reorganizations and moratoriums under existing law are discriminatory. That is, the creditor who acted in good faith, and as a matter of accommodation loaned the debtor money or supplied him with goods, has done the work and lived up to his end of the contract, has a right under the law to feel that the debtor will do the same thing. The debtor, however, through no fault of his own, or even through his own reckless habits, is brought to a condition where he cannot do that which he has agreed to do. In these cases, the present law discriminates in his favor, and the creditor must suffer. So, after all, there is discrimination. And I know of no way whereby we are going to enact legislation that will take care of the unfortunate farm debtor without giving to that debtor certain benefits which will not inure to the benefit of the more prosperous farmer.

By the terms of the Frazier-Lemke bill, the law is to be administered by the Farm Credit Administration under the advice and counsel of the executive committee of a new board, to be known as the Agricultural Board. This board is created not by the farmers of the country, but only those farmers who are debtors, and who are to receive the benefits of the Frazier-Lemke bill are to be permitted to participate. These debtor farmers are first to meet in convention in counties, send delegates to a State convention, and the State convention in turn sends a delegate to Washington. There is to be one of these delegates from each State in the Union. These delegates are to receive $15 per diem and necessary traveling expenses while on official business.

These delegates are to select three members of an executive committee, and these members are each to receive $7,500 a year and 5 cents per mile for necessary traveling expenses. Now, remember these expenses are all to come out of the farmer who is refinanced, and are in addition to the 1½-percent interest and 1½-percent principal paid annually. In addition to the board and the committee, clerical help must also be provided for.

There are many who are opposed to the setting up of another bureau of this type for the sole purpose of advising and counseling with the Farm Credit Administration.

This law could not be a success unless the administrator of the law made it a success. As I have just said, the Farm Credit Administration is the administrator. And the Farm Credit Administration is violently opposed to the law. Congress has been advised by the administration that the law is impracticable, discriminatory, unworkable, and will do more injury than good. Is it reasonable that we should pass this bill and place the administration of this law in this

hostile agency? We could not expect the law to be a success, and it would be just another failure, where the farmer would be the goat. The Congress did not know the attitude of the Farm Credit Administration until this bill reached the floor for consideration, and in this connection I cannot condemn too strongly the position of the Farm Credit Administration in withholding this information until the bill was being debated on the floor.

The Farm Credit Administration has thoroughly digested the bill and advises the Congress how the bill will be interpreted and accepted, if it becomes a law. We are told that the administration will cost at least 1 percent per annum on all loans, and at least 1 percent per annum will be necessary to cover losses; and that, inasmuch as the farmer's interest is to be 1½ percent, this would make the actual interest cost to the farmer of 3½ percent per annum instead of 1½ percent set up in the bill. This agency, therefore, concludes that, plus the 1½-percent principal payment, the total payment of the farmer each year would be 5 percent on his loan. Now, this is not some propagandist, some speaker, or some enthusiast talking; it is official and comes from the very people who are to administer the law, if it ever becomes a law. Give serious thought to that.

Attention is called to the fact that approximately 66 percent of the farms of the United States are not mortgaged, and that the mortgage debt on the remaining 34 percent of all farms is estimated $7,770,000,000. It is insisted that the $3,000,000,000 provided under the Frazier-Lemke bill would take care of less than 40 percent of the farmers whose farms are mortgaged at the present time and would, therefore, provide benefits for less than 15 percent of the farmers of the country at the expense of the remaining 85 percent. This agency of the Government further calls attention to the fact that if homes, other than farms, are given the same terms of refinancing, then over $25,000,000,000 of new money will be required. It is argued that this is not a general farm-relief measure, but that it will give the 15 percent of the farmers tremendous odds over the remaining 85 percent in the matter of production cost. And that this would not apply only to those present in distress but to future generations of farmers also. Attention is called to the fact that the 34 percent of mortgaged farms would be given advantage over the 66 percent of unmortgaged farms, because those farms could be sold at a much higher rate for the reason that the mortgagor really would have no equity in the farm; that he could remain as long as things went well, but could move off at any time he saw fit, and would not even have paid adequate rent for the time he occupied the farm.

Under this bill farm-loan bonds would be issued by the Farm Credit Administration just the same as farm-loan bonds are issued under the present law. But the rate of interest would be but 1½ percent per annum on real-estate security and 3 percent per annum on chattel-mortgage security. Now, the money to take up these bonds must come from somewhere, and the bill provides, that first, the bonds must be offered to the public for sale. If they are not taken by the public, then "it shall be the duty of the Federal Reserve and national banks to invest their available surpluses and net profits, after the dividends are paid to their stockholders, in such farm-loan bonds."

Many advocates of the bill have been led to believe that there is now in the vaults of these banks hundreds of millions of dollars that could be immediately invested in these bonds, with the only loss, if any, falling on the stockholders of the banks. All I know about Wall Street is what I read. I live in and represent a typical Main Street district, and of course, this law would apply to the banks in my district. Practically all of our banks closed during the bank holiday, and practically all of them had much difficulty in getting opened. And none of them at this time have much reserves. Whether or not some of them are permitted to remain open depends upon their ability to create sufficient reserves. This bill would absolutely prevent a bank from laying aside reserves to take care of slow assets and to better safeguard the depositors. In the district from which I come, most of the banks pay from 2 to 3 percent interest to the depositors on deposits. How can the small bank in the country pay this interest to depositors and at the same time be compelled by law to invest its available surpluses and profits in 1½-percent bonds? I am sure that I know of many thinking farmers in my district who would not want this bill enacted with such a provision.

The Farm Credit Administration again points out that if it were possible to refinance farm mortgages, as provided in the Frazier-Lemke bill, that this would upset the whole farm-loan machinery. Billions of dollars have been loaned by the Government under the present Farm Loan Act by the Farm Credit Administration. These bonds are outstanding and are held throughout the country. They bear interest at from 3 to 4½ percent and are not callable for from 8 to 10 years. Now, these institutions would have this money, and it would be impossible for them to safely invest the money to earn the interest which the institutions must pay to the holders of these outstanding bonds. The result could be but one thing, and that is default in the payment of the interest on these outstanding bonds, which would mean receivership and eventual liquidation of the system. This would entail the loss of $113,000,000 capital-stock investment, and some 600,000 farmer borrowers through the system, as well as some $217,000,000 which the Government has invested. Understand this is what the Government agency itself tells us today.

No other loaning agency could compete with the Government under this bill. Therefore this bill would throw the burden of financing the total farm-mortgage debt on the Government, which would mean that instead of $3,000,000,000, between $7,000,000,000 and $8,000,000,000 would be required to finance existing debts alone; and that does not include the farms that could be purchased by farm tenants and members of farmers' families. Let us not forget that just so sure as this benefit is given to agriculture, it will be given by Congress to the rest of the home owners of the country. The Government estimates the additional amount at $17,740,000,000.

We can get some idea of the enormity of this proposition when we recall that nearly 750,000 loans for approximately $2,000,000,000 have been made by the Federal land banks and the Land Bank Commissioners within the last 3 years. That the estimated scale-downs in connection with these operations approximate $200,000,000. This has brought about annual interest reductions as a result of such refinancing amounting to $38,000,000.

Now, I assume that the above statements are correct, considering the source. If they are correct, then this bill should not be railroaded through without adequate consideration. Some of us have protested vociferously about the present administration's asking us to vote for legislation that had not been properly considered. And, to be consistent, we should apply the same rule to this legislation, the purposes of which we are in favor.

I want to again impress upon you the fact that it will be absolutely necessary to issue $3,000,000,000 in new money. I am not going to discuss the security back of that money, because under this bill there would be $3,000,000,000 worth, and no more, of farm mortgages and chattel mortgages back of it. That is, on the theory that the loans were just equal to 100 percent of the security.

The question of inflation or expansion is one about which many people differ. There are those who can see no inflation or expansion of the currency in the issue of $3,000,000,000 of new greenbacks. Personally, I feel this is inflation, but I would not fear $3,000,000,000 at all, if the matter ended there. The debate on this floor within the last 2 days has convinced me thoroughly that this measure is but the beginning; and if there is not a tacit agreement, there is at least a friendly feeling between those who believe in inflation that this bill will be followed by a similar bill refinancing urban mortgages. The farmers of my country who are interested in lower interest rates and more considerate terms of payment are as a rule opposed to currency inflation. And one of their leaders from my own State was in my office yesterday and gave me this information and agreed with me

that while $3,000,000,000 as provided is controlled expansion, yet if we include all indebtedness this would be ruinous inflation. Under my responsibility to the farmers of my district, I cannot bring myself to the point where I am willing to step into a boat in a swift current and without oars.

I am sure that my friends who have written me and telegraphed me asking me to vote for this bill without amendment do not mean what they say. This bill provides for a loan on farms up to 100 percent of their fair value plus 75 percent of the value of insurable buildings and improvements. Mr. LEMKE, the author of the bill, recognizes that this provision is not sound or advisable and has offered an amendment to loan only 80 percent on the fair value of the farm. Most of the opponents of the bill voted against this amendment because they wanted to make the bill ridiculous.

The bill also provides that if the farmer's "mortgage and other indebtedness" exceeds more than the actual value of his assets, then such "mortgage and indebtedness shall be scaled down." In other words, the small bank in your home town which has loaned the depositors' money to a farmer on his mortgage, the groceryman who has sold groceries to the farmer, the drygoodsman, the fuel man, and all others, add up the amount owed, and then they are compelled to take whatever the Government wants to pay in settlement, and the debtor gets the entire benefit.

In view of the Supreme Court decision on the Frazier-Lemke moratorium law this provision is clearly unconstitutional. It is so recognized by Mr. LEMKE, and he has offered an amendment striking it from the bill. Yet the farmers back home are insisting on making no changes. They do not mean that, and I am pleased to vote for these perfecting amendments.

The bill, however, as it comes to a vote, is radically different than the bill as the farmers know it. I appreciate that there are those who will say that no material changes were made, and so forth. When we recall that the farmers are for this bill, first, because they believe it reduces their rate of interest to 1½ percent, when, as a matter of fact, as stated by the Farm Credit Administration, the interest rate with overhead will amount to 3½ percent. They are for the bill because it permits them to borrow the fair value of the real estate plus 75 percent of the reasonable value of the improvements. I know many farmers who cannot come under the present law because the Farm Loan Board insists upon too much equity in the property. Now the amendments have changed the bill so that as it will be voted upon the amount to be borrowed is the same as under the existing law. Other farmers are for the bill because it permits them to borrow on their livestock at 3-percent interest. The bill has been amended by striking out all reference to livestock.

The American Federation of Labor, speaking for 50,000,000 people, has today gone on record vigorously opposing the Frazier-Lemke bill because of its inflationary provision. William Green, president, says that the bill is inflationary, that it will upset the whole economic system and bring untold distress and suffering to the wage earner and consumer. Now, we all realize that no one group of our people can long prosper without the prosperity of the other groups. The farmer must have higher prices for his products. Therefore he must sell these products in the American market, and the wage earner is the big consumer in the American market. The American Federation of Labor undoubtedly wants prosperity, and nothing but a sincere belief that this bill is inflationary and will do damage could justify such a pronounced stand taken by the Federation.

The last 2 days, during consideration of this bill, have been exciting days for Members of Congress. Many farmers, as well as many inflationists who favor the legislation, have been in the galleries. As we all know, these groups have visited our offices, urging us to vote for this bill. On the other hand, speaking for myself, no one has approached me or even written to me opposing the legislation, so that my action today will not be guided by the usual story about lobbyists and influences of that kind.

During all my service in Congress I have never had a more trying decision to reach. My district is largely agricultural. Many of my personal friends and acquaintances have been thoroughly sold on this bill. They have mortgages that are due or to become due. They can see no future without relief on the part of the Government. I want to give them that relief. They have a right to expect it from me, and there is no reason why I should not want to do this. However, this responsibility is mine; and while political expediency undoubtedly suggests that I should vote for this bill, yet my conscientious judgment tells me that the bill is not wholesome as it now stands, that it could not and would not accomplish beneficial results if administered by the Farm Credit Administration, for the reasons above stated. The farmer must have a lower rate of interest on existing indebtedness. He must have more liberal terms of payment if he is to remain on the farm, but he must not have, in connection with this, monetary inflation that will destroy his market.

I have urged throughout this session that the Agriculture Committee give attention to some form of legislation which will be of benefit to all farmers and that will assist in making it possible that every farmer who produces on the soil shall have the cost of production for his product, plus a reasonable profit. As between industry and agriculture, if there is to be any discrimination, it must be in favor of agriculture, and the sooner the country recognizes this fact the better.

I am sure that many of my farmer friends will be disappointed in the vote that I am compelled to cast here today, but I have faith enough in those friends to believe that if they knew all of the conditions and understood the situation as I do at this hour and under all the circumstances, they would approve of my vote, rather than condemn it. This bill is not going to pass the House, therefore a vote for it is but a gesture. If it did pass the House, we all know it could not pass the Senate. But if it did pass the Senate, it would be vetoed by the President. Let us remember that it takes two-thirds of each House in any Congress to pass a bill over a President's veto.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. LEMKE].

The amendment was agreed to.

The Clerk read as follows:

SEC. 16. The benefits of this act shall also extend to any farmer, or member of his family, who lost his or her farm through indebtedness or mortgage foreclosure since 1921 and who desires to purchase part or all of the farm lost or another like farm. It shall also extend to any tenant, or member of his or her family, who desires to purchase an encumbered farm, provided he or she has lived on and operated a farm as a tenant for at least 2 years prior to the enactment of this act.

Mr. LEMKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 9, line 1, strike out "1921" and insert "1928".

Page 9, line 5, strike out the word "two" and insert the words "three consecutive."

Mr. LEMKE. Mr. Chairman, this amendment simply permits the farmers who have lost their farms since 1928 to take advantage of the act instead of those who lost them in 1921.

The amendment was agreed to.

Mr. DIES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIES: Page 9, line 4, strike out "an encumbered farm" and insert "a farm not exceeding $5,000 in value."

Mr. DIES. Mr. Chairman, this amendment is acceptable to the author of the bill and to his steering committee. I invite your attention to the wording of the bill at present, which limits the character of farm which a tenant can purchase to an encumbered farm. If this is left in the bill, it will preclude tenants in many sections of the country from purchasing farms. Also, it will enable mortgage companies to unload farms upon which they have liens and mortgages. It, therefore, is not fair to limit this provision to only those farms that have encumbrances or liens upon them.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. DIES. Yes; I yield.

Mr. BOILEAU. Will the gentleman state whether or not this $5,000 limitation applies to tenants or to all farmers?

Mr. DIES. It applies to tenant farmers.

Mr. BOILEAU. And only to tenant farmers?

Mr. DIES. Yes.

Mr. BOILEAU. In other words, it applies to a tenant who wants to buy a farm, but a man who owns a farm now will not be affected or limited by the amendment.

Mr. DIES. Under the bill as written there is no limitation on the value of the farm to be purchased by the tenant. More than 60 percent of the farmers of the country are tenants today, and tenancy is increasing with alarming rapidity.

In a recent report made by the Secretary of Agriculture he pointed out the seriousness of tenancy in the United States.

Mr. KVALE. Mr. Chairman, will the gentleman yield for one question?

Mr. DIES. Yes.

Mr. KVALE. Does this amendment embody some of the principles of the tenancy bill held up on the other side?

Mr. DIES. Yes; the tenancy bill which was referred to the House Committee on Agriculture and which has never been reported by that committee and evidently will not become law during this session of Congress.

As I said a moment ago, the Secretary of Agriculture in his report pointed out the seriousness of tenancy and directed the attention of the country to the necessity of taking adequate steps to put a stop, as much as possible, to the increase of tenancy in the United States.

In many counties in the South more than 75 percent of the farmers are tenants. A few landlords own the vast acreages that are cultivated by tenant farmers. I hope that my amendment will be adopted. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. DIES].

The amendment was agreed to.

Mr. BINDERUP. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, once more reverting to the proposition that has been stated here several times this afternoon about the Federal land banks; once more reverting, if you please, to the great advantage that the Frazier-Lemke bill will be under this wonderful system, I want especially to talk to those to whom I have listened for the past year and a half talking about the idle textile mills in the New England States. I want to show what an advantage this will be.

The Frazier-Lemke bill is nothing more nor less than just a proposition made to Uncle Sam that says, "We want to go into partnership with you, Uncle Sam. You give us $3,000,000,000 of credit and we will mortgage to you all of our homes, involving three times the amount of money we ask, and we are going to do much better by you than has ever been done before, because, under our proposition, if you give us $3,000,000,000 of credit we will give you $45,000,000 a year in interest, which is 50 times more than you are used to getting from the Federal Reserve banks, and besides this we will make $90,000,000 for ourselves."

I want this thought to go back to the East, because in the West we are buying your products. The farmers in the West have not had a new suit of clothes for 10 years. We are going to buy with this money—and I am taking now the figures from New York State, which shows the velocity of money. This shows that in 1935 money changed hands 72 times in 1 year, and taking 90,000,000 times 72, you have the enormous buying power of $6,480,000,000. This represents the increase in purchasing power. [Applause.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BIERMANN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 9, after line 6, add a new section to read as follows:

"The mortgages for the loan provided in this act shall be so drawn as to provide that when the mortgaged property passes out of the hands of the original mortgagor the loan shall be due and payable immediately.

"This provision shall not apply to inheritances from husband to wife, or wife to husband, parent to child, or child to parent."

Mr. BOILEAU. Mr. Chairman, I make the point of order that the amendment is not germane. It refers to inheritances, and it seems to me also that it is not germane to this part of the bill.

The CHAIRMAN. The Chair thinks that it is germane, and therefore overrules the point of order.

Mr. BIERMANN. Mr. Chairman, I would like the particular attention of the Members in charge of the bill, because I think when they understand this amendment they will accept it. The purpose of the amendment is to eliminate speculation. My amendment provides that if the mortgaged property passes from father to son or wife to husband the mortgage goes with it. But if the property is sold the mortgage forthwith becomes due.

We must assume that a farm carrying a mortgage drawing 1½-percent interest will have a higher value than a farm mortgaged at 5 percent. So there is the element of value added to the farm by the fact that the mortgage carries an uncommonly low interest rate.

My amendment proposes to eliminate the element of speculation in these farms mortgaged at 1½-percent interest. It proposes to confine the benefits to the distressed farmers and to prevent speculation in their farms.

Mr. BOILEAU. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. BOILEAU. It seems to me that the gentleman's amendment has a good deal of merit.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

SEC. 17. The executive committee of the board of agriculture shall have power in case of crop failures, and in other meritorious cases, to extend the time payments due on loans made under this act from time to time for a period not exceeding 3 years, provided the mortgagor keeps up the payment of all taxes on the mortgaged property.

Mr. KING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KING: Page 9, line 12, after the word "property", insert a new section, as follows:

"For the purposes of this act the term 'State' or 'States' shall include the Territories of Alaska and Hawaii, and the Territory of Alaska shall be held and considered a single county or parish."

Mr. KING. Mr. Chairman, Hawaii is almost entirely an agricultural community, dependent for the livelihood of its people principally on agriculture. Its interest in this legislation now before the House is shown by a joint resolution adopted by the Legislature of the Territory of Hawaii requesting the Congress of the United States to enact this bill into law, which resolution I presented to the House last session.

We have been working steadily toward diversifying our industries and are doing everything within our power to encourage small farming and the raising of food crops. This is a matter of military importance as well as of economic value to the Territory. Any legislation that will make the farmer's burden less is as greatly needed in Hawaii as on the mainland.

The United States census for 1930 shows that we have 5,955 farms, totaling 2,815,026 acres of land, of which 440,579 are improved. The value of this farm property, lands and buildings, is $125,938,756. The proportion of all farms operated by tenants is 72.5 percent, and 30.8 percent of the farms are mortgaged. The total amount of mortgaged debt is $1,123,570, and the ratio of debt to value is 52.3 percent. The average value of the mortgaged farms is $6,321, and the average of the mortgages is $3,305.

While this indicates a healthy condition of our agricultural industries, it also shows that there is a substantial field

for the refinancing of farm mortgages. We have no Territorial agency to serve this purpose and the Farm Credit Administration has but recently been extended to include Hawaii.

When it is realized that we produce for sale approximately $100,000,000 worth of agricultural products annually in addition to a considerable amount of foodstuffs consumed locally, and that we buy American merchandise and foodstuffs to the value of approximately $90,000,000 annually, our deep interest in this legislation, which may have a tremendous effect on agriculture as a whole, can be readily understood.

Hawaii since the date of its annexation to the United States has shared with all the States in bearing every national burden, pays a substantial amount of taxes into the Federal Treasury, has asked for no exemptions not equally applicable to the States of the Union, and asks in return only that any legislation designed to benefit the people of the States be extended to include Hawaii as an integral part of this great Nation.

I sincerely hope that the House will accept the amendment I have offered as a matter of common justice to the Territories of Alaska and Hawaii.

Mr. LEMKE. Mr. Chairman, we accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Hawaii.

The amendment was agreed to.

The Clerk read as follows:

SEC. 18. This act shall be liberally construed, and no technicalities or limitations shall be imposed or permitted to interfere with the speedy carrying out of its purposes; and the provisions of the Farm Credit Administration and the Federal Reserve Banking System shall apply as far as applicable in the carrying out of the provisions of this act; and all laws or parts of laws in conflict herewith are for the purpose of this act repealed. The persons charged with the duty of carrying out the provisions of this act are authorized and directed to do all things necessary or convenient to accomplish its purposes with expedition.

The CHAIRMAN. Under the rule the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H. R. 2066) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a board of agriculture to supervise the same, and, pursuant to House Resolution 123, he reported the same back with sundry amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. BOILEAU and Mr. KVALE demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 142, nays 235, not voting 51, as follows:

[Roll No. 95]

YEAS—142

Amlie	Carpenter	Disney	Ford, Miss.
Andresen	Cartwright	Dorsey	Fulmer
Ashbrook	Christianson	Duncan	Gambrill
Ayers	Clark, Idaho	Dunn, Miss.	Gasque
Berlin	Collins	Dunn, Pa.	Gassaway
Binderup	Colmer	Eckert	Gearhart
Blackney	Connery	Eicher	Gehrmann
Blanton	Cravens	Ellenbogen	Gilchrist
Boileau	Crawford	Engel	Gildea
Buckler, Minn.	Crosby	Englebright	Gillette
Burdick	Crosser, Ohio	Farley	Goldsborough
Cannon, Mo.	Cummings	Fenerty	Gray, Ind.
Cannon, Wis.	Daly	Fletcher	Gray, Pa.
Carlson	Dies	Focht	Greenway
Griswold	Lundeen	Patterson	Smith, Wash.
Guyer	McClellan	Patton	Spence
Haines	McFarlane	Pearson	Stack
Hildebrandt	McGehee	Peterson, Fla.	Stefan
Hill, Knute	McGrath	Pierce	Stubbs
Hill, Samuel B.	McGroarty	Pittenger	Sweeney
Hoeppel	Mahon	Quinn	Thurston
Hoffman	Main	Randolph	Tolan
Hook	Marcantonio	Rankin	Turner
Houston	Martin, Colo.	Richards	Turpin
Hull	Massingale	Rogers, Okla.	Wallgren
Imhoff	Meeks	Romjue	Wearin
Jacobsen	Miller	Ryan	Werner
Johnson, Okla.	Mitchell, Tenn.	Sadowski	White
Keller	Monaghan	Sanders, Tex.	Withrow
Kniffin	Moritz	Sauthoff	Wolcott
Knutson	Mott	Schneider, Wis.	Wood
Kvale	Murdock	Schulte	Woodruff
Lambertson	Nelson	Scott	Young
Lee, Okla.	Nichols	Scrugham	Zimmerman
Lemke	O'Malley	Secrest	
Luckey	Patman	Shannon	

NAYS—235

Adair	Dingell	Kopplemann	Rich
Allen	Dirksen	Kramer	Richardson
Andrews, N. Y.	Ditter	Lambeth	Risk
Arends	Dobbins	Lanham	Robertson
Bacon	Dockweiler	Lea, Calif.	Robinson, Utah
Bankhead	Dondero	Lesinski	Robsion, Ky.
Barden	Doughton	Lewis, Colo.	Rogers, Mass.
Barry	Doxey	Lewis, Md.	Rogers, N. H.
Beam	Drewry	Lord	Russell
Beiter	Driscoll	Lucas	Sabath
Biermann	Driver	Ludlow	Sandlin
Bland	Duffy, N. Y.	McAndrews	Schaefer
Bloom	Eaton	McCormack	Schuetz
Boehne	Ekwall	McKeough	Seger
Boland	Evans	McLaughlin	Shanley
Boykin	Faddis	McLean	Short
Boylan	Fiesinger	McLeod	Sirovich
Brewster	Fish	McMillan	Sisson
Brooks	Fitzpatrick	McReynolds	Smith, Conn.
Brown, Ga.	Flannagan	McSwain	Smith, Va.
Brown, Mich.	Ford, Calif.	Maas	Snell
Buchanan	Frey	Mapes	Snyder, Pa.
Buck	Fuller	Martin, Mass.	Somers, N. Y.
Buckley, N. Y.	Gavagan	Mason	South
Burch	Gifford	Maverick	Starnes
Burnham	Gingery	May	Stewart
Carmichael	Goodwin	Mead	Sumners, Tex.
Carter	Granfield	Merritt, Conn.	Sutphin
Casey	Greenwood	Merritt, N. Y.	Taber
Castellow	Greever	Michener	Tarver
Celler	Gregory	Millard	Taylor, S. C.
Chandler	Gwynne	Mitchell, Ill.	Taylor, Tenn.
Chapman	Halleck	Montague	Terry
Church	Hamlin	Moran	Thom
Citron	Hancock, N. Y.	Norton	Thomason
Clark, N. C.	Hancock, N. C.	O'Brien	Thompson
Cochran	Hart	O'Connell	Tinkham
Coffee	Healey	O'Connor	Tobey
Colden	Hennings	O'Day	Tonry
Cole, Md.	Hess	O'Leary	Treadway
Cole, N. Y.	Higgins, Conn.	Oliver	Umstead
Cooley	Higgins, Mass.	O'Neal	Vinson, Ga.
Cooper, Ohio	Hill, Ala.	Owen	Vinson, Ky.
Cooper, Tenn.	Hobbs	Palmisano	Wadsworth
Corning	Hollister	Parks	Walter
Costello	Holmes	Peterson, Ga.	Warren
Cox	Huddleston	Pettengill	Weaver
Creal	Johnson, Tex.	Peyser	Whelchel
Cross, Tex.	Johnson, W. Va.	Pfeifer	Whittington
Crowe	Jones	Plumley	Wigglesworth
Crowther	Kahn	Powers	Wilcox
Culkin	Kelly	Rabaut	Williams
Cullen	Kennedy, Md.	Ramsay	Wilson, La.
Curley	Kennedy, N. Y.	Ramspeck	Wilson, Pa.
Darden	Kenney	Ransley	Wolfenden
Darrow	Kinzer	Rayburn	Wolverton
Deen	Kleberg	Reed, Ill.	Woodrum
Delaney	Kloeb	Reed, N. Y.	The Speaker
Dickstein	Kocialkowski	Reilly	

NOT VOTING—51

Andrew, Mass.	Dietrich	Jenkins, Ohio	Reece
Bacharach	Doutrich	Kee	Sanders, La.
Bell	Duffey, Ohio	Kerr	Sears
Bolton	Eagle	Lamneck	Smith, W. Va.
Brennan	Edmiston	Larrabee	Steagall
Bulwinkle	Ferguson	Lehlbach	Sullivan
Caldwell	Fernandez	Maloney	Taylor, Colo.
Cary	Green	Mansfield	Thomas
Cavicchia	Harlan	Marshall	Utterback
Claiborne	Harter	Montet	Welch
Dear	Hartley	Parsons	West
Dempsey	Hope	Perkins	Zioncheck
DeRouen	Jenckes, Ind.	Polk	

The SPEAKER. The Clerk will call my name.

The Clerk called Mr. Speaker BYRNS' name, and he answered "nay."

So the bill was rejected.

The Clerk announced the following pairs:

On this vote:

Mrs. Jenckes of Indiana (for) with Mr. Bell (against).
Mr. Green (for) with Mr. Bacharach (against).
Mr. Ferguson (for) with Mr. Cavicchia (against).
Mr. Dietrich (for) with Mr. Dear (against).
Mr. Hope (for) with Mr. Kerr (against).
Mr. Marshall (for) with Mr. Steagall (against).
Mr. Taylor of Colorado (for) with Mr. Andrew of Massachusetts (against).
Mr. Larrabee (for) with Mr. Lehlbach (against).
Mr. Zioncheck (for) with Mr. Harlan (against).
Mr. Doutrich (for) with Mr. Sullivan (against).

General pairs:

Mr. Sears with Mr. Jenkins of Ohio.
Mr. Mansfield with Mr. Perkins.
Mr. Lamneck with Mr. Bolton.
Mr. Bulwinkle with Mr. Hartley.
Mr. Maloney with Mr. Reece.
Mr. Eagle with Mr. Thomas.
Mr. Fernandez with Mr. Welch.
Mr. Claiborne with Mr. Harter.
Mr. Caldwell with Mr. Kee.
Mr. Polk with Mr. Sanders of Louisiana.
Mr. Montet with Mr. West.
Mr. Dempsey with Mr. Utterback.
Mr. Edmiston with Mr. DeRouen.
Mr. Brennan with Mr. Cary.

Mr. PETTENGILL. Mr. Speaker, my colleague the gentleman from Indiana, Mr. LARRABEE, is unavoidably detained on account of illness in the family. If present, he would have voted "aye."

Mr. JOHNSON of West Virginia. Mr. Speaker, my colleague, Mr. SMITH of West Virginia, is absent. Had he been present, he would have voted "no."

The result of the vote was announced as above recorded.

Mr. BANKHEAD. Mr. Speaker, I move to reconsider the vote by which the bill was rejected, and lay that motion on the table.

The motion was agreed to.

EXTENSION OF REMARKS—THE FRAZIER-LEMKE BILL

Mr. O'CONNOR. Mr. Speaker, as we are about to finish the debate on the Frazier-Lemke bill and vote upon its passage, I desire to take the opportunity to reiterate what I have previously said about this measure.

As has been very clearly demonstrated in the debate here during the past 2 days, and as was well known for years by all who took the trouble to investigate, this bill is the greatest monstrosity which was ever presented to any legislature.

If it ever was properly reported out of the Agriculture Committee, it should never have been so reported. The final vote to be taken today, in my opinion, not only justifies the attitude of a Rules Committee of the House of Representatives, irrespective of which party is in power, but should completely justify the decision the Rules Committee has taken in reference to this measure.

From the beginning the Rules Committee has always been willing to grant a hearing on an application for a rule for the consideration of this bill, provided that the request was presented by a majority of the members of the Agriculture Committee, irrespective of party. Such a request has never been presented.

No legislature can conduct its business in town meeting. This bill typically justifies the futility of such a procedure. About 13,000 bills have been introduced into this Congress. Only about 400 will ever become public laws. If the theory of the advocates of this measure was carried to its logical conclusion, every one of the 13,000 bills would be brought on the floor for a town-meeting discussion.

It is the function of the Rules Committee to determine just whether or not a bill is likely to pass the House. The result today will justify the attitude of the Rules Committee as to this particular measure.

To bring on the floor of the House a bill just because it has behind it a demagogic appeal, or an outside influence, is contrary to the proper functioning of a legislative body and its committees.

If anybody did not know before that this was purely an inflationary measure, they certainly know it now. A cruel, dastardly deception has been practiced on the farmer and even on some of the city dwellers in reference to this bill. That deception should now be apparent to all, after we have wasted 3 days in considering this monstrosity, instead of proceeding to the consideration of the 260 bills already on the Union Calendar and about 50 bills on the House Calendar, all duly reported from the standing committees.

The method of legislation by petition will again be demonstrated as inefficient and contrary to good legislative practice. No bill has yet ever become a law which was brought before the House by the petition method.

The letter read to the Committee of the Whole House on the state of the Union today by the distinguished Speaker of the House, addressed to him by Mr. William Green, president of the American Federation of Labor, is a succinct reiteration of the attitude of the wage earner of this country toward such an inflationary measure as this, the Frazier-Lemke bill. In my speech on the floor of the House on February 18 of this year, and again in my remarks in the RECORD of last Friday, May 8, I stated the position of Mr. Green and the wage earner toward this bill.

If this measure ever became a law it would be ruinous to every wage earner in my district, where there are no farms, and to every wage earner throughout the country, and, furthermore, to most of the farmers of the Nation.

During seven terms in Congress I have gladly supported every piece of legislation which would really help the farmer. Irrespective of the fact that there are only 6,000,000 farmers, including tenant farmers, in the whole country out of a population of over 127,000,000, and in addition to the fact that of the 50,000,000 wage earners in this country, only about 10,500,000, or about 20 percent, are employed on the farm, this bill would not help 4 percent of the farmers. It could not possibly help, by reason of its provisions, any farmer having a mortgage on his farm which exceeds the value of his farm, which is the situation in most instances where the farmer is now in stressful circumstances. There is no provision in the bill for the people in the cities who owe $21,000,000,000 in mortgages on their homes, as compared with about eight and one-half billion owed by all the farmers. Wherever the city home owner has been able to borrow funds from the Government, he has been compelled to pay 5-percent interest. This bill would take over the mortgages on the farms at 1-percent interest.

The city home owner can only refinance his mortgage at a valuation of from 60 to 80 percent. Under this bill farm mortgages would be taken over at 100 percent and the insurance companies would receive the billions of dollars to be expended by the Government.

There are only about 33 percent of the farms in the country which have any mortgages on them. Therefore, this bill would not help the other 66 percent of the farmers, who would have to pay the cost of the inflationary feature of the bill.

Nobody believes that the bonds mentioned in this bill could ever be sold at 1½ percent interest on collateral such as cattle and hogs. Therefore, the inflationary provisions of the bill would go into effect at once and we would have $3,000,000,000 of printing-press money, which would increase the living expenses of the wage earner and consequently decrease the value of his wages.

The Federal land-bank system, which has been so beneficial to the farmer, would be absolutely ruined, with a loss of about $113,000,000 invested by 600,000 farmers in the institution and a further loss of $217,000,000 invested by the Government.

Already about $2,000,000,000, comprising about 750,000 loans, has been made to the farmers.

Foreclosures have progressively decreased. There are now only about 19 foreclosures per 1,000 farms, which is substantially the same as in 1926, the normal year before the depression.

With the increase in commodity prices, statistics show that the farmers have been able to pay the interest on their farm mortgages so that there is a gross exaggeration in the statements as to the present-day condition of the farm population.

The unemployment existing today, which we are trying to remedy, is not in the farming sections, but in such districts as mine, where the building trade mechanics, for instance, are still out of employment after years of unemployment. It is they who know what suffering in the depression is as compared to the farmer, who would be the last person on earth who would ever starve.

Most of the activity in support of this bill comes from the so-called farmer who owns thousands of acres of farm land and owes from forty to one hundred thousand dollars in mortgages on their farms. That is not our conception of a farmer. We usually think of a farmer with a comparatively few acres principally devoted to the maintenance of his family. Many of the chief agitators for this bill are, in our opinion, big businessmen with big investments in farms, who never in their life handled a plowshare. We have seen them around Washington with their canes and spats. It is such people as they who have deceived the real farmer and the city dweller as to this bill.

It may have been healthier to expose all this deception on the floor of the House, but I still feel that the attitude of the organization of the House toward this bill was justified and that the vote today will further justify it.

Mr. AYERS. Mr. Speaker, the Frazier-Lemke bill to refinance farm mortgages, now under consideration for the first time by Congress, has been under consideration by the people of this Nation since 1928. During these 8 years the people of the Nation have studied it and have come to understand it. It has been the subject of discussions and debates in every State legislature of this Nation. As a matter of fact, 32 State legislatures have memorialized Congress to enact this bill into law, and every farm organization of the Nation is on record for it.

INVISIBLE GOVERNMENT PREVENTS PROGRESS

The powerful invisible government which we have always had to battle in order to pass any progressive legislation has been the obstacle that prohibited consideration of this bill by Congress for all this time.

Now, Mr. Speaker, this is not a relief bill. It is a farm-credit bill. We are only asking for farm credit in the same terms that industrial credit has been established for the industries of the Nation. This, in reality, is a farmers' farm-credit bill and not a bankers' farm-credit bill, and that is the reason the invisible government has delayed it so long and hopes to kill it in the end.

Lack of understanding by Congress of a real farm-credit system and suppression of such understanding by the privileged interests of this Nation—the invisible government, if you please—is what has hindered farm-credit development, and in reality hindered recovery.

FARMERS NOT ASKING CHARITY—JUST FAIR PLAY

The farmer is not asking for charity in this bill, nor is he asking for relief, except that he be given credit on the same basis as industry.

To set up a program under the Farm Credit Administration through the enactment of this bill would be just exactly the same thing as has been set up for other industries through the Reconstruction Finance Corporation. In the R. F. C. industries secure credit on a business basis and back their loans with property and securities. Under this bill the farmer is to secure credit through the Farm Credit Administration in exactly the same manner. It is just an ordinary business deal where the farmer hires money just the same as industry hires money now through the R. F. C.

In both instances the system is based on local representations, associations, cooperatives, and so forth. In one it is industrially owned and controlled and in the other it is farmer owned and farmer controlled. Take it all in all, it is a permanent system which is democratic in its nature and based upon cooperative principles which have been applied to credit for a long period in this and other countries.

The stigma of aid or charity or relief is not attached to this system, which is meant for the solvent operator with a sound farm or ranch unit upon which, if given a fair chance, he can make a decent living and educate his children. It will stabilize farm credit, it will lower costs of production, and it will lower prices to the consumer, and in the end will make more profits and add security and stability all along the line; it will revive agriculture, the primary industry of the nation, and oil the wheels of all other industry, thereby relieving unemployment and aiding labor in general. It will eliminate the distress cases which are now the problem of the Resettlement Administration, the Seed Loan Administration, and the Farm Credit Administration. The summary is that it will put agriculture back on its feet.

Mr. Speaker, let me say again that this is a farm-credit bill and not a farm-relief bill; but it is a farm-credit bill for the farmers and not a bankers' farm-credit bill. That is the very reason why it has not been brought up for a vote long ago. If it were a bankers' farm-credit bill, we would have no trouble in getting it up for consideration; and if it is defeated today, I am sure it will be because of the fact that it is not a bankers' farm credit bill. O Mr. Speaker, I hope that Congress has waked up to its duty of representing the people and not the privileged few. [Applause.]

REACTIONARIES OF BOTH PARTIES TOGETHER

Mr. Speaker, the opposition to the Frazier-Lemke bill comes from the same source and from the same interests which have opposed all the recovery legislation which we have passed during this administration. What "gets my goat" is that some of the administration leaders right here on the floor of this House are, in the consideration of this bill, throwing in with their avowed enemies. I just cannot understand it. It is too deep for me. That is not the way we do things out in my country.

The opposition to this bill comes from Wall Street, from the international bankers, from those in control of the Federal Reserve System, and from those who have had special privileges for so long that they have come to believe that they and they alone own and control this Government for their own benefit. They have organized under many deceptive heads, the latest of which is the Liberty League, which league in their name is now fighting this bill for the simple reason that it is a farmers' farm credit bill instead of a bankers' farm credit bill.

I have heard supporters of the Liberty League, the Economy League, Wall Street, and the Tammany organization stand up on the floor of this House yesterday and today, crying to the high heavens and shedding crocodile tears for the farmers and relating how they have always voted for and helped the farmers of this Nation, and that they are doing it now on this bill by voting against it. They infer that the farmer is misguided, they insist and state that they are coming to his rescue. They are self-appointed guardians of the farmer.

Well, Mr. Speaker, let us call a spade a spade; that is what we do out in Montana, and that is what I have always done here. The farmer of this Nation does not need a guardian. He knows what he wants and he knows why. So if these so-called friends desire to help him, let them go with him on this bill. [Applause.]

WALL STREET FARMERS FARM THE FARMER

The special-privilege classes have always voted for agricultural measures in which they see 10 times the benefit to themselves as that which goes to the farmer. They usually wrote such measures and branded them as farmers' legislation. True, they supported the Farm Credit Administration and the legislation creating it, also the old Farm Board. They did that because they saw 4½- to 6-percent interest coming to them on tax-exempt bonds which they would purchase to finance it, and, remember, the farmer in the end paid that interest, both on his loan and on the bonds, and then took up the slack on the tax exemption of the bonds.

Now that this bill proposes that the Government refinance the farmer at 1½-percent interest, they are for him being against it. That is what we call out home "hitting below the belt when the referee isn't looking." But what I am trying to do, Mr. Speaker, is to put this into "slow motion" so the picture will show the real facts.

A CAMPAIGN OF FEAR ON INFLATION

The special privileged class is now using every effort to scare the people and to scare Congress into the belief that the Frazier-Lemke bill is an inflationary measure and therefore dangerous to the safety of our money system and of our Government. True, it is inflationary to the extent that it expands our currency to the extent of $3,000,000,000, but please remember that this expansion is protected by more than twice that amount of idle gold bullion in the Treasury, and this expansion, not inflation, is further protected by first mortgages on the agricultural lands of this country—the best security in the world.

ANSWER TO INFLATION CHARGE

Let me remind you, Mr. Speaker, that inflation never occurred in any stable government in this world, and let me challenge our adversaries on that subject.

The most peculiar thing that I have noticed since coming to Congress is that the special privileged few of this Nation have always branded as inflationary every piece of legislation which helps the farmer and the toiler of the country; but according to their ideas nothing is inflationary that helps the bankers, the Wall Streeters, the industrial institutions, or big business. This inflation idea in a stable country like ours is just a bugaboo. It never has and cannot come about in a stable country. I shall answer that in detail later when I take up and answer the arguments that have been put up about the German marks. That has been a scarehead and a bugaboo on the floor yesterday and today.

TAX DODGERS AND TAX REFUNDERS OPPOSE BILL

The same tax dodgers and tax refunders who held sway and robbed the Treasury of the United States under the Mellon and Mills regimes, by evading just taxes and by securing refunds equaling an amount greater than the Frazier-Lemke bill costs for refinancing farmers, are the same persons who are now branding this bill as inflationary and dangerous, and who are crying about the issuance of $3,000,000,000 worth of money backed by idle bullion and secured by first mortgages on farm lands. They are the same persons, now organized as Liberty Leaguers, and who strenuously opposed all tax bills which have been enacted by this administration, and who are fighting the present tax bill which proposes to levy a tax upon exorbitant corporation reserves. These taxes upon exorbitant reserves are proposed primarily to force the companies having such reserves to pay them out as dividends to stockholders who in turn will be glad to pay income taxes and surtaxes on the same in order to secure their just dividends. They would put this money into circulation, which, in turn, would help relieve the depression. [Applause.]

It might be worth while in this connection to take the time of the House to name just a few of these big corporations now holding exorbitant reserves for the benefit of the big stockholders and to the detriment of the average stockholder. The United States Steel Corporation has a reserve of over $520,000,000. Just think of it. More than one-sixth the amount that it will take under the Frazier-Lemke bill to refinance farm mortgages. Then, the Standard Oil Co. of New Jersey has in its reserve over $449,000,000; the American Telephone & Telegraph, $401,000,000; General Motors, $270,000,000; the American Tobacco Co., one hundred and five million; the Atlantic & Pacific chain-store corporation, $100,000,000.

The average stockholder of these companies would be mighty glad if these tremendous reserves were reduced to a reasonable amount, and they, as stockholders, had distributed to them their just dividends. It is they who are entitled to it, but the big stockholders of these companies who are likewise stockholders in banks where these fabulous reserves are deposited, are the stumbling blocks in every instance. They keep these enormous reserves to make profits for themselves in their banking enterprises in which the average stockholder has no interest, and this is the way they do it: They buy tax-exempt bonds, through their banks, upon which they secure all the profits as stockholders of the bank which holds the reserves on deposit. It is a case of using the other fellow's money for their own gain and in beating him and beating the Government also to their own individual profit.

Then there is another class of these exorbitant reserve corporations in which there is just a little difference, but which I consider worse than those I have just named. They are the "family corporations", such as the Ford Motor Co. It has $580,000,000 in reserve, which is deposited in a Ford family bank, which purchases tax-exempt Government bonds upon which the rate of interest greatly exceeds that which is provided the farmer shall pay under the Frazier-Lemke bill. Just think of it! One family corporation with a reserve of more than one-sixth the amount that is provided to refinance the farmers under this bill, and this family is not paying a penny of taxes on this income which they hold in reserve; but, on the contrary, through their family banking connections, they are actually investing the money in tax-exempt and interest-earning Government securities. Of course, these families do not want to distribute these reserves because, first of all, if they did, the members of the family would have to pay an income tax and a surtax on the dividends distributed to them; and, second, they would lose the interest the Government is paying them on this money which they should primarily pay to the Government.

I could go on with a recitation of the same state of affairs with the Morgans, the Mitchells, the Chases, the Kuhns, the Loebs, the Mellons, the Du Ponts, the Mills, and many other family Liberty League enemies of this bill. All of these people are against the farmer being refinanced directly through the Government as is proposed by this bill because it would tend to break down their bond racket. In short, they are fighting this bill because it is a farmer's bill and not a banker's bill.

INFLATION CANNOT EXIST IN A STABLE GOVERNMENT—GERMAN ARGUMENT REFUTED

The inflation argument on the floor of the House since we commenced the consideration of this bill has really become emotional. Almost hysterically we have been reminded of the great inflation of the German mark after the World War, and have been warned that this bill is a first step toward the same disaster that came to the German mark. Now, let me remind you, Mr. Speaker and Members of the House, that in all the history of the world, inflation has never occurred anywhere at any time in a stable government. Let us remember that when the armistice was signed Germany was the most unstable of all governments on the globe, and the German leaders were wise enough to deliberately and intentionally take advantage of that fact and issue untold quantities of paper money and ruin the value of their currency, thereby wiping out their debt. But you will remember that these German marks were not backed by any gold that Germany had, nor were they backed by any gold that she was to get in the future; hence she wiped out her debt and vastly increased her own wealth; first, by wiping out her debt; and second, by preserving and keeping her gold; and third, by not obligating any gold she might acquire in the future.

The German situation is absolutely no argument in this case, for this bill proposes to put the idle gold of the Treasury and the lands of this Nation back of the money that is to be issued for the refinancing of agricultural loans.

This inflation argument is only a straw man being put up with the hope that the Congress will put on its boxing gloves against it and lose sight of the real issue, namely, refinancing the farmer with the best security in the world. I beg of you, Mr. Speaker and Members of the House, do not let them fool you with this straw man.

FEDERAL RESERVE GETS ITS MONEY AT COST OF PRINTING—WHY CANNOT THE FARMER GET HIS AT A REASONABLE RATE OF INTEREST?

The same people and the same interests who are putting up this inflation straw man are the persons and the interests who during the last 10 years have manipulated by amendments the Federal Reserve law so that today the Government is printing and delivering to the Federal Reserve System all of the currency of the Nation, except the $1 bills which are issued against the silver in the Treasury, for just

the cost of printing. That is a fact, Mr. Speaker and Members of the House; the Government is not receiving one item of interest on the currency issued to the Federal Reserve System. The Government's credit is back of that currency, yet all of the profits are made by individual bankers. All that the Government gets is the cost of the paper, the ink, and the printing, which averages about 30 cents per thousand dollars.

Now that the farmers of the Nation are asking that currency be issued to the extent of $3,000,000,000, which is only about half of what has been issued to the Federal Reserve, and to be secured by the best security in the Nation, upon which they, the farmers, will pay 1½-percent interest and amortize the principal at 1½ percent per annum, the supporters of the Federal Reserve brand it as inflation.

Now, let us compare the money that is issued to the Federal Reserve with that which is proposed to be issued by this bill. The Federal Reserve gets its money absolutely free except for the cost of printing, which is 30 cents per thousand dollars, while under this bill the money to be issued will draw interest at the rate of $15 per annum on each thousand dollars. In other words, the money to be issued under this bill will bring into the Government 50 times as much as that which is issued to the Federal Reserve, and under this bill it will all be profit to the Government, whereas under the Federal Reserve issue the Government receives no profit at all—just the cost of printing.

NO NEW BUREAUS REQUIRED

To refinance the agricultural indebtedness and to make the loans under the Frazier-Lemke bill will not require any new machinery nor any new bureaus, boards, or commissions, and no profit-making enterprise or enterprises will be set up as are set up through the Federal Reserve System, for all of its member banks are private profit-making organizations. Under this bill the loans are to be made through the present Farm Credit Administration, which is already in operation and working. The program under this bill is not new at all. It is simply a program to have the money issued to the Farm Credit Administration and it to make the loans with its present organization, each applicant paying the initial expense incidental to his loan.

INFLATION IS IN ARGUMENT AND NOT IN BILL

Mr. Speaker, before passing this inflation straw man, which has been set up by the enemies of this bill, permit me to say that I have recognized some real "inflation" in the arguments presented against the bill. But it is not money inflation. It is lobby and propaganda inflation. I have heard ideas and facts inflated to the greatest extent I have ever recognized since coming to Congress. For instance, just before the opening of the argument on this bill a 20-page mimeographed summary and analysis of the bill was delivered to the offices of the Members of the House. It is real propaganda against the bill. Some of the statements in it are so inflated that they are really amusing. One statement in particular advises us that 66 percent of the farms of the United States are not mortgaged. That statement is real lobby inflation. Then this propaganda program went on to say that this bill would hurt 85 percent of the farmers rather than help them. What do you think about that for lobby inflation? Then it went on to say that the Federal land bank system would be ruined. What do you think about that statement for real lobby inflation? [Laughter and applause.]

According to the best information I can get from reliable sources, 80 percent or more of the farm acreage of the Nation is mortgaged; and certainly it takes acreage to produce the agricultural products which feed and clothe a Nation of more than 125,000,000 people, so the inflation we are confronted with today is the inflation of lobbying and propaganda against this bill.

INTEREST AND TAXES OF FARMERS MUST BE REDUCED

I look upon this bill as necessary to bring agriculture back to a reasonable level of prosperity. We can legislate on all other subjects until we are black in the fact, but we can never return a substantial and permanent prosperity to this country until we have restored the buying power of the farmer, and we cannot expect the farmer to regain his buying power so long as all of his profits go into interest and taxes. We must reduce his interest rate and we must reduce his taxes—he will do the rest and prosperity will be restored.

Can any Member of this House give any reason why the farmer should not get money at the same rate of interest that the big corporations are paying on their loans? That is one of the first steps in restoring his buying power, and, as soon as we restore his buying power, farm mortgages become one of the best classes of security in the Nation.

FARMERS AND TOILERS FORCED INTO DEBT AND THEN THEIR SECURITIES DEFLATED

During the World War and during the reconstruction days thereafter our Government loaned billions of dollars to the Allies at 1½ and 2 percent and, by the way, this money was raised by the sale of Liberty bonds to the people of the Nation. From June 1917 to May 1919 over $21,000,000,000 was raised in that way. These bonds carried a rate of interest of 3¼ percent and upward, and were sold to millions of people who could not afford to buy them. As a matter of fact, they were sold to people who had to borrow the money to buy them. Farmers and workingmen were really coerced into buying them for fear they would be charged with being German sympathizers. Some of the purchasers never saw the bonds. They were left with the banks as security. In this way the farmer was being actually forced into debt. Then after the war was over, and along in 1920, Wall Street manufactured a little depression for no other reason than to knock the bottom out of the farm prices, including lands and all farm products. This took the bond market down with it. Then all farmers and laborers of the country actually had to have money. They had no credit and were forced to sell their bonds far below par. When the bonds got into the hands of the same people who are now fighting, and always have fought the Frazier-Lemke bill, the bond market went up to par and better and has stayed there ever since. These fellows were profiteers at the expense of the producers and toilers of this Nation. [Applause.]

FOREIGN LOANS HELPED INDUSTRY BUT INJURED FARMERS

This is not all, Mr. Speaker, on the subject with which these same people should be charged. See what you think of this: The Government loans made to foreign countries were in most instances conditioned that the money loaned be used for American purchases, and the big manuacturers of this country received the benefits of excellent profits by reason of these loans to the foreign countries.

Now, let us analyze the condition that has put the farmer in the position where it has become necessary for him to have the benefit of the Frazier-Lemke bill. First, he was forced in debt by war conditions. Second, he was forced to sell his bonds at a loss. Third, he could not abandon his farm and he had no place else to go, so he went on and produced the raw materials to the manufacturer at a loss whereby the manufacturer made his profits on the moneys we loaned to the foreign countires. Fourth, the foreign countries repudiated their debts, which necessitated the making up of that sum to carry this country along, and it thereby increased the farmer's taxes in order that his own country be maintained. Fifth, when he could not pay his taxes and interest, the machinery of the law was put into effect to take his farm, either by mortgage foreclosure or by tax title. And now when he needs the benefit of the country he has protected and the interests he has helped we find those interests foremost in the arena fighting him.

These same interests that are opposing the Frazier-Lemke bill, first, on the pretext that it is inflation and, second, on the pretext that the Government cannot afford to issue $3,000,000,000 worth of money to refinance the farmer, were the same people who urged the loans to foreign countries. On these loans there is now over thirteen and one-half billion dollars repudiated; nevertheless, these same enemies of the Frazier-Lemke bill, these profiteers on war loans, these profiteers under the Federal Reserve System, hold this $3,000,000,000 money issue, with the best security in the

world back of it, up to the people of the Nation and up to Congress as absolutely ruinous. Their argument is just not consistent. [Applause.]

FARMERS ASK ONLY FOR AN EVEN BREAK

Mr. Speaker, under the Frazier-Lemke bill the farmers are not asking for charity. Far be it from that. They are simply asking the Government to treat them the same as it treats other industries and to give them an opportunity to pay their debts by loans at a rate of interest which they can bear. They ask the same opportunity to borrow money from the Government that is given to the industrial interests of the country.

I have called to the attention of this House several times during this and the last Congress that private industry cannot continue to prosper unless agriculture prospers. I reiterate that agriculture is the basic industry of this Nation, and it can only prosper by reducing its interest rate and its taxes; and the passage of the Frazier-Lemke bill is a full step to reduce the interest rate; and when that is done the States and the Government will go together to reduce the taxes and the purchasing power of the farmer will be restored; and then, and not until then, will prosperity return.

I implore you, Mr. Speaker and Members of the House, to give us an even break; that is all we ask, and that is all this bill provides for. An even break is just to treat us as industry is treated and to permit us to borrow money at the same rate of interest that industry pays. We are offering the Government better security than industry, for we are offering them the basis of all wealth of this Nation—a first mortgage on our agricultural lands. [Applause.]

Mr. BURDICK. Mr. Speaker, under leave given to all Members on May 14 to extend their remarks, I desire to present what I believe were the reasons why the Frazier-Lemke farm debt refinance act was defeated.

During the coming campaign, many reasons will be given. Some will say that William Green's letter, read by Speaker BYRNS, was the decisive stroke. In my opinion, Green's letter had no effect whatever.

Do you suppose that the 22 Republicans who deserted the cause on the final vote were influenced by Green? Do you think the old reactionary Republicans, the real hardshells, were influenced by Green? If they were, it is the first time in history this was ever done. Do you think Green influenced the old-line reactionary Democrats? The reading of the letter by the Speaker of the House no doubt did influence some wavering Democrats, and even then it was not the letter so much as it was the words of admonition of the Speaker, who is personally the best-liked man in Congress. The administration could not have picked a better man to admonish the House, and, of course, the administration knew it. Besides that, Mr. BYRNS was honestly against the bill and always has been.

There were two principal reasons why the bill was defeated; one reason applying to all Democrats and one reason applying to almost everyone who voted against it. The first reason was: That if the measure passed, it would have to be passed by Democrats, they having 322 members out of a total of 435. The President was against the measure, as he claimed it was against his financial policy, and the appeal was made to Democrats to support the President. That sentiment was uttered time and time again on the floor of the House during the debate. Speakers did not overlook telling the Democratic membership that this was a Republican measure, being introduced by WILLIAM LEMKE, of North Dakota, a nonpartisan Republican, and really the one man who was responsible for Roosevelt's vote in North Dakota in 1932. But that was all forgotten. It was forgotten in the fall of 1934 when the Democrats in North Dakota tried to defeat him; it will be forgotten this time when the Democrats will try to do the same thing.

This appeal to party regularity and to follow the President was one of the big factors in defeating the measure.

A second reason was that there were a great number of the Members who believed this measure was nothing but an attempt to inflate the currency. If that term "inflation" did not influence a great many, it at least gave a great many the "excuse" they were looking for. The Republicans bellowed loud and long on this term "inflation", and many of the Republicans who would have liked to help the farmers were scared pink by this bugaboo, "inflation."

Every week in the year, yes, every day in the year, we are issuing currency in the same way. Of the $5,000,000,000 in circulation, the Federal Reserve Board has issued 80 percent of it. Issued it on what? Issued it upon securities deposited with the Secretary of the Treasury. This security may be Government bonds—it may be commercial paper. There is no limit to what can be issued in this way. The Reserve Board pays no interest on this money. The Treasury Department hands over the new currency on this security and the Reserve Board collects the interest on the security deposited and collects the interest on the money every day it stays in circulation. In this way the private interests of the country collect double interest. More than that, the currency issued to the Reserve Board can be and is loaned out in credit 10 times, 20 times, as much as 50 times, and thus interest is collected on untold millions of "book" money.

All the Frazier-Lemke bill attempted to do was to cut out this "private grab" in interest and furnish the money to refinance farm debts. By cutting out this "private interest grab" the rate to farmers could be reduced and at the same time the Government would receive an income from its money which would wipe out the United States Government debt in 47 years. Of course, if this were done, the "private money fraternity" would lose their interest grab and, therefore, the "money interests", including the Bankers Association of America, the Chamber of Commerce of the United States, Wall Street, and their puppets began the chorus of "inflation, inflation."

This was the real thing that defeated the bill, just as the words "death sentence" defeated the power bill twice in the last session. It was a play on words that worked. I think many of the Republicans knew better, but they were not looking for reasons, they were looking for excuses. The reactionary or conservative Republicans represent the "money oligarchy of the North" and the reactionary or conservative Democrats represent the same interest in the South. When the call goes out to support the "money changers", Massachusetts and Virginia, regardless of party, rush to the rescue. A few examples may be in order. The Senator from Virginia is so conservative and heeds the call of the money changers so willingly that the Republicans in Virginia endorse him on their ticket. The Congressman from New York, a Republican, rails day after day about the terrific expenses of the Democratic Government, but when a bill comes up which will give millions to the "special interests", he rushes across the Chamber and embraces the doctrine of the Democratic leadership. Birds of one feather always flock together, and I will defy anyone, anywhere, to find any difference in the attitude of the Congressman from New York and the Senator from Virginia on subjects such as banking and currency, ship subsidy, loans to railroads, banks, insurance companies, outlandish appropriations for the Army and Navy, and all other kindred subjects. This attitude is not the Congressman's fault—he represents people who have these views—and in this he is a true representative.

While the bill had to run the gantlet of all these reasons and excuses and false philosophy, the two constant, unerring, and all-weather friends of the bill were the National Farmers' Union of America and the Reverend Father Charles E. Coughlin, of Detroit. From President Edward H. Everson and Secretary E. E. Kennedy, of the National Farmers' Union, down to every State office and every local in America came support to this bill. The Farmers' Union is composed of the real tillers of the soil, and not the swivel-chair farmers who have received big checks from the enforced scarcity program of the New Deal. Without the untiring efforts of these two national officers of the Farmers' Union, the measure would never have come to a vote in the House. The men who plow and sow and reap—the men and women who are

fighting for a mere chance to stay in the "old family home"—can point with just pride to the work done by their trusted officers.

Rev. Father Charles E. Coughlin has endeared himself to millions of suffering farm people. It is the first time in American history that the prejudice of religious differences has been entirely eliminated among the many millions of farm people, and I am sure that those farmers will pray for his continued health and strength to carry on in a righteous cause. Without his help, this measure would never have come to a vote.

The farmers owe a debt of gratitude to the hundreds of labor councils of America who urged the passage of this bill, and a greater debt of gratitude to those labor leaders in Congress who stood up for the farmers in defiance of the orders issued by labor's national leader. In spite of this unsuspected thrust in their back, the farmers of America, through their Representatives in Congress, will still support the just cause of labor.

The farmers know now who their enemies are. They know who their friends are. They are now prepared to go into a real battle, having definitely drawn the enemies' fire. The farm people may be left by this Congress unprotected, but their spirits cannot be subdued. Important history will be made in the next few months, and the farmers of America will be vital factors in writing that history.

Mr. SCHNEIDER of Wisconsin. Mr. Speaker, this House will vote today on the so-called Frazier-Lemke bill which provides for refinancing farm mortgages at lower interest rates and with opportunity to pay off the debts. From the standpoint of the debt-burdened farmer this is the most important and most-needed legislation which has come before this Congress. The bill has been before Congress since 1930 and was reported favorably by the House Committee on Agriculture on May 3 a year ago. The Rules Committee refused to grant a rule by which it could be brought before the House and it was necessary for those of us who favor this legislation to resort to the use of a petition to discharge the committee and bring the bill up for consideration.

The necessity for genuine farm-credit relief is a result of many years of oppression of our American farmers. Farmers buy their necessities in the sellers' market at the sellers' prices and sell their products in the buyers' market at the buyers' prices. They pay the freight on everything that they buy and pay the freight on everything that they sell. A very large proportion of the dollar paid by the consumer is retained by the large distributing corporations which pay enormous salaries and dividends on watered stock.

Agricultural producers have operated under even worse conditions since 1921, when they were forced into a depression, and they have been down ever since. It has now been conclusively proven that the Federal Reserve officials acted deliberately at that time to deflate the farmer by destroying his credit. This was done by demanding payment on his notes, denying him further credit, and forcing him to sell his products upon a glutted market. This procedure destroyed his market and forced prices below cost of production. The losses ran into billions of dollars. His farm-land values also shrank, and he has been required to sell his products since 1921 at prices out of all proportion with reference to parity with prices he is required to pay. A system that will not provide cost of production to the farmer is indefensible.

In view of the action of the Federal Reserve officials in 1921 it is only fair that the Government now use the power of the Federal Reserve System to extend credit aid to the farmer similar to that which it extends to business. The plan proposed in this bill will accomplish this result. Under the present Federal Reserve law, the procedure when new Federal Reserve note paper money is issued is as follows: The business interests borrow money from the banks which are members of the Federal Reserve System. The banks take the promissory notes or other securities to the Federal Reserve Board's agent, who issues Federal Reserve notes to them without interest. These Federal Reserve notes pass freely as money and are accepted the same as any other paper money.

This legislation merely proposes to aid the farmer in the same manner. Under its provisions when the farmer borrows money from the Farm Credit Administration giving his land mortgage as security, the Farm Credit Administration, acting as the farmer's bank, is allowed to go to the Federal Reserve Board's agent and receive from him Federal Reserve notes. The only substantial difference is that under this legislation the Government will realize a profit from the transaction, when the farmers pay the Farm Credit Administration 1½-percent interest for the use of the money. Under the present Federal Reserve System nothing is paid the Government for the use of the new money except the very slight cost of the printing and handling.

The opponents of this bill have made emotional appeals for its defeat because they say it will result in inflation. Those who are alarmed over inflation, however, say nothing about the deflation through which the farmer has passed. They ignore the fact that many of the farmers are today struggling to pay mortgage debts incurred during the high war-time prices, of a 50-cent dollar, and that the dollars which farmers are called upon to pay back now are of much higher value.

When Federal Reserve notes or paper money is issued to finance business activities that is regarded as sound policy and instead of being called inflation it is termed "a flexible and elastic currency system." In order to meet the objections of those who fear inflation, however, the steering committee, of which I am a member, has approved and sponsored several amendments. One of these amendments authorized the President to use the stabilization fund and the free gold in the Treasury to back any Federal Reserve notes issued under this proposed law. Another amendment which has already been adopted provides that only real estate can be mortgaged to the Government, removing the provision which allow loans on farm personal property. Another amendment which has received approval limits the amount of the loan to 80 percent of the fair value of the property.

Mr. Speaker, hundreds of thousands of American farmers have already lost their homes, their business assets, and their means of making a livelihood. Insurance companies, banks, and other creditors have foreclosed on them, and they have been evicted. The situation in our agricultural sections is still very serious. It is estimated that today farmers are losing their homes and property, which in many cases represents the entire savings of the life-long toil of several generations, at the rate of about 2,000 per week. About one-fourth of these foreclosures are being made by the Federal land banks, the governmental agency which we have been told here is taking care of the farm-credit situation. This record shows that the Federal land banks are not saving and cannot save the farmers. May I not say that I am not against the Federal land banks, which are the agents of the Farm Credit Administration, but I believe that they should have the same authority and advantages to function in the interest of the farmer that the Federal Reserve System banks have to function in the interests of business.

Years of economic oppression have driven the farmer to such a low financial level that unless we act at once millions of them will not survive. Through the Federal Reserve System and the Reconstruction Finance Corporation urban business has been saved from foreclosure and bankruptcy. Did those who now cry inflation criticize the issuance of billions of dollars in currency and credit to insurance companies and business interests generally to save them? The Frazier-Lemke bill is the only legislation which has been introduced in this Congress which will do the same thing for the great American agricultural business.

For years American farmers have been the victims of those who control their credit and the operations of an outmoded private banking system which exploits them and takes the fruits of their long hours of labor. The Nation's money monopolists have used our private banking and credit system to enrich themselves and to deflate and exploit the farmers and the producers of the Nation until they have almost become the serfs of the money changers.

Mr. Speaker, the banking, monetary, and credit system now in private hands and manipulated by them in the interests of their small group, should belong to the people and be controlled by them through their representatives. The Frazier-Lemke bill will help to break the grip of these exploiters. It is a step in the direction of the ultimate goal. It should be passed today to give the farmers genuine relief from the staggering burden, high interest rates, and an opportunity to pay off the principal of their debts.

Mr. COCHRAN. Mr. Speaker, "Equal rights to all, special privileges to none." That phrase has been uttered millions of times by public speakers since the immortal Thomas Jefferson first expressed it.

Who is the man or woman, after reading this bill, that can say it extends equal rights to all and special privileges to none?

Although I come from a district entirely within the limits of one of the large cities of the country, I have honestly and faithfully been doing everything I can to assist the farmers, because, as I have often said, I fully realize that the unemployment situation in the cities will never be eliminated until there is prosperity among the farmers of the country. Of course, we cannot sell what we manufacture in the cities unless there is a market, and that market can only be created when all the citizens of our country have money to spend. With that thought in view, I repeat, I have supported legislation that would be beneficial to the farming interests, and it is my purpose to continue to support proper legislation when I feel that it will be helpful to the farmers, which means it will be beneficial to the people I represent who manufacture that which the farmer buys.

The author of the measure as well as others who are supporting the bill have stated that they are not doing anything in the bill that the Federal Reserve bank has not been doing. Not only in connection with this legislation, but many times on this floor, you have heard the argument in regard to Federal Reserve banks being permitted to issue Federal Reserve notes. If that system is wrong, then the law that permits the Federal Reserve banks to issue Federal Reserve notes should be repealed, but surely we are not going to correct that situation by passing this legislation, because two wrongs will not make a right.

I honestly feel this bill, if it is ever enacted into law, will be the start of a period of inflation that cannot be stopped. I am firmly convinced that inflation means destruction.

If we are to provide ways and means for the farmers to secure loans through a Government agency on the basis as provided in this bill, then we must do the same for the home owners, for the hospitals, the churches, the hotels, the apartment-house owners, as well as for the owners of the stores and factories. If you are to extend equal rights to all and special privileges to none, no one who votes for this bill can deny the same right to the others that I have mentioned.

Under the provisions of the pending measure, although it provides for $3,000,000,000, it will take at least $9,000,000,000 to finance all of the farm mortgages in the country on this basis, and if the Government is to take over the city mortgages, the amount needed will be anywhere between thirty and fifty billion dollars. If that will not ultimately lead to inflation, expansion of the currency, or whatever you want to call it, then what does it mean?

I do not question the honesty and sincerity of any Member of the House but I do question their logic. Are proponents of the measure in agreement on the outstanding question involved—that of inflation or expansion of the currency? If you have listened to the debate, of course, you must answer this question in the negative. The author denies it will lead to inflation, as do many who have consistently advocated passage of the bill, while others evade that question. However, it remained for one outstanding Member of this House, the gentleman from Oklahoma [Mr. NICHOLS], whose ability cannot be questioned and whose frankness we all have admired, to declare without reservation that beyond question the bill will bring expansion of the currency, and he further stated that this is the outstanding reason that compelled him to support it. He further forcibly declared that everyone knew that the bonds could not be sold with the rate of interest provided, and the only way the money could be secured would be to issue currency.

The danger sign, "Stop, look, and listen," should be in evidence here today. Who will buy bonds paying such a rate of interest? It is inconceivable that the public will invest. If this be so, as Mr. Nichols says, then the bonds will remain with a Government agency and the currency comes forward. The three billion will be followed by other billions, and if equal rights are advanced to all, those billions, when you have taken care of the home owner and other property owners, I repeat, will mount to anywhere from thirty to fifty billion.

You have heard the views of the American Federation of Labor as expressed by Mr. William Green, president, speaking for the executive council. Let me quote in part from that letter:

> Labor knows and understands that the proposal to print and circulate billions of currency as proposed in the Frazier-Lemke bill will very likely affect the economic well-being and status of labor. We know quite well that when inflation of this kind and character embodied in the Frazier-Lemke bill is adopted commodity prices rise but wages stand still. We cannot subscribe to this sort of economic philosophy. Labor would suffer in living standards, reduced buying power, and the problem of unemployment would become more acute. There are other features of the bill which are highly objectionable.
>
> For this reason we call upon our friends in Congress to vote against the enactment of this legislation. We are confident that the best interests of the wage earners of the Nation would suffer very greatly if by any chance the Frazier-Lemke bill would be enacted into law.

The American Legion that fought for years for the payment of the adjusted-compensation certificates refused at all times to endorse a bill that provided for the payment of the certificates through the medium of printing currency. The Legion saw the dangers of inflation. These patriotic men, much as they wanted the certificates paid, stood solidly against inflationary measures.

We need not go back a hundred years for examples as to what has happened when a country has provided for expansion of the currency. Just look at what happened in Russia, Italy, Austria, Germany, France, and other countries that tried this in recent years.

Only last night I was talking to a special correspondent of a newspaper who made several visits to Russia. He happened to be there during the inflation period of 1923, and he related an experience that is an example of what occurs when the printing presses start running, printing currency. The Russian ruble was at one time worth around 50 cents in our money. The printing presses were going in 1923 when he was in Russia. He told me he was required to pay 75,000,000 rubles for a duck that he later had roasted for dinner. The farmer who sold him the duck for 75,000,000 rubles was required to pay 150,000,000 rubles, or the price of two ducks, to secure 5 pounds of sugar. This shows the farmer received plenty of paper for his duck, but he was required to pay plenty of paper to secure 5 pounds of sugar.

In Germany it took a market basket full of currency to buy sufficient food to last over the week end. Ninety-five percent of the savings accounts in that country were wiped out during the inflation period, and all insurance policies became worthless. One could go on at length giving examples of the destruction that follows a period of inflation.

The good people I represent depend upon me to protect them against destructive legislation. I would not be true to the trust imposed in me if I did not oppose this bill.

Mr. POCHT. Mr. Speaker, that's the question, What is inflation, or how many kinds of inflation are there?

And would currency issued on farm-loan bonds of 80 percent of the reasonably estimated or appraised value, with 40 percent gold reserves behind the bonds, be inflation, or issuing printing-press or wall-paper currency?

Recently there was an open, running debate in Congress of 6 hours, and throughout that prolonged talkfest no Member got anywhere near explaining the definition of inflation, and none ventured to say that currency issued as was proposed in the Frazier-Lemke bill could by the widest and wildest stretch of the imagination be called inflation of the

German kind, where there was not a scintilla of value back of the mark.

There were those who voted for the Frazier-Lemke bill who are for sound money and against cheap or depreciated currency, and supported the bill to give the hard-pressed farmers a break and a chance to pay farm hands a good wage and make several crops and get on their feet.

I did that very thing, after careful investigation and voting for a number of perfecting amendments, and all the while keeping in mind how willing America was to help European countries to over twenty billions without any security, while our farmers are willing to put up their land as security for the refinancing they desire, which is the most valuable thing in the world—land—from which comes the sustenance of human life.

Thus with so many interests in disagreement in regard to "inflation" it is clear that not too many understand what it is all about. From Wall Street to the labor leaders, the President, Speaker of the House, Democratic and Republican Members, farmers, and the head of the Committee on Labor, Mr. CONNERY, we have a confusion of voices on the subject.

Prof. Lewis Haney, of the New York University, makes the inquiry, Who started the present inflationary moves?

He thus goes on to say that the Hoover administration began to let down the bars with its R. F. C., Federal Farm Board, and nibbling at the standard for our money. The Roosevelt administration ran away with the idea.

It both devalued the dollar and abandoned the gold standard, thus making its Federal Reserve notes no better than greenbacks. It has made all of us, through our Government, debtors by borrowing at the banks and issuing billions in checks which are no better than greenbacks.

It has put its notes, which are almost noninterest bearing, into the banks, thus creating deposits which are the basis for checks—deposit currency—that are no better than greenbacks.

How much better than greenbacks are its silver certificates?

Why not go ahead and kill all the wasteful spending and distribution of our funds by the bureaucrats?

Who started the move to "lighten the burden of debt"? The Roosevelt administration did. It was under this slogan that they went ahead with inflation, borrowing, farm bonuses, organization of unproductive "work relief" armies, artificial lowering of interest rates, and other devices for destroying our savings.

One idea in the Frazier-Lemke bill was to make farm owners out of farmers who could not pay for their farms—to give farms away. Well, is that any worse than the attempt to make laborers out of men by giving them work to do that does not pay—giving wages for boondoggling? Is it any worse than giving people cheap housing that they cannot pay for? Is it any worse than sinking our savings in unproductive public works?

Much of organized labor was for the Frazier-Lemke bill, but one branch helped to defeat it. Why, then, should organized labor defend schemes for giving labor incomes that are not earned, and if not earned cannot be paid? Why can they not see that inflation of any kind endangers their real incomes?

The whole show has come down to an effort by selfish "pressure groups" to get something for nothing. And it all has the same outcome, namely, the destruction of our savings by taxation and by inflation, both of which kill thrift.

Now that the different kinds of inflationists are at odds, and the New Dealers, Coughlinites, and Townsendites are clashing—to say nothing of internal struggles between Ickes and Hopkins—is it not a good time to call a halt to the whole process of dividing up the carcass?

I do not believe that the average American likes it or can see any sense in it. He says to himself, "I might as well get mine", but he adds, "as long as others are doing it." Thus I believe if we quit the whole mess at once and restore an economy of common sense, we will find that most of us will be glad to get back to sound money and productive employment. We want to earn our incomes and to be able to keep what we earn.

If we can only stop the waste and have reasonable certainty as to our savings and investments, we will gladly pay the taxes and give the relief necessary to tide over the readjustment and to balance the Budget. Only thus can we attain real prosperity.

The head of the American Federation of Labor, Mr. Green, took the President Roosevelt or administration side of the issue, or against the farmer, while there was a hard counter from A. F. Whitney, president of the Brotherhood of Railway Trainmen, located in Washington. He wrote to Congressman WITHROW, as follows:

MAY 6, 1936.

DEAR SIR AND BROTHER: I am enclosing herewith copies of letters I have just addressed to Senator LYNN J. FRAZIER and Congressman CHESTER C. BOLTON.

These letters are self-explanatory, and I urge you to do whatever you can to assist in the enactment of the Frazier-Lemke farm refinancing bill.

Fraternally yours,

A. F. WHITNEY, *President.*

Congressman WITHROW also read into the CONGRESSIONAL RECORD the following letter from President Whitney to Senator FRAZIER:

MAY 6, 1936.

Hon. LYNN J. FRAZIER,
United States Senator, Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: I note the required 218 signatures have now been obtained on the Frazier-Lemke bill, and the bill will come up for discussion in the House on May 11. This organization has consistently favored this legislation, for we realize that the farmers of this Nation are fast descending into a state of peasantry and will continue to do so unless some financial relief is obtained for them. I am communicating with our national legislative representative, Mr. J. A. Farquharson, 10 Independence Avenue SW., Washington, and asking him to give this bill his support.

I am glad to be of assistance in this worthy legislation, and I heartily agree with you that, in view of the fact that 32 State legislatures have endorsed this bill, it should be enacted without amendments, for certainly the majority of the people must favor such legislation.

With best wishes, I am,

Sincerely yours,

A. G. WHITNEY,
President, Brotherhood of Railroad Trainmen.

Mr. MASSINGALE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Speaker and Members of the House, I have listened with a great deal of interest to the discussion of this bill, due largely to the fact that I come from that section of the country where the people are unanimously in favor of the Frazier-Lemke refinancing measure, and to the further fact that I sincerely feel this to be the most important piece of legislation ever presented to this Congress.

It seems to me such legislation is actually vital to the welfare of the Nation and will prove of tremendous political significance. By this vote we express our sentiments as to whether or not we favor the farmer's retaining his home, or favor helping him to find his way to the dole, along with the 20,000,000 already there. It occurs to me that most of the argument that has been made for and against this bill has proceeded upon the wrong basis. We ought not talk about this as an investment matter of commercial nature. If I judge the sentiment right, money loaned to farmers to save their homes is an investment in the security of the Government of the United States and in the perpetuity of the institutions under which we live. [Applause.]

Of course, I do not know anything about conditions in the big cities, but I do not think it is material. This is what happened last year when we had under consideration the H. O. L. C. bill. We appropriated an additional $1,750,000,000 to you. You did not claim in this discussion that that money was to be borrowed by the owners of the property in the cities. It was freely admitted here that that was added to the former $3,000,000,000 that had been paid by the Government of the United States to save the building and loan companies from failure. God knows I sympathize with you men who live in the cities. I have not been to many big cities, but I want you to have your homes secure, just as the farmers of this country must have theirs if we continue as a government.

Do you know that out in our portion of the country the farms of Oklahoma, Kansas, Colorado, and Texas are fast going into the hands of mortgage companies? They are the ones who received the benefits under the A. A. A. simply because the farmer was driven off by foreclosure. The Farm Credit Administration and the Federal land banks, of which the gentleman from Texas spoke today, while they were of some benefit to the farm people out there for a while, have of late been a complete dud. I can give you illustration after illustration. If a man has a farm worth ten or twelve thousand dollars and has a mortgage on it for $2,500, he often cannot have it refinanced because the appraisers are too conservative. The security is too good and the mortgage company wants the farm. [Applause.]

I know of one farm adjoining a paved highway not over 4 miles from good market towns. This farm is generally reputed to be worth from $10,000 to $12,000 in these times of depression. The owner made an application to borrow $2,800 under the Federal Farm Act to save it from foreclosure. This amount has been denied him, and not on account of any title defects and not on account of the moral responsibility of the risk.

The rate of interest offered under the Farm Act is not an inducement to the farmer because he is unable to borrow sufficient money to save his property.

The opponents of this bill contend that by reason of the 5-percent interest rate provided for in the Home Owners' Loan Corporation Act, and the 1½-percent interest rate provided for in the Frazier-Lemke bill, there is a discrimination that ought not to exist against the city property owner. They do not complain that the interest rate is too low, for I am sure they are well aware of the fact that the Government of the United States has repeatedly loaned large sums of money to corporations organized to purchase ships that were built during the war. These corporations got all the money they wanted at from one-eighth of 1 percent interest up.

If the opponents from the cities want money for their constituents at 1½-percent interest instead of 5-percent interest, I am sure that every man who signed the Frazier-Lemke petition will sign another petition to force the Rules Committee to report out such bill in event the Rules Committee should be opposed to the bill, and in the further event the chairman should be unable to control his own committee. To me it seems more like child talk than statesmanship for the city man to oppose this bill on the ground that the Home Owners' Loan Corporation fixes an interest charge of 5 percent on city loans while this bill permits the farmer to have money at 1½ percent. It is much the same argument as the youngster that has eaten a piece of cake objecting to another having any cake at all because his piece was smaller than the piece the other is about ready to eat.

It is generally known that there is quite as much distress in the cities as in the farm areas, but that fact furnishes no ground or excuse for any conflict over extension of assistance to either group. Indeed, knowledge of such conditions furnishes what should be a common bulwark behind which the forces of city dwellers and farmers should make a determined and concerted stand against the power that is constantly laying siege to every home, urban or rural, in America.

Instead of fussing about favoritism to one group, it is better to pass this bill and then immediately amend the Home Owners' Loan Corporation Act so that the city home owner shall have every advantage of cheap interest rates that the terms of this bill takes to the farmer.

In addition to the effort made by certain Members to prejudice Members from the cities against this bill the Speaker took the floor and read a letter from Mr. William Green, in which he as president of the American Federation of Labor called upon all of labor's friends in Congress to vote against the bill because commodity prices would rise and because it is inflationary. This letter was written in Washington on May 13 by Mr. Green, and on the same day was read by the Speaker. Mr. Green's hostility had not been heard of until the letter was read.

Indeed, it was the prevailing opinion that labor was in full sympathy and accord with the farmer and his program, and the letter was exploded with the effect of a grenade attack from friends within the camp. This letter, while provoking indignation against Mr. Green, evidently will cost the bill enough votes to defeat it. I am suspecting that the letter was pursuant to a legislative trade made possible by House leaders who had become jittery over fear of meeting defeat at the hands of Members favoring this bill, and I anticipate that we may look forward to favorable committee action on one or more bills in which Mr. Green has vital interests, but which have not yet received favorable action.

Wedges dividing the city Member and the country Member, and dividing the laborer and the farmer, have thus been driven in the desperate but, perhaps, successful effort to defeat this bill. These wedges were driven in reality because of fear that the liberals in Congress were making a threatening assault against the right of a few men to own and control the balance of our population. It is history repeating itself—kings heretofore have been shrewd enough to drive the entering wedge between factions opposing their usurpation of power and have for a while made themselves more secure. Finally the deceived become disillusioned, the throne topples, and the people themselves assume control of government.

There is no need for laborer and farmer to fly at each other's throats. Neither is receiving a fair part of the distribution of the national income, and, of all groups, they should stand shoulder to shoulder to obtain this. It is a great blow that Mr. Green has dealt the farmer; it has staggered him and his friends; but the farmer has borne the brunt of so many battles he is still undaunted and unafraid and is ready to carry on in order to live. Evidently Mr. Green forgot that while the farmer's yearly income is $273, the yearly income of the people he represents is $908. If he had given this consideration, he surely would not have called on the friends of labor in Congress to stab the farmer in the back. I have voted for labor legislation with consistency, and shall continue to do so, but leadership such as he displayed in this case is loaded with dynamite for the fellow that has to work for a living. The farmer cannot live on $273 a year. In this bill he presented a plan to Congress whereby he could keep his farm, live on it, raise and care for his family on it, and the Government of the United States, instead of being out any money, would, for the first time in its history, make money out of the transaction. Two million farmers have been foreclosed in the last few years, and several hundred thousand more are in position to be foreclosed. If these foreclosures take place, another million of our people will be added to the dole and about 250,000 homes lost to America.

We must not forget that the farming industry is older than the Government and that it must not be destroyed. The picture seems rather dark, and it appears that the farmer must resolve hereafter, if no better solution can be provided for him, to live the life of the inferior, to assume the mental attitude and the place of a lower caste, to eat the coarser foods, to wear rougher clothes, to have simple furnishings in his home, to walk instead of ride, to meagerly feed his children on his farm produce with the aid of the dole, and yet be required to be about his labor before dawn, to pursue it 10 to 18 hours per day in order that the balance of our population may be fed and clothed and housed and entertained in a manner befitting their higher station in American life, the farmer being our line of defensive peons and agriculture debased to the point of reproach. The field, heretofore a happy place for labor, will become a place where only the hungry and the swine shall keep company and from which boys and girls of ambition shall walk away. Up to now the glory of American life has been farm life. Not so from here on. Almost every person has known the thrill of seeing splendid modern farm houses, large barns, sleek stock, clean and well-kept premises, a nearby commodious school building with busses hurrying the youngsters into the schoolhouse, the community center for 4–H Clubs and other activities, and upon seeing, one realizes that here

is the real America. Destroy this, and you blot out 300 years of American progress.

If we fail to enact a law similar to this, it means that we propose to classify the farmer on a level lower than that of the average American citizen. He has done nothing to warrant any discrimination against him. There ought not to be any discrimination against any class in this country. Men in all walks of life are found who render great and distinguished service to our Government. But what greater or more distinguished service can any man or class of men render than the farmer? By his incessant toil we are supplied with all the needs and comforts of life. We turn to the farmer for bread, meat, clothing, and all else necessary to sustain human life. He utilizes the maximum of daylight hours in the field. Returning, with lantern in hand, he robs the dark night of its aversion to work, as he dimly feels his way among the sheds and stables ministering to his stock. Rain and snow have no terrors for him. The weather he takes as a matter of course, for his is a work that cannot be delayed. From an hour before dawn until late bedtime, year in and year out, he labors to produce those things without which we cannot live. I call that service of the highest type that can be rendered by any American.

We must not forget that there are untold numbers of tenant farmers and sharecroppers in direful distress by reason of the present conditions. Among these are many of the most desirable people in America. They own no land from which they can receive benefits of the Soil Conservation Act. In a large measure they must depend upon the magnanimity of the landlord. That is not the kind of security to offer a free man. Home ownership will bring the same kind of protection to tenant and sharecropper as to landlord. This is as it should be, for the benefit of the law should be to the producer and not to the land. If the landlord produces the crop he is entitled to all the benefit. If the tenant or sharecropper produces it, then he is entitled to all the benefit, less the rental or share he agrees to pay the landlord for use of the land. This is the law of landlord and tenant as we have always known it.

All the metropolitan newspapers and the magazines and periodicals of the country claim this bill is inflationary, and their theme song is "Financial Sanity Is Needed." Their idea of financial sanity is not to interfere in the least with what we have. Let the Morgan group continue in its present financial trend, with power to fix or change the prices of crops or labor at will. They want to continue to have the right to have currency issued on their demand only, in such amounts as they prescribe, based upon nothing but thin air, and when the Frazier-Lemke bill proposed that the Federal land bank be given the right to issue currency secured by the solid earth—the home land of our farmers—a wail was set up that wild inflation was about to take place.

The inflation talk was due to the fact that the big interests could not hope for any profit from the issuance of money in this proposed way. The Federal Reserve bank is privately owned and wants to continue in its exclusive right to issue and control money. The Frazier-Lemke bill asks for authority of the Federal land banks to issue currency for refinancing farm loans secured by first mortgages. The Federal land banks are farmers' banks. The Federal Reserve banks are bankers' banks. The scare of inflation raised by opponents of this bill will have the effect to have more and more tax-exempt bonds issued, thus increasing the strength and power of the very rich over our Government. If this bill is defeated, responsibility will be due alike to the leaders of both Democrat and Republican Parties in the House.

The $9,000,000,000 debt on farms cannot be paid as long as the present financial methods are employed. What the future has in store for the farmer is the greatest of all social and economic problems. In European politics and wars a crushing defeat has just been administered to helpless Ethiopia. Mussolini boastfully said, "Ethiopia is Italy's." Just now the financial conquest of the farmer is complete. I am wondering who may arise to proclaim, "The farmer mine."

Mr. DINGELL. Mr. Speaker, proponents of the Frazier-Lemke farm bill further argue that the farmer must have still lower interest rates on his mortgages and loans than he now enjoys; instead of money at 3½ percent now available they demand money at 1½ percent. This, it is claimed, must be brought about in order to restore the farm prosperity. This argument is as specious as any that has ever been advanced by demagogues who would mislead the Nation in order to gain political favor and advantage.

I submit proof in refutation of their fallacious reasoning. Allow, for example, that the farmer pays on an average of 6 percent on his mortgages, although he does not; in fact, he can now borrow at 3½ percent, which would mean a total amount of $180,000,000 interest per annum on $3,000,000,000—$3,000,000,000 provided in the Frazier-Lemke bill as a revolving fund.

Should the Frazier-Lemke bill become a law the same farmer element would pay at the rate of 1½-percent interest per annum on the same amount of $3,000,000,000, or $45,000,000 per annum. Divided among the 6,000,000 farms the average per farmer saving in interest would amount to $22.50 per annum.

Perhaps the Frazier-Lemkeites will argue that the $3,000,000,000 would serve as a revolving fund to refinance approximately $9,000,000,000 in farm mortgages, and that my first example is unfair, even though I tried to be more than fair to the opposition by using 6 percent as the basis charged the farmer when a 3½-percent rate is applicable under the Gillette law, so let us cite two definite, concrete examples extending the plan and the savings to the farmer under the plan to the maximum possible degree.

Take for example:

Six billion dollars at 3½ percent equals $195,000,000 per annum.

Six billion dollars at 1½ percent equals $90,000,000 per annum.

Net savings to the 6,000,000 farmers, $105,000,000 per annum.

Divide $105,000,000 savings among 6,000,000 farmers and the average saved will be $17.50 per capita, or $5 less per farmer than my first illustration.

Take the same example and use as a basis for calculation the amount of $9,000,000,000, which stretches the plan to the maximum extent of its revolving possibilities, i. e., using the $3,000,000,000 three times, and here is how it appears in cold figures.

Example:

Nine billion dollars at 3½ percent equals $315,000,000 per annum.

Nine billion dollars at 1½ percent equals $135,000,000 per annum.

Net savings to 6,000,000 farmers, $180,000,000 per annum.

Divide $180,000,000 savings in interest among 6,000,000 farmers and the average saved will be $30 per capita, or about $7.50 more than shown in my first example.

I have always argued that the farmer can and will pay his interest and other obligations if he receives a fair price for the crops he produces. Reasonable interest does not stand between prosperity and the farmer, so reduction of interest rates as in this instance shown will not fulfill the glittering promises of the misguided proponents of this measure.

Paying the farmer a just price for what he produces is the surest way to prosperous farming. If that is not true, then let us lower the interest rates and forget about fair prices.

Speaking of farm prices, this administration went a long way toward restoring farm price levels. The 2 cents per pounds hogs, 10 cents per bushel corn, 26 cents per bushel wheat, and 3 cents per pound cotton of February 1933 under Hoover rose to 13½ cents for hogs, nearly 90 cents for corn, above a dollar for wheat, and at least 12½ cents for cotton. I am proud of the farm record of this administration and so is every fair-minded farmer. I am anxious to give the man in the city a chance to catch his breath as he tries to

keep up with the rising prices before I attempt to further aid the farmer at the expense of the man in the city.

Recent figures show that the average of what the farmer produces was being sold at or about 58 percent above the Hooverian era, while at the same time what the farmer has to buy, such as implements, machinery, and other necessities, increased about 17 percent—a net difference in the farmers' favor of about three and a half times, and we are all glad of this favorable trade balance.

In the United States we, the American people, organized great mutual associations for the protection of our loved ones and we refer to them as insurance companies or fraternal insurance societies. There are, of course, some stock companies, but the great bulk of the companies operating are what are known as mutuals. Under the laws of our country these mutual and benevolent associations are compelled to incorporate and the earnings of these associations are equitably distributed among the policyholders or among their beneficiaries. State laws prescribe rigid regulations as to investments, business practices, and even as regards insurability in order to protect the millions of policyholders and their dependents.

Let us do everything we can to aid the farmer and the man in the city, but let us take heed lest we destroy 90 equities of policyholders in order to aid 6 farmers, whether they need help or not. Let me remind you people laboring in the cities and you people tilling the soil of the farms that I am speaking of you when I speak of the mutual associations known in America as insurance companies and as fraternal insurance societies. There are far more policies issued than there are people in this country. If you undermine the investments of these associations, you are destroying your own equities and the future security of your loved ones.

While the banking institutions are not as a rule mutuals, and therefore not organized for the benefit of the depositors but for the benefit of the stockholder, still we are all deeply interested in the stability of our banks and the banking system. We in Detroit remember only too well the historic bank crash. Fortunately, however, this administration, because of the aid it rendered and the painstaking care which was given to the problem, made possible the pay-off of all small depositors 100 cents on the dollar.

To prevent recurrence we provided insurance for all bank deposits up to $5,000, which covers something like 98 percent of all depositors. Here is a significant thought for you to ponder over. While 14,000 or more banks failed under the three preceding Republican Presidents and billions of dollars were lost to the millions of depositors, under Roosevelt less than 70 banks were closed, with only about $14,000,000 involved, without the loss of a single dollar to the depositors, all because the deposits were insured under a far-sighted and workable plan.

Who are the people holding insurance policies and having bank deposits to their credit in this country? Rich people? Or any particular class? Not at all. For every rich man holding a policy or a bank-deposit book, you can count a hundred average citizens, working men and women in the cities and on the farms. Let us not destroy ourselves in our zeal to aid someone else, frequently less needy than ourselves. Let us analyze the claims of the demagogues and opportunists. The bill would not have been slaughtered by Congress if it had any claim to a statutory existence.

Since I have voted for every farm bill in the last two sessions, I cannot be charged with either bias, sectionalism, or provincial narrowness. Having aided the measure toward consideration, I would have voted for it on final passage if it had any redeeming features or merit.

RURAL ELECTRIFICATION

Mr. RAYBURN submitted a conference report on the bill (S. 3483) to provide for rural electrification, and for other purposes.

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. SNELL. Mr. Speaker, I object.

Mr. SADOWSKI. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. SNELL. Mr. Speaker, I object.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and to include therein a speech I delivered before the American Judicature Society at the Mayflower Hotel on the evening of May 6, 1936.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. SNELL. Mr. Speaker, I object.

Mr. MARTIN of Colorado. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARTIN of Colorado. On yesterday was not unanimous consent granted for all Members who spoke on the bill to revise and extend their remarks?

The SPEAKER. The Chair is so advised. On yesterday all Members of the House were granted 5 legislative days within which to extend their own remarks on the Frazier-Lemke bill.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent that on tomorrow, following the gentleman from North Carolina [Mr. HANCOCK], I may be permitted to address the House for 20 minutes.

Mr. MAVERICK and Mr. BURDICK objected.

NAVAL AIR STATION, MIAMI, FLA.

Mr. VINSON of Georgia submitted a conference report on the bill (H. R. 8372) to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station, and to authorize the construction and installation of a naval air station thereon.

COMPENSATION OF CERTAIN EMPLOYEES OF RAILWAY MAIL SERVICE

Mr. BURCH submitted the following conference report on the bill (H. R. 10267) to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service to correspond to the rates established by the Classification Act of 1923, as amended:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10267) to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service to correspond to the rates established by the Classification Act of 1923, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same.

T. G. BURCH,
FRED H. HILDEBRANDT,
A. WILLIS ROBERTSON,
I. H. DOUTRICH,
PHILIP A. GOODWIN,
Managers on the part of the House.
KENNETH MCKELLAR,
CARL HAYDEN,
LYNN J. FRAZIER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 10267) to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections of offices of division superintendents in the Railway Mail Service to correspond to the rates established by the Classification Act of 1923, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill (H. R. 10267) authorizes and directs the Postmaster General to adjust the compensation of officials in the Railway Mail Service to correspond, so far as may be practicable, to the rates

established by the Classification Act of 1923, as amended, for positions in the departmental service in the District of Columbia. At hearings on the bill the House committee was advised concerning the suggestion of the Director of the Bureau of the Budget that the phrase "with the concurrence of the Civil Service Commission" be added after "Postmaster General", on page 1, and this amendment was accordingly included in the bill and passed by the House. The Senate amendment struck out this phrase, and the House conferees have agreed to the change made by the Senate.

T. G. BURCH,
FRED H. HILDEBRANDT,
A. WILLIS ROBERTSON,
I. H. DOUTRICH,
PHILIP A. GOODWIN,
Managers on the part of the House.

CHARLESTON ARMY BASE TERMINAL, CHARLESTON, S. C.

Mr. BLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3789) authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, S. C., insist on the House amendment, and agree to the conference asked for by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BLAND, SIROVICH, and WELCH.

PERMISSION TO ADDRESS THE HOUSE

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to proceed for 15 seconds.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to proceed for 15 seconds. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend and revise the remarks I am going to make.

Mr. SNELL. Mr. Speaker, to that I object.

The SPEAKER. Objection is heard. The time of the gentleman has expired.

ELECTION TO COMMITTEES

Mr. DOUGHTON. Mr. Speaker, I offer the following privileged resolution.

The Clerk read as follows:

House Resolution 512

Resolved, That the following-named Members be, and they are hereby, elected members of the standing committees of the House of Representatives, as follows:

Patents, WILLIAM P. CONNERY, Jr., Massachusetts. Immigration and Naturalization, R. A. GREEN, Florida.

The resolution was agreed to.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 11687) to amend the Federal Aid Highway Act approved July 11, 1916, as amended and supplemented, and for other purposes, with a Senate amendment, disagree to the Senate amendment, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. CARTWRIGHT, WARREN, WHITTINGTON, TURPIN, and WOLCOTT.

CAPTURE OF SAM COKER

Mr. DOBBINS. Mr. Speaker, by direction of the chairman of the Committee on the Post Office and Post Roads, and concurred in by the chairman of the Committee on the Judiciary, I ask unanimous consent that the Committee on the Post Office and Post Roads be discharged from the further consideration of House Resolution 508 and that the same be referred to the Committee on the Judiciary.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. TREADWAY. Mr. Speaker, I now renew my request that I be allowed to address the House for 20 minutes after the disposition of business on the Speaker's table tomorrow morning and after the address of the gentleman from North Carolina [Mr. HANCOCK].

The SPEAKER. The gentleman from Massachusetts asks unanimous consent that on tomorrow immediately after the reading of the Journal and disposition of business on the Speaker's table, following the special order now pending, he may be permitted to address the House for 20 minutes. Is there objection?

Mr. GRISWOLD. Mr. Speaker, I object.

PAYMENT OF BENEFITS BY THE VETERANS' ADMINISTRATION

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. RICH. Mr. Speaker, reserving the right to object, and I am not going to object, but I think the House is in no mood to transact business orderly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection; and the Chair appointed as conferees Mr. MEAD, Mr. DOBBINS, Mr. HAINES, Mr. GOODWIN, and Mr. DOUTRICH.

PERMISSION TO ADDRESS THE HOUSE

Mr. DIMOND. Mr. Speaker, I ask unanimous consent that on Friday of this week after the reading of the Journal and disposition of matters on the Speaker's table I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alaska?

Mr. TREADWAY. Mr. Speaker, reserving the right to object, I think I made a proper request, and I do not know why one Member should be allowed to speak and another Member should be denied the privilege. I asked twice this afternoon to be allowed to speak on tomorrow after the disposition of business on the Speaker's table, and objection has been made. Of course, I have no particular objection to the gentleman from Alaska speaking, but I should like to have fair treatment, and I shall be forced to object.

The SPEAKER. Objection is heard.

Mr. TREADWAY. Mr. Speaker, I did not object.

Mr. RICH. Mr. Speaker, I make the point of no quorum.

The SPEAKER. Will the gentleman withhold that a moment?

Mr. RICH. I withhold it, Mr. Speaker.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MORITZ, for 5 days, on account of official business.

To Mr. PERKINS (at the request of Mr. POWERS) on account of illness.

To Mr. MANSFIELD, for 3 days, on account of illness.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1975. An act to authorize certain officers of the United States Navy, officers and enlisted men of the Marine Corps, and officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered.

The SPEAKER. The gentleman from Pennsylvania [Mr. RICH] makes the point of order there is no quorum present.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 46 minutes p. m.) the House adjourned until tomorrow, Thursday, May 14, 1936, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KING: Committee on Military Affairs. H. R. 10712. A bill to authorize the transfer of land from the War Department to the Territory of Hawaii; with amendment (Rept. No. 2623). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 11643. A bill to amend certain provisions of the act of March 7, 1928 (45 Stat. L. 210–212); without amendment (Rept. No. 2624). Referred to the Committee of the Whole House on the state of the Union.

Mr. TURNER: Committee on Military Affairs. H. R. 9875. A bill to provide $50,000 for the care, maintenance, and improvement of the ancestral home of James K. Polk, and for other purposes; without amendment (Rept. No. 2625). Referred to the Committee of the Whole House on the state of the Union.

Mr. WEAVER: Committee on the Judiciary. House Joint Resolution 377. Joint resolution to enable the States of Maine, New Hampshire, New York, Vermont, Massachusetts, Rhode Island, and Connecticut to conserve and regulate the flow of and purify the waters of rivers and streams whose drainage basins lie within two or more of the said States; without amendment (Rept. No. 2626). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 12657. A bill to amend section 2 of the act entitled "An act granting the consent of Congress to the Alabama State Bridge Corporation to construct, maintain, and operate bridges across the Tennessee, Tombigbee, Warrior, Alabama, and Coosa Rivers, within the State of Alabama", approved May 26, 1928; without amendment (Rept. No. 2627). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. H. R. 11792. A bill declaring Bayou St. John, in the city of New Orleans, La., a nonnavigable stream; without amendment (Rept. No. 2629). Referred to the House Calendar.

Mr. MONAGHAN: Committee on Interstate and Foreign Commerce. S. 3885. An act to further extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Garrison, N. Dak.; without amendment (Rept. No. 2630). Referred to the House Calendar.

Mr. MONAGHAN: Committee on Interstate and Foreign Commerce. S. 3945. An act to extend the times for commencing and completing the construction of certain free highway bridges across the Red River, from Moorhead, Minn., to Fargo, N. Dak.; without amendment (Rept. No. 2631). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 11820. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Miami, Mo.; without amendment (Rept. No. 2632). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 11819. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.; without amendment (Rept. No. 2633). Referred to the House Calendar.

Mr. MARTIN of Colorado: Committee on Interstate and Foreign Commerce. H. R. 11960. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Rulo, Nebr.; with amendment (Rept. No. 2634). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 12461. A bill to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; with amendment (Rept. No. 2635). Referred to the House Calendar.

Mr. MARTIN of Colorado: Committee on Interstate and Foreign Commerce. H. R. 12056. A bill authorizing the State of Iowa, acting through its State highway commission, and the State of Nebraska, acting through its department of roads and irrigation, to construct, maintain, and operate a free or toll bridge across the Missouri River at or near Dodge Street in the city of Omaha, Nebr.; without amendment (Rept. No. 2636). Referred to the House Calendar.

Mr. KOCIALKOWSKI: Committee on Insular Affairs. S. 4524. An act to provide a civil government for the Virgin Islands of the United States; without amendment (Rept. No. 2637). Referred to the Committee of the Whole House on the state of the Union.

Mr. MEAD: Committee on the Post Office and Post Roads. H. R. 12608. A bill to fix the ratio of substitutes to regular employees in post offices and in the Railway Mail Service; with amendment (Rept. No. 2638). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLE of Maryland: Committee on Interstate and Foreign Commerce. H. R. 12514. A bill authorizing the Chesapeake Bay Authority to construct, maintain, and operate a toll bridge across the Chesapeake Bay, from a point in Baltimore County, Md., over Hart Island and Miller's Island to a point near Tolchester, Kent County, Md.; with amendment (Rept. No. 2639). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 12473. A bill authorizing the State Highway Board of the State of Georgia to construct, maintain, and operate a free highway bridge across the Savannah River at or near Augusta, Ga.; with amendment (Rept. No. 2640). Referred to the House Calendar.

Mr. HOLMES: Committee on Interstate and Foreign Commerce. S. 4326. An act granting the consent of Congress to the Department of Public Works of Massachusetts to construct, maintain, and operate a free highway bridge across the Connecticut River at or near Northampton, Mass.; without amendment (Rept. No. 2641). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H. R. 12685. A bill granting the consent of Congress to the county of Horry, S. C., to construct, maintain, and operate a free highway bridge across the Waccamaw River, at or near Red Bluff, S. C.; without amendment (Rept. No. 2642). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. S. 3107. An act to exempt publicly owned interstate highway bridges from State, municipal, and local taxation; without amendment (Rept. No. 2643). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H. R. 12680. A bill to regulate the transportation and sale of natural gas in interstate commerce, and for other purposes; with amendment (Rept. No. 2651). Referred to the Committee of the Whole House on the state of the Union.

Mr. DUFFY of New York: Committee on the Judiciary. S. 2303. An act to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended and supplemented; without amendment (Rept. No. 2652). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TURNER: Committee on Military Affairs. S. 4391. An act authorizing certain officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered; with amendment (Rept. No. 2628). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 12700. A bill granting pensions to certain soldiers of the

Civil War; without amendment (Rept. No. 2647). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 12701. A bill granting pensions and increase of pensions to certain helpless and dependent children of soldiers of the Civil War; without amendment (Rept. No. 2648). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 12702. A bill granting increase of pensions to certain widows and former widows of soldiers and sailors of the Civil War; without amendment (Rept. No. 2649). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 12703. A bill granting pensions to certain widows and former widows of soldiers, sailors, and marines of the Civil War; without amendment (Rept. No. 2650). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOXEY: A bill (H. R. 12693) authorizing the Secretary of Agriculture to provide for the classification of cotton, to furnish information on market supply, demand, location, condition, and market prices for cotton, and for other purposes; to the Committee on Agriculture.

By Mr. AYERS: A bill (H. R. 12694) to authorize the Secretary of Agriculture to extend and renew for the term of 10 years a lease to the Chicago, Milwaukee, & St. Paul Railway Co. of a tract of land in the United States Department of Agriculture Range Livestock Experiment Station, in the State of Montana, and for a right-of-way to said tract, for the removal of gravel and ballast material, executed under the authority of the act of Congress approved June 9, 1926; to the Committee on Agriculture.

By Mr. CHANDLER: A bill (H. R. 12695) relating to sales and contracts to sell in interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. DINGELL: A bill (H. R. 12696) authorizing the Postmaster General of the United States to issue a series of special postage stamps in commemoration of the services of Commodore John Barry in the Revolutionary Navy; to the Committee on the Post Office and Post Roads.

By Mr. PATMAN: A bill (H. R. 12697) to establish the monetary policy of the United States, and for other purposes; to the Committee on Banking and Currency.

By Mr. SCRUGHAM: A bill (H. R. 12698) relating to the establishment and operation of grazing districts in the State of Nevada; to the Committee on the Public Lands.

By Mr. McLEOD: A bill (H. R. 12699) to amend section 4900 of the Revised Statutes (U. S. C., title 35, sec. 49); to the Committee on Patents.

By Mr. BARRY: Joint resolution (H. J. Res. 587) to extend the time within which applications may be filed under the Home Owners' Loan Act of 1933, as amended; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LESINSKI: A bill (H. R. 12700) granting pensions to certain soldiers of the Civil War; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12701) granting pensions and increase of pensions to certain helpless and dependent children of soldiers of the Civil War; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12702) granting increase of pensions to certain widows and former widows of soldiers and sailors of the Civil War; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12703) granting pensions to certain widows and former widows of soldiers, sailors, and marines of the Civil War; to the Committee on Invalid Pensions.

By Mr. CROWE: A bill (H. R. 12704) granting a pension to Isaac A. Chandler; to the Committee on Pensions.

By Mr. CULKIN: A bill (H. R. 12705) for the relief of James Wood; to the Committee on Claims.

By Mr. PETERSON of Georgia: A bill (H. R. 12706) granting a pension to Millard Mitchell Sapp; to the Committee on Pensions.

By Mr. SNYDER of Pennsylvania: A bill (H. R. 12707) for the relief of W. A. Merrill Sons & Co., Inc.; to the Committee on Claims.

By Mr. THOMAS: A bill (H. R. 12708) granting an increase of pension to Mary C. Hoyt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12709) granting an increase of pension to Euphemia Trumbull; to the Committee on Invalid Pensions.

By Mr. UTTERBACK: A bill (H. R. 12710) to provide for the advancement on the retired list of the Navy of Frederick D. Powers; to the Committee on Naval Affairs.

Also, a bill (H. R. 12711) granting a pension to Glennie Edwinson; to the Committee on Invalid Pensions.

By Mr. WHELCHEL: A bill (H. R. 12712) for the relief of Hoyt G. Barnett; to the Committee on Claims.

Also, a bill (H. R. 12713) for the relief of Mr. and Mrs. Jerry Martin Tow; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10880. By Mr. CRAWFORD: Petition of Henry Cowall and 90 residents of Shiawassee County, Mich., relative to issuance of currency; to the Committee on Banking and Currency.

10881. By the SPEAKER: Petition of Vicente Perrin and others; to the Committee on Ways and Means.

10882. Also, petition of the Federation of Citizens' Associations of the District of Columbia; to the Committee on Rules.

10883. Also, petition of the Southern Cotton Shippers' Association; to the Committee on Agriculture.

10884. By Mr. RISK: Resolution of the General Assembly of the State of Rhode Island, petitioning the President of the United States and Congress to maintain the Civilian Conservation Corps at its present quota of 500,000 men for another year; to the Committee on Appropriations.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 14, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Most merciful God, in this stillness while we bow, forgive us our sins. O bless the Lord all ye people and make the voice of his praise to be heard. He ruleth by his power; His eyes behold the nations; let not the unrighteous exalt themselves. Let us learn to trust Thee, our Heavenly Father, and to fill our places and enjoy goodly things in the spirit of unquestioning faith and gratitude. O lead us in upon the certitude of the soul and help us to a more restful and calming prospect. Inspire us, blessed Lord, with the redeeming love that saves, with the strengthening grace that sustains, and with the providential guidance that keeps us in the way. The mercy of the Lord is from everlasting to everlasting and his righteousness unto children's children. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 12162. An act to create an additional division of the United States District Court for the Southern District of Mississippi to be known as the Hattiesburg division.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 8940. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The message also announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 2665. An act to change the name of the Department of the Interior to be known as the Department of Conservation; and

S. J. Res. 242. Joint resolution authorizing and directing the Commodity Credit Corporation to facilitate the liquidation of loans to cotton producers.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2953) entitled "An act to provide for the inspection, control, and regulation of steam boilers and unfired pressure vessels in the District of Columbia", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KING, Mr. REYNOLDS, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8599) entitled "An act to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board, and increase efficiency in administration of the steamboat-inspection laws, and for other purposes."

PERMISSION TO ADDRESS THE HOUSE

Mr. TREADWAY. Mr. Speaker, following the remarks of the gentleman from North Carolina [Mr. HANCOCK], I ask unanimous consent to address the House for 20 minutes.

Mr. GRISWOLD. Mr. Speaker, I object.

Mr. TREADWAY. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. Will the gentleman from Massachusetts withhold that a moment?

Mr. TREADWAY. I withhold it for the moment, Mr. Speaker.

H. NEWLIN MEGILL

The SPEAKER laid before the House the following communication from the Clerk of the House:

MAY 14, 1936.

The SPEAKER,
House of Representatives, Washington, D. C.

SIR: Desiring to be temporarily absent from my office, I hereby designate Mr. H. Newlin Megill, an official in my office, to sign any and all papers for me which he would be authorized to sign by virtue of this designation and of clause 4, rule III, of the House.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

Mr. TREADWAY. Mr. Speaker, I now renew the point that there is not a quorum present.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 96]

Andrew, Mass.	Cross, Tex.	Fitzpatrick	Lehlbach
Arends	Culkin	Gassaway	McGroarty
Bell	Daly	Gifford	Maloney
Berlin	Dear	Goldsborough	Marshall
Bolton	Dempsey	Gray, Pa.	Maverick
Brennan	DeRouen	Green	Merritt, Conn.
Brewster	Dingell	Greenway	Montet
Brooks	Dorsey	Harlan	Moritz
Buckler, Minn.	Doutrich	Harter	Nichols
Buckley, N. Y.	Duffey, Ohio	Hartley	Oliver
Bulwinkle	Duffy, N. Y.	Hess	Palmisano
Caldwell	Eagle	Hoeppel	Parks
Cary	Eaton	Hope	Patton
Casey	Edmiston	Jenckes, Ind.	Perkins
Cavicchia	Ekwall	Jenkins, Ohio	Risk
Chapman	Englebright	Kee	Sabath
Claiborne	Fenerty	Keller	Sanders, La.
Collins	Ferguson	Kennedy, Md.	Sandlin
Connery	Fernandez	Kerr	Sears
Crosby	Fish	Larrabee	Secrest
Smith, Conn.	Sweeney	Thomas	Wilson, La.
Smith, W. Va.	Taylor, Colo.	Utterback	Withrow
Steagall	Taylor, S. C.	Wigglesworth	Zioncheck

The SPEAKER. Three hundred and thirty-five Members are present, a quorum.

On motion of Mr. RAYBURN, further proceedings under the call were dispensed with.

The SPEAKER. Under the special order of the House the Chair recognizes the gentleman from North Carolina [Mr. HANCOCK] for 10 minutes.

HOUSING CONDITIONS IN THE UNITED STATES

Mr. HANCOCK of North Carolina. Mr. Speaker, I have asked for this time in order to direct your attention to and elicit your interest in House Resolution 466, which I introduced on March 26 and which is now pending before the Rules Committee.

Briefly, this resolution authorizes the Speaker of the House to appoint a select committee consisting of seven members to investigate housing problems in the United States and Great Britain. This study and investigation will include problems of home ownership, home building, home financing, and public housing, and will involve a careful survey of the activities of the present agencies of the Government having to do with housing in all its phases. The resolution in question requires that after this investigation and survey has been completed the committee shall report its findings and recommendations to the House during the first session of the Seventy-fifth Congress. Fifty thousand dollars is authorized and will be requested from the Committee on Accounts to cover the actual expenses incurred by members of the committee and to employ such technical and clerical assistance as the committee deems desirable to complete a comprehensive study and inquiry and prepare a report and legislative program for the consideration of the Seventy-fifth Congress.

I think all of us will agree that it is high time the legislative branch of our Government really knew something about the housing problem. In my opinion, in its proper and effective solution will be found the key to the present staggering unemployment situation. Unemployment is admitted by all to be the crucial problem of America, and there must be a way to solve it. For several years now, under the impact of the depression and the desire for recovery, we have started in a dozen different directions to build apartments, to insure mortgages, to conduct resettlement operations, to refinance mortgages, to lower interest rates, to support community home-financing institutions, and the like. All have been initiated in good faith under a general desire to do something for better living conditions and for home ownership.

It is becoming increasingly apparent that a thoughtful investigating group should survey the whole problem, take testimony, and develop a coordinated plan which can be followed by our Federal Government, even though that plan may mean the withdrawal from some of the activities upon which we have hastily embarked. The Congress should do its own broad studies on these questions and not depend solely on the guidance of experts and proponents from the departments of the Government, who are always legislative competitors for the expansion and development of their particular activities and spheres of influence.

The great changes and forward steps in the development of national operation with regard to the national-banking system, the Federal Reserve System, and the farm land bank system were made only after extended inquiry and study by Members of the House of Representatives, which was done either through special committees or through regular established committees of the House. In contrast, we are embarking upon an extended program of public housing—and when I say "public housing" I mean the building of thousands of apartments and homes, to be rented by the Government to our citizens—and we are, to use another illustration, placing the credit of the United States behind millions of dollars of private mortgage obligations, held by financial institutions, particularly banks—all without that

extended study and discussion and observation and the hearing of all interests involved which so vast and comprehensive a program deserves to have. The public policies in regard to housing in a country so vast as ours cannot be developed in the necessarily hurried hearings of a legislative session. It is my judgment that such a responsibility should have months of undivided attention from a group of this House, supported and advised by competent experts and impartial advisers.

The British experience in public and private house building is frequently cited as a major factor in their recent business recovery. On several occasions, in the development of their governmental housing policy, they have had the benefit of the study and judgment of commissions composed of representative citizens and experts. It seems to me that, with our dozen-plus Government operations dealing, in one way or another with the housing problem, some with moderate success and others without particular effectiveness, we should, as a legislative body, seek information and develop a program.

It is customary to say that reports of such bodies are not read. Of course, they are not read by tens of thousands of citizens, but such reports, if well done, are read by the men who have the responsibility of determining the housing policies which affect or touch the tens of thousands.

Construction can be our most important industry in business recovery and stability, and home ownership is basic to governmental loyalty and stability. We should, therefore, take extraordinary measures to so inform ourselves that we can legislate wisely on these subjects. There would be less occasion for such a suggestion if the housing problem had been one with which the National Government had been concerned for decades and upon which we had committees of the House who had spent years in studying and dealing with the question. The Federal housing problem is an innovation to the Congress, and should be treated by special attention in order that we may do the greatest good for the renting and home-owning citizens of the country. [Applause.]

RURAL ELECTRIFICATION

Mr. RAYBURN. Mr. Speaker, I call up the conference report on the bill (S. 3483) to provide for rural electrification, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to dispense with the reading of the statement for this reason: There were three vital differences between the House and Senate on this bill, which I can explain, I think, in 3 minutes, and therefore I do not believe it is necessary to read the statement.

Mr. RICH. Reserving the right to object, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. RICH. This report was not on the desk when the House convened this morning and the Members do not know a thing about it.

Mr. RAYBURN. I can explain all the differences between the conference report and the House bill in about a minute and a half.

Mr. RANKIN. This will save time.

Mr. RICH. It may save time, but while we are saving time we are wrecking the Nation, and we ought to know more about this legislation than we do now.

Mr. RAYBURN. As I have just stated to the gentleman, there are three main differences between the House bill and the conference report, and I can explain them in a minute and a half.

Mr. RICH. I wish the gentleman would explain the differences before he asks unanimous consent to dispense with the reading of the statement.

Mr. RAYBURN. I have got to have unanimous consent in order to dispense with the reading of the statement.

Mr. RICH. Cannot that be withheld? I do not want to object if the gentleman will explain the bill, but in some of these bills and conference reports there are "niggers in the woodpile", and we are going to try to get these niggers out, if possible.

The SPEAKER. The Chair will state to the gentleman from Pennsylvania that unanimous consent has already been given for the reading of the statement in lieu of the report. Of course, it will be necessary to read the statement if someone objects to the request of the gentleman from Texas.

Mr. RICH. I do not want to object to anything that is reasonable, but I have just this very second obtained a copy of the report, and I do not know a thing in the world about it, and the majority of the Members are in the same boat.

Mr. RAYBURN. If the gentleman will allow me, I can tell him something about it.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. RICH. I am going to object until I hear the statement read.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

[To accompany S. 3483]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3483) to provide for rural electrification, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That there is hereby created and established an agency of the United States to be known as the 'Rural Electrification Administration', all of the powers of which shall be exercised by an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of ten years, and who shall receive a salary of $10,000 per year. This Act may be cited as the 'Rural Electrification Act of 1936'.

"SEC. 2. The Administrator is authorized and empowered to make loans in the several States and Territories of the United States for rural electrification and the furnishing of electric energy to persons in rural areas who are not receiving central station service, as hereinafter provided; to make, or cause to be made, studies, investigations, and reports concerning the condition and progress of the electrification of rural areas in the several States and Territories; and to publish and disseminate information with respect thereto.

"SEC. 3. (a) The Reconstruction Finance Corporation is hereby authorized and directed to make loans to the Administrator, upon his request approved by the President, not exceeding in aggregate amount $50,000,000 for the fiscal year ending June 30, 1937, with interest at 3 per centum per annum upon the security of the obligations of borrowers from the Administrator appointed pursuant to the provisions of this Act or from the Administrator of the Rural Electrification Administration established by Executive Order Numbered 7037: *Provided*, That no such loan shall be in an amount exceeding 85 per centum of the principal amount outstanding of the obligations constituting the security therefor: *And provided further*, That such obligations incurred for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines, or systems shall be fully amortized over a period not to exceed twenty-five years, and that the maturity of such obligations incurred for the purpose of financing the wiring of premises and the acquisition and installation of electrical and plumbing appliances and equipment shall not exceed two-thirds of the assured life thereof and not more than five years. The Administrator is hereby authorized to make all such endorsements, to execute all such instruments, and to do all such acts and things as shall be necessary to effect the valid transfer and assignment to the Reconstruction Finance Corporation of all such obligations.

"(b) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1938, and for each of the eight years thereafter, the sum of $40,000,000 for the purposes of this Act as hereinafter provided.

"(c) Fifty per centum of the annual sums herein made available or appropriated for the purposes of this Act shall be allotted yearly by the Administrator for loans in the several States in the proportion which the number of their farms not then receiving central station electric service bears to the total number of farms of the United States not then receiving such service. The Administrator shall, within ninety days after the beginning of each fiscal year,

determine for each State and for the United States the number of farms not then receiving such service.

"(d) The remaining 50 per centum of such annual sums shall be available for loans in the several States and in the Territories, without allotments as hereinabove provided, in such amounts for each State and Territory as, in the opinion of the Administrator, may be effectively employed for the purposes of this Act, and to carry out the provisions of section 7: *Provided, however,* That not more than 10 per centum of said unallotted annual sums may be employed in any one State, or in all of the Territories.

"(e) If any part of the annual sums made available for the purposes of this Act shall not be loaned or obligated during the fiscal year for which such sums are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following year or years without allotment: *Provided, however,* That not more than 10 per centum of said sums may be employed in any one State or in all of the Territories: *And provided further,* That no loans shall be made by the Reconstruction Finance Corporation to the Administrator after June 30, 1937.

"(f) All moneys representing payments of principal and interest on loans made by the Administrator under this Act shall be covered into the Treasury as miscellaneous receipts, except that any such moneys representing payments of principal and interest on obligations constituting the security for loans made by the Reconstruction Finance Corporation to the Administrator shall be paid to the Reconstruction Finance Corporation in payment of such loans.

"SEC. 4. The Administrator is authorized and empowered, from the sums hereinbefore authorized, to make loans to persons, corporations, States, Territories, and subdivisions and agencies thereof, municipalities, peoples utility districts and cooperative, nonprofit, or limited-dividend associations organized under the laws of any State or Territory of the United States, for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines or systems for the furnishing of electric energy to persons in rural areas who are not receiving central station service: *Provided, however,* That the Administrator, in making such loans, shall give preference to States, Territories, and subdivisions and agencies thereof, municipalities, peoples utility districts, and cooperative, nonprofit, or limited dividend associations, the projects of which comply with the requirements of this Act. Such loans shall be on such terms and conditions relating to the expenditure of the moneys loaned and the security therefor as the Administrator shall determine and may be made payable in whole or in part out of income: *Provided, however,* That all such loans shall be self-liquidating within a period of not to exceed twenty-five years, and shall bear interest at a rate equal to the average rate of interest payable by the United States of America on its obligations, having a maturity of ten or more years after the dates thereof, issued during the last preceding fiscal year in which any such obligations were issued: *Provided further,* That no loan for the construction, operation, or enlargement of any generating plant shall be made unless the consent of the State authority having jurisdiction in the premises is first obtained. Loans under this section and section 5 shall not be made unless the Administrator finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed.

"SEC. 5. The Administrator is authorized and empowered, from the sums hereinbefore authorized, to make loans for the purpose of financing the wiring of the premises of persons in rural areas and the acquisition and installation of electrical and plumbing appliances and equipment. Such loans may be made to any of the borrowers of funds loaned under the provisions of section 4, or to any person, firm, or corporation supplying or installing the said wiring, appliances, or equipment. Such loans shall be for such terms, subject to such conditions, and so secured as reasonably to assure repayment thereof, and shall be at a rate of interest equal to the average rate of interest payable by the United States of America on its obligations, having a maturity of ten or more years after the dates thereof, issued during the last preceding fiscal year in which any such obligations were issued.

"SEC. 6. For the purpose of administering this Act and for the purpose of making the studies, investigations, publications, and reports herein provided for, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as shall be necessary.

"SEC. 7. The Administrator is authorized and empowered to bid for and purchase at any foreclosure or other sale, or otherwise to acquire, property pledged or mortgaged to secure any loan made pursuant to this Act; to pay the purchase price and any costs and expenses incurred in connection therewith from the sums authorized in section 3 of this Act; to accept title to any property so purchased or acquired in the name of the United States of America; to operate or lease such property for such period as may be deemed necessary or advisable to protect the investment therein, but not to exceed five years after the acquisition thereof; and to sell such property so purchased or acquired, upon such terms and for such consideration as the Administrator shall determine to be reasonable.

"No borrower of funds under section 4 shall, without the approval of the Administrator, sell or dispose of its property, rights, or franchises, acquired under the provisions of this Act, until any loan obtained from the Rural Electrification Administration, including all interest and charges, shall have been repaid.

"SEC. 8. The administration of loans and contracts entered into by the Rural Electrification Administration established by Executive Order Numbered 7037, dated May 11, 1935, may be vested by the President in the Administrator authorized to be appointed by this Act; and in such event the provisions of this Act shall apply to said loans and contracts to the extent that said provisions are not inconsistent therewith. The President may transfer to the Rural Electrification Administration created by this Act the jurisdiction and control of the records, property (including office equipment), and personnel used or employed in the exercise and performance of the functions of the Rural Electrification Administration established by such Executive order.

"SEC. 9. This Act shall be administered entirely on a nonpartisan basis, and in the appointment of officials, the selection of employees, and in the promotion of any such officials or employees, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. If the Administrator herein provided for is found by the President of the United States to be guilty of a violation of this section, he shall be removed from office by the President, and any appointee or selection of officials or employees made by the Administrator who is found guilty of a violation of this Act shall be removed by the Administrator.

"SEC. 10. The Administrator shall present annually to the Congress not later than the 20th day of January in each year a full report of his activities under this Act.

"SEC. 11. In order to carry out the provisions of this Act the Administrator may accept and utilize such voluntary and uncompensated services of Federal, State, and local officers and employees as are available, and he may without regard to the provisions of civil-service laws applicable to officers and employees of the United States appoint and fix the compensation of attorneys, engineers, and experts, and he may, subject to the civil-service laws, appoint such other officers and employees as he may find necessary and prescribe their duties. The Administrator is authorized, from sums appropriated pursuant to section 6, to make such expenditures (including expenditures for personal services; supplies and equipment; lawbooks and books of reference; directories and periodicals; travel expenses; rental at the seat of government and elsewhere; the purchase, operation, or maintenance of passenger-carrying vehicles; and printing and binding) as are appropriate and necessary to carry out the provisions of this Act.

"SEC. 12. The Administrator is authorized and empowered to extend the time of payment of interest or principal of any loans made by the Administrator pursuant to this Act: *Provided, however,* That with respect to any loan made under section 4, the payment of interest or principal shall not be extended more than five years after such payment shall have become due, and with respect to any loan made under section 5, the payment of principal or interest shall not be extended more than two years after such payment shall have become due: *And provided further,* That the provisions of this section shall not apply to any obligations or the security therefor which may be held by the Reconstruction Finance Corporation under the provisions of section 3.

"SEC. 13. As used in this Act the term "rural area" shall be deemed to mean any area of the United States not included within the boundaries of any city, village, or borough having a population in excess of fifteen hundred inhabitants, and such term shall be deemed to include both the farm and nonfarm population thereof; the term "farm" shall be deemed to mean a farm as defined in the publications of the Bureau of the Census; the term "person" shall be deemed to mean any natural person, firm, corporation, or association; the term "Territory" shall be deemed to include any insular possession of the United States.

"SEC. 14. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act and the application of such provision to other persons or circumstances shall not be affected thereby."

And the House agree to the same.

SAM RAYBURN,
GEORGE HUDDLESTON,
CARL E. MAPES,
Managers on the part of the House.

E. D. SMITH,
BURTON K. WHEELER,
G. W. NORRIS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 3483) to provide for rural electrification, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause. The Senate recedes from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed upon by the conferees are noted in the following discussion, except for clerical amendments and incidental changes made necessary to harmonize various provisions affected by the agreements reached.

Sections 1, 3 (c), 3 (d), 6, 12 (sec. 11 of the House amendment), and 14 (sec. 13 of the House amendment of the Senate bill are included in the text of the conference agreement without change in the wording (secs. 1, 3 (c), 3 (d), 6, 12, and 14).

Section 2 of the Senate bill authorized the Administrator of the Rural Electrification Administration to promote rural electrification by making loans, and to make studies and reports as to rural electrification and to publish information pertaining thereto. The House amendment authorized the Administrator to make loans for rural electrification, and retained the provisions as to studies, reports, and publications. The conference agreement adopts the provisions of the House amendment.

Section 3 (a) of the Senate bill authorized the Reconstruction Finance Corporation to make loans to the Administrator, not exceeding $50,000,000 in the aggregate for each of the fiscal years 1937 and 1938. The House amendment authorized such loans in the amount of $50,000,000, but only for the fiscal year 1937. The conference agreement adopts the provisions of the House amendment.

Section 3 (a) of the Senate bill also limited wiring, appliance, and equipment loans to maturities "generally not more than 5 years." The House amendment struck out the word "generally." The conference agreement omits the word "generally."

Section 3 (b) of the Senate bill authorized appropriations of $40,000,000 annually for 8 years, beginning with the fiscal year 1939. The House amendment authorized an appropriation in like amount annually for 9 years, beginning with the fiscal year 1938, to correspond with the change in section 3 (a). The conference agreement adopts the provisions of the House amendment.

Section 3 (e) of the Senate bill by a proviso prohibited the making of Reconstruction Finance Corporation loans to the Administrator after June 30, 1938. The House amendment made the prohibition effective June 30, 1937, to correspond with the change in sections 3 (a) and 3 (b). The conference agreement adopts the provisions of the House amendment.

The House amendment added a new subsection 3 (f) to section 3 of the Senate bill to provide that repayments on loans made by the Administrator should be covered into the Treasury as miscellaneous receipts, except that repayments on loans put up as security for advances by the Reconstruction Finance Corporation to the Administrator should be paid to the Reconstruction Finance Corporation to be applied in payment of such advances. The Senate bill contained no corresponding provision. The conference agreement adopts the House provisions.

Section 4 of the Senate bill authorized construction and operation loans to States, Territories, municipalities, utility districts, and cooperative corporations and associations. The House amendment added persons and corporations to the list of such eligibles. The conference agreement adopts the House provision on this point but adds a provision directing the Administrator, in making such loans, to give preference to States, Territories, and subdivisions and agencies thereof, municipalities, people's utility districts, and cooperative, nonprofit, or limited-dividend associations, the projects of which comply with the requirements of this act.

Section 4 provided that such loans by the Administrator bear interest at a rate not exceeding 3 percent per annum. The House amendment required that such interest be at a rate not less than 3 percent per annum. The conference agreement provides that the interest rate shall be equal to the average rate of interest payable by the United States of America on its obligations, having a maturity of 10 or more years after the dates thereof, issued during the last preceding fiscal year in which any such obligations were issued.

The House amendment added at the end of section 4 of the Senate bill a proviso prohibiting the making of any loan for the construction, operation, or enlargement of a generating plant unless consent of the State authority having jurisdiction in the premises was first obtained, and also prohibited the making of loans under the act unless the Administrator certifies that the security therefor is reasonably adequate and that the loan will be repaid within the time agreed. The Senate bill contained no similar provision except that loans under section 5 be so secured as reasonably to assure repayment (sec. 5 of Senate bill). The conference agreement adopts the provisions of the House amendment.

Section 5 of the Senate bill authorized the making of wiring, appliances, and equipment loans to individual consumers as well as to borrowers under section 4 and to the persons installing the wiring, appliances, or equipment. The House amendment eliminates loans to individual consumers unless the consumer is a person making a loan under section 4 or is the person installing the materials. The conference agreement adopts the House provision on this point.

Section 5 of the Senate bill also provided that the loans under such section should bear interest at a rate not exceeding 3 percent per annum. The House amendment required such rate of interest to be not less than 3 percent per annum. The conference agreement provides that the interest rate shall be equal to the average rate of interest payable by the United States of America on its obligations, having a maturity of 10 or more years after the dates thereof, issued during the last preceding fiscal year in which any such obligations were issued.

The second paragraph of section 7 of the Senate bill prohibited a borrower under section 4 of the Senate bill from selling property acquired under the act to any private corporation or person until the loan was repaid, and thereafter only with the approval of the Administrator. The House amendment extended the prohibition against sale to forbid sale in any case until repayment of the loan, without the approval of the Administrator, but required no approval in respect of a sale after repayment of the loan. The conference agreement adopts the provisions of the House amendment.

Section 8 of the Senate bill (last sentence) made section 3709 of the Revised Statutes (requiring advertising in purchases of supplies, etc.) applicable to purchases made in expending funds loaned under the act if the aggregate amount involved was more than $500. The House amendment struck out this provision. The conference agreement eliminates the provision.

Section 9 of the Senate bill provided for a nonpartisan administration of the act and for appointments and promotions of officials and employees on the basis of merit, and for removals by the President and by the Administrator in case of violations of this section. The House amendment struck out this section. The conference agreement retains the Senate provisions.

Section 10 of the Senate bill required a report to Congress from the Administrator as soon as practicable after the 1st day of January in each year. The House amendment (sec. 9) required the report to be made not later than the 20th day of January in each year. The conference agreement (sec. 10) adopts the provisions of the House amendment.

Section 11 of the Senate bill (relating to the power of the Administrator to hire personnel and to make expenditures) was modified by the House amendment (sec. 10) to provide that expenditures for the enumerated purposes were not to be made except out of appropriations made pursuant to section 6. The conference agreement (sec. 11) adopts the provisions of the House amendment.

Section 13 of the Senate bill (containing definitions) was amended by the House amendment to include a definition of "Territory" in order to extend the application of the act to insular possessions of the United States. The conference agreement (sec. 13) adopts the change made by the House amendment.

SAM RAYBURN,
GEORGE HUDDLESTON,
CARL E. MAPES,
Managers on the part of the House.

Mr. RICH (interrupting the reading of the statement). Mr. Speaker, I have been informed that if we dispense with the reading of the statement that the gentleman from Texas will give us the information and therefore save time. So I withdraw my objection.

Mr. RAYBURN. Mr. Speaker, in the bill as it passed the Senate and as it passed the House, I think there are but three differences that amount to a great deal. As the Senate passed the bill there was no provision for lending money to private companies, but only to public bodies and quasi-public bodies.

The House passed the bill allowing loans to private corporations.

We compromised on this sort of a provision, that the provision for loans to private companies was retained in the bill and that municipalities and nonprofit organizations should receive preferences at the hands of the Administrator in lending money. That is the difference.

Mr. RANKIN. Will the gentleman yield?

Mr. RAYBURN. I will.

Mr. RANKIN. That is the same provision that is contained in the T. V. A.

Mr. RAYBURN. The same.

Mr. RANKIN. It gives preference to municipalities and cooperative associations.

Mr. RAYBURN. That is right.

Another difference was that the Senate bill provided that the loans should be made at not more than 3 percent. The House bill provided that loans should be made for not less than 3 percent. We compromised by striking out both of these sentences and inserting a provision that the money should be loaned by the Administrator of the Rural Electrification at the price that it cost the Government to get it.

Mr. RANKIN. And what would that amount be at the present time?

Mr. RAYBURN. At the present time it would be less than 3 percent, but it is to go up and down as it will cost the Government.

Mr. RANKIN. So it would be now, and for the last 10 years, substantially 3 percent or less?

Mr. RAYBURN. Yes.

Now, the House struck out a provision in the Senate bill which I did not know was in the T. V. A., and that was that the administration should be nonpartisan. So the House yielded on that and it was restored.

Mr. RICH. It is to be nonpartisan? How can that happen?

Mr. RAYBURN. I do not know, but the bill provides that it shall be. I am not the Administrator. But let me say that 97 percent will be under civil service.

Mr. RICH. In figuring out the rates of interest which they charge for this money do they figure any cost, as far as the Government is concerned, for the people they have in their employ for insurance, taxes, office rent, and all overhead figured by private business?

Mr. RAYBURN. This is conducted like any other Government institution, just like the Interstate Commerce Commission or any other commission of the Government. The administration is paid for out of the Treasury.

Mr. RICH. They do not figure any overhead costs in trying to determine what the rates of interest are going to be? They simply use the rate we borrow money for, and the average rate of interest charged is the amount we charge, without any overhead expenses being figured. That is the way the Government fools the people of this country. That is the political way of doing things.

Mr. RAYBURN. It will cost the borrower what it costs the Government.

Mr. RICH. In other words, you will have to lay taxes on some part of the Government in order to get enough money to carry on the organization that is seeking the low rates of interest. All that expense will have to be borne by some other branch of the Government?

Mr. RAYBURN. If there is any other expense, it will; yes.

I now yield to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. In view of the fact that the statement was not read, it might be well to call attention to another amendment in addition to the three which the gentleman has mentioned.

Mr. RAYBURN. I said three main points.

Mr. MAPES. Some of the Members were interested in a fourth amendment, known as the Walsh amendment, put on in the Senate, requiring the recipients of these loans to advertise for bids on all contracts over $500. The Senate receded on that amendment?

Mr. RAYBURN. The House struck that out, and the Senate receded on it.

Mr. WADSWORTH. Will the gentleman yield for a question?

Mr. RAYBURN. I yield.

Mr. WADSWORTH. Is that provision which was in the House bill which fixed the term of office of the Administrator at 10 years still in the bill?

Mr. RAYBURN. I do not think that was disturbed; no, sir. It is still in the bill.

Mr. WADSWORTH. Will the gentleman yield for a further question or two upon a matter which I confess I discussed when the bill was before the House?

Mr. RAYBURN. I yield.

Mr. WADSWORTH. As I read the report, there has been no change in this particular provision, but I want to ask the gentleman from Texas a question or two about it. I think the gentleman will not deny that in all its loaning activities the Government in no case has proceeded to loan 100 percent on the value or cost of the property which is put up as security for the loan. Even on yesterday, when the Frazier-Lemke bill was before us, and surely that was a most generous bill, the sponsors of that bill offered an amendment to the effect that the farmer might receive a loan only up to 80 percent of the appraised value of the farm. The Home Owners' Loan Corporation, the Agricultural Credit Administration, the Federal land bank, and the Reconstruction Finance Corporation in all their loans—in fact, all loans by Government agencies—always maintain some cushion for the Government. I ask the gentleman from Texas if it is not a fact that this is the only measure of all the measures proposing to loan money which authorizes a 100-percent loan?

Mr. RAYBURN. I think that is correct.

Mr. WADSWORTH. I thought so.

Mr. RAYBURN. And I think it is absolutely necessary if we are going to make a success out of this.

Mr. ROGERS of New Hampshire. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. ROGERS of New Hampshire. Is it not a fact that the conference agreement does adopt the House amendment authorizing the administration to make loans for rural electrification, as shown in the House amendment?

Mr. RAYBURN. That is correct.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. COLDEN. What are the conditions of repayment? Are they made on a monthly basis?

Mr. RAYBURN. That has not been determined yet. They can pay them, and they will be handled under whatever law is in operation in the States, or rules and regulations.

Mr. COLDEN. In case they are based upon monthly payments, the whole amount will only be loaned for the first month, and the principal will be reduced every month after that, will it not?

Mr. RAYBURN. It could be.

Mr. BIERMANN. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. BIERMANN. I did not understand what the gentleman said regarding the so-called Norris amendment, regarding the loaning of money to private corporations. What was done with that?

Mr. RAYBURN. It was retained in the bill—the provision to loan to private corporations, utility companies. But we have a provision that preference should be given to municipalities and others, such as cooperatives, and so forth.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

NAVY DEPARTMENT APPROPRIATION BILL, 1937

Mr. UMSTEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 12527) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes, with Senate amendments, disagree to the amendments of the Senate, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. RICH. Mr. Speaker, reserving the right to object, I should like to ask the gentleman a question. This is the Navy Department appropriation bill. What is the status of that bill as to an increase this year over last year?

Mr. UMSTEAD. I will answer the gentleman's question by making this statement: There is no conference report before the House at this time. I am simply now asking unanimous consent that the bill be taken from the Speaker's table, disagree with all of the amendments placed on the bill by the Senate, and ask for a conference.

Mr. RICH. You are going to disagree to all those amendments?

Mr. UMSTEAD. I so stated very clearly.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. UMSTEAD]? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. UMSTEAD, Mr. THOM, Mr. JOHNSON of West Virginia, Mr. SCRUGHAM, Mr. MCLEOD, and Mr. DITTER.

NAVAL AIR STATION SITE, MIAMI, FLA.—CONFERENCE REPORT

Mr. VINSON of Georgia. Mr. Speaker, I call up the conference report on the bill (H. R. 8372) to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station and to authorize the construction and installation of a naval air station thereon, and ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

[To accompany H. R. 8372]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8372) to authorize the acquisition of lands in the vicinity of Miami, Florida, as a site for a naval air station and to authorize the construction and installation of a naval air station thereon, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

CARL VINSON,
P. H. DREWRY,
GEORGE P. DARROW,
Managers on the part of the House.

DAVID I. WALSH,
MILLARD E. TYDINGS,
FREDERICK HALE,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 8372) to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station and to authorize the construction and installation of a naval air station thereon, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report; namely:

The House text prevails. The House bill provides for the acceptance of a donation of lands on North Biscayne Bay, in the vicinity of Miami, Fla., and the establishment thereon of a naval air station. The Senate struck out the whole of the House text and made provisions for acceptance of donated lands merely in the vicinity of Miami, Fla., and for the development of the property for such naval necessities as the Secretary of the Navy may consider to be warranted, the property to be returned to the grantors if not used by the United States as contemplated by the amendment within 10 years.

CARL VINSON,
P. H. DREWRY,
GEORGE P. DARROW,
Managers on the part of the House.

Mr. VINSON of Georgia. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was adopted.

A motion to reconsider was laid on the table.

TREASURY-POST OFFICE DEPARTMENTS APPROPRIATION BILL, 1937—CONFERENCE REPORT

Mr. LUDLOW. Mr. Speaker, I call up the conference report on the bill (H. R. 10919) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1937, and for other purposes.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10919) "making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1937, and for other purposes," having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 4, 7, 8, 9, 16, 19, 21, 23, 35, 37, 46, 55, 56, 57, and 58.

That the House recede from its disagreement to the amendments of the Senate numbered 6, 10, 12, 15, 18, 20, 24, 31, 33, 39, 40, 41, 47, 50, 51, 53, 54, 62, and 64, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$1,050,000", and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$155,000", and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$1,373,210", and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$475,000", and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$17,566,458", and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "or for the permanent enlargement of the capacity of any existing aviation shore station", and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$22,690,788", and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$1,320,000", and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "not exceeding $1,000 for expenses of educational exhibits, specifically approved by the Secretary of the Treasury,"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$365,135"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$569,810"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$769,150"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$447,500"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$206,240", and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$104,930", and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"Salaries of inspectors: For salaries of fifteen inspectors in charge of divisions and five hundred and seventy-five inspectors, $2,219,500."

And the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$586,500", and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$6,775,000", and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$186,900,000", and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$134,900,000", and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$7,125,000", and the Senate agree to the same.

Amendment numbered 59: That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$12,875,000", and the Senate agree to the same.

Amendment numbered 60: That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$14,900,000", and the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$4,675,000", and the Senate agree to the same.

Amendment numbered 63: That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$625,000", and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 26, 48, 49, and 52.

LOUIS LUDLOW,
JOHN J. BOYLAN,
EMMET O'NEAL,
JOHN TABER,
CLARENCE J. MCLEOD,
Managers on the part of the House.

CARTER GLASS,
KENNETH MCKELLAR,
CARL HAYDEN,
FREDERICK STEIWER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10919) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1937, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

TREASURY DEPARTMENT

On no. 1: Appropriates $1,050,000, instead of $1,000,000, as proposed by the House, and $1,099,140, as proposed by the Senate, for the Bureau of the Mint and the mints and assay offices on account of additional work incident to the Gold Reserve and Silver Purchase Acts.

On no. 2: Appropriates $520,000, as proposed by the House, instead of $529,720, as proposed by the Senate, for salaries, office of Chief Clerk and Superintendent.

On no. 3: Appropriates $155,000, instead of $150,300, as proposed by the House, and $160,000, as proposed by the Senate, for contingent expenses, Treasury Department.

On no. 4: Appropriates $279,520, as proposed by the House, instead of $285,920, as proposed by the Senate, for salaries, office of Commissioner of Accounts and Deposits.

On nos. 5 and 6, relating to the Division of Disbursement: Appropriates $1,373,210, instead of $1,473,210, as proposed by the Senate, and $1,273,210, as proposed by the House, for salaries and expenses, and makes provision, as proposed by the Senate, for the transfer of funds from the Railroad Retirement Board and the Social Security Board for the performance of work by such Division of such agencies.

On nos. 7 and 8, relating to the Public Debt Service: Appropriates $2,000,000, as proposed by the House, instead of $2,073,000, as proposed by the Senate, and fixes the limit on the amount that may be expended for personal services at $1,975,000, as proposed by the House, instead of $2,048,000, as proposed by the Senate.

On no. 9: Appropriates $48,512,980, as proposed by the House, instead of $49,768,830, as proposed by the Senate, for salaries and expenses of the Bureau of Internal Revenue.

On nos. 10 and 11, relating to the Federal Alcohol Administration: Appropriates $475,000, instead of $400,000, as proposed by the House, and $550,000, as proposed by the Senate; strikes out, as proposed by the Senate, the House limitation upon personal services in the District of Columbia; and makes a technical correction in phraseology.

On nos. 12 to 17, inclusive, relating to the Coast Guard: Provides, as proposed by the Senate, that the number of enlisted men on duty at Coast Guard Headquarters in connection with the Commandant's office shall not exceed 10, instead of limiting such details to 10 "in the District of Columbia" as proposed by the House bill; appropriates $17,566,458, instead of $17,512,000, as proposed by the House, and $17,580,933, as proposed by the Senate, for pay and allowances—the addition to the House amount of $54,458 being on account of rations; the Senate struck out of the House limitation on the use of certain funds for aviation shore stations that part prohibiting construction of any "permanent extension" at any such station—the conference agreement restores that part of the House limitation modified so as to make it applicable "to the permanent enlargement of the capacity of any existing aviation shore station"; appropriates $180,000, as proposed by the Senate, instead of $175,000, as proposed by the House, for contingent expenses; appropriates $1,800,000, as proposed by the House, instead of $1,900,000, as proposed by the Senate for repairs to vessels; and adjusts the total to correspond to the conference agreements.

On nos. 18 and 19: Appropriates $53,160, as proposed by the Senate, instead of $50,000, as proposed by the House, for salaries, Secret Service Division, and appropriates $850,000, as proposed by the House, instead of $906,575, as proposed by the Senate, for suppressing counterfeiting and other crimes.

On nos. 20, 21, and 22, relating to the Public Health Service: Increases, as proposed by the Senate, from $24,500 to $27,740 the limitation on personal services in the District of Columbia in the Division of Mental Hygiene and appropriates for such Division $663,220, as proposed by the House, instead of $666,460, as proposed by the Senate; and appropriates $1,320,000 instead of $1,155,160, as proposed by the House, and $1,500,000, as proposed by the Senate, for diseases and sanitation investigations.

On no. 23: Strikes out the appropriation of $22,000, inserted by the Senate, for reestablishment of the assay office at Helena, Mont.

On nos. 24 and 25: Makes the appropriations for the Procurement Division, Public Building Branch, available, as proposed by the Senate, for expenses of educational exhibits modified so as to limit such expenses to not to exceed $1,000.

POST OFFICE DEPARTMENT

On nos. 27 to 34, inclusive, relating to salaries in bureaus and offices in the District of Columbia: The following tabulation shows the amounts, respectively, in the House bill, the Senate amendments, and the amounts agreed upon as the result of the conference:

Office	House amount	Senate amount	Conference amount
Office of First Assistant	$360,000	$372,270	$366,135
Office of Second Assistant	566,040	573,580	569,810
Office of Third Assistant	766,440	771,860	769,150
Office of Fourth Assistant	442,800	452,200	447,500
Office of Solicitor	81,000	81,280	81,280
Office of chief inspector	201,380	216,000	206,240
Office of purchasing agent	40,880	42,000	42,000
Bureau of Accounts	103,000	106,860	104,930

On no. 35: Appropriates $81,000, as proposed by the House, instead of $85,000, as proposed by the Senate, for contingent expenses of the Post Office Department.

On nos. 36, 37, 38, 39, and 40, relating to the office of chief inspector: The following tabulation shows the amounts and personnel, respectively, in the House bill, the Senate amendments, and the conference agreement:

	House bill	Senate amendments	Conference agreement
15 inspectors in charge and 560 inspectors	$2,176,000		
15 inspectors in charge, 15 assistant inspectors in charge, and 625 inspectors		$2,425,000	
15 inspectors in charge and 575 inspectors			$2,219,500
Traveling and miscellaneous expenses	573,000	650,000	586,500
Clerks, division headquarters	446,100	465,000	465,000

The increase of 15 inspectors above the number provided in the House bill are allowed at rates as follows: 5 at $3,200 each, 5 at $2,900 each, and 5 at $2,600 each.

On nos. 41 to 45, inclusive, office, First Assistant Postmaster General: The following tabulation shows the amounts of the House bill, the Senate amendments, and the conference agreement:

	House bill	Senate amendments	Conference agreement
Compensation to postmasters	$47,500,000	$48,000,000	$48,000,000
Assistant postmasters	6,750,000	6,800,000	6,775,000
Clerks, first- and second-class post offices	186,500,000	187,500,000	186,900,000
City delivery carriers	134,500,000	135,300,000	134,900,000
Special-delivery fees	7,000,000	7,250,000	7,125,000

On no. 46: Appropriates $207,245, as proposed by the House, instead of $450,000, as proposed by the Senate, eliminating the increase proposed of $242,755 for expansion of air-mail service in Alaska.

On no. 47: Increase from $31,550 to $33,050, as proposed by the Senate, the amount which may be used for cost ascertainment of postal activities.

On nos. 50 and 51: Increase the limitation on the amount to be used for carrying foreign air mail from $7,962,500 to $8,230,000, as proposed by the Senate, the additional sum of $267,500 being for an additional weekly schedule on the east coast of South America.

On nos. 53, 54, and 55, relating to domestic air mail under contract: Appropriates $12,000,000, as proposed by the House, instead of $12,250,000, as proposed by the Senate, and increases, as proposed by the Senate, the limitations on the amounts thereof which may be used for administrative expenses in the District of Columbia and in the field.

On nos. 56, 57, and 58, relating to the salvaging and reconditioning of post-office lock-box equipment: Strikes out the increase of $35,000 and the authority inserted by the Senate to provide for such work.

On no. 59: Appropriates $12,875,000, instead of $12,750,000, as proposed by the House, and $13,000,000, as proposed by the Senate, for rent, light, etc., for first-, second-, and third-class offices.

On no. 60: Appropriates $14,900,000, instead of $14,500,000, as proposed by the House, and $15,300,000, as proposed by the Senate, for operating force for public buildings.

On no. 61: Appropriates $4,675,000, instead of $4,650,000, as proposed by the House, and $4,700,000, as proposed by the Senate, for operating supplies for public buildings.

On nos. 62 and 63: Appropriates $625,000, instead of $600,000, as proposed by the House, and $650,000, as proposed by the Senate, for furniture, etc., for public buildings, and makes the appropriation available, as proposed by the Senate, for "safe and vault protective devices."

On no. 64: Inserts section 4, proposed by the Senate, prohibiting the use of any money appropriated under the bill for payment to any person for the filling of any position for which such person has been nominated after the Senate upon vote has failed to confirm the nomination of such person.

AMENDMENTS REPORTED IN DISAGREEMENT

The committee of conference report in disagreement the following amendments of the Senate:

On no. 26: Providing for the transfer of funds to the office of Treasurer of the United States and to certain other Treasury appropriations from various agencies to cover expenses performed by the Treasury in clearing of checks, servicing of bonds, handling of collections, and rendering of accounts for such agencies.

On nos. 48, 49, and 52, relating to appropriations for transportation of foreign mails under contracts authorized by the Merchant Marine Act of 1928.

LOUIS LUDLOW,
JOHN J. BOYLAN,
EMMET O'NEAL,
JOHN TABER,
CLARENCE J. MCLEOD,
Managers on the part of the House.

Mr. LUDLOW. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, I should like to ask the gentleman, with the exception of Senate amendments 26, 48, 49, and 52, how much the bill has been increased over what it was when it left the House?

Mr. LUDLOW. I may say to the gentleman from Pennsylvania that the total increase is $2,851,063. The Senate increased the House bill in the sum of $7,438,723. The House conferees were able to induce the Senate conferees to recede to the extent of $4,587,660, which leaves a net increase of $2,851,063.

Mr. TABER. Mr. Speaker, will the gentleman from Indiana yield for a question?

Mr. LUDLOW. I yield.

Mr. TABER. It is a fact that the House conferees fought over every dollar of difference between the two Houses.

Mr. LUDLOW. That is absolutely correct; and I must say that we have brought to this House a report that is unanimous. So far as the House conferees are concerned, we are agreed as to every item, and the orderly parliamentary procedure is to adopt the report and then proceed to the amendments in disagreement between the House and the Senate.

Mr. RICH. I want to congratulate the gentleman from Indiana [Mr. LUDLOW] and the gentleman from New York [Mr. TABER] on trying to keep these amounts down, but hard as you gentlemen worked you need some help, for the items have not yet been cut down to the bone. As I read the conference report, the House conferees recede on 13 amendments and the Senate conferees recede on 13 amendments, yet 21 of the amendments carry increases as they now stand.

Mr. LUDLOW. I may say to the gentleman that, of course, a conference implies a yielding on both sides to a certain extent, and they did three-quarters of the yielding. We won, I think, a great victory in the conference between the two Houses.

Mr. RICH. I am behind the gentleman. He is doing good work; so is the gentleman from New York [Mr. TABER]. I see, however, four amendments in disagreement, nos. 26, 48, 49, and 52. These amendments will require more money. Is it proposed to ask us to disagree to these amendments?

Mr. LUDLOW. The gentleman from Pennsylvania is mistaken. If we yield to the Senate on these four amendments, it will make the amount less instead of more. These involve the controverted item of ocean-mail contracts.

I think the orderly procedure would be for the gentleman to permit the conference report to be adopted. Then we can consider at length each amendment in disagreement.

Mr. RICH. Maybe I do not quite understand the situation, but the last sentence of the conference report reads:

The committee of conference report in disagreement amendments nos. 26, 48, 49, and 52.

These amendments, when finally disposed of, will represent another increase.

Mr. LUDLOW. I may say to the gentleman that if we adopt all of them the amount carried by the bill will not be increased.

Mr. RICH. The conferees did not agree to these amendments?

Mr. LUDLOW. No, we did not; and we do not intend to.

Mr. RICH. Then, the conferees did a good job.

Mr. LUDLOW. Let me say to the gentleman that I believe he and I think alike on a great many lines; and I am sure it will be comforting to his economic soul to know that this bill, as it now stands, is $16,743,068 below the actual appropriation for these two departments for the fiscal year 1936, which is a very substantial reduction.

Mr. RICH. I agree on that point, but do not forget that Congress has asked the Committee on Appropriations to do a lot more for the Post Office Department which has increased the bill very materially. The fact of the matter is that the Post Office appropriation bill this year is some $29,000,000 or $30,000,000 more than it was a year ago.

Mr. LUDLOW. I thank the gentleman for his contribution, but, as a matter of fact, we have been able, by the most assiduous attention to effect this reduction, notwithstanding statutory requirements like the 40-hour week, which we could have no control over but which had to be provided for in the bill. So that we have really accomplished quite a material reduction.

Mr. RICH. I agree with the gentleman, and I think it should be driven home to the membership of the House that we ought to be careful in connection with the legislation we pass so that we do not increase all of these appropriations year after year.

Mr. O'MALLEY. Will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Is it not true, if we adopt Senate amendments 48, 49, and 52, it will result in an additional saving of $20,000,000?

Mr. LUDLOW. It will result in a reduction of $22,000,000, but there is a question whether we ought to do that or not. There is involved a question of moral standards and obligation of contracts.

Mr. O'MALLEY. I want to make it clear, for the benefit of the gentleman from Pennsylvania, that the adoption of Senate amendments 48, 49, and 52 will bring about a saving of $22,000,000.

Mr. LUDLOW. Mr. Speaker, I move the adoption of the conference report.

The SPEAKER pro tempore (Mr. MCREYNOLDS). The question is on the adoption of the conference report.

The conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Page 48, line 16, amendment no. 26:

"With the approval of the Director of the Bureau of the Budget, there may be transferred to the appropriations, 'Salaries, office of Treasurer of United States, 1937', 'Contingent expenses, Treasury Department, 1937', 'Printing and binding, Treasury Department, 1937', and 'Stationery, Treasury Department, 1937', from funds available for the Agricultural Adjustment Administration, Home Owners' Loan Corporation, Farm Credit Administration, Tennessee Valley Authority, Federal Farm Mortgage Corporation, and Reconstruction Finance Corporation, such sums as may be necessary to cover the expenses incurred in clearing of checks, servicing of bonds, handling of collections, and rendering of accounts therefor: *Provided*, That a statement of any transfers of appropriations made hereunder shall be included in the annual Budget.

Mr. LUDLOW. Mr. Speaker, I move that the House recede from its disagreement to Senate amendment no. 26 and concur in the same with an amendment.

The Clerk read as follows:

Mr. LUDLOW moves that the House recede from its disagreement to the amendment of the Senate no. 26, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "With the approval of the Director of the Bureau of the Budget, there may be transferred sums (not exceeding a total of $450,000) to the appropriations, 'Salaries,

Office of Treasurer of United States, 1937', 'Contingent expenses, Treasury Department, 1937', 'Printing and binding, Treasury Department, 1937', and 'Stationery, Treasury Department, 1937', from funds available for the Agricultural Adjustment Administration, Home Owners' Loan Corporation, Farm Credit Administration, Tennessee Valley Authority, Federal Farm Mortgage Corporation, Reconstruction Finance Corporation, Federal Emergency Relief Administration, farmers' crop production and harvesting loans, Federal land banks, and other banks and corporations under the supervision of the Farm Credit Administration, Railroad Retirement Board, Soil Conservation Service, including soil conservation and domestic allotment, Social Security Board, Federal Housing Administration, and Emergency Conservation Work, to cover the expenses incurred on account of such respective activities in clearing of checks, servicing of bonds, handling of collections, and rendering of accounts therefor: *Provided*, That funds transferred hereunder from the appropriation for Emergency Conservation Work shall remain available until June 30, 1937, any provision in the First Deficiency Appropriation Act, fiscal year 1936, to the contrary notwithstanding: *Provided further*, That a statement of any transfers of appropriations made hereunder shall be included in the annual Budget."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

Mr. LUDLOW. Mr. Speaker, we have now reached the point where all amendments are disposed of except amendments 48, 49, and 52. Amendment no. 49 is partially dependent on amendment no. 52, and amendment no. 48 is wholly dependent on amendment 52; therefore, in the interest of expedition and clarity of action, I ask unanimous consent that amendment no. 49 may be passed over for the time being, and that amendments 48 and 52 may be considered together at this time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that the 1 hour usually allowed under the rule be extended to 2 hours for the reason that this is a controversial matter and numerous gentlemen have applied to me for time. I should like very much to be able to oblige all of those who desire to speak on this matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, and I shall not object to the request of the gentleman, but does he not think it may be possible to conclude the debate in less than 2 hours? We have some matters we are anxious to dispose of today.

Mr. LUDLOW. I may say to the gentleman that, of course, I have no desire to prolong the debate. I have quite a list of Members who desire to speak, and they very earnestly wish to be heard. I should like to accommodate them.

Mr. BANKHEAD. I shall not object.

Mr. RICH. Mr. Speaker, reserving the right to object, I should like to ask the majority leader what is coming up after we finish this matter?

Mr. BANKHEAD. Mr. Speaker, we had a resolution that we wanted to present this afternoon. I think we have reached an agreement with reference to the correction of the RECORD in connection with the remarks which the gentleman from Colorado made some days ago. We also have an omnibus private pension bill that we had hoped to pass today. We are hopeful we may get through with the program this afternoon and adjourn over until Monday.

Mr. RICH. Those are all the matters coming up this afternoon?

Mr. BANKHEAD. Yes; that is all we expected to call up.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the two amendments in disagreement.

The Clerk read as follows:

Page 60, line 6, amendment no. 48: Strike out, beginning in line 6, "(exclusive of mail carried under contracts awarded under the provisions of the Merchant Marine Act of 1928)."

Page 61, line 4, amendment no. 52: Strike out, beginning on line 4, down to and including line 11, which reads as follows:

"Foreign Mail Service, Merchant Marine Act: For transportation of foreign mails under contracts authorized by the Merchant Marine Act of 1928 (U. S. C., title 46, secs. 861–889; title 46, secs. 886–891x), including the cost of advertising in connection with the award of contracts authorized by said act, $26,500,000: *Provided*, That no part of the money herein appropriated shall be paid on contract no. 56 to the Seatrain Co."

Mr. LUDLOW. Mr. Speaker, I move that the House insist on its disagreement to Senate amendments nos. 48 and 52.

Mr. WEARIN. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. WEARIN moves to recede and concur in Senate amendment no. 52.

Mr. MARCANTONIO. Mr. Speaker, I should like to submit a unanimous-consent request. The motion just made by the gentleman from Iowa [Mr. WEARIN] covers only one amendment. I understand unanimous consent was granted that amendments 48 and 52 may be considered together. I therefore ask unanimous consent that the gentleman's motion be corrected to read that the House recede and concur in Senate amendments nos. 48 and 52.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Speaker, if this motion is agreed to, we will effect a saving of $22,000,000. However, the issue involved is not necessarily a saving of $22,000,000. The issue raised by the motion offered by the gentleman from Iowa [Mr. WEARIN] goes deeper. It goes into the question of ship subsidies. It goes into the question of subsidizing a merchant marine which today, Mr. Speaker, needs overhauling and drastic reformation.

The present American merchant marine is a disgrace to the flag it carries. The American merchant marine today cannot, in any manner, pretend to grant safety at sea to any of its passengers. Any such pretension is a fraud. The facts speak for themselves. The treatment of the crews, the equipment, the general condition of these ships, and especially the construction, proves one thing conclusively, and that is that they have given us a ginger-bread top and down below these ships are not fit for either habitation or sailing.

About 3 weeks ago I submitted to the Secretary of Commerce 110 statements, each statement made by a seaman—110 written statements by seamen who had won medals for bravery at sea. These men had first-hand knowledge of safety-at-sea conditions, and these 110 statements were submitted by 110 seamen, I repeat, who had won medals for bravery at sea, and these statements revealed horrible conditions on these ships, not only as to working conditions but actually as to safety-at-sea conditions.

The Secretary of Commerce promised to investigate this situation. Up to now absolutely nothing has been done and no action has been taken on this memorandum containing 110 charges, charges giving the names of the ships and charges giving the names of the companies involved.

Mr. Speaker, I charge right here and now that these shipping companies outdo Al Capone by millions of dollars. They are racketeers of the lowest order. They are not giving the American passengers safety at sea, and what is more, they are mistreating the crews, submitting them to the worst form of living and working conditions. I wish you gentlemen had an opportunity to examine these ships. Do not look at the upper deck, do not look at the decorative portions of the ship, but go down and see where the men are living, and you will realize that these ships are a disgrace to our country. They are a disgrace to the merchant marine of a great country such as ours.

Today, in New York City 4,000 American seamen are out on strike. They are conducting a heroic strike. These men are American seamen, seamen who have dedicated their lives to safety at sea, and ships today are going out to sea being manned by W. P. A. workers. Get that! Ships going out to sea carrying passengers are being manned by W. P. A. workers. Take your steamship *California*, for instance.

When it went out the other day and had to come back, a recheck of the shipping crew showed that the ship crew was composed mainly of W. P. A. workers and that it did not have the number of able-bodied seamen required by law.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. KNUTSON. The gentleman does not contend that a person who is on W. P. A. should be barred from honest work?

Mr. MARCANTONIO. I contend that a person who is on W. P. A., if he is not an able-bodied seaman, should not be allowed to do the work of an able-bodied seaman, because unless you have able-bodied seamen on a ship you are imperiling the lives of the passengers on that ship. Remember the *Morrow Castle*.

Mr. KNUTSON. The gentleman knows that a boat that is not fully manned by able-bodied seamen would not receive clearance papers.

Mr. MARCANTONIO. That is just it. They are receiving clearance papers every day, and I make that charge, and we have submitted proof of that to Secretary Roper.

Mr. KNUTSON. That would be murder.

Mr. MARCANTONIO. Well, I am not going that far. I am not entering into that at all. I am pointing out the facts. I am interested in the facts, and I am not interested in arriving at any political conclusions. The facts are that ships are today being manned by W. P. A. workers from the city of New York, none of whom are qualified as able-bodied seamen.

Mr. MORAN. Mr. Speaker, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. MORAN. Of course, there are plenty of qualified, able-bodied seamen in this country to man the merchant marine.

Mr. MARCANTONIO. Of course, there are plenty of them.

Mr. MORAN. Will the gentleman state to the House the reason they are not manning them?

Mr. MARCANTONIO. I will tell you why they are not manning them. It is because these men have been insisting on two things. They insist on decent wages, decent living and working conditions, and, second, real safety at sea. The companies do not want to comply in either respect. All they are interested in is money. They are racketeers, racketeering on the Government, on the seamen, and on the passengers. Hence, in order to break the strike, they are using W. P. A. workers, who are not able-bodied seamen, as scabs to work the ships, thus exploiting labor, cheating the Government, and imperiling the lives of passengers. Withhold this appropriation and you will force these companies to come to terms. We owe them nothing. They have broken repeatedly their contractual obligations. That releases the Government from any obligation to them.

Yesterday we had a letter read by the Speaker of the House from the president of the American Federation of Labor. We are the Congress which is supposed to protect labor. Yet we are asked to turn over $22,000,000 to a gang of labor exploiters who refuse to give decent wages or decent living quarters to the seamen, but employ W. P. A. workers as scabs.

If we agree to concur in the Senate amendment and refuse to give the $22,000,000 to the shipping companies, we may force out of Congress a real bill, with provisions protecting both labor and the passengers. How can any friend of labor consent to give this money without any provision to protect labor and passengers?

I am in favor of a merchant marine. I want a merchant marine, as all of us do. But before we turn over $22,000,000 to anybody let us, at least, turn it over by means of a bill that will protect American seamen and American passengers.

Mr. KNUTSON. Will the gentleman yield?

Mr. MARCANTONIO. Yes.

Mr. KNUTSON. The strike in New York is being fomented by Communists, and it ought to be stopped.

Mr. MARCANTONIO. The gentleman from Minnesota is making the same mistake that tories make when a strike exists. They send up a camouflage of red in order to conceal the real issues.

Mr. KNUTSON. It is an outlaw strike.

Mr. MARCANTONIO. It is no more an outlaw strike than the gentleman is an outlaw Congressman. [Laughter.] I brought these men down to Washington. I brought them here and took them before the Secretary of Commerce. Who were these men? Every single man had won a medal for bravery. They gave the Secretary facts straight from the shoulder.

The Secretary of Commerce said, "Make memorandum of that" and "make a memorandum of this", and we gave him the memorandum. Three weeks have gone by, and we have received no communication from him. He promised he would investigate. To date no sign of any investigation. Whenever workers ask for a decent wage or decent living conditions they are called "reds." These men are good Americans, and the man who questions the Americanism of these men is not a good American himself.

Mr. MORAN. Will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Maine.

Mr. MORAN. The gentleman realizes that the subsidy was allowed because of the increased cost of operating American ships, and that since that time they have cut wages.

Mr. MARCANTONIO. Exactly; they received the money and then they cut wages.

The SPEAKER pro tempore (Mr. McREYNOLDS). The time of the gentleman from New York has expired.

Mr. LUDLOW. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, the motion of the gentleman from Iowa is to recede and concur in the Senate amendment. The effect of that motion would be to cut $22,500,000 off the ocean-mail subsidy contracts from the Treasury-Post Office Department appropriation bill as it passed the House. I hope the motion of the gentleman from Iowa will be adopted. First, it is about time we stopped, once and for all, this system of subsidy to a few privileged ship operators who happen to stand in the political and financial good graces of certain bureaucrats. We have had it a long time. The Democrats least of all can stand in favor of such a system of subsidies. Last year we tried for 3 days to get a roll call on the ship-subsidy bill. Nobody seemed to want to go on record as to whether or not we should continue that system of graft, which usually has the American flag wrapped around it so it can be disguised as patriotism.

At that time I called the attention of the Democratic Members of the House to the expressions in their own party platform on this question of ship subsidies and ocean-mail contract subsidies. Of course, it may be a unique thing in these days to remind anybody of a campaign platform, but another campaign platform is probably in the making, and I believe I can safely predict that both parties will have the same opposition to subsidies in their platforms that the Democratic Party has had for a long time. I will read what the Democratic platform said about these ship subsidies:

> We oppose as illogical and unsound all efforts to overcome by subsidies the handicaps to American shipping and commerce imposed by Republican policies.

Of course, I would not be at all surprised that the Republican side of the House voted to keep this $22,000,000 subsidy in effect. It started under their policies and was most viciously consummated under Hoover, but I think the people would be surprised if the Democrats should vote to keep up a racket which was a national scandal under Republican rule.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. O'MALLEY. I do not have the time. If the gentleman will get me more time, I will yield.

That twenty-two and a half million is not a very great saving, but it is an indication of the attitude of this House toward ocean-mail contracts. Those contracts have been as great a scandal as the Teapot Dome scandal ever was. The American people know that only a few privileged ship operators make anything out of it. One ship operator got a

million dollars for carrying 1 pound of mail. The record will sustain that. If we adopt the preferential motion offered by the gentleman from Iowa to recede and concur in the Senate amendment, we take twenty-two and one-half million dollars away from these racketeers. We do not have to pass the buck to either the President or Postmaster General. We should do our duty and cancel these contracts by refusing this appropriation.

I now yield to the gentleman from Alabama, the majority leader.

Mr. BANKHEAD. Of course, in years past I have opposed subsidies very bitterly. I was on a select committee in 1922 to investigate those subsidies.

Mr. O'MALLEY. There was an investigation made of the ship subsidies; yes.

Mr. BANKHEAD. But here is the proposition as it appears to me in the pending measure, and I am inclined to support the recommendation of the subcommittee upon it: Here is a commitment by the Government to the ship operators, under existing law, entered into in good faith, that the evidence tends to show is most essential, at least at present, for the continued operation of these merchant lines. Now, when we have a contract, ought we not carry it into effect, whether it is a good one or a bad one?

Mr. O'MALLEY. Those contracts were entered into under the Merchant Marine Act in 1928, and the very reason why this amount is in this bill is because this House last year passed the merchant marine subsidy bill by only eight votes, so small a margin that the Senate has not seen fit to consider it yet. The advocates of subsidies for profiteers and millionaires are attempting to carry through here a continuance of what this House has termed fraudulent contracts and were entered into without competition as far back as 1928.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. LUDLOW. Mr. Speaker, I yield 10 minutes to the gentleman from Maine [Mr. MORAN].

Mr. MORAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a very few short quotations from public documents.

The SPEAKER pro tempore (Mr. MCREYNOLDS). Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. MORAN. Mr. Speaker, the question before the House is whether the House will concur in the Senate amendment to strike from the Treasury and Post Office appropriation bill the appropriation for the foreign ocean-mail contracts or whether the House shall adhere to its original position of including that appropriation in the bill. There are several pertinent points which merit consideration.

First let us consider the cost of ocean-mail contracts. I quote as follows from pages 8 and 9 of House of Representatives Document 118, Seventy-fourth Congress, first session:

MAIL PAY

Mail pay has constantly increased since the enactment of the 1928 act. The mail contracts for the fiscal year 1929 amounted to approximately $9,000,000; in 1930 they were $13,000,000; in 1931 they were $18,000,000; in 1932 they amounted to $22,000,000; in 1933, $26,000,000; and in 1934 they were $29,000,000. For 1935 they are estimated at $28,850,000. For 1936 the amount would have been $32,851,954 if the contractors were to receive the amounts due by reason of reclassification of ships, new ships, and full performance of the service, but the Budget Director disapproved of the increased allowance and recommended that the appropriation be continued as for the fiscal year 1935.

If the present contracts continue, there will have been paid thereunder the approximate total of $308,095,160.30. There has already been paid by the Post Office Department under these contracts the sum of $119,257,756.63 up to June 30, 1934, leaving the estimated amount for the balance of the terms of the present contracts at $188,837,403.67.

If the mail had been carried on a foreign poundage basis up to June 30, 1934, the cost would have been $6,802,434.90, and if carried at the American poundage rate the cost would have been $15,534,509.10. The difference between the American poundage rate and the amount actually paid could be called nothing except a direct subsidy paid with the expectation that it would be properly used in the building of a merchant marine. This has already amounted to more than $100,000,000, and during the life of the contracts the excess cost, or subsidy, will amount to around $268,000,000.

From the above quotation it will be readily seen that the decision on this question is a very important one and means millions of dollars to the taxpayers of the United States.

The second point to consider is the result of these foreign ocean-mail contracts. A careful reading of House of Representatives Report 1277, Seventy-fourth Congress, first session, will convince anyone that our present policy is not producing an adequate merchant marine. All informed persons on this subject, regardless of what views they may have as to the proper remedy, agree in the position that our present system is most unsatisfactory. This fact should be borne in mind when we realize that the question before the House is to continue to pour millions of dollars into a system which admittedly is not producing desired results.

Third. We should not forget that in the President's message to Congress, dated March 4, 1935, that he specifically stated that "the Congress should provide for the termination of existing ocean-mail contracts as rapidly as possible." The President, of course, asked for a new system but agrees that the existing contracts should be canceled.

Fourth. It should be borne in mind there actually was no competitive bidding for these contracts as required by law. Following is a quotation from pages 11 and 12 of Senate Report 898, Seventy-fourth Congress, first session, clearly demonstrating that there really was no competitive bidding for these contracts.

NULLIFICATION OF COMPETITIVE BIDDING

It was contemplated by the Merchant Marine Act of 1928 that the Postmaster General should first determine what ocean-mail routes should be established and certify them to the United States Shipping Board. The Shipping Board was then to determine and certify to the Postmaster General the type, size, speed, and other characteristics of the vessel which should be employed, the frequency and regularity of sailings, and all other facts bearing upon the capacity of the vessels to meet the requirements of the service stated by the Postmaster General. Upon receipt of this certificate, the Postmaster General was to advertise and secure competitive bids for furnishing the service in question. What actually happened was this:

The agents, lobbyists, and representatives of steamship lines descended upon the Post Office Department, which, acting in startling harmony with these alert and affable spokesmen of privilege, speedily reached decisions as to the "mail route" to be established, the character of service to be demanded (always a service then being operated by the prospective contractor, or which it was fully prepared to operate and which, in many instances as will be pointed out, it was then bound by guaranteed contract with the Government to operate for a term of years without additional aid in the form of mail pay), and the amount of compensation it was to receive. This procedure is in striking contrast to the expectation of Congress that this compensation was to be fixed by free competition between prospective contractors.

Having accomplished this preliminary spade work, the result of these cooperative labors was transmitted to the Shipping Board in the form of a "certification of the Postmaster General." This certification was accompanied by the representatives of the prospective contractors, who were equally at home in both places. Instantly and pliantly the Shipping Board "determined and certified" to the Postmaster General those things which the interdepartmental subcommittee and the prospective contractor had agreed upon in advance that the Shipping Board should certify. The route was then advertised and the contract let to the company, which had arranged in advance the service it was to render and the compensation it should receive. The Postmaster General has advised the President that 42 out of 43 active contracts are subject to cancelation, 40 of them because let in open defiance of the legal requirement for competitive bidding. This advice by the Postmaster General is based upon the transcript of evidence adduced before him, which is replete with proof that these contracts were regarded as the personal perquisites of favored shipping interests, considered as "pie" and parceled out as such.

This was "competitive bidding" as practiced under the Merchant Marine Act of 1928. In fact there was no competitive bidding. Officials and contractors combined to and did prevent it.

Fifth. I addressed a letter to the Comptroller General of the United States—which appears on page 1806 of the February 10, 1935, issue of the CONGRESSIONAL RECORD—making it clear that these contracts are voidable ab initio because of the fact that they were let without competitive bidding. I quote his reply, as follows:

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, March 5, 1936.

Hon. EDWARD C. MORAN, JR.,
House of Representatives.

MY DEAR MR. MORAN: I have considered your letter of February 10, 1936, with further reference to payments under foreign ocean-mail contracts suggested as voidable ab initio under the Merchant

Marine Act of 1928 (45 Stat. 694) because not awarded to the lowest bidder on the basis of competitive bidding.

Your letter quotes provisions of sections 406 and 407 of the cited Merchant Marine Act, setting forth the basis upon which ocean-mail contracts should be advertised for and entered into. Also, your letter refers to and quotes from the report of the Postmaster General to the President under date of January 11, 1935, the quoted excerpts indicating that the Postmaster General suggested to the President that practically all ocean-mail contracts entered into under the Merchant Marine Act of 1928 might be canceled for the reason that they were negotiated instead of being awarded to the lowest bidder after competitive bidding.

Section 406 of the Merchant Marine Act provided that before making any contract for carrying ocean mails the Postmaster General should give public notice by advertisement as therein directed and that—

"* * * Such notice shall describe the proposed route, the time when such contract will be made, the number of trips a year, the schedule required, the time when the service shall commence, the character of the vessels required, *and all other information deemed by the Postmaster General to be necessary to inform prospective bidders as to the character of the service to be required.*" (Italics supplied.)

It is provided in section 407 of the act that each contract for the carrying of ocean mail under the act "shall be awarded to the lowest bidder who, *in the judgment of the Postmaster General*, possesses such qualifications as to insure proper performance of the mail service under the contract." (Italics supplied.)

It will be noted that section 406 vested in the Postmaster General discretion with respect to "the character of the vessels required" and "the character of the service to be required." Consequently, it may be possible the specifications for such service were restrictive and confined the bidding to one or two steamship concerns operating on the proposed ocean-mail route. The provisions of section 407 place within the discretion of the Postmaster General the matter of determining whether the lowest bidder "possesses such qualifications as to insure proper performance of the mail service under the contract."

In view of those provisions of the law there is no basis for this office to question the action of the Postmaster General in selecting the bidder to whom any particular contract would be awarded in the absence of a showing of fraud or collusion in the advertising for bids and the awarding of the contracts.

The report of the Postmaster General to the President under date of January 11, 1935, was made pursuant to Executive Order No. 6792, of July 11, 1934. This Executive order was issued by the President under the provisions of section 5 of the act of June 16, 1933 (48 Stat. 305), in which it was provided:

"Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby, upon giving 60 days' notice and opportunity for public hearing to the parties to such contract, authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract. Whenever the President shall modify or cancel any such contract, he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation entitled to receive the same, such individual, firm, or corporation shall be entitled to receive such portion thereof as the President shall determine and shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as will be just compensation therefor, in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code: *Provided*, That where any such contract makes provision for settlement in the event of modification or cancelation, the amount of just compensation as determined hereunder shall not exceed such amount as is authorized by said contract. Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation."

The time for action under that provision of law was extended to March 31, 1936, by joint resolution of August 29, 1935 (49 Stat. 991).

It will be noted that under the statute last above quoted there is provided a specific procedure to be followed, including compensation to be paid when contracts are modified or canceled pursuant to the provisions of the statute. In accordance with the provisions of said section, the President, in the Executive order of July 11, 1934, authorized and directed the Postmaster General and such officers of the Postal Service as might be designated by the Postmaster General to hold public hearings with respect to any ocean-mail contract under the Merchant Marine Act of 1928 entered into prior to June 16, 1933, to consider all the evidence adduced at such hearings and to report to the President within 6 months their findings and conclusions as to whether such contracts, or any of them, should be modified or canceled; and if so, in what respect, with substantial savings to the United States, pursuant to the provisions of law herein quoted. The first step under the law has been taken; that is to say, the Postmaster General has made a report as to his findings and recommendations in connection with the several ocean-mail contracts included in such report. However, there appears to have been no further action in modification or cancelation of the contracts. The fact that in the report there are contained statements to the effect that the ocean-mail contracts involved were entered into without unrestricted competitive bidding would not of itself be sufficient to authorize discontinuance of payment of the compensation provided under such contracts. Apparently it is conceded in your letter that the contracts are not void, it being suggested only that they are voidable. The mere fact that a contract may be voidable does not authorize this office to withhold, or disallow credit for, payments thereunder. Before this office can take such action there must be some Executive or administrative action to cancel, terminate, or modify the contracts, and there is no authority in this office to require that such Executive or administrative action be taken.

Even if this office should refuse to allow compensation for service under these contracts, the contractors could bring suit in the Court of Claims or in the appropriate district court of the United States for the compensation under the contracts. The contracts were entered into on behalf of the United States by the official authorized by law to make such contracts, and the fact that said official, in the exercise of the discretion vested in him under the statute, may have exercised poor judgment or failed to best serve the interests of the Government in awarding the contracts is no legal basis for this office to withhold payments under such contracts.

In the event action is taken pursuant to the provisions of section 5 of the act of June 16, 1933, supra, in modifying or canceling any or all of the contracts concerning which recommendations were made in the report of the Postmaster General, this office will, of course, take cognizance thereof in the settlement of accounts and claims under said contracts.

Sincerely yours,

R. N. ELLIOTT,
Acting Comptroller General of the United States.

It is contended that this appropriation should be passed because the Government should provide funds for contracts legally entered into and not violate such contracts. My reply to that statement is that we should not consider ourselves bound by star-chamber agreements arrived at in the manner employed in these cases. These contracts were obviously merely handed out to preferred persons, without any pretense whatever of competitive bidding, and on account of that fact we should not force the taxpayers of America to pay hundreds of millions of dollars more on such a specious argument. In order to prevent the recipients of these ocean-mail contracts from continuing to enjoy the fruits of such illegal arrangements, and in order to begin a constructive policy to rehabilitate the American merchant marine, this Congress should stop this appropriation today and pass an honest merchant-marine bill before the close of this session. I am fully convinced that if this appropriation is stopped that the holders of these contracts will be more cooperative than they now are to arrive at a real merchant-marine policy which will be fair to taxpayers as well as equitable to the shipping interests. If we continue this appropriation, I fear that there will be no new merchant-marine bill at this session of Congress; and if I am correct in that belief, then the American merchant marine will continue its present downward course, which means its practical elimination in a very few years.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. MORAN. I shall be very glad to yield.

Mr. TABER. The President was given authority by law to cancel contracts, but he has not canceled any.

Mr. MORAN. I realize that is true. The President was given authority to cancel, and he did not cancel. The President also, in his message to Congress, said that Congress should cancel them, and I personally lean to that theory. I think it is the Congress of the United States that ought to cancel these contracts instead of leaving it to the President.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. MORAN. I yield.

Mr. O'MALLEY. Are not those contracts entirely dependent upon congressional appropriations; and is not the denial of an appropriation practically the same thing as cancelation of them?

Mr. MORAN. A denial of the appropriation would, of course, prevent carrying out the contracts.

Mr. HILL of Alabama. Mr. Speaker, will the gentleman yield?

Mr. MORAN. I yield.

Mr. HILL of Alabama. The gentleman quoted the President as saying the contracts ought to be canceled. The President said, however, that before they were canceled the Congress ought to provide other means for an American merchant marine by passing this subsidy act.

Mr. MORAN. I agree with the gentleman.

Mr. HILL of Alabama. He did not think it right to cancel the contracts without making some other provision to aid the American merchant marine.

Mr. MORAN. Let me say to the gentleman I have very little time, and I did not want to have any misunderstanding regarding my statement. That is why I said we should read the President's message. The President himself told us in his message, for what it may be worth for the Congress to consider, that he felt the foreign ocean-mail contracts should be canceled.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. MORAN. I yield.

Mr. CRAWFORD. Would the gentleman dare make an expression as to why the other body has not enacted a ship-subsidy bill?

Mr. MORAN. I have a firm opinion. I doubt the propriety of commenting on the actions of the other body. Perhaps I had better not do it, but I have some positive ideas about the subject. The question has been asked: "Are these not contracts?" Why should we take a contract that is in existence which the Government has made, and then turn around and by the subterfuge, you might call it, of denying the appropriation for same thereby, in effect, stop a contract this Government in all good faith has entered into with the contracting parties? This, in brief, is the proposition presented by my very good friend the distinguished majority leader, and I know some other Members feel the same way. My answer is that the Postmaster General has stated, as a result of his exhaustive investigation of these contracts, and the special committee of the body at the other end of the Capitol which investigated this subject also has reported that 40 of the 43 contracts were awarded in violation of the requirement of the law providing for competitive bids; and, therefore, they are voidable ab initio. Certainly we should not take the position that contracts voidable ab initio should not even be considered or reconsidered, or even canceled. In further answer to the argument that we should not deny an appropriation for Government contracts actually in existence, this very bill does that very same thing in one instance. On page 61 of this bill appears this language:

Provided, That no part of the money herein appropriated shall be paid on contract no. 56 to the Seatrain Co.

Is that not a case of denying money to a contract in existence? Was not that a contract legally entered into by the United States? The very same reason for canceling the Seatrain contract exists for canceling 40 of the 43 contracts.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. MORAN. Yes.

Mr. CULKIN. The gentleman has studied this question closely, as I know. Does the gentleman believe we can continue an American merchant marine without substantial subsidy either for carrying the mails or by differential in building operation?

Mr. MORAN. I believe we must have an American merchant marine. I will state, in answer to the gentleman's question, that we cannot have an American merchant marine without some aid.

Mr. CULKIN. Does not the gentleman know that if something is not done at this session of Congress either by way of continuing these mail subsidies or by differentials in building operation that the American merchant marine will receive a death blow from which it will never recover? And may I say in this connection that I am in sympathy with many of the statements the gentleman has made. Is not my general contention correct, however?

Mr. MORAN. I think the gentleman is fundamentally correct in his position that our merchant marine is in such a condition that if some remedial action is not taken—and it should be taken at this session of Congress, and I have always advocated it—that we have a very dangerous situation confronting our merchant marine.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. MORAN. I yield.

Mr. MARCANTONIO. Whatever we may do in the matter of subsidies, does not the gentleman think it is only proper that Congress lay down certain specific rules and regulations for the protection of passengers and the crews of these ships?

Mr. MORAN. The gentleman is exactly right so far as the labor and safety-at-sea conditions are concerned. What I object to is that no matter what forced or labored arguments may be presented, it is an absolutely proved fact that these ocean-mail contract people sat around the table and schemed with our officials to divide up these contracts among themselves, and the bids were issued and worded in such a way that no one else could bid against them. This is all a matter of public record. Some contracts exactly fitted the fleet of the person who got the contract and fitted no one else. It is inconceivable to me how the Congress of the United States will continue to stand for this situation. Talk about honesty in government; here is the right place to begin. The people are getting sick and tired of "invisible government", and if we do not change it, they will. I would like to see a "new deal" in the American merchant marine, and all I ask for is common honesty as a foundation for such new policy.

Mr. LUDLOW. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, it seems to be quite popular on the part of some Members of this House to belittle and deride everything that is American. I happen to know something about the American merchant marine, and I can assure the Members of this body that there is nothing about the American merchant marine that we need to be ashamed of except possibly that it is woefully weak.

This great country of ours should have the greatest merchant marine of any country in the world. In fact, a strong merchant marine is absolutely essential in time of war and in peacetimes to carry our commerce to other lands. They talk about this subsidy or assistance that we are voting to the American merchant marine as though it were an out-and-out gratuity that is unnecessary. If by contributing $22,000,000 toward upbuilding our merchant marine we may succeed in placing it on the level where it rightfully belongs, it is money well spent.

Mr. O'MALLEY. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. We have already contributed $300,000,000 so far, and they seem to be in worse condition now than they were before.

Mr. KNUTSON. That may be true, but if we would lift some of the restrictions that now rest upon our shipping we would not have to appropriate so much money. As it now is, our merchant marine is unable to compete with the merchant marine of other countries.

Mr. O'MALLEY. The history of the *Morro Castle* shows that there are not very many restrictions.

Mr. KNUTSON. We have accidents at sea just like we have accidents on land, including railroad accidents, automobile accidents, and the like. Of course, we want to do everything we can to reduce these accidents to a minimum, but I am satisfied that Mr. Roper is doing everything he can to protect those who travel on ships flying the American flag.

Mr. DONDERO. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Michigan.

Mr. DONDERO. American goods ought to be shipped in American bottoms?

Mr. KNUTSON. Yes; certainly. May I say to the gentleman from Wisconsin that this policy of subsidizing the merchant marine was inaugurated under the Shipping Act of 1916, at which time Woodrow Wilson was President of the United States and the gentleman's party controlled both

Houses of Congress. I would suggest to the gentleman that he inform himself.

Mr. O'MALLEY. But the gentleman will have to admit that some of us Democrats are willing to profit by our mistakes, which is more than may be said about the Republicans.

Mr. KNUTSON. The gentleman should inform himself before he addresses the House.

Mr. CRAWFORD. Will the gentleman yield?

Mr. KNUTSON. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I want to ask a serious question, and I am serious-minded about it. It is my understanding that the subsidy which we grant is supposed to cover the difference in operating expenses and the cost of building the ships. Is that the gentleman's understanding?

Mr. KNUTSON. It is supposed to cover the differential; yes.

Mr. CRAWFORD. I am serious about this matter, and I am not trying to trip him up. If I came to him as a shipbuilder and laid down my comparative operating costs with foreign competition, including both operation and cost and the cost of the building of the ship, and you, the Government, grant me my operating differentials, wherein am I handicapped in competing with other foreign shippers?

Mr. KNUTSON. May I say that the cost of building ships in this country is one-third greater than in any other country in the world?

Mr. CRAWFORD. I included capital cost and other costs.

Mr. KNUTSON. It is for Congress to determine whether we are to have a merchant marine that will make us independent of all other nations in carrying on our foreign commerce. We know that financial help from the Government is necessary to keep it on a sound basis. England subsidizes her shipping, so does Germany, France, Italy, and Japan. The subsidies given by those countries greatly exceed that given by this Government, which should convince the House that such help is absolutely necessary if we are not to see the American flag driven from the high seas. That would be a national calamity.

The gentleman from New York [Mr. MARCANTONIO] has challenged my assertion that the seamen's strike in New York is being fomented by Communists and is an outlaw strike.

The facts are easily obtainable by anyone who cares to look for them.

The International Seamen's Union of America is the only bona-fide seamen's union in our country. It has been in continued existence since 1892 and is duly chartered by the American Federation of Labor.

In the early part of this year the International Seamen's Union held a convention here in Washington, D. C. That convention anticipated just such an outlaw strike as is now fostered in New York. The convention had from day to day received clear and positive proof that notorious fomenters of strife were at work seeking to bring about a tie-up of shipping along the Atlantic coast for any reason or no reason whatever.

It was because of this clear understanding of the situation that all the delegates at the convention, including the radicals, voted for the adoption of a resolution warning the membership against the poisonous propaganda that emanated in the main from the publicity bureau of the Communist Party. The resolution, unanimously adopted by the convention, follows.

Resolved by the Thirty-third Convention of the International Seamen's Union of America in regular session assembled at Washington, D. C., on February 13, 1936, That we hereby warn the district unions, members and seamen generally, of the Atlantic and Gulf against the danger of yielding to the subversive propaganda now being circulated from anonymous sources by irresponsible persons intended to stampede the seamen into a strike under circumstances leading straight to disaster, it being the opinion of the convention that strike action on the Atlantic and Gulf under existing conditions will not only result in defeat for the men in that district but will also seriously endanger the district unions and membership in the Pacific district.

Notwithstanding this emphatic expression by the authorized spokesmen of the organized seamen, a self-appointed committee in New York has attempted by the use of divers questionable methods, including gangster tactics, to tie up ships under a trade-union agreement with the International Seamen's Union.

It is no secret, and Mr. MARCANTONIO cannot deny that the Communist press is soliciting funds on a Nation-wide basis for this disruptive element in New York City. Nor can he deny that the notorious alien, Harry Bridges, who has kept the San Francisco water front in a turmoil for the last 2 years, is lending aid and assistance to the New York wrecking crew.

That these abortive efforts have been unsuccessful is due to the common sense and the inherent loyalty of the rank and file of the International Seamen's Union of America. Ships are sailing out of New York Harbor on schedule and they are manned by loyal union members.

I have referred to a trade-union agreement between shipowners and seamen. This agreement has been effective since January 1, 1935, and contains a clause granting preference in employment to union members when obtainable.

The same agreement provides for joint boards of conciliation and arbitration "to adjust any grievance, dispute, or difference which may arise or exist."

On March 15, 1936, the agreement was renewed and improved by the addition of this proviso:

All ratings increased $5 per month above existing scales.

With this change the agreement will remain in effect to December 31, 1937.

The shipping companies which signed the improved and extended agreement with the International Seamen's Union of America are American Merchant Lines, Baltimore Insular Line, A. H. Bull Steamship Co., Export Steamship Corporation, Grace Line, Inc., Luckenbach Gulf Steamship Co., Inc., Luckenbach Steamship Co., Inc., Munson Steamship Line, Panama Mail Steamship Co., Panama Pacific Line, Shepard Steamship Co., United States Lines Co., Inc., Columbian Line, American Foreign Steamship Co., Waterman Steamship, Pan-Atlantic, Calmar Line, Isthmian Steamship Line, Baltimore Mail, Standard Oil Co. of New Jersey, Sinclair Navigation Co., Mooremac-Gulf Line, New York & Cuba Mail Steamship Co., New York & Porto Rico Line, Newtex Line, Savannah Line (Ocean Steamship of Savannah), Sword Steamship Co., Clyde-Mallory Lines, Argonaut Line, American France Line, American Hampton Roads Oriole Line, American Republics Line, Mississippi Steamship Co., Black Diamond Line, American West African Line, Lykes Bros., Lykes Bros. Ripley, Tampa-Interocean.

For further clarification of these outlaw attempts to tie up the port of New York, I quote herewith an editorial under the caption "I. S. U. Honors Agreements", from the current issue of the Seamen's Journal, the official paper of the International Seamen's Union of America:

I. S. U. HONORS AGREEMENTS

The Atlantic agreement was arrived at by collective bargaining, and this process is recognized by custom and by law as the most logical and effective method of maintaining just and peaceful relations between shipowners and seamen.

No one claims that this agreement, or any other agreement arrived at through collective bargaining, is perfect or even bordering on perfection. For 14 long years American ships sailed the seven seas without any trade-union agreement of any kind whatever. They paid wages ranging from a total blank (received by the work-a-ways) up to such meager amounts as circumstances and necessity required.

Where were these self-appointed leaders who are now trying to kick over a trade-union agreement which definitely recognizes the union and provides for wages twice as high as formerly paid by many shipowners? Where were they and why did they not raise their voices during those lean and bitter years?

Let us bear in mind that only once before, for a comparatively short period, beginning during the World War and ending on May 1, 1921, have union conditions prevailed on American ships sailing from Atlantic ports. At that time, however, there was no negotiated or signed agreement. Union conditions were reluctantly conceded because of the exigency created by the war and the Nation-wide scarcity of men.

Needless to state the present signed pact between shipowners and seamen is not based either upon an emergency due to war or upon a scarcity of seamen. It is no secret that there are considerably more than enough seamen available to man every ship afloat.

The Atlantic agreement, therefore, spells a voluntary concession on the part of America's biggest shipowners toward a "new deal."

And for that new attitude, that expressed desire to have the seamen's cooperation in developing the American merchant marine, the shipowners deserve full credit.

In but few of the great basic industries of the United States has collective bargaining been established. The "right to organize" guaranty under section 7 (a) of the National Industrial Recovery Act has been declared unconstitutional by the United States Supreme Court. Certainly the hair-splitting interpretations of labor's rights by the courts can never be as satisfactory as the voluntary recognition of those rights by the employers.

The agreement now in effect on the Atlantic places a grave responsibility upon all the members of the Atlantic district unions. Every right has a corresponding duty, and every privilege is necessarily balanced by an obligation. Only by due restraint and frank recognition of our own responsibilities can we demonstrate that the International Seamen's Union will in the future as in the past honor and respect an agreement duly executed by its authorized representatives.

Recognition of the International Seamen's Union and collective bargaining seemed far away a couple of years ago. The promises of a shipping code faded away into thin air. And yet, due to the loyalty and cooperation of the International Seamen's Union membership—new and old, east and west—our union is now recognized everywhere except on the Steel Trust controlled fleet on the Great Lakes.

If we use our heads, if we frown upon internal strife and personal animosity, the days ahead will enable us to consolidate our forces and perfect in America a union of seamen that will be an example and inspiration to seamen the world over.

Mr. LUDLOW. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Speaker, it is very interesting to hear these fresh-water sailors talking about cutting the legs off the merchant marine and the Navy. They are ensconced safely only about 1,500 miles from the coast. I do not suppose there is any battleship or any gun yet developed that can throw a shell from either the Atlantic or the Pacific coast into the State of Iowa.

Mr. WEARIN and Mr. MORAN rose.

Mr. BOYLAN. Wait just a minute, please.

Now, they might be familiar with paddling canoes up and down the little tributaries that go to feed the mighty rivers that sweep on to the great Atlantic or to the great Pacific, but we who are living along the Atlantic and Pacific coasts want to have a little protection. We have no storm or cyclone cellar to go into when these ships shell our coasts.

Now, what is there about this subsidy? The House itself is on record. We do not favor, as a general proposition, subsidizing the mail carriers, but we say that until a subsidy bill is passed we must follow this course; we have no other alternative. The House expressed itself and passed the bill proposed by the gentleman from Virginia [Mr. BLAND] at the last session. Unfortunately nothing has yet been done relative to it in the Senate.

In the meantime, what are we going to do? Are we going to destroy our merchant marine? Are we going to break faith with the men who bought these ships with the provision of a mail contract, and by one fell swoop are we going to destroy the property value that they have in this contractual obligation of the Government?

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. BOYLAN. I yield.

Mr. O'MALLEY. The gentleman refers to a lack of familiarity with these ships in the fresh-water country. We have no coast line, but neither have we any shipbuilders or ship operators.

Mr. BOYLAN. What better evidence is there that you do not know anything about it? You have no shipbuilders and you have no ships. You yourself confess you know nothing about it.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. BOYLAN. I yield to the gentleman.

Mr. KNUTSON. The gentleman from New York must be aware of the fact there is a certain element in this House that will not be happy until the American flag is removed from the seas.

Mr. BOYLAN. Oh, I pray that that day will never come. We have enough patriotic Americans here to maintain the flag on the seas that was put there by the daring mariners of Revolutionary era and maintained during all the years. What a glorious history the American Navy and the American marine have—a history unparalleled in daring and enterprise by that of any country in the world.

Mr. MORAN. Mr. Speaker, will the gentleman yield?

Mr. BOYLAN. I yield.

Mr. MORAN. The gentleman, in his general accusation about the people on this side of the question being fresh-water sailors, rather fell into the difficulty that most people fall into when they state a generalization.

Mr. BOYLAN. All right; what is the question?

Mr. MORAN. The gentleman will admit, for example, that some of the opposition, particularly the gentleman who is now speaking, has quite an acquaintance with the Atlantic coast and is not a fresh-water sailor.

Mr. BOYLAN. Well, really, knowing as I do the splendid history of the old State of Maine and the magnificent keels laid down there and the exploits of the old Maine sailors, who went to every part of the world and displayed our flag, I am mystified and, indeed, I am at a loss to account for the position of the gentleman.

Mr. Speaker, as I have stated, the House has made known its decision on these matters and the Senate has not. Then, until a subsidy bill is passed by the Congress, we have no alternative. We must remember that these ships were purchased by many corporations now operating them with the proviso that they would have a mail contract. If you abrogated these contracts, if you denied appropriations, our flag would not be seen in many parts of the world where it is now flown. Therefore we have really no choice in the matter.

Some of the gentlemen now advocating that we do not continue in disagreement on this amendment have not hesitated to vote for subsidies for farmers. They believe that the farmers should be subsidized, and in many cases I believe so, too; but, if we want to carry on our merchant marine, why not apply the subsidy to the merchant marine as well as to the farmers?

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. O'MALLEY. If the people who operate the ships upon the seacoast are such fine sailors and such wonderful businessmen, why do they need to reach into the taxpayers' pockets of my section of the country to help them get along?

Mr. BOYLAN. The gentleman knows enough about the question to know that the construction cost of ships' keels laid down in American yards is more and the materials cost more and we pay more for labor. Our mechanics work a shorter number of hours, and what is the result? The result is that a ship laid down in American yards is going to cost very much more than a ship laid down in foreign yards, where the wages of the mechanics are, perhaps, only 50 percent of our wages and where the cost of materials is less. As the gentleman well knows this immediately brings a differential. The cost of foreign labor is less and their seamen work longer hours and are paid less and are not fed as well as our boys are fed, and this makes another differential. Does the gentleman understand that?

Mr. O'MALLEY. Yes; the gentleman understands that; and that is why he wonders why one ship line, like the Bull Ship Line, could build a million dollar ship this year out of their profits and without a subsidiary, while these other ship lines that the gentleman is so worried about have to get subsidies. Why can one do it when the other cannot?

Mr. BOYLAN. The answer is, the line mentioned by the gentleman is not engaged in the foreign trade. I ask my colleagues to support the position of the committee and vote down the motion of the gentleman from Iowa. [Applause.]

Mr. LUDLOW. I yield 5 minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Speaker and colleagues, I am not disturbed about any subsidy that we grant to ships that fly the American flag. As a matter of fact, our merchant marine is the weakest in the world. I should like to see us build up a merchant marine that would be able to compete with every maritime country in the world, so that the seagoing

trade of the United States could be adequately carried on by American-manned ships flying the American flag.

When we build up a merchant marine we ought to start right, and to start right it is my thought we should as a Government policy provide subsidized facilities for expert training of American citizens in the duties on board ship. We should provide trained men to serve as American seamen on merchant ships which may be subsidized by American money.

You will find that every ship that is being subsidized today has 90 percent aliens that represent the League of Nations. Especially is this true on such ships when arriving from foreign ports into American ports.

There is not a real American crew on American ships that are being subsidized in the merchant marine. If we had a merchant marine today we could be proud of, we would not have enough Americans to run the ships; we would have to go to other countries to find sailors to operate those ships.

Some years ago when our efforts to establish a merchant marine reached low ebb, one of the natural results was that the younger generation of American citizen boys failed to turn his energies toward a sea-faring life. A natural consequence has been that shipowners, and ship captains, too, have been compelled to seek nationals of other countries for dependable crews. This increasing foreign make-up of the ships' crews only served to make the service on sea, even on American ships, less and less of an occupation encouraging to American youth.

It seems to me the first thing this Congress should do toward the permanent strengthening of our merchant marine is the definite establishment of an official school of equal standing with West Point and Annapolis for the primary purpose of selecting and training American young men for a sea-faring life on our own merchant-marine ships.

This Government spends vast sums annually to train selected men for officers in our Navy and Army and Coast Guard in order that this Nation may be assured of leaders of our armed forces. This is money spent in the nature of an annual premium on our own insurance policy against aggression and other emergencies involving our national welfare and our self-defense.

We have recently entered upon a most worthy policy of taking selected unemployed young men and placing them in C. C. C. camps under trained instructors in practical outdoor occupations. These young men are being trained to take their places in the useful, worthwhile activities of civilian life; and when they complete their camp life and camp training, they will find themselves better fitted to cope with their problems and will develop into more useful citizens and businessmen.

The permanent establishment by an act of Congress of a Merchant Marine Academy with sufficient financial support permanently assured by the Federal Government will be a forward step in the direction of creating an incentive for able-bodied young Americans to become sea-minded. The men selected to receive this Government training for the merchant marine service could be required to agree to a definite period of service at sea after graduation on ships under the American flag for guaranteed rates of compensation agreed upon by shipowners who receive a Government subsidy for the operation of our merchant marine ships.

A natural result of this policy would be that as time goes on, the seamen on our ships will be selected from American citizens by trained men graduated from our Merchant Marine Academy, not because of any Government coercion to employ citizens but because the American point of view of the trained American citizen would naturally as a line of least resistance seek and secure American seamen.

In the examinations conducted by the Committee on Un-American Activities, while in search of propaganda activities, we found on one vessel 350 aliens in the steward's department, all brought from foreign countries, some of them held certificates of United States citizenship, but told us frankly that they did not owe allegiance to the United States, that they maintained in foreign countries their families, that they paid taxes in their own countries, and that they were on the American ships only for the job.

Mr. McCORMACK. Will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. McCORMACK. And some of them voted in the countries of their birth.

Mr. DICKSTEIN. Yes; voted and paid taxes in their own countries, but were holding jobs on American vessels—jobs that belonged to American citizens.

Our investigation of another ship indicated clearly that the members of the crew were almost entirely aliens picked up at foreign ports, although in some instances we were convinced a fraudulent citizenship certificate was used to conceal the large alien make-up of the crew. These aliens deserted the ship when an emergency arose, leaving American citizens to perish with the ship.

Nothing like that could have happened if the crew had been made up of American citizens with the viewpoint and spirit of American justice and fair play and trained in the traditions of the sea.

A very frequent complaint from the shipping interests whenever any kind of restrictions are proposed upon them in the matter of selecting their crews is that it is impossible to select a full crew from American seamen.

Without agreeing that the complaint is correct, nor denying that such a condition prevails, I say to you, my colleagues, that the Government should do everything in its power to make the work and life on board our American merchant-marine ships, whether operating under subsidy or not, so promising as a career that the rising American generation of young men will be attracted to service on the sea under the American flag.

High wages alone will not bring about the respect for service in American merchant marine which is needed. We must create prestige for seamen in the American merchant marine service which will fix it definitely in the minds of young American citizens as an honorable and desirable career worthy of the best men to build for themselves.

We need to restore to sea service the romance of achievement that urged the old-time seamen to follow the sea, notwithstanding the hardships of the life; but our modern young man should be led to see the romance of the sea from the viewpoint of our own American shipping interests and achievement for himself in an honorable career in the American merchant marine service.

All of our seaports have a great many unemployed American seamen anxious to get any available ship job. Many ship captains and shipping companies will still give a preference to an alien seaman if possible, because the alien as a rule will accept lower wages and can be more easily compelled to take what he finds on board in the way of food and quarters.

The owners, operators, and captains of ships, either ocean going or in coastwise trade, of American registry, flying the American flag, whether they enjoy a Government subsidy or not, should be under legal restraint to employ only American seamen on shipboard when American citizen passengers or American merchandise is being transported in international travel.

Mr. MARCANTONIO. Is not that the fault of the shipping companies who are discriminating against the people of our own country because these companies insist on employing cheap labor?

Mr. DICKSTEIN. I think it is the fault of Congress that it does not put a provision in the bill that will employ all American seamen.

Mr. BLAND. The gentleman must know that in the present bill it is provided that 66⅔ percent shall be American citizens.

Mr. DICKSTEIN. But they are not. That does not apply to ocean-going vessels arriving from foreign ports, but only upon departure from an American port carrying mail under an ocean-mail contract.

Mr. BLAND. It applies to ocean-going vessels.

Mr. DICKSTEIN. Furthermore, many of the men on these vessels who hold certificates of citizenship still say they retain their allegiance to their own native country. I called the gentleman's attention to it.

There is another point in that connection to which I wish to direct your attention.

As I understand the present law, every ship holding an ocean-mail contract is required at each departure from an American port for an overseas journey to have a crew made up of not less than 66⅔ percent of citizens of the United States, either native-born citizens or fully naturalized citizens.

The weak point of this provision of law, as repeatedly shown during recent investigations, is that the citizenship of the crew is based upon the entire crew.

The Committee on Merchant Marine should agree to certain amendments to this, or some other, bill on this subject, so as to require that not less than 80 percent of the members of the crew in each department of the ship, namely, the deck department, the engine department, and the steward department, should be either native-born citizens or fully naturalized citizens, and further that not more than 20 percent of the members in each department of the crew on board may be unnaturalized aliens, but with a strict preference given to aliens who have valid declarations of intentions to become citizens when filling this 20-percent alien quota. The point I make is that the crew in each department on board, rather than the total crew on the ship, should be the basis for requirement of citizen-crew members.

Finally, I would direct your attention to the three primary objectives we should endeavor to reach: First, a merchant-marine academy operated and financed by the Federal Government and with a national standing and importance to that now possessed by West Point, Annapolis, or London (Conn.)—Coast Guard—Academies; second, an awakened American spirit among the younger men upon which to establish an honorable prestige for the American merchant-marine service as a career; and, third, a new requirement upon captains of American-registry merchant ships that they maintain their ship crews at all times to a standard of 80 percent either native-born or fully naturalized citizens in each of the three departments of the crew, and that in filling the balance of 20 percent in each department of the crew strict preference be given to aliens who have declared their valid intention to become citizens.

Such a program, when put into effect, will do much to give the American merchant marine a place in international commerce that all patriotic Americans will be proud of and will mean a new day for the American citizen who may choose the American merchant-marine service as his life work. The American seamen will find their lot at sea and in port more of a career than just a money job.

Such a program will also operate to the financial and business improvement of every phase of the shipping interests concerning American operators. An able citizen crew trained to regard his sea service as a career and serving under men trained to uphold the prestige of an wholly American merchant marine service will tend to improve service, profits, and continuity of contracts.

Such a program will operate to the benefit of the Federal Government by reason of improvement of American shipping business and international commerce with attendant actual increase of revenue from taxes, export and import duties, and improvement of general welfare and employment conditions.

I believe the constructive features of this three-point program will appeal to the common sense of every fair-minded American citizen who is interested in increased employment opportunities for citizens and in a logical method of improving the personnel and the prestige of the American merchant-marine service.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. MARCANTONIO. Was the gentleman from Virginia [Mr. BLAND] referring to the provisions of his own bill, or to this contract?

Mr. BLAND. Oh, no. The provision of my bill is 75 percent. The provision of the existing law is 66⅔.

Mr. MARCANTONIO. The gentleman is aware that under the present contracts that provision is being grossly violated.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. DICKSTEIN] has expired.

Mr. LUDLOW. Mr. Speaker, I yield 5 minutes to the gentleman from Oklahoma [Mr. MASSINGALE].

Mr. MASSINGALE. Mr. Speaker, my interest in this bill is purely incidental. If residence by the sea is a qualification to say anything for or against this bill, I surely would be disqualified, because I live a thousand miles from it.

About 3 or 4 weeks ago I got into this thing just by accident. The House was almost deserted. There was up for consideration an item in this bill providing for $26,500,000 to be paid to some ship company that was drawing it illegally, as I understood from statements made by gentlemen who were piloting the bill. Nobody did it, so I picked up a pad and wrote out an amendment to take that $26,500,000 out of the bill. I think probably I am the only man in the House who voted for the amendment. It was defeated. When it went over to the Senate, I took enough interest to telephone over there and call somebody's attention to it, and the Senate cut that $26,500,000 out of the bill, and I think they should have done it. Having taken a little interest in it in the way I did, I read the arguments that were presented in the Senate both for and against the idea of excluding this $26,500,000 from this bill, and the Senate came to the conclusion that it was a steal. You read the arguments. Such men as Senator GLASS and Senator BLACK investigated it, and they said, in effect, that the Government of the United States was being filched not out of $26,500,000, because they said that after the investigation, Mr. Farley advised somebody that four and one-half million was really necessary to take care of these contracts. These contracts that were entered into were given to men who owned ships that had never come up to the specifications required by the Government of the United States.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. MASSINGALE. I yield.

Mr. DONDERO. Has not the President of the United States the authority to cancel any contract that may contain such a provision?

Mr. MASSINGALE. I understand he has, but that is not the question. The question in this case is, Is this Congress going to take the position that it is not going to stop spending money by the millions to fulfill unlawful and illegal contracts?

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield for a question?

Mr. MASSINGALE. I yield.

Mr. O'MALLEY. The question is whether or not this Congress, because the President has not done anything, will not do anything itself?

Mr. MASSINGALE. Yes; that is the idea. As I understand it, the President has put this up to the Congress.

Mr. O'MALLEY. And the question is whether the Congress will pass the buck to the President?

Mr. MASSINGALE. That is the idea. Now, if we do not put up the money, they are not going to get any contracts. They do not want them.

Mr. MORAN. Mr. Speaker, will the gentleman yield?

Mr. MASSINGALE. I yield.

Mr. MORAN. Does the gentleman realize that these contracts were lined up on the basis of speed of the vessel?

Mr. MASSINGALE. That is the idea.

Mr. MORAN. And that this summer speed contests have been conducted at several points, one of which is in my freshwater harbor in Maine, and most of them were found to be wrong under the speed test.

The SPEAKER pro tempore. The time of the gentleman from Oklahoma has expired.

Mr. LUDLOW. Mr. Speaker, I yield 10 minutes to the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. Mr. Speaker, we have heard considerable discussion this afternoon with reference to ship subsidies, much of which is entirely irrelevant to the question under consideration; namely, whether or not this House should recede and concur in the Senate amendment to strike out

$26,500,000 from the House appropriation bill for payments on fraudulent contracts.

One would think from some of the speeches that have been made, that the attitude of those who oppose this appropriation is such that we are about to sweep the American flag from the high seas and that we are going to destroy the American merchant marine, when many of us have been laboring for weeks and months to prepare an honest, fair, decent, respectable ship-subsidy bill that will give America the merchant marine that she demands and protect the taxpayer's Treasury.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. McFARLANE. Is that not just what they do not want?

Mr. WEARIN. Exactly.

Mr. MORAN. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. MORAN. In the report of the House committee on the so-called Bland subsidy bill that was brought in last session there is this statement on page 2:

The reports of the Postmaster General and shipping-policy committee showed that the financial condition of the operators will not permit them to refinance the replacement program.

Mr. WEARIN. Exactly. In other words, we do not have an American merchant marine on the high seas at the present time adequate to carry American trade, and those who have received the subsidies now say they do not have any money with which to give us a merchant fleet. I want to call to your attention a very important matter that was raised by the majority leader of this House, which is a justifiable question, as to whether or not this House has the right to refuse to appropriate funds for contracts which are already in existence and with which I have already dealt to some extent. I have gone into this thing very carefully and have consulted the best of legal advice. I want to give you a careful picture.

It has been suggested that unless we appropriate this money to make the payments falling due in the next fiscal year on the existing ocean-mail contracts, the Government will be in default on its obligations and will be liable to suit in the Court of Claims for breach of contract.

Let us examine this suggestion in the light of the facts.

These ocean-mail contracts were awarded by the Post Office Department during Mr. Hoover's administration under authority of the Jones-White Act passed in 1928.

Title IV of that act authorized the Postmaster General to enter into contracts with citizens of the United States whose bids were accepted for carrying the ocean mails—section 404—and the act prescribed in detail the manner in which the competitive bids should be invited by public advertisement and the manner in which the contracts should be awarded—sections 406, 407. Congress did its part in laying down the rules that were to be followed by the Post Office Department and also by the Shipping Board in administering the generous ocean-mail subsidies which were to build up and maintain an American merchant marine.

Let us see what happened. Instead of carrying out the mandate of the act and following the direction of Congress that the ocean-mail contracts be let to the lowest bidder after due notice, adequate public advertisements, and under competitive bidding, these contracts carrying enormous subsidies to private shipping interests were awarded to favored interests without any real competition whatever. The advertisements for bids were so framed that there could be no real competition, and the compensation carried by the contracts was, in each instance, the highest compensation allowable under the act.

This scandalous abuse of the law was investigated by a special committee of the Senate. I invite the Members of this Chamber who are not familiar with the background of these ocean-mail contracts to glance through the nine volumes of printed testimony produced before the Senate's investigating committee. You will be amazed to read how a little group of officials from the Post Office Department, the Shipping Board, and the Commerce Department sat around a table and calmly passed out "the gravy", as one of them termed it, to the shipping company they had selected for a particular ocean-mail route.

These ocean-mail contracts were all made during the Hoover administration. Some of them were not signed until just before the 4th of March 1933. They just got under the wire. None have been awarded under this administration. These contracts are a legacy from our Republican friends.

As soon as this scandalous state of affairs was brought to the attention of President Roosevelt, he directed the Postmaster General to make an investigation and submit a report. Mr. Farley's Department devoted months to this task. All of the holders of ocean-mail contracts were notified to appear and defend the legality of their contracts. They did appear with the witnesses and with their high-priced lawyers. They were given every opportunity to establish the legality and the bona fides of their contracts. They had their day in court. They were given a fair hearing. And with what result?

After weighing all the evidence and upon the record submitted, Postmaster General Farley reported to the President that all of the ocean-mail contracts except one had been awarded without any real competition. I invite you to read his report. It is printed as a Senate committee print.

The Postmaster General recommended that the contracts be canceled, and the Congress gave the President express power to cancel these contracts in the Independent Appropriation Act.

Upon receiving Postmaster General Farley's exhaustive report, the President sent a special message to Congress on March 4, 1935, in which he recognized the abuses brought to his attention and recommended that we end this method of extending Government aid to private shipping interests.

So we have this situation: The Senate, through its special committee, has made a record showing that these ocean-mail contracts were surrounded by fraud and chicanery in their making. The Postmaster General, in an independent investigation, has reached the same conclusion. The President has condemned the system of paying these subsidies. He termed it a "subterfuge."

Yet, on this record, it is suggested and proposed to this body that we should approve another appropriation of $26,000,000 to go into the pockets of these special interests on these alleged contracts.

I am not a lawyer, but many of the Members of this Chamber are learned in the law. I ask you gentlemen who are lawyers this question:

If a contract with the Government is obtained in violation of statutory requirements, and if there is favoritism—crookedness—in its inception and execution, is the Government bound by such a contract?

I have been told there can be only one correct answer. Fraud taints every transaction. A contract obtained through fraud is voidable at the election of the injured party, even between private persons. Moreover, when the Government is a party, a contract made by the Government's agent is illegal unless all statutory requirements have been followed.

I also understand that when a contract is tainted with fraud or illegality, and this is particularly true of Government contracts, that no recovery can be had against the injured party if he refuses to further perform the fraudulent or illegal contract. If that is not the law, I invite correction of my statement.

No one dares challenge the statement, because it is true. I cite you to these facts in support of my contention—on page 386 of part 2 of Postmaster General Farley's individual reports to the President, afterward submitted to a committee of another body investigating air-mail and ocean-mail contracts, I find the following statement with reference to foreign ocean-mail route no. 54 involving the Waterman Steamship Corporation:

This contract may be canceled without any offer of compensation for the reason—

(a) The contract was a negotiated one and was not awarded as a result of competitive bidding, as required by law.

(b) The Shipping Board entered into a contract for the sale of ships on this route prior to the date of the contract, and the contract was signed on the same date of the mail contract, and under the terms of the Shipping Board agreement the purchaser of the vessels, the Waterman Steamship Corporation, was obliged to operate these vessels purchased over this identical route for a period of 5 years, and it was, therefore, contrary to public policy.

(c) The contract was not established as an essential mail route and is not now of any value as a mail route.

The same investigation on the part of Postmaster General Farley disclosed the fact that all other contracts, with the exception of one or two, and including such offenders as the American Diamond Lines; the Baltimore Mail Steamship Co.; the Tacoma Oriental Steamship Co.; the Pacific Argentine Brazil Line; the South Atlantic Steamship Co.; United States Lines, Inc. (Delaware), contractor, and United States Lines Co. (Nevada), subcontractor; the Dollar Steamship Lines; the Gulf Pacific Mail Line, Ltd.; the Grace Steamship Co.; the Panama Mail Steamship Co.; Eastern Steamship Lines; Colombian Steamship Co.; Lykes Bros. Steamship Co.; Tampa Interocean Steamship Co.; Lykes Bros.-Ripley Steamship Co.; and a number of others, were all recipients of graft to the extent of negotiated contracts, in express violation of the law as enacted by the Congress. These conclusions were arrived at through Mr. Farley's investigation as a result of information obtained from representatives and officials of the various companies submitted under oath. When such evidence is compiled indicating negotiated contracts and the law specifically provides that they shall be let on the basis of competitive bids it is childish for layman or lawyer, and much less the latter, to call them other than fraudulent. Let us refrain from hiding behind technicalities in this matter and face the facts. Certainly the Members of the United States Congress are not going to appropriate money to make payments under the terms of contracts that were entered into in violation of law.

My contention is that we should vote aye on my motion to recede and concur in the Senate amendments 48 and 52 striking the subsidy item of $26,500,000 from the Treasury and Post Office appropriation bill, which also provides for the continuation of the carriage of mail on a poundage basis.

The fact of the matter is the gentlemen who are lamenting that our merchant marine may be destroyed in the event that this money is not appropriated fail to recognize the fact that all such similar subsidies appropriated by this Congress have been paid to the same shipowners to which this will be paid under the terms of the 1928 act without securing an adequate merchant marine or even a respectable one. The gentlemen who follow me will probably ring the changes until one might expect to see American flags dotting the high seas like stars in the heavens. In reality the shipowners who have been recipients of these appropriations have broken faith with us, as was evidenced by testimony introduced before Mr. Farley's investigation and the fact that the same subsidized shipowners have been here in Washington all during the seventy-fourth session of Congress wailing for more subsidy and stating before the House Committee on Merchant Marine, of which I am a member, that they do not have any money with which to build new ships for those we practically gave them a few years ago that are now obsolete and unpaid for. In view of the fact that they have not produced a merchant marine with the aid of former appropriations similar to this one, the proponents of this appropriation have little to talk for in that respect. If we appropriate another $26,000,000 plus to continue payment under the fraudulent contracts now in existence for the maintenance of a merchant marine that has not been properly maintained by the subsidized shipowners, we will, in addition to becoming parties to the crime, be throwing that much more money into the pockets of attorneys, highly paid officials of shipping companies, and subsidiary institutions with no prospects of results.

By way of substantiating my statement that the subsidized ship owners have failed to build up a merchant marine in accordance with the intent of Congress allow me to quote you this paragraph from part I, page 202, of the Postmaster General's individual reports to the President, as published in a Senate committee print, and obtainable in four small volumes that you should read from cover to cover:

The Lykes Bros. have, as a result of operating Shipping Board vessels, and through their several ocean-mail contracts (routes 23, 45, and 57) made large profits on a small original capital investment. The record shows that in their dealings with the Shipping Board and the Post Office Department they have been actuated largely by a desire to obtain as much from the Government as possible upon minimum commitments looking to the upbuilding of the American merchant marine.

Mind you the above is from the conclusions of Postmaster General Farley's investigation of the subsidized shipowners themselves.

To further substantiate my position that this appropriation is fruitless with respect to accomplishing anything in building up a merchant marine that is rapidly becoming obsolete in spite of the payment on the part of the United States Government of over $160,000,000 in mail subsidies since 1928, plus the merchant fleet that we practically gave them along with trade routes developed under Government operation at the expense to the taxpayers, allow me to quote this paragraph with reference to the Lykes Bros.-Ripley Steamship Co. on page 202, part I of Postmaster General Farley's individual reports to the President:

In view of the reluctance of the contractor to obligate itself to build any ships and, in view of the interpretations placed upon the replacement provision by its agent who negotiated it, as hereinbefore shown, it is possible that the contractor may elect to forfeit its $300,000 performance bond if it is unable to persuade the Post Office Department when the time comes for it to begin replacements that traffic conditions do not warrant the expenditure.

You will find by reading the reports quoted from above that similar attitudes toward building a merchant marine are to be found in connection with the other subsidized lines. Now, in order to keep this discussion straight, let us remember that in the first place the inference of the proponents of this appropriation that we have a great merchant marine which is about to be destroyed through our failure to appropriate this money is not based on the actual facts. We have nothing to talk about in that respect. Furthermore, let us remember that the money is to be used in making payments upon contracts admitted by the owners to be negotiated, which would certainly be a fraudulent contract in any court of law when the statute under which it was drawn specifically states that the same should have been let upon the basis of competitive bidding.

Now I want to call your attention right here to some situations that exist in this Congress at the present time. This House passed the Bland-Copeland ship-subsidy bill at the last session by a bare majority of eight votes, sent it to another body for action, and what happened over there? It was held up because of the fact that we pointed out on the floor some things that were not in accordance with the suggestions of the President, and that bill has not been passed to this date. These shipowners are hoping the bill will not pass, that no bill will pass, but that the 1928 act will be left in existence, with the result that we will appropriate $26,500,000 to go toward paying these fraudulent contracts.

If the House insists upon taking such action, I venture this prediction: The ship-subsidy crowd, who have been hauling away the taxpayers' money from the Public Treasury without giving them back an adequate merchant marine that the country needs from coast to coast, will fight any decent subsidy bill, if one can be devised by this Congress or any Congress, and urge a continuation of payments under the Jones-White Act of 1928; and that goes for fresh-water sailors or sidewalk sailors of old New York. If the lobby representatives of the shipowners are thus successful in defeating a respectable subsidy bill, granting that one can be drawn, and the Seventy-fourth Congress adjourns without further action, the President will be forced to cancel the contracts without having a merchant-marine program to offer as a substitute, or else continue payments that some of you want to provide for today, and thereby place the administration's stamp of approval upon a corrupt system of

ship subsidies that he has already branded a subterfuge in a special message to Congress. I do not want to be a party to placing our leader in that kind of a position, especially when he asked the Postmaster General of his Cabinet to investigate the mess and followed up by specifically asking us to do something about it.

If the House will defeat this appropriation of $26,500,000, as it should do upon the ground that it is not obligated to make payments on fraudulent contracts, you will see some action in another body in an effort, and it will be successful, to get out some respectable merchant-marine legislation. If we fail to take the above action, we will simply guarantee payments regardless of the advent of a bill, which is exactly what the shipowners want and which will, as I said before, place President Roosevelt in the embarrassing position of having to cancel the contracts without having a program to offer in place of them or continue payments and commit the administration to the corruption exposed at his request by his own Postmaster General, Mr. Farley.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. McFARLANE. In regard to the ship-subsidy bill that was passed by eight votes, after we got a roll-call vote that was not expected, is it not true that on the floor in the debate it was said this was an administration bill and that it was represented on the floor as being such, but that the President the very next day repudiated it?

Mr. WEARIN. That is correct. Of course, the proponents of that bill were careful not to state specifically on the floor that it was endorsed by the White House, but they did what to my mind was just as bad and almost as misleading; they inferred in an evasive manner that the proposal was an administration measure.

So I say to this House, that if you refuse to concur in the action of the Senate in striking out this appropriation for these ocean-mail contracts, if you insist upon appropriating the taxpayers' money to continue these contracts in force for another year, you are in effect placing this House on record as approving the fraud and the collusion surrounding these shady transactions, as well as the entire Democratic administration, unless the President sees fit to cancel them.

If you vote for this appropriation you are repudiating the recommendations of Postmaster General Farley, you are ignoring the President's message of March 4, 1935, and you are in effect saying to the Senate that you approve of these illegal transactions and intend to ratify them after having a full knowledge of the facts.

More than that, you are saying to your constituents, you are serving notice on the taxpayers of this country, that you are indifferent to their interests, that you are unwilling to oppose the shipping lobby that is urging this appropriation. I cannot believe that a majority of this House will allow themselves to be placed in such a false position. I urge you to concur in the action of the Senate in striking down this improvident use of the public's money.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Speaker, I yield 10 minutes to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Speaker, this matter is of sufficient importance for us to approach it free from feeling, free from bias, free from prejudice, with the sole desire of doing that which is best for the country. It is unfortunate that in the heat of debate, statements are made which frequently cannot be justified by the facts. A gentleman just a short while ago, I know with sincere honesty, made the statement that it was represented upon the floor of this House that the bill that was passed last year was an administration measure. Such a statement never came from me and I do not believe it appears in the RECORD. If it does, I never made it.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I cannot yield.

Mr. Speaker, I said that I did not know what an administration measure was unless the President of the United States wrote to me and said, "I want this bill;" and I said that if the approval of the Secretary of Commerce, under whom merchant marine matters come, saying that he approved that subsidy bill, with the exception of two particulars, would make it an administration measure, then it was an administration measure. This should appear in the RECORD.

Another Member says that 90 percent of the sailors are aliens. I call your attention to a provision in the Merchant Marine Act of 1928 requiring that two-thirds of the crews shall be American seamen. It was avoided in the case of the *Morro Castle* because we had been trying in this Congress for years to get through legislation that would prevent those aliens who had 3-year certificates and who had applied for admission into the United States from being classed as American citizens. We thought the Jones-White Act would not permit those men to be classed as American citizens, but the Attorney General ruled against us. Under the leadership of Mr. Davis this House passed a bill repealing the old law under which these men were classed as citizens. The bill went to the Senate, but not until after the *Morro Castle* disaster was that law repealed. The gentleman surely recalls that.

So far as the situation in New York is concerned, I will take my stand with the International Sailors' Union, with Sharenberg and Furuseth, rather than with the men who are represented by the gentleman from New York [Mr. MERCANTONIO].

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. MARCANTONIO. I call attention to the fact that last week the Supreme Court of New York County decided in favor of these men and against the leadership which, incidentally, has been repudiated by an overwhelming majority of the union. Mr. Sharenberg has been kicked out by his own union.

Mr. BLAND. That is all right; I still take my stand with Sharenberg and the union that has been fighting for the Americans. But let us get to the bill. We have been told that the Postmaster General has said these are fraudulent contracts.

I deny that. I read the conclusions of the Postmaster General as given to the President of the United States in the report which he made. He said:

> Proceeding upon the sound theory it is necessary that this Government must have an adequate merchant marine, I am definitely of the opinion that decided changes must be made in the administration of the subsidy. The reports on each contract, which are sent herewith, do not contain positive, definite recommendations as to what treatment I would advise being given in each case.

If these had been fraudulent contracts, would Postmaster General Farley have made that statement; and if the recommendations were shown to be fraudulent, do you believe that the President of the United States, Franklin D. Roosevelt, who would not stand for any fraud, would have permitted 15 months to have passed and not have canceled any of these contracts? The question answers itself.

Mr. Speaker, I come now to a broader proposition. What will be the effect of the elimination of this $26,000,000? What does it mean? The gentleman from Indiana has received a letter from Mr. Peacock, Director of the Shipping Board, in which it is stated that unless this money is appropriated approximately $53,000,000 of a total of $85,000,000 loaned and still owing for the construction of ships will go into default, and that the owners would probably find it necessary to turn their fleets back to the Government unless subsidies were provided. These ships will come back into the hands of the Government. What will the result be? Instead of paying $26,000,000 for the operation of ships, we will have to pay $30,000,000 to $50,000,000 to have the Government run them, and we will have no ships in the end. That will be the ultimate result.

The letter of Mr. Peacock to the gentleman from Indiana also tells you that the elimination of this amount from the deficiency bill has already done immense damage. American ships are in contest with the most competitive conditions in the world. We spent $148,000,000 in loans to our shipowners

for the construction of these ships. In the same time, or from 1922 to date, Great Britain, through the Trade Facilities Act, has lent $206,000,000, and is continuing to lend for the building and modernization of her ships, because she knows that it is to her interest that while we are holding down the merchant marine on this side of the water she should put into service modern, up-to-date, speedy, fine, economical ships in service in order to get the business.

Let one of our shipowners go to you or to anyone who may have automobiles or grain to ship and ask for your contract. You would say to him, "Upon what terms will you carry it?" He will reply, "I will take it for so much." "How long will you carry it at that rate?" "I will take it for a year." "Look at your subsidy bill, look at your deficiency bill; can you tell me that your ships will be operating all that time?" "No." The answer of the shipper inevitably will be that he must contract with carriers who can give assurance of permanent service.

The foreign shipowner can make a contract whereby he will carry these automobiles and the grain which is offered indefinitely, and, of course, the shipper will contract with him. Do you think the shippers of automobiles and grain or other commodities are going to contract with the American ships under those circumstances? The gentleman from Indiana [Mr. LUDLOW] will tell you that Mr. Peacock in his letter states that the elimination of the appropriation has already been made "sales talk" by our competitors and they are taking the business from our ships, driving them off the seas. What are other nations doing? Look at the *Queen Mary*, which will come over here in a little while, with an appropriation from Great Britain of about £3,000,000, and another £5,000,000 appropriated for another ship, and additional funds for the operation of the ships. Look at the *Normandie*, which was built by France with French money and operated with French money. Look at the budget of France for 1935, with over $28,000,000 to be paid as their contribution to their own ships, $27,000,000 of which is going to four lines in France alone. Can we maintain a merchant marine without the support of our Government? Mr. Speaker, in a little while we will be called upon to vote upon this matter. If the Members want to deny our merchant marine this amount, if they want to do that, the inevitable result will be that American ships are either going to be tied up to the dock or else we must appropriate, as we did formerly, thirty, forty, or fifty million dollars, to continue the ships upon the seas. [Applause.]

Extending my remarks under permission granted, I desire to present additional salient facts.

The question before Congress for decision is whether an American merchant marine shall be continued, or whether we shall make abject surrender to foreign-flag ships. No subsidy legislation exists. No aids other than ocean mail is provided. Is aid essential? Let the President of the United States answer. In his message of March 4, 1935, he said that a subsidy for the American merchant marine must be based upon providing for American shipping Government aid to make up the differential between American and foreign shipping costs. He said:

> It should cover, first, the difference in the cost of building ships; second, the difference in the cost of operating ships; and, finally, it should take into consideration the liberal subsidies that many foreign governments provide for their shipping.
>
> Only by meeting this threefold differential can we expect to maintain a reasonable place in ocean commerce for ships flying the American flag and at the same time maintain American standards.
>
> In setting up adequate provisions for subsidies for American shipping, the Congress should provide for the termination of existing ocean-mail contracts as rapidly as possible, and it should terminate the practice of lending Government money for shipbuilding. It should provide annual appropriations for subsidies sufficiently large to cover the differentials that I have described.

The contracts under consideration involve 43 ocean-mail contracts and trade routes, many, if not all, of which, are essential to the commerce of the United States. Cancelation or modification may involve the United States in lawsuits for damages amounting to millions of dollars with counterclaims on the part of the Government. Termination of these contracts without some alternative measure which may form the basis of adjustment will result in a chaotic condition for the Government so far as its merchant marine is concerned and for the merchant marine as well.

The President has said emphatically, affirmatively, and unequivocally that aids are necessary, and that Congress should provide annual appropriations for subsidies large enough to cover the differentials mentioned by him. He has distinctly recognized the need for a gradual transition, through negotiation, from ocean-mail pay to direct subsidies. Until subsidies are provided by law, the only legal way aid can be provided is by an appropriation for ocean-mail pay under the Mail Pay Act.

To cut off that pay is to destroy the American merchant marine, since no aid is provided even though the President has said that without aid the merchant marine cannot continue.

Failure to provide such aid is notice to foreign-flag owners and shippers of our intent to abandon the American merchant marine.

If any bill is passed providing subsidy in accordance with the suggestion of the President, provision must be made, says the President, for the termination of existing ocean-mail contracts as rapidly as possible.

The appropriation in the pending bill continues the ocean-mail pay, thereby providing funds for the continuance of aid to ships while the change is being made from ocean-mail contracts to such subsidy as may be provided.

Without aid the merchant marine cannot continue. If a subsidy is provided, the change from the present method to the new will require time, and the ocean-mail pay will be needed to bridge the gap. Changes cannot be made immediately.

What is the situation as the Director of the Shipping Board Bureau sees it?

Under date of May 1, 1936, the Director answers the inquiry of Mr. LUDLOW as to the probable effect of the Senate amendment which eliminates the appropriation for ocean-mail contracts. The letter will be found in the record. He said that with relatively unimportant exceptions, most of the 28 companies which hold the 43 existing ocean-mail contracts are indebted to the Government on construction loans or ship-sales mortgages or both, and that at the close of business on April 30, 1936, 17 companies holding 21 of the most important mail contracts owed the Government construction loans aggregating $83,387,904.73. Mr. Peacock's best estimate, based upon long acquaintance with financial, tariff, and other conditions affecting those operations, is that within a very short time after the termination of the ocean-mail contract payments, 11 companies holding 13 of these contracts, representing approximately $52,500,000 of the above-mentioned indebtedness, would be in default and would probably find it necessary to turn their fleets back to the Government unless the mail payments are replaced by some other substantial subsidy. The current indebtedness of ocean-mail contractors on ship-sale mortgages is $12,984,773.07, and on the same basis it is estimated that a large part of this amount would also be defaulted, and that several additional holders of mail contracts would be forced to turn back their ships.

Mr. Peacock said that it appears inevitable that if the mail-contract payments are terminated in this way, a very large proportion of the privately owned and operated fleets which have been built up under the Merchant Marine Acts of 1920 and 1928 will revert to the Government within a short time thereafter.

Concerning the injury already done, Mr. Peacock said that the proposed elimination of this appropriation, even though it be not carried through, has already caused injury to the American merchant marine. The Bureau has received several reports of its being used as sales talk in the solicitation of traffic for foreign lines. Bookings are often made for a considerable period in advance and foreign lines have apparently not been slow to capitalize the doubt which has thus been raised as to the possible continuance of the operation of certain of our lines.

Attention was also directed to the fact that the possible enactment of new subsidy legislation which would replace the ocean-mail contracts with more direct subsidies affords no reason for discontinuance of the appropriation in question for the coming fiscal year. It is generally recognized in all the proposed bills that the transition would take a number of months which, in any event, would carry over until well after June 30 of this year. Omission of this appropriation would, therefore, seriously endanger at the very outset a successful transfer to the new system of subsidies. Furthermore, both the subsidy bill which was passed by the House at the last session and that which was recently reported to the Senate would make this appropriation available for the purposes of the new act. Its continuance is, therefore, highly desirable, entirely irrespective of whether the ocean-mail contract system is or is not replaced by more direct subsidies.

A little less than $85,000,000 remains unpaid. Unless the ships can continue operation, companies owing about $53,000,000 are in danger of immediate bankruptcy. If receiverships follow, the ships must be tied to the docks, unless the Government continues them in operation at its own expense. They cannot obtain credit. The Government must lose the routes it has spent millions to establish and maintain, or it must continue their operation at Government expense. If Government operation is to follow, an appropriation equal in amount must be provided.

APPROPRIATION IN DEFICIENCY BILL WILL NOT SUFFICE

The contention has been made that if a subsidy bill should fail, an appropriation may be made in the deficiency bill. In the meantime, irreparable damage has been done and will continue. Ships depend upon shippers. Shippers contract months in advance. They demand certainty and stability of service. Uncertainty as to continuance of operation requires them to protect their interests by making contracts with foreign-flag ships on whose operation they can depend. They have no assurance that the American lines will continue. Self-protection demands that they turn to foreign-flag ships. The loss of business makes continued operation of American-flag ships more uncertain. One of the greatest obstacles to the establishment and maintenance of an American merchant marine has always been, and is now, lack of confidence in its permanency. Greater doubt is inspired by the failure at present to make an appropriation. The situation is more critical in the South than in the North. It is probable that there will only remain three or four companies, if that number, and they will be in the North or on the Pacific.

In the absence of an appropriation, agents soliciting cargo at home and abroad can give no assurance that the service will continue. They can only express the hope that Congress will provide the necessary funds. This assurance gives no certainty either to domestic or to foreign shippers. In self-protection they must turn to foreign-flag lines which can give assurance of continued service. No business of any kind could survive such uncertainty. Patronage and connections secured by years of service and at immense cost will be lost. Once lost, their recovery will be impossible. The continuance of an appropriation, with some assurance of permanency of operation, is imperative.

MERCHANT MARINE VITAL TO NATION

The merchant-marine problem is one of the most vital now facing the Nation. It is a problem involving the commercial and military security of the Nation.

The Nation is now without any shipping policy. We have been going from bad to worse. As a result, there has not been a single vessel built in several years in this country for overseas trade. Under the stimulus of the 1928 legislation 366,000 tons of new ships costing $145,000,000 were constructed for our foreign-trade fleet.

Much has been said about the number of companies which are in arrears to the Government on loans from the construction-loan fund. The fact is a comparatively small amount is in arrears. Out of a total cost of $214,800,000 for the building and reconditioning of ships, on which $148,000,000 was loaned by the Government, less than $3,000,000 was in arrears on March 1 of this year. Considering the period over which these loans were made—the worst slump ever experienced in the history of shipping—this is a remarkable showing, compared with defaults in other industries.

The terrific effect of this depression may be realized more fully when it is considered that water-borne commerce of the United States—excluding traffic on the Great Lakes and tanker tonnage—declined from 62,113,000 tons in 1929 to 35,156,000 tons in 1935. Yet during this period American-flag ships were able to maintain a percentage practically uniform, the percentages being: 1929, 31.5; 1930, 31.7; 1931, 31; 1932, 29.2; 1933, 31; 1934, 32; and 1935, 30.5.

American shipping in the foreign trade, despite the unprecedented depression in world commerce, has demonstrated that even though seriously handicapped by a high degree of obsolescence, our ships competing in that trade have succeeded in carrying throughout the slump a higher percentage than in previous years, except in 1922. It has been able to do this only through Government assistance rendered the industry under the ocean-mail contracts provided for in the 1928 act.

It is true that the financial standing of this industry is precarious. American shipping is not alone in this difficulty. Shipping of practically all the principal maritime countries has been able to survive the world-wide slump only through the liberal financial support accorded by their governments during the past 7 years. Not only have the governments of these countries assisted their nationals financially in completing their ships on the ways but have helped them in the building of new ships, and when necessary have furnished them with working capital. Despite the unsatisfactory conditions in world trade and shipping and the financially weak position of many of their lines, none of these governments has been willing either to abandon, take over, or curtail their shipping activities. We alone among the nations have hesitated and delayed action in formulating a strong shipping policy, and at this late date actually propose to deny them the assistance promised and written into law and in the contracts between the Government and the shipowners for operation over a fixed period of years.

The item of $26,500,000 which has been stricken from the Treasury and Post Office appropriation bill will deny our shipping industry the aid which enables it to survive the keen competition now prevailing and offset strong support given to foreign shipowners by their governments. This is a comparatively insignificant sum when compared with the generous aid given other domestic industries to enable them to survive.

While we have been without any definite policy for shipping, our competitors have been making the most marked progress. Other nations have lost no time in building up their sea strength for both commercial and national-defense purposes, and in doing so they have materially helped in meeting their unemployment problem. It will prove interesting to consider our present condition.

THE STATUS OF THE AMERICAN MERCHANT MARINE IN THE INTERNATIONAL CARRYING TRADE

On January 1, 1936, there were in our foreign-trade fleet 3,057,000 tons, in which ships with speeds between 10 and 11 knots predominate. Over 85 percent of the total tonnage is 14 years old or over, averaging 17 years, with nearly 11 percent, or 281,000 tons, 20 years old or over.

In our domestic-trade fleet, which consists of about 2,000,000 tons, ships with speeds between 10 and 11 knots again predominate, but to a greater extent than in our foreign-trade fleet. Over 92 percent of the total tonnage is 14 years old or over, averaging 19 years, with nearly 27 percent, or 489,000 tons, 20 years old or more.

In our tanker fleet, of 2,377,000 tons, 92 percent of this tonnage are vessels with speeds of less than 12 knots, 88 percent of the total tonnage being 14 years old or over, averaging 18 years, with 14½ percent, or 303,000 tons, 20 years old or over.

These figures disclose the imperative need for the prompt modernization of our foreign, domestic, and tanker fleets, of

which nearly 38 percent, or about 6,528,000 gross tons, is 14 years old or over, and of which nearly 16½ percent, or over 1,000,000 tons, are already 20 years old or over.

The foregoing figures illustrate the high percentage of old and slow ships and the lack of modern and suitable types to serve as efficient commercial, naval, and military units.

The prime purpose of Government financial aid to American shipping is to place it upon an economic parity with our foreign competitors whose capital and operating costs are on a lower level. The rendering of such aid will not accomplish the purpose for which it is intended unless our ships are on an equality in type, speed, and economy of operation with those of our competitors. Five million dollars a year could be saved in fuel consumption alone if the present obsolete ships operating on foreign ocean-mail routes were replaced with modern types. It is difficult to meet competition successfully with such a handicap.

The last ships contracted for by the Government during the war were delivered in 1922. Since then and up to June 1935, nearly 13,000,000 tons of ocean-going ships, 2,000 tons and over, were built for the six principal maritime nations, which included the United States, Great Britain, Germany, France, Italy, and Japan. Of the 13,000,000 tons of ships constructed during that period, the United States built about 800,000 tons, averaging approximately 65,000 tons per annum. No cargo or combination cargo and passenger vessels have been built or contracted for during the last 3 years for the foreign trade, while during the same period five of the principal maritime countries have built or are building over 1,500,000 tons of such types.

DIFFERENTIALS IN CONSTRUCTION AND OPERATION

Great Britain is the world's largest shipbuilding nation, and shortly before the World War tonnage built in Great Britain was more than half of the world's total. Great Britain is still the largest producer of ships and is able, even today, to underbid some countries abroad which have lower labor costs. This may be attributed to the availability of native raw materials, the volume of work, and an abundant supply of skilled shipyard workers. The estimates on construction differentials will therefore be confined to American and British costs. Construction differentials will vary according to the type of vessel under consideration and the condition of the yards which are bidding on the vessel. On the assumption that comparable conditions prevail in both American and British yards and the bids are based on identical plans and specifications, the construction differentials will vary approximately as follows:

For a plain specification cargo ship corresponding to a modern tramp vessel the construction differential will range from 40 to 50 percent of the American cost, for a first-class, cargo-liner type of vessel from a third to 45 percent of the American cost, and for a combination freight and passenger liner from 20 percent to a third of the American cost.

The differentials between domestic and foreign ship operation are caused mainly by the higher wage, subsistence, and repair costs on American ships. For example, the average monthly wages on a cargo vessel of 5,000 gross tons or over, reduced to percentages, will vary as follows:

	Percent
United States	100
France	74
Germany	68
Great Britain	64
Italy	58
Japan	25

On vessels of the combination freight and passenger types and passenger vessels the wage differential against the American ship is somewhat less than on cargo vessels, due to the increased numbers of foreigners employed in the stewards' department on American ships at wages more nearly comparable to those of foreign-flag ships. The subsistence cost on American cargo ships, compared with those operating under foreign flags, would vary approximately in the same proportion as the wage differential, while in the case of the combination freight and passenger types and passenger vessels the subsistence costs would be more nearly in proportion to the wage differential on such ships.

The differential in repair costs between American and foreign ships would vary in about the same proportion as the construction differential, since the same kind of labor and material is used in repairing vessels as in the building of them.

MERCHANT SHIPBUILDING THROUGHOUT THE WORLD

It appears from Lloyd's Register of Shipping Report that there has been a decided increase in merchant shipbuilding abroad during 1935. No such improvement has taken place in the United States. At the end of the year no less than 75 merchant vessels, above 4,000 gross tons each, were under construction in Great Britain, and only 4 such vessels—all tankers—were being built in American shipyards. Twenty-eight large vessels were under construction in Germany and 15 in Japan.

During the past 4-year period figures show a consistent improvement in British yards. Take, for example, ships of 4,000 gross tons each: What is the comparative situation as between Great Britain and the United States at the close of the past 4 years?

Let Lloyd's Register of Shipping answer:

Merchant vessels under construction

[Each of 4,000 gross tons or over]

Date	Great Britain	United States
Dec. 31, 1932	18	4
Dec. 31, 1933	32	2
Dec. 31, 1934	56	2
Dec. 31, 1935	75	4

What was the situation throughout the world?

At the close of 1935 there were under construction 157 merchant vessels of above 4,000 gross tons. At the end of 1934 there were 120. At the close of 1932 there were 62.

Consider the progress in other countries as compared with the United States. Look at the record supplied by Lloyd's Register of Shipping:

Merchant vessels, each of 4,000 gross tons or over, under construction at the close of the past 4 years

Country where building	Dec. 31, 1935	Dec. 31, 1934	Dec. 31, 1933	Dec. 31, 1932
Great Britain and Ireland	75	56	32	18
Germany	28	13	1	6
Japan	15	16	14	8
France	5	5	3	3
United States	4	2	2	4
Other nations	30	28	23	23
Total	157	120	75	62

What do these figures reveal? That the United States has been decidedly outbuilt by Great Britain, Germany, and Japan. These figures show the extent of last year's improvement in Great Britain and Germany. At the end of 1933 there was only one merchant vessel of 4,000 gross tons and over under construction in Germany, at the close of 1934 there were 13, and at the close of 1935 there were 28.

At the close of 1935 there were no merchant vessels between 2,000 and 4,000 gross tons each under construction in the United States. There were 21 such vessels being built in Great Britain and a total of 51 throughout the world. No such tonnage has been reported for the United States during the past 4-year period.

Again, let the detailed figures answer:

Merchant vessels from 2,000 to 4,000 gross tons under construction at the close of the past 4 years

Country where building	Dec. 31, 1935	Dec. 31, 1934	Dec. 1, 1933	Dec. 31, 1932
Great Britain and Ireland	21	11	9	9
Germany	5	3	4	
Japan	4	1	1	1
France	3			3
United States	None	None	None	None
Other nations	18	8	6	11
Total	51	23	20	24

Consider the 157 vessels above 4,000 tons under construction at the close of 1935, the 4 under construction in the United States were tankers, and these are the only vessels reported as being under construction in American shipyards at that time.

The large volume of merchant construction abroad is indicative of the fact that foreign nations are continuing to replace their obsolete tonnage with modern vessels.

Of the 157 vessels under construction, above 4,000 gross tons each, 58 are steamships and 99 are motorships. A break-down of this tonnage according to size reveals one steamer above 50,000 gross tons—the *Queen Mary*—under construction in Great Britain, one steamer between 30,000 and 50,000 gross tons in Holland, and two motorships between 25,000 and 29,999 gross tons in Great Britain. A total of 124 vessels are between 4,000 and 9,999 gross tons each, of which 77 are motorships and 47 are steamers.

Classification according to size and type is as follows:

Merchant vessels each of 4,000 gross tons or over under construction on Dec. 31, 1935

[Classified according to size and type]

Size	Steamers	Motorships	Total
4,000 to 9,999 gross tons	47	77	124
10,000 to 14,999 gross tons	5	17	22
15,000 to 19,999 gross tons	3	3	6
20,000 to 24,999 gross tons	1		1
25,000 to 29,999 gross tons		2	2
30,000 to 50,000 gross tons	1		1
Above 50,000 gross tons	1		1
Total	58	99	157

At the end of 1935 a total of 59 tankers, each of 1,000 gross tons or over, were under construction throughout the world, aggregating 438,560 gross tons. Fifty-one of these tankers were motorships, the other eight being steamers.

CONSTRUCTION IN GREAT BRITAIN

Lloyd's Register of Shipping in a recent issue shows that on December 31, 1932, Great Britain had under construction 18 merchant vessels of 4,000 gross tons or over, 32 at the end of 1933, 56 at the end of 1934, and 75 at the end of 1935.

The Journal of Commerce of April 23, 1936, carried special correspondence from London under date of April 14 to the effect that the Cunard-White Star Line was reported as planning three ships, one to be a new superliner and two of the *Mauretania* type. This article said that the public did not realize the enormous strides that have been made in marine engineering during recent years and the enormous potentialities which are opening up as the result of experience with the latest types of high-pressure boilers.

There already exists provision by Parliament for a sister ship to the *Queen Mary* for £5,000,000.

CONSTRUCTION IN JAPAN

In order to aid her merchant marine Japan enacted the ship improvement facilities act, which became effective October 1, 1932. This law was a definite policy. The moving causes for it as summarized in a recent article on the subject were, first, too many obsolete ships; second, need of faster, more economical ships to enter competitive world trades; third, industrial and national strategic value of maintaining efficiency of private shipyards and furnishing employment to skilled labor. This law provided varying construction bounties dependent upon speed. The ships were required to be constructed under the supervision of the ministry of communications and of the navy. The shipping company was required to scrap 2 tons of obsolete tonnage for each new ton built, and the subsidy is to be paid upon the keel being laid, the other half when the vessel was commissioned for sea, provided the obsolete tonnage was placed in the hands of the scrappers. All new construction was required to be in national yards with Japanese labor and materials, including fittings and engines. All vessels built under the terms of the subsidy are not to be disposed of or rebuilt without the approval of the ministry of communications.

This ship-improvement facilities act of 1932 resulted from a study previously made, which showed that more than 1,000,000 tons were obsolete.

Under the provisions of the first act 31 ships aggregating a gross tonnage of 200,027 tons were built, all being over 4,000 tons and having speeds of 15 knots and over, as the policy was a scrap and build on the basis of 2 tons scrapped for 1 built, and 400,000 gross tons were eliminated. The total cost of the subsidy was about 10,400,000 yen.

The first ship-improvement facilities act proved so beneficial to industry it was extended for another 12 months from March 1935. In this act the ships which might qualify for the subsidy were to be over 4,000 gross tons. The ratio of the new tonnage was to be 1 to 1, the total appropriation being 1,500,000 yen for new shipping aggregating 50,000 gross tons.

The appropriation under the second act has been completely allocated, and eight ships over 4,000 tons gross and having speeds of 15 knots and over were contracted for by August 1935.

In addition to these subsidized ships there were a number of fast ocean-going and home-trade ships of various types and sizes, built or being built, for which no exchequer's grant was made.

The majority of the ships built or being built under the first and second acts are of 6,000 gross tons and over, the designed speed being in excess of 18 knots, and some having speeds of nearly 19 knots.

An article appeared in the New York Times of April 26, 1936, to the effect that, according to word received in San Francisco on April 25, 1936, an eight-ship construction program for the express silk-trade service of the Kawasaki-Kaisha interests had been arranged. It was said that the first to be built would be four express Deisel freighters for the Japan-Pacific coast-New York run, and it was said that these ships would be the world's fastest cargo carriers. It was said in this article that these ships would register 9,300 deadweight-tons capacity each, would be powered with 10,000-horsepower Deisel engines, were expected to maintain a 19-knot schedule in service, and the first would be commissioned in February 1937, followed by others in April, June, and August.

The success of the first 3-year program brought on a demand for further modernizing the Japanese merchant fleet, and this was provided for in a new program covering a 5-year period, with 500,000 gross tons of obsolete shipping to be scrapped, and new ships to be built which are to be large and speedy, including both cargo ships and combination freight and passenger liners, additional high-class liners for the San Francisco route being stressed.

Today Japan has more than 50 new economical motorships of from 5,500 to 9,800 gross tons each, with a speed of from 16 to 18¾ knots, actually operating in Pacific waters. These are cargo ships, not passenger or combination carriers. It does not seem necessary that such speed is required for the type of cargo imported into Japan. It must follow that these ships are for quick delivery of manufactured goods which are in competition with all other manufacturing nations of the globe. Their value as naval auxiliaries to the Japanese Navy is obvious.

FUTURE OF AMERICAN MERCHANT MARINE

The American merchant marine is more strongly entrenched on world trade routes than at the beginning of the depression. This depression was not foreseen, and it has obliged the Government to come to the aid, financially and otherwise, of everyone in the country—agriculture, banking, manufacturing, and railroads. It is not surprising that while Americans appear indifferent to relief for American ships, Great Britain, France, Germany, Italy, and Japan are bending every effort to modernize their fleets, increase their speed, improve their services, and secure for themselves American trade to which our ships are entitled, and which they could retain if we would only adopt a definite shipping policy. It is not surprising that foreign lines ardently hope that the United States will cut down its aid to American shipping so

that foreign ships may carry more of our exports and imports. Foreign commerce for the last fiscal year was the best since 1931. Exports for the fiscal year 1935 increased $79,000,000 over the preceding year. Imports increased around $65,000,000.

American ships are carrying increasing numbers of passengers in proportion to their accommodations, but there is ample room for improvement, especially in the North Atlantic, where American vessels still get but an eighth of the business while our American citizens constitute three-fourths of the total travel.

The crying need at present is a replacement program for our rapidly obsolescing tonnage. Except for the ships built under the Jones-White Act, practically all seagoing American ships date back to the war period. All of our ships must be replaced within the next few years.

Are we, as Americans, to confess that we are incompetent to solve this problem? Great Britain met the situation in the nineteenth century with the payment of mail subventions to essential services. They have kept up their aids ever since. Consider their discriminatory or preferential duties, imperial preference policies, such as the Ottawa agreement, naval-reserve pay to ships, officers, and crews; special loan grants and the like.

Compare the loans made by Great Britain with our own loans. Under the Trade Facilities Acts, the British have loaned between 1922 and 1929, £27,487,745; under the Irish Trade Facilities Act they have loaned £14,909,237 between 1922 and 1934. In other words, they have loaned $206,000,000 while we were lending about $150,000,000. Great Britain advanced in addition about $50,000,000 to the Cunard Line, about fifty million for a scrap and build program, and another £2,000,000 for tramp-ship subsidy.

Since the loans mentioned above, further huge sums have been guaranteed under those British and Irish acts. Our loans have run along from 66⅔ to 75 percent of the total costs. The British loans have been based upon 80 percent to 100 percent, and their interest charges have run around 3 percent.

The British are always keen to promote their shipping. When American interests formerly threatened they answered with an advance by the British Government of funds to build the *Lusitania* and the *Mauretania* at 2¾-percent interest, and provided mail contracts and naval-reserve bounties to amortize the loan.

Consider other nations. France has continued a policy of aid from the days of Louis XIV. In 1935 French subsidies totaled around $37,000,000, with $27,000,000 going to four lines.

I regret that I cannot go at this time more fully into the benefits granted by other nations. It is well known that France bore practically the entire cost of building the *Normandie*, and has to bear now a large part, if not all, of the cost of the operation. Every maritime nation on the face of the globe is trying to promote a merchant marine. It remains for the United States alone to muddle along with no policy except a policy of destruction.

[Here the gavel fell.]

Mr. BLAND. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to include therein certain excerpts from newspapers, public documents, and also statistics from the Lloyds' Register of Shipping.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, during the discussion of the amendment offered by the gentleman from Iowa [Mr. WEARIN] I queried the gentleman from Maine on the effect of the failure to make provision for the continuance of this mail subsidy, or in the alternative the passage of subsidy legislation, and the effect of the failure of those two procedures upon the future of the American merchant marine. The gentleman from Maine, for whom I have the highest respect, and who has made a diligent inquiry into this situation, stated it would have a fatal effect upon the future of the American merchant marine. The gentleman is sincere and well informed, and his statement was absolutely correct.

The gentleman from New York [Mr. MARCANTONIO] is very solicitous about the future of the American sailor. I do not yield to him in my desire to advance the welfare and economic standing of the American sailor, but I may say now, with full knowledge of the facts, and from a somewhat expert knowledge gained by service on the Merchant Marine Committee, that if the motion of the gentleman from Iowa prevails, and the Senate fails to pass subsidy legislation, there will be no American sailors working on any American ships. American tonnage will be carried under foreign flags and there will be no place for American sailors under that scheme of things. Pending the passage of a constructive act which will build up an American personnel and provide proper seagoing environment, adequate pay for the American sailor, and also safety at sea, the present mail subsidy should be continued so that our flag may not pass from the sea.

Mr. WEARIN. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. I am sorry, I cannot yield now.

The fact is that at the present time men who are deeply concerned with the welfare of the American sailor and who are not tinged with "red" realize that if this legislation fails in both of its phases the American sailor will be on the docks without employment.

I am deeply sympathetic, Mr. Speaker, with the necessity of writing legislation which contains an adequate provision for the development and protection of American personnel. I am frank to say that the message of the President in this respect was not broad enough to meet my views. The subsidy legislation for which I voted and which has been referred to here was not broad enough to meet my views. In view of the fact that this legislation is hopelessly enmeshed and in a pocket in the Senate, the procedure provided by this committee of continuing the mail subsidy temporarily is sound and should be carried out.

As you know, every nation in the world today is heavily subsidizing its merchant marine. The chairman of the Committee on the Merchant Marine has referred to the activities of France, England, and Japan. You know that if we are to survive as a nation we must continue our merchant marine, despite the sins of the past to which the opponents of a merchant marine are continually referring.

The President, with full power to do so, has failed to cancel these contracts. The inference is he does not find them illegal and that he does not find them lacking in integrity. The inference is plain that he finds their continuance necessary for the preservation and protection of the American merchant marine and for the purpose of keeping the American flag on the high seas.

I beseech you gentlemen on both sides of the aisle, for the honor of America, for our national development, in the interest of the farmer who has crops to export, to get back of proper subsidy legislation at the appropriate time when the Senate has composed its differences, and for the present at least to continue these mail subsidies, so that the seamen whom my friend from New York [Mr. MARCANTONIO] is so solicitous about, and for which solicitude I commend him, may not be thrown out on the docks and their opportunity for employment forever destroyed.

I urge the Members of the House, in the name of America, which is being outbuilt in freight and passenger carriers by France, England, Italy, and Japan, not to permit your eyes to be closed by prejudice or passion, but to get back of the American merchant marine, and in doing so, vote down the preferential motion of the gentleman from Iowa [Mr. WEARIN].

Mr. MORAN. Mr. Speaker, will the gentleman yield?

Mr. CULKIN. I yield to the gentleman from Maine.

Mr. MORAN. Does the gentleman agree with me that the present system has not produced and, presumably, will not produce an adequate merchant marine, and, therefore, some new policy is necessary?

Mr. CULKIN. I agree with the gentleman on that proposition. We cannot return to the old state of things. The operators must be held to a stricter loyalty to America. That can be accomplished without destroying the American merchant marine, which both the gentleman from Maine and myself wish to conserve.

Mr. MORAN. The gentleman and I are in accord on that point.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my remarks, and to include therein certain papers and quotations from various documents.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. Mr. Speaker, this should not be a partisan question. I believe it should be an American question. I frankly admit I want to see an American merchant marine. I frankly admit I want to see the American flag on the high seas, not only in the coastwise trade but on all the seven seas of the world. I think it is admitted to be impossible to maintain an American merchant marine flying the American flag without some kind of Government help.

Whether the so-called Jones-White Act is the ultimate solution of this question is something we should not consider in adopting a conference report. I think it is admitted that the contracts made in accordance with the provisions of the Jones-White Act are enforceable in the Court of Claims, and if we refuse to appropriate the money the shipping concerns will go into the Court of Claims and collect not only the money due them but also collect damages; and I believe whether the Jones-White Act is the proper and eventual solution or not, we ought to continue to pay on our contractual obligations under that act and as a Congress we ought not to repudiate a legal Government contract. Then let us in this Congress, if we have time, or in the next Congress revamp the whole proposition so we may have a real American merchant marine on the high seas.

Mr. Speaker, my interest in a merchant marine, I am frank to confess, is also sentimental. My great-grandfather started out from Cape Cod when he was 17 years of age and went to sea. Before he was 21 he was a second mate on a ship sailing between Boston and Canton, China. This was in about the year 1802. By the time he was 27 he was captain of a clipper ship that sailed from Boston to China. My grandfather followed him and also went to sea as a boy. So I come from a line of old Yankee ship captains who carried the American flag from Massachusetts to China [applause], and this is the reason I have a sentimental interest in seeing that the American flag continues to remain on the high seas. In those days 90 percent of all our imports and exports were carried in American ships. Those were the days of wooden ships and iron men. We have iron ships now. Do not let us be wooden men.

Between 1820 and the Civil War in 1860 we carried 70 percent of all our imports and exports in American ships. In 1914, when the World War began, we were carrying 9.7 percent of our imports and exports, and our foreign trade was controlled by our competitors.

This is not a partisan question. Let me read you what Thomas Jefferson said:

> The marketing of our productions will be at the mercy of any nation which has possessed itself exclusively of the means of carrying them.

[Applause.]

Thomas Jefferson was the first American President who realized the importance of carrying American goods in American ships under the American flag. Woodrow Wilson, another great Democrat, was one of the strongest Presidents we ever had in favor of an American merchant marine.

Something has been said here about the matter of competition and the differential between our ships and foreign ships. Let me refer to some actual figures which I have obtained from the Shipping Board. For example, here is a summary of capital and operating differentials on a United States vessel of 11,900 gross tons and a British vessel of the same gross tonnage.

The American cost was $3,375,000. They were both built in the same year, and the British cost was $2,250,000, a capital differential in favor of Great Britain of $1,125,000 for an identical boat.

Let us follow this same boat into its operation. We find that the wage differential in favor of the British boat was $1,926.35 a month.

In other words, on the two identical boats built the same year, the wages of the American ship per month was $1,926.35 greater than the wages on the British ship.

Let us go further. The crews were about the same in number. We find that the cost of food given to these American seamen on that ship was $780.41 per month more than the food given the same number of seamen on the British ship. Of course, these differentials would have been greater if the foreign boat had been, for example, Greek, Norwegian, or Japanese.

Let me give you another one. Here is the case of two other boats built the same year, tankers, both approximately 10,387 dead-weight tons. The American boat cost $1,142,570 and the British boat cost $758,000, a difference of $384,570 in favor of the British boat.

Now, look at the wage difference. The wages on the American vessel was $1,570 per month more than the wages paid on the British boat. [Applause.]

[Here the gavel fell.]

Mr. LUDLOW. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Speaker, during my early years of service in the House I was a member of the Committee on Merchant Marine and Fisheries. During that service, although I am a landlubber by birth and residence, I took a great interest in the development of a merchant marine.

I think I know something about the problems and the difficulties and about the conditions that prevail against the successful operation of an American merchant marine.

I think there is no question of more supreme national importance to all sections of the country, not only on the seacoast but in the interior, than for America, at all times, to have at least a fairly adequate merchant marine, manned by American sailors, under the American flag, and carrying a legitimate proportion of our own commerce to the markets of the world.

I hope we are also approaching the time when there will be a great restoration of the volume of our export trade. Unfortunately during the past few years it has been greatly diminished, down, down, down, until it has almost disappeared. I am one of those who believe that industrial prosperity in America is largely based upon a large volume of export foreign trade, because I know that the men who produce articles for export compose several million of our employable workmen who are now out of work.

What is the issue presented by this motion? In essence it is purely a proposition of the Government of the United States carrying out the contractual obligation with those operators of American ships which are carrying the mail.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. No. I am sorry; I do not have time.

Whether or not it is an unwise policy which we have embarked upon is beside the issue. Whether or not there is now pending, with extreme possibility of passing shortly, a new merchant marine bill involving some principles of subsidy is beside the issue. But here we are confronted with what, in my opinion, is a plain contract, in which the Post Office Department of the United States is obligated to pay these men during the period of these contracts a specific sum of money for services to be performed by them. If that is not the issue, then what is the issue?

Mr. WEARIN. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. No. I cannot yield. The gentleman has had a fair opportunity to present his views. If I had more time, I would be glad to yield.

Probably the question which the gentleman wished to propound would be the question of fraudulent contracts. That has been answered. Those contracts have not been canceled. They are an existing obligation, and I think the attitude of the House committee on this proposition is a sound and correct one. In other words, until those obligations are canceled, or until some new method or contract is established to meet the existing situation, then certainly we can do no less, as an honest government, than to carry out our promise to pay these men during the existence of these contracts.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

The SPEAKER. The time of the gentleman has expired.

Mr. BANKHEAD. I am sorry. If I had more time, I would be glad to answer the gentleman.

Mr. LUDLOW. Mr. Speaker, I yield 9 minutes to the gentleman from New York [Mr. TABER].

Mr. COLDEN. Mr. Speaker, will the gentleman yield for a brief question?

Mr. TABER. I yield for a brief question.

Mr. COLDEN. I call attention to the statement of our eminent colleague [Mr. BACON] that in his comparison of wages and cost of ships he took a foreign competitor which pays the highest wages in the world outside of the United States. In Scandinavia, Italy, and France the wages and cost of ships are much less than in England.

Mr. BACON. The gentleman is quite correct.

Mr. TABER. Mr. Speaker, I will be unable to yield any further because I only have a few minutes.

Personally I am supporting the position which the chairman of the committee [Mr. LUDLOW] took when he made the motion that the House insist upon its position. I hope the House of Representatives will support that motion. I want to call your attention to a few facts. The object of this Senate amendment is to wipe out about twenty-one or twenty-two million dollars of appropriation which the House carried in the Treasury-Post Office bill to meet the contractual obligations of the Government under these ship-subsidy contracts. What the object of the Senate was in striking out this proposition I do not know, because they have before them, reported by the Senate Commerce Committee, absolutely no bill to meet the ship-subsidy situation. To my mind, it is absolutely essential that this Government maintain ships on the seas. I believe in economy just as much as any man, and will go just as far as any man to promote economy in the United States, but our foreign trade is absolutely dependent upon American ships on the seas. If we do not have those ships on the sea, the freight rates discriminate against American goods going to other ports and in favor of foreign goods coming to American ports and elsewhere, and we have no recourse except to have either Government-owned ships or Government subsidies, just like other countries have.

Frankly I am not just satisfied with the type of subsidy and the type of operation we have. I believe we should have a better one, but this is the kind we have and it is the only opportunity to have any.

Now, what is the situation? The Congress of the United States 3 years ago passed a bill which gave the President the power to cancel these contracts. After careful investigation by the Postmaster General not one single contract has been canceled. The Postmaster General's office has told our committee when we have had them before us that they did not have any evidence on which to cancel these contracts.

Here is the picture. The gentleman from Indiana, Mr. LUDLOW, will read to you shortly a letter from the Comptroller General of the United States. I want to call attention to a word or two of that letter only, because I do not want to trespass on what the gentleman from Indiana will give you. The Comptroller General says that the Treasury would be permitted to pay out of whatever funds are appropriated here $14,300,000. Even if the motion of the gentleman from Iowa were carried, the whole of that money could be used for the purpose of paying, as far as it would go, the Government's obligation. In other words, the adoption of the Senate amendment means a mess of the worst kind; a mess where some of these people can be paid and others cannot be paid. In other words, it is all mixed up. The only thing we can do, and do fairly and honestly, is to vote "no" on the motion of the gentleman from Iowa to recede and concur in the Senate amendments and send the matter back to the Senate and let them withdraw that amendment.

I do not believe the House of Representatives should attempt to create a situation where we are trying to get out of paying our contractual obligations.

If we get out of them, one immediate result will be a default upon $53,000,000 of contracts which have been made with the Shipping Board for the purchase of ships, and upon which the shippers are paying their installments and their interest, meaning altogether right there $4,000,000, $5,000,000, or $6,000,000 of loss immediately—at least one-third the amount of this appropriation—and this will be a recurring item.

On top of all that we have another situation. Our ships, it is true, are not so good as I wish they were. At the same time, since this operation has been commenced and these contracts have been in force, we have put on the sea two of the finest trans-Atlantic ships in the world, the *Washington* and the *Manhattan;* and it is worth a good deal to us to have them on the sea. In addition to that, when I came to Washington, first it was costing us for Government operation of the Shipping Board, in one way or another, practically $100,000,000 a year. The result of this operation and these contracts and the things that have been done in between has been to cut down this expense from $100,000,000 to $25,000,000 a year. That is the way it works, and that is the way it would work. It will cost you an awful lot more to have Government operation than it will to have these contractual subsidies. I want to get out of it and give decent service the best and the cheapest way we can. I hope that when you come to vote on this proposition that you will vote "no" on this motion to recede and concur and will insist on the House position.

Mr. LUDLOW. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, I favor the position taken by the members of the Appropriations Committee, because this is not a time to legislate. When that time comes we can correct such evils as in our judgment exist. I also favor the elimination of this postal subsidy whenever that is possible. But I want to say in passing that the present administration of the Post Office Department, together with the cooperation of the subcommittee, has pared down the appropriation for the mail subsidy approximately $3,000,000 in the last 3 years. The Department is doing excellent work. By investigating, by inspecting ships, and in other ways, the postal officials have achieved a maximum saving under existing conditions.

There are two ways, as I see it, to correct the evils that have been mentioned in this debate: If there are violations of law not properly attended to by the agencies of the Government which should deal with them, the matter should be made the subject of investigation by a committee of Congress. Secondly, a new law should be brought in here before we disturb the contractual relations and produce a chaotic condition in the dispatch and delivery of the United States mails. In view of the splendid record accomplished so far by the Post Office Department and by the House committee, I feel we ought to act favorably upon this conference report as presented by the chairman of the subcommittee, and then let us make an effort to bring out new legislation to correct such ills as we believe exist in our merchant marine. I, for one, favor taking this subsidy out of the Post Office Department, where it is now a direct charge against that service. However, until such legislation is brought in for our consideration, I believe we ought to sup-

port the position taken by the committee. They considered this matter in conference and prepared a report which, in my judgment, squares with existing conditions.

The present administration of the Post Office Department had one of these ocean-mail contracts eliminated by mutual agreement. A legislative committee of the House recommended that the Seatrain contract be abrogated. That contract has never gone into effect.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Speaker, I yield 2 additional minutes to the gentleman from New York.

Mr. MEAD. I believe that under existing conditions we are carrying the mails in American bottoms, aiding our American merchant marine in a most economical and efficient manner. I hope that legislation will be presented to us before the termination of this session so that we may be able to correct conditions which we know merit consideration and correction, but we have before us nothing but a conference report the rejection of which will mean a test case between the Government and those contractors carrying the mails. Rejection of the report will result in a chaotic condition so far as the dispatch of the mail is concerned. I believe we ought to await that better opportunity which will come to us in a legislative way when a bill is reported by the Senate committee bearing upon this subject.

The Appropriations Committee in charge of this bill have gone as far as possible. They have accomplished everything they possibly could within the existing law, and not until we change the law is it time for us to find fault and differ with the committee in the event they are not doing their level best to carry out its provisions.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Speaker, I shall use the remainder of my time myself, and request the Chair to notify me when I shall have consumed 9 minutes.

Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain letters from high governmental officials bearing upon the subject matter of ocean-mail contracts.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUCAS. Mr. Speaker, will the gentleman yield?

Mr. LUDLOW. I would like to yield; I would like to be courteous; but I have such limited time that I must ask the gentleman first to let me proceed with my statement.

Mr. Speaker, this is a very interesting subject to discuss, and I have tried to be very kind in yielding to all gentlemen who desired to be heard, so that I have whittled down my own time to almost the vanishing point. For this reason I respectfully request that I be permitted to proceed without interruption during the few minutes at my disposal.

Mr. Speaker, I find myself torn by conflicting emotions in respect to this ocean-mail question. I agree absolutely with the objective that is sought—the complete divorcement of the carriage of ocean mail from merchant marine subsidy—while at the same time I disapprove the irregular, strong-arm, revolutionary means by which it is proposed by another branch of Congress to attain that objective.

For the information of Members I wish to make a brief, concise statement, showing the present status of this particular matter. The act of 1928, under which these ocean-mail contracts have been executed and enforced during the last 8 years, is to a large extent a misnomer. In legislative history and the general understanding among our people it is tied in with the Postal Service, but really its major significance is in the fact that it is the vehicle for carrying a large subsidy to steamship companies—a subsidy which, roughly speaking, amounts to 10 times the size of the appropriation that would be required to carry the same volume of ocean mail if there were no subsidy involved.

Forty-three contracts are now in existence under this statute of 1928, and on the basis of 100 percent performance the Government would be obligated to pay the steamship companies something in excess of $33,000,000 during the fiscal year 1937. To a certain extent there is administrative leeway to reduce the amount where the steamship companies do not meet all of the statutory requirements and the Budget Bureau added its own arbitrary cut so that the estimate, when it reached our subcommittee, provided for a minimum appropriation of $26,500,000 as being necessary to discharge the Government's obligations under the ocean-mail contracts during the next fiscal year.

The House Appropriations Subcommittee approved this amount on the theory, which up to that time had never been challenged or disputed, that as an appropriating committee it had no authority to annul existing law and that money must be provided to pay these contractual obligations as long as the so-called Merchant Marine Act of 1928 remains on the statute books. There is nothing in the history or precedents of Congress that told us that we might take action which in effect would nullify the act of 1928 by denying the funds to carry out the contracts legally executed under it.

The House sustained our viewpoint and the Postoffice and Treasury Departments' appropriation bill for the fiscal year 1937, as it passed the House and went over to the Senate, carried the Budget item of $26,500,000 for the ocean-mail contracts.

When the bill reached the Senate Committee on Appropriations that committee struck out the specific item of $26,500,000 for transportation of mail under the ocean-mail contracts and added $4,500,000 to the item of $9,450,000 in the bill for carrying ocean mail on a poundage basis. By so doing the committee undertook to squeeze $22,000,000 of subsidy out of ocean-mail transportation, the admitted purpose being to hasten the enactment of a new ship subsidy bill which would subsidize the merchant marine on a basis entirely free and independent from the Postal Service.

The Senate adopted the views of its Appropriations Committee and thus the issue was squarely presented in conference between the Senate's position and the House's position on this matter. After an animated discussion in conference, the Senate conferees refusing to yield, your conferees have brought the issue back to this chamber for a vote of the House.

The gentlemen who are associated with me on the conference committee will speak for themselves in voicing their opinions of the Merchant Marine Act of 1928. For myself alone I will say that if I had been a Member of Congress when it was passed I would have voted against it and I would gladly vote this instant for its repeal.

To hang a huge subsidy on the fiction of carrying the mails is to my way of thinking a base deception. There is about it a certain tincture of fraudulent pretense when the American people are led to believe that they are paying a large sum for carrying the ocean mail when, as a matter of cold fact, a relatively small part of the expenditure is for mail service and a very large part of it goes into the coffers of steamship companies. I confess that the word "subsidy" grates on my ears.

It seems to me almost a hateful word, something synonymous with special privilege. Under our American form of government special privilege should not be allowed to enter. Certainly it is outlawed by the philosophy of Thomas Jefferson, to whom we on this side of the Chamber profess our allegiance.

Entertaining these beliefs I would hasten the day, if I could, when there will be a complete divorcement of the mail service and ocean subsidies but I question whether the end, desirable as I believe it to be, would justify the means by which the Senate proposes to bring about this separation.

However, the merit or demerit of the Merchant Marine Act of 1928 is not the question involved here today. The question is whether it is wise or justifiable for the Government to repudiate contracts that have been legally authorized and executed.

What the Senate proposes is nothing less than a caesarian operation, the like of which, I believe, has never been witnessed in legislative annals. If we establish such a precedent I am wondering how often, and in what embarrassing ways, it will arise to haunt us in the future. Can an appropriations committee, by arbitrarily exercising its power of withholding funds, nullify an act of Congress, thus to all intents and purposes destroying that act as completely as if it had been repealed by another act of Congress?

Take, for instance, the Social Security Act. It makes certain specific appropriations to carry out the purposes mentioned in the act—$8,000,000 in one paragraph, $2,000,000 in another, and so forth. Could members of the Appropriations Committee say, "We do not like the Social Security Act and we will not appropriate any money to enforce it." There is an even stronger reason why we should not assume such an attitude in reference to the Merchant Marine Act, for in the latter instance binding contracts have been entered into in good faith"?

If members of the Appropriations Committees were to say that and Congress were to back them in that attitude, what would become of orderly legislative procedure? Would we, or could we, ever know that any legislative act that Congress might pass would be safe from annulment? With such a situation and precedent staring us in the face, I doubt whether the caesarean operation performed by the Senate on the ocean-mail contracts, in order to bring about the birth of a new ship-subsidy law, is justified. As much as I would like to see the existing hybrid, deceptive system of ocean-mail contracts abolished, I cannot convince myself that the end would justify the means.

I am thinking, too, of other consequences of the proposed annulment of the ocean-mail contracts through enforced starvation and I am wondering whether we would not find that we have made a very bad bargain before we get through with it. Undoubtedly lawsuits would pile up for recoveries under the contracts.

It could hardly be pleaded that the contracts are nonenforceable on account of fraud, as the President long had the authority to cancel these contracts for fraud or for any reason whatsoever which he conceived to be in the public interest, and he never exercised that authority in a single solitary instance. If Government contractual obligations mean anything, there is no reason to doubt that the steamship companies would be entitled to heavy recoveries.

This problem is one of many faces and angles and one of its facets has to do with the loans made by the United States Shipping Board to these ocean-mail contractors. Seventeen companies, holding 21 of the most important ocean-mail contracts, owe the United States Government $83,387,904.73 on construction loans. If money is not appropriated to pay the ocean-mail contracts the Shipping Board estimates that $52,500,000 of these loans will be immediately defaulted, with a prospect that a considerable part of the remaining $30,887,000 will be defaulted later. This can have but one result—a large part of this shipping will be thrown back on the Government, to be tied up in our harbors and rot as so much junk.

Your conferees leave the decision with you. After all, it is a matter for the House to decide. If subsidies could be divorced from the mail service without the serious consequences and repercussions that undoubtedly would result from this drastic Senate action I would give the program my personal blessing, but I am fearful of what will happen if we follow this uncharted course. Under the circumstances it is my belief, and I think I reflect the views of the other House conferees, that the normal way is the best way, and that safety and prudence suggests that we continue the ocean-mail appropriation for 1 more year, thus affording time to enact a new merchant marine subsidy law and work out the problem in an orderly manner with full protection to the rights of both the contractors and the Government.

In my opinion the Government ought to meet its obligations under these contracts until the Merchant Marine Act of 1928 is repealed. That is the just thing to do; it is the right thing to do. By withholding the appropriation until the matter is adjusted in this way we will be inviting reprisals which, in the long run, if I am not mistaken, will pile a cost and a burden on the Government several times the amount involved in this appropriation. To my mind repudiation would not only be wrong and unethical, but it would be a very bad bargain from the Government's standpoint.

With the permission of the House I submit herewith correspondence with Postmaster General Farley, J. C. Peacock, Director of the Shipping Board, and Comptroller General McCarl, which has an illuminating bearing on this question.

These letters are as follows:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., May 2, 1936.

Hon. LOUIS LUDLOW,
Committee on Appropriations, House of Representatives.

MY DEAR MR. LUDLOW: This is in reply to your letter of April 30, 1936, addressed to the Hon. Harllee Branch, Second Assistant Postmaster General, stating that the Senate struck out the appropriation for the ocean-mail contracts and provided in lieu thereof an appropriation of $4,500,000 to carry on the ocean mail on a strictly poundage basis, and requesting advice as to what would be the effect of withholding this appropriation as far as the interests of the United States, particularly the interests of the Postal Service, are concerned.

A sum of approximately $4,500,000 will be needed for carrying the mails on a strictly poundage basis. It is believed in the Department that the efficiency of the mail service will not be affected in the least if Congress provides that sum for carrying the mails on a poundage basis. The remainder of the appropriation is a subsidy to the holders of ocean-mail contracts.

The Post Office Department is primarily concerned with the transportation of mails and cannot undertake to express an opinion as to the amount of any subsidy that should be provided for a merchant marine or the effect in detail of eliminating subsidies from the present appropriation. It would seem to me that whether subsidies are to be provided for under the present laws is a question for the determination of Congress itself.

Sincerely yours,

JAMES A. FARLEY,
Postmaster General.

DEPARTMENT OF COMMERCE,
UNITED STATES SHIPPING BOARD BUREAU,
Washington, March 16, 1936.

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: In response to your inquiry, I find that at March 15, 1936, 18 lines holding 21 ocean-mail contracts were indebted to this Bureau on unpaid construction loans aggregating $84,104,932.86. I am enclosing a statement showing the outstanding loans of each company.

These loans relate to vessels which have already been constructed while of course the construction subsidy provisions of the pending subsidy bill would apply only to new construction. If all ocean-mail contract payments should be terminated without some provision for adjustment of existing construction loans as is contemplated in S. 3500, our best estimate is that approximately $53,000,000 of the above loans might immediately default, and it is of course possible that some indeterminate part of the remaining balance of $31,000,000 might also eventually default.

If there is any further information that I can furnish you, please let me know.

Very truly yours,

J. C. PEACOCK, *Director.*

Statement of construction loans outstanding Mar. 15, 1936, to companies holding ocean-mail contracts—unpaid construction loans at Mar. 15, 1936

Contractor:	
Export Steamship Corporation	$5,444,025.00
American South African Line	945,000.00
Grace Line, Inc	1,718,325.00
American Scantic Line, Inc	544,713.50
Colombian Steamship Co., Inc	2,851,750.00
New York & Cuba Mail Steamship Co	2,446,875.00
Oceanic Steamship Co	8,755,875.00
Dollar Steamship Lines, Inc., Ltd	10,751,987.16
American Line Steamship Corporation	6,669,700.00
Mississippi Shipping Co., Inc	340,983.94
Panama Mail Steamship Co	10,560,519.00
United Fruit Co	8,329,375.00
United States Lines Co	13,510,530.00
Baltimore Mail Steamship Co	6,128,906.26
Eastern Steamship Lines, Inc	3,933,800.00
American Diamond Lines, Inc	470,085.00
Waterman Steamship Corporation	625,869.00
Gulf Pacific Mail Line, Inc	76,614.00
Total	84,104,932.86

DEPARTMENT OF COMMERCE,
UNITED STATES SHIPPING BOARD BUREAU,
Washington, May 1, 1936.

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR MR. LUDLOW: Your letter of April 30, inquiring as to the probable effect of the Senate amendment which would eliminate the appropriation for the ocean-mail contracts, is at hand.

With relatively unimportant exceptions most of the 28 companies which hold the 43 existing ocean-mail contracts are indebted to the Government on construction loans or ship-sales mortgages, or both. An analysis of those mortgages therefore affords a very good picture of the probable effect of the elimination of this appropriation.

At the close of business last night, 17 companies holding 21 of the most important mail contracts owed the Government construction loans aggregating $83,387,904.73. Our best estimate, based upon long acquaintance with financial, traffic, and other conditions affecting those operations, is that within a very short time after the termination of the ocean-mail contract payments 11 companies holding 13 of these contracts, representing approximately $52,500,000 of the above-mentioned indebtedness, would be in default and would probably find it necessary to turn their fleets back to the Government unless the mail payments are replaced by some other substantial subsidy. The current indebtedness of ocean-mail contractors on ship-sales mortgages is $12,984,773.07, and on the same basis it is estimated that a large part of this amount would also be defaulted and that several additional holders of mail contracts would be forced to turn back their ships.

It appears inevitable that if the mail-contract payments are terminated in this way, a very large proportion of the privately owned and operated fleets which have been built up under the Merchant Marine Acts of 1920 and 1928 will revert to the Government within a short time thereafter.

In this connection I would also point out that the proposed elimination of this appropriation, even though it be not carried through, has already caused injury to the American merchant marine. We have received several reports of its being used as sales talk in the solicitation of traffic for foreign lines. As you probably know bookings are often made for a considerable period in advance and foreign lines have apparently not been slow to capitalize the doubt which has thus been raised as to the possible continuance of the operation of certain of our lines.

Might I also call your attention to the fact that the possible enactment of new subsidy legislation which would replace the ocean-mail contracts with more direct subsidies affords no reason for discontinuance of the appropriation in question for the coming fiscal year. It is generally recognized in all the proposed bills that the transition would take a number of months which in any event would carry over until well after June 30 of this year. Omission of this appropriation would therefore seriously endanger at the very outset a successful transfer to the new system of subsidies. Furthermore both the subsidy bill which was passed by the House at the last session and that which was recently reported to the Senate would make this appropriation available for the purposes of the new act. Its continuance is therefore highly desirable entirely irrespective of whether the ocean-mail contract system is or is not replaced by more direct subsidies.

Sincerely,

J. C. PEACOCK, *Director.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, May 4, 1936.

Hon. LOUIS LUDLOW,
House of Representatives.

MY DEAR MR. LUDLOW: I have your letter of April 30, as follows:

"The Senate, as you know, struck out the appropriation for the ocean-mail contracts and provided in lieu thereof an appropriation of $4,500,000 to carry the ocean mail on a strictly poundage basis.

"As chairman of the House conferees I would like to be provided with all available information as to the probable consequences of the Senate's action if it should prevail in the final adjustment of this matter.

"Without asking you to commit yourself as to the wisdom or unwisdom of the withdrawal of this appropriation, unless you should care to volunteer an opinion, I would like to get all the information you can send to me as to the probable effect of this proposed action, as it is an important matter and, without prejudice to either side of the question, I would like to know, as nearly as is humanly ascertainable, the results we may expect if this action is taken. I need all the light it is possible to obtain, so that I may give correct information to the House.

"What would be the effect of withholding this appropriation, as far as the interests of the United States are involved?

"In cases where there has been partial fulfillment of contract what would be the process of settlement for performance already rendered? In other cases—that is to say, in cases where claims may be filed under the contracts—what would be the process of determination? What would be the situation in regard to loans made to the ocean-mail contractors by the Government?

"I would greatly appreciate any information you may send to me on all phases of this subject and, of course, if you care to express any opinion your views would be most welcome and I will be grateful for an early answer."

Your submission states that the Senate "struck out the appropriation for the ocean-mail contracts and provided in lieu thereof an appropriation of $4,500,000 to carry the ocean mail on a strictly poundage basis." This statement does not appear to be quite accurate.

Heretofore the Congress has appropriated by separate items for transportation of foreign mails, that is, one item for transportation of foreign mails under contracts entered into pursuant to the Merchant Marine Act of 1928, and a separate item for other means of transportation—steamship (poundage basis), aircraft, and otherwise. As the bill, H. R. 10919, was passed by the House of Representatives this form was continued, $26,500,000 being provided for transportation under such contracts, and $9,450,000 for transportation by other means. The Senate, by amendments 48 and 52, eliminated the specific item of $26,500,000 for transportation under ocean-mail contracts, increased the amount under the other item from $9,450,000 to $14,200,000, and struck out the limiting clause employed by the House of Representatives, reading as follows: "(exclusive of mail carried under contracts awarded under the provisions of the Merchant Marine Act of 1928)", so that said item as amended by the Senate (amendment 48) reads as follows:

"Foreign mail transportation: For transportation of foreign mails by steamship, aircraft, or otherwise, $14,300,000: *Provided*, * * *."

You will note there appears no limitation on the uses of this appropriation item, as amended by the Senate, to carry the ocean mail "on a strictly poundage basis", and in the absence of such a limitation such appropriation would be available, among other things and while it lasts, for carrying the ocean mails under contracts heretofore entered into pursuant to section 404 of the Merchant Marine Act of 1928, some of which have several years yet to run. (See list of contracts in S. Doc. No. 69, 72d Cong., pp. 2 to 11.)

You ask:

"What would be the effect of withholding this appropriation, as far as the interests of the United States are involved?

"In cases where there has been partial fulfillment of contract what would be the process of settlement for performance already rendered? In other cases—that is to say, in cases where claims may be filed under the contracts—what would be the process of determination? * * *."

There appears nothing in this pending appropriation bill purporting to amend the provisions of the Merchant Marine Act of 1928, under which existing ocean-mail contracts were entered into, and nothing purporting to operate upon such existing contracts. Therefore, the condition will be, if the measure is enacted as amended by the Senate, that the appropriation item of $14,300,000 will be available for lawful payments for transportation of foreign mails by "steamship, aircraft, or otherwise", including transportation of foreign mails under lawful contracts entered into pursuant to the provisions of the Merchant Marine Act of 1928, and if the amount appropriated should prove to be insufficient there would be an accounting duty, pursuant to the provisions of section 4 of the act of June 14, 1878, as amended (U. S. C., title 31, sec. 714), to examine and allow, in the amount appearing legally due, such claims as might result for services rendered under ocean-mail contracts and certify them to the Congress for appropriations with which to make payment. And in this connection see, also, section 401 of the Merchant Marine Act of 1928, as amended (45 Stat. 692), which provides:

"All mails of the United States carried on vessels between ports which it is lawful under the navigation laws for a vessel not documented under the laws of the United States to carry merchandise shall, if practicable, be carried on vessels in respect of which a contract is made under this title."

There is another phase of the problem which apparently should have the consideration of the Congress—the possible early depletion of the appropriation through payments under ocean-mail contracts and the effect of such depletion with respect to payments for other means of transportation of foreign mails, some of which may not enjoy the contractual basis entitling to allowance and certification of claims under the act of June 14, 1878.

With respect to how loans made by the Government on vessels under the Merchant Marine Act would be affected by the withholding of amounts becoming due under ocean-mail contracts—either temporarily pending sufficient appropriations or permanently in the event of performance and failure of the Congress to appropriate for the payment of the certified claims reported to it, I would suggest you seek the views of the Secretary of Commerce, who is charged with administration of that portion of the Merchant Marine Act.

Sincerely yours,

J. R. MCCARL,
Comptroller General of the United States.

Mr. Speaker, I move the previous question.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 60, noes 4.

Mr. MILLARD. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

of 1928 is repealed. That is the just thing to do; it is the

Total	84,104,932.86

The question was taken; and there were—yeas 302, nays 13, not voting 112, as follows:

[Roll No. 97]

YEAS—302

Adair	Driver	Lemke	Richards
Allen	Duffy, N. Y.	Lesinski	Richardson
Andresen	Duncan	Lewis, Colo.	Risk
Andrews, N. Y.	Dunn, Miss.	Lewis, Md.	Robertson
Ashbrook	Dunn, Pa.	Lord	Robinson, Utah
Ayers	Eckert	Lucas	Robsion, Ky.
Bacon	Eicher	Luckey	Rogers, Mass.
Bankhead	Ekwall	Ludlow	Rogers, N. H.
Barden	Ellenbogen	McAndrews	Rogers, Okla.
Barry	Engel	McClellan	Russell
Beam	Englebright	McCormack	Ryan
Beiter	Evans	McFarlane	Sabath
Biermann	Faddis	McGehee	Sadowski
Binderup	Farley	McGrath	Sanders, Tex.
Blackney	Fiesinger	McKeough	Sandlin
Bland	Flannagan	McLaughlin	Schaefer
Blanton	Ford, Calif.	McLean	Schuetz
Bloom	Ford, Miss.	McLeod	Scott
Boykin	Frey	McMillan	Scrugham
Boylan	Fuller	McReynolds	Seger
Brown, Ga.	Fulmer	McSwain	Shanley
Buchanan	Gambrill	Maas	Shannon
Buck	Gasque	Mahon	Short
Buckler, Minn.	Gavagan	Main	Smith, Conn.
Burch	Gearhart	Mapes	Smith, Va.
Burnham	Gilchrist	Martin, Colo.	Smith, Wash.
Cannon, Mo.	Gildea	Mason	Snell
Cannon, Wis.	Gillette	Massingale	Snyder, Pa.
Carlson	Gingery	Maverick	Somers, N. Y.
Carmichael	Goodwin	May	South
Carpenter	Gray, Ind.	Mead	Spence
Carter	Gray, Pa.	Meeks	Stack
Cartwright	Greever	Merritt, Conn.	Starnes
Casey	Gregory	Merritt, N. Y.	Stefan
Castellow	Griswold	Michener	Stewart
Chandler	Guyer	Millard	Stubbs
Church	Gwynne	Miller	Sumners, Tex.
Citron	Haines	Mitchell, Ill.	Sutphin
Clark, N. C.	Hamlin	Mitchell, Tenn.	Sweeney
Cochran	Hancock, N. Y.	Monaghan	Taber
Coffee	Hart	Montague	Tarver
Colden	Healey	Moran	Taylor, Tenn.
Cole, Md.	Higgins, Mass.	Mott	Terry
Cole, N. Y.	Hill, Ala.	Murdock	Thom
Colmer	Hill, Knute	Nelson	Thomason
Cooley	Hill, Samuel B.	Norton	Thompson
Cooper, Tenn.	Hobbs	O'Connell	Thurston
Costello	Hoffman	O'Day	Tinkham
Cox	Hollister	O'Leary	Tobey
Cravens	Holmes	O'Malley	Tolan
Crawford	Hook	O'Neal	Tonry
Creal	Houston	Owen	Treadway
Cross, Tex.	Huddleston	Palmisano	Turner
Crosser, Ohio	Imhoff	Patman	Turpin
Crowe	Jacobsen	Patterson	Umstead
Crowther	Johnson, Okla.	Patton	Vinson, Ky.
Culkin	Johnson, Tex.	Pearson	Wadsworth
Cullen	Johnson, W. Va.	Peterson, Fla.	Wallgren
Cummings	Jones	Peterson, Ga.	Warren
Curley	Kahn	Pettengill	Wearin
Daly	Kelly	Peyser	Werner
Darden	Kennedy, N. Y.	Pierce	Whelchel
Darrow	Kenney	Pittenger	Whittington
Deen	Kinzer	Plumley	Wilcox
Delaney	Kloeb	Powers	Williams
Dies	Kniffin	Rabaut	Wilson, La.
Dietrich	Knutson	Ramsay	Wilson, Pa.
Dirksen	Kocialkowski	Ramspeck	Wolcott
Disney	Kramer	Randolph	Wolverton
Ditter	Kvale	Rankin	Wood
Dockweiler	Lambertson	Ransley	Woodruff
Dondero	Lambeth	Rayburn	Woodrum
Doughton	Lamneck	Reece	Young
Doxey	Lanham	Reed, Ill.	Zimmerman
Drewry	Lea, Calif.	Reed, N. Y.	
Driscoll	Lee, Okla.	Reilly	

NAYS—13

Amlie	Fletcher	Hull	Sauthoff
Bolleau	Gehrmann	Lundeen	Schneider, Wis.
Burdick	Hildebrandt	Marcantonio	Withrow
Christianson			

NOT VOTING—112

Andrew, Mass.	Caldwell	DeRouen	Fitzpatrick
Arends	Cary	Dickstein	Focht
Bacharach	Cavicchia	Dingell	Gassaway
Bell	Celler	Dobbins	Gifford
Berlin	Chapman	Dorsey	Goldsborough
Boehne	Claiborne	Doutrich	Granfield
Boland	Clark, Idaho	Duffey, Ohio	Green
Bolton	Collins	Eagle	Greenway
Brennan	Connery	Eaton	Greenwood
Brewster	Cooper, Ohio	Edmiston	Halleck
Brooks	Corning	Fenerty	Hancock, N. C.
Brown, Mich.	Crosby	Ferguson	Harlan
Buckley, N. Y.	Dear	Fernandez	Harter
Bulwinkle	Dempsey	Fish	Hartley
Hennings	Lehlbach	Perkins	Sullivan
Hess	McGroarty	Pfeifer	Taylor, Colo.
Higgins, Conn.	Maloney	Polk	Taylor, S. C.
Hoeppel	Mansfield	Quinn	Thomas
Hope	Marshall	Rich	Utterback
Jenckes, Ind.	Martin, Mass.	Romjue	Vinson, Ga.
Jenkins, Ohio	Montet	Sanders, La.	Walter
Kee	Moritz	Schulte	Weaver
Keller	Nichols	Sears	Welch
Kennedy, Md.	O'Brien	Secrest	West
Kerr	O'Connor	Sirovich	White
Kleberg	Oliver	Sisson	Wigglesworth
Kopplemann	Parks	Smith, W. Va.	Wolfenden
Larrabee	Parsons	Steagall	Zioncheck

So the previous question was ordered.

The Clerk announced the following pairs:

General pairs:

Mr. Sears with Mr. Jenkins of Ohio
Mr. Taylor of Colorado with Mr. Lehlbach.
Mr. Cary with Mr. Eaton.
Mr. Boland with Mr. Andrew of Massachusetts.
Mr. Greenwood with Mr. Cooper of Ohio.
Mr. O'Connor with Mr. Wolfenden.
Mr. Schulte with Mr. Ahrends.
Mr. Steagall with Mr. Perkins.
Mr. Vinson of Georgia with Mr. Focht.
Mr. Mansfield with Mr. Hess.
Mr. Larrabee with Mr. Brewster.
Mr. Sullivan with Mr. Bacharach.
Mr. Kleberg with Mr. Halleck.
Mr. Green with Mr. Bolton.
Mr. Boehne with Mr. Fish.
Mr. Granfield with Mr. Cavicchia.
Mr. Bulwinkle with Mr. Higgins of Connecticut.
Mr. Chapman with Mr. Collins.
Mr. Parsons with Mr. Gifford.
Mr. Kennedy of Maryland with Mr. Thomas.
Mr. Maloney with Mr. Doutrich.
Mr. Dingell with Mr. Hartley.
Mr. Weaver with Mr. Fenerty.
Mr. Fernandez with Mr. Hope.
Mr. Parks with Mr. Martin of Massachusetts.
Mr. Connery with Mr. Welch.
Mr. Fitzpatrick with Mr. Marshall.
Mr. Corning with Mr. Wigglesworth.
Mr. Kerr with Mr. Rich.
Mr. Romjue with Mr. Crosby.
Mr. Bell with Mr. O'Brien.
Mr. White with Mr. Berlin.
Mr. Gassaway with Mr. Pfeifer.
Mr. Brown of Michigan with Mr. Hennings.
Mr. Secrest with Mr. Dear.
Mr. Utterback with Mr. Ferguson.
Mr. Nichols with Mr. Eagle.
Mr. Walter with Mr. Dempsey.
Mr. Taylor of South Carolina with Mr. Kee.
Mr. Sirovich with Mr. Caldwell.
Mr. Polk with Mr. Hancock of North Carolina.
Mr. West with Mr. Montet.
Mr. Dobbins with Mr. Keller.
Mr. Sanders of Louisiana with Mr. Buckley of New York.
Mr. Harlan with Mr. Smith of West Virginia.
Mrs. Jenckes of Indiana with Mr. DeRouen.
Mr. Sisson with Mr. Dorsey.
Mr. Quinn with Mr. Harter.
Mr. Edmiston with Mr. Moritz.
Mr. Dickstein with Mr. Claiborne.
Mr. Duffey of Ohio with Mr. Celler.
Mr. Oliver with Mr. Brennan.
Mr. McGroarty with Mr. Zioncheck.
Mr. Brooks with Mrs. Greenway.

Mr. BACON and Mr. CULKIN changed their vote from "nay" to "yea."

Mr. MARCANTONIO changed his vote from "yea" to "nay."

The doors were opened.

The result of the vote was announced as above recorded.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that the Clerk may state the two motions now pending before the House and that the Speaker state the order in which they will be voted upon.

Mr. TABER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. TABER. A vote "nay" is a vote to sustain the position of the House conferees, is it not?

The SPEAKER. The gentleman is correct.

Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read the motions, as follows:

Mr. WEARIN moves to recede and concur in Senate amendments nos. 48 and 52.

Mr. LUDLOW moves that the House insist on its disagreement to Senate amendment nos. 48 and 52.

The SPEAKER. The question is on the preferential motion offered by the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. Mr. Speaker, upon that I demand the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. WEARIN and Mr. O'MALLEY) there were—ayes 61, nays 187.

So the motion was rejected.

The SPEAKER. The question is upon the motion of the gentleman from Indiana [Mr. LUDLOW] that the House insist on its disagreement to Senate amendments nos. 48 and 52.

Mr. O'MALLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Page 60, line 89, amendment no. 49: Strike out "$9,450,000" and insert "$14,300,000."

Mr. LUDLOW. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. LUDLOW moves that the House recede from its disagreement to Senate amendment numbered 49, and agree to the same with an amendment as follows: In lieu of the sum proposed to be inserted by said amendment insert "$9,717,500."

The motion was agreed to.

A motion to reconsider the votes by which the conference report and the various motions were agreed to was laid on the table.

PROTECTION OF THE AMERICAN LEGATION IN ADDIS ABABA

Mr. McREYNOLDS. Mr. Speaker, the Committee on Foreign Affairs has directed me to submit a privileged adverse report on House Resolution 504, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. McREYNOLDS, from the Committee on Foreign Affairs, submitted the following adverse report to accompany House Resolution 504:

"The Committee on Foreign Affairs, to whom was referred the resolution (H. Res. 504) requesting the Secretary of State to transmit to the House of Representatives certain information relating to the protection of the American Legation in Addis Ababa, having considered the same, submit the following report thereon, with the recommendation that it do not pass:

"The action of the committee is based upon the letter to the chairman of the committee from the Secretary of State, dated May 11, 1936."

Mr. McREYNOLDS. Mr. Speaker, I move that the House resolution (H. Res. 504) be laid on the table.

The motion was agreed to.

A motion to reconsider was laid on the table.

CAPTURE OF CERTAIN ALLEGED MAIL ROBBERS

Mr. MEAD. Mr. Speaker, I submit a privileged adverse report on House Resolution 507.

The Clerk read as follows:

Mr. MEAD, from the Committee on the Post Office and Post Roads, submitted the following adverse report (to accompany H. Res. 507):

"The Committee on the Post Office and Post Roads, to whom was referred the resolution (H. Res. 507) calling on the Postmaster General for facts concerning allegations that postal inspectors did not cooperate with agents of the Department of Justice in the capture of certain alleged mail robbers, reports it back to the House and recommends that the resolution do not pass.

"The committee now has in its possession the information called for in House Resolution 507."

Mr. MEAD. Mr. Speaker, I move that the resolution be laid on the table.

The motion was agreed to.

A motion to reconsider was laid on the table.

ADJUSTING COMPENSATION FOR POST-OFFICE EMPLOYEES

Mr. MEAD. Mr. Speaker, I call up the conference report on the bill (H. R. 10267) to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service to correspond to the rates established by the Classification Act of 1923, as amended.

The Clerk read the conference report, as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10267) to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service, to correspond to the rates established by the Classification Act of 1923, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same.

T. G. BURCH,
FRED H. HILDEBRANDT,
A. WILLIS ROBERTSON,
I. H. DOUTRICH,
PHILIP A. GOODWIN,
Managers on the part of the House.

KENNETH McKELLAR,
CARL HAYDEN,
LYNN J. FRAZIER.
Managers on the part of the Senate.

The conference report was agreed to.

ORDER OF BUSINESS

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent to make a short statement.

The SPEAKER. Is there objection?

There was no objection.

Mr. BANKHEAD. I wish to ask all Members of the House, if they can conveniently do so, to remain here until the remaining business is disposed of. We hope to get through and adjourn over until Monday.

SARAH SHELTON

Mr. SCHAEFER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2982) for the relief of Sarah Shelton and agree to the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out "$6,000" and insert "$5,000."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was concurred in.

PENSIONS TO SOLDIERS OF THE CIVIL WAR

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 12700) granting pensions to certain soldiers of the Civil War.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Joseph Thompson, late of Capt. Isaac D. Hon's Company K, Sixty-ninth Regiment Enrolled Missouri Militia, and pay him a pension at the rate of $50 per month.

The name of John C. Camden, late of Capt. James H. Bridgewater's company of State Guards and Capt. John Bridgewater's Company A, Halls Gap Battalion, Kentucky State Troops, and pay him a pension at the rate of $50 per month.

The name of Joshua S. Mullins, late of Capt. J. M. Gooch's Company C, Halls Gap Battalion, Kentucky State Troops, and pay him a pension at the rate of $50 per month.

The name of Milton McNabb, alias Milton McNab, late of Capt. Henry Bucksath's Company G, Thirty-fifth Regiment Enrolled Missouri Militia, and pay him a pension at the rate of $50 per month.

The name of William H. Jones, late of Capt. John R. Curry's Company D, South Cumberland Battalion, Kentucky State Troops, and pay him a pension at the rate of $50 per month.

The name of Andrew J. White, late of Capt. Richard F. Taylor's company, Middle Green Battalion, Kentucky State Troops, and pay him a pension at the rate of $50 per month.

The name of George Brewer, late of Capt. James Eversole's Company H, Three Forks Battalion, Kentucky State Troops, and pay him a pension at the rate of $50 per month.

The name of Silas S. Shepperd, late of Capt. Walter P. Ingram's Company D, Halls Gap Battalion, Kentucky State Troops, and pay him a pension at the rate of $50 per month.

The name of James E. Hamilton, late of Capt. Richard Murphy's company, Pulaski and Texas Counties Enrolled Missouri Militia, and pay him a pension at the rate of $50 per month.

The name of Peter Cuddy, late of Capt. Henry Bucksoth's Company G, Thirty-fifth Regiment Enrolled Missouri Militia, and Capt. Peter R. Dolman's company, Chariton County Volunteer Missouri Militia, and pay him a pension at the rate of $50 per month.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 12701) granting pensions and increase of pensions to certain helpless and dependent children of soldiers of the Civil War.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Bert Milburn, helpless and dependent son of Jesse S. Milburn, late of Company M, Tenth Regiment Indiana Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Jessie Myrtle Bennett, helpless and dependent daughter of Jonathan Bennett, late of Company H, Eighth Regiment Indiana Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Charles Hovermale, helpless and dependent son of John A. Hovermale, late of Company D, One Hundred and Thirty-fifth Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Myra Struchen, helpless and dependent daughter of Abraham Struchen, late landsman, United States Navy, and pay her a pension at the rate of $20 per month.

The name of Francis A. Sipe, helpless and dependent son of Archibald Sipe, late of Company C, Sixty-fourth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Alice R. Smith, helpless and dependent daughter of William Smith, late of Company F, Fifty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Josie Siessly, helpless and dependent daughter of John Siessly, late of Company B, Forty-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Sallie Hutchens, helpless and dependent daughter of Arthur Hutchens, late of Company H, Twenty-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Daniel F. Glenn, helpless and dependent son of James Glenn, late of Company E, Fifth Battalion, and Company E, Sixth Regiment Missouri State Militia Cavalry, and pay him a pension at the rate of $20 per month.

The name of Bertha E. Haroff, helpless and dependent daughter of William T. Haroff, late of Company K, One Hundred and Twenty-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Charles W. Ringer, helpless and dependent son of Melancthon Ringer, late of Company C, One Hundred and Twenty-first Regiment, and Company F, Sixty-ninth Regiment, Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Albert Braun, helpless and dependent son of John Braun, late of First Battery, Indiana Volunteer Light Artillery, and pay him a pension at the rate of $20 per month.

The name of Harry C. B. Frets, helpless and dependent son of George Frets, late of Company E, Eighty-eighth Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of James B. Long, helpless and dependent son of John W. Long, late of Company H, Thirty-first Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Edward Butler, helpless and dependent son of Tobias D. Butler, late of Company B, First Regiment Indiana Volunteer Heavy Artillery (Twenty-first Regiment Indiana Infantry), and pay him a pension at the rate of $20 per month.

The name of Frank Burcham, helpless and dependent son of James Burcham, late of Company H, Sixth Regiment Indiana Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Luther Hudson, helpless and dependent son of Jeremiah Hudson, late of Company F, Fifteenth Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Katie Glenn, helpless and dependent daughter of Thomas Glenn, late of Company E, Eighteenth Regiment Kentucky Volunteer Infantry, and Company B, Twenty-third Regiment Veteran Reserve Corps, and pay her a pension at the rate of $20 per month.

The name of John W. Lutz, Jr., helpless and dependent son of John W. Lutz, late of Company G, Seventy-ninth Regiment Pennsylvania Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Maude Isabel Schuler, helpless and dependent daughter of Taylor L. Schuler, late of Company C, Twenty-first Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of George N. Groff, helpless and dependent son of John Groff, late of Company D, One Hundred and Ninety-fifth Regiment Pennsylvania Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Alice M. Stites, helpless and dependent daughter of John J. Stites, late of Company K, Ninth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Hester A. Bradford, helpless and dependent daughter of Henry Bradford, late of Company G, One Hundred and Eighty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Levi Copas, helpless and dependent son of Jackson Copas, late of Company K, One Hundred and Forty-first Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Ivy Pitzer, helpless and dependent daughter of Samuel J. Pitzer, alias Samuel E. Pitt, late of Company I, Forty-eighth Regiment Ohio Volunteer Infantry, and Company H, Twenty-sixth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Lulu M. Williams, helpless and dependent daughter of Edward Williams, late of Company D, Forty-fifth Regiment Pennsylvania Volunteer Infantry, and Company F, Twenty-fourth Regiment Veteran Reserve Corps, and pay her a pension at the rate of $20 per month.

The name of Hallie V. Weeks, helpless and dependent daughter of George Weeks, late of Company B, Thirty-sixth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Jesse Mills, helpless and dependent son of Cornelius Mills, late of Company C, Thirteenth Regiment Missouri Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Frank A. Boster, helpless and dependent son of James A. Boster, late of Company A, Eighty-seventh Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Katie Rock, helpless and dependent daughter of John Rock, late of Company I, Fourteenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Margaret Ann Canatsey, helpless and dependent daughter of William S. Canatsey, late of Company D, Seventieth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Alice L. Calderhead, helpless and dependent daughter of William A. Calderhead, late of Company H, One Hundred and Twenty-sixth Regiment Ohio Volunteer Infantry, and Company D, Ninth Regiment Veteran Reserve Corps, and pay her a pension at the rate of $20 per month.

The name of Elmer B. Williams, helpless and dependent son of Andrew Williams, late of Company G, Twenty-third Regiment Missouri Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Isabelle Scott, helpless and dependent daughter of Henry B. Scott, late of Companies D and H, Fifth Regiment Kansas Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Charles Younger, helpless and dependent son of Charles Younger, late of Company E, Ninth Regiment West Virginia Volunteer Infantry, and Company B, First Regiment West Virginia Veteran Infantry, and pay him a pension at the rate of $20 per month.

The name of Michael T. Tippie, helpless and dependent son of John M. Tippie, late of Company E, One Hundred and Twenty-fifth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Samuel Warner, helpless and dependent son of John Warner, late of Company F, One Hundred and Fortieth Regiment Ohio National Guard Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Everett Horton, helpless and dependent son of James S. Horton, late of Company H, First Regiment Ohio Volunteer Heavy Artillery, and pay him a pension at the rate of $20 per month.

The name of Minnie B. Leonard, helpless and dependent daughter of Andrew J. Leonard, late of Company H, First Regiment Ohio Volunteer Heavy Artillery, and pay her a pension at the rate of $20 per month.

The name of Leslie D. Hood, helpless and dependent son of John D. Hood, late of Company A, Eighty-eighth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Jennie Hopkins, helpless and dependent daughter of William Hopkins, late of Company D, First Regiment Ohio Volunteer Heavy Artillery, and pay her a pension at the rate of $20 per month.

The name of Ella Carl, helpless and dependent daughter of Nathan Carl, late of Company K, One Hundred and Eighty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Lewis Congrove, helpless and dependent son of Amos Congrove, late of Company I, One Hundred and Eighty-sixth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Alberta B. Newman, helpless and dependent daughter of David Newman, late of Company E, Eighth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Mary Jane McGlaughlin, helpless and dependent daughter of John McGlaughlin, late of Company E, Fifteenth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Elizabeth A. C. Bigham, helpless and dependent daughter of James Bigham, late of Company K, One Hundred and Eighty-fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Hattie R. Wierman, helpless and dependent daughter of Eliakim Wierman, late of Warren's independent company, Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Charles W. Smith, helpless and dependent son of Henry Smith, late of Company F, One Hundred and Sixty-sixth Regiment Pennsylvania Drafted Militia Infantry, and pay him a pension at the rate of $20 per month.

The name of Jim Meredith, helpless and dependent son of Alexander Meredith, late of Company I, Twenty-seventh Regiment Kentucky Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Simpson Pennington, helpless and dependent son of Thompson Pennington, late of Company K, Ninth Regiment Kentucky Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Nancy Ann Laird, helpless and dependent daughter of James C. Laird, late of Company H, Twenty-sixth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of George Meredith, helpless and dependent son of Alexander Meredith, late of Company I, Twenty-seventh Regiment Kentucky Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Mary Metzger, helpless and dependent daughter of August Metzger, late of Company H, One Hundred and First Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Azelle V. Crawford, helpless and dependent daughter of William Crawford, alias Thomas S. Carter, late of Company K, Fifth Regiment New York Veteran Infantry, and Company I, Second Regiment Connecticut Volunteer Heavy Artillery, and pay her a pension at the rate of $20 per month.

The name of Frances Engler, helpless and dependent daughter of George W. Engler, late of Company A, One Hundred and Forty-third Regiment Pennsylvania Volunteer Infantry, and Fifty-first Company, Second Battalion Veteran Reserve Corps, and pay her a pension at the rate of $20 per month.

The name of George E. Ryan, helpless and dependent son of Francis M. Ryan, late of Company B, Forty-third Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Robert T. Bland, helpless and dependent son of James N. Bland, late of Company K, One Hundred and Twenty-fourth Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Chester D. Green, helpless and dependent son of Elisha W. Green, late of Company K, Fifty-sixth Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Mary A. Proudfit, helpless and dependent daughter of James B. Proudfit, late of Company H, One Hundred and Seventy-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of James Edward Miller, helpless and dependent son of Andrew J. Miller, late of Company I, Forty-eighth Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Claude Stine, helpless and dependent son of Abraham Stine, late of Company K, One Hundred and Eleventh Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Flossie M. Ramsey, helpless and dependent daughter of James A. Ramsey, late of Company F, Fourth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Hannah D. Warren, helpless and dependent daughter of Andrew J. Warren, late of Company C, Fifty-sixth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Ida Jones, helpless and dependent daughter of William D. Jones, late of Company C, Third Regiment New York Volunteer Light Artillery, and pay her a pension at the rate of $20 per month.

The name of Sarah E. Schott, helpless and dependent daughter of Abram M. Schott, late of Company H, One Hundred and Forty-eighth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Louise E. Stockwell, helpless and dependent daughter of David Stockwell, late of Company K, Fourteenth Regiment Vermont Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of James C. Riley, helpless and dependent son of John D. Riley, late of Company H, Seventy-seventh Regiment New York Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Bettie Dillard, helpless and dependent daughter of James W. Dillard, late of Company E, Fifty-second Regiment Kentucky Volunteer Mounted Infantry, and pay her a pension at the rate of $20 per month.

The name of Maggie Sanders, helpless and dependent daughter of James W. Sanders, late of Company E, Eleventh Regiment, and Company H, Fifty-second Regiment, Kentucky Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Gabriel Patrick, helpless and dependent son of Meridith Patrick, late of Company I, First Regiment Arkansas Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Ella Strutton, helpless and dependent daughter of Elisha S. Strutton, late of Company M, Third Regiment, and Company C, Eleventh Regiment, Missouri Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Albert S. Miller, helpless and dependent son of Aaron J. Miller, late of Company K, Fifth Regiment Pennsylvania Volunteer Heavy Artillery, and pay him a pension at the rate of $20 per month.

The name of Adelia T. Hoover, helpless and dependent daughter of James Hoover, late of Company I, Eighty-eighth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Minnie G. Jones, helpless and dependent daughter of Alonzo W. Jones, late of Company G, One Hundred and Forty-ninth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Sadie E. Goshorn, helpless and dependent daughter of George Goshorn, late of Company I, One Hundred and Forty-ninth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Edna B. Hartley, helpless and dependent daughter of William Hartley, late of Company D, Fifty-fifth Regiment Pennsylvania Volunteer Infantry, and Company F, Thirty-fourth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of William C. Fisher, helpless and dependent son of William H. Fisher, late of Company F, Sixteenth Regiment Pennsylvania Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of John Westerkamp, helpless and dependent son of Alexander Westerkamp, late of Company B, Tenth Regiment Ohio Volunteer Infantry, and One Hundred and Twenty-sixth Company, Second Battalion, Veteran Reserve Corps, and pay him a pension at the rate of $20 per month.

The name of Grace A. Walker, helpless and dependent daughter of Charles B. Walker, late of Company E, Eighty-ninth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Nellie Mae South, helpless and dependent daughter of Henry C. South, late of Company F, One Hundred and Thirty-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Marion Van Natta, helpless and dependent son of George O. Van Natta, late of Company E, Ninety-ninth Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Stella Littlejohn, helpless and dependent daughter of William Littlejohn, late of Company H, Twenty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Edith Pyle, helpless and dependent daughter of James W. Pyle, late of Company G, One Hundred and Ninety-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Emma Blosser, helpless and dependent daughter of William H. Blosser, late of Company F, Ninetieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Amanda Hart, helpless and dependent daughter of Absolom Hart, late of Company D, Seventeenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Sherman King, helpless and dependent son of Benton K. P. King, late of Company D, Sixth Regiment Provisional Enrolled Missouri Militia, and pay him a pension at the rate of $20 per month.

The name of William Gage, helpless and dependent son of Daniel H. Gage, late of Company B, Third Regiment Michigan Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Ernest P. Garloch, helpless and dependent son of Peter A. Garloch, late of Company A, Ninth Regiment West Virginia Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Sarah E. Jackson, helpless and dependent daughter of Cyrus A. Jackson, late of Company H, Thirty-seventh Regiment

Indiana Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Cora S. Day, helpless and dependent daughter of Thomas G. Day, late of Company E, Third Regiment Indiana Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Martin H. Doolin, helpless and dependent son of William H. Doolin, late of Company K, Forty-fourth Regiment Missouri Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Leah Kesterson, helpless and dependent daughter of Hugh Kesterson, late of Capt. Isaiah Guymon's Company A, Mercer County Battalion, Missouri State Militia, and Company D, Forty-fourth Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $20 per month.

The name of John Schoonmaker, Jr., helpless and dependent son of John Schoonmaker, late of Company H, Ninth Regiment, and Company K, Second Regiment, New York Volunteer Heavy Artillery, and pay him a pension at the rate of $20 per month.

The name of Marion Gregory, helpless and dependent son of William Gregory, late of Company F, One Hundred and Seventy-ninth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Maretta A. Booher, helpless and dependent daughter of Samuel A. Booher, who was pensioned as Samuel A. Booker, late of Company H, One Hundred and Sixty-first Regiment Ohio National Guard Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Henry Friedrich, helpless and dependent son of Conrad Friedrich, late of Company E, Forty-fifth Regiment Illinois Volunteer Infantry, and pay him a pension at the rate of $20 per month in lieu of that he is now receiving.

The name of Harry E. Duffield, helpless and dependent son of Henry D. Duffield, late of Company F, Second Regiment Iowa Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of William P. Cope, helpless and dependent son of Emmor B. Cope, late captain and aide-de-camp, United States Volunteers, and pay him a pension at the rate of $20 per month.

The name of William E. Coughlin, helpless and dependent son of William Coughlin, late of Company B, Seventh Regiment Wisconsin Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Kathryn Smith, helpless and dependent daughter of Mahlon P. Smith, late of Battery C, Third Regiment United States Artillery, and pay her a pension at the rate of $20 per month.

The name of Josephine Campbell, helpless and dependent daughter of Lewis Campbell, late of Company C, One Hundred and Seventy-ninth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Arthur Boyce, helpless and dependent son of Joseph Boyce, late of Company K, One Hundred and Seventeenth Regiment New York Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Mamie Cartmill, helpless and dependent daughter of James A. Cartmill, late of Company D, Thirteenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Clara L. Dolman, helpless and dependent daughter of Charles M. Dolman, late of Company I, Seventy-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Cora I. Spangler, helpless and dependent daughter of Franklin G. Spangler, late of Company H, One Hundred and Eighty-sixth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Ammon Barkman, helpless and dependent son of Daniel Barkman, late of Company F, Nineteenth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Thomas M. Teeters, helpless and dependent son of Josiah Teeters, late of Company B, One Hundred and Twenty-ninth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of William Barkman, helpless and dependent son of Daniel Barkman, late of Company F, Nineteenth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Harry Dubs, helpless and dependent son of Lorenzo Dubs, late of Company I, One Hundred and Forty-sixth Regiment Indiana Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Margaret M. Saunders, helpless and dependent daughter of John W. Saunders, late of Company I, Seventh Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Ann M. Callery, helpless and dependent daughter of Phillip Callery, late of Company B, Ninth Regiment Connecticut Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Excelia Lague-Leyo, helpless and dependent daughter of Joseph Leyo, alias Joseph Lejane, late of Company E, Second Regiment New Hampshire Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Lewis Stamper, helpless and dependent son of Wesley Stamper, late of Company K, Fourteenth Regiment Kentucky Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Ned Johnston, helpless and dependent son of Samuel Johnston, late of Company K, Fourteenth Regiment Kentucky Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Dora McCallister, helpless and dependent daughter of George W. McCallister, late of Company A, Fifty-fourth Regiment Kentucky Volunteer Mounted Infantry, and pay her a pension at the rate of $20 per month.

The name of Myrtle B. Oldfield, helpless and dependent daughter of James R. Oldfield, late of Company C, Thirty-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Charles F. Boroff, helpless and dependent son of Daniel Boroff, late of Company A, Forty-sixth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Charlie Campbell, helpless and dependent son of William A. Campbell, late of Company C, Thirteenth Regiment Tennessee Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Joke Campbell, helpless and dependent son of William A. Campbell, late of Company C, Thirteenth Regiment Tennessee Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Hattie Campbell, helpless and dependent daughter of William A. Campbell, late of Company C, Thirteenth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $20 per month.

The name of Robert N. Wilson, helpless and dependent son of William D. Wilson, late of Company C, Second Regiment Tennessee Volunteer Cavalry, and pay him a pension at the rate of $20 per month.

The name of Nannie B. Floyd, helpless and dependent daughter of Aaron Floyd, late of Company B, Eighth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Effie P. Chiles, helpless and dependent daughter of George W. Chiles, late of Company C, Fifty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Charlie J. Dupree, helpless and dependent son of George Dupree, late of Company E, Ninety-eighth Regiment New York Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Adam Anderson, helpless and dependent son of George B. Anderson, late of Company C, East Tennessee National Guard, and pay him a pension at the rate of $20 per month.

The name of Nora A. Kitchen, helpless and dependent daughter of William N. Kitchen, late of Company I, Fifty-first Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $20 per month in lieu of that she is now receiving.

The name of Elizabeth Jane Bernhart, helpless and dependent daughter of William Bernhart, late of Company G, Sixty-first Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Mazie Layman, helpless and dependent daughter of Daniel B. Layman, late of Company A, Third Regiment Potomac Home Brigade Maryland Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Georgana Layman, helpless and dependent daughter of Daniel B. Layman, late of Company A, Third Regiment Potomac Home Brigade Maryland Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Walter Clice, helpless and dependent son of John P. Clice, late of Company K, Fourth Regiment West Virginia Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Sarah E. Stephen, helpless and dependent daughter of Peter J. Stephen, late of Company I, Third Regiment Potomac Home Brigade Maryland Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of Milton Warner, helpless and dependent son of Casper Warner, late of Company C, Fifty-third Regiment Pennsylvania Volunteer Infantry, and pay him a pension at the rate of $20 per month.

The name of Isabel Bennett, helpless and dependent daughter of John Bennett, late of Company G, Seventy-second Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $20 per month.

The name of James A. Lenhart, helpless and dependent son of Michael Lenhart, late of Company F, Nineteenth Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of $20 per month.

Mr. O'MALLEY. Mr. Speaker, I think the House should have some explanation of these bills. We just passed one bill without any explanation.

Mr. LESINSKI. The bill H. R. 12700 was a pension bill for original soldiers of the Civil War.

Mr. O'MALLEY. How old are they?

Mr. LESINSKI. Eighty-nine, on an average.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 12702) granting increase of pensions to certain widows and former widows of soldiers and sailors of the Civil War.

The SPEAKER. Is there objection?

Mr. O'MALLEY. Reserving the right to object, I should like to ask the gentleman how many people are provided for in this bill?

Mr. LESINSKI. In this bill there are 478 widow increases. The average age is 83 years and 4 months.

Mr. O'MALLEY. Are they getting pensions now?

Mr. LESINSKI. They are getting inadequate pensions.

Mr. O'MALLEY. How much pension are they getting?

Mr. LESINSKI. They are getting $20, and we increase it to $30.

Mr. O'MALLEY. They are getting $20; and you are increasing it to $30 for each of the four-hundred-and-some-odd people mentioned in this bill?

Mr. LESINSKI. That is correct.

Mr. O'MALLEY. Does this omnibus bill include 400 separate bills?

Mr. LESINSKI. Four hundred and seventy-eight bills.

Mr. O'MALLEY. How much does that increase the amount to, in money, over what they are getting now?

Mr. LESINSKI. Fifty-seven thousand eight hundred and forty dollars.

Mr. O'MALLEY. An increase in pension of $57,000?

Mr. LESINSKI. Fifty-seven thousand eight hundred and forty dollars.

Mr. MAVERICK. Are those widows of Confederate soldiers or Union soldiers? [Laughter.]

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. O'MALLEY. Reserving the right to object, I am trying to get a complete explanation. The gentleman from Texas asked whether or not they are Union soldiers' widows.

Mr. LESINSKI. They are widows of soldiers under the law enacted in the year 1905.

Mr. BLANTON. Reserving the right to object, simply to ask a question. The old-age pension which we provided under the Social Security Act provides for a pension of $30 a month. If these widows get a $10 increase, they would then receive $30 per month, but they would not participate in that old-age pension?

Mr. LESINSKI. They will not.

Mr. BLANTON. And this is merely to equalize the pension they are getting, being 82 years of age, with what they would get even if they were not widows of soldiers?

Mr. LESINSKI. That is correct.

Mr. DONDERO. Reserving the right to object, Mr. Speaker, does this list of pensions for widows have the unanimous support of the Committee on Invalid Pensions?

Mr. LESINSKI. Yes; this is reported out by the committee.

Mr. BANKHEAD. Mr. Speaker, the regular order.

The SPEAKER. Is there objection to the consideration of the bill?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Mary Devine, widow of John Devine, late of Company B, One Hundred and Sixty-ninth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha J. Capwell, widow of William E. Capwell, late of Company M, Second Regiment Pennsylvania Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Secrist, widow of Alexander W. Secrist, late of Company K, Fourth Regiment United States Veteran Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Susanna Calhoun, widow of Samuel Calhoun, late of Company H, Two Hundred and Sixth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma Snyder, widow of Henry B. Snyder, late of Company I, Ninth Regiment United States Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary L. Cottrell, widow of Caloway Cottrell, late of Company C, One Hundred and Twenty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Harriet E. Miller, widow of John Miller, late of Company K, Seventy-fifth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of C. Cordelia Strong, widow of Hermon A. Strong, late of Company B, One Hundred and Ninth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eva Elliott, widow of Raburn Elliott, late of Company K, Forty-eighth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Phebe M. Temple, widow of George W. Temple, late of Company F, Fourth Regiment Michigan Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Laura E. Hancock, widow of Ephraim H. Hancock, late of Company D, Twenty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Alice M. Price, widow of Dorr Price, late of Company A, One Hundred and Fifty-fourth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary O'Flaherty, widow of Edward O'Flaherty, late of Company I, Ninth Regiment, and Company I, Second Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Estella D. Smith, widow of David Smith, late of Company B, Fifty-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Catherine Magilton, widow of Joseph Magilton, late of Company F, Third Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Susanna Singer, widow of John Singer, late of Company D, Twelfth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Cynthia Conley, widow of James Conley, late of Company I, Fourteenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ella E. Terryll, widow of John C. Terryll, late of Company D, Eleventh Regiment Minnesota Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ann J. Gregg, widow of Daniel Gregg, late of Company B, Thirty-fifth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ellie M. Young, widow of Thomas A. Young, late of Company F, One Hundred and Eighty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah D. Stauffer, widow of William D. Stauffer, late of Company H, One Hundred and Ninety-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Malinda M. Kistler, widow of Levi Kistler, late of the First Independent Battery, Ohio Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Kate Anderson, widow of Elias W. Anderson, late of Company I, Sixty-ninth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna L. Dick, widow of George Dick, late of Company E, Fifty-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lorena M. Haskins, former widow of Byron A. Straight, late of Company B, One Hundred and Twelfth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna M. W. Diggles, widow of John P. Diggles, late of Company M, First Regiment New Hampshire Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah Comstock, widow of Meri A. Comstock, late of Company C, Twenty-sixth Regiment Connecticut Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ida M. Stough, widow of Michael Stough, late of Company G, One Hundred and Ninety-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Margaret V. Myers, widow of Jacob H. Myers, late of Company C, One Hundred and Fortieth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lucretia Beer, widow of William A. Beer, late of Companies K and B, One Hundred and Second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Rebeca Hankinson, widow of Samuel Hankinson, late of Company D, Eighteenth Regiment United States Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Maria J. Anderson, former widow of William H. Provin, late of Battery I, Second Regiment Illinois Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Kate Harris, widow of Charles M. Harris, alias Charles M. Jordan, late of Company F, Thirty-first Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha Brown, widow of James L. Brown, alias Lemon Stiles, late of Company H, One Hundred and Eighteenth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eunice T. Brown, widow of Francis R. Brown, late of Companies D and C, Twenty-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Rebecca Berry, former widow of Paul Tislow, late of Company H, Twenty-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Amanda A. Sibrel, widow of Thomas P. Sibrel, late of Company C, Fifty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Huldah Pedrick, widow of Hiram Pedrick, late of Company F, First Regiment New York Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary L. Paddock, widow of Peter Paddock, late of Company B, One Hundred and Forty-first Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Green, widow of Francillo A. Green, late of Company I, Twenty-first Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Redmon, widow of William T. Redmon, late of Company C, Ninth Regiment Missouri State Militia Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Maria Berghoff, widow of John T. Berghoff, late surgeon, Twenty-fifth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Matilda M. Fleming, widow of Thomas J. Fleming, late of Company C, Twelfth Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eliza Hindman, widow of Marian G. Hindman, late of Company C, Sixth Regiment Missouri State Militia Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Catharine Myers, widow of David Myers, late of Company H, Seventy-first Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Louisa Kendall, widow of Joseph T. Kendall, late of Company H, Fifty-eighth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Joanna E. Vickers, widow of Lorenzo Vickers, late of Company A, One Hundred and Ninety-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Whitlock, widow of James W. Whitlock, late of the Eighteenth and Twenty-fifth Independent Batteries, New York Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Gibson, widow of Alexander Gibson, late of Company F, Thirty-first Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lucy A. Vandiver, widow of Thomas Vandiver, late of Company C, Twenty-third Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Belle Armel, widow of William Armel, late of Company K, One Hundred and Thirty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary L. Garrison, widow of Chesley F. Garrison, late of Company F, Thirty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary J. Gwinn, widow of William M. Gwinn, late of Company F, Forty-fifth Regiment Indiana Volunteer Infantry (Third Cavalry), and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Cole, widow of Samuel T. Cole, late of Company G, One Hundred and Twenty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nancy E. Bucher, widow of John B. Bucher, late of Company E, Fifty-ninth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emeline Kinnaman, widow of William H. Kinnaman, late of Company F, First Regiment Indiana Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Clementine Young, widow of John J. Young, late of Company D, One Hundred and Seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lucy E. Blevins, former widow of Allen Blevins, late of Company E, First Regiment East Tennessee Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth J. Cunningham, widow of John W. Cunningham, late of Company B, Twenty-seventh Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Swing, widow of Marcus A. Swing, late of Company A, One Hundred and Thirty-seventh Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elnora McDowell, widow of William P. McDowell, late of Company F, Twentieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma Barnholt, widow of Edward Barnholt, late of Company H, Two Hundred and Thirteenth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Helen Gallagher, widow of William G. Gallagher, late of Company I, One Hundred and Ninety-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Kate C. George, widow of David George, late of Company D, Seventeenth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma J. Miller, widow of Oliver P. Miller, late of Company E, One Hundred and Twenty-seventh Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah J. Lafferty, widow of Jacob P. Lafferty, late of Company A, One Hundred and Fifty-seventh Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Catharine E. Hinkle, widow of Samuel A. Hinkle, late of Company D, One Hundred and Ninety-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Annie I. McCoy, widow of Alfred R. McCoy, late of Company B, Second Regiment West Virginia Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah J. Moody, widow of Francis M. Moody, late of Company K, One Hundred and Sixty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Pocock, widow of Edgar J. Pocock, late of Companies F and C, Fifty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary C. Reichard, widow of William A. Reichard, late of Company G, Sixth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Kate Rogers, former widow of David R. Jones, late of Company D, First Regiment Ohio Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of L. Belle Bailey, widow of George M. Bailey, late of Company F, Fifth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Jones, widow of Dennis Jones, late of Company E, Fifty-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jane A. Taylor, widow of William A. Taylor, late of Company A, One Hundred and Fifty-ninth Regiment Ohio National Guard Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah J. Blair, widow of Joseph F. Blair, late of Battery A, First Regiment Pennsylvania Reserve Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Susan Buckingham, widow of Thomas G. Buckingham, late of Company D, Forty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Cooley, widow of Dawson Cooley, late of the Twenty-sixth Independent Battery, Ohio Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Decimay Ely, former widow of Washington Ely, late of the Seventh Independent Battery, Ohio Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Deborah Hunter, widow of Sullivan Hunter, late of Company B, Seventh Regiment California Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Miranda C. Thompson, widow of William W. Thompson, late of Company B, Sixteenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ruth P. Shivers, widow of Robert E. Shivers, late of Company I, Eighty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Clemons, widow of Robert T. Clemons, late of Company B, Fifth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Carrie F. Bloom, widow of Jesse H. Bloom, late of Company F, First Regiment Ohio Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eva A. Holter, widow of Alfred H. P. Holter, late of Company K, One Hundred and Fifty-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth J. Coburn, widow of Oscar M. Coburn, late of Company D, Third Regiment North Carolina Volunteer Mounted Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Grange, widow of Charles E. Grange, late of Company F, Eighty-fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth L. Crist, widow of Abram L. Crist, late of Company A, Fifth Regiment Pennsylvania Reserve Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah E. Sturm, former widow of Anthony Loudenburg, late of Company H, Ninth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth S. Simpson, widow of John T. Simpson, late of Company A, Sixth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Catlin, widow of Charles G. Catlin, late of Company A, First Battalion Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Julia Poust, widow of Henry Poust, late of Company F, One Hundred and Sixth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Malisa Morris, widow of Daniel B. Morris, late of Company D, Seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Mary C. Davis, widow of John R. Davis, late of Company E, Thirteenth Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Christena M. Sharp, widow of Samuel Sharp, late of Company D, One Hundred and Seventeenth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lydia E. Laton, former widow of Samuel H. Harrison, late of Companies D and G, Sixty-fifth Regiment United States Colored Volunteer Infantry, and Company B, Seventh Regiment Minnesota Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eunice A. Collins, widow of Franklin A. Collins, late of Company M, Twentieth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Addie M. Eggleston, widow of Charles Eggleston, late of Company M, Eighteenth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Alwilda E. Seymour, widow of George W. Seymour, late landsman, United States Navy, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Erzelia A. Lackey, widow of Moses H. Lackey, late of Company E, First Regiment Ohio Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Catherine Grunert, widow of Henry C. Grunert, late of Company F, One Hundred and Eighty-sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary H. Ackley, widow of William P. Ackley, late of Company B, Tenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eliza Pickard, former widow of Frederick Wieber, late of Company A, One Hundred and Fifty-second Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret J. Merrill, widow of George Merrill, late of Company A, Fiftieth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emogene Allen, widow of Alonzo Allen, late of Company M, Fifth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nancy Fish, widow of Orville Fish, late unassigned, Twentieth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Laura Joles, widow of William A. Joles, late of Company G, Tenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret Vandresar, widow of Richard B. Vandresar, late of Company G, Tenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jennie Everett, widow of Daniel Everett, late of Company C, First Regiment New York Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Alice W. Butts, widow of Daniel D. Butts, late of Company D, One Hundred and Eighty-sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ella A. Hart, widow of Charles H. Hart, late of Company K, Tenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Hennesey, widow of William Hennesey, late of Company F, One Hundred and Eighty-fourth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Etta A. Johnson, widow of Myron Johnson, late of Company L, Tenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ida Bloss, widow of Jotham Bloss, late of Company K, One Hundred and Eleventh Regiment New York Volunteer Infantry, and Company D, Fourth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Rose A. Pettigrew, former widow of John P. Pettigrew, late of Company C, Sixteenth Regiment Kansas Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Victoria Gould, former widow of Russell M. Smith, late of Company G, Eighty-ninth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary J. McAlearney, widow of John D. McAlearney, late of Company E, Second Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lucy A. Beckwith, widow of Daniel W. Beckwith, late of the United States Navy, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Cahoone, widow of Gideon A. Cahoone, late of Company D, Fourth Regiment, and Company G, Seventh Regiment, Rhode Island Volunteer Infantry, and pay her a pension at $50 per month in lieu of that she is now receiving.

The name of Hattie E. Chappell, widow of Charles L. Chappell, late of Company B, Twenty-sixth Regiment Connecticut Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Augusta E. Cutler, widow of Alvin Cutler, late of Company C, First Battalion Maine Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha M. Tryon, widow of Henry W. Tryon, late of Company K, Fourteenth Regiment Connecticut Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Caroline Webb, widow of Elias Webb, Jr., late of Company B, First Regiment West Virginia Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Violet S. Woodward, widow of Ward N. Woodward, late of Company E, Ninetieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Rachel Smith, widow of James E. Smith, late of Company B, Twenty-second Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sophie M. Swigert, widow of Marcus V. Swigert, late of Company L, Seventh Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nancy South, widow of Andrew J. South, late of Company D, One Hundred and Seventy-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Caroline Rupe, widow of Jonathan Rupe, late of Company H, Fifty-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Russell, widow of Timothy Russell, late of Company F, Thirteenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Pickens, widow of David S. Pickens, late of Company F, Second Regiment Ohio Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Catherine Ribel, widow of Peter Ribel, late of Company K, One Hundred and Eighty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary L. Martin, widow of John W. Martin, late of Company G, Twenty-second Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Dorinda Phillips, widow of George S. Phillips, late of Company D, One Hundred and Eighty-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Effie C. Greene, widow of Alonzo J. Greene, late of the Thirteenth Battery, Indiana Volunteer Light Artillery; and Company A, Second Regiment West Virginia Volunteer Cavalry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Mary C. Kaneff, widow of George W. Kaneff, late of Company L, Seventh Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Gramm, widow of Frederick Gramm, late of the United States Navy, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Henrietta H. Eator, widow of Ira Eator, late of Company A, One Hundred and Forty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Melissa Endicott, former widow of Henry C. Grant, late of Company B, Ninety-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Derry, widow of John H. Derry, late of Company B, Ninetieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. DeWitt, widow of Philip DeWitt, late of Company B, One Hundred and Ninety-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Julina Crabtree, widow of Jeremiah Crabtree, late of Company H, First Regiment Ohio Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah A. Dougherty, widow of Ezra Dougherty, late of Company I, One Hundred and Seventy-second Regiment Ohio National Guard Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jane Cooper, widow of John C. Cooper, late of Company F, Second Regiment Ohio Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Conaway, widow of George Conaway, late of Battery B, First Regiment West Virginia Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Maria S. Carsey, widow of Seldon W. Carsey, late of Company A, One Hundred and Forty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah J. Collins, widow of William C. Collins, late of Company B, First Regiment West Virginia Veteran Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Adabelle Brown, widow of Anderson Brown, late of Company E, One Hundred and Seventy-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Amy F. Brown, widow of Charles Brown, late of Company D, Ninety-second Regiment, and Company H, Thirty-first Regiment, Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Agnes Bentley, widow of Sampson Bentley, late of Company L, Eleventh Regiment United States Colored Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Board, widow of Daniel A. Board, late of Company B, Tenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary C. Arthur, widow of Azariah Arthur, late of Company D, Fifty-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eva Barlow, widow of Marion S. Barlow, late of Company B, Ninety-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Cora A. Pattison, widow of W. Terrell Pattison, late of Company D, One Hundred and Thirty-second Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Laura A. Smith, widow of Jedediah Smith, late of Company D, Eighty-third Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Perky, widow of Charles Perky, late of Company E, One Hundred and Fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Frances A. Carter, widow of Theodore B. Carter, late of Company I, Twenty-sixth Regiment Michigan Volunteer Infantry, and One Hundred and Second Company, Second Battalion Veteran Reserve Corps, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary C. Abrams, widow of Daniel W. Abrams, late of Company I, Fifteenth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth A. Crum, widow of Jacob Crum, late of Company C, One Hundred and Fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lillie A. Athey, widow of John W. Athey, late of Company E, Thirty-ninth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eliza C. Dunlap, widow of William Dunlap, late of Company C, Seventy-sixth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Frances C. Gaskill, widow of Harvey Gaskill, late of Company L, Third Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Phoebe A. Jennings, widow of George C. Jennings, late of Company M, Third Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Cordelia Hiatt, widow of Joseph O. Hiatt, late of Company F, Eighth Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah J. Pittman, widow of Thomas Pittman, late of Company C, Fifty-first Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah M. McCullough, widow of William McCullough, late of Companies F and E, Thirty-fourth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Harriet Reynolds, widow of Hayden Reynolds, late of Company B, Fifth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha J. Wick, widow of Henry Wick, late of Company H, Twenty-ninth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah A. Teague, widow of William W. Teague, late of Company I, Thirty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Mary J. King, widow of Howard King, late of Company H, Two Hundredth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret J. Miller, widow of Nicholas D. Miller, late of Company B, Twenty-first Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Eberly, widow of Henry J. Eberly, late of Company L, Twenty-first Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Drusilla Barnhart, widow of Montgomery Barnhart, late of Company E, Seventeenth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ernestine Singer, widow of Simon Singer, late of Company D, Eighth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna Flint, widow of Myron L. Flint, late of Company F, Fortieth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Diehl, widow of Abraham Diehl, late of Company E, Forty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Maria A. Houston, widow of Samuel E. Houston, late of Company K, One Hundred and Thirty-eighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha C. Howe, widow of John Howe, late of Company B, Ninety-third Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Snyder, widow of John W. Snyder, late of Company I, One Hundred and Forty-sixth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sallie Miller, widow of Nathan Miller, late of Company E, One Hundred and Twenty-fifth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Winnie Hazard, widow of Flem Hazard, late of Troop A, Fifth Regiment United States Colored Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha R. Henderson, widow of Richard Henderson, late of Company E, Thirteenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha J. Blacketer, widow of George H. Blacketer, late of Company K, Fourth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Vigus, widow of John H. Vigus, late of Company B, One Hundred and Twenty-eighth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Caroline Appelt, widow of Gottlieb Appelt, late of Company H, One Hundred and First and Thirty-seventh Regiments New York Volunteer Infantry; and Battery K, Third Regiment United States Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Matilda A. Button, former widow of John Hoil, late of Company D, Second Regiment California Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Miller, widow of George Miller, late of Company H, Fifteenth Regiment New York Volunteer Engineers, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Catherine B. McCarthy, widow of Lawrence D. McCarthy, late of Company F, Third Regiment New York Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah Seward, widow of Christian Seward, late of Company I, Forty-eighth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Bridget Haley, widow of Michael Haley, late of Company B, Sixth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jennie V. Myers, widow of Peter J. Myers, late of Company A, One Hundred and Sixty-ninth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mathilda Danielson, widow of Daniel Danielson, late of Company D, Fifty-seventh Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret A. Bradshaw, widow of John G. Bradshaw, late of Company B, Ninety-eighth Regiment Illinois Volunteer Mounted Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Florence I. Huss, widow of William O. Huss, late of Company G, Twenty-second Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emily J. McCready, widow of Jacob A. McCready, late of Company G, Sixty-eighth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Susan I. Queen, widow of William H. Queen, late of Company E, Forty-seventh Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eliza Robinson, widow of William A. Robinson, late of Company K, Seventieth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Miriam A. Williams, former widow of David N. Sayrs, late of Company F, Thirtieth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary C. Snyder, widow of John Snyder, late of Company G, Eighty-sixth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Clara L. Waggoner, widow of William R. Waggoner, late of Company M, Third Regiment Indiana Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha Ferguson, widow of Finley H. Ferguson, late of Company E, Twelfth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hannah Sims, widow of William B. Sims, late of Company L, Fourth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Sophia Huber, widow of Joseph Huber, late of Company A, One Hundred and Forty-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eliza A. Washington, widow of Charles Washington, late of Company K, One Hundred and Sixteenth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Florence S. McGinnis, widow of Archibald McGinnis, late of Company A, Ninety-first and One Hundred and Twentieth Regiments Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nora D. Neal, widow of James H. Neal, late of Company B, One Hundred and Thirty-seventh Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Nancy C. Austin, widow of Pleasant Austin, late of Company M, Thirteenth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Maria O. Fowler, widow of George Fowler, late of Company K, One Hundred and Thirty-sixth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nancy Fopay, widow of Charles Fopay, late of Company E, Eleventh Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Susan B. Hill, widow of Silas P. Hill, late of Company G, Thirty-first Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah A. Morris, widow of William S. Morris, late of Company C, Thirty-first Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Margaret I. Maiden, widow of Jasper N. Maiden, late of Company A, Twenty-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Kittie G. Bozard, widow of Ashbel L. Bozard, late of Company C, One Hundred and Fifty-fourth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Evelyn C. Devereaux, widow of William H. Devereaux, late of Company F, Ninth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Addie J. Wheeler, widow of Solomon Wheeler, late of Company C, Second Regiment New York Veteran Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Augusta Bittmayer, widow of John Bittmayer, late of Company B, First Regiment Maryland Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jenettie E. Evans, widow of Daniel B. Evans, late of Battery K, First Regiment United States Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Miriam E. Crampton, widow of John H. Crampton, late of Company K, Thirteenth Regiment New York Volunteer Infantry (subsequently Third New York Volunteer Cavalry), and Company K, Fifty-fourth Regiment New York National Guard Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ella G. Millspaugh, widow of Pathuel Millspaugh, late of Company C, Seventh Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma Pierce, widow of Lyman Pierce, late of Company M, Twenty-fourth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Betsy A. Noble, widow of Bartlett A. Noble, late of Company K, Thirteenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Susan C. Stanley, widow of Luther Stanley, late of Company A, One Hundred and Fifty-fourth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha F. Reynolds, widow of Norman Reynolds, late of Company A, Forty-ninth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary L. Wilson, widow of James Wilson, late of Company C, Twenty-sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emily Turner, widow of Myron Turner, late of Company A, Forty-ninth Regiment New York Volunteer Infantry; and the Twenty-second Company, Second Battalion Veteran Reserve Corps, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Amelia A. Owen, widow of Benjamin F. Owen, late of Company C, Ninth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha E. H. Fisher, former widow of John A. Fisher, late of Company D, Twenty-third Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Mary Maley, widow of Edward Maley, late of Company C, Ninety-third Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jane Pelletier, widow of Joseph Pelletier, late of Company B, First Regiment New York Veteran Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Richmond, widow of Edward L. Richmond, late of Company A, First Battalion Seventeenth Regiment United States Infantry; and Company F, Twenty-sixth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Addie L. Wright, widow of Edward O. Wright, late of Company E, Second Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Louise E. Van Norden, widow of James W. Van Norden, late of Company K, First Regiment New York Volunteer Engineers, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ella S. T. Witbeck, widow of C. William Witbeck, late principal musician, Ninety-third Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Burley Van Fleet, former widow of Ideral K. Van Fleet, late of Company C, Thirty-third Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Mary G. Van Brunt, widow of Henry Van Brunt, late of Company C, Twenty-second Regiment Wisconsin Volunteer Infantry; and the One Hundred and Thirty-eighth Company, Second Battalion Veteran Reserve Corps, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary B. Norwood, widow of William Norwood, late of Company G, Fiftieth Regiment New York Volunteer Engineers, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Fronia L. B. Norwood, widow of Thomas W. Norwood, late of Company F, First Regiment Arkansas Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Koontz, widow of Jacob Koontz, alias Jacob Kuntz, late of Company A, Thirteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Alice Paul, widow of David Paul, late of Company F, Seventy-seventh Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ida Nagel, widow of William H. Nagel, late of Company I, Thirty-second Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha Gorsuch, widow of Richard M. Gorsuch, late of Company H, First Regiment Potomac Home Brigade, Maryland Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Tucker, widow of John Tucker, late of Company K, Twenty-seventh Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary B. Beckett, widow of William H. Beckett, late of Company D, Forty-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hattie I. Lusk, widow of Absalom A. Lusk, late of Company K, One Hundred and Twenty-fourth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna M. Curtis, widow of Horatio O. Curtis, late of Company D, Twentieth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Mearkle, widow of David S. Mearkle, late of Company G, Ninety-ninth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret E. Laidig, widow of Jeremiah Laidig, late of Company K, Twenty-second Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hattie V. Wilson, widow of Thomas H. Wilson, late of Company C, Thirty-fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Rowena Grice, widow of La Fayette Grice, late of Company G, Seventy-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Martha J. Crets, widow of Frank Crets, late of Company K, Sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Susan F. Behymer, widow of John Behymer, late of Company D, Fifty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Maggie Burke, former widow of Henry Snitker, late of Company E, Thirteenth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah A. Burd, widow of Jesse Burd, late of Company I, Fourth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Diker, widow of Charles Diker, late of the Third Independent Company, Ohio Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Safrona Elliott, widow of Isam Elliott, late of Company A, One Hundred and Fourteenth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma R. Pettie, widow of Harrison Pettie, late of Company K, Seventy-sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jennette Knapp, widow of George Knapp, late of Company G, One Hundred and Fifty-second Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Odor, widow of William Odor, late of Company K, One Hundred and Twenty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Rosetta W. Ringer, widow of Benjamin R. Ringer, late of Company F, Sixtieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah Terry, widow of Joseph B. Terry, late of Company H, One Hundred and Seventeenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ellen J. Vince, widow of William Vince, late of Company C, First Regiment Ohio Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eliza Cook, widow of John Cook, late of Company C, Fourteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jeanette Wallace, widow of William Wallace, late of Company B, One Hundred and Sixtieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Shelton, widow of Joseph Shelton, late of Company C, Twenty-second Regiment, and Company C, Seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha McGraw, widow of Wesley McGraw, late of Company H, Eighteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Delila Coffman, widow of George M. Coffman, late of Company I, One Hundred and Eighty-fifth Regiment Ohio Vol-

unteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Julia A. Hull, widow of David Hull, late of Company G, Thirty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary M. Devol, widow of Allen Devol, late of Company G, One Hundred and Fifty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha Buckingham, widow of John Buckingham, late of Company L, Twelfth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Baker, widow of John A. Baker, late of Company A, One Hundred and Forty-ninth Regiment Ohio National Guard Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Foughty, widow of Samuel Foughty, late of Company A, Second Regiment Indiana Volunteer Cavalry, and Company A, Seventy-second Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eliza Noble, widow of Henry S. L. Noble, late of Company D, Seventy-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah A. Swick, widow of Martin V. B. Swick, late of Companies D and K, Sixty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Orndurf, widow of William M. Orndurf, late of Company F, One Hundred and Fourteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Flora Smith, widow of Amos Smith, late of Company K, Seventeenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Birdie L. Santee, widow of Joseph W. Santee, late of Company H, One Hundred and Sixty-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Emma Turner, widow of James Turner, late of Company A, One Hundred and Ninty-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Alwilda Ray, widow of Sylvester Ray, late of Company B, Twelfth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret C. Mills, widow of Franklin G. Mills, late of Company D, One Hundred and First Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Wilson, widow of David Wilson, late of Company B, Fourteenth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Isabelle Call, widow of Harrison O. Call, late of Company A, Twentieth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret A. Morse, former widow of George B. Morse, late of Company G, One Hundred and First Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Saxton, widow of Burton Saxton, late of Company F, Eleventh Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Dora B. Reynolds, widow of James T. Reynolds, late of Company E, Forty-fourth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Maime F. Presley, widow of Henry A. Presley, alias Henry A. Plesley, late of Company G, One Hundred and Ninety-fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Van Treese, widow of Asbury D. Van Treese, late of Company B, First Battalion Nevada Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary F. Hudgens, widow of James M. Hudgens, late of Company C, Fourth Regiment Provisional Enrolled Missouri Militia, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha E. Humphreys, former widow of Elias Templeton, late of Company F, One Hundred and Thirtieth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Sarah I. Tomlin, widow of Calmet J. Tomlin, late of Company C, Third Regiment, and Company L, Sixth Regiment Missouri State Militia Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Alice Chapman, widow of Samuel R. Chapman, late of Company C, One Hundred and Eighth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Susan A. Pitts, widow of John W. Pitts, late of Company C, Fifth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Magdalene Emrich, widow of William F. Emrich, late of Company G, Ninth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ida H. Rupert, widow of John Rupert, late of Company F, Ninetieth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Leah Jones, widow of James Jones, late of Company L, Fourth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna M. Dennison, widow of Edward Dennison, late of the United States Navy, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Phenia E. Howard, widow of Stephan D. Howard, late of Company G, Eightieth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Georgianna Barker, widow of Edward Barker, late of Company H, One Hundred and Forty-third Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna Keener, widow of Edward Keener, alias Edward Corney, late of Company A, Fifth Regiment New Hampshire Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lydia J. Allard, widow of Jonathan Allard, late of Company E, Seventy-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ellen E. Smith, widow of George M. Smith, late of Company H, Eighth Regiment Kansas Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ella M. Tansey, widow of Anthony Tansey, late of Company D, Fifteenth Regiment Kansas Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Straube, widow of Christian Straube, late of Company B, Forty-ninth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Katharina Reis, widow of Robert Reis, late of Company C, Second Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah A. Bays, widow of Thomas J. Bays, late of Company H, Forty-second Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lyda Powell, widow of Louis Powell, late of Company C, Fifty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ella G. Munhall, widow of Thomas T. Munhall, late of Company B, Eleventh Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Ella N. Herwick, widow of Thomas G. Herwick, late of Company G, One Hundred and Tenth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma Duncan, widow of Alexander Duncan, alias Albert Duncan, late of Company B, One Hundred and Ninety-third Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Cavanagh, widow of Richard Cavanagh, late of Company E, Sixth Regiment Pennsylvania Volunteer Cavalry, and Company E, Second Regiment Pennsylvania Provisional Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Wetmiller, former widow of Samuel Hummel, late of Companies E and F, Fifty-fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary J. Aikens, widow of George C. Aikens, late of Company E, First Regiment Vermont Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah Jane Bump, widow of Edwin Bump, late of Company C, Fourth Regiment Wisconsin Volunteer Infantry, subsequently Fourth Regiment Wisconsin Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma S. Dolaway, widow of George Dolaway, late of Company I, Fiftieth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ella J. Winegar, widow of William W. Winegar, late of Company B, One Hundred and Thirtieth Regiment New York Volunteer Infantry (Nineteenth Volunteer Cavalry), and Company B, First Regiment New York Dragoons, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Carrie L. Fay, widow of Albert R. Fay, late of Company A, Hoffman's battalion, One Hundred and Twenty-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Clark, widow of Dwight C. Clark, late of Company D, Ninth Regiment, and Company M, Second Regiment, New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Harriet Brownrigg, widow of George Brownrigg, late of Company G, One Hundred and Seventh Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of L. Georgia D. Crane, widow of Henry F. Crane, late of Company G, Thirteenth Regiment Maryland Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Columbia Hankins, widow of Alexander Hankins, late of Company E, One Hundred and Forty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret V. Besa, widow of Alexander Besa, late of Company F, One Hundred and Ninety-third Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah A. Bulluck, widow of Warren Bulluck, late of Company D, Ninety-seventh Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Agnes C. Johnson, widow of Nelson W. Johnson, late of Companies H and F, Ninety-second Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hattie G. Dyer, widow of James W. Dyer, late of Company A, One Hundred and Eighteenth Regiment, and Company E, Ninety-sixth Regiment, New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mariah C. Kent, widow of George H. Kent, late of Company C, One Hundred and Eighteenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving, and continue the $20 per month additional pension now being paid for the relief and benefit of Lorenzo Kent, helpless and dependent son of the soldier, subject to the provisions and limitations of the pension laws.

The name of Laura M. Shipman, widow of Albert O. Shipman, late of Company F, Thirteenth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Deborah Pond, widow of Joseph W. Pond, late of Company L, Ninth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ida M. Lent, widow of George W. Lent, late of Company D, First Regiment New York Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Clara F. Tower, widow of Almon Tower, late of Company G, Ninety-eighth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Rose Ann Richards, widow of David Richards, late of Company H, One Hundred and Sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Kate P. Shannon, widow of James W. Shannon, late of Company K, Fourteenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Warman, former widow of Alvin V. Reynolds, late of Company C, Seventy-first Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Carrie Washburne, widow of William E. Washburne, alias William E. Conneally, late of Company A, Twenty-fourth Regiment Wisconsin Volunteer Infantry, and One Hundred and Sixtieth Company, Second Battalion Veteran Reserve Corps, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Christiann Perrigo, widow of David L. Perrigo, late of Company K, Tenth Regiment, and Company F, Sixth Regiment, New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Laura E. Boze, widow of William Boze, late of Company E, Forty-sixth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma Chapman, widow of Cary D. Chapman, late of Company L, Second Regiment Colorado Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha E. McLellen, former widow of Theodore F. McLellen, late of Company M, Thirteenth Regiment Indiana Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Oliver, widow of David Oliver, late of the United States Navy, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Lee, widow of Charles H. Lee, late of Company F, Fourth Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Nancy A. Bortner, widow of Henry S. Bortner, late of Company B, One Hundred and Fifty-second Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hannah Casler, widow of Henry Casler, late of Company C, Tenth Regiment Michigan Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Carrie Holman, widow of R. Brunson Holman, late of Company A, Ninety-seventh Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary L. Gage, widow of Augustus M. Gage, late of Company H, One Hundred and Twenty-first Regiment New York Volunteer Infantry, and One Hundred and Thirty-first Company, Second Battalion Veterans' Reserve Corps, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jane M. French, widow of Edwin Y. French, late of Company C, Sixty-first Regiment New York Volunteer Infantry, and hospital steward, United States Army, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Spencer, widow of James Spencer, late of Company I, One Hundred and Twenty-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Hawk, widow of Emanuel Hawk, late of Company D, Twenty-fifth Regiment United States Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Orrie S. McCutcheon, widow of James N. McCutcheon, late of Company A, One Hundred and Ninety-third Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Olive J. Ebert, widow of Charles W. Ebert, late of Company E, Twelfth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah A. Coonradt, widow of William A. Coonradt, late of Company K, One Hundred and Eighty-eighth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Campbell, widow of Henry Campbell, late of Company K, Fourth Regiment United States Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret J. Rinehart, widow of John Rinehart, late of Company F, Second Regiment Pennsylvania Provisional Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Minnie B. Bell, former widow of Augustus C. Bell, late of Company D, One Hundred and Third Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elmira J. Earhart, widow of William H. Earhart, late of Company G, Eighty-eighth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Melissa D. Smith, widow of John Mc. Smith, late of the unassigned Ringgold Battalion, and Company A, Twenty-second Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah J. Hochstetler, widow of William Hochstetler, late of Company H, First Battalion Pennsylvania Volunteer Infantry, and Company K, Twentieth Regiment Pennsylvania Volunteer Cavalry, and Company D, First Regiment Pennsylvania Volunteer Provisional Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hattie C. Knox, widow of William C. Knox, late of the Signal Corps, United States Army, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Alice Jordan, widow of Jacob L. Jordan, late of Company H, One Hundred and Fifty-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Cynthia A. Mitchell, widow of Wyatt M. Mitchell, late of Company E, Ninety-ninth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha A. Santway, widow of Henry E. Santway, late of Company G, One Hundred and Ninety-third Regiment

New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma B. Korn, widow of John Korn, late of Company G, Fifty-first Regiment, and Company C, One Hundred and Eighty-fourth Regiment, Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Rachel A. Barr, widow of John C. Barr, late of Company D, Fifty-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma Wiley, widow of Aquila Wiley, late colonel, Forty-first Regiment Ohio Volunteer Infantry, and major, Eighth Regiment Veteran Reserve Corps, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Agnes E. Silvernail, widow of Warren S. Silvernail, late of Company D, One Hundred and Twenty-eighth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mabel A. La Forge, widow of James La Forge, late of Company A, One Hundred and Fifty-sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Annie E. Robinson, widow of William Robinson, late of Company K, Twenty-ninth Regiment Connecticut Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ellen V. Gillson, widow of Oliver P. Gillson, late of Company L, Fifteenth Regiment New York Volunteer Cavalry, and Company L, Second Regiment Provisional New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Clara A. De Kay, widow of Peter De Kay, late of Company L, Fifth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna N. Osterhout, widow of Abraham Osterhout, late of Company K, Fifty-sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Emma Buchanan, widow of James A. Buchanan, alias James A. Buck, late of Company I, Forty-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah A. Lindsey, widow of Robert Lindsey, late of Company D, Forty-fourth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Laura E. Coon, widow of Martin V. B. Coon, late of Company G, One Hundred and Eighteenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma I. Smith, widow of Lyman Smith, late of the United States Navy, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Etta L. Tifft, widow of James H. Tifft, late of Company E, Tenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Stone, widow of James R. Stone, late of Companies H and K, Forty-sixth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah E. Johnston, widow of Miles Johnston, late of Company E, One Hundred and Ninety-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hattie M. Warner, widow of Benjamin W. Warner, late of Company C, Eighteenth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Georgianna K. Griest, widow of William P. Griest, late of Company I, Two Hundredth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nancy McClay, widow of William McClay, late of Company E, One Hundred and Second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nancy Hyson, widow of Robert Hyson, late of Company E, Nineteenth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Julia Woods, widow of Thomas Woods, late of Company A, One Hundred and Forty-seventh Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lida A. Beverly, widow of Jacob Beverly, late of Company L, First Regiment Missouri Volunteer Engineers, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Brittie Ann Gault, widow of John T. Gault, late of Company G, Sixteenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mildred C. Sexton, widow of John F. Sexton, late of Company L, Thirteenth Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anzina L. Harper, widow of Henry B. Harper, late of Company A, Tenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Barbara Cook, widow of John P. Cook, late of Company B, Eighty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Johanna E. Mouser, widow of Robert I. Mouser, late of Company M, Third Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lucinda Lauck, widow of Michael Lauck, late of Company D, Ninety-ninth Regiment, and Company D, Fiftieth Regiment, Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Cora L. Cole, widow of Jeremiah Cole, late of Company B, One Hundred and Seventy-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Emma C. Bender, widow of Joseph L. Bender, late of Company B, Tenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah D. Brooke, widow of Franklin G. Brooke, late of Company I, Sixth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah Van Tuyl, widow of John R. Van Tuyl, late of Battery A, First Battalion New York National Guard Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Emma L. Locklin, widow of John H. Locklin, late of Company F, Sixty-first Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hester A. Walmer, widow of John Walmer, late of Company A, One Hundred and Fifty-fifth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary L. Hill, widow of William Hill, late of Company K, One Hundred and Eleventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth Brown, widow of Martin Brown, late of Company C, Eleventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Frances A. Kuder, widow of Albert D. Kuder, late of Company G, First Regiment Ohio Volunteer Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Catharine Brown, widow of William Brown, late of Company K, One Hundred and Seventy-fifth Regiment, and Company I, One Hundred and Eighty-ninth Regiment, Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eunice N. Palmer, widow of William H. Palmer, late of Company B, Sixty-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nancy A. Welch, former widow of Lewis Welch, late of Company A, Sixty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ellen A. Stevens, widow of Merari B. Stevens, late of Company L, Eighth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret I. Reider, widow of Emanuel Reider, late of Company C, Forty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving, and continue the $20 per month additional pension now being paid for the relief and benefit of Joseph Reider, helpless and dependent son of the soldier, subject to the provisions and limitations of the pension laws.

The name of Mary Buhrer, widow of Martin Buhrer, late of Company C, Sixty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Catherine J. Cupp, widow of Samuel Cupp, late of Company I, One Hundred and Ninety-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Harriet Deamer, widow of Solomon Deamer, late of Company D, One Hundredth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Abbie Davison, widow of Lewellyn C. Davison, late of Company I, One Hundred and Sixty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah Marks, widow of Alonzo Marks, late of Company A, Sixty-seventh Regiment Ohio Volunteer Infantry, and pay

her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jennie Kohn, former widow of Obadiah Larimer, late of Company C, Sixty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Christena Huffman, widow of Christian Huffman, late of Company E, Eighty-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eliza V. Stevens, widow of John L. Stevens, late of Company H, Tenth Regiment Vermont Volunteer Infantry, and Twenty-fourth Company, Second Battalion, Veteran Reserve Corps, and pay her a pension at the rate of $40 per month in lieu of that she is now receiving.

The name of Elizebeth Klepper, widow of Theodore Klepper, late of Company G, One Hundred and Thirty-eighth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Louisiana Cabe, widow of Lucius H. Cabe, late of Company C, Third Regiment Tennessee Volunteer Mounted Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Kathryn Bruce, widow of John W. Bruce, late of Company D, Eleventh Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Harriet E. Bryan, widow of Samuel C. Bryan, late of Company H, One Hundred and Thirty-fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna J. Flick, widow of Benjamin Flick, late unassigned, Third Regiment Pennsylvania Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lydia R. DuBois, widow of John T. DuBois, late of Company H, Twelfth Regiment New Jersey Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Kate Schnetzler, widow of Martin Schnetzler, late of Company A, Twelfth Regiment New Jersey Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Catharine A. Page, widow of George W. Page, late of Company A, Third Regiment Pennsylvania Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna M. Simmons, widow of John Simmons, late of Company I, Forty-third Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret C. Lee, widow of William W. Lee, late of the band, Sixth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha Weiser, widow of George Weiser, late of Company A, Tenth Regiment New Jersey Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Pendegrast, widow of William Pendegrast, late of Company D, Forty-seventh Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Clara B. Kirkendall, widow of Lyman F. Kirkendall, late of Company I, Fifteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month in lieu of that she is now receiving.

The name of Mary Reynolds, widow of Henry E. Reynolds, late of Company C, Sixth Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eliar Bales, widow of Stephen Bales, late of Company A, Forty-seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Kate M. Farrell, widow of John Farrell, late of Company H, First Regiment Connecticut Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Kate Riker, widow of Charles E. Riker, late of Company D, One Hundred and Ninety-third Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Cora A. Townsend, widow of Hiram L. Townsend, late of Company D, Tenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna E. Kaney, widow of Joseph Kaney, late of Company F, One Hundred and Eighty-third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Anna M. Parish, widow of Oris Parish, late of Company K, Thirtieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lula H. Powers, widow of Rodney M. Powers, late of Troop H, Second Regiment United States Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha J. Constant, widow of John C. Constant, late of the United States Navy, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sophia Rawlins, widow of Richard N. Rawlins, late of Company H, One Hundred and Forty-second Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lydia Atkins, widow of Lewis Atkins, late of Company D, Thirty-ninth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth J. Winklepleck, widow of Samuel Winklepleck, late of Companies A and B, Second Regiment Kansas Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Stout, widow of Martin Stout, late of Company F, One Hundred and Twenty-fifth Regiment, and Company A, Sixtieth Regiment, Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary V. Conine, widow of Alfred Conine, late of Company C, Twenty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. McNeil, widow of Robert McNeil, late of Company C, One Hundred and Eighty-sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lovena Tripplett, widow of Calvin Triplett, late of Company C, Fortieth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary M. Gibbs, widow of Jaseph F. Gibbs, late of Company F, Thirteenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nancy Jarrett, widow of James M. Jarrett, late of Company C, Seventy-ninth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Frances M. Small, widow of William H. H. Small, late of Company C, Twentieth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nettie S. Taylor, former widow of William C. Schultz, late of Company K, Third Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elmira M. Webb, widow of Leroy J. Webb, late of Company K, Twelfth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha Graves, widow of Chauncey H. Graves, late of Company A, Sixty-eighth Regiment, and Company K, One Hundred and Fifty-fourth Regiment, Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Abbigial J. Brownson, widow of James M. Brownson, late of Company I, Sixtieth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Ballard, widow of Charles L. Ballard, late of Company A, Thirty-eighth Regiment, and Company D, First Regiment, Wisconsin Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Frank, widow of Joseph Frank, late of Company F, Third Regiment New York Volunteer Cavalry, and unassigned, New York Volunteer Marine Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary B. Kaiser, former widow of William Bohne, late of the band, Seventy-first Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Martha E. Watts, widow of Joseph E. Watts, late of Company E, Seventeenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Quirk, widow of Thomas Quirk, late of the unassigned detachment, Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Lovina Baumgardner, widow of John Baumgardner, late of Company E, Fifty-first Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth A. Rickenberg, widow of John Rickenberg, late of Company I, First Regiment (Lincoln) New York Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Sarah M. Flowers, widow of Selden E. Flowers, late principal musician, Twelfth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Tracy Huffman, widow of William B. Huffman, late of Company G, One Hundred and First Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Ann R. Mongan, widow of Jeremiah Mongan, late of Company H, First Regiment Potomac Home Brigade, and Company H, Thirteenth Regiment Maryland Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Barbara Wiley, widow of James P. Wiley, late of Company D, Second Regiment Potomac Home Brigade, Maryland Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Phebe L. Alspaugh, widow of James Alspaugh, late of Company C, Fourteenth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Addie Allen, widow of Stockton Allen, late of Company H, First Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary Lehnen, widow of Piere Lehnen, late of Company H, Second Regiment Wisconsin Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Maggie B. Gunsalus, widow of Alfred C. Gunsalus, late quartermaster sergeant, Ninth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary W. Hannaford, widow of Lyman B. Hannaford, late of Company D, One Hundred and Third Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Starkweather, widow of Warren H. Starkweather, late of Company H, Ninety-fourth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hulda Bennett, widow of James Bennett, late of Company M, Fourteenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hettie A. Miller, widow of John Miller, late of Company D, One Hundred and Ninety-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elmira J. Douglass, widow of William H. H. Douglass, late of Company G, Fortieth Regiment, and Company K, Fifty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Smith, widow of George W. Smith, late of Company I, Forty-eighth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Nora White, widow of John White, late of Company B, Thirty-fifth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Margaret J. Hicks, widow of William B. Hicks, late of Company I, Fourteenth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Annie E. Ashcom, widow of William Ashcom, late of Company F, Twenty-first Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary E. Warthen, widow of Alban Warthen, late of Company C, Seventy-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary G. Nohrenhold, widow of Henry S. Nohrenhold, late of Company H, One Hundred and Seventy-ninth Regiment Pennsylvania Drafted Militia Infantry, and Company G, Second Regiment Pennsylvania Volunteer Heavy Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Frances Eggleston, former widow of Edward J. Keegan, late of Company L, Seventeenth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Hannah Gibbs, widow of Michael Gibbs, late of Company A, Fourth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Jennie Wood, widow of Edward Wood, late of Company K, Third Regiment Pennsylvania Reserve Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Rachel P. Thomas, widow of Leonard R. Thomas, late captain, Company C, Ninety-seventh Regiment, and major, Ninety-seventh Regiment, Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Amanda L. Dare, widow of Henry C. Dare, late of Company H, Twenty-fourth Regiment New Jersey Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Eliza Adams, widow of Elmer Adams, late of the United States Navy, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Elizabeth M. Cox, widow of Elias G. Cox, late of Company K, Seventy-third Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Louisa Reynolds, widow of George W. Reynolds, late of Company M, Third Regiment Wisconsin Volunteer Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Smith, widow of Lampson Smith, Jr., late of Company B, One Hundred and Sixty-ninth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PENSIONS TO CERTAIN WIDOWS AND FORMER WIDOWS OF SOLDIERS, SAILORS, AND MARINES OF THE CIVIL WAR

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 12703) granting pensions to certain widows and former widows of soldiers, sailors, and marines of the Civil War.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Elizabeth Davis, widow of Simel Davis, late of Company C, Twenty-seventh Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Idella Waid, former widow of Samuel Waid, late of Company A, Seventy-seventh Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Susan Melugin, widow of Amos W. Melugin, late of Company E, Fifth Regiment Iowa Volunteer Cavalry, and Company F, Twenty-seventh Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah G. Brown, widow of Enos Brown, late of Company D, One Hundred and Eighteenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary Tompkins, widow of William Tompkins, late of Company F, Forty-sixth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Missouri P. Benton, widow of William D. Benton, late of Company B, Seventh Regiment Missouri State Militia Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary A. Nichols, widow of Albert Nichols, late of Company H, Seventh Regiment Rhode Island Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Caroline Denny, widow of Isaac Denny, late of Company C, Sixty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary H. Nash, widow of George S. Nash, late of Company D, First Regiment Missouri Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Nancy M. Pierce, widow of Franklin D. Pierce, late of Capt. Walter P. Ingram's Company D, Hall's Gap Battalion, Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Emma Wagner, widow of Charles Wagner, late of Company E, First Regiment Maryland Veteran Cavalry, and pay her a pension at the rate of $30 per month.

The name of Alice Cook, widow of Gilbert Cook, late of Company A, Sixth Regiment Indiana Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary Johnson, widow of Francis M. Johnson, late of Companies D and B, Ninth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Florence I. Steele, widow of George W. Steele, late of Company I, Sixty-first Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Flora Turner, widow of George W. Turner, late of Company E, Sixteenth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Ruth I. G. Pridham, former widow of Joseph L. Goulette, late of Company H, Eighth Regiment Michigan Volunteer

Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Louisa M. Alcorn, widow of William W. Alcorn, late of Company A, Fourteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Rachel A. Updegraff, widow of Uriah H. Updegraff, late of Company B, Fifty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Kate F. Alderson, widow of John T. Alderson, late of Company K, One Hundred and Nineteenth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Susanna Pearce, widow of Lewis S. Pearce, late of Company D, Sixth Regiment Kansas Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary W. Leslie, widow of John M. Leslie, late of Capt. Warren W. Harris' company of Howard County Volunteer Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Rachel Nash, widow of Thomas J. Nash, late of Capt. H. C. Donnohue's company of Pettis County Volunteers, Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Nancy Triplet, widow of George Triplet, late of Company B, Seventy-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Ella Taylor, widow of James H. Taylor, late of Company I, Twenty-fourth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Margaret E. Pryce, former widow of Jacob A. Thuma, late of Company C, Sixty-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Parmelia J. Woodward, widow of Stephen P. Woodward, late of Company E, One Hundred and Forty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Agnes Metcalf, widow of Allen Metcalf, late of Company I, Thirty-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Pearl Brentlinger, widow of Levi Brentlinger, late of Company I, Twenty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Orvilla Finton, widow of James Finton, late of Company F, Sixteenth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Eleanor R. Gage, widow of William G. Gage, late of Company C, Seventh Regiment Michigan Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Jane S. Murphy, widow of George W. Murphy, late of Capt. Jacob B. Cox's Company C and Capt. James H. Davis' Company K, Eighty-first Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Mary C. Wilkerson, former widow of James W. or Wallas Wilkerson, late of Company E, Eighty-seventh Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Susan Harder, widow of John W. Harder, alias J. W. Harder, late of Capt. John Hankin's Company D, Fifty-first Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Mary F. Williams, widow of John Williams, late of Capt. John W. Younger's company of the Clay County Battalion Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Louisa Wainscott, widow of James J. Wainscott, late of Company M, Sixteenth Regiment Kansas Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Nannie Blades, former widow of George Blades, late of Company B, Seventh Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Sarah C. Burnett, widow of George W. Burnett, late of Company C, Fifth Battalion Missouri State Militia, and pay her a pension at the rate of $30 per month.

The name of Edna A. Cole, widow of Henry Cole, late of the Ninth Independent Battery, Wisconsin Volunteer Light Artillery, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Mary C. McKarnin, widow of Charles McKarnin, alias Charles Carnin, late of Capt. John W. Younger's company, Clay County Battalion, Enrolled Missouri Militia, and Capt. John W. Younger's company, Clay and Clinton County, Missouri Volunteer Militia, and pay her a pension at the rate of $30 per month.

The name of Anna Fletcher, widow of John R. Fletcher, late of Company D, One Hundred and Forty-fifth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Hattie McIntosh, widow of Perry C. McIntosh, late of Company B, Fifty-first Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Amanda C. Bodenhamer, former widow of Charles McClung, late of Company E, One Hundred and Forty-fifth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Alice Chumbley, widow of John J. Chumbley, late of Company G, Twelfth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Roberta Davis, widow of Thomas F. Davis, late of Company I, Forty-second Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret E. Stephens, widow of John E. A. Stephens, late of Company E, Nineteenth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Alfrettia Smith, widow of Marion B. Smith, late of Company B, Tenth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Della Leach, widow of William N. Leach, late of Company B, One Hundred and Seventy-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth H. Camp, widow of William H. Camp, late of Company F, Sixteenth Regiment Connecticut Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Bertha T. Hastings, widow of John K. Hastings, late of Company K, Second Regiment West Virginia Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Anna L. Harman, widow of Benjamin F. Harman, late of Company B, One Hundred and Thirty-first Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah Nance, widow of John Nance, late of Capt. Shadrach Combs' Company D, Three Forks Battalion, Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Lucy Jones, widow of John L. Jones, late of Company F, Forty-seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Mollie Sigman, widow of John Sigman, late of Company B, Fourth Regiment Kentucky Volunteer Mounted Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Mumzell Woldredge, widow of John Woldredge, late of Company I, Fifth Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Ada Simpson, widow of Simuel Simpson, late of Company G, Thirty-second Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lorania M. Blackman, widow of William A. Blackman, late of Company I, Eighteenth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Marietta Cannon, former widow of Joseph Carver, late of Company B, One Hundred and Twenty-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Angeline Hart, former widow of James M. Hart, late of Company G, Eighth Regiment, and Company D, Eleventh Regiment, Missouri Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Agnes P. Miller, widow of James A. Miller, late of Company F, Fourth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Catherine Orender, widow of William Orender, late of Capt. Thomas K. Paul's company of Wright County, Volunteer Missouri Militia, and pay her a pension at the rate of $20 per month.

The name of Mary B. Morris, widow of William F. Morris, late of Company C, Ninth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Katie A. Smith, widow of Richard G. Smith, late of Company A, Twelfth Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Melissa P. Seneker, widow of Jacob C. Seneker, late of Company C, Forty-fourth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Ida A. Borthwick, widow of Charles F. Borthwick, alias Franklin Brown, late of Company I, Fifty-third Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Agnes Crawford, widow of Edward Crawford, late of Company F, Fifteenth Regiment Maine Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Cora Dawson, widow of Samuel Dawson, late of Company C, Sixteenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Cora B. Gardner, widow of James Gardner, late unassigned, Eighteenth Regiment, and Company E, Ninth Regiment, New York Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Ella Chapman, former widow of Charles H. Halsey, late of Company G, First Regiment New York Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Mary P. Smith, widow of Ellis Z. Smith, late of Company G, Seventy-sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Emma W. Zane, widow of Ethan L. Zane, late of Company E, Fifteenth Regiment Kansas Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Ruth P. Kerns, widow of John W. Kerns, late lieutenant, W. A. Cornelius' detachment of Company H, Eighty-first Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Willanna Green, widow of Thomas G. Green, late of Company I, Fourth Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Issadorah Wilson, widow of James Brooks, known as James W. Wilson, late of Company B, Eighty-third Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Laura E. Rowell, widow of John M. Rowell, late of Company H, One Hundred and Thirty-ninth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Adams, widow of William H. Adams, late of Capt. William Miller's Company G, Sixtieth Regiment Enrolled Missouri Militia, and Capt. William E. McGinnis' Company H, Eleventh Regiment Kansas State Militia, and pay her a pension at the rate of $30 per month.

The name of Nettie B. Protzman, widow of Absalom N. Protzman, late of Company D, Twenty-first Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Alfarata Phillips, widow of Hiram A. Phillips, alias Hiram A. Thomas, late of Company A, Sixth Regiment Massachusetts Militia Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Eleanor A. Warren, widow of William M. Warren, late of Company B, Fifty-first Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lucy C. Montgomery, widow of Alexander H. Montgomery, late of Company H, Eighteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jennie Tewksbury, widow of Aaron Tewksbury, late of Company C, One Hundred and Forty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Harriett A. Litten, widow of Silas N. Litten, late of Company F, Forty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary Ann Melvin, widow of James M. Melvin, late of Company G, One Hundred and Ninety-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary V. Saliesbury, widow of James Saliesbury, late of Company A, One Hundred and Fortieth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Josephine Black, widow of Levi M. Black, late of Company F, Fifty-seventh Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Allen, widow of Hugh Allen, late of Company F, Forty-second Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jeanette Nelson, widow of Milton Nelson, late of Company H, Twelfth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Carrie Thompson, widow of Joseph D. Thompson, late of Company B, Twenty-sixth Regiment Illinois Volunteer Infantry, and Company F, Second Regiment United States Veteran Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Nora B. Dunlavy, widow of Henry F. Dunlavy, late of Company G, Second Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Anna Maude Delay, widow of George W. Delay, late landsman, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Ella Orr, widow of James Orr, late of Company C, Twenty-first Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary J. Waltenbaugh, widow of Jacob Waltenbaugh, late of Company H, Seventy-seventh Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of H. Emma Streepy, widow of Isaac Streepy, late of Company I, Thirty-sixth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Agnes M. Jackman, widow of George C. Jackman, late of Company I, Thirteenth Regiment New Hampshire Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Anna E. Eldridge, widow of William H. Eldridge, late of Company G, Thirtieth Regiment Maine Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Mary A. C. Scales, widow of Henry Scales, late of Company E, Twenty-fourth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary C. Learned, widow of Henry Learned, late of Company K, Eighteenth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lizzie M. Schaber, widow of Louis Schaber, late of Company D, Seventh Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Sarah A. King, widow of John W. King, late of Company A, Thirteenth Regiment, and Company I, Fifty-sixth Regiment, Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Emma Wood, widow of Lewis Wood, late of Company H, One Hundred and Fortieth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Ethel S. Ferguson, widow of Samuel Ferguson, late of Company E, Fourth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Ada Plattenberger, widow of Jacob P. Plattenberger, late of Company G, Second Regiment Pennsylvania Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Maria B. Thompson, widow of William J. Thompson, late coal heaver, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Annie S. Nealley, widow of Meldon A. Nealley, late of Company B, Maine State Guards, and pay her a pension at the rate of $30 per month.

The name of Louisa F. Mansfield, widow of James W. Mansfield, late of Company H, Eleventh Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary Miller, widow of Winston Miller, late of Company K, One Hundred and Twenty-fifth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mattie L. Stults, widow of John S. Stults, late of Company L, Thirteenth Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Frances Vaughn, widow of Woodson Vaughn, late of Company F, One Hundred and Twenty-fifth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Julia Lyon, widow of James B. Lyon, late of Company D, Seventeenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary J. Logsdon, widow of Harrison Logsdon, late of Company H, Twenty-seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Martha Kasinger, widow of Nicholas C. Kasinger, late of Capt. Richard F. Taylor's Company C, Middle Green River Battalion Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Gorda James, widow of Thomas F. James, late of Capt. Richard F. Taylor's Company C, Middle Green River Battalion Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Alwilda Brooks, widow of Calvin W. Brooks, alias C. W. Brooks, late of Lt. Jesse B. Taggart's Company D, Middle Green River Battalion, Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Mary E. Sutherland, widow of Robert A. Sutherland, late of Company K, Twenty-sixth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mattie Bumgardner, widow of Emmett Bumgardner, late of Company F, Thirty-seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Marie Brown, widow of William R. Brown, late of Company H, One Hundred and Thirty-seventh Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Fannie L. Leonard, widow of George B. Leonard, late landsman, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Mary Banks Fuller, widow of Thomas G. Fuller, late of the Twentieth Unattached Company, Massachusetts Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret Thurman, widow of Samuel Thurman, late of Company B, One Hundred and Sixteenth Regiment, and Company I, One Hundred and Fiftieth Regiment, Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah E. Goine, widow of William H. Goine, late of Company C, Thirteenth Regiment Indiana Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Minnie Smith, widow of Emerson Smith, late of Company H, Twenty-second Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Nettie J. Brown, widow of Jesse Brown, alias Jesse Brown Buck, late of Company K, Third Regiment New York Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Catherine J. Hoyer, widow of Arthur Hoyer, late of Company A, Seventy-sixth Regiment New York Volunteer Infantry, and Company E, Second Regiment New York Volunteer Artillery, and pay her a pension at the rate of $30 per month.

The name of Martha Ella Downing, former widow of George W. Friend, late of Company E, One Hundred and Fourteenth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Hulda S. Dick, widow of Samuel M. Dick, late of Company D, Twelfth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Carroll, former widow of William C. Guyer, late of Company E, Twenty-first Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Sarah A. Thomas, widow of Andrew Thomas, alias Anderson Thomas, late of Capt. Joel C. Bussey's company of Bath County Rangers, Kentucky State Troops, and Capt. William Searcey's Company F, First Regiment, Capital Guards, Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Jessie M. Warner, widow of William C. Warner, late of Company B, Ninth Regiment Indiana Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Julia A. Taylor, former widow of William T. Wray, late of Company L, Seventh Regiment West Virginia Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Flora E. Bailey, widow of Lewis J. Bailey, late of Company B, Fifty-first Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Anna H. Brock, widow of Allen Brock, late of Company D, Nineteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jane E. Mitchell, widow of James F. Mitchell, late of Company H, One Hundred and Seventeenth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Pearl Thomas, widow of John N. Thomas, late of Company F, Fifty-fifth Regiment, and Company G, One Hundred and Fifteenth Regiment, Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Annie Lewis, widow of George Lewis, late of Company A, Fifty-fifth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Maryette Sweet, former widow of Delavan Devoe, late of Company F, Fourteenth and One Hundred and Eighty-sixth Regiments New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Josie Greathouse, widow of William Greathouse, late unassigned, Ninety-eighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Anna L. Rumsey, widow of Horace N. Rumsey, late of Company A, One Hundred and Forty-eighth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lydia E. Perkins, widow of Charles Z. Perkins, late of Companies F and E, Seventy-fifth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Phoeba Fite, widow of Nathaniel M. Fite, late of Company D, Fourth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Margaret M. Crane, widow of Daniel E. Crane, late of Company D, One Hundred and Fifty-third Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Laura C. Clark, widow of Walter S. Clark, late of Company C, Twenty-sixth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lee Rigsby, widow of James E. Rigsby, late of Company C, Fifty-second Regiment Kentucky Volunteer Mounted Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah Ann B. Emry, widow of William M. Emry, late of Capt. Richard F. Taylor's Company C, Middle Green River Battalion Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Belle B. Hood, widow of Andrew J. Hood, late of Company E, Fifty-second Regiment Kentucky Volunteer Mounted Infantry, and pay her a pension at the rate of $30 per month.

The name of Sylvia Abner, widow of Isaac N. Abner, late of Capt. Richard F. Taylor's Company C, Middle Green River Battalion Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Annie Lewis, widow of Taylor Lewis, late of Company B, One Hundred and Twenty-third Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jennie Welborn, widow of William T. Welborn, late of Company E, Twenty-sixth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret Officer, widow of Robert Officer, late of Company L, First Regiment Arkansas Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Lou Jones, widow of Francis M. Jones, late of Company K, Third Regiment Arkansas Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Jemima Reeves, widow of Francis M. Reeves, late of Company B, First Regiment Arkansas Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Bettie A. Reese, widow of Sherwood R. Reese, late of Company K, Second Regiment Missouri Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Martha J. Hopper, widow of Robert B. Hopper, late of Company E, Eighth Regiment Missouri State Militia Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Lillie Siemiller, widow of Israel Siemiller, late of Company D, Fourth Regiment Iowa Volunteer Infantry, and Company C, Fifty-first Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Sarah Smith, widow of Henry Smith, late of Capt. William Strong's Company E, Three Forks Battalion Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Margaret Moore, widow of James F. Moore, late of Company E, Forty-seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Minerva Wells, widow of William Wells, late of Company D, Three Forks Battalion Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Emily J. Poe, widow of Meredith Poe, late of Companies F and D, Fourteenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lucinda McDaniel, widow of Arthur McDaniel, late of Capt. William Strong's Company E, Three Forks Battalion Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Emeline Gambrel, widow of Joseph Gambrel, alias Joseph Garbral, late of Capt. Francis M. Vaughn's Company B, Three Forks Battalion Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Polly Stewart, widow of Jesse Stewart, late of Company K, Fortieth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Luticia C. Anderson, widow of King D. Anderson, late of Company A, Third Regiment Tennessee Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah J. Green, widow of Robert Green, late of Company H, Ninth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Lester N. Hays, widow of William Hays, late of Company I, Seventh Regiment Tennessee Volunteer Mounted Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Hannah L. Heaton, widow of Murphy Heaton, late of Company M, Thirteenth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Allie M. Walker, widow of Marshall A. Walker, late of Company A, Sixth Regiment Tennessee Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Susan E. Jeffres, widow of William Jeffres, late of Company C, Eleventh Regiment, and Company I, Ninth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Maggie Allen, widow of Calvin Allen, late of Company G, Forty-ninth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Louisa Weaver, widow of Gordon Weaver, late of Companies H and E, Ninth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Martha Wyatt, widow of James E. Wyatt, late of Company A, Seventh Regiment Tennessee Volunteer Mounted Infantry, and pay her a pension at the rate of $30 per month.

The name of Zubie Owens, widow of William Owens, late of Company B, Eighth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Nancy V. Mosher, former widow of Jonathan Rains, late of Capt. Henry G. Bollinger's company of Camden County Volunteer Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Mary E. Mecomber, widow of Joseph Mecomber, late of Company C, Eighth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Malisa Maze, widow of William Maze, late of Lieutenant Dietrich's company, Cooper County Provisional Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Annie E. McKown, widow of William H. McKown, late of Company A, One Hundred and Fifty-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Annie C. Linthicum, former widow of Christian A. Witt, late of Company A, One Hundred and Forty-second Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Ruah L. Martin, widow of William T. Martin, late of Capt. Richard Murphy's company of Pulaski and Texas Counties, Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Emma Knight, widow of Moses Knight, late of Company G, Twenty-fourth Regiment and Company G, Twenty-first Regiment, Missouri Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Adminnistration.

The name of Sarah K. Copeland, widow of Joseph T. Copeland, late of Company K, Ninth Regiment Provisional Enrolled Missouri Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Nan A. Benson, widow of McCloud Benson, late of Company C, Eighth Regiment Missouri State Militia Cavalry, and pay her a pension at the rate of $30 per month.

The name of Annie Rhodes, widow of Jacob Rhodes, late of Company B, Third Regiment Missouri State Militia Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Frances E. Newton, former widow of Israel Newton, alias John Scott, late of Company C, Second Regiment United States Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret F. Wilson, widow of James H. Wilson, late of Companies D and G, Thirteenth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Flavia F. Kile, widow of Ransome Kile, late of Company A, Seventy-third Regiment, and Company I, Thirty-eighth Regiment, Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lucretia E. Barton, widow of Morgan Barton, late of Company M, Twenty-second Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Sylvia I. Whiteman, widow of John A. Whiteman, late of Company M, Nineteenth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Carrie M. Poole, widow of Charles H. Poole, late of Company G, Thirty-ninth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Emma Burdge, widow of Alonzo G. Burdge, late of Company K, Fifty-fourth Regiment, and Company K, One Hundred and Forty-eighth Regiment, Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Ida L. Budd, widow of George W. Budd, late of Company L, Fifth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Jennie E. Key, widow of John H. Key, late of Company H, One Hundred and Thirty-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Ella Pierce, widow of Joseph H. Pierce, late of Company I, Sixty-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lillie E. Brinkerhoff, widow of Leland Brinkerhoff, alias Levi Brown, late of Company H, Fourteenth Regiment New York Volunteer Heavy Artillery, Companies G and A, Third Regiment New York Volunteer Cavalry, and Company F, Fourth Regiment New York Provisional Cavalry (formerly First Regiment New York Volunteer Mounted Rifles), and pay her a pension at the rate of $30 per month.

The name of Hortense Van Horn, widow of William H. Van Horn, late of Company D, Ninety-third Regiment New York National Guard Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Anna V. Peck, widow of John L. Peck, late of Company C, One Hundred and Fourth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Marilla A. Buchwalter, widow of Edward L. Buchwalter, late of Company A, One Hundred and Fourteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jennie Freeman, widow of William A. Freeman, late of Company F, Twenty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Snyder, widow of Isaac P. Snyder, late of Company I, One Hundred and Eighty-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jessie B. McElroy, widow of Samuel McElroy, late of Company B, One Hundred and Eighty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Belle Robinson, widow of Charles H. Robinson, alias Archibald Bush, late of Company L, Twelfth Regiment United States Colored Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Rhoda H. Lozier, widow of Alexander H. Lozier, late of Company B, Second Regiment and Company A, Fifteenth Regiment, New Jersey Volunteer Infantry, and Company A, Second Veteran Battalion, New Jersey Infantry, and pay her a pension at the rate of $30 per month.

The name of Matilda E. A. Hornback, widow of John Hornback, late of Company D, Eleventh Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Bussard, widow of Salem Bussard, late of Company I, One Hundred and Fifty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Norma Roush, widow of Eli Roush, late of Company C, Fourth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Debbie Klingler, widow of Isaac Klingler, late of Companies G and F, One Hundred and Fourteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Agnes E. Kimmel, widow of David F. Kimmel, late of Company K, Fifth Regiment, Pennsylvania Volunteer Heavy Artillery, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Annie Beals, widow of John Beals, late of Company G, Eighth Regiment Massachusetts Militia Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Jennie M. Spaulding, widow of Dennison F. Spaulding, late of Company K, Seventh Regiment Vermont Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Florence I. Christie, widow of Joseph B. Christie, late of Company E, Third Regiment Michigan Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of May Tuffree, widow of Francis Tuffree, late of Company H, Thirteenth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Lena L. Evans, widow of Isaac T. Evans, late of Company D, One Hundred and Thirteenth Regiment Ohio Volunteer Infantry, and Company F, Seventh Regiment Veteran Reserve Corps, and pay her a pension at the rate of $30 per month.

The name of Ella B. Kinnamon, widow of Harrison Kinnamon, late of Company I, Thirty-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary G. Sherwood, widow of Smith J. Sherwood, late of Captain Smith's Battery A, Chicago Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Margaret Schofield, widow of Daniel H. Schofield, alias Daniel H. Cofield, late ordinary seaman, United States Navy, and Company D, Twenty-second Regiment Ohio Volunteer Infantry, and Battery L, First Regiment Ohio Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Amanda Napier, widow of Francis M. Napier, late of Company I, Twelfth Regiment Missouri Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Belle Hockensmith, widow of Thomas L. Hockensmith, late of Company K, Seventy-seventh Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Lillian La Motte, widow of William O. La Motte, late of Company H, Forty-sixth Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Ethel Kapp, widow of Andrew W. Kapp, late of Captain Tanner's independent company, Pennsylvania Volunteer Infantry, and Company D, Fifty-sixth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mattie Mayo, widow of John A. Mayo, late of Company C, Forty-sixth Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Della R. Birney, widow of Nelson L. Birney, late of Company F, Ninety-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lottie Smith, widow of James W. Smith, late of Company D, Eightieth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Mary C. Severs, widow of Azaria Severs, late of Company B, Green River Battalion Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Florence Bonnell, widow of George W. Bonnell, late of Company I, One Hundred and Seventy-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Narcissa Walter, widow of Israel Walter, late of Company L, Fifth Regiment Pennsylvania Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Sarah R. Beggs, widow of James M. Beggs, late of Company H, Twelfth Regiment Ohio Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Julia C. Messamore, widow of Thomas Messamore, late of Company F, Seventh Regiment Tennessee Volunteer Mounted Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Lizzie E. Brown, widow of Martin J. Brown, late of Company D, Seventy-fourth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Rosa M. Green, widow of Solomon J. Green, late of Company B, Forty-seventh Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Alvesta Otto, widow of Charles A. Otto, late of Company C, Eleventh Regiment Minnesota Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sadie Hainline, widow of Nathan T. Hainline, late of Company A, Sixteenth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Sarah M. Williams, widow of Benjamin F. Williams, alias F. Williams, late of Capt. W. A. Mann's company of Independent Scouts for Greenbrier County, West Virginia State Troops, and pay her a pension at the rate of $30 per month.

The name of Clara L. Garvin, widow of Evelyn F. Garvin, late of Company H, Third Regiment Vermont Volunteer Infantry, and Company I, Fifth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Antonia Kuehn, widow of Otto Kuehn, late acting assistant surgeon (contract surgeon), United States Army, and pay her a pension at the rate of $30 per month.

The name of Sarah E. Linder, widow of George W. Linder, late of Company H, One Hundred and Seventh Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Helen R. Pitney, widow of Orville L. Pitney, late of Company A, Seventy-eighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Harriet A. Ward, widow of Charles H. Ward, late hospital steward, United States Army, and pay her a pension at the rate of $30 per month.

The name of Sarah J. Cluter, former widow of Absalom Hunsaker, alias Abosolm or Absolom Hunsaker, late of Company I, Fiftieth Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Mary E. Hoffman, former widow of John R. Hoffman, late of Company E, Twenty-first Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth Ellen Barker, widow of Ira Barker, Jr., late of Company G, Eighteenth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah A. DeGross, widow of Ross A. DeGross, late of Company A, Sixteenth Regiment United States Infantry, and pay her a pension at the rate of $30 per month.

The name of Neville S. Tout, widow of Henry C. Tout, late of Company B, One Hundred and Seventeenth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah J. Clarkson, widow of Thaddeus Clarkson, late of Company K, Eighty-sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah M. Swafford, widow of George W. Swafford, late of Company F, Sixth Regiment Tennessee Volunteer Mounted Infantry, and pay her a pension at the rate of $30 per month.

The name of Laura A. Garrison, widow of Lewis W. Garrison, late of Company B, Eleventh Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Alice B. Mitchell, widow of Thomas F. Mitchell, late of Company A, Twenty-first Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Mary A. Hayes, widow of Charles J. Hayes, late of Company H, Sixteenth Regiment Maine Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah E. Sutton, widow of Albert Sutton, late of Company G, Sixtieth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jennie S. Bogardus, widow of John E. Bogardus, late of Company K, Fourteenth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Sarah M. H. Nickerson, widow of Henry O. Nickerson, late of Company A, Third Regiment Rhode Island Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Bertha L. Wade, widow of Samuel J. Wade, late of Company C, Sixtieth Regiment Massachusetts Militia Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Dora B. Mann, widow of John E. Mann, late of Company G, Nineteenth Regiment Massachusetts Volunteer Infantry, and Company F, Twenty-fourth Regiment Veteran Reserve Corps, and pay her a pension at the rate of $30 per month.

The name of Mary Spear, widow of Albert A. Spear, late of Company G, Fourth Regiment Massachusetts Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Mary E. O'Keefe, widow of Daniel H. O'Keefe, alias Daniel Hennessy, late of Company F, Second Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Lizzie Lawson, widow of George N. Lawson, late of Company G, Nineteenth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Jennie L. McNeill, widow of James McNeill, alias James Johnson, late of Company L, Twelfth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Anna Angelow, widow of William J. Angelow, late unassigned, One Hundred and First Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Agnes G. Smith, widow of Dayton Smith, late of Company D, One hundred and Thirty-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Ella F. Stewart, former widow of William Stewart, late of Company M, Second Regiment Colorado Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Annie M. Swingle, widow of Calvin F. Swingle, late of Company A, Twenty-sixth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lena P. Riddick, widow of Isaac H. Riddick, late of Company A, One Hundred and Thirty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah J. Tuttle, former widow of Horatio J. Tuttle, late of Company B, First Regiment Potomac Home Brigade, and Company B, Thirteenth Regiment Maryland Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Annie M. Oliver, widow of John F. Oliver, alias Francis Oliver, late ordinary seaman, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Lucy Pierce, widow of Samuel W. Pierce, late of Company F, Seventeeth Regiment Massachusetts Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Maggie A. Bernethy, widow of Robert P. Bernethy, late of Company F, One Hundred and Fifty-first Regiment Indiana

Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mira W. Miller, widow of Henry A. Miller, late of Company E, Ninety-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Hattie E. Shobe, widow of Hugh Shobe, late of Company E, One Hundred and Eighth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary H. Roberts, widow of Francis M. Roberts, late of Company D, Thirty-third Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Maude Campbell, widow of John P. Campbell, late of Company B, Fifty-second Regiment Kentucky Volunteer Mounted Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Neley Keller, widow of William Keller, late of Company D, Twenty-eighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Laura C. Hobbs, widow of Andrew J. Hobbs, late of Company F, Ninth Regiment Maryland Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Cora J. Lowell, widow of Edwin A. Lowell, late of Company D, Fifty-eighth Regiment New York National Guard, and pay her a pension at the rate of $30 per month.

The name of Grace E. Fairchild, widow of William Fairchild, late of Company B, Nineteenth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Mary E. Michaud, widow of Henry Michaud, late of Company D, Forty-eighth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Eliza J. Wilkinson, widow of Thomas A. Wilkinson, late of Company A, Ninth Regiment Indiana Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Grace V. Lawrence, widow of Isaiah E. Lawrence, late of Company E, One Hundred and Sixty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lena K. Wagner, widow of Phillip H. Wagner, late of Company F, Twentieth Regiment Illinois Volunteer Infantry and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Esther Critchell, widow of William Critchell, late of Companies E and C, Forty-ninth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Betsy Ann Boles, widow of William M. Boles, late of Company B, Fifth Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Louise O. Bowman, widow of William H. Bowman, late of Company A, One Hundred and Fifty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Unoca Ferguson, widow of James H. Stapleton, known as James H. Ferguson, Jr., late of Company K, Fifty-third Regiment Kentucky Volunteer Mounted Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Annie I. Ritz, widow of John Ritz, alias Daniel Dreibelbies, late of Company C, Sixty-ninth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lottie L. Stoner, widow of Martin G. Stoner, late of Company C, Third Regiment Pennsylvania Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Catharine Gunderman, widow of Samuel Gunderman, late of Company F, Forty-sixth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah M. Waugh, widow of Enoch L. Waugh, late of Battery E, West Virginia Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Mary E. Brewer, widow of Francis M. Brewer, late of Capt. Jacob Bane's Cavalry Company E, Mercer County Battalion, Missouri State Militia, and pay her a pension at the rate of $30 per month.

The name of Della Rankin, widow of George W. Rankin, late of Company B, One Hundred and Thirty-fifth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary Long, widow of John C. Long, late of Company H, Thirty-fifth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Viannie M. Walters, widow of George T. Walters, late of Company D, Sixth Regiment West Virginia Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Edith M. Cruise, widow of John D. Cruise, late telegrapher, Military Telegraph Corps of the Army of the United States, and pay her a pension at the rate of $30 per month.

The name of Charlotte M. Spaulding, widow of Franklin M. Spaulding, late first lieutenant and regimental commissary, Second Regiment United States Colored Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Sylvia Campbell, widow of Fletcher Campbell, late of Company F, Tenth Regiment Michigan Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Herthe L. R. Whitney, widow of William W. Whitney, late acting assistant surgeon, United States Army, and pay her a pension at the rate of $30 per month.

The name of Susan Van Pelt, former widow of William Allerton, late of Company B, Sixty-fifth Regiment Ohio Volunteer Infantry, and Company K, Fifth Regiment Veteran Reserve Corps, and pay her a pension at the rate of $30 per month.

The name of Mary J. Ferguson, widow of Archey C. Ferguson, late of Company D, Twenty-ninth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret Haskin, former widow of Andrew J. Fisher, late of Company F, Third Regiment Wisconsin Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Elise M. Lum, widow of Cyrill A. Lum, late of Company H, One Hundred and Eighty-fifth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lu M. Linscott, widow of John F. Linscott, late of Company A, First Regiment Massachusetts Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Lura H. P. Markley, widow of Henry H. Markley, late regimental commissary sergeant, Second Regiment California Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Ida M. Miller, widow of Alfred F. Miller, late of Company E, One Hundred and Forty-seventh Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Olivia Stebbins, widow of Austin E. Stebbins, late of Company C, Eighty-eighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Clara L. Owens, widow of Thomas M. Owens, late of Company G, Twenty-fourth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Daisy Vredenbergh, widow of Samuel F. Vredenbergh, late of Company K, Fifty-sixth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Della Bond, former widow of Jesse H. Bond, late of Company F, Fifty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Irene C. Flack, widow of William A. Flack, late of the United States Marine Corps, and pay her a pension at the rate of $30 per month.

The name of Eliza James, widow of Calvin James, late of Troop G, Sixth Regiment West Virginia Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Belle R. Taylor, widow of Richard Taylor, late of Company K, Eleventh Regiment United States Colored Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Susie E. Payne, widow of Arthur B. Payne, late of Company L, Twenty-second Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Agnes Holbrook, widow of David Holbrook, late of Company H, Thirteenth Regiment New Hampshire Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Elizabeth Smith, widow of James W. Smith, late of Company H, Ninety-second Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Minnie F. R. Leach, widow of Charles Leach, late of Company A, Forty-ninth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Alta Manypenny, widow of Albert Manypenny, late of Company I, Twenty-second and Twenty-ninth Regiments Michigan Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mattie St. Clair, widow of Grismore St. Clair, late of Company F, One Hundred and Second Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Emma T. Porter, widow of Nelson L. Porter, late of Company A, Twenty-first Regiment Connecticut Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Bessie Hall, widow of William Hall, late of the First Independent Battery, Minnesota Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Emma Caroline Washburn, widow of Nelson Washburn, late of Company L, Tenth Regiment New York Volunteer Cavalry, and pay her a pension at the rate of $20 per month and

increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Hattie Yarwood, widow of Norman B. Yarwood, late of Company D, First Battalion, Sixteenth Regiment United States Infantry, and pay her a pension at the rate of $30 per month.

The name of Lillie Daley, widow of Palan R. Daley, late of Company H, Second Regiment Tennessee Volunteer Mounted Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Bertha M. Lewis, widow of Samuel E. Lewis, late of Company A, One Hundred and Forty-eighth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Joanna Gray, widow of David Gray, late of Company G, Twenty-seventh Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Salina J. Slaughter, widow of Elijah T. Slaughter, late of Company K, Seventy-seventh Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Hattie House, widow of Draper F. House, late of Capt. William F. Pell's company of Independent Scouts for Wirt County, West Virginia State Troops, and pay her a pension at the rate of $30 per month.

The name of Julie A. Allen, widow of James Allen, late of Company K, First Regiment California Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Rose Milliman, widow of John Milliman, late of Company A, One Hundred and Second Regiment New York Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Louise Workman, widow of Thomas Workman, late of Company I, Ninth Regiment West Virginia Volunteer Infantry, and Company D, First Regiment West Virginia Veteran Infantry, and pay her a pension at the rate of $30 per month.

The name of Minnie A. Lacy, widow of Miles H. Lacy, late of Company D, Forty-fifth Regiment Kentucky Volunteer Mounted Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Carrie Stidham, widow of Samuel Stidham, late of Capt. William Strong's Company E, Three Forks Battalion Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Jane Armstrong, widow of James W. Armstrong, late of Company F, Sixth Regiment Michigan Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Annie E. Jackson, widow of William H. Jackson, late of Company A, Fifth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Mary E. Ringer, widow of George A. Ringer, late of Company C, Sixty-first Regiment, and Company I, Twenty-third Regiment, New York Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Nora Pierce, widow of David E. Pierce, late of Company A, Forty-first Regiment Ohio Volunteer Infantry, and Battery E, Kentucky Volunteer Light Artillery, and pay her a pension at the rate of $30 per month.

The name of Reatha Reneau, widow of Napoleon Reneau, late of Company M, Second Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Hattie Harvey, widow of James J. Harvey, late of Company D, Eleventh Regiment, and Company K, Ninth Regiment, Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Lucy E. Huff, widow of Jonas Huff, late of Company F, Fourth Regiment Tennessee Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah L. Ellison, widow of Berry Ellison, late of Company C, First Regiment Tennessee Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Martha Story, widow of Thomas Story, late of Company M, Eighth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Venia Moody, widow of Francis M. Moody, late of Company A, Thirteenth Regiment Tennessee Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Cinda Forbes, widow of William Forbes, late of Company E, Third Regiment North Carolina Volunteer Mounted Infantry, and pay her a pension at the rate of $30 per month.

The name of Sarah J. Lake, widow of John C. Lake, late of Company I, Sixteenth Regiment Michigan Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Mitchell, widow of Thomas J. Mitchell, alias T. J. Mitchell, late of Company M, Seventy-third Regiment Enrolled Missouri Militia, and Capt. William L. Fenix's company of Taney County, Volunteer Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Effie T. McElhiney, widow of Robert T. McElhiney, alias Robert McElhaney, late of Capt. C. B. Owen's company, Missouri Home Guards, and Capt. G. H. Rumbaugh's company of Cavalry (Berry's battalion), Thirteenth Regiment Missouri Volunteers, and pay her a pension at the rate of $30 per month.

The name of Lydia A. Havens, widow of Benjamin Havens, late of Company G, Ninth Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Nettie LaTour Welcome, widow of Francis D. Welcome, late of Company F, One Hundred and Seventeenth Regiment New York Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Catherine C. West, widow of Handy West, late of Company A, One Hundred and Twenty-seventh Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Hattie Ware, widow of Franklin Ware, late of Company B, One Hundred and Twenty-fourth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary Newton, widow of William B. Newton, late of the Kentucky State Volunteer Militia, and pay her a pension at the rate of $30 per month.

The name of Mariah M. Johnson, widow of Greenville Johnson, late of Captain William D. Caldwell's Company G, Three Forks Battalion, Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Lucy Leach, widow of Henry C. Leach, late of Company K, Nineteenth Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Maggie Berry, widow of Samuel Berry, alias Samuel Cynthiana, late of Company D, Twelfth Regiment United States Colored Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Lou A. Strother, widow of George W. Strother, late of Company K, First Regiment Capitol Guards, Kentucky State Troops, and pay her a pension at the rate of $30 per month.

The name of Elsie Latshaw, widow of George Latshaw, alias George Gatshaw, late of Company D, One Hundred and Twenty-third Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Frances Collins, widow of Levi Collins, late of Company D, Forty-seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Emma Ferris, widow of Jacob Ferris, late of Company H, Eleventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mary E. Hilles, widow of Charles H. Hilles, late of Troop L, Sixth Regiment United States Cavalry, and pay her a pension at the rate of $30 per month.

The name of Ellen Edwards, widow of James Edwards, late of Company F, Sixth Regiment Illinois Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Jennie Washington, widow of Otho Washington, late of Company B, Fortieth Regiment United States Colored Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Mollie B. Clinkinbeard, widow of James L. Clinkinbeard, late of Capt. James H. Davis' Company K, Twenty-fifth Regiment Enrolled Missouri Militia, and pay her a pension at the rate of $30 per month.

The name of Eudora M. Elkins, widow of Calvin P. Elkins, late of Company F, Third Regiment Tennessee Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Margaret Jane Asberry, widow of Franklin C. Asberry, late of Company D, Seventh Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Eliza Cupp, widow of Lemon V. Cupp, late of Company I, One Hundred and Twenty-sixth Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Julia A. Allen, former widow of Prosper W. Lawrence, late unassigned, Fourteenth Regiment New York Volunteer Heavy Artillery, and Company I, Sixth Regiment New York Volunteer Heavy Artillery, and pay her a pension at the rate of $30 per month.

The name of Mary A. Lynch, widow of Thomas Lynch, late of Company B, Forty-eighth Regiment Wisconsin Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Olive M. Hunt, widow of Robert R. Hunt, late of Company F, One Hundred and Fifty-sixth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Emma Z. Bowden, widow of Edward Bowden, late of Company C, Seventeenth Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Elizabeth J. Lloyd, widow of William E. Lloyd, late of Company D, Fourth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Mary A. McCullough, widow of George McCullough, late of Company G, Sixteenth Regiment Kansas Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Kitty Alice Love, widow of George P. Love, late of Company D, Twenty-eighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Phina McCrary, widow of Ira McCrary, late of Company D, Sixth Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Frances C. Strickler, widow of William J. Strickler, late of Companies G and C, One Hundred and Ninety-fifth Regiment Pennsylvania Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Edna P. Welsh, widow of Edward A. Welsh, late of Company G, Second Regiment Maryland Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Mary C. Miller, widow of Samuel R. Miller, late of Company C, One Hundredth Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Catherine Keyser, widow of Jacob Keyser, late ordinary seaman, United States Navy, and pay her a pension at the rate of $30 per month.

The name of Emma K. Clark, widow of William F. Clark, late of Company I, Fourteenth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lana Miller, widow of William H. Miller, late of Company A, Twentieth Regiment Pennsylvania Volunteer Cavalry, and pay her a pension at the rate of $30 per month.

The name of Louvisa Brewer, widow of Valentine S. Brewer, late of Company D, Seventh Regiment Kentucky Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Nancy Jane Dyer, widow of King S. Dyer, late of Company C, Fifty-seventh Regiment Indiana Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Emma Hilliker, widow of John Hilliker, late of Company F, Fifty-first Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $30 per month.

The name of Lenace Marlin, widow of Oliver Marlin, late of Company F, One Hundred and Forty-seventh Regiment Ohio Volunteer Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Mary J. Goodwin, widow of Eugene B. Goodwin, late landsman, United States Navy, and pay her a pension at the rate of $30 per month.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TOM ROGERS

Mr. PETERSON of Georgia. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8262) for the relief of Tom Rogers, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Senate amendment, as follows:

Amend the title so as to read: "An act for the relief of Tom Rogers, and the heirs of W. A. Bell, Israel Walker, Henry Shaw, Thomas Bailey, and Joseph Watson."

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

FORT FREDERICA NATIONAL MONUMENT, ST. SIMON ISLAND, GA.

Mr. DEEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8431) to provide for the establishment of the Fort Frederica National Monument, at St. Simon Island, Ga., and for other purposes, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the Senate amendment, as follows:

Page 1, line 8, after the word "area", insert "not to exceed 80 acres."

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

WILLIAM A. DEVINE

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent that the bill (S. 2806) for the relief of William A. Devine be rereferred from the Committee on Civil Service to the Committee on Claims. It involves an appropriation and I do not think our committee has jurisdiction.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. RAMSPECK]?

There was no objection.

ASSESSED VALUATION OF REAL PROPERTY TAX IN VIRGIN ISLANDS

Mr. KOCIALKOWSKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8287) to establish an assessed valuation real property tax in the Virgin Islands of the United States, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Senate amendments, as follows:

Page 2, line 8, strike out all after "value", down to and including "President" in line 13, and insert "If the legislative authority of a municipality shall fail to enact laws for the levy, assessment, collection, or enforcement of any tax imposed under authority of this act within 3 months after the date of its enactment, the President shall then prescribe regulations for the levy, assessment, collection, and enforcement of such tax, which shall be in effect until the legislative authority of such municipality shall make regulations for such purposes."

Page 2, line 15, strike out "colonial" and insert "municipal."

Page 2, strike out lines 17 to 24, inclusive, and page 3, lines 1 to 4, inclusive, and insert:

"SEC. 5. The Virgin Islands Company shall pay annually into the municipal treasuries of the Virgin Islands in lieu of taxes an amount equal to the amount of taxes which would be payable on the real property in the Virgin Islands owned by the United States and in the possession of the Virgin Islands Co., if such real property were in private ownership and taxable, but the valuation placed upon such property for taxation purposes by the local taxing authorities shall be reduced to a reasonable amount by the Secretary of the Interior if, after investigation, he finds that such valuation is excessive and unreasonable. The Virgin Islands Co. shall also pay into the municipal treasuries of the Virgin Islands amounts equal to the amounts of any taxes of general application which a private corporation similarly situated would be required to pay into the said treasuries. Similar payments shall be made with respect to any property owned by the United States in the Virgin Islands which is used for ordinary business or commercial purposes, and the income derived from any property so used shall be available for making such payments."

Page 3, line 12, after "real" insert "and personal."

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

CORRECTION OF THE RECORD

Mr. MARTIN of Colorado. Mr. Speaker, I offer a resolution to correct the RECORD, which I send to the desk.

The SPEAKER. The gentleman from Colorado offers a resolution which the Clerk will report.

The Clerk read as follows:

House Resolution 514

Resolved, That certain matter appearing in the CONGRESSIONAL RECORD of May 8, 1936, on page 7168, in extension of remarks of Hon. JOHN A. MARTIN, of Colorado, beginning with the words "Mr. TABER", in the next to the last line in column 1 and extending to and including the word "situation", at the end of the ninth paragraph in column 2, be stricken from the RECORD as not embraced in the consent to extend remarks, together with the introductory paragraph to said remarks of Mr. TABER, being the paragraph immediately preceding the above language ordered stricken.

The SPEAKER. The question is on the resolution.

Mr. SNELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 269, answered "present" 1, not voting 157, as follows:

[Roll No. 98]

YEAS—269

Adair	Dorsey	Lamneck	Robertson
Allen	Doxey	Lanham	Robsion, Ky.
Ashbrook	Drewry	Lea, Calif.	Rogers, Mass.
Ayers	Driver	Lee, Okla.	Russell
Bacon	Duffy, N. Y.	Lesinski	Ryan
Bankhead	Dunn, Miss.	Lewis, Colo.	Sabath
Barry	Dunn, Pa.	Lewis, Md.	Sadowski
Beam	Eckert	Lord	Sanders, Tex.
Beiter	Eicher	Lucas	Sauthoff
Biermann	Ekwall	Luckey	Schaefer
Binderup	Ellenbogen	Ludlow	Schneider, Wis.
Blackney	Engel	Lundeen	Schuetz
Bland	Englebright	McAndrews	Scott
Blanton	Evans	McCormack	Scrugham
Bloom	Farley	McFarlane	Seger
Boehne	Fiesinger	McGehee	Shanley
Boileau	Flannagan	McKeough	Shannon
Boylan	Fletcher	McLaughlin	Short
Brown, Ga.	Focht	McLean	Smith, Conn.
Buchanan	Ford, Calif.	McLeod	Smith, Va.
Burdick	Ford, Miss.	McMillan	Smith, Wash.
Burnham	Frey	McReynolds	Snell
Cannon, Mo.	Fulmer	Maas	Snyder, Pa.
Cannon, Wis.	Gavagan	Mahon	Somers, N. Y.
Carlson	Gearhart	Main	South
Carmichael	Gehrmann	Mapes	Spence
Carpenter	Gilchrist	Marcantonio	Stack
Carter	Gildea	Martin, Colo.	Starnes
Cartwright	Gingery	Massingale	Stefan
Casey	Goodwin	Maverick	Stewart
Castellow	Gray, Ind.	May	Stubbs
Chapman	Gray, Pa.	Mead	Sutphin
Christianson	Greever	Merritt, Conn.	Sweeney
Church	Griswold	Michener	Taber
Citron	Guyer	Millard	Taylor, Tenn.
Clark, N. C.	Hamlin	Mitchell, Ill.	Terry
Cochran	Hancock, N. C.	Mitchell, Tenn.	Thom
Coffee	Hart	Monaghan	Thomason
Colden	Healey	Mott	Thompson
Cole, Md.	Higgins, Conn.	Murdock	Thurston
Cole, N. Y.	Higgins, Mass.	Nelson	Tinkham
Colmer	Hildebrandt	Norton	Tobey
Cooley	Hill, Ala.	O'Connell	Tolan
Cooper, Tenn.	Hill, Knute	O'Malley	Tonry
Costello	Hobbs	Owen	Treadway
Cox	Hoffman	Parsons	Turner
Cravens	Hollister	Patman	Turpin
Crawford	Holmes	Patterson	Umstead
Creal	Hook	Patton	Vinson, Ky.
Cross, Tex.	Hope	Pearson	Wadsworth
Crosser, Ohio	Huddleston	Peterson, Ga.	Wallgren
Crowe	Hull	Pettengill	Warren
Crowther	Imhoff	Peyser	Wearin
Culkin	Jacobsen	Pierce	Weaver
Cullen	Johnson, Okla.	Pittenger	Werner
Curley	Johnson, Tex.	Plumley	Whelchel
Daly	Jones	Powers	White
Darden	Kahn	Rabaut	Whittington
Darrow	Kelly	Ramsay	Williams
Deen	Kenney	Rankin	Wilson, Pa.
Delaney	Kinser	Ransley	Wolcott
Dies	Kloeb	Reece	Wolverton
Dietrich	Kniffin	Reed, Ill.	Wood
Dirksen	Knutson	Reed, N. Y.	Woodruff
Disney	Kocialkowski	Reilly	Zimmerman
Ditter	Kvale	Richards	
Dockweiler	Lambertson	Richardson	
Dondero	Lambeth	Risk	

ANSWERED "PRESENT"—1

Amlie

NOT VOTING—157

Andresen	Bulwinkle	Dickstein	Gambrill
Andrew, Mass.	Burch	Dingell	Gasque
Andrews, N. Y.	Caldwell	Dobbins	Gassaway
Arends	Cary	Doughton	Gifford
Bacharach	Cavicchia	Doutrich	Gillette
Barden	Celler	Driscoll	Goldsborough
Bell	Chandler	Duffey, Ohio	Granfield
Berlin	Claiborne	Duncan	Green
Boland	Clark, Idaho	Eagle	Greenway
Bolton	Collins	Eaton	Greenwood
Boykin	Connery	Edmiston	Gregory
Brennan	Cooper, Ohio	Faddis	Gwynne
Brewster	Corning	Fenerty	Haines
Brooks	Crosby	Ferguson	Halleck
Brown, Mich.	Cummings	Fernandez	Hancock, N. Y.
Buck	Dear	Fish	Harlan
Buckler, Minn.	Dempsey	Fitzpatrick	Harter
Buckley, N. Y.	DeRouen	Fuller	Hartley
Hennings	McSwain	Perkins	Sullivan
Hess	Maloney	Peterson, Fla.	Sumners, Tex.
Hill, Samuel B.	Mansfield	Pfeifer	Tarver
Hoeppel	Marshall	Polk	Taylor, Colo.
Houston	Martin, Mass.	Quinn	Taylor, S. C.
Jenckes, Ind.	Mason	Ramspeck	Thomas
Jenkins, Ohio	Meeks	Randolph	Utterback
Johnson, W. Va.	Merritt, N. Y.	Rayburn	Vinson, Ga.
Kee	Miller	Rich	Walter
Keller	Montague	Robinson, Utah	Welch
Kennedy, Md.	Montet	Rogers, N. H.	West
Kennedy, N. Y.	Moran	Rogers, Okla.	Wigglesworth
Kerr	Moritz	Romjue	Wilcox
Kleberg	Nichols	Sanders, La.	Wilson, La.
Kopplemann	O'Brien	Sandlin	Withrow
Kramer	O'Connor	Schulte	Wolfenden
Larrabee	O'Day	Sears	Woodrum
Lehlbach	O'Leary	Secrest	Young
Lemke	Oliver	Sirovich	Zioncheck
McClellan	O'Neal	Sisson	
McGrath	Palmisano	Smith, W. Va.	
McGroarty	Parks	Steagall	

So the resolution was agreed to.

The Clerk announced the following additional pairs:

Until further notice:

Mr. Woodrum with Mr. Gifford.
Mr. Vinson of Georgia with Mr. Andrew of Massachusetts.
Mr. Doughton with Mr. Fenerty.
Mr. McSwain with Mr. Hancock of New York.
Mr. Burch with Mr. Gwynne.
Mr. Montague with Mr. Collins.
Mr. Fuller with Mr. Fish.
Mr. Fernandez with Mr. Andrews of New York.
Mr. Ramspeck with Mr. Buckler of Minnesota.
Mr. Rayburn with Mr. Withrow.
Mr. Gregory with Mr. Sisson.
Mr. Wilcox with Mrs. O'Day.
Mr. McClellan with Mr. Barden.
Mr. Merritt of New York with Mr. Houston.
Mr. Tarver with Mr. Lemke.
Mr. Rogers of New Hampshire with Mr. Gasque.
Mr. Boykin with Mr. O'Leary.
Mr. Robertson with Mr. Kramer.
Mr. Sumners of Texas with Mr. Faddis.
Mr. Palmisano with Mr. Haines.
Mr. Wilson of Louisiana with Mr. Mason.
Mr. Cummings with Mr. Gillette.
Mr. Randolph with Mr. Kennedy of New York.
Mr. Sandlin with Mr. McGrath.
Mr. Chandler with Mr. Duncan.
Mr. Peterson of Florida with Mr. Polk.
Mr. Gambrill with Mr. Rogers of Oklahoma.
Mr. Samuel B. Hill with Mr. O'Neal.
Mr. Clark of Idaho with Mr. Meeks.
Mr. Driscoll with Mr. Johnson of West Virginia.
Mr. Moran with Mr. Goldsborough.
Mr. Buck with Mr. Kopplemann.
Mr. Young with Mr. Berlin.

Mr. ADAIR changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

GERMAN PIONEERS ASSISTED GREATLY IN BUILDING TEXAS—DESERVE COMMEMORATIVE MONUMENT

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent—I had intended to ask it on that eulogy on the gentleman from New York [Mr. SNELL]—but I ask unanimous consent to revise and extend my own remarks without reference to the gentleman from New York.

Mr. SNELL. Leave out the eulogy.

Mr. MAVERICK. I will leave out the eulogy.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

GERMANS PROFOUNDLY AFFECT TEXAS HISTORY

Mr. MAVERICK. Mr. Speaker, in the State of Texas there is to be built a monument to the German pioneers of that State. A plan has been suggested by Hon. Leo M. J. Dielmann, one of the leading architects of Texas, and a descendant of one of the early pioneers. The information which I here place in the RECORD concerning the history of these courageous pioneers has been given me by the brother of Mr. Dielmann, the Honorable Henry B. Dielmann, one of the prominent lawyers of the State of Texas. The plan suggested by Architect Dielmann calls for a lofty obelisk superimposed on a base in the form of a lone star. The interior is to be used as a historical monument.

The great commemorative obelisk is to be placed in Landa Park, New Braunfels, Tex., which is only 30 miles from San Antonio, in my congressional district, and New Braunfels is the cradle of German immigration in Texas. It was founded on Good Friday, March 21, 1845, and I am informed by reliable historians of the German migration that it is the logical site for this monument. It was the home of Dr. Ferdinand Jacob Lindheimer, who fought at the Battle of San Jacinto which established Texas as an independent republic and freed it from Mexico. Dr. Lindheimer was a distinguished botanist, the first editor of the New Braunfelser Zeitung, which he founded in 1852 and which is published to this day. New Braunfels is the first city in Texas which taxed itself for the maintenance of a public free school. In public education the German pioneers were among the leaders, and their descendants today are among the strongest supporters of public education.

The settling of a great number of Germans in Texas occurred at a time and under circumstances which profoundly affected the events leading to the independence, the security, and the prosperity of the young Texas Republic and the future Lone Star State.

A glance at the map of Texas in 1836 reveals the fact that most Texans of that day lived in the eastern and southeastern part of the State. The very first Germans who came to Texas settled on the fringes of its civilization. Austin County, where Friedrich Ernst started the first German settlement in Texas in 1831, known ever since by the significant name of "Industry", Fayette County, where Joseph Biegel founded Biegel's Settlement in 1832, were comparatively far from the then existing settlements. So were Cat Spring, founded in 1834, by Robert J. Kleberg, one of the greatest of Texas pioneers; Frelsburg in Colorado County, founded by William Frels in 1837, after he had taken part in the storming of San Antonio in 1835 and in the Battle of San Jacinto in 1836. So were the other settlements in Washington, Fayette, Colorado, and other counties.

LEFT TYRANNY—BROUGHT SPIRIT OF LIBERTY

These settlements brought many Germans to Texas at a time when every man counted for much in the struggle which was imminent. These Germans were all men who had left their native countries because of tyranny and a desire for freedom, and they brought the spirit of liberty with them. Although in Texas but a few years and not yet even well acquainted with their fellow Texans, they immediately entered the slim ranks of the Texans and fought and died at San Antonio, at Goliad, and San Jacinto, for the formation of the new Republic.

The most significant event in the history of German settlements in Texas was the organization of the Society for the Protection of German Immigrants in Texas. Under its auspices shipload upon shipload of the highest type of better citizenship, healthy and desirous of establishing homes, set foot upon Texas soil, changed the red man's hunting grounds into fields and gardens, and founded model cities and towns wherever they settled. These new German settlers did not receive their grants of land in the safe eastern and central portions of the State, but had to occupy the fringe extending from south Texas to west Texas, from the Comal and Guadalupe to the Pedernales, Llano, San Saba, and upper Colorado, the land of the fierce Comanche Tribes.

The protection which these German frontiersmen afforded their fellow Texans is enough to entitle them to a monument. But this protection also assured the German settlers of the opportunity to firmly establish their new home on Texas soil. In the villages and in the hills of the great stretch of virgin Texas lands they occupied they established New Braunfels, Fredericksburg, Sisterdale, Boerne, and Comfort as original German settlements. From them sprang the now flourishing German communities in the counties of Mason, Llano, Gillespie, Kerr, Kendall, Comal, Guadalupe, Medina, Bexar, De Witt, Victoria, Lavaca, Bastrop, Travis, Harris, and others, large areas which for examples of modern farming, orderly government, fine cities, and towns are outstanding in America.

GERMAN SETTLERS OPPOSED TO SLAVERY

Life in the early German settlements in Texas had distinct characteristics which other settlements did not possess. The German settlers did not believe in slavery. There were no Negroes in their communities. All labor was performed by themselves as self-respecting citizens. Consequently many artisans and craftsmen were present wherever Germans settled. Farming was carried on in a scientific manner. Wherever they settled they built permanent homes.

Likewise, their contact with the highest forms of social, scientific, and cultural life in the country of their origin generally was so close that travelers like Frederick Law Olmsted write of the fullness of their social life in terms of highest praise. Having brought to their new homeland the advantages of a higher education and having in their midst physicians, lawyers, university professors, able journalists, and even poets, painters, and musicians, it is not surprising that we find classical literature, scientific lectures, and the finest of music a matter of everyday enjoyment. Robert Kleberg's excellent piano, library, and paintings were lost in the burning of Harrisburg in 1836, but within a decade the music of Mozart, Haydn, and Beethoven was played and sung in many a humble but happy German home in Texas.

The Germans are known the world over for their love of song. Every German immigrant who came to Texas brought with him his love of song. It cheered many a weary frontiersman and brightened the fireside of many a settler. Singing clubs were organized in every settlement. On July 4, 1853, the first Saengerfest was held at New Braunfels. Quite a number of societies organized before the Civil War are still in existence and are still members of either the Texas Gebirgssaengerbund or the Deutsch-Texanischer Staats-Saengerbund (German State Singers' League). To this day annual or biennial song festivals are held.

SONS OF HERMANN AND OTHER SOCIETIES BACK MOVE

The people of Texas owe it to themselves and to the sturdy pioneers of German extraction to build one central monument to their memory, large enough to depict the outstanding services they rendered at San Antonio, at Goliad, at San Jacinto in the fight for liberty, and after independence in the great work they did in the building of the great Lone Star State.

The movement to erect this monument is in the hands of a corporation called Monument Association for the German Pioneers of Texas. Among the board members are Martin Faust, Carl Biebers, Paul J. Hertting, Henry B. Dielmann, C. A. Goeth, G. F. Neuhaeuser, George Haeusler, Robert H. Wagenfuehr, John R. Fuchs, and other prominent men. The Sons of Hermann in Texas, the Catholic State League, the Texas State Saengerbund, the Mountain Singing Societies, the Association of German Societies in Texas, and well-known Texans like the late Gen. Jacob F. Wolters, Charles Nagel, a native Texan, Erhard Guenther, Hermann Ochs, Morris Stern, Ernst Raba, Fred Reutzel, Otto Meerscheidt, Jesse Oppenheimer, Mrs. Otto Koehler, F. C. Weinert, Dr. Biesele, and many others have endorsed the movement.

Mr. Speaker, the German pioneers not alone deserve this monument for their public service in our fight in Texas for liberty but for their plain, hard-working citizenship and orderly building. With their good traits of character, they also paid their taxes for the support of their Government. Their descendants, now numbering several hundred thousand, are proud of their heritage, but are at the same time good, patriotic American citizens. Many of them are the best leaders of Texas and substantially contribute to the welfare of the State and Nation.

HISTORY OF IMPEACHMENT TRIALS

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a speech I delivered myself.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HOBBS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my speech before the American Judicature Society, at the Mayflower Hotel in Washington, on the evening of May 6, 1936, as follows:

A very serious mistake was made as to this part of the program. You should not have "picked on me", a simple country boy, when my two friends, the other managers on the part of the House, really know something about the subject and were primarily responsible for the success of the prosecution which resulted in the recent purge of the bench. I would not be true to myself nor to your confidence in me if I did not pay my tribute of respect to the Honorable HATTON W. SUMNERS, of Texas, who deserves practically all of the credit for this achievement, who knows more about the law of impeachment, and who has done more to clarify and rectify thought on the subject, than any man I know. I would that he had been invited to speak, instead of the speaker you did select. I am at a loss as to why you have chosen a "green" country boy like me to speak in such august presence, on a subject that has engaged some of the best thought of our profession. I am borne out in my apology by the word of the distinguished man to whom I have just referred. I was in Alabama when the House elected me as one of the managers. When I returned I went to the chairman of the Judiciary Committee, who had influenced the selection, I felt sure, and expressed my appreciation of the honor that had been done me. He said: "Don't be getting the bighead about this appointment—we figured that we needed both feet and heads on this committee, and you are to be the feet!" So you have the feet of the committee before you, and I am bold enough to try to speak to you only because you have wished it on yourselves!

You all know, I am sure, the history of impeachment trials—that they are the gift of Anglo-Saxon civilization. The outgrowth of this particular kind of trial appears in history about the fourteenth century, but we find it in its tribal form much further back than that, through several stages of development, until its emergence about the fourteenth century. For the last 200 years the present form of impeachment trial as we know it has been followed. There has been no change worthy of mention. Therein lies the chance of misapprehension that obtains in the minds of the American people and even of the Senate itself. Originally, and up to the time of the adoption of our Constitution, it was distinctly a criminal proceeding. The punishment ran from mere removal from office, through the confiscation of estate, on up to hanging, drawing, and quartering. With that background we borrowed from England, "lock, stock, and barrel", the parliamentary system of impeachment, but stripped our Senate of all power to punish except by ousting. Therefore it has been here a mere ouster proceeding, with no element of a criminal trial except the form. But that form has been largely responsible for the error in our thinking—the fallacy that this procedure is criminal. The modern trend has been away from that conception, largely by reason of the influence of Judge Sumners.

All through the history of the 12 impeachment trials that have been conducted in this country before the Senate of the United States we see the conflict between these two distinct points of view: (1) That it is strictly criminal in its nature, although without punishment except removal from office; (2) that it is a strictly civil procedure, merely to remove an unfit person from office. I think it is safe to say and remind ourselves that since 1912, with the trial of Robert W. Archbald, that ghost has been pretty well laid. The decision of the Senate in that case, in which no crime nor misdemeanor known to the criminal law was involved in any of the charges, removed that judge from office for misbehavior not amounting to crime or misdemeanor. Since then there may not be again a serious contest regarding the nature and innate character of an impeachment trial. I believe we are all agreed (1) that it is not in any sense of the word a criminal proceeding; (2) that the burden of proof is not on the prosecution to prove guilt "beyond a reasonable doubt", as it is in a criminal trial; (3) that there is no presumption of innocence to be indulged in favor of the respondent, such as attends every defendant in a criminal court; and (4) that judges shall hold their offices only during good behavior. Those four, I believe, we may accept as recognized principles of the modern law of impeachment cases.

In the recent Ritter trial, for the first time in the history of our Government, we saw a conviction on a new article in impeachment procedure. Contrary to what has been said, that article is not a summary, a catch-all, but it is the only article of impeachment that should ever be written. The question is not, as the Constitution itself says, whether or not you will punish a crime, because that is reserved for the courts, irrespective of the outcome of the impeachment trial. We are all interested in the purity of the spring from which justice flows, the judge on the bench. We care little if he be convicted of any criminal offense or no. We are tremendously concerned that one who has brought the bench into scandal and disrepute should be no longer permitted to disgrace it. Therefore there was that thought governing our pens when we wrote the seventh article of impeachment for the trial of Judge Ritter. It simply says that the consequence of his course of conduct has been to bring the bench upon which he sits into disrepute. In support of that charge the other six articles are pointed to as instances of that course of conduct. All the other articles merely point the way to the conclusion. They point to sins, if you please, against various and sundry persons or institutions; but the chief sin and, as I conceive it, the only sin of which the Nation and Senate and the bar need take cognizance is the one against the bench. This is the second contested trial that has gone through all the stages to conviction and removal. While there were two other finished impeachment trials against judges of Federal courts, these two other judges, who have been removed, were not present—their cases were not defended. Of all the nine impeachments of Federal judges, this latest one is the only one in which conviction was upon an article charging this supreme sin of a judge, the sin against the bench. Not only is the conviction of Judge Ritter grounded on the bedrock of justice, but he was adjudged guilty of the gravest judicial sin—disgracing the bench—as charged in the only article which should be used in the impeachment trial of any judge.

The only other consideration to which I challenge you is: What of the future? We all recognize that in this day, with every passing hour, the duties of the Senators become more and more onerous. We should appreciate fully that it is too much to ask of the 96 Senators that they drop their public business, cease to function in any of the multiform ways required of them usually, and postpone legislation, no matter how important, for the time necessary to give full attention to a trial of this kind. It is not in any sense in criticism of the Senate of the United States that a change in the modus operandi is suggested. They lived up to the proud heritage which is theirs, gave us as splendid attention as could be expected, and were, as they always have been, the courteous gentlemen and distinguished statesmen who should occupy the seats of the mighty. They kept the faith. But the thought remains that it is asking too much of them and that there is no necessity for it. Once we cease thinking of impeachment as a criminal trial, we have solved the problem of conducting it as such by the Senate. The constitutional guaranty that every defendant in a criminal case must be confronted with the witnesses against him should not apply to an impeachment trial. If it is not a criminal trial, there is no necessity for bring-'ng all the witnesses to testify in the presence of the whole court and of the accused. I should like to suggest to you as thinking men that no longer in this respect is it necessary to continue that which for 200 years has been the procedure in all impeachment trials. We could, with greater efficiency, entrust the taking of evidence to a committee of the Senate, taking all the evidence that is of vital interest in open court, and the rest by deposition. Time would be conserved. The cost to the Government would be materially lessened. I am perfectly sure the Senators would appreciate the saving of their time and would approach the task with fresher energy and interest. All of the Senators would, of course, read all of the evidence, and their judgment would be just as enlightened and dependable. Such a change in procedure would save nine-tenths of the time of nine-tenths of the Senate.

It is such a pleasure to have been with you, and I hope that your interest will bear fruit in constructive thought and effort which shall make more simple and certain the preservation of the purity, the dignity, the honor of the bench. Pull down the pillars of the temple of justice and we all perish.

ISSUES OF 1936 CAMPAIGN

Mr. TAYLOR of Tennessee. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a copy of an address I made before the Republican State convention in Nashville on May 5.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. TAYLOR of Tennessee. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address, which I delivered before the Republican State convention in Nashville, Tenn., on May 5:

Mr. Chairman and fellow Republicans, it is certainly a very great privilege and pleasure for me to be with you today and behold this fine demonstration of militant Americanism. As I survey this vast audience I fancy I can read in your resolute faces that decree against the so-called New Deal which was pronounced against another regime of unbridled revelry many centuries ago—"mene, mene, teckel upharsin", meaning "thou hast been weighed in the balances and found wanting."

The national campaign which confronts us presents the most vital and important issues to the people of the United States since the old Liberty Bell announced the birth of the American Republic. It is not the customary quadrennial campaign of the past wherein two great political parties, both loyal to the hallowed traditions and institutions of America, vied with each other in patriotic rivalry for mastery. Far from it, my friends! It is a campaign wherein the forces of constitutional government are arrayed in deadly conflict against the forces of a socialistic philosophy, and upon the outcome of that issue depends the very existence and perpetuity of this Republic.

In this campaign the people of this country will decide whether they will remain loyal to the tenets and ideals of liberty and justice handed down to us by an illustrious ancestry or whether they will wander off after the false gods of socialism and ultimate communism and become regimented, blueprinted, and straightjacketed into a system which destroys individual initiative and challenges that sacred philosophy of Holy Writ that man may or shall "eat bread in the sweat of his own face."

Under this system which has been euphoniously denominated the New Deal, there can be no personal independence. The state founded on bureaucratic government dominates everything, person and property alike. It is government by men, in amplified form, instead of government by law, as provided in the Constitution.

With an autocracy in Washington which closely resembles dictatorship, dominating a servile Congress and even daring to threaten the dignity and integrity of the Supreme Court, we wonder what has become of that great instrument promulgated by our fathers, the Constitution of the United States. With this same autocracy entering into competition with and coercing private industry, and undertaking to regulate the daily life of our entire citizenship, we wonder again as to what has become of the Bill of Rights in which we have taken such pride, and about which we have been accustomed to boast as a proud and liberty-loving people. With a so-called government invading the privacy of the mails and the great communication facilities of our land, even to the point of requisitioning correspondence between husband and wife, as has been done recently by two great governmental activities, we wonder what has become of the covenant in the Constitution which guarantees the citizen against "unreasonable search and seizure."

No, my friends, I repeat, this is not a campaign of rivalry between two great political parties such as we have been accustomed to in the past. It is a contest between two conflicting systems, and in this deadly conflict will be found, regardless of past political affiliations, those who believe in the sanctity of private ownership, individual initiative, and personal liberty on the one side, and those who would set up a system similar to that of the Soviets of Russia on the other.

It is already apparent that in this conflict we will find men and women—millions of them—who in the past have followed the precepts of Jefferson, Jackson, and Grover Cleveland with fanatical devotion arrayed with us in our battle for the restoration and preservation of the American system as against this new order that would sabotage the charter of American liberty and erect on its ruins a system which would reduce us to a state of the rankest sort of paternalism, which inevitably leads to stark dictatorship.

My friends, in the present administration we have seen the greatest exhibition of embezzlement of public confidence and misappropriation of public trust that has ever been known since the days of Talleyrand and Machiavelli. We have seen a man elected to the highest office in the gift of the Republic not only boldly repudiate the platform upon which he was elected but advocate and sponsor measures directly in conflict with said platform and his solemn preelection pledges. The question is, Will the people of the United States stand for this betrayal of their confidence? In the light of history, both remote and recent, I do not believe they will thus again be led like sheep to the altar. The American people have always demanded of a public servant a strict accountability of his stewardship. They have always disdained and condemned a breach of faith, and I don't believe they will tolerate it in the present instance.

When the National Democratic Convention met in Baltimore in 1844 the northwestern boundary of the United States was a vital issue. A serious dispute had arisen between Great Britain and the United States as to our northwestern boundary line, England insisting on the forty-ninth parallel of latitude while Uncle Sam said it should be 54.40. The Baltimore convention, by solemn resolution, pledged its nominee, who happened to be a distinguished Tennessean, James K. Polk, to carry out the contention of the United States.

This question was the dominant, the paramount issue of the campaign and the Democrats adopted the famous slogan—"Fifty-four forty or fight." On this issue practically alone Mr. Polk was triumphantly elected. Shortly after his inauguration, however, John C. Calhoun, Secretary of State at the time, negotiated a treaty with Great Britain whereby the United States acceded to the demands of the British Empire, and the 49th parallel was agreed upon and is today our northwestern boundary line. The people of the United States were so outraged and chagrined by this breach of faith that Mr. Polk's name became a byword; and notwithstanding the fact that during his administration the Mexican War was fought and won as a result of which vast and valuable territory was annexed to our national domain, Polk was not even considered for a second term, and the nominee of his party was ignominously defeated in the election which followed. The people of this country simply would not condone this downright betrayal of their confidence, and, in my judgment, the same temper permeates the fiber of our citizenship today.

In 1916 Woodrow Wilson was elected President of the United States on the slogan that he had "kept us out of war." As a result of this false and fraudulent slogan millions of votes were cast for him which would otherwise have been cast for the candidates of the opposite party. On this issue alone millions of conscientious Republicans stultified themselves to vote for Mr. Wilson, and he was elected, but by a very small majority. Yet notwithstanding the solemn assurance that if Wilson were elected the United States would be kept out of the war, within 60 days of his inauguration war was declared and this country was plunged into the greatest vortex of carnage that the world has ever known. But in 1920 the American people, smarting under the betrayal of 4 years before, went to the polls and smote "hip and thigh" the candidates of the party that had deliberately violated their confidence in 1916.

In 1932 Mr. Franklin Delano Roosevelt, as a candidate of the Democratic Party, not only subscribed 100 percent to its platform adopted in Chicago, which he declared was a "sacred covenant with the people", but during the campaign he repeatedly solemnly asseverated his determination to strictly observe and discharge the mandates of that platform. The platform adopted by the Democratic convention in 1932 is a high-class, constructive document, and there is no doubt that it had a strong appeal to the voters of the country. They supported Mr. Roosevelt, confidently expecting him to carry out the provisions of that platform in perfect good faith, as he solemnly obligated himself many times to do.

What does the record show?

The platform adopted at Chicago in 1932 emphatically declared for economy in government, pledged the party to the elimination of bureaus and commissions, and in the most explicit and specific terms committed it to a 25-percent reduction in governmental expenses. In the very teeth of this injunction of his party his administration has created more than 100 bureaus and commissions, to obtain titles for which the English alphabet has been abused and exhausted, adding to the Government pay roll more than 400,000 full-time employees. In March 1933 Secretary Wallace began his administration of the Department of Agriculture with an organization of 26,000 employees. Up to the day that the Supreme Court consigned to the scrap heap the A. A. A., Wallace had increased this number to 66,000 full-time employees. The Civil Service Commission estimates the average salary of these Government employees as $150.50 per month. This means that the New Deal pays out of the taxpayers' money to this one group alone an annual salary of $120,824,916. And, in addition to this army of full-time employees, Mr. Wallace has organized a field force of part-time employees of 115,366, drawing, according to the August report of the Civil Service Commission, an average of $28.83 per person per month. This makes a grand total in this one Department alone of 182,355 employees, or 40,000 more than the entire standing Army of the United States.

The personnel of all other governmental agencies has been augmented to similar proportions, thus further burdening the already exhausted taxpayers of the Nation.

To promote the more abundant life the eminent New Deal magicians prescribed the reduction of crops, the destruction of food products, and the birth control of pigs and calves. They prescribed the lowering of our tariff walls and the negotiation of reciprocal treaties. And, behold, as a result of these nostrums alone, we have not only lost our foreign market, but we have seen the cost of living skyrocketed from 50 to 100 percent. This idiotic policy has not only robbed the American farmer of his foreign markets, but it has irreparably damaged his domestic market as well. Last year, 1935, under Roosevelt and the New Deal imports to the United States increased 24 percent, while our exports increased only 7 percent.

My friends, ponder these astounding figures for a moment: In 1932 this country sold 54,879,000 bushels of wheat to foreign countries, valued at $32,684,000. In 1935 this country sold to foreign countries only 232,965 bushels of wheat valued at $212,231. In 1932 the United States sold 7,886,000 bushels of corn to foreign countries, valued at $2,815,000; whereas in 1935 we sold to foreign countries only 117,382 bushels of corn, valued at only $66,157. In 1932 this country purchased from foreign countries 13,856 tons of hay valued at $96,000. In 1935 we purchased from foreign countries 67,171 tons of hay valued at $664,667. The increase of imports from Canada to the United States is a concrete example of the baneful effects of these trade agreements on American agriculture. Permit me to give you the figures for the month of January 1935, as compared with January 1936:

Product	Imports	
	January 1935	January 1936
Fresh pork	$4,386	$76,010
Cattle	54,483	457,962
Cheese	7,863	96,727
Horses	15,315	98,500
Turnips	45,124	118,757
Potatoes	2,414	27,853
Milk powder	9,387	28,348
Fresh beef	4,097	23,713
Bacon and hams	8,223	21,623
Wool	7,110	159,398
Poultry	698	7,359

And yet, in the face of this dismal and alarming picture, the New Dealers continue to carry on this stupid policy, which, in its final analysis can only spell doom to the American farmer.

This deluge of foreign importations is by no means confined to agricultural products. The increase in industrial importations is even more ominous. For instance, in 1932, we imported from Japan 58,000 square yards of bleached-cotton cloth. In 1933 we imported from Japan 30,000,000 square yards of this same material, an increase of more than 500 percent.

When you consider that a cotton weaver in Japan is paid a daily wage of only 21 cents, it is easy to understand the wherefore. And what is true of Japan likewise applies to Germany, Italy, Czechoslovakia, and other European and Asiatic countries where low standards of living and pauper wages prevail.

The factories and farms and the laboring classes of America can only be saved from this flood of cheap merchandise by an old-fashioned, William McKinley protective tariff.

When Mr. Roosevelt entered upon his administration, as a Representative in Congress I felt obligated to support his program so long as it did not run counter to my conscience and my conception of my patriotic duty. With considerable reluctance I supported the N. R. A. in the hope that it might contribute to the solution of the depression and promote recovery. At that time I did not have the remotest dream that the administration, through this agency, would attempt to regiment and dominate the entire business structure of the Nation. At that time it never once occurred to me that through this instrumentality the Federal Government would set up a bureaucratic dictatorship in Washington and undertake to suspend the constitutional rights of individuals and prescribe what industry could or could not do to the remotest detail.

The American Bar Association has recently reported that "the N. R. A. agency alone issued more than 10,000 pages of pronouncements intended to have the force and effect of law; that in 1 year of time they issued regulations and alleged laws exceeding the volumes of all the Federal statutes passed during the life of the Republic."

As a result of the drastic provisions of the codes thus set up and the threat of prosecution and imprisonment thereunder, tens of thousands of industries and hundreds of thousands of citizens submitted to the imperious dictates imposed upon them by the agents of our paternalistic government, and Government spies swarmed throughout the United States even as did the locusts and frogs in Egypt during the reign of Pharaoh. Many of the things done during this reign of terror were even more ruthless and destructive of liberty than anything done by Stalin, Hitler, or Mussolini. This high-handed tyranny was carried on in the name of "necessity." One hundred and fifty years ago that great statesman and patriot William Pitt said:

"Necessity is the plea for every infringement of human freedom. It is the argument of tyrants. It is the creed of slaves."

In the name of "necessity" an honest man was arrested and sent to jail for having hired men at a price satisfactory to them, to assist in repairing automobile batteries; a poor woman engaged in her own house in decorating tin cans to be used as flower pots was threatened with prosecution and forced to discontinue these endeavors whereby she was supporting herself and five fatherless children; citizens were arrested and fined for shipping the products of their own toil; a poor New Jersey tailor was arrested and thrown in prison for pressing a pair of pants for 5 cents less than the price fixed by the Code Napoleon of Roosevelt; men were threatened with fine and imprisonment for selling milk to starving babies at a price less than that fixed by a group of milk-dealing autocrats; an American citizen was arrested, fined, and threatened with imprisonment for refusing to buy a sick chicken in violation of a code regulation set up by a group of arrogant chicken-dealer czars.

In an attempt to go along with the administration on emergency measures I voted for the Triple A, which was recently "thrown out of the window" by the Supreme Court of the United States; but when I voted for it I never dreamed that it would be used as an engine of tyranny and oppression. When I voted for this measure it never occurred to me that under its authority an autocratic Cabinet officer would undertake to satisfy the hunger of the land by the cruel and inhuman slaughter of 6,000,000 suckling pigs and undertake to inaugurate a system of birth control among the sisterhood of sows of the Nation.

When I voted for the Triple A I certainly did not realize that the Treasury of the United States would be exploited and prostituted in rewarding people for indolence by paying them for not raising anything. It certainly never entered my mind that two sugar planters would be paid over $2,000,000 for not raising sugarcane; that a cotton farmer in Texas would be paid over $200,000 for not raising cotton; and a single hog farmer would be paid $220,000 for not raising hogs. I never dreamed that a citizen of Kentucky who owned a vast farm consisting of 4½ acres and who fed his hogs the garbage he gathered from hotels and restaurants would be paid the sum of $113,000 to curtail his hog production.

More than $1,100,000,000 of the taxpayers' money was worse than wasted on this scandalous crop- and stock-reduction insanity.

Is it any wonder that Mr. Wallace declines to give publicity to the names and the amounts paid out of the Peoples' Treasury to the recipients of this woeful and wanton extravagance? His explanation that such publicity might subject the daughters of the farmers receiving these fat Government checks to kidnapers shows the feeble state of the mentality of this prince of boondogglers.

But as a crowning act of stupidity, a supine and complacent Congress, at the behest of the "brain trusters", passed the late-lamented potato-control bill, better known as the "spud" bill. I must say, my friends, that while I sincerely desired to go along with the administration in its so-called recovery program, I simply could not swallow this piece of absurd and assinine legislation, and I accordingly voted against it. When it came to supporting a bill which would send a man to jail for raising potatoes in his own back yard, and which would fine and imprison an American mother for buying potatoes not wrapped in cellophane and not stamped and certified by the Secretary of Agriculture, I thought it was high time to call a halt.

But, alas, my friends, the potato turned out to be entirely "too hot" for the administration, and the law to regulate its production and distribution is now no more. Under the withering ridicule and indignation of an outraged people, and especially under the threat of the vengeance of the Supreme Court, at the earnest request of the White House, a pliant and submissive Congress a short time ago ruthlessly cut down this youthful and promising New Deal agency, along with its triple sisters, the cotton and tobacco enactments, and now they lie alongside the three A's and the blue eagle on the pitiless "cooling board", and "none are so poor as will do them reverence."

You can imagine the chagrin and humiliation of those Congressmen who, under the Executive whip, voted for these un-American measures only a few months later, under the same lash, to be compelled to vote for their repeal. I said imagine the "chagrin and humiliation." As a matter of fact, these administration Congressmen have become so calloused by the Executive saddle that their withers are so galled that they have perhaps lost their sense of chagrin and humiliation.

I have supported every measure that has been proposed by the administration to relieve unemployment and human suffering in the United States, but these vast billions have been so dissipated in boondoggling practices that the problem has been aggravated rather than reduced.

In his annual message to the Congress on January 4, 1935, the President said:

"The Federal Government must and shall quit its business of relief. I am not willing", said the President, "that the vitality of our people be further sapped by the giving of cash or market baskets, or a few hours of weekly work cutting grass, raking leaves, or picking up papers in the public parks."

Mark you, these are the words of the President of the United States—Franklin Delano Roosevelt!

This clarion declaration was received by the joint session of the Congress with tremendous applause. Mark you, this announcement was made after the Congress, at the President's request, had voted him the colossal sum of $3,300,000,000, which had been squandered with no appreciable results.

However, since that heartening declaration was made, upon his urgent demand, the Congress voted him an additional $4,800,000,000, most of which has already been "poured into a rat hole" and now he comes back asking for $1,500,000,000 more.

Has human misery in the United States been assuaged? Only temporarily. True, we have had a succession of "shots in the arm", but when the exhilaration following these hypodermics died away, another shot had to be immediately administered; and the poor old pump has been worn out completely by successive and excessive priming.

Has unemployment been banished? Far from it. Notwithstanding his solemn promise during the campaign to provide a job for every idle man in the United States, we have practically as many unemployed in the United States today as we had when this smiling Lochinvar "came out of the East" and was inaugurated. According to a recent statement of the American Federation of Labor, there are 12,625,000 people in the United States out of work now, and the number is increasing daily.

My friends, I doubt if my words will penetrate beyond the confines of this convention chamber; however, I want to say that if we continue this orgy of waste, this accumulation of public debt, we are not only headed for early inflation, but it will be a question of a very short time until repudiation will follow, just as it did in Germany.

When Woodrow Wilson was inaugurated as President of the United States on March 4, 1913, our entire public debt was only $1,193,645,042. When Mr. Wilson retired from the Presidency on March 4, 1921, our public debt had mounted to $24,045,136,549. Due to the economic and businesslike methods of the Harding and Coolidge administrations, in 8 years this staggering public debt was reduced to $17,344,872,799. When Mr. Hoover left office on March 4, 1933, our public debt had been increased to $20,937,350,964, but this difference represents the financing of the Reconstruction Finance Corporation and the Farm Board, two Federal agencies of sound economic merit. On April 15, 1936, due to the wild extravagance of the Roosevelt administration, our public debt aggregated $31,453,296,162, and, according to an estimate of Budget Director Bell, on June 30, 1936, our national indebtedness will be $34,500,000,000.

Just how long our financial structure can stand this strain, with a net deficit of $10,659,171,911 as of April 15 of this year, no one can predict.

The cost of government—and I refer to Federal Government alone—has almost doubled during the past 3½ years. In 1933 the per-capita cost of Federal expenses was $40.91, the Federal per-capita tax was $179.32, and the number of persons on relief was 20,500,000. At the present time the per capita of Federal expense is $75, the Federal per-capita debt $250, and the number on relief is 24,200,000.

The Federal Government today is spending $20,000 every minute and is going in debt $10,000 every minute. We are building up a terrible Frankenstein of public deficit, which sooner or later, if continued, will overwhelm us.

In a speech before the Congress in March 1933 President Roosevelt said:

"Too often in recent history liberal government has been wrecked on loose fiscal policy. We must avoid this danger."

Recently one of the outstanding economists of the country sounded this emphatic warning:

"So far the Government has been able to borrow the $10,000 a minute that it is spending beyond its income—to borrow from wealthy investors, from insurance companies, from colleges, hospitals, and from the banks. These institutions already own over 60 percent of the outstanding Federal Government bonds. But to whom does the money of these institutions belong? To 47,000,000

bank depositors and to 65,000,000 insurance policyholders. When the Government can no longer borrow to pay its current bills, then real inflation will begin, financial chaos will follow, and the life savings and family protection of a great cross-section of the American people will be wiped out."

In frenzied accents Mr. Roosevelt calls upon private industry to come to his succor. Private industry, after being browbeaten and bulldozed for 3 years; private industry, that has been subjected to the rack and the thumbscrew of governmental coercion, intimidation, and competition; private industry, that has been cowed to a point that it has lost its morale, and with confidence gone, is now expected to "turn the other cheek" and shoulder the burden of unemployment and recovery. I sincerely hope it responds, but with business demoralized and with markets completely sacrificed or on crutches; threatened with a tax bill which, if enacted, will seriously penalize their thrift and capital structure, and with no bona-fide assurance of Government sympathy and cooperation, the prospects are, indeed, desolate and gloomy.

When I supported these gigantic appropriations for relief and recovery it never occurred to me that the proceeds would be wasted in chasing rainbows and in boondoggling tomfoolery. It never entered my mind that the New Dealers would essay to emulate the example of the celebrated King Kanute by squandering millions in a futile effort to harness the Atlantic Ocean by means of the now famous Passamaquoddy hoax. In the face of the findings of the Army Engineers that such a project is not only fantastic but impossible, these boondoggiers have already spent five millions on Quoddy, and would go through with their iridescent scheme but for the avalanche of ridicule that has come up from all parts of the country. The hundred-and-sixty-million Florida canal is just as visionary, just as futile, and just as lousy. The "red house" settlement in West Virginia belongs in the same category, together with the weird and desolate homesteading of farmers in sight of the aurora borealis in frozen Alaska. This adventure has already proved to be a dismal failure, as have many others too numerous to mention.

But in reciting some of these boondoggling experiments we would feel remiss if we did not call attention to the magnificent $25,000 bathhouse for the use and benefit of wayward dogs at Memphis, Tenn. This elaborate facility, with its porcelain compartments and tessellated floors, is certain deserving of special notice, for it is there that the truant Pekinese, the poodle, the fox terrier, the great Dane, and the just plain dog are taken in, given a bath, a permanent wave, has his toenails manicured, and fed hot tamales and other delicacies while men, women, and children, poorly clad, walk the streets without food or shelter. "O ye of little faith!" How can you have the temerity to challenge either the wisdom or the righteousness of this utopian pipe dream.

But, my friends, probably the most scandalous and reprehensible feature of this entire performance is the stark and repulsive fact that this administration is actually playing politics with human distress and human misery. In the administration of this so-called relief it is an established fact that no job of any importance may be held by anyone who does not subscribe 100 percent to the New Deal fallacy, and before one can obtain employment even as a common laborer he must submit to a searching catechism testing his political faith; and if he does not answer the questions satisfactorily, "woe be unto him, for his name is Dennis."

The major part of these huge appropriations has been consumed in extravagant overhead, red-tape administration, fat salaries to the faithful, and the construction and maintenance of political fences at the shameless expense to those victims of the depression for whom it was intended.

Political corruption in the past has been confined to local political subdivisions. For the first time in our history we have beheld the sad and disgraceful spectacle of a national organization penetrating all parts of our country in a deliberate effort to debase the morale and debauch the people as a whole. The maladministration of relief has perhaps not been quite as flagrant and vulgar in Tennessee as elsewhere, but it has been bad enough here. The whole Nation has been shocked by the scandalous revelations recently brought to light in Pennsylvania, New York, Michigan, West Virginia, the State of Washington, and elsewhere throughout the country. Rottenness and corruption of the most putrid and venal sort have been shown to permeate and characterize the system from Maine to California. The entire set-up is honeycombed with partisan politics and favoritism such as would have amazed Boss Tweed and bring a blush even to the cheeks of the Tammany Tiger.

Listen to this:

PHILADELPHIA, PA., *March 14, 1936.*

DEAR COMMITTEEMAN: Contact all houses in your division and get the names of all men on relief, also all those holding W. P. A. jobs. Urge them to register Democrat on March 25 or lose position.

(Signed) CHAS. MCDONALD,
Democratic Leader, Fourteenth Ward.

Listen to this from the State of Massachusetts:

"I have sent your name through for highway work. If you are not a registered Democrat, kindly visit the town clerk before 5 p. m. March 18 and have your designation changed to Democrat."

On the floor of the United States Senate 10 days ago Senator HOLT, Democrat, of West Virginia, delivered a ringing speech in which he read scores of letters, telegrams, and affidavits revealing the sordid, wholesale abuse, and misappropriation of Federal funds intended for relief in his State. A letter written by a prominent Democratic mayor, which was typical of the rest, was read by the Senator, and is as follows:

"It is my opinion that there is not a man or woman in this county, regardless of party affiliation, who is of ordinary common sense and who has made any observation whatever, that does not realize fully that this relief measure as it is being administered is deeply steeped in politics and almost void of results actually intended. Of course, there are many who will not openly express themselves, because they are fearful to do so."

This loathsome practice has been shown to be general throughout the United States, and plainly shows the depths of degradation to which those "hell bent" on the continuation of the New Deal orgy will descend. In some of the States it has been the practice to demand 4 percent of their pay checks from W. P. A. workers as a political contribution. Just recently my attention was called to an editorial in a country newspaper in East Tennessee, in which it was asserted that such a practice was being enforced in the county in which the newspaper is published.

My friends, I could go on for hours reciting the crimes that have been committed by the present administration in Washington subversive of the rights, liberties, and welfare of the American people, but I must not further impose upon your patience.

In conclusion, let me remind you again that this is not the customary bout between Democrats and Republicans. This is a battle to vindicate and preserve constitutional government. In Russia they sing the Internationale. If they like it, that is their misfortune. In France the welkin rings to the inspiring strains of the Marseillaise. That's their privilege. In Germany it's "Deutschland über Alles." So mote it be. In Italy it's "Viva Mussolini", and that's their affair. In England it's "Long live the King", and I have no objection to that. But here in America, for the sake of ourselves and for the sake of our posterity, let's continue to sing the Star-Spangled Banner: let's continue our allegiance to the Constitution and never falter in our faith in the inspired wisdom of our fathers, who set up here on these shores this Nation, which has survived five wars and their attendant upheavals and resultant dislocation—this government of the people, by the people, and for the people.

THE RIGHT TO KNOW

Mr. MAPES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address made by my colleague the gentleman from Michigan [Mr. MCLEOD] last Tuesday evening.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAPES. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following speech of Congressman CLARENCE J. MCLEOD, of Michigan, on the Right to Know, over network of the National Broadcasting Co. from Washington, D. C., May 12, 1936:

Just as education is the keystone to civilization, enlightened public opinion is the bedrock upon which the foundation of good government must rest, otherwise it cannot endure as an efficient, responsive tool in the carving of their own destiny by a people.

The germs of oppression and dictatorship can never thrive in the bright light of a well-informed public. They may sometimes gain a temporary foothold but will always wither and fade under the scorching rays of intelligent public opinion.

The self-governing genius of the American people is found in our national capacity for news. Newspapers with more than 38,000,000 circulation are printed daily in every corner of the land. Day and night the press agencies operate to bring latest news flashes to millions of homes.

These news services are the very foundation pillars that link an enlightened public opinion to the structure of our Government. They constitute the surest safeguard for every fundamental right of citizenship.

When we find someone chipping at these pillars of information, trying to color, to distort, or to suppress facts, we find someone who does not believe in the right of the people to possess the knowledge upon which self-government is built.

In foreign lands public knowledge is a limited privilege. In our country it still remains an inalienable right, guaranteed by the basic law of the land.

In spite of this sacred guaranty, we have had 3 years which have been made conspicuous by the destructive activities of those in official life who do not believe the people have a right to know what is being done by their Government.

An outstanding news commentator recently exposed efforts by the President to influence newspaper owners and publishers to discontinue articles criticizing waste and mistakes of the New Deal. As we know, the President failed in those attempts. He did not stop there, however; and to use that writer's own words as they appeared in a recent newspaper, I quote:

"The President has set in motion a campaign to discredit, if possible, the effectiveness of those Washington correspondents who write articles critical of his administration."

This astounding revelation is one of the most recent developments in the New Deal campaign to void the people's right to know what is being done by their public servants.

Some time ago a resolution was adopted by the Board of Investigation in the Department of Commerce, exposing the shortcomings of the Department and censuring its officials for opposing legislation to prevent repetition of the *Morro Castle* and *Mohawk* disasters, in which hundreds of lives were sacrificed.

The officials responsible for the release of this resolution to the press were summarily dismissed from office without even a hearing, in spite of their civil-service status.

It will be recalled that 2 years ago Mr. Roosevelt tried to take business leaders into camp by the creation of a Business Advisory Council for the Department of Commerce. This Council was to meet periodically, study conditions, and put its conclusions into printed form. It has done so; but have any of those reports been made public by the administration? No; they have not. One found its way out of the secret archives of the Department of Commerce, but, I repeat, it did not reach the newspapers with the consent of the Roosevelt administration.

Most of us will remember that only a few months ago Mr. Roosevelt was announcing over the radio, at press conferences, and everywhere else, that the Treasury deficits were growing smaller. But what have we learned since? Only a week ago Secretary Morgenthau appeared before the Senate Finance Committee to testify concerning the pending tax legislation which Mr. Roosevelt had previously declared would not be necessary. Mr. Morgenthau could not well discuss the need for revenue without answering questions concerning the Treasury's condition. Quite unwillingly, I believe, Mr. Morgenthau let the fact be known that the prospects of the Treasury in this fiscal year include a probable deficit of $5,966,000,000, the largest deficit in peacetime history.

Because of his first-hand knowledge, Gen. Johnson Hagood a short time ago was requested by a congressional committee to give his opinion on Federal-relief spending. He gave the committee his honest views on the administration's policy of waste, which policy made it almost impossible for him to secure funds for essential repairs while the supply of money was plentiful for needless garden walks and other frills. His subsequent persecution by Mr. Roosevelt for merely telling the truth will remain as one of the dark stains on the record of this New Deal venture.

Last September the Department of Agriculture compiled a thorough study intended for public consumption entitled "Cotton Production in the United States." Because various sections of this study contained devastating disclosures showing the harmful results of the A. A. A. with respect to cotton and agricultural labor, the original document was quickly suppressed, even though it had been signed by the Secretary of Agriculture himself.

It is hardly necessary to add that the carefully revised report which was finally made public contained none of the facts which exposed the blunders of the New Deal agricultural program. The facts surrounding the suppression of this document would still be one of the many dark secrets of the present administration were it not for a resolution introduced in the Senate last February calling for a copy of the true and original, uncensored and unexpurgated document.

The Washington bureaucrats are fast assuming the airs of absolute autocrats. What is being done by the people's Government with the people's money is becoming more and more of a mystery.

All through the 32 months since Mr. Roosevelt took office we, the public, have been told just as little as possible about the inner and experimental workings of our Government, unless—and I want to emphasize this—that the facts which were turned over to the propaganda machine for distribution showed information which could be used by the New Dealers in their incessant policy of deception and gross exaggeration.

The public today would not know of the huge sums of money paid to a few of the friendly and wealthy individuals and corporations out of the funds appropriated for the farmers, if it had not been for the stubborn and determined fight recently waged in the Senate. This fight forced the Secretary of Agriculture to disclose what was being done with this money, the people's money, presumably appropriated only and exclusively for needed farm relief.

The whole mantle of secrecy and suspicious aversion to legitimate requests for information, which hangs like a pall over Washington today, is so utterly alien to every American principle that it is difficult for us to realize that it exists, even when we are confronted with the undeniable proofs.

Who is there today, however, except a select little clique of New Deal leaders, who can tell what is being done with the $2,000,000,000 of the people's money which was turned over to the Secretary of the Treasury to manipulate as he sees fit for stabilization purposes?

Who is there, outside of the New Deal high command, who can tell what information of vital interest to the people is contained in the countless suppressed reports on Government activities?

Every few days we in Washington hear of some new instance where still another Government report has been suppressed. These frequent rumors create suspicion. The reason for the suspicion is found in the fact that every time one of these suppressed reports leaks into the newspapers, information exposing more New Deal fiction and blunders is invariably found.

Instances of suppression, where facts have been deliberately withheld that should be known to the people, are too numerous to describe in detail.

Even requests by representatives of the people in Congress for essential information to help in formulating new legislation run up against the stone wall of New Deal arrogance and suppression.

The Congress has been considering another huge appropriation bill to provide relief for those in distress. Last summer, the President requested his close personal friend, Gen. Hugh Johnson, one of the originators of the New Deal, to administer Federal relief in New York City. Upon completion of his term of service, General Johnson submitted a report on Federal relief spending which was promptly suppressed. It was suppressed because it contained many derogatory facts about waste and relief spending that did not provide relief, and, further, because these facts of corrupt waste, if known to the people, would further arouse righteous indignation.

So that the Congress might institute corrective measures for the truly important problem of greater relief for the needy, I introduced a resolution of inquiry, requesting that the House of Representatives be furnished with a copy of this report. The resolution was promptly rejected by the subservient New Deal majority.

During the present Congress there have been 23 requests for information made under the "resolution of inquiry" rule of the House of Representatives. All but three of these requests have been promptly suppressed by the present Roosevelt-controlled Congress.

There is no real difference in the type of suppression that tries to keep information from the press and the censorship that keeps facts from the people's representatives in Congress. Both keep the people ignorant of the facts which they are entitled to know.

To those who may still feel inclined to doubt that their security and the security of those near and dear to them is being threatened by the New Deal's long succession of blunders, I would like to suggest that the present week is a most opportune time for reflection. This week, having been dedicated to social security in its truest sense, it is most fitting that a careful inventory be taken at this time of those actions of the administration which have a bearing on the security of the people.

This week, above all other weeks of the year, has been set aside as life-insurance week, a week of meditation on not only our own social security but the social security of our dependents.

You, Mr. Citizen, who labor for a living, what is your life-insurance policy worth, the policy that you have been buying for the past number of years, buying with hard-earned dollars worth 100 cents, buying with the thought of the social security you were hoping to bequeath your closest kin, your aged wife, your dependent children; what is that policy going to be actually worth in real value when it is finally surrendered? We know today that the 100-cent dollar that you were investing in, and investing with, is only worth 59 cents.

Insurance week is, indeed, the time to meditate, and meditate well, while we still have time to pick up the threads of real security before the insane antics of the Roosevelt administration entangles them to the point where social security will become only a vague myth of tradition.

I know that it is only human to make honest mistakes. Mistakes cannot remain honest, however, when they are repeated time and time again under the deceptive cloak of secrecy. We must remember that the security of an entire nation of nearly 130,000,000 people is at stake, and we must not forget that that security depends in a large degree upon the ability of the people to exercise their inherent right of suffrage, to correct mistakes in matters of government. That ability and that inherent right to correct is shattered when the people lose their right to know about their Government and their public servants.

I am not one of those alarmists who believe that we have already lost that right.

Neither am I one of those who, blind to the unmistakable trend of events, refuses to see the ultimate danger that lies in the ever-growing campaign being waged by the New Dealers to hide their blunders and allow the people to see only the favorable side of the policies and actions of their public servants.

In this address I am not going into the numerous costly mistakes Mr. Roosevelt's New Deal administration is making—I am pointing out briefly something far more serious than administrative blunders—something now only in its infancy, but something, my friends, that if permitted to mature, will prove fatal to our right to know; and, of course, if that happens, freedom of the press, freedom of speech, and every other form of freedom guaranteed by the Constitution will become a hollow mockery.

The situation calls for a vigorous and continuous counterattack on official threats against the people's right to know. If the long struggle for this basic right teaches one thing more than another, it is that constant vigilance is the price we must pay if we wish to retain those cherished heritages that are the birthright of every American.

EXTENSION OF REMARKS

Mr. BANKHEAD. Mr. Speaker, I wonder now that we have declared at least a temporary armistice if we could not blanket these requests?

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks in the RECORD.

Mr. BACON. Mr. Speaker, reserving the right to object, would that include one's own remarks made over the radio?

Mr. BANKHEAD. I think not.

The SPEAKER. The Chair thinks not.

The gentleman from Alabama asks unanimous consent that all Members may have 5 legislative days within which to extend their own remarks in the RECORD. Is there objection?

There was no objection.

THE LATE BRIG. GEN. ROBERT H. DUNLAP

Mr. MAAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7110) to authorize the President to bestow the Congressional Medal of Honor upon Brig. Gen. Robert H. Dunlap with a Senate amendment, and concur in the Senate amendment. I may say by way of explanation that this merely amends the title.

The Clerk read the title of the bill.

Mr. WADSWORTH. Mr. Speaker, reserving the right to object, may I ask if this is the bill which passed the House authorizing the conferring of the Navy Cross instead of the Congressional Medal of Honor?

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read the Senate amendment, as follows:

Amend the title so as to read: "An act to authorize the President to bestow the Navy Cross upon Brig. Gen. Robert H. Dunlap, United States Marine Corps, deceased."

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. CASTELLOW. Mr. Speaker, I ask unanimous consent that on next Monday, after the reading of the Journal and the disposition of business on the Speaker's table, I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent that on Monday next, at the conclusion of the address of the gentleman from Georgia [Mr. CASTELLOW], I may address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

WORKS PROGRESS ADMINISTRATION IN MISSOURI

Mr. COCHRAN. Mr. Speaker, on the day the deficiency bill was passed Mr. SHORT, of Missouri, in the course of his remarks was permitted to place in the RECORD a letter he received from R. Newton McDowell, a general contractor, whose headquarters are at Kansas City, in which he criticized the Works Progress Administration in my State. Mr. Speaker, I am one Member of Congress who has faithfully tried to keep politics out of relief work. I feel that no matter who applies for a job, if the applicant comes within the policy of W. P. A., then every effort should be made to place the applicant regardless of politics. In every letter I have written to those applying for such work I have told the writer a letter from a Congressman is not and should not be sufficient to secure an applicant work. I take the position we appropriated the money for people in distress and I want to see it spent for people who are in need.

When I received the same letter from Mr. McDowell I sent it to the Administrator of W. P. A. in Missouri, asking for an explanation, and I have received his reply. I have talked with Mr. SHORT, and he agrees that I should place the letter in the RECORD.

Mr. Speaker, I ask unanimous consent to insert the letter in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The letter referred to follows:

FEDERAL WORKS PROGRESS ADMINISTRATION,
Jefferson City, Mo., April 1, 1936.

Hon. JOHN J. COCHRAN, M. C.,
House Office Building, Washington, D. C.

DEAR CONGRESSMAN COCHRAN: I wish to acknowledge receipt of your letter of March 30 enclosing file you received from R. Newton McDowell regarding W. P. A. set-up in Missouri.

I have read enclosures carefully and want to state that McDowell is very careless about the way he handles facts of the case. We have been trying to get McDowell to take W. P. A. employees off our pay rolls and put them to work on his contract jobs, but this he seems adverse toward doing; having made some wild promises at the time certain county-bond elections were being voted.

Mr. McDowell would rather criticize than be helpful. As far as criticism is concerned, I think constructive criticism is good for any program, but, knowing McDowell as I do, I am always looking for McDowell's angle, and after this is once located you can generally put your finger on the trouble.

Mr. McDowell fell out with the Works Progress Administration program when I said "no" on a proposition that was set up in the following manner:

I am quoting from a letter that Mr. McDowell wrote to Mr. P. H. Daniells, division engineer of the State highway department, July 1, 1935:

"As you probably understand, the relief program is worked out on a basis of $1,150 per year per man, which includes his pay of $32 per month, with a balance left to pay for supplies, etc. In our case, we would be furnishing a plant, switch tracks, stock-pile sites, steamboat, barges, and all necessary equipment to handle this tonnage. The State would pay $9,200 in freight on the stone moving to Weldon Springs, with no freight to be paid for sand. In short, by using Mr. Murray's organization and our facilities, which will be paid for by the Government, you will be furnished with 78,000 tons of sand and stone in stock piles at point of use for the very ridiculous price of about 11 cents per ton.

"It strikes others, as well as myself, that Mr. Murray will be hard put to find worth-while projects, and I believe this one fills the bill. None of us yet are certain as to how these projects are to be initiated, but if this one appeals to you, it seems to me that the logical method would be for you to put this project up to Mr. Murray's organization in St. Louis."

Also, quoting from statement attached to McDowell's letter of July 1, 1935:

"Total of 400 men employed for 3 months in producing and hauling to stock-pile sites at Weldon Springs of 78,000 tons of material for bridge and 40 TR—46,000 tons of stone and 32,000 tons of sand. The relief program permits an allowance of $1,150 per year per man to cover wages and materials. On this basis, 400 men for 3 months' work would afford an allowance of $114,000, of which each man for this period would receive $96, or a total labor bill of $38,400, leaving a balance available to pay us for our facilities about $76,000.

"The State will pay freight rate of 20 cents per ton on 46,000 tons, or $9,200—no freight on sand. We will be paid $76,000 for services rendered to the Government."

I could not see my way clear to paying McDowell $76,000 for alleged "services rendered to the Government."

In the case of the Glasgow Special Road District in Howard County, in which county McDowell says he has a contract, I have a statement from the three commissioners of the Glasgow Special Road District, L. S. Jackson, F. L. Ferguson, and Rice A. Maupin, that McDowell made threats to them that if they did not vote a bond issue and spend the bond issue through P. W. A., he would see that no roads were built in the Glasgow Special Road District. Work in this district is being performed by the W. P. A. at this time, and the other day Mr. McDowell decided that the W. P. A. workers on quarry project of this special road district were just the type of men that he wanted on his job and offered to take these men off W. P. A. rolls, when we have plenty more on the rolls exactly the same as those he selected.

We now have in operation in the State of Missouri over 1,100 projects, some of which are working in the immediate vicinity where McDowell has contracts; and while I have not personally gone over the projects in that locality, my reports from this territory indicate that the work we are doing with W. P. A. labor is better than the work being done under contract by McDowell.

I wish to thank you for your inquiry in this matter, and am returning herewith papers forwarded with your letter.

Very truly yours,

MATTHEW S. MURRAY,
State Administrator.

THE LATE HARRY C. STEVENS

Mr. CHRISTIANSON. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. CHRISTIANSON. Mr. Speaker, I feel that it is appropriate that we should take note of the passing of Harry C. Stevens, the dean of Washington newspaper correspondents,

who, for 42 years, represented the Minneapolis Journal at the Nation's Capital. He died last Sunday and on yesterday was carried to his rest by Members of this House and former associates in the press gallery.

For two generations Mr. Stevens saw and recorded history in the making. He was the friend and confidant of every man who has served as a Representative or a Senator from Minnesota and its neighboring States since 1892, when he joined the staff of the Journal—the only newspaper on which he ever worked.

Among his old cronies were such men as Senator Knute Nelson, whose memory my State reveres; "Uncle Joe" Cannon, who once held tight the reins of this House; and Herschel V. Jones, the late publisher of the Journal, to whom he was more than an able and trusted employee.

He knew Elihu Root, William A. Day, and many other Cabinet members intimately, and as a journalist saw the procession of Presidents from Benjamin Harrison to Franklin D. Roosevelt.

He wrote the day-by-day history of Washington during two wars and noted the steps by which a half-grown nation marched to empire. He witnessed also the steady development of the Federal Government from its once modest proportions into the present labyrinth of departments and bureaus; and because he had watched the growth he knew and understood, as few others, its structure and functions. He "covered" President Coolidge during the latter's vacation in the Black Hills and was one of the newspapermen who stood in line and received the little slips of paper on which was typed the wise, though cryptic, announcement, "I do not choose to run in 1928."

As a newspaperman Mr. Stevens was always alert and vigilant. He was also dependable; he was never known to have violated a confidence. He was never harsh in his criticisms. He was generous with his time and means. A coworker of many years, who knew him well, pronounced the finest possible eulogy on Harry C. Stevens when he said, "He came as near to living the Golden Rule as any person I have ever known."

MOBILIZING THE RELIEF VOTE

Mr. BACON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include a radio address I made the other night.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include an address that I made over the Columbia Broadcasting System on Monday, May 11, as follows:

The still increasing relief burden of the cities and States is today our most pressing national problem.

What shall we do to bring this terrific expense within the limits of our national ability to pay?

Relief is the central factor in our urgent budget problem.

And our grievously unbalanced Federal Budget is the very core of our continued economic stagnation in the heavy industries.

Thus the New Deal's relief squandering is a principal obstacle to sound and sustained business recovery.

As a member of the Appropriations Committee of the House of Representatives I have had occasion recently to survey the whole picture of Federal relief administration anew.

It is apparent to all that Roosevelt economic policies assure a heavy Federal relief load for a long time to come. But I am convinced that this burden might be reduced by half by the single act of purging the Federal relief machinery of political patronage.

The evidence adduced in our committee hearings establishes beyond all question that, as now administered, the relief agencies are shot through with corroding and paralyzing political spoils. No State, no city, no county has escaped this blight. Political patronage, both in jobs and material contracts, has reduced the W. P. A. program and the Resettlement Administration to purely political organizations for the duration of the campaign. Our evidence discloses further that the C. C. C. camps are heavily loaded with political appointees.

This survey of the situation indicates clearly to my mind that adequate relief, if efficiently administered through nonpolitical agencies, could be managed with about half of the amount now being spent from the Federal Treasury. Let the relief dollar go for relief—not for politics.

The way out is to return the administration of relief to State boards wholly nonpartisan in character, responsible directly to the respective Governors. All administrative matters then would be handled within the States and counties. The Federal spoilsmen would have no appointive power in any State relief organization.

A Republican amendment to the new relief bill, designed to accomplish this objective, was promptly rejected by the Democratic majority of the House last Friday.

But only by this method can the present deplorable waste, corruption, and inefficiency be eliminated, and the administrative overhead reduced to a reasonable percentage of the relief outlay.

There is no question in the mind of anyone familiar with present conditions, but that at least one-third of the current Federal relief allocations are dissipated in the baldest political activity, aimed at the perpetuation of New Dealism.

Here is a letter from a Democratic ward leader in Philadelphia to his precinct lieutenants. It is dated March 14, 1936, just 10 days before the Pennsylvania primary registrations. I read from a photostatic copy of the letter:

"DEAR COMMITTEEMAN: Contact all houses in your division and get the names of all men on relief, also all those holding W. P. A. jobs. Urge them to register Democrat on March 25 or else lose their jobs.

"Sincererly yours."

That letter is signed by a recognized Democratic leader of the fourteenth ward in Philadelphia.

And here is another letter dated April 13, 1936. It is addressed to a citizen in Philadelphia who had applied for a W. P. A. job. He had sent his application to a Democratic Member of the United States Senate in Washington. The letter I have before me is signed by the Senator's secretary. Here are the last two paragraphs, on the official stationery of the United States Senate:

"This matter is handled entirely by Hon. Edward N. Jones, State administrator, Works Progress Administration, Harrisburg, Pa.

"I would, therefore, suggest that you contact your local Democratic leaders with a view to having them recommend your appointment to Mr. Jones who will, I feel sure, give your application and their recommendation every possible consideration."

Here is a frank confession that the way to a W. P. A. job is to "contact your local Democratic leaders with a view to having them recommend your appointment."

Now this is not a partisan document. Every time the New Deal is exposed the jobmaster general cries "propaganda." But the letter I have just quoted is written on the official stationery of the United States Senate. It offers prima-facie evidence that today the administration of relief is a part of the Democratic political preparation for the Presidential campaign.

One letter from Philadelphia demands that every W. P. A. worker register Democratic. The other tells how to get on the relief rolls through political appointment of "your local Democratic leaders."

Nor is this sort of political corruption in the relief machinery confined to Pennsylvania. Here is a case from New Jersey.

A young man applied for a position in the C. C. C. organization. He wanted to be an instructor in physical education. So far as the record reveals he was admirably qualified by training and experience. Omitting all names, I now read the letter the applicant received from the Federal officer in charge:

"In reply to your letter of April 22; as stated in my letter of April 8, this office is unable under binding Federal instructions to consider any nontechnical man for appointment to the supervisory work in the C. C. C. camps unless his name is certified to us on the so-called advisers' list from Washington.

"This is the list of names submitted by Senator ——— and Democratic Representatives in Congress from New Jersey to the Federal administration for employment in this C. C. C. activity. The only way in which you can put yourself in a position to secure employment, therefore, is by making arrangements to have Senator ——— or one of the Democratic Congressmen request that your name be put on this advisors' list."

There you have an epitome of the high humanitarian purposes which guide the day-to-day administration of this gigantic relief program.

If there were no other evidence in the entire United States, these three letters would fully substantiate the charge that Federal relief has been disgracefully warped and distorted for political purposes. But the record is literally brimming with other evidence to the same point.

On April 16, for example, the administrator for the State of Washington was removed from office following revelation that he had gathered from relief workers under his jurisdiction a campaign fund of more than $3,000 in cash.

Charges of the same nature have been aired on the floor of the Senate or House of Representatives in relation to relief work in West Virginia, Colorado, Illinois, Ohio, California, Maine, Indiana, Nevada, and Oregon.

The shocking situation in West Virginia several weeks ago became a focal point of national attention. Following a personal investigation on the scene, Senator HOLT, a New Deal Democrat, once described W. P. A. in his own State in these words on the floor of the United States Senate:

"There is only one way to identify the W. P. A. in West Virginia and that is to say it is a horrible mess. * * * I charge the W. P. A. in West Virginia with being full of politics, with being extravagant and wasteful and with a thorough censorship and spy system to prevent any complaint."

At another point in the debate Senator HOLT read this letter, which had been sent out from the State administrator's office to one of the county supervisors:

"I hand you herewith a list of doctors in Ohio County. Kindly separate the Democrats from the Republicans and list them in order of priority, so we may notify our safety foremen and compensation men as to who is eligible to participate in case of injury."

In due course one of these lists of doctors came back to State headquarters with this heading: "List of county doctors—Democratic doctors are listed on the left-hand side and Republicans on the right."

Now, this was a list of local doctors subject to call in emergencies on any of the West Virginia W. P. A. jobs—a part of the Federal responsibility under the Workmen's Compensation Statutes. "The Democratic doctors are listed on the left"!

It must be understood, of course, that if on some stormy night no Democratic doctor were available a Republican physician probably would be eligible for call. But the relief spoilsmen have taken every possible precaution against that dreadful crisis.

"The Democratic doctors are listed on the left."

Two weeks ago the American Institute of Public Opinion polled the Nation on this question: "In your opinion, does politics play a part in the handling of relief in your locality?"

Tens of thousands of ballots were distributed. They went to every State in the Union. They were returned by men and women in every walk of life. Democrats and Republicans were polled in exactly the proportion of their voting strength in the several States. The composite answer presents a reliable cross-section of national opinion on the question. And here are some of the returns:

The vote in Arkansas was 83 percent yes. In New Jersey the vote was 78 percent in the affirmative; in West Virginia it was 77 percent; Louisiana, 76 percent; Rhode Island, 76 percent; Mississippi, 75 percent; Washington, 73 percent; Massachusetts, 72 percent; Oklahoma, 71 percent.

So the figures run through every State. Not one State returned a majority vote in the negative. In every one of the 48 States, the majority opinion prevails that the relief agencies are operating as a part of the Democratic national campaign—a campaign kept going largely by these fabulous grants of relief money from the Federal Treasury.

A more flagrant trafficking in human need is not to be found in all the pages of American history.

A more wanton corruption of a noble humanitarian principle is not to be found in all the annals of the American people.

Even the men and women on relief are convinced that politics dominates these relief agencies. The national poll I have just cited was further analyzed according to the controlling economic interest of the voters. Ballots cast by persons on relief showed that 49 percent voted "yes" on the question of political administration; and farmers voted 70 percent "yes." These are the groups which actually have had personal contact with the relief machinery. No groups are in a better position to know the truth concerning political influences at work in the relief pork barrel.

The inevitable result of all of this political pay-roll padding in the relief agencies, of course, is a terrific burden of waste.

Incompetence knows no rule of action save to squander through.

Turned loose to fatten in the lush pastures of pork, political bureaucrats have but one rule of conduct—to spend $2 where $1 would do the work.

In his testimony, 2 weeks ago, before the Appropriations Committee of the House of Representatives, W. P. A. Administrator Harry Hopkins presented detailed figures showing that for every $972 spent on work relief last year, only $600 actually was paid into the hands of the W. P. A. workers. The balance of $372 went for supervision, administrative expenses, materials, equipment, and other overhead.

In some States the administrative expenses ran as high as 18 percent of the total relief outlay.

Compare this with the experience of the American Red Cross, which computes 3 percent as an adequate administrative overhead in relief work.

In W. P. A. the difference of 15 percent must be charged to the cruel political bureaucracy which is diverting relief funds to the partisan purposes of the Roosevelt campaign.

And there is another very disturbing consideration in this picture today, namely, that the more business recovery we have, the greater grows our relief bill.

Of course, it does not make sense; but the figures are from Mr. Hopkins' latest report. Total relief expenditures from all sources for the calendar year 1933 were $792,910,000.

For the calendar year 1934 they were $1,476,372,000—almost double.

And in 1935 they were $1,756,375,000.

At this moment these expenditures (from all sources) are running at the rate of a little more than $2,000,000,000 for the calendar year 1936.

When Mr. Hopkins made his first national survey in July 1933 he found 3,908,068 relief cases—each case representing a family or unattached person. That was the beginning of the gigantic New Deal venture in plain and fancy boondoggling.

But by January 1935, after 18 months of Roosevelt recovery, Mr. Hopkins' rolls carried 5,272,472 cases!

These figures present the whole lamentable story of political relief. The greater the recovery, the greater the relief load.

Can this scheme of management be explained in any terms save the terms of incompetence, prodigious squandering of the public funds, and gross political corruption?

In these terms alone can New Deal relief be explained—but in no terms known to the heart of humanity can this political diversion of relief funds be justified or defended.

Relief according to the needs of the political precinct is shocking to the American tradition of faithful public service and offensive to every instinct of public morals.

I, for one, do not believe that the American Nation can ratify this sorry record.

PERMISSION TO ADDRESS THE HOUSE

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that on Monday next, after the reading of the Journal and disposition of business on the Speaker's desk and following the address of the gentleman from Georgia [Mr. CASTELLOW] and the gentleman from Massachusetts [Mr. TREADWAY], I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, and I shall not object in this instance, but we are getting along toward the close of the session. There are a great many Members who have bills pending on the Consent Calendar, and they are anxious to have these bills acted upon. I hope no further request will be made to address the House on Monday next, so that ample time may be provided to dispose of bills on the Consent Calendar.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PROTECTING OUR FOREIGN SERVICE ABROAD

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts.

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks with reference to Addis Ababa and to also include a letter from the Secretary of State which has been made public.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, has not that letter of the Secretary of State been incorporated in the CONGRESSIONAL RECORD heretofore?

Mrs. ROGERS of Massachusetts. No; but it has been made public.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter from the Secretary of State to the chairman of the Committee on Foreign Affairs of the House of Representatives:

DEPARTMENT OF STATE,
May 11, 1936.

The Honorable SAM D. MCREYNOLDS,
House of Representatives.

MY DEAR MR. MCREYNOLDS: I have received Mr. Byrnes' letter of May 7, 1936, transmitting a copy of House Resolution 504 requesting (1) information regarding the steps taken to protect the American Legation at Addis Ababa and American citizens in that capital and (2) copies of all communications exchanged between the Department and the Legation at Addis Ababa regarding the recent looting and action taken or proposed to be taken in connection therewith.

In reply, I submit the following:

(1) According to an official report from the American Legation at Addis Ababa dated February 25, 1935, the following American nationals were resident in Ethiopia on that date. These figures include men, women, and children:

In employ of United States Government	3
Missionaries	108
Others	[1] 16
Total	127

[1] Virtually all of the persons listed under this heading were colored citizens. Practically all of them were indigent and unable to leave the country. As it was considered that they would be

Approximately one-half of these missionaries resided in the capital, while the other half were scattered through mission stations in the provinces. Many of these stations were from 2 to 3 weeks' travel by caravan from the capital.

The question of the protection of American citizens in Ethiopia first arose early in May 1935, when the Department took up the matter with the American Embassy at London and suggested that the Embassy endeavor informally to ascertain what steps were being taken by the British Government for the possible protection of its nationals. The Foreign Office expressed the view that foreigners in Ethiopia would be protected as long as the Emperor remained in power, but that difficulties would be likely to arise in case of his overthrow. The Foreign Office stated at the same time that in case it became necessary to evacuate foreigners from Ethiopia it would be glad to instruct its Legation at Addis Ababa to do everything it could to assist in the evacuation of American nationals there.

Upon receipt of this information the Department instructed the American Chargé d'Affairs at Addis Ababa by telegram to consult in strict confidence with the missionary leaders and report the earliest date on which American nationals could evacuate the capital. Bearing in mind the above-mentioned offer of the British Foreign Office and in view of the fact that the personnel of the American Legation consisted at that time of only three unmarried American nationals, the Department advised the Chargé d'Affaires that it assumed arrangements could be made with the British Minister for the evacuation in case of necessity of those three officials.

On June 29 the Chargé reported that those missionaries who were prepared to leave could do so at once and that he had recommended an immediate evacuation of outlying mission stations.

On July 2, 1935, the Department instructed the Chargé d'Affaires confidentially but urgently to advise all American missionaries in the capital to leave immediately and to give similar advice regarding missionaries in the provinces unless there was sound reason for believing they were not in danger. He was instructed to stress the fact that the continued presence of American nationals in Ethiopia was likely to prove embarrassing to this Government. At the same time the Department addressed letters to the home mission boards in the United States urging them to withdraw their personnel from Ethiopia.

On July 6, 1935, the Chargé d'Affaires reported that all missionaries had been advised as instructed, but that the chief difficulty in their departing was lack of funds and absence of instructions from the home boards. The Department immediately advised the home mission boards of this situation and urged them to supply their personnel with funds to withdraw from Ethiopia. The Chargé stated that he had again urged the closing of all mission stations. He also reported that he had discussed the situation with the Emperor who had promised all possible protection to American nationals and had agreed to inform the Chargé frankly if a crisis should arise.

Late in July it learned that the German Government had requested that the British Legation in Addis Ababa extend protection to German nationals in case of necessity. It was also learned at this time that the British Government had requested permission of the Ethiopian Government to increase its usual guard of 10 men and 1 officer by something over 100 additional men and officers. This permission was refused, but nevertheless 148 officers and men of an Indian regiment were dispatched to Ethiopia and arrived in Addis Ababa on September 7, 1935. They brought with them extensive arms, ammunition, and supplies.

The French and British Ministers at Addis Adaba had meanwhile come to an understanding that the extra British troops would be stationed at the capital, while French troops would be stationed at Diré Dawa where the shops of the largely French-owned railway were located. Eventually French troops arrived at Diré Dawa on October 6, 1935.

At this point it should be stated that except for the British, French, and Italian Legations, which for some years had maintained in Addis Adaba small guards of their native colonial troops, all other legations relied upon the employment of native guards. Thus, prior to the outbreak of hostilities, the American Legation had available the following personnel for guard purposes:

Guards	6
Messengers	4
Overseer	1
Total	11

Upon the arrival of four American naval radio operators on October 14, 1935, the defensive strength of the Legation was of course increased by these trained naval men. The three unmarried officials of the Legation at that time stationed in Addis Ababa were naturally also prepared to defend themselves in case of necessity.

The following arms and ammunition, furnished by the War Department, had for some years been available to the Legation:

Rifles	4
Revolvers	4
Rifle cartridges	400
Revolver cartridges	900
Bayonets	4

On January 20, 1936, the Chargé d'Affaires at Addis Ababa, presumably after a careful survey of his needs, requested the following additional arms and ammunition. This request was immediately transmitted to the War Department, which made the shipment from one of its arsenals.

Rifles	6
Automatic pistols	6
Rifle cartridges	600
Pistol cartridges	600

Even if further equipment, such as machine guns, had been requested, it is open to serious doubt whether the Ethiopian authorities would have permitted the importation of such equipment since it was well known that other governments experienced difficulties and long delays in importing shipments of such a nature into Ethiopia.

In this connection it should be pointed out that troops are stationed in foreign countries as legation guards only in those cases where such a right has been acquired by treaty or long-standing usage or suffrance. The United States had acquired no such right in Ethiopia, and like all other legations there, except the British, French, and Italian missions, it relied on native guards.

On August 10, 1935, the Department instructed the Chargé d'Affaires at Addis Ababa urgently to renew his advice to all missionaries remaining in the country to depart. Again the home mission boards were urged by the Department to take steps looking to the immediate departure of their personnel. The Chargé d'Affaires on August 14, 1935, reported that his instructions had been carried out.

On this same date the Chargé also reported that it was his opinion that as long as the Emperor remained alive the Ethiopian authorities would make every possible effort to protect foreigners. In this connection it should be recorded that on December 19, 1935, the Chargé reported the receipt of information that the last of the Italian missionaries had departed early in December (i. e., 2 months after the beginning of hostilities) and that not a single instance of ill treatment of such missionaries had been reported. On the contrary, he stated, they had been shown courtesy and kindness by the Ethiopian authorities and people. This fact, he added, had made a most favorable impression on foreigners. On February 3, 1936, in reporting that he was bringing his wife and family to Addis Ababa from Egypt, the Chargé stated that his colleagues did not anticipate that Addis Ababa would be bombed or that police protection would fail, but in any case they were better prepared for either eventuality than they had been in the fall of 1935.

On March 24, 1936, the minister resident reported the issuance of an official Ethiopian notice calling on all the population to maintain their reputation for hospitality by showing no hostility to foreigners "who live among us as friends." He added that this was apparently merely a precautionary measure, since no foreigners had been molested.

Late in August 1935 careful consideration was given to the possibility of dispatching an American war vessel to the Red Sea area to assure radio communications between Washington and Addis Ababa and for possible use in protecting American nationals. However, since that area was well within the troubled zone and in view of the tension existing there at the time this plan was abandoned. The facts on which this decision was based cannot be discussed in a public document, but I shall be glad to have the data furnished for the confidential information of the committee if it is so desired.

Other steps taken to protect American nationals who insisted on remaining in Ethiopia despite repeated warnings to leave may be summarized as follows:

1. Construction of bombproof shelter at American Legation, authorization for which was granted on September 24, 1935.

2. Establishment of naval radio station at the Legation. This naval detail consisted of four men who naturally were available for defense purposes in case of necessity. In connection with the establishment of the radio station it is of interest to note that because of the opposition of the Ethiopian Government to the establishment of such stations the Chargé was obliged to bring in the material for the station as "electrical equipment" and the naval radio operators as "clerks." Such being the case and bearing in mind the protests of the Emperor against the increase in the British Legation guard, it is obvious that any attempt to introduce an American military guard into Ethiopia would have been staunchly opposed by the Ethiopian authorities.

3. On September 14, 1935, the Chargé reported that he had advised American institutions in Addis Ababa to paint or stretch large American flags on the roofs of their buildings as a precaution against air raids. The Ambassador at Rome was instructed to furnish this information to the Italian Government, with the request that it be transmitted to the Italian military authorities in East Africa. The Italian Government promptly conveyed this information to its military authorities.

4. Early in October the Chargé d'Affaires at Addis Ababa reported that the members of the Diplomatic Corps there had

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particularly helpless in case of trouble, they were repatriated during the summer and autumn of 1935 through funds obtained from a private source. It was necessary to obtain such funds privately since no appropriation is available for repatriating indigent American nationals.

decided to ask their respective governments to bring to the attention of the Italian Government the fact that Addis Ababa and Diré Dawa were open and undefended towns. Upon receipt of this information the Department instructed the American Ambassador at Rome to bring the matter to the attention of the Italian Government, which promptly issued a statement to the effect that these towns would not be bombed as long as they were not used for troop concentration.

5. On April 7, 1936, the American Ambassador at Rome was directed to express to the Italian Government the hope that Italian military authorities in East Africa might be advised of the location of American institutions in the provinces of Ethiopia. Such action was duly taken by the Italian Government.

On the outbreak of war on October 3, 1935, the Chargé d'Affaires at Addis Ababa reported that he had insisted that certain missionary women and children leave at once. He continued as follows:

"For all Americans remaining I have arranged with the British Legation to be afforded such protection as may be possible. British Minister has kindly consented to distribute gas masks to any Americans who desire them and to allow them to set up tents in his compound in the event that police protection fails. I have been repeatedly assured by the Emperor and local authorities that everything possible will be done to protect American lives and property."

On April 18, 1936, the Minister Resident at Addis Ababa reported that in connection with the possible departure of the Ethiopian Government from the city the Diplomatic Corps was making every effort to arrange for adequate police protection during the interval between the departure of the Government and the arrival of Italian forces.

On May 1, 1936, the Diplomatic Corps at Addis Ababa agreed individually to endeavor informally to dissuade the Ethiopian Government from taking steps which might lead to fighting near the city, basing their efforts on humanitarian motives and with a view to protecting their nationals. Later on May 1 the Minister reported that, as he had learned that the Ethiopian Government had decided to try to defend the capital, he was advising American women and children to prepare, in accordance with previous arrangement, for concentration at the British Legation.

(2) With respect to the request for copies of all communications between the Department of State and the American minister resident at Addis Ababa regarding the recent looting and action taken or proposed in respect thereto, I attach copies of all pertinent telegrams. I invite particular attention to my telegrams, no. 179 of May 3 and no. 190 of May 4, to the Minister at Addis Ababa, stressing the fact that considerations of safety should at all times be controlling and that no one at the Legation should jeopardize his life merely for the purpose of remaining there.

I should make it clear that our arrangement for protection of our nationals in the well-defended British Legation was not at all unusual. It is the frequent practice of one government to seek assistance for its nationals from another government which, because of the large number of its nationals and the importance of its interests in a given area, may be better prepared to render such assistance. On many occasions diplomatic and consular officers of the United States, in accordance with the universal practice of all nations, have used their good offices in protecting foreign nationals in those parts of the world where this country has outstanding interests and where it is well equipped for such services. As a matter of fact, some 40 foreign nationals sought and received protection in the American Legation during the recent crisis in Addis Ababa.

The following facts must also be borne in mind. It was confidently expected that American nationals in Ethiopia would follow the advice urgently given them in July 1935, and repeated in August, to withdraw from the country. If these urgent warnings had made no impression, it was expected that the President's statement of October 5, 1935, that any of our people who engaged in transactions with the belligerents did so at their own risk, might at least have had some effect. If these warnings and admonitions had been given the consideration which was due them by unofficial American citizens in Ethiopia there would have remained in that country only the personnel of the American Legation, whose protection offered no difficulty. Obviously, to protect those American citizens who remained and who were widely scattered throughout Ethiopia would have required the dispatch of a large military force.

In connection with the suggestion that American armed forces might have been sent to Ethiopia for the protection of the American Legation, it seems unnecessary to recall the state of public opinion in this country during the summer of 1935, which resulted in the passage in August of that year of the neutrality resolution, specifically designed to prevent this country's being dragged into any foreign conflict. The dispatch of an American war vessel carrying American troops to a distant, troubled zone at such a time and for such a limited purpose would have subjected this Government to a charge of flagrantly violating the spirit of the neutrality act and would undoubtedly and rightfully have met with vigorous protest from the American people.

Sincerely yours,

CORDELL HULL.

Mr. Speaker, when I introduced House Resolution 504 I did so because I felt that the Members of Congress should know all of the facts in connection with the protection of the American Legation at Addis Ababa, Ethiopia, during the recent looting. I am sorry the committee did not see fit to report favorably on the resolution, for there are parts of Secretary Hull's letter that will stand discussion.

The United States Government has an exceedingly unenviable reputation throughout the world for the lack of interest observed in the protection of its embassies, legations, and personnel. Since the Addis Ababa events occurred I have received many letters from American citizens who have lived abroad. These letters invariably call attention to the humiliating spectacle of a country the size of ours appealing to the British Government for the protection of its Legation. Some of the writers of these letters go so far as to advise any American in foreign lands to get acquainted with the British Legation in anticipation of trouble, because of the respect Great Britain has from all nations.

This, too, is borne out in Secretary Hull's letter, quoted below. It will be noted in his fourth paragraph that in May 1935—1 year ago—the Department of State asked the American Embassy in London "to ascertain what steps were being taken by the British Government for the possible protection of its nationals." Great Britain's Foreign Office stated that "in case it became necessary to evacuate foreigners from Ethiopia it would be glad to instruct its Legation at Addis Ababa to do everything it could to assist in the evacuation of American nationals there." In other words, our Government intended to rely on a foreign power to protect our citizens, and apparently planned to do nothing itself. It is a confession of weakness.

Our Government warned its citizens to leave Ethopia, and many of them did so, those remaining electing to do so on their own responsibilities. Many did not leave because they did not have the money to do so. But what of the plight of the employees of our Government who had no choice but were obliged to remain at their posts unless orders to the contrary were received?

The Department of State admits that it used subterfuge in bringing into Ethiopia radio equipment and radio operators as "electrical material" and "clerks." While the State Department was willing to use subterfuge in this respect, it was unwilling, apparently, to do so to protect our Legation. It was not too proud to do some smuggling, but too proud to do other smuggling. What a ridiculous position! Too much dependence was placed on Great Britain, not only for supplies and shelter in time of trouble but for men and arms for defense against the looters.

The question of involvement in the war or the violation of the spirit of the Neutrality Act does not enter into the matter at all. The defense of the Legation was not against the organized soldiery of Ethiopia or any other nation but against unlawful looters and bandits who were not subject to any regulation or command. That was the danger. Had our Minister or his wife or the other employees been killed, it is quite probable that neither Ethiopia nor Italy would have been held to blame. Situated in the most dangerous part of Addis Ababa, our Legation was defended by Minister Engert and the other employees with what few rifles, shotguns, and pistols they had at hand. The most effective weapon of defense was an Italian submachine gun, procured late, by chance, through the good offices of an Abyssinian policeman, who had fled to the American Legation. All because our Department of State was unwilling to risk the refusal of permission to import machine guns. Secretary Hull's statement on this point is pitifully weak:

> Even if further equipment, such as machine guns, had been requested, it is open to serious doubt whether the Ethiopian authorities would have permitted the importation of such equipment since it was well known that other governments experienced difficulties and long delays in importing shipments of such a nature into Ethiopia.

It is not wild conjecture to presume that Great Britian had a sufficiency of arms. We know they had the men, despite the refusal of the Ethiopian Government to permit them to have them.

Secretary Hull admits that our interests are protected in countries where we have outstanding interests, but in small and often dangerous posts the employees and citizens are left to shift for themselves or are placed under the protection of a foreign government. This is wrong, and makes our policy a matter of dollars and cents.

In the next to the last paragraph of his letter the Secretary states that the problem of protecting the personnel of the American Legation offered no difficulty. That this is not so is borne out by the fact that two persons were injured in the fighting in the Legation.

I feel that it is most important for the morale of the Foreign Service that our State Department should hereafter make provisions for the defense of American Legations in exposed areas. We have an excellent corps of trained men, capable of coping with every diplomatic emergency, but when they are exposed to attack by looters and tribesmen running amuck, as was the case in Ethiopia, they should be afforded protection, or at least the means to protect themselves.

RAILROADS ARE THE PRINCIPAL BENEFICIARIES OF RIVER AND HARBOR DEVELOPMENT

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address which I made.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CULKIN. Mr. Speaker, under leave to extend my remarks, I insert the following radio address which I delivered on Monday, April 27, 1936:

Fellow citizens of New York State, I wish to discuss with you tonight the Stokes resolution, now pending in the New York State Senate, submitting a constitutional amendment to permit the Legislature of the State of New York to impose tolls on the barge canals. I am glad to present the matter to the people of the State from the national viewpoint.

The imposition of tolls on our canals will, I firmly believe, impair the prestige and development of our State. It will also result in grave loss to our bankers, to our industrialists, and to the consuming public. To all of them now go the savings which come from the operation of our canals. I have served on the Rivers and Harbors Committee of the House for 8 years and have come to be familiar with the national picture on transportation. The prime necessity of America today is adequate low-cost freight charges. In some sections of our country we have great surpluses of products of the farm and factories for which there is no market. In other sections there is distress because of the need of these commodities which cannot be transported to the area where they are needed by reason of the prohibitive and, may I say, excessive freight rates. It is my honestly considered opinion that the development of our internal waterways and of our coastal harbors is now beginning to solve this acute and distressing problem. Another feature in the solution is the 3,000,000 miles of roads and public highways which the Nation has improved. Over these the development of transportation by truck is already furnishing some relief to the suffering farmer and businessman. We have 15,000 miles of canalized rivers suited to navigation within these United States. We have about 250,000 miles of railroads. As at present constituted these various methods of transportation are not meeting the problems of the people, and I am convinced from my examination of the subject that the present rate structure of the railroads is a definite and complete handicap to the farmer or industrialist who wishes to get his goods to market. As time has gone on, these railroad rates have become more and more oppressive. The management of the railroads have since the creation of the Interstate Commerce Commission remained quiescent and have until now been content to make an annual pilgrimage to the Interstate Commerce Commission where they asked for and usually received an increase in freight rates. These charges finally became so excessive that the public has been driven to water and truck transportation, where they were available.

May I say that I have no grievance against the railroad; and while I wish to give them due credit for the part they are playing in American economics, I desire to emphasize that their growth in America has gone hand in hand with the development of waterways. This fact has been ignored by the ardent advocates of the railroads who are now seeking to get a monopoly of transportation in America. The Congress has disbursed more than $800,000,000 upon seacoast, lake harbors, and channels in a period of 125 years. Sixty-seven percent of this total was upon coastal harbors. These harbors were the connecting links between the ships and the railroads and equally beneficial to both. Take, for example, New York Harbor; over 10 branches of New York Harbor improved by the Government, ferryboats operated by the railroads carried freight in 1932 valued at over 14 billion dollars. If such harbor improvement constitutes subsidy to the ships, it also constitutes an equal subsidy to the railroads.

On the Great Lakes we handle an average of 100,000,000 tons of freight per year. This tonnage, consisting mostly of ore, coal, and wheat, is handled by rail at both ends of the line. The railroads receive about 10 mills per ton-mile on these freights and the boats 1 mill per ton-mile. Thus the railroads enjoy the major benefits.

The classic example of railroad development due to water transportation is the area around Pittsburgh. During the 25-year period between 1900 and 1925 the waterway traffic at Pittsburgh increased 31,000,000 tons; the rail traffic increased 116,000,000 tons. This growth and development was entirely due to the low-cost water transportation which carried the iron ore from the Mesaba Range in Minnesota to the Lake Erie ports, from where it was a short haul by rail. Except for the low-cost transportation by the Lakes the production of steel in and around Pittsburgh would have been impossible and the railroads would not have enjoyed the tremendous development incident to the establishment of the steel mills adjacent to the coal mines.

The growth of our large cities on the coast and on the Great Lakes has been due to the existence of water transportation. Chicago, Cleveland, and Buffalo on the Great Lakes; Galveston, Houston, and New Orleans on the Gulf; the great cities on the Pacific and Atlantic coasts, have had their development and growth by reason of water transportation provided in part by nature and improved by the Federal Government. Around these centers of population the railroads have had their greatest and most profitable development so that the continuing flow of propaganda against waterways comes with poor grace and without justification from the railroads and their spokesmen. They have been the beneficiaries of all these developments and are now biting the hand that fed them. I definitely charge that the railroads of today are seeking a monopoly of transportation and have entered upon a campaign of misrepresentation of the waterways and trucks which reaches to every nook and corner of the land. If a monopoly of transportation comes—and it will come unless industry and agriculture are aroused to the dangers of the situation—the costs of living will go up by leaps and bounds and we shall have to fight again the battle which the people won in 1886, when the Interstate Commerce Commission was established.

Just now the firing line is here in New York State where a preliminary attempt is being made to destroy the usefulness to the people of the New York State barge canals. The railroads have assumed their ancient role and propose to wreck these canals by the imposition of tolls. If they succeed in this, they will then demand that the highways be operated under a similar system. These canals connect the Great Lakes area with the seacoast. They run from Lake Ontario and Lake Erie to Albany and have at present a navigable depth of 9 feet. From Albany to New York via the Hudson River we have a 27-foot channel. The canals are increasing in usefulness each year, and the tonnage is gradually mounting as better transportation facilities are afforded. They furnish an essential link to all transportation from the Lake States and Middle West to the Atlantic seaboard. These canals last year carried approximately 4,000,000 tons of freight. It is estimated it will reach 6,000,000 tons in 1938. Over this canal passes at low transportation cost fertilizers, feeds, gasoline, flour, canned goods, building material, kerosene, fuel oil, and a host of other raw and manufactured products. Low-cost canal charges bring a saving to the farmers and urban consumers on these items of at least $8,000,000 per year. Then there is the item of savings to the farmers and urban consumers in lower freight rates in other forms of transportation as a result of barge-canal competition. We may estimate this additional saving at $5,000,000 per year.

Employment in New York State industries is stimulated and made possible by the low transportation cost of raw materials by barge canal. This is a concrete and definite benefit which would pass to other States in the event that tolls were imposed on the canal. These industries employ many thousands of men and pay large sums in taxes. Commerce on these canals at their terminal points give employment to marine, warehouse, and port workers. There are no exact figures available on this, but it may be conservatively estimated at a total of $5,000,000 per year.

These canals have a sanitary and drainage value that cannot be measured in dollars. Over them pass each year, going from the seaboard to the lakes, thousands of recreational craft which give health and recreation to the people. As a result of the construction of the canals great water powers have been created which result in the employment of thousands of people. This canal is not operated for the benefit of the transportation companies using it.

The fact is that their savings in transportation costs are passed on to the consumer, farmer, and the industrialist. Within the zone of the canal in the State of New York a freight differential is established by the railroads which illustrates the potential effect of the canal upon the freight rates. I have heard it stated by excellent authority on transportation that if the barge canals of New York State did not transport a ton of freight the mere existence or presence of the canal would result in a saving to the people of the State of New York of $50,000,000 per year in freight rates. That was the reasoning of our forebears on this proposition, so they wrote into the constitution of this State two provisions. One, that the canals could not be sold or leased, and the other, that the canals should be toll-free forever. They did this because they realized how vital the continuance of the canal system was to the protection of the economic life of the State. The reasons that applied when these provisions were put into the constitution

apply with greater force now when the railroads are seeking and are actually making progress toward a monopoly of transportation.

The United States Engineers, who are the greatest economists on water transportation in the world, recommended in 1929 that the Government take title to the canals. The engineers found that the New York State barge canal was a sound navigational project and that the economics resulting from its operation justified not only its continuance but its being taken over by the Government. I wish that every citizen of the State who is listening in on this discussion might read the engineers' illuminating and commendatory report on the New York State canals. Pursuant to said report Congress passed an act in 1930 which provided for Government operation. The act carried an appropriation of $2,500,000 annually for the operation of the canal. I had a hand in writing that statute.

I regret that the State did not take advantage of this opportunity to nationalize the barge canals. It has always been my belief that the New York State Barge Canal, which is a vital link in our national system of waterways, should be operated by the Government as are the Atlantic, the coastal, the Illinois, and other waterways of this type.

The constitutional provision against the sale or lease of the canals more or less stood in the way, and in 1932 my colleague, Mr. GAVAGAN, of New York City, introduced a bill for the deepening of the canal to 12 feet navigable depth without taking title. Subsequent to that the United States Engineers recommended an appropriation of $27,000,000 for the purpose of deepening the canal to 12 feet navigable depth, giving greater clearances under the bridges and straightening out some of the bends. We spent many weary months getting this measure through Congress. The representatives of the railroads trained their heaviest guns on this project, but without success. Last year $5,000,000 was spent on this deepening by the Federal Government. This year there will be an additional $5,000,000 available for this purpose, and an equal sum each year till the work is done. It makes the canal 50 percent more efficient, and it will result in corresponding savings in transportation costs when this improvement is completed. It, of course, materially helps the unemployment situation in New York State and at the same time is a worth-while and thoroughly constructive navigational project.

I think I know the situation at Washington. It is my judgment that on the completion of the canal deepening the Federal Government will take over and operate the canal provided the State is then willing. The passing of the pending resolution in the senate, no. 163, by Senator Stokes, providing that the Legislature of the State of New York may levy State canal tolls as it sees fit, will stop the expenditure of this $27,000,000. It will also defeat probably for all time our purpose in Congress, provided the State consents, to take over and operate this canal.

Congress is vigorously opposed to any form of toll upon a public utility, whether it is a highway, a bridge, or waterway. America passed that stage many decades ago. It remained for the railroads to attempt to turn back the clock and restore this relic of the Dark Ages. Members of Congress, both East and West, North and South, are of one mind on this subject of tolls. The Congress will not vote money to any public utility that collects tolls. If tolls are made probable by the action of the Legislature of New York State at this session, then New York State must remain on its own because so far as the Federal Government is concerned, it will not aid or contribute by taking this canal over, operating it, and continue its deepening. The people of our State will then have to take refuge in the cold bosom of the railroads, where they will find scant comfort with a certain loss of State prestige and development and transportation costs that will be ruinous to agriculture and industry.

I want to call your attention to a letter written by General Markham, Chief of Engineers, to the New York State Authority on this question. It is as follows:

Mr. BILLINGS WILSON,
Assistant General Manager, the Port of New York Authority,
111 Eighth Avenue, New York, N. Y.

DEAR SIR: I am in receipt of your letter of January 29, 1936, in which you refer to a proposal removing the prohibition against the levying of tolls on the Great Lakes-Hudson River Waterway, introduced in the New York State Legislature, and ask to be advised if the authorization contained in the recent river and habor act, approved August 30, 1935, would not prohibit the allotment of Federal funds to this project in the event such legislation were established.

It is the view of this office that the authorization contained in the river and harbor bill based on the report of this department, is specific in that Federal funds may not be made available for the improvement in the event legislation is enacted for the establishment of tolls. It is my further view that in such event it would be necessary for me to recommend the revocation of any unexpended balances from the fund provided from the Emergency Relief appropriation for the work now under way, and that no further Federal funds could be allotted to the improvement of the canal under the present authorization.

Very truly yours,

E. M. MARKHAM,
Major General, Chief of Engineers.

With characteristic audacity the railroads say that the passage of the Stokes Resolution No. 163 will make no difference with the disbursement of Federal money. The letter of the distinguished chief engineer throws that contention out of the window.

I have become familiar with the national transportation problems of the farmer by reason of my service at Washington. I have been in contact with the national officers and representatives of the Grange and the Farm Bureau Federation. These bodies realize the damage which threatens their people by reason of the present activities of the railroad. Both the National Grange and the Farm Bureau feel that the railroads are seeking a national monopoly of transportation in America. I have fought shoulder to shoulder with the Grange and Farm Bureau leaders on this proposition. So, I appeal to you listeners who are members of farm organizations to write or telegraph your Senator in the New York State Legislature requesting him to oppose this Stokes Resolution No. 163. I likewise appeal to the industrialists and to all citizens who are concerned with the welfare and development of our State to take similar action. I make no war on the railroads. I am for giving them their place in the sun. I will vote to give them Federal aid in every reasonable, proper way.

In conclusion I wish to emphasize with all earnestness and sincerity that the passage of the Stokes resolution in the senate will be a body blow to the people of our State in that it will hamper its development, increase the present burdens of the farmer, add to the high cost of living, and will surely discontinue necessary and proper Federal aid to our barge-canal system.

Thank you and good night.

PERMISSION TO ADDRESS THE HOUSE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, my purpose in addressing the House at this time is to call attention to the fact that in the passage of the deficiency bill several days ago, and in relation to the Works Progress Administration, on page 23, from line 4 to line 9, appears language which, in my opinion, would preclude veterans who will otherwise be eligible in accordance with existing regulations from being employed unless the language is changed by the Senate. The House bill states:

In the employment of persons on Works Progress Administration projects applicants in actual need of such employment whose names have not heretofore been placed on relief rolls shall be given the same eligibility for employment as applicants whose names have heretofore appeared on such rolls.

The words "actual need", in my opinion, will preclude veterans from receiving work in the Works Progress Administration unless the words "actual need" are supplemented by appropriate language inserted by the Senate not to exclude veterans who are in need, but who might be denied such employment because of receipt of the bonus.

Mr. Speaker, I know the Works Progress Administrator is in sympathy with the employment of veterans who are in need and does not feel that the receipt of the bonus should interfere with such employment.

It was not the intention of the Members of the House, and I know it was not my intention, and I do not think the intention of either the Democratic or Republican Members, to state that veterans, just because they may receive the bonus, shall be denied employment in the Works Progress Administration. I also know that the distinguished gentleman that proposed the amendment eliminating the dead line would feel the same way. I hope the Senate will incorporate an appropriate amendment, and when it comes back for our consideration that the House will concur.

[Here the gavel fell.]

THE CONSTITUTION OF THE UNITED STATES

Mr. LAMBETH. Mr. Speaker, by direction of the Committee on Printing, I send to the Clerk's desk a privileged report on Senate Concurrent Resolution 35 (Rept. No. 2666) and ask for its immediate consideration.

The Clerk read as follows:

Senate Concurrent Resolution 35

Resolved by the Senate (the House of Representatives concurring), That the Constitution of the United States of America (annotated), including all amendments thereto, and with citations of the cases of the Supreme Court of the United States construing its several provisions, collated under each separate provision, be compiled and revised up to date, and that the same shall be printed and bound; and that 3,000 copies shall be printed, of which 2,200 copies shall be for the use of the House of Representatives and 800 copies for the use of the Senate.

The Senate concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

FISCAL RELATIONS OF THE DISTRICT OF COLUMBIA

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes to make an announcement regarding the conference on the District of Columbia appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, the Washington newspapers have reported that a Mr. L. H. Parker is a great expert on civic tax matters and that he has given a special report on fiscal relations here in Washington which would show that the District of Columbia is the third highest taxed city in the United States.

This statement is so ridiculous that it is absurd on its face. All of us who have been giving close study to local tax matters here for 20 years know he is a fake when he makes that assertion. Our subcommittee had this man Parker before us and questioned him in a hearing, and he showed that when he worked for the city of New York he had been drawing a salary of $230 to $240 a month, and that he is drawing now an annual salary of $9,600 from a joint committee of Congress, and yet last October he hired himself out to this Washington Board of Trade, on the side, for $5,500, which they paid him to make this ridiculous report about Washington being overtaxed, when the people here are the least taxed of any city in the whole world.

We showed that he does not know anything worthy of belief about the civic tax rate in this and comparable cities, or about the fiscal or tax relations of Washington and the United States Government. We showed that he was not an expert on civic taxes, and that he had not been to any one of these cities that was given by the President in his report last year as paying much larger taxes than Washington, and that he knew nothing about their tax matters, and his whole evidence before our subcommittee showed he had sold himself last October to the board of trade for $5,500 to give this report that is against the interest of the Government, which is paying him an annual salary of $9,600.

We are going to have this evidence, taken before our subcommittee, printed and it will be accessible to you Monday morning. I am going to mail every one of you and every Senator a copy of his testimony and I hope every Member of this House and every Member of the Senate will read this man's testimony. It is ridiculous. It is absurd. He was bought by Washington for $5,400 and testified he knew what they expected him to do for this handsome fee. It just shows how far Washington will go to try to escape just taxation. [Applause.]

Mr. Speaker, I am grateful to my colleagues for allowing me to present further facts about what occurred at our hearing. This Mr. L. H. Parker admitted that when he came to Washington the tax rate here was $1.82 per $100, that in 1926 the tax rate was $1.70 on the $100, that in 1927 they raised it back to $1.80 on the $100, that in 1928 they lowered it back to $1.70 on the $100, and that from 1928 to 1933, inclusive, the tax rate in Washington was $1.70 on the $100 or $17 on the $1,000.

TAX RATE $1.50 ON THE $100

Mr. L. H. Parker likewise admitted that since 1934 the tax rate in Washington, D. C., has been only $1.50 on the $100, or $15 on the $1,000, which is the total tax paid here on tangible personal property and upon real estate, which is assessed at a valuation far below its real value.

NO SPECIAL TAXES IN WASHINGTON

Mr. L. H. Parker admitted that on property in the District of Columbia there is no State tax, and no county tax, and no school tax, and no special water tax, and no special school tax, and no special courthouse-, jail-, or bridge-bond tax, such as are paid by people living in some cities, additional to the city taxes they pay.

WASHINGTON TAX LOWEST IN UNITED STATES

Mr. L. H. Parker admitted that he could not name another city in the whole United States where the total tax on tangible personal property and real estate was as low as $1.50 on the $100, paid by the people of Washington.

FREE OF BURDENS OTHERS PAY

Mr. L. H. Parker admitted that Washington people paid no estate tax, no inheritance tax, no gift tax, no income tax, and no sales tax (additional to the Federal tax which all people alike pay), such as the people in some of the other cities of the United States have to pay.

ONE THOUSAND DOLLARS EXEMPTION ON HOUSEHOLD FURNITURE

Mr. L. H. Parker admitted that he could not name another city in the United States besides Washington where each family is given an exemption from taxes on $1,000 of household furniture, which $1,000 exemption Washington people enjoy.

LIBRARIES EXEMPT WHETHER $5 OR $500,000

Mr. L. H. Parker admitted that he could not name another city in the United States besides Washington where each person has exempt from all taxes his private library, regardless of value, whether it is worth $5 or $500,000, which exemption Washington people enjoy.

TWO-CENT GASOLINE TAX

Mr. L. H. Parker testified that he could not name another city in the United States besides Washington where the tax on gasoline is as low as 2 cents per gallon, which low rate of 2 cents per gallon on gasoline Washington people enjoy. Across the Memorial Bridge, 2 miles from the Capitol, over in Virginia, the tax is 5 cents per gallon on gasoline, and over beyond Chevy Chase in Maryland, 5 miles north from the Capitol the tax is 4 cents per gallon on gasoline, plus the sales tax that prevails in Maryland, which Baltimore people have to pay, while Washington people enjoy their 2 cents per-gallon tax on gasoline.

FAMILY WEARING APPAREL EXEMPT, REGARDLESS OF VALUE

Mr. L. H. Parker testified that he could not name another city in the United States besides Washington where each person has exempt from taxes all wearing apparel, regardless of value, whether worth $5 or $500,000, which exemption Washington people enjoy.

LOW RATE OF $6.60 PER YEAR FOR WATER

Mr. L. H. Parker testified that he could not name another city in the United States besides Washington where the charge for water is only $6.60 per year for the average family, which low rate the Washington people enjoy.

ONE-DOLLAR REGISTRATION FEE FOR $12,000 ROLLS-ROYCE

Mr. L. H. Parker testified that he could not name another city in the United States besides Washington where the annual registration fee on automobiles covering license number plates is only $1 per year, whether the car is a Ford or a $12,000 Rolls-Royce, which low nominal fee the Washington people for years have enjoyed.

NO CHARGE FOR REPAIRING AND REPLACING SIDEWALKS AND STREET PAVING

Mr. L. H. Parker could not name another city in the United States besides Washington where the people are not charged for repairing or replacing sidewalks and street paving in front of their residences, which privilege Washington people have enjoyed for years.

NO ANNUAL CHARGE FOR SEWER SERVICE

Mr. L. H. Parker could not name another city in the United States besides Washington where, after a residence is once connected with the sewer system, there is never thereafter any charge made against the owner for sewer service, which privilege Washington people have always enjoyed, while people in some cities have to pay a monthly charge.

ONE-HALF OF 1 PERCENT ON INTANGIBLES

Mr. L. H. Parker testified that he could not name another city in the United States besides Washington where the tax on intangible property (or the tax that compares with it) is as low as the Washington tax rate of only one-half of 1 percent on intangibles, which low rate Washington people have enjoyed, with no law here that forces them to render their intangibles, millions of dollars of which are hidden away in lock boxes in banks and not rendered for taxes, and it is only when people die and their estates go through probate that the full amount of their intangibles become known.

ASHES, TRASH, AND GARBAGE GATHERED FREE FROM RESIDENCES

Mr. L. H. Parker could not name another city in the United States besides Washington where the people have their ashes gathered free from their homes, their trash gathered free from their homes, and their garbage gathered free from their homes, which privilege Washington people have always enjoyed.

TREES FURNISHED, PLANTED, PROTECTED, SPRAYED, PRUNED, AND REPLACED WITHOUT CHARGE

Mr. L. H. Parker testified that he could not name another city in the United States besides Washington where in front of and around their residences the trees are furnished to the owners without charge, are planted without charge, are protected with lumber inclosures without charge, are watched and cared for free, are sprayed free, are pruned free, and are replaced without charge when they die, which privilege Washington people have enjoyed for many years.

ASSESSED VALUE LESS THAN HALF OF REAL VALUE

Mr. L. H. Parker had his attention called to numerous pieces of property, with figures and facts furnished by Tax Assessor Richards showing that in 1933 Washington experts on property values testified that the value of numerous lots was double and even treble the assessed value, and that the Government was forced to pay double and even in instances treble the assessed value for many pieces of property, including the numerous lots it bought for sites of the New House Office and the United States Supreme Court.

ASSESSED VALUES REDUCED $80,000,000 IN 1934 AND $50,000,000 IN 1935

Mr. L. H. Parker had his attention called to the fact that Commissioner Melvin C. Hazen, chairman of the Board, testified that in 1934 the Commissioners arbitrarily reduced the assessed value of real estate in Washington $80,000,000, and that in 1935 they arbitrarily reduced the assessed values of real estate $50,000,000, so that during the past 2 years the assessed values of real estate in Washington has been lowered $130,000,000, which has meant a great saving in taxes to Washington people.

WASHINGTON PEOPLE LEAST TAXED AND BEST TREATED

Mr. L. H. Parker had his attention called to the fact that Commissioner Melvin C. Hazen testified, as shown by the printed hearings, that the people of Washington were the least taxed, enjoyed more privileges, and were better treated, than the people of any other city in the United States.

PAID NOTHING ON THE $14,750,000 MEMORIAL BRIDGE

Mr. L. H. Parker testified that Washington people paid no part of the $14,750,000 spent on the Memorial Bridge, all of same being paid by the United States.

PAID NOTHING ON BEAUTIFUL HIGHWAY TO MOUNT VERNON

Mr. L. H. Parker testified that Washington people paid nothing on the beautiful highway to Mount Vernon, which is constantly enjoyed by all Washington people, all of such expense being paid by the United States.

WASHINGTONIANS BENEFIT FROM ALL DEPARTMENT APPROPRIATION BILLS

Mr. L. H. Parker admitted that the people of Washington have funds furnished for projects of local interest and benefit to them in large sums from the Interior appropriation bill, and from all of the annual appropriation bills for the different departments of government.

HOWARD UNIVERSITY FINANCED BY UNITED STATES

Mr. L. H. Parker admitted that Washington people paid nothing for Howard University here, but that the United States finances and maintains it.

WONDERFUL CONGRESSIONAL LIBRARY COSTS WASHINGTON PEOPLE NOTHING

Mr. L. H. Parker admitted that Washington people have paid nothing either for the construction or annual maintenance of the fine Congressional Library here, daily used by Washington people.

UNITED STATES INSTITUTIONS HERE ATTRACT TO WASHINGTON HUNDREDS OF THOUSANDS OF TOURISTS WHO SPEND MILLIONS IN WASHINGTON

Mr. L. H. Parker admitted that because of the Government institutions here, hundreds of thousands of tourists are attracted to Washington, and that the enormous amount of money they spend here annually is a bonanza to Washington people.

ALTHOUGH EMPLOYED BY HOUSE AND SENATE AT SALARY OF $9,600 ANNUALLY, NEITHER REQUESTED HIM TO REPORT ON LOCAL TAXES

Mr. L. H. Parker admitted that although he was employed by a joint committee of Congress, of which Senator PAT HARRISON is chairman and Congressman BOB DOUGHTON is vice chairman, that neither Senator HARRISON nor Congressman DOUGHTON had ever requested him to make any report on local taxes, and that neither knew anything about his hiring himself out to the Washington Board of Trade last October for a $5,500 fee to help the board of trade.

HIGH TAX RATE IN COMPARABLE CITIES

Mr. L. H. Parker had his attention called to the list of comparable cities which President Franklin D. Roosevelt submitted to Congress last year, which he had had investigated by the Treasury Department, showing that in all of them the tax rate far exceeded that paid in Washington, and that the tax rate in Washington was the lowest of them all, and Mr. Parker admitted that he had never been in any of these cities to check up their tax rate, and he showed our subcommittee that he did not know anything whatever about the tax rate of comparable cities.

PARKER'S OWN RESIDENCE ASSESSED FAR BELOW VALUE

The property at no. 1317 Iris Street NW., being lot 12 in block 2774, was a vacant lot in 1929 and was then assessed at $2,310, and a new residence was built on it, and on August 15, 1931, was sold to Mr. L. H. Parker for $17,950, of which Mr. Parker paid $500 cash, and assumed a first trust of $10,000, and a second trust of $7,450, and while he owned it, and from 1930 to 1934 this property was rendered for taxes at an assessed valuation of only $11,010, and for 1935 and 1936 it is assessed at only $10,110, which at the tax rate of $1.59 pays the lowest taxes of similar property in any other city of the entire United States.

WANT COLLEAGUES TO READ PRINTED HEARINGS

These hearings will be printed and available by next Monday, and I want my colleagues, both in the House and Senate, to read same. They will find in same some very interesting information.

HOUSE SUBCOMMITTEE HAS BEEN DILIGENT AND FAITHFUL

Our House subcommittee has worked hard, has been diligent and faithful, and I know that it will have the hearty support of the House in not allowing an amendment that will force the taxpayers of the United States to make a gratuitous contribution of $5,700,000 out of the Public Treasury, to pay on the local fiscal expenses of Washington people, who, as Commissioner Hazen says, are the best treated, the least taxed, and enjoy more privileges than any other people in the United States.

I know that the people of Missouri, Iowa, West Virginia, Pennsylvania, and Texas do not want us to tax them to make a $5,700,000 annual gift to Washington people each year, and I believe the people of Oklahoma, New York, Virginia, New Hampshire, and South Dakota are of like mind, and would resent being made to pay taxes to raise $5,700,000 to give to Washington people each year.

FIGHTING FOR WHAT IS RIGHT IS EXPENSIVE

In addition to the time and labor spent on these matters, it has cost me a lot of money. I have paid to the Government Printing Office quite a sum of money for reprints, just to let the people know about this situation. Just to show how much the Government Printing Office has charged me for printing matter relating to the fight I am making to keep communism out of public schools I have gotten permission to print the following certificate:

GOVERNMENT PRINTING OFFICE,
CONGRESSIONAL RECORD CLERK,
Washington, D. C., May 8, 1936.

AS CONGRESSIONAL RECORD clerk, who handles all orders for reprints of public documents, I do hereby certify that the reprints of hearings and excerpts from the CONGRESSIONAL RECORD ordered by Congressman THOMAS L. BLANTON relating to his efforts to keep communism out of schools, were not printed at Government expense, but that Congressman BLANTON was charged regular prices

for same by the Government Printing Office, and such reprinting cost Congressman BLANTON the following amounts, to wit:

Order No. 54760. Extracts from hearings, Committee on Appropriations, on eliminating subversive matter from public schools	$309.60
Order No. 12573. Excerpts of speeches from CONGRESSIONAL Record on communism	668.86
Total on above	978.46

The above shows the total charges made by the Government Printing Office against Mr. BLANTON for printing the above.

W. A. SMITH,
Congressional Record Clerk.

APPLE BLOSSOM FESTIVAL AT WESTFORD, MASS.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House to make an announcement and extend an invitation to the Members of the House.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, on Saturday and Sunday of this week the inhabitants of the beautiful little town of Westford, Mass., are to have an apple-blossom festival, and I want you to know how anxious we are to have every one of my colleagues come there to see our beautiful apple blossoms and also accept the hospitality of the Fifth District and Westford in particular. We want you all very much, and I may say to the people from the South who have not been there before that we will give you a welcome as warm as the sunny South; and I may say to the people who have left our section to go to the central West and far West we want to welcome you back; and I will say to the gentleman from North Dakota, who, perhaps, has forgotten us in New England a little, we have the same affectionate feeling for the people who have left us, and we want them at least to come back and see us.

Mr. McFARLANE. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. McFARLANE. Is the gentlewoman from Massachusetts by any chance referring to the remarks of the gentleman from North Dakota yesterday when he referred to the gentleman from New Hampshire, Mr. Moses?

Mrs. ROGERS of Massachusetts. Does the gentleman realize that apparently the heavens resented those remarks, and hailstones, like thunder, descended on this roof? [Applause.]

FRAZIER-LEMKE BILL

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my remarks and to include a few excerpts on the Lemke bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. FULMER. Mr. Speaker, under leave granted me to extend my remarks and insert therein a few excerpts on the Frazier-Lemke farm debt refinancing bill, I am inserting herewith a letter just received from one of my constituents. The contents of this letter is very much in line with my argument made yesterday on the floor of the House in connection with the consideration of the Frazier-Lemke bill.

COLUMBIA, S. C., *May 12, 1936.*

Hon. H. P. FULMER, M. C.,
Washington, D. C.

DEAR CONGRESSMAN FULMER: I notice that the Frazier-Lemke farm debt refinancing bill is being considered by Congress. From the account in the today's paper it appears that you are in favor of the passage of this bill. I am glad that you are on the right side.

I am unable to see how the issue of currency to pay debts already contracted could bring about inflation, and if it did, would that evil be any greater than that which now exists as a result of the high rate of interest landowners are paying to stave off foreclosures and loss of their homes?

I am enclosing herewith notice to me of installment due the Federal land bank on a loan which the bank made me about 1924. I have no criticism of the bank. As a matter of fact, it has always treated me with the greatest consideration and courtesy, but my purpose in enclosing this notice is to impress upon you and other Members of Congress who may come into possession of this information the enormous interest charges which mortgagees are paying. You will observe that the semiannual payments on this loan amount to $130.23, of which $86.04 is for interest and only $44.19 is applied to the principal. In other words, the interest is approximately double the principal. I may say in this connection that the interest charges on this loan prior to a couple of years ago, when the Government arranged to have interest rates reduced, were considerably in excess of the figure given here. The total payment of principal and interest then being something over $320 per year in the place of approximately $260 which I am now required to pay. After making payments at the rates mentioned above since the money was borrowed in 1924, the principal has been reduced to about $4,400 on a $5,000 loan. The principal has been approximately paid in interest. With the high taxes and the high cost of living it is almost impossible for farmers who owe a mortgage indebtedness to save their homes. I personally know of a number of cases—and you probably do—where foreclosures have been made and the home owners, after years of struggle, have been thrown out either to become tenant farmers or drift to town and pick up whatever odd jobs chance might give them.

From my own experience and observation I do not feel that the Congress could do anything that would go further to relieve a most distressing situation and improve conditions as a whole than to pass this bill. I trust that the delegation from this State will give it solid support.

I would like to know what the Bankhead "sound dollar" is worth to the poor devil who does not have one to spend.

With kindest regards I am,

Yours very truly,

J. IVEY HUMPHREY.

ADJOURNMENT OVER

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, will the gentleman from Alabama yield for a question?

Mr. BANKHEAD. I yield, Mr. Speaker.

Mr. SNELL. What does the gentleman expect the program to be for Monday, Tuesday, and Wednesday of next week?

Mr. BANKHEAD. So far as we can tell now, I may state to the minority leader, Monday, as the gentleman knows, is Consent Calendar day. I do not know whether the Speaker has any suspensions in mind or not. I have not conferred with him.

On Tuesday we will have private claims bills; and if we dispense with Calendar Wednesday, we will take up the conference report on the Interior Department appropriation bill.

EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to put in the RECORD a certificate from the RECORD clerk of the amount of money I have paid recently to the Government Printing Office in my fight against communism.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE FARMER AND HIS MORTGAGE

Mr. COLMER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COLMER. Mr. Speaker, I seriously doubt that anything that might be said or done by me with reference to the pending legislation and the friends of this bill—Frazier-Lemke—which so many of us think will be of great benefit to the farmers of this country, will have any substantial effect. We are told that the powers that be on this hill are opposed to this particular legislation. I dislike very much being put in the attitude of opposing the leadership of this body who have in charge the administration's policies, for I realize that this administration has done possibly more for agriculture than any previous administration. If I am incorrect in this, then I know that I am on sound ground when I state that the Roosevelt administration has attempted to do more to assist agriculture than any previous administration. And I might add that there has been more reason and justification, possibly, for assistance to the

farmer in the past 3 years than at any time. For certainly there has never been a time in the history of the country when agriculture needed the sympathetic cooperation of its National Legislature more than it did at the period when this administration came into power.

Moreover, I am not unmindful of the fact that there is a desire today on the part of the agricultural interests of the country to cooperate insofar as possible with an administration that is trying to help them. But, Mr. Speaker, this is a most important matter, as I view it. It goes to the very foundation of the troubles which beset the American farmer today. I should be the last Member of this House to challenge the sincerity of many of those who oppose this legislation. I do not question their desire to constructively help the farmer. But I have a right to my own opinion, and I hope that as long as I am a Member of this body I shall always have the courage to exercise the right to follow that opinion when I have once reached it after careful study and thought. Therefore, I shall vote for this measure.

A brief analysis of the bill would be in order, but I shall content myself with merely pointing out some of the salient features of the bill which, I think, would be beneficial.

INTERST OF FARM MORTGAGES TOO HIGH

The whole purpose of this bill is to refinance existing farm mortgages at a rate of interest that the farmer can pay. There are today, and, for that matter, every day, mortgages being foreclosed on the farms of this country by the Federal Land Bank and by private mortgages. These mortgages are being foreclosed because of the fact that the farmer is not earning sufficient income from his farm to pay the rate of interest which he today has to pay. If the business interest of this country had to pay the same rate of interest on its mortgages and other indebtedness the foreclosures in the business world would be just as substantial as they are in the field of agriculture. Business could not stand it; neither can agriculture.

When this administration came into power in 1933 the whole economic structure of the country was tottering. People were hungry. Banks were toppling like toy houses before the anger of a spoiled child. In fact, the country was facing a revolution. The present administration, under the leadership of our great President, proceeded to bring order out of chaos. Much is yet to be done.

SAME TREATMENT FOR AGRICULTURE AS FOR INDUSTRY

One of the first things that was done was to grant generous loans through the Reconstruction Finance Corporation at a low rate of interest to industry. The industrial wheels were about to stop. They were threatened with foreclosure—they were being foreclosed in thousands of instances daily. The Reconstruction Finance Corporation came to their aid. Today, in spite of the assistance that has been rendered to agriculture by this administration, finds agriculture in very much the same position that industry was then. In fact, agriculture was in the same condition 3 years ago as industry. We are asking today that the same privilege be granted to agriculture that was granted to industry then—refinance the farm mortgages on a lower rate of interest. Need I remind you that millions upon top of millions of dollars went to the relief, through the medium of loans through the Reconstruction Finance Corporation, of industry. Happily, they were able to refinance their obligations at a lower rate of interest, and today industry is fairly comfortable. Give the farmer the same opportunity to refinance his mortgage indebtedness and you will find him in a few years fairly happy and content.

FARMERS TRYING TO REPAY WITH HIGH MONEY INDEBTEDNESS INCURRED WITH CHEAP MONEY

Mr. Speaker, the condition of the farmer today, in spite of all the attempts that have been made to assist him, is not an enviable one. The chief trouble with the farmers of this country today is that they are trying to repay obligations incurred when cotton was selling at 20 cents and wheat at $1.50 with money earned on 10-cent cotton and 90-cent wheat. I doubt if it can be done. Thousands of farmers in this country are faced with the loss of their farms—their homes, if you please—because back in prosperous times when money was cheap they incurred obligations at a low rate of interest (which is always incidental to cheap money) and are now forced into the unfortunate position of trying to repay these obligations with tight money, which must be obtained at a high rate of interest; this, too, when they are now receiving approximately half for the commodities which they produce as compared with the price received for their commodities when the obligation was incurred. But it is argued that the farmer should not have incurred these obligations in prosperous times. The farmer is not to be indicted for this any more than the city dweller, the laborer, or any other class of people. Even the master minds in the industrial world would be subject to the same indictment. All classes of people made the same mistake, if a mistake it was. We have realized that and attempted to correct it in this Congress. We have granted relief to the home owners through the Home Owners' Loan Corporation. We have extended the helping hand to industry. We have saved the banks of the country through the guaranty deposit law. We have undertaken to grant security for the aged through the old-age pension. Financial assistance to the crippled and unfortunate children of our country has been given. And, frankness compels the admission that we have attempted to help the farmers of the country.

All of these undertakings were worthy and received my steadfast and enthusiastic support. But here, as I see it, we have an opportunity through this piece of legislation to go to the taproot of the farmer's trouble by liquidating his farm mortgage through a process of refinancing at a rate of interest at 1½ percent, plus the carrying charges, which should, at the most, not exceed over another 1½ percent. In other words, under the terms of this legislation if enacted into law, the farmer would be able to swap his mortgage upon which he is now paying anywhere from 6 to 8 percent for another mortgage on a long-term retirement plan at a rate of interest at 3 percent. It would give him security. If this bill were enacted into law there are thousands, yea, hundreds of thousands, of farmers in this country who could rest at night with the assurance that they had reasonable security for their farms and their homes from this ghostly spectre of the advent of the farm auctioneer. Three percent interest with the liquidation of the mortgage over a period of 40 years—what comfort, what a sense of security the mortgage-ridden farmers of this country would have!

INFLATIONARY

But we are told that this bill is inflationary and that that is one of the chief objections to its enactment into law. As one who has given considerable time to the study of our monetary system I disagree with this charge. Inflation is a question. Few people agree upon what constitutes inflation. Time will not permit a discussion of the monetary question involved. Suffice it to say that these bonds which are proposed to be issued and sold under the provision of this bill would have behind them every safeguard, as the bill is now amended, that any other existing obligation of the Government has.

They would have behind them the gold and silver in the Treasury of the United States. Moreover, they would have behind them the real value of this country—the real estate and the homes of the country. After all, what constitutes value? Certainly it is not money. The true wealth of this Nation is not in the stocks and bonds owned by the financial interests of this country. Our real wealth is based upon the value of the property of the country's citizenship. The bonds which are proposed to be issued under this act will be secured by that value.

I fear that, if the present conditions with reference to the farm mortgages of this country continue as they have for the past 7 years, the morale of the farming class of this Nation will be undermined and destroyed. And when the morale of the agricultural class of this country, constituting as it does the fundamental wealth of the Nation, is destroyed, this country will cease to exist on its present basis with its present institutions. Recent statistics tend to prove that farm tenancy is on the increase. I fear that it will continue to

grow until some substantial remedy, such as the pending legislation, is granted.

FEDERAL RESERVE BANK VERSUS FEDERAL LAND BANK

One of the chief objections advanced against this legislation is that it is not orthodox and that it proposes to give the Federal Land Bank the power to issue Federal Land-Bank bonds. This is exactly what is done under the orthodox monetary system we have. In other words, we are merely asking here for the same privilege that the Federal Reserve Bank enjoys. How can it be said that it is perfectly orthodox for the Federal Reserve Bank to do one thing and that it is unorthodox for the Federal Land Bank to do the same thing? The truth about the matter is that those who advance this argument advocate the political thought or philosophy that teaches, in the final analysis, that the monetary policies of this Government should be dictated by the financiers, the big banking interests of the country.

There is more misinformation and more ignorance on the question of the monetary policies of this country than on any other subject. When the people of this country awaken to the real truth about our monetary policy in this country, there is going to be a change. There is no sound reason why the taxpayers of this country should pay in excess of a billion dollars a year for the privilege of issuing its own money. When the masses of the people of this country are educated on this important question, Congress will exercise its constitutional right and duty to coin and issue its own money and save this billion dollars annual interest charge that the Government now pays for that privilege. We are wedded to the old policy through years of practice; and when we attempt here in this body to exercise our right and perform our duty as Members of Congress, we are immediately told that we are unorthodox.

LET US BE SINCERE

Mr. Speaker, this is not a moratorium, and I am glad that the bill has been amended to strike out the bankruptcy provision. Let us be fair and sincere about this matter. The farmers of this country do not want a moratorium, and they do not want bankruptcy. They want two things: First, they want a fair price for their commodities; and second, they want a rate of interest on their farm indebtedness that it is possible for them to pay and, at the same time, make payments upon the principal. In other words, they want an opportunity to retire their outstanding obligations. And they want such an opportunity as has been given the industries of this country.

I realize that $3,000,000,000 in bonds, or in money, or in credit, is a sizeable amount. I realize that it is no light thing to provide for the issuance of $3,000,000,000 worth of farm-mortgage bonds. I am equally cognizant of the fact that it is not a trifling matter to further utilize the credit of this country, as great as its resources are, for an additional $3,000,000,000. But we have provided for in excess of $10,000,000,000 for relief of the unemployed, the aged and maimed, the home owners, the railroads, banks, and industry. Are we to say to the farmer that he is the forgotten man? I may be in error about this. My interest in the farmers and the agricultural class of my district and the country as a whole may cause me to become too enthusiastic. Ordinarily, I try to stay within the bounds of reason. I think I am conservative by nature. But I think we have a real opportunity in this legislation to render a real service to the mortgage-ridden farmers of the land—another opportunity to place agriculture upon a parity with industry.

And so long as I remain in this House it will be my purpose to try to improve the lot of the agricultural class of this country. Whenever a question arises affecting their interest as has been raised here today, I shall resolve that doubt in favor of the farmers of this country.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KELLER, for 1 week from May 15, on account of sickness in family and business necessity. His first absence in three terms.

To Mr. MEEKS, for 1 week, on account of official business.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 32. An act to provide for the creation of the Saratoga National Historical Park, in the State of New York, and for other purposes; to the Committee on the Public Lands.

S. 3992. An act for the relief of Capt. Laurence V. Houston, retired; to the Committee on Military Affairs.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1398. An act to provide for the establishment of a Coast Guard station at or near Crescent City, Calif.;

H. R. 2119. An act for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor;

H. R. 2467. An act for the relief of Holy Cross Mission Hospital;

H. R. 3340. An act for the relief of Jesse S. Post;

H. R. 5058. An act to convey certain lands to Clackamas County, Oreg., for public-park purposes;

H. R. 8089. An act for the relief of Joseph J. Baylin;

H. R. 8370. An act to provide for the establishment of a Coast Guard station at Port Washington, Wis.;

H. R. 8506. An act for the relief of Oliver Faulkner;

H. R. 9042. An act to provide for the sale of the Port Newark Army Supply Base to the city of Newark, N. J.;

H. R. 9370. An act for the relief of Frank Cordova;

H. R. 9373. An act for the relief of H. L. and J. B. McQueen, Inc., and John L. Summers, former disbursing clerk, Treasury Department;

H. R. 9455. An act for the relief of Robert J. Mann;

H. R. 10308. An act to amend article 3 of the "Rules Concerning Lights, etc.", contained in the act entitled "An act to adopt regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States", approved June 7, 1897;

H. R. 10321. An act to amend section 4 of Public Act No. 286, Seventy-fourth Congress, approved August 19, 1935, as amended;

H. R. 10589. An act to amend section 32 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes", approved August 30, 1935;

H. R. 10847. An act to authorize the acquisition of land for cemeterial purposes in the vicinity of New York City, N. Y.;

H. R. 11036. An act to amend section 4321, Revised Statutes (U. S. C., title 46, sec. 263), and for other purposes;

H. R. 11302. An act to authorize the Secretary of War to lend to the reunion committee of the United Confederate Veterans 3,000 blankets, olive drab, no. 4; 1,500 canvas cots, to be used at their annual encampment to be held at Shreveport, La., in June 1936;

H. R. 11346. An act for the relief of H. R. Heinicke, Inc.;

H. R. 12162. An act to create an additional division of the United States District Court for the Southern District of Mississippi to be known as the Hattiesburg division;

H. R. 12183. An act for the relief of Gladys Hinckley Werlich;

H. J. Res. 538. Joint resolution to provide for participation by the United States in the Ninth International Congress of Military Medicine and Pharmacy in Rumania in 1937; and to authorize and request the President of the United States to invite the International Congress of Military Medicine and

Pharmacy to hold its tenth Congress in the United States in 1939, and to invite foreign countries to participate in that Congress;

H. J. Res. 547. Joint resolution providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition to be held at Cleveland, Ohio, beginning in June 1936, and for other purposes; and

H. J. Res. 569. Joint resolution to authorize an appropriation for the expenses of participation by the United States in a conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works, concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 10544. An act authorizing the erection of a memorial to those who met their death in the wreck of the dirigible *Shenandoah*.

EXTENSION OF REMARKS

MY REPORT TO THE PEOPLE OF THE THIRD CONGRESSIONAL DISTRICT OF WASHINGTON OF MY 4 YEARS' SERVICE AS THEIR REPRESENTATIVE IN CONGRESS

Mr. SMITH of Washington. Mr. Speaker, in conformity with my practice in former sessions, I now desire to render to the people of southwest Washington a brief account of my stewardship as their Representative in Congress during the past 4 years, as I feel that this is information which they are entitled to have.

PERIOD FROM 1933 TO 1936

During the two terms I have served in Congress, during the Seventy-third and Seventy-fourth Congresses, I have diligently and faithfully represented the people of the Third Congressional District of the State of Washington, to whom I have the honor of submitting this report. It has been my privilege to actively participate in the enactment of the legislation and formulation of the policies which have materially improved the condition of our people, as contrasted with the distress and despair of the dark, terrible months of early 1933, when business, industry, and agriculture were prostrate. In southwest Washington we have gone a long way from the never-to-be-forgotten conditions of 1929–33 and evidences of improvement are everywhere apparent, in retail business, farm prices, industrial pay rolls, building construction, and business generally. However, our task is far from completed. We have made substantial progress, it is true, but we must continue to completion the program and efforts which we have started to bring about better and happier living conditions for all our people.

MY PROGRESSIVE VOTING RECORD

In my reports of previous sessions I have set forth in detail the measures which I have actively supported and voted for and those which I have opposed and voted against. In this last session I voted for the following major measures:

First. Adjusted Compensation Payment Act, 1936—bonus—and to pass it over veto.

Second. Neutrality Act, extending and amending, to keep the United States out of war.

Third. Conservation of soil resources, to benefit the farmers.

Fourth. Impeachment of Federal Judge Ritter, of Florida, for having been involved in financial transactions unbecoming a member of the judiciary.

Fifth. H. R. 8458 and conference report, Federal Government employees' leave bill; and H. R. 8459 and conference report, Federal Government employees' sick leave bill.

Sixth. An act to continue Electric Home and Farm Authority until February 1937 to finance installment sales of electrical fixtures for homes in rural and country districts.

Seventh. An act to amend title I of the National Housing Act and to extend same to April 1, 1937, providing insurance of loans and advances for the purpose of financing alterations, repairs, and improvements of homes and other real property, including churches.

Eighth. The act to enable the Commodity Credit Corporation to better serve the farmers in orderly marketing and to provide credit and facilities for carrying surpluses from season to season.

Ninth. The rural electrification bill—S. 3483—to provide a 10-year program to furnish the farmers of America with the conveniences, economies, and comforts which are a part of the modern, electrified home.

Tenth. A bill to extend to July 1, 1938, the power of the Federal Deposit Insurance Corporation to make loans, purchases of assets, or guaranties to reduce or avert threatened insurance losses, for the protection of depositors in banks.

Eleventh. H. R. 11687, to authorize Federal aid for highways and road construction, for the fiscal years 1938 and 1939, and to establish in the Bureau of Public Roads a section of rural roads, as favored by the National Grange in the interests of better roads for farmers, as passed by the House.

Twelfth. The corporate tax bill to tax incomes, capital stock, and excess profits of large corporations.

Thirteenth. Work relief bill, to provide funds for continuance of program.

Fourteenth. The Frazier-Lemke bill to refinance farm mortgages; also voted for discharge of committee and was twenty-second out of 218 Members who signed petition to bring bill before House for debate and vote.

THE TOWNSEND PLAN

My stand in favor of the Townsend plan is well known, not only to the people of my district and State but also to the entire Nation. I became an advocate of the Townsend plan over 2 years ago, at a time when there was not a single Townsend Club in my district, and I have taken an active, prominent part in the campaign waged in its behalf in and outside of Congress, and was the only Member of Congress who addressed the Chicago convention in October 1935.

I placed in the CONGRESSIONAL RECORD on April 4, 1934, the first statement and explanation of the Townsend plan which was made in the Congress of the United States and the first official notice which it received in the National Capital. I have studied it continuously since then, and was one of a small group of House Members who drafted the first and second bills embodying the plan, the latter receiving 56 votes—of which mine was one—in the first session of the Seventy-fourth Congress, and have again served on the steering committee in this past session.

I appeared in behalf of Dr. Townsend and Mr. Clements when the hearing was held before the Rules Committee on the Bell resolution for an investigation, and also spoke twice on the floor of the House on that subject, my remarks on these occasions having been broadcast by the March of Time. We have made more rapid progress in furthering the Townsend plan than has ever been made in regard to any other important legislative proposal, and I feel confident of our eventual success. I intend to continue to support it vigorously in the future as I have in the past.

VETERANS' LEGISLATION

I have been one of the most active Members of the veterans' bloc in Congress who have consistently fought for a greater measure of justice for the veterans of our wars. I have had the honor and pleasure during the past 2 years to serve as one of the 22 members of the steering committee headed by Congressman WRIGHT ("Bonus") PATMAN, of Texas, who have carried on the fight for immediate cash payment of the adjusted-service certificates, which resulted in final victory in this session of Congress.

I led the contest for the passage of my bill (H. R. 6995) to restore the pensions to the veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, in the Committee on Pensions, of which I am a member, wrote the favorable committee report, secured its passage on the floor of the House, aided in its passage through the Senate, and in securing the approval of the President, which was the most important single piece of pension legislation enacted by Congress in many years, and has been the subject of Nation-wide comment.

LABOR AND FARM LEGISLATION

I have actively supported in this session, as I have in all former sessions, the legislation favored by the American Federation of Labor and the Railroad Brotherhood of Locomotive Firemen and Enginemen, providing for more just working conditions for employees. I actively supported the Retirement Pension System Act for railroad employees both times when it was enacted, and will do so again if such action becomes necessary by decision of the Supreme Court. I have favored all measures in the interests of higher wages, shorter hours, and better working conditions for the men who labor and by their labor make possible the comfort and happiness of mankind. This policy on my part has been pursued in a realization of the fact that the prosperity of business and industry depends upon the purchasing power of the wage earners and producers.

For these very reasons I have also continued to go on record in favor of all social-welfare legislation sought by the postal employees, rural and substitute carriers, and all employees of the Federal Government who are faithful and efficient public servants and deserving of just treatment at the hands of Uncle Sam.

I have likewise supported all farm legislation sponsored by the National Grange, the Washington State Grange, and by the Pomona and local Grange units within my district, as I am convinced that on account of their practical experience and knowledge of the problems of agriculture they know what is best for the farmer. It is my firm conviction and sincere belief that we can have no permanent or lasting business prosperity unless it rests upon the well-being of agriculture, and it is therefore absolutely essential that our dairy, poultry, grain, and fruit farmers be treated, in all our legislation, on a parity with industry. We have made real progress in our efforts to restore agriculture, as evidenced by increased prices of all farm products, but our main objective will not have been achieved until the farmer receives a reasonable profit for his product, whether it be milk, butterfat, eggs, vegetables, fruit, berries, or grain, above his cost of production.

RIVER AND HARBOR PROJECTS

During the first session of the Seventy-fourth Congress an omnibus rivers and harbors bill, the first in 5 years, was reported out by the Committee on Rivers and Harbors, on which I hold membership, and was passed by the House and Senate and signed by the President. It carried nine projects for southwest Washington and four surveys for new projects, the largest number of southwest Washington projects ever included in a rivers and harbors bill.

First. Grays Harbor jetties: This project to reconstruct the north and south jetties to an elevation of 16 feet, at a cost of $4,565,000, the biggest single project west of the Mississippi River, after having been repeatedly rejected by United States Army Engineers for many years, has been approved and is in progress of construction. Dredging the inner channel of Grays Harbor, at an annual cost of $58,000, which local taxpayers have paid since 1919, has been assumed by the Federal Government, commencing in 1934.

Second. Port of Vancouver: This is a project to provide a channel 300 feet wide and 30 feet deep from the mouth of the Willamette River to the Interstate Highway Bridge at Vancouver, Wash., with two turning basins, each generally 2,000 feet long, 800 feet wide, and 30 feet deep, at a cost of $140,000 for new work and annual maintenance of $35,000, for which P. W. A. funds were obtained, and the project has been constructed. It follows closely the allocation of $58,000 P. W. A. funds secured the previous year to dredge the channel and basins to a depth of 28 feet. Another new project to extend the lower turning basin downstream for a distance of 1,000 feet and to a depth of 30 feet at low water was initiated by me in a resolution adopted by the House Committee on Rivers and Harbors on June 20, 1935, and finally approved by the United States Army Engineers at Washington, D. C., on January 2, 1936, and is in line for inclusion in the next rivers and harbors bill. In the meantime efforts have been made by me to have an exception made in regard to this project and have the necessary funds allocated out of other sums available for rivers and harbors work. We have also secured a Federal P. W. A. grant in the sum of $136,653 toward the cost of constructing a new dock terminal for Vancouver.

Third. Willapa Harbor and Narrows: This is a project for the further improvement of Willapa Harbor and River by straightening the "narrows", consisting of a sharp S bend about a mile downstream from Raymond, at a cost of $207,000, and P. W. A. funds were secured and the project has been constructed. Previous to that an allocation of $80,000 P. W. A. funds was secured to dredge and deepen the main channel.

Fourth. Olympia Harbor: Two revised and modified projects to dredge and deepen the channel to 30 feet and provide certain turning basins have been approved, at a total cost of $105,467 for new work, which has been secured from P. W. A., and the project completed, and a third modified project has recently been approved to widen the outer reach to 500 feet and enlarge the turning basin, at the present depth of 30 feet, to cost $98,000, which is in line for inclusion in the next rivers and harbors bill.

Fifth. Bakers Bay: This project to provide a channel 200 feet wide and 10 feet deep, extending through the easterly passage at Sand Island to the port of Ilwaco, which has been advocated for many years, has been approved, and altogether $80,000 P. W. A. funds were secured, and the project has been completed. We recently succeeded in defeating the attempt to close the west channel, and a project to improve the same is now pending.

Sixth. Surveys for new projects: The omnibus rivers and harbors bill also carried items for preliminary examinations and surveys of Shelton Harbor in Mason County, a highly important lumber, pulp, and forest-products manufacturing community; Vancouver Lake and Columbia River, to furnish a fresh-water harbor ideal for industrial sites and purposes of national defense; Elokomin (Cathlamet) Slough, to serve important lumber and manufacturing interests; and the Chehalis River from the mouth of the Skookumchuck River to the Grays Harbor County line, Washington.

BONNEVILLE PROJECT

I have continued my efforts to further this worthy project which is important to Skamania, Clark, and Cowlitz Counties in my district. Approval of the United States Army Engineers has been secured for a ship channel 300 feet wide and 27 feet deep at low water from Vancouver to North Bonneville in the Columbia River, at a cost of $2,380,000. The dredging of this channel and providing of suitable turning basins and dockage facilities to accommodate ocean-going vessels will insure the industrial development of the Hamilton Island industrial area at North Bonneville and vicinity. I also will continue to favor the construction of the main trunk transmission line down the north bank of the Columbia River, on the Washington side, to Camas, with an extension to Vancouver and Longview, as recommended by the United States Army Engineers.

FLOOD CONTROL

The United States Army Engineers are proceeding pursuant to my bills passed by Congress, Public Laws Nos. 336, 337, 338, and 339, affecting the Cowlitz, Chehalis, Lewis, and Columbia Rivers and all their tributaries, with a view to the control of their floods, which was the first legislation of this character affecting the rivers of southwest Washington which has ever been enacted. The recommendations and plans of the Federal Engineers constituted a basis for obtaining Federal funds in order that, after a delay of 30 years without any action being taken, the property and lives of our citizens are to be protected. I have actively cooperated with municipal, county, and State officials in formulating a practical cooperative flood-control program for our section of the State, and by our continued joint efforts we are attaining our objective.

OLYMPIA-GRAYS HARBOR—WILLAPA HARBOR CANAL

Further progress on this project, which has been successfully revived after having been dormant for nearly 40 years, has been made. The United States Army Engineers have

recommended the Puget Sound-Grays Harbor unit of the canals to the National Resources Board to provide a 13-foot navigation canal at a cost of $25,213,000. At the thirtieth and thirty-first annual conventions of the National Rivers and Harbors Congress, held in Washington, D. C., the projects committee of that powerful waterways organization approved the entire project.

It is intended in the next session of Congress to include this project in an omnibus canal bill which will include meritorious canal projects in various sections of the Nation for which strong support has been enlisted.

The route of the Willapa Harbor and Grays Harbor units would not, according to the Engineers, be permitted to damage the cranberry bogs or oyster beds of Pacific and Grays Harbor Counties, and at the public hearing held at Aberdeen 3 years ago I insisted upon this precaution being taken.

GAME AND FISH RESOURCES

One of the most important enterprises which can be encouraged by the Federal Government is the developing, propagating, and conserving of our game and fish resources. I have therefore at all times cooperated with the House Special Committee on Conservation of Wild Life and Resources, as well as with the Willapa Harbor Sportsmen's Association, Grays Harbor County Game Protective Association, and the Poggie Club of Washington, Aberdeen Chapter, and other sportsmen's organizations in my district. According to their recommendations, I have introduced in this last session of Congress a bill for the establishment of a fish-cultural station on the west fork of the Humptulips River, in Grays Harbor County, Wash., for the propagation of trout and steelhead, in support of which I am assured the cooperation of Hon. Frank T. Bell, Commissioner, United States Bureau of Fisheries. Request has also been made for additional W. P. A. funds for improvements at the Quinault Hatchery to increase the pond system for the purpose of rearing a larger number of fish to the fingerling stages before releasing them. I have given prompt attention to the requests received from the holders of fish and game licenses in southwest Washington for information regarding the Federal laws and pending legislation relating to the subject of wildlife, and have secured for them such Government pamphlets and circulars as are available for distribution.

DEPARTMENTAL AND COMMITTEE HEARINGS

I have made frequent appearances before the bureaus and departments of the Federal Government whenever the interests of southwest Washington have been involved. During the pendency of the negotiations and hearings in regard to the reciprocal-trade agreement with Canada, at every stage of the proceedings I vigorously presented the case and viewpoint of the lumber and shingle industries, and have received many letters from prominent shingle and lumber operators commending and praising me for my efforts and activity, which were contributory to the satisfactory results obtained, compared with the scant consideration our forest-products industries have received during former national administrations.

PUBLICITY FOR SOUTHWEST WASHINGTON

During my service in Congress I have obtained desirable publicity for southwest Washington without neglecting my official duties while doing so. I have been a guest speaker before the Women's National Democratic Club, American Legion, Grange, United Spanish War Veterans, Temple Baptist Church, Chevy Chase Presbyterian Church, Kiwanis Club, Order of Vasa, Washington State Society, and other civic and fraternal organizations in Washington, D. C.; and during the past 4 years have addressed five important national conventions in various parts of the United States, namely, National Rivers and Harbors Congress, national encampment of the United Spanish War Veterans, national convention of the Townsend Clubs of America, national convention of third- and fourth-class postmasters, national convention of the Railway Mail Association. My activities in Congress have received honorable mention in Harper's Magazine, Time, Literary Digest, National Tribune (Stars and Stripes), Plain Talk Magazine, Townsend Weekly, the United States News, Eagles Magazine, Real America, Foreign Service (Veterans of Foreign Wars), the Postmasters' Advocate, the National Rural Letter Carrier, the Progressive (La Follette's magazine), to mention just a few of the more important national publications, and generous news and pictorial mention in the newspapers of Washington, New York, and other eastern cities. This publicity has not only been beneficial to my district but it has served to make me known in Washington, D. C., and throughout the country.

ROAD AND HIGHWAY CONSTRUCTION

I have taken a keen interest in the Federal road-building program and in securing appropriations for same. The Third Congressional District has received more Federal aid than ever before, and as a result there has been more road construction in the counties of southwest Washington than during any previous period. I have particularly cooperated in furthering road building in the rural districts, as I appreciate fully the value and importance to our farming population of farm-to-market roads. I have kept close contact with the United States Bureau of Public Roads and have received very friendly and sympathetic consideration from that agency at all times. I am heartily in favor of a national rural free-delivery mail road building program apart from the Federal and State highway systems and to be apportioned to the respective States without any matching of funds by the States. These roads should be built according to specifications satisfactory to the commissioners of the county in which located and the Secretary of Agriculture in determining the portions of the road to be improved and the specifications therefore to consult with the Postmaster General and such county commissioners.

Such a program will improve the rural free-delivery mail service and also relieve unemployment throughout the country and prove of decided benefit and advantage to my district.

FEDERAL PROJECTS IN THIRD DISTRICT

In every community in our nine counties useful Federal projects have already been constructed or are under construction. Numerous public-works projects, C. C. C. camps, the Longview Subsistence Homesteads, the Kelso, Centralia, and Montesano post offices, new roads, dikes, and flood-control works, rivers, harbors, and jetty projects are evidence of the progress which has been made in the past 4 years in building a greater southwest Washington.

OUR PUBLIC SCHOOLS

I have actively favored providing in public works and relief appropriation bills adequate funds to pay the salaries of school teachers and maintain our public schools as well as institutions of higher learning, as I consider the cause of public education to be paramount and favor the following program:

First. Adequate free public education to the children of the United States.

Second. Adequate pay for public-school teachers as a matter of justice and as a means of retaining in and attracting to the teaching profession the most competent, devoted, and best equipped men and women.

Third. An annual minimum of at least 8 months' teaching in the public schools of all the States.

Fourth. An adequate number of safe, commodious, and well-equipped school buildings.

Fifth. Free textbooks for all public-school pupils.

Sixth. Adequate assistance by the Federal Government, through appropriations and otherwise, in accomplishing the above-named objects.

Eighth. Such other allied purposes as may serve the best interests of the teachers and pupils and shall make the public schools a more effective, liberal, and far-reaching force in local, State, and national life.

I also favor the creation of a Federal Department of Education, to be headed by a Secretary of Education to sit in the President's Cabinet, with all the facilities and resources of the Federal Government enlisted in behalf of the cause of education. We are now the only civilized nation in the world which has failed to grant to education a national

department and a cabinet officer. No less than 72 of the leading nations of the earth have included a minister of education among their cabinet officers.

CONSTRUCTIVE LEGISLATION

I consider the following to be the most constructive legislative achievements of the present administration:

First. The unemployed, their wives and children, have been fed and a relief and public-works program has been carried out. In this connection I have favored modifying the regulations as to employment on relief projects to provide jobs to those worthy citizens, who, although they never have applied for relief benefits, are yet in need of employment.

Second. A million city families have been saved from eviction by the Home Owners' Loan Corporation and a number of private mortgage and lending companies made solvent, whose investors are citizens of small means.

Third. Farmers' cash income last year was two and one-half billions larger than in 1932. Farm Credit Administration loans have stopped foreclosures. Bankruptcy prices have given way to profitable prices. Despite a serious court setback, a national program of planned production and soil conservation is again moving ahead.

Fourth. A prostrate banking system has been reconstructed and the Federal bank deposit insurance law has restored confidence and rendered the deposits of the people safe and secure.

Fifth. Investors, for the first time, have their investments safeguarded, through the securities registration, stock market, and holding company acts.

Sixth. Labor has gained recognition of the right to bargain collectively, and means of enforcing that right have been provided.

Seventh. The Federal Housing Act has proved beneficial and with reduced interest rates, and more liberal lending terms will prove a further stimulus to the construction and repair of homes and give employment to members of the building trades and those employed in manufacturing building materials, which applies particularly to the lumber, shingle, plywood, and veneer industries of our own section of the country.

Eighth. A start has been made to provide social security for our people, including the blind, crippled children, underprivileged mothers, and the aged. This program is, in my opinion, inadequate and will be supplanted by the Townsend plan, which will render unnecessary all pension systems, public and private, and also redistribute purchasing power among the masses in such a manner as to bring about permanent good times and insure social security for our unemployed young people as well as aged citizens.

Ninth. We have enacted the first real neutrality legislation in our history to prevent our being dragged into the vortex of another world war, with its consequent loss of life and treasure.

The foregoing are the main achievements of the past 4 years, and can lead to but one answer to the question, "Would we go back to the conditions from which we emerged as a direct result of this legislation?" That answer is, "No; we do not want to go back; we want to go forward to achieve still greater benefits and safeguards and security for the average man, for the so-called lower and middle classes, who are the backbone, the brawn, and the brains of our beloved country."

MY RECORD IS ONE OF SERVICE

Since I first came to Congress 4 years ago I have striven to respond promptly to every reasonable request made of me by my constituents, making it a rule to promptly answer all letters and inquiries, and whenever possible to carry out their wishes. This has necessarily increased my work, but I have always felt that my first duty was to my district. The good citizens of southwest Washington have been very kind to me, and as the people whom I have sought to serve, they are the best and only judges as to whether my services as their representative in Congress have been satisfactory. While I have felt that my primary and first duty was to the people of southwest Washington, I have tried faithfully and diligently to serve the State of Washington and the Nation, and to measure up to the high ideal of a national Representative.

RECONSTRUCTION NOT RELIEF—OUR ECONOMIC DEVELOPMENT HAS MADE INEVITABLE OUR PRESENT DILEMMA—COOPERATION CAN CURE

Mr. SCOTT. Mr. Speaker, while few intelligent people question the necessity for continuing relief until a better way is found, it is becoming more and more obvious that merely voting more billions for relief will not solve the problem. The cure of any disease involves dealing with underlying causes. Treating symptoms is not enough. Salve, even a billion dollars' worth, does not get at the causes.

Business improvement appears to be definitely under way, with indications that it may go a long way. But the relief load is not dropping in proportion to business improvement. There is a vast reservoir of marginal cases, those who are just on the verge of relief. As these come to an end of their resources and savings, and relatives and friends, they have no choice but to join the ranks of those on relief. The addition to relief rolls from this marginal reservoir is almost keeping pace with the removal of cases from relief by reemployment.

PERMANENT RELIEF PROBLEM

Some estimate that the marginal cases exceed those actually on relief and that together they constitute about 40 percent of our total population. Continued improvement in business should take up some of this 40 percent, but because of other factors at work, because of basic, world-wide economic changes this improvement will not completely take up the slack. It will not solve the relief problem.

END OF AN ECONOMIC ERA

Unemployment in America grows out of economic causes far more basic than the old concept of the business cycle. We are not merely in a depression. We are historically at the end of an economic era. We are faced with making basic adjustments to a condition that is new, not only to America but in the history of the race.

For 300 years America has participated in the world-wide operation of an economic mechanism, variously called the price system, or capitalistic, or profit system. That system has notoriously served the master races at the expense of the subject peoples. In spite of its ups and downs and in spite of inequalities, and the ever-present and fluctuating margin of poverty, that system has served the majority of people in America reasonably well. Ignoring, for the moment, all questions of justice or of social righteousness, and considering only the mechanical or mathematical workability of the system, it is plain that that workability depends upon constantly getting rid of accumulated profits.

THE MARGIN OF PROFIT

This necessity may be illustrated with a simple example. Suppose a manufacturer, producing 10,000 chairs, makes 10-percent profit. His profit is 1,000 chairs. Now suppose there is not sufficient redistributed buying power to provide for the consumption of that profit margin of a thousand chairs. They remain on display in the stores. To that extent they reduce orders to the factory for more chairs. As orders are cut down, the factory cuts down its hours or days of operation, cutting down employment and reducing pay rolls, or redistributed buying power. As this redistributed buying power is cut down, the sale of chairs falls off still further, cutting down operations, employment, and pay rolls. It is a vicious circle that is not only a circle but a spiral that goes constantly downward. It is the unconsumed margin of profit that wrecks the mechanics of the profit system. The obvious crux of the problem is to get rid of the chairs. Again emphasizing that we are here considering solely the mechanics of economics, and ignoring for the moment all questions of social values, it is of no consequence how the profit margin is consumed, so long as the chairs are disposed of so they cannot stand in the way of new orders to the factory. They may be invested in stocks and bonds, which eventually find their way into expansion of production plant,

new buildings and equipment, larger sales and promotion expenses, increased operating costs, rents, interest, insurance, and dividends so widely distributed that they increase consumption. Or the profit margin of chairs may be burned up, or sunk in the ocean, or blown up in a war. Purely from the standpoint of economics, the particular method, or the particular moment of time of disposing of the profit margin is of little consequence. But that profit margin must be consumed if the system is to keep working.

CONSUMPTION MUST EQUAL PRODUCTION

The first axiom in the successful working of any economic system is that consumption must equal production. The consumption side of this equation includes saving and all the elements and factors connected with it. Saving for the rainy day, for insurance to replace losses, for investment, for reserves for obsolescence, replacement, and expansion; all of these merely inject the time element into consumption. They affect the particular time and method of consumption without in any degree affecting the basic economic law that in the long run consumption must equal production. The method of profit disposing that we have come to think of as normal, the method on which America has principally depended for 300 years, is the constantly expanding market. But that market was based on three foundation stones, each of which is now either passing or already gone. These three foundation stones are:

First. A frontier.

Second. A rapidly growing population.

Third. An apparently unlimited foreign market, based on the mechanical supremacy of the western races.

The frontier has practically gone.

The curve of population growth is leveling off. It is estimated that our population will be practically stationary by 1950.

The mechanical supremacy of western races is true today—a matter of history. We have sent our mass-production machinery to the far corners of the earth. We have sent our engineers to show these backward people, not only how to operate the machinery but even how to make it.

OUR FOREIGN TRADE

On the same identical machinery these backward people are putting labor at rates far below our own. Japan, with identical mass-production equipment, manned with labor at from 7 to 14 cents a day, is sending beer to Germany, and laying down manufactured cotton goods in Manchester, England, cheaper than the Manchester mills can turn it out. The western, or so-called advanced, races have turned their former customers into competitors, and competitors with a tremendous advantage over themselves. Our foreign trade, based on that mechanical supremacy, is definitely a thing of the past. We shall probably continue to wrangle such slight margins as we can. We shall continue to hear much of trade agreements, of favored-nation positions, of unilateral, bilateral, and reciprocal arrangements. We shall try to get the most possible out of the constantly shrinking margin of foreign trade. But the big reservoir of foreign market, which we have so long thought of as practically without limit, is gone forever.

With these three foundation stones of constant expansion either gone or on the way out, the profit system, based on that constant expansion, is facing a basic change.

OTHER FRONTIERS OF EXPANSION

There are, of course, other frontiers of expansion, or ways of bringing about increased consumption to dispose of the profit margin. Notable among these are:

First. New industries, with the new desires and possibilities of consumption that they create, and their increased expenditures for new plant and equipment.

Second. Expansion of private credit or debt. Inflation that increases consumption temporarily but postpones facing the issue.

Third. War; mass destruction of the profit margin, both past and future.

Fourth. Government-directed redistribution of buying power.

These frontiers, or methods of disposing of the clogging profit, are usually present in varying degrees and exercise their influences in varying combinations. In about 1890 the last large land frontier was opened to settlement. The intensive expansion and development of the West continued for some time to provide an outlet for accumulated profit margins. But about the beginning of the present century that expansion was beginning to slow up, and we were beginning to feel the pressure of an inadequate expansion market. But new industries, particularly the automobile, stepped in and temporarily solved the problem.

WAR

By 1912 to 1914 the slack was fairly well taken up and again we were feeling the pinch of inadequate disposal of the profit margin. Along came the World War with its unprecedented destruction of material goods. It served to physic the accumulated profits out of the economic system. But it went further than that. It levied heavily on future profits. Credit was expanded. Debts were accepted in place of payments. Destruction continued. We had tremendous activity. The system was ravenous for material goods. There was demand. And we went zooming into unprecedented prosperity.

Of course, this prosperity has never been paid for. Neither the war additions to our own national debt nor the war debts owed to us by the other nations have been liquidated. It was obviously only an illusion of prosperity. But the illusion served those who either did not want to think or were incapable of thinking or did not want others to think. In any event, consciously and unconsciously, it did help to salve the conscience of the Nation on the crime of going into the war, and it postponed meeting the real issue of the profit system.

After the war, with tremendously expanded production facilities, we were again in a pinch for disposition of profits, or for consumption of goods. Again the system was getting badly clogged. This time we saved our skin by resorting to the wildest orgy of credit expansion we had ever known. This expansion was in three principal channels:

First. Bank credit for business expansion, investment, and speculation.

Second. Time-payment buying to increase purchases of consumption goods.

Third. Government debt.

When this vast bubble of credit expansion burst in 1929, the profit system was in the toughest spot yet. The normal method of disposing of the profit margin, the constantly expanding market based on frontier, rapidly growing population, and a foreign market founded on mechanical supremacy, was gone. In the first 29 years of the century we had been through a major industrial expansion, a major war, and a major credit expansion. We had either to face the issue and pay the piper or resort to the only remaining device for postponement, expansion of Government-directed redistribution of buying power. We chose to continue on the road of evasion and postponement and expanded this last remaining device, not that this device was new.

THE GOVERNMENT TAKES A HAND

Many methods of Government redistribution of buying power have been with us so long that we have taken them for granted. Such are the Army and Navy expenditures, Post Office deficits, public roads and buildings, reclamation work, forestry, pest control, health work, and improvement of rivers and harbors. When we consider these activities at all, we are apt to think only of their social implications and values, forgetting that they are also definitely a part of our economic procedure for redistributing buying power to increase consumption and dispose of the clogging profit margin.

While this method had long been used and had been materially expanded following the war, it had always been used in conjunction with some other of the major devices of profit disposal. But after the break of 1929 it had to be used almost alone.

The Republicans under Mr. Hoover increased many Government activities, notably reclamation work, and instituted new

agencies, such as farm-credit organizations, and the Reconstruction Finance Corporation for public financing of private enterprise. Taxes were increased and the national debt inflated before the Democrats came into power in 1932.

The Democrats under Mr. Roosevelt have merely been expanding the older parts of this method of Government direction of redistribution of buying power, such as Army and Navy expenditures, reclamation work, and so forth, increasing the scope of the more recent devices added by the Republicans and adding new ones. Within this general method they have added such devices as the land banks, home-loan banks, Federal Housing Administration, seed loans, stock loans, C. W. A., F. E. R. A., and W. P. A., with the whole relief program, both direct dole and the thinly disguised dole, or manufactured work relief. They established the C. C. C. to furnish subsistence employment to a particular group; the N. R. A. to increase distribution of buying power among labor; the A. A. A. with its cotton program, its corn and hog program, its tobacco and potato programs, and its soil-conservation programs, all in an attempt to bring about parity for the farmers, to increase their buying power. They have been working on old-age pensions and various social-security proposals. With all their infinite variety in detail, all of these activities and proposals obviously come within this fourth general method for getting rid of the obstructing profit margin, "Government-directed redistribution of buying power." In expanding this method we have added nothing new in principle. We have merely added to the variety and size of the operations.

The cost of this method has perennially been met by some combination of taxes for immediate payment and public debt for postponed payment.

On the cost side we have added to both the variety and size of taxes and increased the public debt. We have also added that thing relatively infrequent in American history—inflation of the currency or depreciation of the dollar. But since this move was made principally to meet a condition in international exchange, it has relatively slight bearing on the particular domestic problem we are considering here.

As taxes get heavier it is becoming plain to more and more people that every consumer pays taxes, whether or not he is technically a taxpayer. The living standard of each individual is lowered by taxes exactly to the extent that taxes are eventually collected for the support of others on the goods, services, and conveniences that he uses or consumes.

The inflation of the public debt is spread through practically all political subdivisions. Material increases have been accumulated in the national debt, and in most, if not all, of the State, county, and city debts.

In this connection a clear distinction should be made between the purely economic function of this device of Government-controlled stepping-up of consumption to dispose of the profit margin and the many questions of social value and political expediency involved. Every detail of such a program, and of each new proposal, presents problems of relative social values, of the possibilities and the expediency of different methods of taxation, and of the wisdom and safety limits of public-debt expansion.

INFLATION

To make any attempt to judge how far the public debt can be inflated with safety, when and to what extent we shall resort to further currency inflation, when and to what extent other methods of profit disposing, such as new industries or a new war, may again get under way and once more be major factors would be dealing in the realm of prophecy and is beyond the scope of this analysis.

The present Government has merely developed this Government-directed redistribution further than ever before in our history; and to this old process Mr. Roosevelt has applied the new and hopeful name of "pump priming", on the theory that, if carried far enough, it would start the old economic processes to function more normally. To the extent that these processes depend on the psychological factors of confidence and belief, it is a well-founded hope, and doubtless has already had good results. But to the extent that the old normal processes depend on more basic factors than have passed off the stage, it cannot provide a basic answer. In that sense it can function only to the extent that the buying power so redistributed is able to take up, or provide consumption for, the otherwise unconsumed profit margin of production.

It could succeed completely only if carried to the extent of taking, through taxation and inflation of the public debt, from those who have more than they can consume, all of that surplus and redistributing it to those who have less buying power than their consumption possibilities. It is now, as it always has been, merely an equalizing device to alleviate to some extent the peak pressures produced by our economic system.

ROBBING PETER TO PAY PAUL

In other words, it can only succeed to the extent that it robs Peter to pay Paul. It may distribute buying power to all the Joneses in order that they may buy more from all the Smiths. On this buying the Smiths may make some profit. As long as this distribution is based largely on the futures, or increasing the public debt, the Smiths will probably not worry much and will be pleased with the profit they are making. But when the day of reckoning comes the Smiths will wake up to the fact that, whether through taxes or through inflation or repudiation, they are paying not only the 10- or 20-percent profit they have made but the rest of the bill as well—the hundred percent.

NEW INDUSTRIES

One of the principal hopes during this period of dallying and postponing the real issue is that new industries will be developed to save the situation. It is said that scientists have enough tricks up their sleeves, enough inventions that are intentionally held back to protect older industries, to bring about a tremendous increase in employment. Nor has the inventive genius of the human race come to an end. New industries do make their appearance from time to time. A major new industry or a sizeable group of new smaller industries may come on the scene any time. Such a development would absorb some of the slack, possibly a considerable part of it.

But such absorption would, at best, be only temporary. While new industries create new desires, expand the possibilities of satisfying desires, induce increased consumption, and create new kinds of work, it is not all net gain. While the automobile and the tractor have absorbed vast amounts of labor in their own manufacture and distribution, in tires and all manner of accessories, in the building of roads, and in increased business for all kinds of travel and tourist services, they have also displaced much of the wagon-making industry, buggy manufacture, harness business, and that portion of agriculture that went into the raising and maintaining of horses. The truck has materially affected the railroad industry. The radio has largely displaced the phonograph, has thrown thousands of musicians out of work, and made the lecture tour almost a passé industry. The electric refrigerator has made inroads on the manufacture and distribution of ice, and so forth.

On the whole, new industries tend to shift the channels of unemployment rather than to increase the sum total of employment. In fact, under the profit system, with its pyramiding control and labor-saving machinery, the net result has been actually to reduce the total employment. It is obvious to anyone that when hand labor was the only means of satisfying those human needs which were not supplied by nature in the raw state there was no such major problem of unemployment as we now have.

Not that we ever will or ever should go back to hand methods. But as production is increased by modern science, it is plain that consumption must be increased to equal the production.

The problem resolves itself into one of consumption.

And since a high percentage of our people are consuming far less than their needs or desires would dictate, it is

obvious that the problem is further resolved into one of distribution of buying power.

Whatever tends to widen the distribution of buying power is a help. Whatever tends to concentrate buying power, or to funnel it into the hands of relatively few consumers, thereby reducing total consumption, is a liability.

The principal modern factors of concentration of buying power are the machine, with the question of its ownership and the pyramiding of ownership and control through the legal devices of the corporation and the holding company.

A COMMON FALLACY

An argument commonly put forward is that machines actually create more labor, since labor is required to make the machine, which is a new activity with the introduction of each new machine.

This argument is a fallacy. When a new machine first comes on the market, it does create new labor for the time being. But the machine lasts longer than the time required for its creation. And it displaces more man-hours than are required for its creation. Before long the curve of labor displaced by the machine crosses and exceeds the curve of labor employed in its manufacture.

In the first stage of mass production, when machines still required human labor for their operation, hundreds of thousands of hand laborers were displaced. But we are now well into the second, or the automatic stage, where machines are operated by machines. Human labor is being displaced at geometric rates of progression.

Under our system of private ownership of machines, "labor saving" simply means reduction in redistributed buying power. Another name for it is reduction of consumption or market. Each business strives to reduce costs. The inescapable result is that collectively they reduce the possible market.

THE PROFIT SYSTEM

The "profit system" is, by definition, a system in which each industry and each undertaking aims to make a profit. A profit is obviously the margin of income over expense. Expense is, of course, another name for "redistributed buying power." Each business undertakes to take in more buying power than it redistributes. In other words, the very aim of industry, under the profit system, is to destroy that necessary equation between production and redistributed buying power—consumption.

As long as the profits remain small enough to be consumed by those making them, no damage is done to the economic working of the system. The small businessman, the professional man, or the small contractor, whose profits are simply the equivalent of wages or salary, and within the limits of what he and his dependents consume, is no economic liability. But when big business accumulates profits beyond the consumption of those engaged in it, profits that need to be reinvested, but can find no economically sound channel for such reinvestment, it is then that the sterile pools of idle profit accumulate, upset the equation, and block the mechanics of the system.

No new industry would achieve major significance in the profit system that did not become both successful and large. Being successful, it would take in more buying power than it redistributed, upsetting the equation. And being large, it would carry that lack of balance to the point of adding to the sterile pools of accumulated profit. So new industries, on which some are pinning hopes, will, in the profit system, as soon as they become successful enough and large enough to have major significance, simply add to our troubles by further destroying the necessary balance between production and consumption.

There are only three possibilities for correction. One is absorption of the surplus production in the constantly expanding market, outlined above. Another is the group of artificial devices for forcing redistribution, also listed above—war, credit inflation, and Government-directed redistribution. The third is a fundamental reorganization of our economic system to some basis of community or cooperative ownership and control of our natural resources and the machines.

INCREASING PRESSURES

The only points I want to emphasize here are that, historically, the profit system has already been artificially maintained, by war and credit inflation, for many years beyond the period of its normal existence; that we are merely continuing to maintain it artificially by further credit inflation, which must some day be balanced, either by the sweat of future generations or by repudiation, with all the chaos and suffering that that entails; that it now appears to be entirely probable that we shall again be called upon to maintain this dying system still further by participation in another major war, that most heinous and inexcusable of all national crimes, mass murder; that as long as we try to hang on to and to drag along with us this rotting corpse, we are progressing irrevocably into the vortex of increasing pressures; that the pressures of the human suffering of the dispossessed portion of our people have already passed the safety zone and reached the point of imminent threat to social order and the continuance of our democratic processes; that the spectacle of starvation and increasing disease, crime, and suicide in the face of potential abundance is a blot on American intelligence and morality; that some day, willy-nilly, we shall have to meet the issue of the profit system squarely; and that we should face that issue now instead of further dallying with it.

COOPERATIVE ECONOMY

There are two major alternatives to the profit system: One, state socialism, with the dangers of fascism and communism at its opposite extremes, and the other, long proven, practical, and working out with happy results in many countries, cooperative economy.

Socialism is already in actual operation in our own country in our vast systems of roads, Postal Service, rivers and harbors, many of our public works and activities. It should certainly be allowed to grow in a natural way and with reasonable care.

Cooperative economy, in spite of the outstanding success of partial cooperative undertakings, such as cooperative marketing associations, and in spite of some minor experiments and a good deal of public discussion and agitation, is still almost new to us.

A major part of our governmental program should be the furthering of scientific laboratory experiments and the development of practical working models in a cooperative economy.

THE ROBINSON-PATMAN BILL INSURES EQUAL OPPORTUNITY AND FAIR PLAY IN BUSINESS—PROTECTION FOR INDEPENDENT MERCHANTS

Mr. SADOWSKI. Mr. Speaker, one of the most important bills to come before the House in this session is the Robinson-Patman bill. I was highly pleased when the House Judiciary Committee reported the bill out favorably and more than pleased when the Senate passed the bill last week. I know that this bill will have the overwhelming support of the Members of the House of Representatives when it comes before us for a vote.

We can remember when not so long ago our home merchants were the leading substantial citizens in our cities and villages. They were actively identified with local civic associations, clubs, fraternal orders, lodges, and churches. All of their employees were local citizens who were well known in the community and had the best interest of the city at heart.

Later, however, the monopolies began to operate. The retail business became organized and controlled by the officials of high finance with offices in New York, Chicago, and other cities. They had unlimited means. They could afford to sell certain articles far below the cost to the local merchant, and it was only a matter of time when the home merchant was forced out of business. Their business was taken away by strangers. They lost their investments and were forced to quit. By the passage of this bill Congress will grant the independent merchant lawful protection. Then we may again see our young men who are frugal and industrious enter on a business career in their own name.

WILL INCREASE PURCHASING POWER

It is our sincere desire and also that of our great President, Franklin D. Roosevelt, to increase the purchasing power of the people. The present discriminatory practices in merchandising does more than merely create competitive conditions unfair to the independent merchant. The unequal concessions exacted from manufacturers and processors, through which the favored few benefit, press backward on costs and tend to keep down and reduce the wages of workers in those industries. In addition they become a powerful factor in depressing and holding down the prices paid to farmers for their agricultural products.

The reduction in purchasing power that results from the depressing of wages and agricultural income amounts to a great deal more than any price reduction which may reach the consumer. It is a well established fact that when wages are reduced in the plants of these manufacturers who grant concessions to the monopolies, the other industries likewise follow suit and reduce wages. These wage reductions are reflected in the wages of all industries.

This is also true of the farmers and the producers. The unfair and unequal competitive conditions that result from the various price and service concessions which a few privileged monopolies can now exact has practically ruined our whole merchandising system. It sets up an endless chain of chiseling operations that undermines wages, destroys farm incomes, and weakens our entire business and economic structure.

This unfair system of competition must be eliminated before we can hope to achieve that greater purchasing power which all of us are striving for.

FAIR COMPETITION IS ALL RIGHT

The opponents of this bill continually raise the objection that this legislation will stifle competition. Competition in business is a good thing when it is fair competition. Unfair competition, the kind that has destroyed small business in this Nation, must not be tolerated further.

The monopolies insist on concessions, allowances, and rebates to enable them to compete with independent merchants. This, I say, is unfair competition. Why are they afraid or unable to compete with the independent merchant on equal terms? Why are they afraid to start with goods at equal costs? The monopolies claim to have superior efficiency. Let us have an honest test.

This bill does not demand any special privileges for the independent or small merchant. It merely demands that unfair, unequal, and unethical business practices, including unfair price discrimination, be prohibited by law. I cannot see anything wrong in this. I am sure that under these rules the independent merchants can and will hold their own with the big monopolies and chain stores.

AMERICAN FAIR PLAY

This is truly an American bill. It is based on the principles of American ideals, which demand equal opportunity and fair play. It is based on the unalienable rights of life, liberty, and the pursuit of happiness which the founders of American democracy wrote in the Declaration of Independence.

The opponents raise the old cry of laissez faire. They believe that this gives them the inherent right to destroy all other business. They say that we have no right to impose governmental restraints upon the conduct of private business, even though it be to protect those rights defined in the Declaration of Independence in the interest of the great majority of American citizens.

Congress has, at various times, passed laws for the regulation of business. The Interstate Commerce Act of 1887 required the railroads to refrain from discrimination in rates and services. The Sherman Act of 1890 freed individual enterprise from the burden of oppressive agreements among competitives. The Federal Trade Commission Act of 1914 authorized the suppression of certain unfair practices.

The Robinson-Patman bill merely carries these principles another step forward to protect the independent merchants who have been able to withstand the onslaughts of the chain stores and monopolies. Seventy-five percent of the retail business done in America is done by the independent retailers. So 75 percent of the wholesalers, brokers, and manufacturers are dependent upon the success of the independent retailer for the successful sale of their products.

The large burden of overhead costs of manufacturers and wholesalers are charged against the merchandise bought by these numerous merchants all over the country. The large mass buyers know this. A manufacturer running under capacity can afford to take on a large block of new business at a price below his net cost so long as it will yield him something additional. He will take an order from the chain stores or the monopolies at prices sometimes 20 percent or more below that which he charges the independents. He will do this to prevent his competitor from getting the business. The chain stores will point out to him that his overhead costs remain the same whether he gets the additional business or not and that it is to his advantage to take a small profit and to charge his entire overhead expense against the business that he gets from the independent merchant.

The Federal Trade Commission in its findings of fact on the famous Goodyear-Sears, Roebuck & Co. case, involving price discrimination, found among other things that the gross discrimination in favor of Sears, Roebuck & Co. ranged from 32 to 53 percent. This agreement was guarded in the closest secrecy. It was concealed from its own sales force and when their own Goodyear dealers complained that they could not possibly compete against such an arbitrary price advantage, they denied first that they were even selling tires to the Sears, Roebuck Co. I merely cite this as an example.

There are numerous other like cases which have come before the Federal Trade Commission.

Monopoly is the result of unwholesome competitive methods. It cannot result where the method of competition is fair. Hence, to prohibit price discrimination—unfair method of competition—is to prohibit the methods which foster monopoly. Monopoly on the whole is an unnatural product. It has no place in America. The price discrimination to Sears, Roebuck & Co. was not justified on account of differences in the grade, quality, or quantity of the commodity sold or by difference in the cost of selling or transportation or good faith to meet competition. It had the effect of destroying independent dealers and creating a monopoly.

Now, the same practices prevail in practically every other business. This is particularly true of the grocery and drug-store business. I cannot at this moment think of any young man attempting to go into the grocery or drug-store business on his own initiative. It would be the greatest folly. He would be ruined in a few months' time. The best that he can hope for is to obtain a job working as a clerk for one of the chain-store companies. To him "life, liberty, and the pursuit of happiness" is a myth.

The chain-store monopolies talk about the Robinson-Patman bill destroying equality of opportunity for young people. No agency in the American system of distribution has been any more destructive of opportunity for youth than the chain banks and chain enterprises, who seek to regiment and standardize clerkships, counter salesmen, auditors, and store managers into a vast army of mediocre wage slaves living on starvation wages, devoid of every iota of originality or independence.

The American youth believes that competition is the life of trade. He believes in the policy of live and let live, and further he believes that it is the duty of government to protect the weak against the cheating and bribing of the strong.

PROTECT AMERICAN BUSINESS

The Robinson-Patman bill is a protective measure. It is a plug for the loophole of crooked merchandising; a loophole that only time and experience and our changed social and economic order has shown to exist in our present antitrust laws. It prevents discrimination in prices where such discrimination tends to create monopoly. A manufacturer

can manufacture all the goods he wants to and sell them at a loss if he wants to, provided he takes the same loss on sales to the independent distributor that he takes in his sales to the chain stores and mail-order distributors.

The bill does not in any way attempt to change the business methods or practices within the chain-store systems whether those practices be good or bad. It does not put any penalty on efficiency either in manufacturing or distribution. It does not prevent the distributor or retailer, whether he be chain store or independent, from passing along to the consumer every saving that efficiency can devise.

This bill will prohibit practices that destroy competition and bring about monopoly. It will not injure any legitimate business or legitimate practice.

Mr. Speaker, the enactment of this bill into law will redound to the everlasting glory of this Democratic administration.

AMERICAN AIRSHIPS SHOULD BE DESIGNED BY AMERICAN ENGINEERS

Mr. O'CONNELL. Mr. Speaker, during the past week we have had a demonstration of the large airship in trans-Atlantic commercial service. The tremendous acclaim of the press and the public should be convicing evidence that America is airship conscious.

It is not my purpose to make any statement that may reflect on the German engineers who constructed the *Hindenburg* or of those in charge of the airship during its successful flight, but as an American citizen and Member of Congress, I feel it my duty to comment on certain statements published in the press.

The Sunday Star, Washington, D. C., May 10, states:

Eckener reveals purpose of trips. United States financial backing is sought. Dr. Hugo Eckener, commodore of the Zeppelin fleet, said in an interview tonight the primary purpose of the *Hindenburg's* cruises to the United States this year was to win financial backing for a German-American trans-Atlantic transport service.

Such an arrangement between the two countries was planned in 1928, he pointed out, but was frustrated by the depression.

Loss of the Navy dirigibles *Macon* and *Akron* has since soured the American public against dirigibles, he said, and lighter-than-air enthusiasts hope to remove that feeling by week-to-week demonstrations of the *Hindenburg's* capabilities.

It is of interest to know where this financial backing is expected to come from. I have a letter signed by a vice president of the Goodyear Tire & Rubber Co., dated April 28, 1936, stating the following:

We are interested in the subject of airships but are not presently considering the erection of a ship. This has to go through the process of authorization by Congress.

The Washington Herald, Sunday, May 10, states:

United States dirigible sought to match *Hindenburg*. Naval experts' hopes rise as officials prepare to greet Eckener. Successful trans-Atlantic flight of the German Zeppelin *Hindenburg* yesterday buoyed hopes of naval and congressional lighter-than-air enthusiasts that the Federal Government would sponsor construction of a twin ship, perhaps to complement the German air liner's North Atlantic schedule.

Senator BULKLEY, Democrat, of Ohio, has introduced a bill authorizing Federal construction of such a ship.

Navy experts have already planned for construction of a giant sky cruiser exceeding the *Hindenburg* dimensions, to replace the U. S. S. *Akron*, lost at sea 2 years ago.

The Navy's scientific advisory committee, following investigation of the *Akron* and *Macon* disasters, in a preliminary report has recommended continuance of the Navy policy of developing the science of lighter-than-air flights and has urged construction of a new superdirigible. The ship would be operated experimentally apart from the fleet.

The Goodyear-Zeppelin Corporation, at Akron, Ohio, staffed with German Zeppelin engineers, has assured the Navy such a ship could be built for about $3,000,000.

The Navy high command maintains such a dirigible would be the equivalent of a $10,000,000 light cruiser in fleet scouting, her higher speed compensating for her greater vulnerability.

The Navy plans calls for "belly hangars", housing up to 10 airplanes. Planes would be launched and retrieved by a patented trapeze. An observer could watch enemy fleet operations from a "sub cloud car" suspended from a thousand-foot cable while the dirigible remained hidden from detection above the clouds.

The statement that "Naval experts already have planned for construction of a giant sky cruiser, exceeding the *Hindenburg* dimensions, to replace the U. S. S. *Akron*, lost at sea 2 years ago", recalls my remarks printed in the CONGRESSIONAL RECORD of April 14, 1936, in which I said:

The Zeppelin frame is classified as an indeterminate structure and may be calculated only upon what is termed an "empirical formula" and may not be calculated upon normal engineering formulas. It is interesting to know that the empirical formula is established only through experience of actual construction and use of what is classed as an indeterminate structure.

Prior to the construction of the *Akron* and *Macon*, the Zeppelin engineering organization was supplied with data for an airship only as large as the *Los Angeles* or the *Graf Zeppelin*. They may have desired to construct an airship the size of the new *Von Hindenburg*, but perhaps had no data to then warrant such construction. What would they do about it?

If the German Zeppelin engineers wanted definite information that would warrant them to build the *Von Hindenburg*, which is larger than the *Akron* or *Macon*, and to advance their empirical formulas with construction and operations data, they would need to build larger airships or get someone else to pay for the experiment. My opinion is the United States was again chosen to be "the goat." The construction and destruction of the *Akron* and *Macon* undoubtedly supplied valuable data to the German Zeppelin organization for the construction of the *Von Hindenburg*.

In reference to the paragraph "the Goodyear-Zeppelin Corporation, of Akron, Ohio, staffed with German Zeppelin engineers, has assured the Navy such a ship could be built for about $3,000,000," I am wondering if a Zeppelin-type airship or the American suspension-bridge frame airship is referred to.

On October 29, 1934, the Honorable Ewing Y. Mitchell, then Assistant Secretary of Commerce, presented to the Federal Aviation Commission an airship-construction program endorsed by the Department of Commerce, and which Mr. Mitchell stated was prepared by the National Advisory Committee for Aeronautics. This program called for the construction of two Goodyear-Zeppelin airships, of 7,000,000 cubic feet capacity, which is the size of the *Hindenburg*, the first costing $6,500,000 and the second costing $4,250,000.

Now, according to press reports, the Goodyear-Zeppelin Corporation has assured the Navy a much larger airship "could be built for about $3,000,000." It seems that the past 20 months have reduced the cost of American airship construction very materially.

The demonstration made by the *Hindenburg* is worthy in that it shows the capabilities of large airships in trans-oceanic commercial service. If American engineers duplicated the *Hindenburg*, except in its frame, what could prevent such airship performing as well as the *Hindenburg*?

If the American airship frame was stronger the airship would be safer; if American nonexplosive helium gas were used, instead of explosive hydrogen gas, the American airship would be much safer; if the American frame were of less weight a more profitable pay load could be carried; and were the total engine power increased, the American airship would be faster.

I have introduced the bill, H. R. 12682, May 12, 1936, authorizing the construction and operation of two American trans-Atlantic airships, through a loan by the Secretary of the Treasury.

The effect of this bill is that Congress provides means for an organization of American engineers and business executives to solve the American-airship problem, and to design, construct, equip, and operate American airships in overseas commercial service. This bill is as follows:

That for the purpose of fostering the American airship industry and to promote American overseas trade with use of commercial airships, to be available in time of war, to encourage American design, construction, and operation of airships, to demonstrate the value and profit of overseas airship service thus to promote its extension with private capital, and to provide immediate employment in American airship construction, the Secretary of the Treasury is hereby authorized and directed to lend the sum of $12,000,000 to the Respess Aeronautical Engineering Corporation for the purposes of constructing an American airships plant, an Atlantic operating terminal, and two airships employing the self-anchored suspension bridge type frame, each airship having not less than 7,000,000 cubic feet of helium-gas capacity, and for operating such airships in commercial service between the United States and England or other European countries.

SEC. 2. The Secretary of the Treasury shall investigate the personnel and engineering organization of the Respess Aeronautical Engineering Corporation and he may require such changes in the present organization as he shall deem to be advisable before such

loan is made, and he shall require that full insurance be carried to cover replacement in event of fire, damage, or loss of the airships or other property purchased or constructed with the proceeds of the loan until the full amount of the loan is repaid.

SEC. 3. Such loan shall carry interest charges at the rate of 3½ percent per annum, which shall cumulate for a 2-year period, and shall remain a lien on the patents, the patent rights, and all present and subsequently acquired assets of the corporation until paid. The loan, plus accumulated interest, shall be paid in 10 annual payments, the first payment to be made 3 years after the date of the enactment of this act, and any payments on account of the loan shall be deposited in the Treasury of the United States to be credited to miscellaneous receipts.

SEC. 4. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $12,000,000 to carry out the provisions of this act.

This bill is for the purpose of providing a loan through which the development and operations of airships will be delegated by Congress to American engineers. It is a business proposition in which the Government extends its aid in forwarding an activity that is of extraordinary value to our Nation, an activity that has already been delayed too long.

The loan may provide the following:

(1) Approximately 80 percent of the loan may be used in direct and indirect employment of labor.

(2) It may give employment to great numbers of engineers and highly skilled men for whom it is now difficult to provide work in their respective lines.

(3) It may construct two great airports, one being in the South and one on the Atlantic seaboard. These airports should be of great military value in event of war.

(4) Within 2 weeks after the money is made available for this work several hundred men may be employed, and within a few months approximately 2,000 men may be employed in direct labor, with perhaps several thousand employed in indirect labor.

(5) Many types of established industries would be benefited through orders placed for this activity. Approximately 25 percent of the loan may be expended for orders placed with major industries.

(6) It may be the start of a great new American industry and be the first step toward establishing a major form of overseas transportation through which our commerce with foreign nations may be expedited and increased.

(7) With the evidence of Government support, as demonstrated by this loan, it is proposed within the year to arrange private financing for the continued construction of airships.

(8) It is proposed, through the employment of three and in some cases four shifts of workers, the construction program may be completed in a period of about 12 months.

(9) After a thorough test of the airships it is expected trans-Atlantic service may be established, with each airship making a round trip weekly between our Atlantic coast and England. If the loan is approved by this Congress, these airships may be in regular service before the fall of 1937.

(10) Such service may expedite our mails and commerce to other nations of the world, to Europe, and to countries which are now best served by transportation from England or European countries.

(11) It may in time establish the United States in a dominating commercial position, through fast and economical transportation direct to overseas commercial centers, including those within the interior of continents where rapid transportation is now unknown.

(12) It may provide twice a week transportation across the Atlantic in less than 40 hours, which with later improvement may be reduced to 30 hours.

(13) This may be America's answer in the race for faster ocean vessels, that in other countries are built with large government construction loans and are supported by annual operating subsidies of considerable size.

(14) It will demonstrate to American inventive genius and skilled engineers the confidence of our Government in their ability to design and construct American airships. It will also demonstrate the superiority of American design and construction of airships.

In view of the fact the borrower must depend upon commercial operations for its profit, the construction would be at the lowest cost and of the best quality. No profit may be added nor any royalty be paid under the patents.

Considering the conditions for this loan, we should also consider estimates submitted on October 29, 1934, by the Honorable Ewing Y. Mitchell to the Federal Aviation Commission in the airship-construction program endorsed by the Department of Commerce. The two Goodyear-Zeppelin airships would cost $10,750,000 and an Atlantic operating terminal to cost $3,000,000, making a total of $13,750,000.

With the loan of only $12,000,000 the Government would have for security two better, stronger, and safer airships of approximately the same size or larger than the Goodyear-Zeppelins, and an Atlantic operating terminal; also an airship-construction plant costing approximately $4,000,000, making a total of $17,500,000, with the valuation based on the cost of two airships and a commercial airship terminal, being $13,750,000 in the Department of Commerce proposal. Further, $1,000,000 of the loan is either applied for additional construction or operating capital; also the patents and patent rights and all present and subsequently acquired assets of the borrower would be pledged as security until the full amount of the loan is paid.

The borrower is required to carry full insurance to cover replacement in event of fire, damage, or loss of the airships or other property purchased or constructed with the proceeds of the loan, until full payment is made. Insurance for these airships was taken up with a Lloyds' American representative, and at first 20 percent of the airships' value was required for annual payment. However, when further consideration was given to the suspension bridge type of frame to be employed, the insurance charge was reduced to 15 percent and it was stated might be reduced to 10 percent.

The cost of insurance aptly illustrated the difference in the proposal submitted by the Department of Commerce and the present proposal for private construction and operation. Twenty percent annual insurance on $10,750,000 for two airships of the Zeppelin type would amount to $2,150,000, while 15 percent annually on the $5,000,000 cost of the two American designed airships would be only $750,000. Quite a difference, and similar differences would be shown by the sums required for depreciation, maintenance, interest, and so forth.

Another comparison is interesting. Mr. Mitchell, in presenting the Commerce Department airship-construction plan, told the Federal Aviation Commission that "Mr. Harpman, representative of the Goodyear-Zeppelin Corporation of Akron, Ohio, stated at our conference on the subject of airships that his company would enter into a contract for operation of the two airships and maintenance for 5 years on the basis of a dollar per year, if the Government desired them to submit a bid." This would seem to establish the value placed by the builders of the two airships, for which the Government would be required to pay $10,750,000.

Going back 4 years, when bill H. R. 8681 was before the House Commerce Committee, the Goodyear-Zeppelin Corporation offered to build airships and operate them in trans-Atlantic service to Germany if the Government would pay $32 per mile—in both directions but carrying mail in only one direction—for a reservation of 10,000 pounds of mail. This charge of $32 per mile for 8,000 miles, round trip to Germany, would have cost the Government $256,000 for transporting 10,000 pounds of mail across the Atlantic to Germany, or for only 1 pound of mail if only that amount were forwarded.

The Commerce Committee did, however, recommend a payment of $20 per mile and the bill H. R. 8681 was approved on the floor of the House on June 15, 1932, thus a mail charge of $16 per pound was approved.

With the loan of only $12,000,000 the Respess Aeronautical Engineering Corporation proposes to establish twice-a-week airship service in both directions, carrying passengers, mail,

and freight at only $1.50 per pound. They do not require that the Government send any mail on its airships; but if the Post Office Department wishes to use its service the charge per pound is the same as reservation for passengers, $1.50 per pound.

Further, instead of the Government buying airships at a high figure, possibly including a large profit, and leasing them back to the builders at $1-per-year rental, the Respess Aeronautical Engineering Corporation will repay the full amount of the loan plus interest, will maintain the airships in first-class operating condition, set aside funds to replace the airships when it is deemed necessary to retire same, and will carry full insurance to cover replacement if an airship is damaged or destroyed, as well as liability insurance for passengers, mail, and merchandise.

That airships can do this is because the Respess airships will be safer, stronger, have a much longer useful life, be capable of carrying a larger pay load, and because of their simplicity and ease of construction these airships can be built in America at lower cost than Zeppelin airships can be built, with cheaper labor, in Germany.

The superiority of the Respess airship is substantiated by the report of Messrs. Robinson & Steinman, eminent American engineers, 117 Liberty Street, New York City, in which are the following statements:

Whatever may be said of the performance of the Zeppelin airship will apply equally to the Respess airship, but the Respess airship would have in addition the following advantages:
Greater strength and safety.
Greater inherent strength.
Increased length of life.
Decreased maintenance costs.
More efficient use of material.
Reduction in cost of construction.
Reduction in time of construction.
Ease of construction.
Simplicity, accuracy, and definiteness of calculation.

The stresses in this airship never reverse, thereby removing all fear of failure in the hull through fatigue and crystallization.

The net pay load will be unusually high, facilitating economical commercial operation.

That Respess airships may be operated at an attractive profit is indicated by an estimate of the probable annual receipts and expenditures for such service, as contemplated for the construction and operation of two 7,000,000-cubic-foot airships, each making a round trip weekly between our Atlantic coast and England or Europe.

Operating charges

Administration and communications	$300,000
Fuel and oil	850,000
Helium gas	300,000
Crew	300,000
Engine maintenance and replacement	500,000
Terminal charges	300,000
Contingencies	400,000
Insurance	750,000
Airship maintenance	500,000
Airship depreciation	500,000
Liquidation of construction loan	500,000
Interest at 3½ percent annually	175,000
Traffic solicitation and handling	660,000
	6,035,000

Estimated income

	Pounds
Total pay load available each trip	48,000
Total load 208 trips	9,984,000
Average 75 percent full loads	7,488,000
Average 80 percent of schedule trips	5,958,400
Income with $1.50 pound charge	$8,937,600
Deduct operating charges	6,035,000
Net profit	2,902,600

These estimates were submitted with realization that no service of this character has ever been operated, and consequently the figures must be taken as approximate. A sincere effort was made to estimate the operating charges high and the prospective income low. It is fair to state also the pay load is believed will be much more than 48,000 pounds.

The terms of the bill provide a condition that the Secretary of the Treasury shall approve the personnel and engineering organization of the Respess Aeronautical Engineering Corporation. Such organization will be competent to design, construct, equip, and operate the airships in transAtlantic service and to conduct the affairs of the corporation in accord with the purposes of this act.

The Secretary of the Treasury is not required to consider the technical details of the construction of these airships. The United States has as competent engineers, builders, and operating personnel for large enterprises as any other nation. If the standing of the engineers and executives who are selected for this work meet the approval of the Secretary of the Treasury we can be assured the design and construction will be sound, the operations will be conducted with efficiency, and a satisfactory demonstration will be made of the value and profit of overseas airship service so that private capital may be forthcoming to build scores of other great airships for establishing American commercial airship service to all parts of the world.

I am convinced that private capital will become available when a demonstration of these airships has been made, because I have recently received numerous letters from large banking and trust companies, as well as from security underwriters, which state they are interested in this development and request that they be kept informed.

I now desire to say a few words concerning the prospective value of large airships for addition to our naval and military forces employed in the defense of our Nation in the event of war.

It cannot be said that large airships have had sufficient trial to establish their full naval or military value. Unfortunately, the airships we have previously constructed lasted such a short time that real service trial was very limited.

The *Akron* and the *Macon*, however, demonstrated some features of exceptional value. They proved, beyond any question, that airships may transport and service fighting airplanes, thus becoming in effect movable airfields, or they may serve the same purpose as naval airplane carriers.

They demonstrated by their water-condensing systems that helium gas can be employed and it is not necessary to "valve out" the gas in order to control the airship, as is now resorted to by the *Graf Zeppelin* and the *Hindenburg*. They demonstrated the practicability of military operations of large airships over sea or land. Their destruction demonstrated a weakness in the type of frame then employed and should tell us to now call upon our American engineers to provide an improved structure that is strong, safe, and not subject to reversal of stress, fatigue, and crystallization of the metal employed.

I feel we cannot learn the true future value of airships for use in the defense of our country without we make further tests with American-designed airships. Congress provided funds and two naval airships were constructed upon German design. These airships we lost. Will our Navy admit defeat? Must our Navy continue to follow German leadership when we have far better structural engineers in America?

Proper personnel and the most modern wartime equipment should be provided for both our Navy and Army. Not so long ago cavalry was an important division in our land forces, and naval airplane carriers were unknown. Instead of warfare being confined to land and sea, future wars may be decided in the air, from which both our naval and land forces are vulnerable.

The nations of the world are spending hundreds of millions of dollars annually for the construction of new heavier-than-air craft. During the World War lighter-than-air dirigibles, even in their then undeveloped state, were a valuable aid to German arms. The naval battle of Jutland may have had an entirely different end had Admiral Jellicoe been supplied with information which the German airships conveyed to the Imperial German Staff. Germany continues to build airships.

Nature has given the United States the only large supply of nonexplosive helium gas, which would provide greatly increased safety for both commercial and military airships. Congress has voted and there has been expended more than $11,000,000 for the development and conservation of this valuable gas for American airships, with provision no helium

may be shipped to foreign countries except with Presidential approval.

A former Congress recognized the future importance of airships and of helium gas for the use of our airships. We expended about $10,000,000, appropriated by Congress, for the construction of two airships upon the advice of Zeppelin engineers by an American corporation in which the German Zeppelin interests own 25 percent of the stock. We lost these two airships, and are we through? If the Germans discovered during the World War that airships with further improvements would be of military value, would they encourage other nations to build airships of the kind they seem to be able to build in Germany and we fail, under their advice, to build in the United States?

In my judgment the airship will become in time a major form of commercial transportation, in which the United States should have a dominant place. Further, great airships may in time replace the expensive naval airplane carriers and become a valuable arm for the defense of our cities and vital transportation systems in event of war.

The United States has the greatest bridges, buildings, and other evidences of the high qualities of the American engineer and the initiative of private industrialists. In time of need we turn to them for aid in the defense of our Nation. Why do we not now enlist these forces in the preparation of our defense, by having private industry solve the airship problem for us.

In conclusion, I desire to present a few pertinent extracts from numerous letters I have recently received from American engineers:

It can be said without boasting that the American engineers stand preeminent in resourcefulness and ingenuity.

I heartily concur in your movement to place further design and construction of American lighter-than-air craft under the sole direction of eminently responsible American engineers. Such men in the past have demonstrated peerless ingenuity in other lines of endeavor, and should receive consideration in any future aeronautical program. When responsible authorities continue to be inhibited by the foreign influence, after experiencing the fruits of past disasters, I believe a change of command is indicated if American commercial supremacy is to remain secure. I shall be pleased to enlist support of your movement to stop foreign experimentation with American funds, and substitute therefor the certified results obtainable through American engineers.

Concerning the ability of American engineers to design and construct airships, this society wishes to express its gratitude to you for the action you have taken and sincerely hopes that Congress will place these problems in able hands; and when they do, the American engineer will be respected in this field as he is in all others.

I have never been convinced that it is necessary for the American Government to depend on foreign engineering talent for the design of its airships, for I feel we have in this country men who are fully competent to do this work. Costly experiences have indicated that following the principles of German designs has been unsuccessful, and I believe this work, if it had been done by American engineers, would probably have been much more satisfactory, and we certainly would have learned a great deal that would be of use in the future.

While I am not personally familiar with the project of the Respess Aeronautic Engineering Corporation, I am very much in favor of the program for lighter-than-air development in general. I believe it is vital for this country to maintain an interest in lighter-than-air craft as well as the heavier-than-air variety and that all possible Government aid should be given to this important item of our national defense. I was particularly interested to note that Dr. D. B. Steinman, the eminent engineer of New York, is interested in the project and has made a study of the design. Dr. Steinman is preeminent in his field, and I am sure that if his assistance can be gained in connection with this project that its success and adequacy is assured.

I am particularly impressed with what you say relative to the efficiency of the engineers of the United States. It is a profession concerning which so many of the public are little informed and which, after all, is the profession on which the life, health, and prosperity, and the advancement of those things which go to make the Nation prosperous, are so dependent.

I abhor war. The Ethiopians had no desire for war. Still war comes and must be considered. This country needs, and must have, airships of this type for national safety. I am strongly of the opinion that many American professional engineers have structural knowledge and experience equal to, if not superior to, that of any other country in the world. To me it seems lamentable that the leading engineering and mechanical Nation of the world should be confined to some one design just because it has been operative in some other country. Such procedure prohibits consideration of possible improvements which are based upon scientific engineering knowledge and principles. This restriction automatically puts this Nation in a second-rate position. American engineers built Boulder Dam without assistance except good American ability. They did a wonderful job of it. It happens that I have the honor to know Dr. Steinman personally. I have such confidence in his integrity and judgment concerning structures of this class that if Dr. Steinman favors the suspension type of frame for airships I am convinced it will prove the superior type of structure.

As to the construction used in the Zeppelin, the criticism has often been heard in the past, even in authoritative German quarters, that it is not the most satisfactory solution and that it becomes less so with increase in size of the airship. The rigidity is all built in the hull, consisting of transverse polygonal frames braced by longitudinal open-frame beam members. Professor Eberhardt, of the Technische Hochschule Darmstadt, came to the conclusion years ago that this method of obtaining rigidity can be improved upon by anchoring the hull to a longitudinal central member, such as provided in the Unger design. Little has been heard about this design, not because of its lack of merit but "because of the hopelessness of the task of contesting the Zeppelin design", which I quote from a letter of a prominent German engineer. The name "Zeppelin" enjoys such popularity and is so strongly associated with airship construction in the minds of people that, not alone in Germany, it is thought to be the only one that will do for an airship.

THE NATIONAL FEDERATION OF TEXTILES SUPPORTS THE ELLENBOGEN TEXTILE BILL

Mr. ELLENBOGEN. Mr. Speaker, the national textile bill in its revised form, H. R. 12285, has received the unanimous and enthusiastic backing of the National Federation of Textiles.

At a recent meeting in the city of New York Mr. Peter Van Horn, president of the National Federation of Textiles, called attention to the deplorable plight of the rayon and silk industry. Mr. Van Horn said that—

The country's 120,000 rayon and silk looms, operated at capacity, could produce twice as much cloth as the market could take up.

Since the Supreme Court killed the N. R. A. textile codes, along with the rest of the codes, textile production has increased 30 percent, billings have increased 9 percent, and third-shift operation has gone up 12 percent; but textile prices have declined, wages have dropped 5 percent, and employment in the textile industry has dropped 13 percent. This means a drop of $10,000,000 in purchasing power of workers in the textile industry; and that means the textile industry and all other consumers' goods industries can sell proportionately less goods.

The bill has been reported favorably by the Committee on Labor and a rule for its consideration is now pending before the Committee on Rules.

SOME ASPECTS OF BRITISH METHODS IN HANDLING UNEMPLOYMENT

Mr. SHANLEY. Mr. Speaker, one of the most intelligent of the many able foreign correspondents who make our press gallery and fourth estate in the Capitol the outstanding group of newspapermen in the world, Sir Arthur Willert is quoted as saying totidem verbis that our delay in attacking the social-justice program has placed us far in the rear of the efforts of his own country. I have pointed out before that David Lawrence admitted the truth of this assertion. It is now my purpose, Mr. Speaker, to give in a humble way some of the outstanding efforts of the British methods of attack.

I am unusually anxious to do this because I noticed in yesterday's paper that the leading nominee for opposition candidate to our modern-minded and alert Chief Executive in the fall of this year has just complained about the lack of definite knowledge of the facts underlying the relief of the unemployed. He seems exercised about waste and politics. Parenthetically he is Governor of one of the sovereign States of this Union and as such he should be in a far better position to detect such wastage and graft than any man in his commonweal. If he had given us the facts of the Kansan situation in all its entirety, pointed out its defects, and made sincere comments, at least that State would be free from alleged political thievery and Treasury sabotage or we would be to blame. I submit that since he has not done this we might well say that Kansas has an excellent administration and the Federal Government has done an excellent job in that State. If this is not so and he has remained silent, well, then, he has failed in the most personal and Jeffersonian of all duties, that of State pride and keeping one's own house in order.

This is a gigantic problem in all its phases when we honestly realize that this administration inherited the faults of

over half a century of Republican do-nothingism and acceptance of the free play of the blind forces of a profit-motive system. Suddenly—yes, overnight—President Roosevelt was asked to effect remedies for situations that might have well had some prior anticipation and planning.

I cannot call this task of the President herculean, for that masterly son of Zeus and Alcmene could not have performed it himself even if it was set out by cousin Eurystheus as an additional or thirteenth labor. Cleansing the Augean stables with its stabled herd of 3,000 oxen was a mere physical task compared to the mental, spiritual, and physical labors of the Chief Executive of this country as he faced in 1933 the most startling, threatening cataclysm in all our history.

Nothing but a stubborn and benighted toryism can ever stand up and criticize his efforts and his present endeavors to permanently solve this Gordian knot of twentieth-century democracies.

Like the words of the of the Duke of Wellington:

> I find many very ready to say what I ought to have done when a battle is over; but I wish some of these persons would have come to me and told me what to do before the battle.

The President might well propound the same question.

The outstanding conclusion from the most thorough of the studies of the English system brings us to the realization that there is no short cut to a workable system, even after close to three decades of effort, in which all the great contributory factors of England's great power—labor, the Crown, Parliament, with the House of Lords—all put their most serious attention to the solution. In a complicated economic order there, which was turned topsy-turvy all over the world, the way back must be slow and prolonged, made doubly so by the quickening interest of millions of voters enjoying suffrage and audible voice for the first time. The ravages of unemployment have left fears of titanic proportions, and the often-found petulent attitude toward the setting up of the new machinery in this country must be realized and thoroughly appraised if a real understanding is to be had.

Through the ages Great Britain has had her system of poor relief administered by local officials compelled by law to relieve destitution and want wherever it existed, but today that system has been for the most part relegated to the memories of the past, and England has health insurance, granting maintenance and medical attention; workmen compensation acts for industrial accidents; pensions; and various types of other assistance. The British method was to employ every type of assistance available, including contributory unemployment insurance, noncontributory relief to representatives of the insurance scheme, relief works, and extended assistance of employment exchanges, very modified poor relief, restraining of the unemployed movement of the unemployed from areas of scarcity to areas of need, and stimulating emigration.

It must be remembered, however, that England attacked this problem as far back as 1911, when over 2,000,000 people were compelled to join a compulsory insurance scheme managed by the National Government. Nine years later it attempted to extend this insurance over all its industrial wage earners, but the extension was a distinct failure. It is using every expedient today to still effect a solution. Thus, it may be said that for 25 years the English have exerted every effort to eliminate the problems of industrial maladjustment. It must be remembered, moreover, that the President of the United States, heir to the apparent burden of 25 and more years of neglect in this field, has been compelled to solve these problems within a space of 4 years.

The censure of the carping criticasters who are raising their heads out of their storm cellars is forgetful of all this, and in most cases is bitterly partisan, which means that it has no respect for whatever the administration is doing. This one-sided stricture becomes all the more political when it is realized that the opponents on the other side of the aisle imply that a solution should have been reached by this time, thus betraying their ignorance of the Sisyphean labors involved.

The change in the treatment of the British worker from the historic consideration as a criminal and a pauper to a highly privileged position today in English political consideration is the outstanding phase of the British policy.

Seemingly the British system of local poor relief and its greatest auxiliary charity assistance are today incapable of solving this age-old problem. This is strikingly true in England, where the Royal Commission, organized to study the relief problems, has again and again stressed the need for national assistance. Perhaps the most famous of these was the Royal Commission on the Poor Laws for Relief and Distress, organized in 1905, which came back with these three points: (1) That existing methods for handling unemployment should be radically changed; (2) that a national system of labor exchanges should be established; (3) that state-subsidized unemployment insurance should be instituted. That was the start and the opening wedge in the 25 years of handling this problem.

In the first place, it is settled now in English policy that destitution must be solved by an agency in Government circles, and that unemployment itself is due to faulty economic structure and is not blameable on the employee himself. Finally, this solution is not the burden of the local communities but of the National Government or the Crown. She has, however, insisted that there is a common cooperative responsibility for everyone for the entire problem.

To cope with this problem, which for continuity has even outlived the time of Thirty Years War, outstripped the expenditure in money and efforts of her greatest generals and admirals, caused more suffering and bitterness relatively than all the catclysms of her history, England has tried everything; and in that laboratory of attempted success and failure we may well look for a background and a sympathetic back-drop for our own efforts.

One word, of course, should be inserted at this point—that the English people are content to pay as you go and accept the tremendous taxation burden that is unknown here in America. No American can adequately study the British system and not realize that the average Englishman pays infinitely more in taxes and suffers the loss of practically all of the luxuries that the average man in America enjoys daily. The English attitude is that it is the problem of his generation, and he is going to pay it today. Further, too, a more enlightened viewpoint on taxation governs the entire country, and a better system of handling taxpayers oils the wheels of administrative machinery. Further, too, the average English citizen is content to accept a lesser amount for relief than is true in America. These facts must be remembered before we attempt to appraise the English unduly or attempt to use it as a basis of our American plans.

We must therefore admit a very open-minded willingness on the part of the English Parliament to discuss the problems of maladjustment in its entirety and an even greater desire to modify and even eradicate all past methods if necessary. It must be remembered that the English type of government is a true parliamentary one in which the Executive, Crown, or King, as you will, is absolutely responsible to the legislative branch, or Parliament. What the Parliament says or does is law without review by Crown or court.

The year 1911 marks the first effort of the British to cope with the problem of unemployment and the recurring cycles of depression. Two and a half million people were compelled to join a compulsory-insurance scheme operated by the National Government. This was the first step in removing the ever-recurring perplexity from the agencies of old; the poor-relief law and charitable agencies.

For a decade this scheme worked with marvelous encouraging prospects, so much so that in 1920 the attempt was made to extend the privileges to the entire group of industrial wage earners. But the depression of 1921 riddled the scheme full of holes. From an actuarial point of view the base could not take care of the demands of a group that numbered three times the estimated recipients. The entire scheme was stranded on the rocks of a depression the like of which had no parallel in modern annals.

The Deserted Village of Oliver Goldsmith presents no more pathetic picture than was unfolded as one key industry after

another succumbed to this economic plague. Steel, coal, iron, wool, cotton, worsteds, shipping, all fell by the wayside, blighted and stripped of energy and life.

Parliament acted, of course, with the swiftness that is so indelibly associated with that cabinet type of government. Additaments of complicated changes to the first and second insurance schemes were offered, permitting longer benefits for longer periods and liberalizing the requirements for benefit reception. The financial changes needed were made up by doubling premiums and obtaining funds from the national treasury in the shape of subsidies.

Local authorities, too, attempted to plug the holes of this terror again supplemented in many instances by trade-union benefits and occasional aid from large enterprises that had their own insurance systems, along with the conventional charitable aids.

This characteristic cooperation of both the national and local bodies has been in vogue since the first unemployment workmen act of 1905, when unemployment got its baptismal recognition as a byproduct of industrial maladjustment. This acceptance of the blamelessness of the workingman, himself, gave a dignity to the tasks' future handling that forced public responsibility for the maintenance of the laborers affected and withdrew them from the reproach of fault or blame.

In a brilliant unfolding of the formation and character of the National Insurance Act of 1911, Sir William Beveridge, in his book, paints the picture of the scheme that provided for the mandatory insurance of 2,000,000 manual workers in seven of the most fitful of English industries—shipbuilding, mechanical, public works, iron founding, building, vehicular construction, and saw milling. A million and a half munition and kindred war workers were added during the war.

The initial insurance premiums were made up by weekly contributions in adult brackets of 2½d. by worker and employer each, with the state adding 1⅔d. Weekly benefits were 7s. Various provisions to curtail the inroads that bad risks would cause were put into organic law. As we said above this proved splendidly adequate and the future seemed roseate at that time.

But in 1920 too precipitate a view of ultimate success veiled caution and enthusiasm was unduly responsible for the extention to cover over eleven million more. The subsequent break-down is history, but a study of the system is still worth while if only to prove the need for caution and consideration for the efforts of the President to utilize the mistakes of that campaign across the water.

There are close to 13,000,000 compulsorily insured against unemployment, including the obligatory enrollment of all persons employed under a contract of service of apprenticeship. Over 6,000,000 workers are therefore outside of this scheme. These exempted or excused classes include workers under 16 and over 65, agricultural workers, domestic servants, railroad, utility, governmental, and kindred groups, outworkers, banks, and others.

There is a waiting period of 3 or 6 days, all types of regulations, and designated officers for reports, appeals, and so forth; sometimes elaborately set out, but all made and changed with the cooperation of all parties, including labor unions, whose services have been most helpful.

Obviously the originally short-period plans were changed to meet the inroads of the worse depression in history. Even benefits were paid in advance of contributions. But even greater liberalization was necessary; so much so that the entire insurance structure was creaking under the strain. It was a short cut to the employment of the scheme to give money to those whose contributions did not entitle them to benefit under the original plan.

At times these payments were often also given in advance. In the famous Blanesburgh, or 1925 report, however, it was that committee's opinion that the question of unemployment insurance should be permanently broadened. It tackled the problem of the work-shy who preferred benefit to work. They first attempted to work out a definition of those who "genuinely were seeking work", but the tremendous disadvantages of attempting to get behind the worker's mind and his attitude made this impossible. Labor itself was distinctly opposed to this method of attack. As a substitute the Morris committee of 1929 recommended that a claimant should be denied benefit if he refused an offer of suitable work or if he failed to prove that he had made reasonable efforts to obtain suitable work had it been available. The burden of proof therefore was changed from the claimant to the insurance officer. The latter was now compelled to prove that the claimant had refused the job or was so indifferent that he failed to obtain one when available.

We know that the totally unpredictable demands upon the unemployment insurance in 1931 not only caused consternation for the existence of the system itself but it came dangerously near being of alarming peril to the finance system of the Empire. The result was that the benefits from insurance were strictly reduced and other aid was closely tied to poor relief. Various changes were made. This resulted in the establishment of the "means test", which in so many words means that those persons who had already drawn 26 weeks of benefits in a year, or who had sufficient contributions to entitle them to benefit, were required to prove their need for assistance to the poor-law officials.

Now, it is not necessary to point out the elaborate machinery set up to help this change in overhead policy. It is sufficient to say that the actual change as indicative of the constant necessity for revamping the entire policy. No one has found the touchstone to turn these problems into a formula or common denominator which will effectuate a solution.

It might be added also that the constant changes in the requisites for unemployment benefits has been the cause of the threatening insolvency in the fund itself. Obviously funds from the Crown were the only salvation.

It is significant that all of these reports are predicated upon the admittedly sound belief that "an unemployment insurance scheme must now be regarded as a permanent feature of the code of social legislation." All believe that the obtainable solution must eventually be along the lines of insurance features. The system has taken some terrific blows, but the English method of refusing to go off half cocked has been the salvation of the present existing methods. Definitely, certainly, and enthusiastically this spearhead of attack in the form of insurance constitutes England's answer.

Of course, the sustaining force in those dark days was the British Treasury. From those unexpected drains came various additional helps and subsequent studies on the problem. Recourse to the treasury was allowed, we have seen, by those who had even exhausted their legitimate insurance claims. This really precipitated the national budgetary crisis in 1931 with practically close to a half a billion dollars going to this insurance propping.

What about the future? An effort to include all of the hitherto exempted lists for the most part will bring into the fund all of those whose contributions will be steady and, by and large, will result in little or no benefit but will, in short, bulwark the drains of the others. The exclusion of these good risks in the past has prevented the spread of the scheme over those whose aid and assistance has been most needed for a Nation-wide coverage. The only safeguard is insurance. Of course, these people are being taxed to subsidize their fellow men in groups less fortunate in tenure of office and large pay rolls. When it is realized, however, that the safety of all depend upon the care of all the charge on these prior exempted secure groups seems justifiable, at least, in the English system.

What other auxiliaries was the British system establishing in the fight on the effects of economic maladjustment?

Brilliant efforts in the field of unemployment-exchange systems dominate these outside handmaid efforts. Provisions for work and the removal of potential workers from glutted areas to others with scarcity of workers were the salient features of the branch. Employment directories, national and divisional webs with exchange information, publicity chan-

nels, local committees of assistance, all linked with employer and employee, dot the map of the economic battlefields.

Training areas for women, girls, and juveniles were set up with success. The effort to get rid of surplus laborers by oversea immigration proved a pitiful fiasco and it is sufficient to say that it forms a sorrowful chapter in the entire story. Briefly, however, it was the Empire Settlement Act of 1922 which projected the 15-year plan to settle British subjects in the Dominion with the National Government to pay a half of the costs. Transplanted men, with habits and training unresponsive to new surroundings, found discouragement and tribulation, and the failure was due principally to this absence of prior agricultural training.

In the public-works projects the central government supported some directly, while the treasury guaranties of credit aided others. Subsidies to the local authorities also helped. Practically all men in these projects were registered on the employment-exchange records. As time went on efforts were made to place projects in areas termed "prosperous", so as to relieve other areas of the stigma of stagnation and cause mobility of labor. Projects calling for unskilled labor, with as few machines as possible, were utilized. Placement of men for every-other-day work periods increased the numbers aided, with added favorable consideration to ex-service men whose cases and reasons for maladjustment long antedated the depression.

A billion dollars worth of projects, however, never materialized. An unemployment grants committee dealt in wage grants, loan grants, transference grants, all of which served to cushion the load, but eventually the futility of public works was recognized and a gradually tapering off was noticeable. This does not mean that there were relatively no funds spent on public works. On the contrary, close to a billion was spent by both national and local authorities over 10 years in road work, sewers, sewer disposal, water supplies, electricity, docks, parks, municipal buildings, sea defense, baths and bathhouses, public health, and other types. It would serve no purpose to go into the details of this avenue of attack. In the British scheme of things it was helpful, but not capable of very permanent extension under existing conditions.

Any résumé of the efforts of other countries to handle this problem of unemployment or economic maladjustment shows primarily that its ravages can only be handled on a long-time, permanent basis. Temporary measures and expedients are not enough. The most sane, intelligent, and open-minded group in our Nation must handle this vexing problem with all its intricacies, and the machinery set up must be carefully planned and continually subject to inspection and revision. No one of the foreign methods can, of course, be taken or adopted in toto, but there is not one of them that cannot be studied for helpful suggestions.

Obviously, the time is not far distant when this Congress must pass upon the permanence of this problem. True, indeed, is it that we have hitherto delegated to the executive department powers broad in their blanketing features in the emergency handling of the entire matter. But truer still is the growing realization that it will soon be our problem to amass the facts, study the experiences, and formulate a permanent set-up. At that time the entire history of the Presidential efforts—and they were heroic endeavors—will be subject to our scrutiny. I wish to say now that it is my personal opinion that those efforts of the White House will reflect great glory on the honesty and brilliant handling of a tremendous problem under terrific pressure.

No one in this administration, Mr. Speaker, can deny that errors have been made in the extension of our relief program. But can anyone seriously gainsay the fact that Mr. Hopkins has been willing to listen to all complaints and suggestions and attempt a reasonable solution? We hear much from the other side of the aisle about substitutes and earmarking funds, bitter condemnation of W. P. A., graft and boondoggling, decentralization, home rule, and such talk, but we wonder if a single estimable gentleman on the minority side has realized that any abrupt face about in our handling of the problem would entail confusion, fear, and maybe chaos. Something has been done, and its results are patent. Whether we like the formula or the policy we can appraise the resultant product. Is it fair to say that a consequence which has been secured only after 3 years of intensive study, with its early efforts at times blindly emergent yet sincere, should be scrapped overnight? Is it fair for those who charge politics in its present administration to hold themselves out as nonpartisans now when they must or should know that changes now would be calamitous. I have tried to show in a feeble way within what I believe should be the limits of a revision and extension of this type that the entire problem is one of trial and error, and there is no panacea. As a matter of fact, if we had a Federal commission of inquiry composed of the biggest men in this country able and all willing to leave their own work to study this problem in its entirety, it is difficult for me to believe that such an inquiry would not take 6 months of the most painstaking study, yet we are asked to accept the conclusions of men whose bent is primarily political and overturn an entire system which at the worse cannot be totally wrong.

Let us not accept or prefer the report to the bullet or the echo to the report in this momentous question. These criticizers would take a leap forward if the Achilles of modern liberalism were not in the White House, but they dare not emerge with anything but the most glittering generalities. They do not dare to go into details, or at least they will not while this House is in session, for it would be treated to the most searching analysis in the world. It would be well for the country, however, if the Republican minority would present some tangible detailed plan with a worked-out philosophy to this House through one of its leaders and let us see what 3 years of external aloofness has fashioned, or are they too far down the inclined plane of political misfeasance which is nothing more or less than the path of fatuous censure and overreaching condemnation?

Let us not forget that the Republican Party is judged by its membership in Congress, and it cannot hope to whitewash their sins of omission by a sugar-coated platform. The voters want more than party planks to lift a candidate or a party above the rest of us. They demand results, and if party timber sincerely applied cannot produce results, it is well to discard that useless lumber. When one hears the platform talk, one is reminded of the vigorous statement of Justice Holmes in *Missouri* v. *Holland* (252 U. S. 416):

> We see nothing in the Constitution that compels the Government to sit by while a food supply is cut off and the protectors of our forest and our crops are destroyed. It is not sufficient to rely upon the States. * * * The reliance is in vain.

THE SCRIPPS-HOWARD CHAIN OF NEWSPAPERS CONTINUES ITS VIGOROUS SUPPORT OF THE WAGNER-ELLENBOGEN HOUSING BILL

Mr. ELLENBOGEN. Mr. Speaker, I have already commented on the widespread interest and active support which the Wagner-Ellenbogen housing bill has aroused in the newspapers of this country since the bill's introduction a few weeks ago. Among those journals which hailed the bill immediately on its appearance, and which have given it full editorial support, the liberal Scripps-Howard chain of newspapers has taken a leading part.

In an editorial which appeared in the Pittsburgh Press and other papers of the Scripps-Howard chain on May 3, 1936, an excellent analysis is made of the importance of the bill, both as an economic and social measure.

Commenting on the fact that surprisingly little opposition developed at the hearings on the Wagner-Ellenbogen bill, the editorial credits this to "a general approval of its social aims and economic needs."

The editorial then addresses itself to such criticisms as have arisen and analyzes and answers each.

First, to the claim that there is no housing shortage, it replies that a preponderance of authority disputes this.

> To cite one of standing—the Public Administration Clearing House of Chicago—estimates on a basis of census figures a need for 7,700,000 additional dwelling units during the next 10 years.

Next the editorial takes up the assertion that a scarcity of purchasing power, and not a housing shortage, causes these conditions.

In refutation of this charge it points out, very wisely, that—

One of the chief causes for scarcity of purchasing power in this country is the lag which has characterized the so-called heavy industries during the whole depression. Other industries have picked up. But the "heavies", generally speaking, are still in the doldrums. And to more than any other single cause this lag is due to lack of building. Nothing would more sharply stimulate employment and its consequent purchasing power in the heavy industries than just such a program as that contemplated in the slum-abatement bill.

We can learn from the experience of others. England's vast public housing program resulted in a private home-building boom as well as in greatly increased factory production.

It has also been contended, the editorial notes, that publicly financed housing kills thrift and discourages initiative. A look at the record of England is suggested, where the result was exactly the opposite.

Between 1919 and 1933 total assets of British building societies (institutions like our private building and loan associations) increased from 77,000,000 to 501,000,000 pounds, a 600-percent improvement.

The editorial dismisses, properly, the claim that the Government should not compete with private industry, because there is no competition.

All authorities agree that really low-rent housing does not and will not attract private capital.

It is asserted—

Remarks the Pittsburgh Press—

that such financing as called for in the bill is not a proper governmental function.

Why not?—

Asks the press.

We spend tax money to put down fires, crime, disease, and disorder. Those things are bred in the slums. Tax money spent to do away with the breeding is even better spent, and is more than returned in decreased health department, fire and police expenses. Tuberculosis, for example, is 30 times more prevalent in slum areas than elsewhere, baby deaths 300 percent higher, juvenile delinquency 300 times more frequent. In terms of broad economics as well as social improvement this strikes us as the most powerful of all the arguments for slum abatement. Prevention is cheaper than cure.

In conclusion, the editorial commends the emphasis which the Wagner-Ellenbogen bill places on local rather than Federal participation in its program.

The very essence of the plan is to emphasize not the Federal but the local aspect through limited loans and grants to local housing authorities over a 4-year period.

In its moderate aims, its long-term viewpoint, and its decentralization features, it marks a decided advance over all our previous rehousing plans.

The Scripps-Howard papers say of the Wagner-Ellenbogen bill.

This consistent and able support which the Wagner-Ellenbogen bill is receiving is a testimonial to the sound purposes and aims inherent in the bill, and the practical manner in which they are resolved.

The continuance of this support will aid in enlightening the people of this country to the merits of the measure, and a consequent Nation-wide demand for its passage.

DEFICIENCY BILL OF 1936 AND RELIEF

Mr. GRISWOLD. Mr. Speaker, the title of this bill is a misnomer. It is so much more than the title designates. The bill appropriates a little more than $2,364,000,000. According to the committee $1,425,000,000, or half of this amount, is allocated to the Works Progress Administration. This cannot be construed as a deficiency. It is an outright new grant to the Works Progress Administration for alleged relief purposes.

Involved in the other half of the funds appropriated by the bill are the necessary funds to make effective the Social Security Act and the Railroad Retirement Act, as well as the operation of the Post Office Department under the 40-hour-week system. To vote against the bill would require me to vote against the grants to States for old-age pensions, grants to States for aid to dependent children, and aid to the blind. These are humane measures, necessary and meritorious. These laws are already enacted, and require this money to make them operative. A man cannot strike at the aged, nor at the defenseless destitute blind, nor at crippled children and keep his self-respect. It is only a little less obnoxious to me to strike at the postal employees by refusing to appropriate the money for their salaries or to be so unjust as to refuse to grant the Railroad Retirement Board the money provided by this bill after requiring the railroads to pay their contribution to that fund and the railroad employees to stand the deductions from their meager salaries.

I resent having a bill brought in this Chamber to be voted on which so hopelessly commingles these vital things with the unnecessary grant of money to the Works Progress Administration. I say unnecessary advisedly. Even though I believed in the efficiency of the W. P. A., I would still say this grant of a billion and a half is unnecessary. It is unnecessary because that agency now has, and will have on the 1st day of next July, an unexpended balance of more than a billion two hundred million dollars. An unexpended balance only two hundred million short of the sum you are giving them in this deficiency bill in which there is no deficiency except in the funds for the purposes I have enumerated.

I voted against the three billion three hundred million relief measure. I voted against the four billion eight hundred million relief measure. I stated at the time my reasons. Those reasons are as good to me today as at the time of those votes. I objected to requiring the taxpayer to pay in taxes double the amount of the relief, which we do through our system of paying for relief by the issuance of interest-bearing tax-exempt bonds. I do not believe that the people of this Nation should be required to pay a bonus for the privilege of taking care of its destitute citizens. When this bill has passed we will have appropriated for relief $9,600,000,000. That is what we will have expended. That is what the people on relief and those employed in its distribution will receive, but it will cost the taxpayer $20,000,000,000 to dispense the nine and one-half billions.

I protest the price is too high for what the citizen gets. He is expending $2 to get back one. He is like the man who went into the match business, bought matches for 5 cents a box and sold them for 4 cents, expecting to sell 20,000,000 boxes and make his profit on the volume of business done.

This relief appropriation is like all the others. It gives all the power to one man. Under this bill you must go, hat in hand, to Mr. Hopkins, bow before the idol, and await his will. Relief under this system is governed by remote control. And we have been under Mr. Hopkins' inventive genius, progressing constantly in this form of relief administration. Mr. Hopkins' maxim is the more remote the control the better, and the further the idol in charge is removed from the recipient of his bounty the more honor to the idol and the more cost to the taxpayer.

These are not idle words to draw an indictment. Let me give the figures. I give you figures obtained from the county auditors in seven counties in my district and the figures obtained from the district offices of the W. P. A. In seven counties for the 9-month period immediately following August 1, 1935, the date on which the remote-control system of relief administration under the W. P. A. was instituted the total cost for the seven counties was $1,337,163.87 or an average cost of $148,573.76 per month for the 9-month period.

Prior to August 1, 1935, relief was administered for 26 months by local control. The Government granted the money to the States and the States distributed it by and with the advice of local authorities in the communities. Under that system the cost for 26 months was $1,352,563.44, or an average monthly cost for the 26 months or $57,021.67 per month.

In these seven counties in Indiana under Mr. Hopkins' system the cost per month is almost three times that of the relief before the W. P. A. came into control. Under Mr. Hopkins' system we have the security wage for labor and

the prevailing profit for the material man. I am opposed to such discrimination. If the material man is entitled to the prevailing profit on his investment, then labor is entitled to the prevailing wage on its investment. Under the system before Hopkins, the system of local control, the F. E. R. A. and the C. W. A., the prevailing wage as well as the prevailing profit was paid. Relief, while not administered without errors, was better administered than now and, according to the figures I have given you, at one-third of the cost. This bill is being amended to provide for the prevailing rate for labor. I concur in that amendment. It is a step forward but is not the prevailing wage. Under this amendment you will increase the rate and not the wage. You require labor because it receives the prevailing rate of pay to shorten its hours so as to continue to be under a starvation wage.

The Nation cannot attain to a proper economic recovery under a starvation wage that permits only a mere existence to a number of the citizens. Neither the farmer nor the merchant can eventually profit when the purchasing power of labor is kept at merely enough to keep body and soul together.

Mr. Hoover's theory of relief was to spread existing employment among more people by shortening hours. Put two men on one job and divide the wage. His theory was, let all starve together. Mr. Hopkins' theory is the same, with only a slight variation. Mr. Hopkins believes all should be kept alive, but with as little life as possible.

I think the time has come to inject a new serum into the lifeblood of relief administration and relief thought. The time has come to throw off the old worn-out cloaks of both Hoover and Hopkins, the theories of recovery based on starvation and accept as a national relief system a theory based on American standards of living.

The expenditure of relief money in lasting public works of a permanent nature would employ people in the heavy industries—in the manufacture of materials. It would be a great indirect aid to recovery. Many now on the public-relief work would find employment in private industry. The Government cannot continue indefinitely as the employer of 6,000,000 people. The problem can be solved only when the transfer is made from the public pay roll to a private pay roll. Without private business to be taxed there can be no funds for public relief.

Our present system on relief, whether we name it a dole or a security wage, saps the pride and crucifies the high soul of the individual who is forced to accept it. We are creating a Nation of governmental suppliants to replace a Nation of working men and women proud of their ability to maintain themselves.

Never before has a relief appropriation bill been brought before the House attached to a deficiency bill so that the two could not be separated. There must have been a reason for preventing a separate vote on the relief appropriation. I have my opinion as to that reason. This I do know, that there are other Members, like myself, who would not vote for it if it were not so tied up with other appropriations that to vote against it would be to crucify the helpless, destitute aged, curse the blind, deny the joy of life to helpless crippled children, and abrogate already existing law by failing to make provision for the necessary money for the operation of those laws.

Mr. Speaker, I am forced to vote for the bill to keep faith with the helpless, but in so doing I am not commending or supporting an appropriation for relief by remote control and tax-exempt interest-bearing bonds.

OMNIBUS CLAIMS BILLS

Mr. COCHRAN. Mr. Speaker, few of our constituents realize the vast amount of work that it is necessary for a Member of Congress to perform which is in no way reflected in our districts. We are expected by some to have a personal knowledge of all pending legislation, but if those who expect this of us stopped to realize that when this Congress adjourns in a few weeks the RECORD will show over 20,000 bills and resolutions have been introduced since January 1935, they would better understand the situation that confronts us.

Our tasks are diversified and many. Because the hour of meeting is noon, many feel that a Congressman's life is a round of pleasure. If those people would be at our office early in the morning and see dozens of letters in the first of six mails that come to our desk during a day, then watch us run to a committee meeting or around to various Government Departments scattered over a great city, they would have a more intelligent understanding of what their Representatives do other than to sit and listen to speeches and vote. The standing committees of the House, where all legislation and matters that affect the conduct of the Government are considered, is the place where all well-informed people know a vast amount of work is done. Take as an example the hearings on the deficiency bill. That bill contained about two and one-half billion dollars in appropriations for various Government agencies. Several thousand pages of testimony is found in the hearings. A complete analysis of the activities of the Works Progress Administration is found in one volume. How many of our citizens know that members of the committee sat morning and afternoon, not for weeks, but for months, while Chairman BUCHANAN, of Texas, and his 38 associates secured information relative to expenditures in the past and made Government officials justify their request for additional money before placing their stamp of approval on the Budget recommendation by placing the item in the bill. When the statement is made, "the amount is below the Budget estimate", it means the official could not justify the demand for the full amount. You will see by that hearing, pages of testimony, even regarding such expenditures as for telephone, telegraph, automobiles, typewriters, and stationery, not speaking of the more important activities. Everything, however, is covered. How many people read Mr. Hopkins' explanation of boondoggling projects, so called? Mr. Hopkins not only read the criticism of the partisan press but then submitted a statement of facts and in each instance justified the project. The criticism did not jibe with the facts.

It was at night that the members of this committee, along with many others, were required to remain in their offices looking after the mail from their constituents.

It so happens the Committee on Expenditures in the Executive Departments is charged with certain duties, and as chairman of that committee I feel it is only proper that some attention be given to claims bills. It is not a pleasant undertaking for one to disagree with his colleagues on private bills. The Government departments naturally watch the action of Congress in handling claims growing out of Government contracts, and so forth. My contention has been Congress should give more than ordinary attention to the principle involved in some of these claims, no matter how small the amount. I know my attitude has been criticized. In fact, one Member has gone so far as to say, because I opposed a bill providing for the payment of insurance of $10,000 in a veteran's case, I have no sympathy for the disabled ex-service men. The principle involved in that case was whether Congress desired to adopt a policy of setting aside a decision of the Veterans' Bureau. I contended to do so would open the door for the introduction of thousands of similar bills. The author of the bill fully understood my position, as we did not discuss the merits of the case. That criticism does not bother me in the least. It is better to try to do something for the taxpayers now and then, even if wrong at times, than to do nothing.

There is absolutely nothing personal in my opposition to certain private-claims bills. The work in presenting a synopsis of some of the bills for the benefit of Members who do not have the time to examine the reports due to other duties is arduous, especially when one wants to be perfectly fair. I found a month ago I was doing too much for my own good, and the House physician so advised me. I will be unable to take the floor, as I have in the past, on Tuesday, May 19, when the omnibus bills are called, but I am now submitting a brief statement regarding some of the claims that are on the calendar, just as I have done every time the bills have been considered at this session.

As a result of my efforts many bills have been defeated, and some that I opposed, which passed, have been vetoed by the President.

There are seven omnibus claims bills on the calendar—five from the Committee on Claims, one from the Committee on War Claims, and one from the Committee on Public Lands. There are many meritorious bills included, but it is my opinion that there are a number that should not pass or at least should receive more than ordinary attention, and it is the latter I refer to.

My statement follows:

H. R. 9045 (OMNIBUS)

This bill is from the Committee on Claims. There are several measures included in this bill to which I call the attention of Members of the House.

TITLE II—H. R. 3559—JOHN L. ALCOCK

Under this bill the Court of Claims would be given jurisdiction to adjudicate a claim for anticipated profits under executory contracts between claimant and foreign buyers covering spruce lumber, which the United States commandeered for war purposes. Claimant has heretofore recovered damages for the loss on lumber in his possession at the time the Government took over all spruce timber.

Does Congress wish to obligate the Government to pay anticipated and speculative profits? The War Department says in part:

If the relief be granted, it is believed such action would constitute a precedent too dangerous to even contemplate, as it would open up untold tens of thousands of claims of a like nature, for the reasons that during the war the Government not only requisitioned ships which were under contract and charter at the time of their requisition but undertook the control of wheat, sugar, coal, and other commodities of almost every nature, thereby rendering impossible the execution of previous contracts, respecting these commodities, and took over steel mills, railroads, shipyards, telephone and telegraph lines, the capacity output of factories and other producing activities. If this bill should be enacted into law, it is the opinion of this Department that it will inevitably result in a stampede and gold rush in the nature of claims upon the Government in comparison with which the Klondike gold rush would appear as a solo affair. If this should be passed, it is difficult to understand why, in principle, every soldier who was drafted into the military service would not have an equally meritorious claim against the Government for a special act of Congress for relief to compensate him for the difference between his meager Army pay and the pay, salary, or earnings he was receiving in civil life.

In view of such a statement from the present Secretary of War, Congress should give more than ordinary consideration to this proposed legislation and defeat the bill.

TITLE IV—H. R. 3729—HENRY W. BIBUS AND OTHERS

The claim of Henry W. Bibus and others grows out of the purchase of land for use by the Government during the war, for which the claimants were paid $472,250.30. There are 11 claimants, and all but 2 received the option price. In one instance the compromise was $5,000 less, and in the other the same amount. In four cases the Government paid more than the option price. The report shows the Government spent millions for improvements. It converted the land into highly desirable industrial property by reason of the expenditure in excess of $6,000,000. Now the former owners want the Congress to pass a bill that might result in their securing the amount between the purchase price and the sale price—over a million dollars. The War Department is opposed to the bill, and the Congress should defeat it.

TITLE VI—H. R. 4841—RELIEF OF CERTAIN ARMY DISBURSING OFFICERS AND OTHERS

A similar bill, S. 556, became Private Act No. 214, Seventy-fourth Congress, approved August 14, 1935, after this title was included in the omnibus bill, H. R. 9054.

TITLE IX—S. 1360—TERESA DE PREVOST

The bill has been pending for many years and grows out of the so-called Alsop award of July 4, 1911, made by the King of Great Britain as arbitrator.

Mrs. de Prevost maintains this money should be paid to her by the Government because of alleged irregularities in the distribution through the State Department to claimants under the Alsop award. The United States Government held the Government of Chile was liable to the United States, acting for certain named persons and their heirs. The King of Great Britain was named as arbitrator, and he decided in favor of the United States. The contentions of the claimant indicate a former Assistant Solicitor of the State Department resigned after the award had been made and within a few years entered the case as an attorney. If the allegations of Mrs. de Prevost are true, then the Assistant Solicitor of the State Department was guilty of unethical conduct, to say the least. This lady has spent many years around the Capitol in an effort to secure the passage of an act to reimburse her.

Mrs. de Prevost died several weeks ago, and, so far as I can ascertain, she did not leave any relatives in this country.

The Committee on War Claims reported the next bill and, of course, has to do with claims growing out of the war. Some even go back to the War of the Rebellion.

H. R. 9112 (OMNIBUS)

TITLE I—H. R. 237—ROWESVILLE OIL CO.

The bill is to remove the statute of limitations so far as it applies to the linters claim of the Rowesville Oil Co., arising out of a contract it had with the Government in 1919. The Judge Advocate General of the War Department indicates that at this time, with incomplete records, the Government would be at a great disadvantage in defending this suit if the bill was passed. Further, while the plaintiff made a plea at the time of cancelation of contract that it feared bankruptcy, the Judge Advocate General says:

As a matter of fact, the plaintiff did not fail. Like all industries connected with the manufacture of munitions, the plaintiff made great profits as a result of the war.

The company did not protest the cancelation clause at the time the contract was made.

TITLE II—H. R. 254—FARMERS STORAGE & FERTILIZER CO.

The second bill is for the Farmers Storage & Fertilizer Co., and is similar to the Rowesville Oil Co. bill.

TITLE III—H. R. 3790—WALTER W. JOHNSON

This bill proposes to pay a balance alleged to be due claimant for services rendered in behalf of the United States Shipping Board Emergency Fleet Corporation during the years 1918 and 1919 in launching ships built for the Government at various shipbuilding yards.

In decision of April 30, 1930, no. E-455, the Court of Claims found the value of the claimant's services in launching the ships to be $20,000, and that $5,495 of that amount had been paid by the shipbuilding corporations, the amount of the judgment being $14,505. Does the Congress wish to authorize this payment notwithstanding the claimant has already been paid in full, in the view of the Court of Claims?

The net judgment was paid by the Government. It amounted to $14,505 and was paid September 6, 1930. This certainly should dispose of the claim. The bill seeking further reimbursement should be defeated.

TITLE V—H. R. 4059—ELLA B. KIMBALL

The bill to pay Ella B. Kimball, daughter and heir of Jeremiah Simonson, is a Civil War claim. It provides for payment of $16,441.81 for furnishing supplies and labor in the construction of the U. S. S. *Chenango*. The findings of the court were submitted in 1907, but all efforts to collect the money by an act of Congress have failed, as have hundreds if not thousands of other Civil War claims.

TITLE VI—H. R. 6356—JOSEPH G. GRISSOM

The claim of Joseph G. Grissom of $1,153.43 is another Civil War claim. This was to cover a period between the time he was commissioned by a Governor and actual date of muster in. One hundred and sixty-three such claims passed the House but were rejected by the Senate. This is the first time since 1914 this claim has been reported by a House committee.

TITLE VII—H. R. 7727—GEORGE B. MARX

The claim of George B. Marx grows out of an informal contract to make 200 wire carts for the Signal Corps in 1918. The War Department canceled the order on November 9, 1918, later considered the claim and paid Marx $139,876.86. Marx claims $76,574.12. The committee, despite the objec-

tions of the War Department in the Seventy-first Congress, recommended Marx be paid $58,259.02. The bill was defeated. Now it is proposed to refer the case to the Court of Claims. The Government should not be required to defend such a suit.

TITLE VIII—S. 2520—T. D. RANDALL & CO.

This bill proposes to authorize the Court of Claims to readjudicate a claim for losses and damages arising out of contracts for furnishing hay to the War Department in the year 1918. The claim was referred to said court by Private Act No. 507, Seventieth Congress, approved March 2, 1929, and denied by the court for the reason there was no agreement or understanding whereby the Government was to provide cars for shipping the hay, and, there being no breach of contract by the United States, no liability resulted for the alleged losses and damages (71 Ct. Cls. 152).

Does the Congress wish in effect to amend the contracts at this late date by changing the rights and obligations of the parties thereunder so as to make the Government liable for risks which the contractor voluntarily assumed in its undertakings?

This company wants $20 and $25 a ton for 3,600 tons of hay it contracted to furnish the Government for $14 per ton. The Government paid the contract price.

The next two omnibus bills are from the Committee on Claims, H. R. 11214 and 11215.

H. R. 11214 (OMNIBUS)

TITLE II.—H. R. 2479—CHARLES G. JOHNSON

The bill is for the relief of Charles G. Johnson, State treasurer of the State of California.

I have no objections to this bill, as the coupons have not been presented to the Treasury Department, but the bill should read, a bill for the relief of the Maryland Casualty Co., as that company has actually paid the loss, and in the end, Mr. Johnson will reimburse the surety company.

TITLE XI—S. 925—TO CARRY INTO EFFECT THE FINDINGS OF THE COURT OF CLAIMS IN THE CASE OF WILLIAM W. DANENHOWER

This is an ancient claim, over 15 years old.

Section 9 of the act of February 12, 1901, according to the Court of Claims shows, provided among other things for the payment, 50 percent by the United States and 50 percent by the District of Columbia for all damages to property owners resulting from, incidental to, or connected with all relocations and changes of alinements and grades of the tracks of said railroad or the streets of the city.

The act of June 29, 1906 (34 Stat. 624, 625), repealed section 9 of the act of February 12, 1901, and provided for the ascertainment of the actual damages resulting to property owners from changes made in streets and railroad tracks under the act of 1901.

No suit was ever brought under section 9 of the act of February 12, 1901, or claim filed as provided by the act of June 23, 1906, by the claimant.

It seems to me if the Congress is to further reimburse this owner, the District of Columbia should be required to pay 50 percent of the damages, but this bill calls for the payment of the entire amount from the Treasury of the United States.

It further appears that this owner slept on his rights and did not take advantage of the acts referred to.

TITLE XII—S. 952—ZELMA HALVERSON

The decedent in this case lost his life while fighting a forest fire in Montana during August 1933 as an employee of the Sieben Livestock Co., of Helena, Mont. It seems to be admitted by everyone except a representative of the company that at the time of his death as a result of the fire Harry Halverson continued to be employed with the company. He was not employed in the Forest Service of the United States at any time up to and including the time of his death, August 21, 1933. In other words, if employed by the company and not by the Government, there is neither moral, equitable, nor legal obligation upon the Government, such obligation resting squarely upon the company. There appears to be no sound reason why the United States should assume the liability if in fact that liability is rightfully upon another.

TITLE XIV—S. 1328—SNARE & TRIEST CO., NOW FREDERICK SNARE CORPORATION

The contractors in this case are asking the Congress to grant them the sum of $83,978.05 in full settlement of all claims against the Government for damages incident to delays (alleged to have been caused by the Government) in connection with work performed by them under a contract for furnishing labor and materials necessary in the improvement of the water front at the submarine base, Key West, Fla. The contractors have had their day in court on two different occasions.

The Congress has already made available $800,000 more than the contract price which was paid.

In the Seventy-third Congress, S. 1760 authorized the Court of Claims again to hear and adjudicate the case without regard to the statute of limitations.

This bill, however, does not return the case to the Court of Claims, where it has been on two previous occasions, but directs the Secretary of the Treasury to pay the money direct, by providing that the Secretary of the Treasury shall pay the $83,978.05.

If any action is to be taken by the Congress on this bill, it certainly should be to return the claim to the Court of Claims, and not pay the claim from the Treasury, as the bill provides.

TITLE XV. S. 1431—COLLIER MANUFACTURING CO. OF BARNESVILLE, GA.

The contracts under which the claim of the Collier Manufacturing Co. was predicated were entered into by the firm of Clift & Goodrich, and the Court of Claims has found that settlements with the latter company were made by the Government. The Government dealt with Clift & Goodrich, not with the Collier Co. Why should it be necessary to pay this company the sum of $48,719.70 in full settlement of all claims when they have in fact no claim against the Government? The case has been decided adversely to the Collier Co. by the War Department Board of Contract Adjustment and by the Court of Claims—certiorari denied by the Supreme Court of the United States.

H. R. 11215 (OMNIBUS)

TITLE I—H. R. 653—GEORGE R. BROWN

This is a bill to authorize payment of pay and allowances to George R. Brown, a former second lieutenant in the National Guard, to cover a period during which it is claimed he was illegally placed in a discharge status from the service of the United States. A fact that was apparently overlooked when the War Department acted to restore claimant to an active status was that when his National Guard organization was transferred into the Federal service on August 4, 1917, he was not an officer of the National Guard, having been discharged therefrom by the Governor July 28, 1917, which order was received August 1, 1917, and therefore he was not an officer in the service of the United States when the alleged illegal discharge order was issued or at any time during the period for which pay and allowances are claimed.

It is a further fact that Lieutenant Brown rendered no services during the period in question, never reported to a military post or station, and was not ordered to do so. The accounting officers of the Government in 1918 and the Court of Claims in 1924 found no merit in the claim and the War Department in agreement therewith has reported adversely. Amount claimed, $689.90.

TITLE IV—H. R. 2115—FIRST LT. R. G. CUNO

This bill would reimburse First Lt. R. G. Cuno for damages to his personal property which were sustained by reason of a storm which flooded a warehouse at Langley Field, Va., August 23, 1933, where the Government had stored the property during the officer's absence as a patient at Walter Reed General Hospital. The property was stored free of charge, and, at most, the Government was merely a gratuitous

bailee, requiring the exercise of only ordinary care and certainly not liable for damages resulting from unforeseeable causes. The damages to the property may be considered as the result of an act of God, any consequent losses necessarily resting on the owner of the property.

Since as early as 1885 (23 Stat. 350) the Government has accepted only a limited liability for loss, destruction, or damage of the property of personnel of the military services (see act of Mar. 4, 1921, 41 Stat. 1436), but it has never gone so far as to insure personal property of an Army officer against loss, damage, and destruction when the custody by the Government was for convenience of the owner of the property.

Hundreds of enlisted men and officers at Langley Field, Fort Monroe, and the navy yard and hospital at Langley Field lost their personal belongings in the flood of 1933.

Is Congress to reimburse this man to the extend of $851.61 and not recognize the others?

TITLE VIII—H. R. 3179—JESSE ASHBY

The claim of Jesse Ashby arose out of work required to be performed under contract dated April 28, 1931, for painting plaster walls in the new Department of Commerce Building, Washington, D. C., and the provisions of this title VIII have for their purpose a reference of his claim to the United States Court of Claims with jurisdiction to hear the same notwithstanding the failure of any Government officer to give proper written orders for additional work with instructions to adjudicate the same upon the basis set forth in the bill. Article 3 of the contract requires that any claim resulting in an increase in the contract price must be asserted within 10 days after the change is ordered and supervisory officers of the Government have stated that the claim of the contractor is more in the nature of an afterthought subsequent to completion of the work, based upon his personal opinion that the profits should have amounted to more than were actually realized on the job. This merely shows the value which flows to the Government under section 3709, Revised Statutes, in requiring competition from contractors. Common experience teaches that oftentimes profits are small, and in some instances losses are incurred as a result of competitive bidding on close estimates. This is a chance that all contractors take in entering into competitive bidding, and in this particular case claimant stands on no different footing than other contractors similarly situated. In any event, if the claimant thinks he has a legal claim against the Government under the contract he is not precluded from pursuing whatever remedy he believes himself entitled in the Court of Claims, the statute of limitations not having run at this time. If the Government is going to guarantee a realization of the profit estimated by a contractor, then the protection accorded the Government by the provisions of section 3709, Revised Statutes, will be practically nullified. No amount is estimated.

TITLE XIII—H. R. 6105—FOR THE RELIEF OF THE NEW AMSTERDAM CASUALTY CO.

This bill is for the relief of the New Amsterdam Casualty Co. This company furnished the bond for one Zangwell Engelsher, who had been indicted on six counts for counterfeiting. You have hundreds of similar cases where forfeited bail bonds will be demanded when bills of this character pass. Then, again, it would be interesting to know who guaranteed this bond when it was written by the company. In many cases I have heard of surety companies demanding security before they will furnish such bonds. Was the company reimbursed; and if so, will it return this money to those who furnished the guaranty?

TITLE XVII—S. 895—TO CARRY OUT THE FINDINGS OF THE COURT OF CLAIMS IN THE CASE OF THE ATLANTIC WORKS, OF BOSTON, MASS.

The claim of the Atlantic Works, of Boston, Mass., is a more or less ancient one, the basis thereof being predicated upon construction of the revenue cutter *Daniel Manning*, under the terms of a contract with the United States dated June 27, 1895. The vessel was completed October 7, 1897, was delivered to and accepted by the United States, and the full contract price, plus the cost of extra work, was paid and received by the contractor as payment in full.

It appears clear from an examination of the findings of fact by the Court of Claims, to whom was referred the case under the Tucker Act of March 3, 1887, that the error in estimates for the job was due in large part to the inexperience and lack of facilities for handling the same.

The nature of the claim was summarized in the Court's conclusion of law as follows:

> If the Court have jurisdiction under any of the provisions of the Tucker Act to render judgment, its conclusion is that there is no liability upon the United States under the terms of the contract to pay said claim, and that the claim is neither a legal nor an equitable one. The claimant insists that the claim is one for "a grant, gift, or bounty" by the Government and the payment of such a claim rests in the judgment and discretion of Congress.

This claim thus appears to be merely another case where the Government is asked to donate or give to a contractor moneys of the taxpayer to partly reimburse such contractor for losses due to errors in estimating its costs and profits on Government work. The amount involved is $22,170.30.

TITLE XVIII—S. 2119—FOR THE RELIEF OF AMOS D. CARVER, S. E. TURNER, CLIFFORD N. CARVER, SCOTT BLANCHARD, P. B. BLANCHARD, JAMES B. PARSE, A. N. BLANCHARD, AND W. A. BLANCHARD AND/OR THE WIDOWS OF SUCH OF THEM AS MAY BE DECEASED

The claim of Amos D. Carver et al., in the sum of $35,916.68, is stated to represent losses incurred by the owners of the schooner *Betsy Ross* by reason of interference with, delays to, and forced cancelation of a private charter of and the appropriation of the use of said vessel by the United States Shipping Board on or about April 5, 1918. The basis for the claim appears to be that the loss was incurred in handling a shipment of wheat for the United States Food Administration from Australia to New York instead of a shipment of chrome ore to the west coast of the United States under a private charter. The United States Shipping Board has denied appropriation of the use of the vessel and the Supreme Court of the United States has confirmed the contention of the Government on the merits to the effect that no liability attached to the United States, this action being on writ of certiorari after judgment by the Court of Claims against the United States.

As before stated, the Supreme Court of the United States has found that no legal liability existed, and if the Congress sees fit to pass the bill in behalf of the claimants as a grant or gift there would appear to be for ascertainment what, if any, expenses were incurred by the owners incident to the shipment of wheat from Australia to New York over and above the expenses which would have been incurred in the shipment of chrome ore, taking into consideration the respective freight charges which would have accrued to the owners on each shipment. From all that appears the shipment of chrome ore under the original charter may have resulted in a greater loss than the shipment of wheat, incident to which it apparently is contended the loss was incurred.

H. R. 12322 (OMNIBUS)

TITLE I—H. R. 1369—R. L. TANKERSLEY

This bill would grant to the beneficiary $5,000 from the United States Treasury as damages for personal injuries alleged to have been sustained in an encounter with one Capt. John C. Luikhart, commanding officer of Service Troop, One Hundred and Eleventh Cavalry, New Mexico National Guard, while the organization was in attendance at an encampment at Fort Bliss, Tex. The trouble appears to have been the result of an argument between Mr. Tankersley and the captain regarding the taking of watermelons from the former's patch by certain undisclosed enlisted members of the New Mexico National Guard. Aside from the fact that the tort feasor has never been heard in defense of the alleged assault, the report of the Secretary of War indicates, at least tacitly, an accepted or admitted liability by the State of New Mexico by its willingness to pay all hospital bills and remunerate Mr. Tankersley for his loss of time, but this offer by the State appears to have been refused, the plaintiff insisting upon a large money settlement and criminal prosecution, thus indicating either that the injuries were of a minor

nature and the loss of time negligible or that the victim of the affray can be satisfied only by the granting of a substantial sum of unproved injuries. The law is clear that members of the National Guard in time of peace are administered, uniformed, equipped, and trained in their status as National Guards of the several States, Territories, and the District of Columbia, and the fact that the Federal Government appropriates money for allotment to the States in assisting them in the training of their troops does not shift the liability either legally, equitably, or morally upon the Federal Government for damages which may have been caused by these State troops.

TITLE II—H. R. 1868—MARY E. RONEY

The person who would benefit under this title is the widow of one George H. Roney, who died October 16, 1931, as a result of injuries sustained when struck by an automobile being operated by a member of the District of Columbia police department while responding to an emergency call, and the payment would be made from funds of the Federal Government, no part thereof being contemplated from funds of the District of Columbia in proportion to the contributions legally made by the Congress for the support of the District of Columbia. It appears that this claimant has already been paid the sum of $5,000, the maximum amount authorized by the Congress in such cases by the act of February 11, 1929, as amended by the act of June 5, 1930 (46 Stat. 500), and the passage of this bill would amount to a special exception to the general law made and provided for just such cases, not only by increasing the amount beyond the $5,000 limitation, but also by authorizing the entire payment above $5,000 from the Federal Treasury rather than from funds of the District of Columbia.

TITLE III.—H. R. 2148—TO CONFER JURISDICTION ON THE COURT OF CLAIMS TO HEAR, DETERMINE, AND RENDER JUDGMENT UPON THE CLAIMS OF THE ITALIAN STAR LINE, INC., AGAINST THE UNITED STATES

This bill would provide another legal avenue through which the corporation can again bring suit against the United States for recovery of approximately a half a million dollars of the taxpayers' money for the admitted purpose of paying dividends to the Italian-American stockholders in the corporation. This corporation has already tried numerous times to impress several Federal courts with the merits of its claim, but its claims have uniformly been turned down. The memorandum from the Director, Shipping Board Bureau, included in the committee's report, indicates that most of the Government's important witnesses have since died and that the expense of summoning the remaining witnesses in behalf of the Government would entail a tremendous cost. It is stated further that the Government already has suffered a loss of approximately $1,500,000 out of the transaction. It is also indicated that the corporation from practically the beginning found it extremely difficult to operate, partly because of internal dissension in the board of directors and partly because of a tremendous drop in the shipping business. It is submitted that to require the Government to defend another suit at this time, after the death of so many of its principal witnessses; after the statute of limitations has long since run against the claimant, would place the Government at a decided disadvantage and entail an unnecessary and burdensome cost.

This corporation, once indicted for conspiracy to defraud the United States, should not be placed in a position superior to that of an individual litigant who has sued and lost to another private litigant instead of to the Government. In such a case the plaintiff having exhausted his legal remedies unsuccessfully may not by vexatious litigation perpetuate his lawsuits, and the Government should be protected to the same extent, which the Congress can do by not consenting to the bringing of another suit of this nature in the Court of Claims.

TITLE IV—H. R. 2644—KRIKOR HAROUTUNIAN

There appears to be absolutely no reason, legal, equitable, or moral why this claimant should be paid $1,000. Haroutunian posted a bond conditioned upon the voluntary departure from the United States of two Turkish nationals temporarily admitted to this country, who by a series of delays, hindrances, and obstacles have to all intents and purposes flouted the immigration laws and still remain in this country. The facts as reported by the Second Assistant Secretary of Labor are more or less of a travesty and insofar as the two aliens received permission to remain in the United States, the following excerpts from the said report appears pertinent:

> As you will have seen from the foregoing facts, neither Mrs. Zakarian nor her daughter, Vehanush, was permitted to remain in the United States. The former, as stated above, voluntarily departed from this country, going to Canada, and was, on the same day, lawfully admitted to the United States after she had complied with all requirements of the immigration laws. Vehanush, as further shown above, is still in this country, but she is not here lawfully under the immigration laws and is here only because of the indulgence and forbearance of this Department. Therefore the statement in bill H. R. 2515 that these aliens subsequently received permission to remain in the United States is incorrect.
>
> The propriety of the Department's action in forfeiting the collateral security deposited with the immigration bond can hardly be questioned. That action was in accordance with the plain provisions of the bond and also the authority conferred upon the Secretary by the power of attorney which Mr. Haroutunian executed. The bond was exacted from the aliens in accordance with the authority contained in section 15 of the act of 1924 (U. S. C., title 8, sec. 215). The obligation voluntarily assumed by Mr. Haroutunian was that the aliens would depart from the United States voluntarily before the expiration of the period of time fixed by the Department for their temporary stay, and that they would do so without causing any expense to the United States. That they failed to do either is obvious from the facts stated above. Instead, they persisted in remaining in this country in obstinate regard of the Department's orders respecting them. * * *

Why should the United States return a forfeiture exacted under the bond under these more or less vicious circumstances? A subterfuge undoubtedly was perpetrated in solving and surmounting the immigration hurdles erected by the Congress and the surety certainly should not be rewarded for the success of the enterprise. This title undoubtedly should be stricken from the bill.

TITLE V—H. R. 4500—FRANK LEE BORNEY

The wording of this title would lead to the inference that injuries were sustained by the claimant as a result of innocently coming into contact with a dynamite cap used by the Civil Works Administration contractors. Actually, however, it appears that the Negro youth stole the cap from the cache where they had been placed by the dynamite workers for safety and subsequently in experimenting therewith caused the explosion which resulted in the loss of two fingers. The situation is the same as though he had stolen a loaded revolver and accidently shot himself and then made claim upon the owner of the gun for damages for his injury. There is absolutely no liability on the part of the Government, and it is not believed that Congress should ratify or approve his larceny by rewarding him for his illegal act which accidently resulted in the injury.

TITLE VI—H. R. 4695—STERLING BRONZE CO.

See report of the Comptroller General of the United States, dated April 26, 1934, on pages 34, 35, and 36 of Report No. 2416 of the Committee on Claims, accompanying this omnibus claims bill, H. R. 12322. This bill has to do with the New House Office Building. The report is lengthy and not favorable.

TITLE VIII—H. R. 5826—MISSISSIPPI BARGE CORPORATION

This is a claim by the disputed owner of the steamboat *Dandelion* claimed to have been sunk by a Government vessel in February 1929, over 7 years ago. The amount of the claim is now $20,000. It appears that this old ship was built in 1893 and was sold by the United States Lighthouse Service to the alleged vendee of the claimant for $2,500. The committee report, while admitting that the purchaser of the vessel from the Lighthouse Service paid only a small sum for the ship, states "There is nothing to show that he did not make repairs before he sold it." It may also be stated that there is nothing to show that he did make any repairs. There seems to be much confusion as to ownership and

value of this old crate at the time it was sunk and it is significant to note that the alleged owners have never pursued their remedies, if any they had, in a court of competent jurisdiction capable of hearing both sides, of viewing the witnesses, and of submitting them to cross examination by the opposing counsel. Neither is it shown that any attempt was ever made to minimize the damages by salvage operations. In this connection attention is invited to that part of the memorandum of the general counsel, Inland Waterways Corporation, dated April 20, 1934, as follows:

Our claim department, shortly after the sinking, advised the Mississippi Barge Corporation that we denied any liability.

Liability on the part of either the Government or the Inland Waterways Corporation, whichever may be considered to have been the owner of the towboat *Natchez*, is by no means certain under the law.

Even if liability exists it would be manifestly unjust to pay the Mississippi Barge Corporation and disregard the rights of the other claimants of interest.

It should be noted that the owners made no attempts to minimize their damage by salvaging the boat. On the contrary, they abandoned it as a wreck.

The Suits in Admiralty Act would apply to this case. Under its terms the owners were afforded abundant time in which to ascertain their damage, make claim against the Inland Waterways Corporation, and sue either the Corporation or the towboat *Natchez*. This time has now expired, and it is doubtful if any court would now entertain jurisdiction of such a claim either against the United States or Corporation or the towboat *Natchez*.

TITLE IX—H. R. 6273—J. H. KNOTT

The only report of the facts in this case is that of the Navy Department quoted from a report of the driver of the Navy automobile, from which it may be concluded that the victim of the accident negligently walked into the path of the moving machine. The Government's driver appears to have voluntarily paid from his personal funds the medical expense incurred, and the undisputed evidence shows that the truck was moving slowly, the chauffeur sounding his horn, and that, due to the pedestrian shielding his face from the rain and wind, he walked into its path.

There appearing no negligence attributable to the driver, authorization of payment of this claim by the Congress must be on the theory that the Government is an insurer against injury to those who walk the streets where its vehicles are driven.

TITLE X—S. 427—AUTHORIZING THE REIMBURSEMENT OF EDWARD B. WHEELER AND THE STATE INVESTMENT CO. FOR THE LOSS OF CERTAIN LANDS IN THE MORA GRANT, NEW MEXICO

S. 427 passed the House May 5, 1936.

H. R. 12323 (OMNIBUS)

TITLE I—H. R. 2415—FOR THE RELIEF OF STANDARD OIL CO. FOR LOSSES SUSTAINED BY PAYMENT OF DISCRIMINATORY EXCESS TONNAGE TAXES AND LIGHT MONEYS

This bill involves $60,283. In going over the report I found the Court of Claims held that the taxes imposed were legally assessed and collected. Despite this decision I found a letter from the Secretary of Commerce in the committee report directly in contrast to that of the Attorney General. I immediately wrote the Secretary of Commerce requesting an explanation. I also talked to the Solicitor of the Department, who said the matter had never been called to his attention.

For the information of Members I submit a letter received from the Secretary of Commerce.

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, April 22, 1936.

Hon. JOHN J. COCHRAN,
Chairman, Committee on Expenditures in Executive Departments, House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: I have your letter of the 18th instant, calling my attention to a conflict between my letter of June 10, 1935, with reference to H. R. 2415, a bill for the relief of the Standard Oil Co., and a communication of the Attorney General dated July 1, 1935, on the same subject.

In my letter of June 10, 1935, it was said in part:

"Immediately after the closing of the World War hostilities, there were collected by collectors of customs, acting under orders of this Department, from the vessels of the Standard Oil Co. penal taxes under sections 4219 and 4225 of the Revised Statutes, inasmuch as it was considered that the commercial treaty between Germany and the United States had been suspended or abrogated by the war, in which case the said penal taxes would be incurred.

"The Standard Oil. Co., however, brought action against the Government on the ground that the collection of these penal taxes was not in accordance with the law. The Government defended the case and the decision of the court was against the Government.

"Inasmuch as under the decision of the court the above collection was erroneous, it appears to the Bureau of Navigation and Steamboat Inspection that the Department should not object to the payment of the sum found due the Standard Oil Co."

These statements are incorrect and are based upon a misconception of the decision of the Court of Claims dated May 13, 1933 (77 Ct. Cls. 206), formed by officials of the Bureau of Navigation and Steamboat Inspection who made the preparatory study for the letter of June 10, 1935.

As is stated in the letter of the Attorney General above referred to, the Standard Oil Co. of New Jersey brought suit in the Court of Claims for refund of tonnage duties and light money collected on certain vessels under the provisions of sections 4219 and 4225, Revised Statutes, respectively (U. S. C., title 46, secs. 121, 128). The Court of Claims decided that the moneys collected from the Standard Oil Co. under the provisions had been lawfully collected and that, therefore, the claim of the Standard Oil Co. had no merit. It is therefore felt that, since the Standard Oil Co. has had its day in court and the determination of its claim on the merits, there is no reason for extending legislative relief which would in effect be a refund of the aforementioned collections.

I regret the error and the resultant confusion arising in this matter. I am addressing a letter under the same date to the chairman of the Committee on Claims, House of Representatives, calling his attention to this matter and requesting his approval for the withdrawal of my letter of June 10, 1935.

Sincerely yours,

DANIEL C. ROPER,
Secretary of Commerce.

In view of the letter of the Secretary of Commerce as well as the report of the Attorney General, I feel the committee should ask that the title be stricken from the bill.

There can be no doubt but that the favorable letter from the Secretary of Commerce resulted in the favorable report on the bill.

Further, let me say it seems only proper that the legal division and not the officials of a bureau should prepare a statement of facts in cases of this character. This, I feel confident, will be done by the Department of Commerce in the future.

TITLE II—H. R. 4789—COAST FIR AND CEDAR PRODUCTS CO., INC.

This title covers a case where the contractor asserts a claim for payment for cross ties claimed to have been shipped under a contract dated April 18, 1928, with the Bureau of Reclamation, Department of the Interior. The cross ties—five carloads—as a matter of fact, were in excess of the amount required to be furnished; the Government had no use for them; they were placed upon a railroad siding for disposition by the contractor; the contractor was promptly notified, and subsequently he sold some of this excess to other parties. Both the Department of the Interior and the Comptroller General of the United States have reported adversely on the merits, and the claimant has tacitly admitted the correctness of these reports by never having pursued his remedy in the Court of Claims, where a judicial determination of his rights could have been obtained. The excess shipment of cross ties, for which payment is now sought from the Government, appears to have resulted primarily from erroneous calculations or estimates by the contractor and his subcontractors for which the Government was in no way responsible.

TITLE VIII—S. 373—CONFERRING JURISDICTION UPON THE COURT OF CLAIMS TO HEAR, DETERMINE, AND RENDER JUDGMENT ON THE CLAIM OF ROBERT A. WATSON

This claimant was dealing in the sugar market for the primary purpose of realizing a profit from the transactions and his chief concern appears to have revolved around the possible effect of the Lever Act, upon the profit believed to be necessary in order to meet the risks involved and the necessary financing. Due to an unforeseen break in the price of sugar, the contemplated profits of the claimant apparently were not realized, and it is the purpose of the title to permit suit to be instituted in the Court of Claims for the damage or loss sustained. The financial institutions with which credit apparently was established by Mr. Watson to purchase the sugar took the same chances as any other person in buying with the object of selling their commodities at a profit, and when unforeseeable losses are incurred, such losses properly should fall upon them and not upon the taxpayers of the country.

TITLE IX—S. 1960—FOR THE RELIEF OF THE FLORIDA NATIONAL BANK & TRUST CO., A NATIONAL BANKING CORPORATION, AS SUCCESSOR TRUSTEE FOR THE ESTATE OF PHILIP ULLENDORF, DECEASED

This bill sets aside the statute of limitations and delegates the Commissioner of Internal Revenue to consider a claim for refund of inheritance taxes. The President has time and again vetoed such bills. Why send him another that will meet a similar fate. The Treasury Department strongly opposes passage of the bill.

WILL THE PEOPLE, WITHOUT MONEY, MAKE THIS GOVERNMENT RESPOND TO THE GREATEST GOOD TO THE GREATEST NUMBER?

Mr. BURDICK. Mr. Speaker, poor people, without money, and in some form of distress, have quite given up hope of ever seeing an administration that will respond to the greatest good to the greatest number. I desire to register a protest against this belief. Under our form of Government the people can, every 2 years, get control of their Government. No new national party need be organized. Everything is set, as it is, to gain control of the Government. Every 2 years every Congressman in Washington must be elected. Every 2 years, therefore, the way is open to the people of this country to elect a new Congress. Forty-eight different methods can be employed, or as many methods as there are States.

It would not be possible to elect a President, because that is not a part of our machinery of elections. A President is not elected by popular vote, although he should be. It takes a national party—or, rather, a Nation-wide party—to elect a President. But the President can do nothing, except hand out jobs, without the backing of Congress. If we had a Congress with backbone that would lay down the law to the President, he would have to follow the law. Unfortunately, in this country the custom has grown up that the President directs Congress. Today that is really so, but there is absolutely no need for it. Congress could write the laws, and the President would have to execute them or be subject to impeachment.

In the election of Congressmen, each State can do that job without a national party. All that is necessary is that the people demand that these men stand for a principle above party ties. When they have candidates of this type, elect them. Elect them in every State, or as many States as possible. When Congress convenes it would then be composed of men and women who were elected to office on principle rather than party. That Congress would then be independent—the President would count in his own department, but only in that department. Congress would write the laws. They would write the laws which the people demanded. Under this kind of operation, it would not make a great deal of difference, outside of jobs, who was President. No matter who it was, he could not override the wishes of the people, for the Congress would actually be the representative of the people.

The chance to control legislation is within reach of the people. Party banners are not what is needed—it is education on the part of the people to understand and appreciate, and grasp the opportunities of government which they have always had. This will take place some day—maybe in the coming election; maybe not. But if this Government is to endure, that very thing must happen. When it does, the whole Nation will not be prostrated because there is a Presidential election. Things will be normal and the Presidents under this exercise of government will be servants of the people and not the masters of Congress.

On the roll call to discharge the Rules Committee on the Frazier-Lemke farm refinance bill there were 220 votes for it and 153 against. To this must be added the paired votes. On pairs for there were 10 votes and 10 votes against. This would make the actual vote as follows: 230 for and 163 against. Of this vote of 230 for, they came from the following sources: Seven Progressives of Wisconsin, or 100 percent of that membership; 3 Farmer-Laborites from Minnesota, or 100 percent of that membership; 2 nonpartisan Republicans from North Dakota, or 100 percent of that membership; 169 Democrats, or 53 percent of that membership; 49 Republicans, or 49 percent of the membership.

On the roll call on the final passage of the bill the vote stood: For the bill, 142; against the bill, 235. To this vote must be added the following pairs: 10 for and 10 against, making the actual vote 152 for and 245 against. These votes for the bill came from the following sources: 7 Progressives (Wisconsin) or 100 percent of that membership; 3 Farmer-Laborites (Minnesota) or 100 percent of that membership; 2 nonpartisan Republicans (North Dakota) or 100 percent of that membership; 28 Republicans, or 28 percent of that membership; 113 Democrats, or 35 percent of that membership.

Those entitled to the most credit for this courageous vote are the Democrats. With the administration and the leaders of the House appealing to everything known in politics, yet 35 percent of them stuck to their principles.

The Wisconsin Progressives, the Farmer-Laborites, and the nonpartisan Republicans do not deserve so much credit, because they always vote for the people—always. They were elected to do that and they never fail. There is no administration to browbeat them; no Jim Farley to threaten their defeat at home; there are no political appointments at stake.

The 28 Republicans deserve great credit for their independence. The leaders were against the measure—the Republican press was against the measure—the measure itself was a blow at "special privilege", which the national Republican Party has supported, and will support again if the reactionary element controls the Cleveland convention.

Of those who voted to give the bill a hearing, the following deserted the cause on the final roll call: None of the Progressives (Wisconsin); none of the Farmer-Laborites (Minnesota); none of the nonpartisan Republicans (North Dakota); 56 Democrats, or 33 percent of those who voted to give the bill a hearing; 27 Republicans, or 49 percent of those who voted to give the bill a hearing.

From these figures the percentage of progressiveism among the Democrats is still higher than the percentage of progressiveism among the Republicans—merely a 7-percent difference in favor of the Democrats.

Another thing definitely established is this: That on the vital question before Congress, that of the people on one side and the organized money power on the other, that both the Democratic and Republican Parties can be thoroughly trusted. Sixty-five percent of the Democratic membership voted against the people and in favor of continuing the reign of organized wealth, while the Republicans went them one better, and 75 percent of the membership voted against the people.

Here is what the question was before the House on this bill as told by Thomas Jefferson, Abraham Lincoln, and Salmon P. Chase:

Capital primarily did not exist except as natural resources and when labor was applied to natural resources it brought capital. Hence labor was previous to capital and entitled to first consideration.—(Lincoln.)

BANKS MORE DANGEROUS THAN STANDING ARMIES

I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised a money aristocracy that has set the Government at defiance. The issuing power should be taken from the banks and restored to the Government and the people to whom it properly belongs.—(Thomas Jefferson.)

My agency in procuring the passage of the National Bank Act was the greatest financial mistake of my life. It has built up a monopoly that offsets every interest in the country. It should be repealed. But before this can be accomplished the people will be arrayed on one side and the banks on the other in a contest such as we have never seen before in this country.—(Salmon P. Chase, Secretary of the Treasury under President Lincoln.)

I see in the near future a crisis arising which unnerves me and causes me to tremble for the safety of my country. The money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until the wealth is aggregated in a few hands and the Republic is destroyed. I feel at this time more anxious for my country than even in the midst of war.—(Lincoln.)

On this basis and as between the Democratic and the Republican Party, the people have little to choose between. The fight on this bill demonstrates one thing definitely and finally, and that is: If the people ever win their fight against the power of the Banking Trust, they must break the shackels that bind them to a party name and vote for Members of Congress who stand for principle. That is the way the following Members reached Congress: Seven Progressives from Wisconsin found their way into Congress; three Farmer-Laborites from Minnesota found their way into Congress; two nonpartisan Republicans of North Dakota found their way into Congress.

Once in Congress these 12 Members were united on every major matter before Congress. That is the way some hundred Democrats got into Congress. Their people sent them here on a question of principle. When in Congress those 113 Democrats never fail to support the people on all major issues. Twenty-eight Republicans in Congress stand with the people always; they cannot be subdued by the party lash.

If the 12 Progressives had waited until there was organized a National Progressive Party, they would not be in Congress today.

While each State is engaged in the process of electing its Congressmen, there is nothing in the way to prevent those States from supporting a Nation-wide liberal movement, which eventually could name the President of the United States. In this way the plain people of the United States could secure complete control of their Government. It is now up to the people of the United States to keep in Congress the 142 Members who are now here and ready to carry on the fight for the people; it is up to the people in every State to make sure at the coming November election that those who have voted against the people be left at home and replace them by men and women who will stand up and be counted for the people.

It will take some time to make New York, Massachusetts, Connecticut, Virginia, and the rest of the original Southern States Progressive, but that day will surely come. It cannot be that the people in all of these States are set against Progressive principles. The gospel must be spread, and it will be up to these 142 Members of Congress to carry the brunt of this work into every State in the Union. Old reliable Pennsylvania is already breaking away from party rule. New Jersey, Mississippi, Louisiana, Texas, Oklahoma, Missouri, Kansas, Nebraska, Colorado, and the Pacific Slope States, the old Southwest, Ohio, Maryland, all show signs of independence. The majority of the voters in the United States are ready for independent voting. All the people need is to know the record made by their enemies in both the Democratic and the Republican Parties.

A TRIBUTE TO THE GREAT ARMY OF POST-OFFICE EMPLOYEES—THEIR LABOR EXEMPLIFIES LOYAL PUBLIC SERVICE—REMARKABLE EFFICIENCY OF THIS DEPARTMENT IS ATTRIBUTABLE TO THE QUALITY OF THEIR WORK AND THEIR EXCELLENT RELATIONS WITH THEIR SUPERIORS

Mr. CITRON. Mr. Speaker, the Post Office Service is more than a remarkable business; it is a great public institution. All of us know its success in the dispatch of the mails. We accept its value to the Nation but very few of us take particular note of the importance of the personnel in the orderly functioning of this Department.

These men and women employees do not need any praise from me. Their work and accomplishments speak for themselves. However, when I recently had occasion to see how efficiently they performed their duties in the flooded areas of my State during an emergency and overcame obstacles caused by swollen rivers, I realized to a greater degree the value of such service to the country. My observations inspired me to look further into the matter and to make these remarks.

Their loyalty and devotion to their work, their undeniable efficiency, and their spirit of helpfulness in relation to the people they serve and to their superiors, is highly commendable. It has made the Post Office Department the greatest business organization in this country.

Postal employees are not automatons. They receive a thorough training, and display that skill necessary to accomplish their work with maximum speed and accuracy. Only human beings can read and write, and no machinery could substitute for them.

Whether it be the substitute or the special carrier, the clerk working in the office or on the railway, whether it be the carrier in the city or village, or the rural- or star-route carrier, all perform their allotted duties ably and unobstrusively.

They are organized, and by means of their organizations have improved themselves and the Service. I believe the example they set in their relations with each other and with their superiors might well be studied by other industries and emulated, to the improvement of the economic and industrial life of our Nation, in order to effect better relations between labor and employers.

Of course, Mr. Speaker, such a remarkable state of affairs was not produced overnight. It is founded on traditions, and an enterprise such as this, which has grown with the country since the beginning of our Republic, necessarily becomes imbued with fine traditions.

Much of the successful operation of the Postal Service by its employees can be attributed to the civil service. In my opinion, the civil service should be extended in the most reasonable manner and wherever feasible. It strengthens the loyalty, sense of responsibility, and morale of the men and women who come under its jurisdiction.

Last year I voted for the restoration of the pay cuts of these men and women. I also voted for the institution of the 40-hour week in place of the 44-hour week, and I am glad I was afforded an opportunity to do this. Congress was justified in passing this legislation.

I am informed that 95 percent of the efficiency and success of the Postal Service is due to the human element. The work of postal employees combines both physical and mental ability, and in no business is the human factor so important as this one, where machinery cannot replace men.

I am also informed that the studies of experts disclose that the average postal worker produces three times as much revenue now as he did in 1913. In enacting legislation for the restoration of pay cuts and the establishment of a 40-hour week, Congress showed its recognition of the contribution of postal employees, and furthermore improved their morale, a matter of importance and benefit to the entire country. In this connection, private industry might also benefit from the example of the Government in recognizing the right of these workers to share in the profits resulting from their improved efficiency. We hear much of the need of increased purchasing power. This always follows where we effect a more just distribution of the benefits resulting from improved efficiency and productivity. And whenever we recognize this principle of fundamental justice, we find production and the number of producers increased and unemployment due to improved machinery and increased skill of operators, decreased.

Show me a person in our whole country who does not trust his message to the mails. In the heat and sandstorms of the South, and in the cold and snow of the North, men are daily treading streets and routes, delivering letters and packages to their destination. The sight is commonplace, and therefore we rarely think of the many coordinated units which go to make up this smoothly running public institution. Only when we particularly look into it do we recognize the true worth of the thousands of Post Office employees and the valuable service they are rendering our country.

THE CAUSE AND CURE OF WAR AND POVERTY

Mr. ECKERT. Mr. Speaker, in the confused and bewildered world of today there are two outstanding problems about which many Americans are deeply concerned. One is the problem of war, the other economic security. War has disturbed the happiness of the human race from time immemorial, and economic security has been a delusion and a snare. Those of our generation thought these two problems were settled and solved. At the turn of the century it was freely predicted that there would be no more war, and

as late as 1929 economists and statesmen gave assurance that prosperity was permanent; that we were living in a new era; that poverty was all but banished from the earth. Since these pleasant prophecies of peace and plenty, we have witnessed the greatest war of all time and experienced the most widespread and devastating depression of all the years of our national existence. The prophets were in error. Neither the problem of war nor the problem of poverty is settled or solved.

Inasmuch as the problem of war remains unsettled, even after our participation in a war to end war, the Congress of the United States is confronted with the task of providing a military establishment adequate for the defense of the Nation. There is a wide difference of opinion as to the necessary strength of the land and sea forces for adequate defense, while others question the good faith of the Government's professions in regard to her military preparedness, charging that the United States, in common with many of the leading Nations of the earth, is thinking in terms of aggression as well as defense.

Be that as it may, the fact remains that the world is still war minded, and as long as this mental condition obtains, there can be no peace and cessation of preparation for war. This is a fact accepted by all practical men and women, whether they be militarists or pacifists. As long as the world psychology is what it is today, no nation on earth will adopt the policy of unpreparedness. Whether we like it or not, the leading nations of the earth will continue to place upon the backs of the people the ugly and heavy burdens incident to preparation for war. The only question upon which there is a difference of opinion is as to how and to what extent war preparation shall be prosecuted.

The prevailing thought demands extensive preparation, and so we find that, in spite of the many woes of the average citizen, he still cries out for a large Navy and an adequate Army. This, of course, means a tremendous draft on the Treasury of the United States, as is amply testified by the Navy appropriation bill and the accompanying Army bill. Although the distress and tax burdens of the people are rapidly becoming unbearable, predictions are common that another major war is imminent and that such a war would plunge the world into an era of darkness and destruction. The distress and burdens of the people, the misery and demoralization of war, together with the suggestion of a return to semibarbarism in the event of another major war, are impelling earnest men and women in all walks of life to search for a solution not only for the age-old problem of war but of poverty as well.

The two problems, war and poverty, persist in their onward march and stubbornly refuse to yield to any of the nostrums and remedies proposed. Why this persistency? Can there be no solution? Are the problems too difficult for the human mind to fathom? In many lines of human endeavor man has demonstrated a high order of mental genius—so much so that in our modern world of invention many achievements seem weird and uncanny. In the light of man's progress in the various spheres of science, why such abject failure and defeat in social science?

There can be only one answer. In the physical sciences man seeks to discover and follow natural law. Not so in the social sciences. Here, with an abandon that is disconcerting, he flounders and fumbles and makes confusion worse confounded. In the light of our past experience, why not follow the example of the true scientist and seek the root cause of war and poverty? It is only by doing this that we may hope to find the true answer.

WHAT IS THE CAUSE OF WAR?

Wars are not waged for pleasure. There is a real, definite reason why war persists.

Why are men ready to fly at each other's throats and defy and violate every instinct of civilized behavior?

The war in Africa, the recent war in China, the fear of war that is disturbing the foreign offices of the leading nations of the world are due to reasons that are not far to seek. Charles O'Connor Hennessy, of New York, in a recent address, said:

> Men may cry "Peace! Peace!" but there can be no lasting peace until the root causes of war are recognized and removed; until the peoples may be led to accept a new and simple philosophy of human relationships—that of equal rights for all, freedom for all, justice for all. Political peace and economic war are irreconcilable. There can be no political peace at home or abroad unless it is founded upon cooperation in freedom and mutual friendship and respect.
>
> We propose to end the curse of war, with all its barbarities and brutalities and its grievous burdens upon the backs of the workers of the world, by leading nations to recognize and remove the true causes of international contention and strife. These have their roots not alone in hostile tariffs and the struggle for markets but in the economic imperialism which exploits the natural resources of distant and undeveloped lands for the enrichment of favored groups of capitalists at home.

Since the World War many laudable efforts have been put forth and machinery was set up in the hope of arresting the war madness of the world. There is the League of Nations, the World Court, the Kellogg treaties outlawing war, and many other measures designed to prevent war; yet, in spite of it all, the war spirit is still acute, and all attempts to stem the onward tide of aggressive armies in the Orient and the far-off regions of Africa have been in vain, while rumors of wars more devastating and terrible than any yet recorded fill the ears of men everywhere. There can be no political peace so long as great and valuable economic prizes can be obtained by the arts of corrupt, selfish, or ignorant governments. The true basis of both political and economic peace can only spring from a condition of social justice—a condition that abhors any and every form of privilege, which implies, of course, an economic order based upon the doctrine of equal rights for all, freedom for all, justice for all.

War and rumors of war still continue, and so with the problem of poverty. It, too, persists and remains unsolved. As with the problem of war, there are those who are seeking remedies for its solution. But all in vain. There seem to be insurmountable difficulties. So far both the problem of war and the problem of poverty have eluded the wit and genius of man. Wherever we chance to look, there is confusion and bewilderment. Is there any doubt about the facts pointed out by Mr. Hennessy? The way to peace, this thinker and economist declares, is for the people to accept a new and simple philosophy of human relationships—that of equal rights for all, special privileges for none. And how nicely this matches the doctrine proclaimed by the founders of the American Republic. Our great charter of liberty, the Declaration of Independence, breathes the very soul of this simple philosophy. Those who long for peace, those who would labor for peace, will find their hope for peace not in large armies and formidable navies, but in the deep philosophy of Him who bade men to love one another and the truths contained in the Declaration of Independence. Man's thoughts must be turned away from the doctrine of force and conflict to the doctrine of good will, natural rights, and social justice. It is only in this way that war may be outlawed and peace achieved. The problem of war must first be resolved and settled in the minds of men before any lasting peace can be established. Until this is achieved, the mad race for armaments will continue, and tremendous sums of the taxpayers' money will be spent annually for war and preparation for war.

And why poverty? It likewise has its roots in the absurdities of our economic order. Mr. Theunis, president of the Economic Conference of the League of Nations, called together a few years ago and attended by representatives of 51 countries to find the cause of war and industrial depressions, said:

> The main trouble now is neither in any natural shortage of the resources of nature nor any inadequacy in man's power to exploit them. It is all in one form or another a maladjustment, not in an insufficient productive capacity, but a series of impediments to the full utilization of that capacity.

Since both war and poverty have a common cause—a cause inherent in our economic structure, perhaps by answering the question, "Why poverty?" we will kill two birds

with one stone. A brief survey of the fruits of our disordered economic system reveals the extent to which the people have been reduced in the scale of poverty. The Brookings Institution of Washington, D. C., reports that 71 percent of the American people in 1929—at a time when incomes were at the highest point in the years of our so-called prosperity—received only enough of the products of their toil that enabled them barely to exist. The discovery of the Brookings Institution is not surprising. It is a fact known to everyone who stops to think. The question naturally arises, "Why this condition in a land of plenty?" The answer is found in Mr. Theunis's statement, that it is all in one form or another a maladjustment of our economic order.

And wherein lies this maladjustment? Many are of the belief that our money structure is at fault. Others contend that the machine is the culprit; while still others maintain that our productive process is too abundant; and so ad infinitum.

In the midst of this confusion of thought, let us call for counsel and light, Thomas Jefferson, the author of the Declaration of Independence, founder of the Democratic Party, and one of the world's great politico-social philosophers. Mr. Jefferson, in 1785, was stationed in France as Minister Plenipotentiary of the United States. This was Jefferson's first visit abroad. Before reaching foreign shores, Jefferson, in common with the great body of his countrymen, knew little or nothing about poverty. In the new America, every able-bodied and willing worker was employed. Here economic opportunities were open to all on equal terms, and none were so rich as to invite envy, and none so poor as to demand charity. Everyone was prosperous in proportion to his thrift, ability, and application. Not so in France. There Jefferson found the problem of unemployment and poverty in all its ugliness and despair—and this before the advent of the so-called machine age or the rise of the House of Morgan or the doctrine of economic abundance. Why then the problem of unemployment and poverty in all its horridness and magnitude similar to the problem now confronting the American Nation? Let the story be told in Jefferson's own words. In 1782, a few years before his first trip abroad, Jefferson, in answer to a letter from a friend in France inquiring about economic conditions in America, wrote:

> From Savannah to Portsmouth you will seldom meet a beggar. In the largest towns indeed they sometimes present themselves. They are usually foreigners who have never attained a settlement in any parish. I never yet saw a native American begging in the streets or highways.

As late as 1814 Jefferson wrote Thomas Cooper:

> The old and crippled among us who possess nothing and have no families to take care of them being too few to merit notice as a separate section of society.

As soon, however, as Jefferson set foot in France he saw the real thing in poverty. After a year's residence he wrote to an American correspondent, saying:

> Of 20 millions of people supposed to be in France, I am of the opinion there are 19 million more wretched, more accursed in every circumstance of human existence than the most conspicuously wretched individual of the whole United States.

And observed that the land of France was concentrated in a very few hands, and that the people had been expropriated from the land and huddled in cities and towns. The streets and highways were filled with beggars, which to Jefferson was a new and distressing aspect in human society. This impelled Jefferson to ask:

> What could be the reason that so many should be permitted to beg who are willing to work, in a country where there is a very considerable proportion of uncultivated lands?

and answered by saying:

> Whenever there is in any country uncultivated lands and unemployed poor, it is clear that the laws of property have been so far extended as to violate natural rights. The earth is given as a common stock for man to labor and live on.

The distress and poverty of the French people were so amazing that he, in a letter to Monroe, exclaimed:

> My God! How little do my countrymen know what precious blessings they are in possession of and which no other people on earth enjoy! I confess I had no idea of it myself.

The testimony of Jefferson, depicting in dramatic fashion the economic condition of the people of France as compared with the people of his own country, emphasizes the fact that the people of France were expropriated from the land, while in America there was no end of accessible land on equal terms to all. The conditions in France filled the land with beggars and mendicants and untold millions of wretched men and women, while in America there was neither poverty nor mendicancy.

The account of France's misery and woe and America's blessings and good fortune in the days of Jefferson points the way for the answer to the enigma of our time. Today the economic conditions in America are not unlike the conditions prevailing in France immediately preceding the French Revolution. In France property had been concentrated in a few hands. The major portion of the land of the country was in the possession of the nobility and the church, while the masses of the people were economically dependent upon the few who controlled the economic resources of the Nation. In America today the wealth is in the hands of the few. The natural resources—the wide open spaces of our western domain—are no longer free, and the masses of our people, as in France 150 years ago, are economically dependent upon the few who control the economic resources of America. We today have our beggars and mendicants, and millions of poor and wretched men and women. France had her social eruptions. We today are menaced with dire forebodings, and no one can tell whether or not America will escape her share of the world's civil commotions and eruptions.

A century and a half ago the economic condition of the two countries was vastly different, the one struggling with the problem of poverty and social insecurity; the other enjoyed plenty and social stability. Today the picture is different. The story of Jefferson is quite illuminating and suggests the answer to the question why a free, independent, and self-reliant people have been reduced to a condition of social insecurity and economic servitude.

Mr. Theunis calls attention to the fact that maladjustments in our economic order are the cause of war and industrial depressions. Wherein lies the maladjustment?

Jefferson observed that the earth is given as a common stock for man to labor and live on, and it might not be amiss to remind ourselves that here in America, as in France a century and a half ago, the laws of property have been so far extended as to violate natural rights. And again let us be reminded that in France during the hectic days of the Revolution, the National Assembly of France declared that ignorance, neglect, or contempt of human rights are the sole causes of public misfortunes and corruption of government. France, as a result of her delinquency, had her Revolution. America, like her sister Republic, has been blind and neglectful of the first duty of government.

We prate about natural rights, about the right to life, liberty, and the pursuit of happiness, and yet we have so far forgotten the primary function of government—which is to secure the people in the enjoyment of their natural rights—that millions of our fellow citizens, for all intents and purposes, are disinherited and strangers in the land of their birth. Herein lies the fundamental maladjustment, and thus our economic structure is set for the few to exploit the many, resulting, of course, in the few being inordinately rich and the many abjectly poor.

Those who seek to prevent war and abolish involuntary poverty have but one course to pursue if they wish to achieve their ends. War and poverty have their root causes in the maladjustment of our economic order. The impediments that stand in the way to the full utilization of the earth on which we live must be removed so that labor and industry may have unrestricted access to the resources of Nature and unimpeded exchange among all the peoples of the world. When this happy condition shall come to pass, then

and not until then, may we hope to enjoy the blessings of abundance and peace.

AGRICULTURE IN HAWAII

Mr. KING. Mr. Speaker, under the leave to extend my remarks in the RECORD I submit the following information about the agricultural industries of the Territory of Hawaii, pertinent to the discussion of H. R. 2066, the so-called Frazier-Lemke bill.

The Territory of Hawaii is predominantly an agricultural community, dependent upon the products of its soil for the livelihood of its people and for the maintenance of its position as an important element in the domestic economy of the United States.

The United States census of 1930 shows that 58 percent of the Territory's total population of 368,336 live in rural districts and that 40 percent of all persons gainfully employed are directly engaged in the agricultural work of its 5,955 farms.

The islands which comprise the Territory of Hawaii are of volcanic origin and are devoid of minerals, metals, and fuels suitable for industrial use. Hence, except for the commercial activity made possible by its strategic location in the lines of ocean transportation in the Pacific, its farm products are the sole basis of its economic life.

The agriculture of the Territory covers the range from small farms operated in part for the subsistence of the farmer and his family and in part for the local supply of foodstuffs through the scale of the larger farming units for the commercial production of rice, bananas, coffee, pineapples, and sugar.

Ranching and the production of meat and dairy products supply a considerable part of the local consumption of these commodities and are related to agriculture in importance to Hawaii.

The production of foodstuffs locally in sufficient amount and diversity to supply the needs of the civilian population and military forces in the Territory in the event of an emergency is an important factor in the national defense. For example, during the World War the Territory of Hawaii was asked by the Federal Government to grow, as far as possible, its own foodstuffs, thus avoiding the diversion of food products from other parts of the country and also to maintain maximum production of sugar in order to supply as much as possible of this essential commodity for the national purposes.

Agricultural enterprises in Hawaii and agencies of the Territorial and Federal Government carry on numerous activities, both individually and cooperatively, designed to promote diversified farming, especially in the production of foods for local consumption, in those sections which are suitable for such farming. The United States Department of Agriculture in cooperation with the University of Hawaii, through the Extension Service, the Hawaii Agricultural Experiment Station, and in the field of education, carry on work which is of great benefit to agriculture in general in the Territory, and especially to small farmers. The Hawaiian Sugar Planters' Association, an agricultural cooperative composed of those engaged in the production of sugar, the major farm crop of the Territory, takes part in this work through its own experiment station and otherwise. The Agricultural Adjustment Administration, under the provisions of the Jones-Costigan Act and the Agricultural Adjustment Act, has sponsored a number of projects for the benefit of agriculture generally.

The Territory of Hawaii, aside from its natural beauties of sea, plains, valleys, and mountains, the beneficence of its climate, and the hospitality of its people, is best known for its production of sugar and pineapples, which are the basis of its commerce in the interchange of goods with other parts of the United States. However, I have dwelt at some length on other types of farming in order to acquaint those not familiar with our local situation with these phases of our agricultural life.

The important commercial crops of sugarcane and pineapples are produced by larger-scale farming because of essential features inherent in the agricultural work of growing these crops under the conditions of terrain and natural environment in the parts of the Territory where these crops can successfully be produced. There is no conflict of interest between these larger farming enterprises and the other types of farming previously described, because the localities for which each is suited overlap to only a very slight extent.

The commercial farming of sugarcane and manufacture of sugar began in Hawaii on a small scale a little over a century ago. There has been a gradual and sound development from that small beginning to the present-day status of productive capacity. Two-thirds of the sugar produced annually in Hawaii is manufactured from sugarcane grown under irrigation in arid sections. The green, fertile cane fields which, on each of these farming enterprises, now stretch out for miles around its sugar mill, were before the development and application of irrigation water arid wastes or low-grade cattle range. In their original state these lands supported no agriculture, provided a source of livelihood for very few people, produced little of value, and were the source of small revenues through taxation for the support of government. With the application of irrigation water these lands produce large quantities of essential food, namely, sugar, provide a good livelihood for thousands of persons engaged in the production of sugar and its related activities, and are the source of large taxes for the support of the government. Water development under these conditions and on the required scale entails the expenditure of large amounts of money. It has been done entirely by the private farming enterprises of the sugar industry. Not only has the Government not been asked to spend any money for these developments, but the Territorial government receives a considerable amount of money annually as rents for water rights which it owns.

The producers who grow sugarcane in regions where the rainfall is sufficient had other difficulties of no less magnitude to overcome in developing their farming enterprises.

Of the total of 250,000 acres of land on which sugarcane is grown in Hawaii, about one-half is owned directly by the sugar producers, about one-seventh is under lease from the Territorial government, and the remainder is leased from private owners, most of whom are families of Hawaiian blood.

The sugarcane growers of Hawaii employ in year-round work on their farms and in their sugar mills almost 50,000 persons, whose earnings are considerably above the average for farm workers in other parts of the United States as reported by the Bureau of Agricultural Economics, United States Department of Agriculture.

Sugarcane in Hawaii requires almost 2 years to grow to maturity. The compensation is found in the high yields obtainable in this natural sugarcane-growing section, provided the best farming methods are followed and the soils and other natural resources are conserved. However, this 2-year crop cycle is a dominant factor in the farm economics of sugarcane growers.

A little over 30 years ago pineapples grown in the Territory of Hawaii were shipped to other parts of the United States only as fresh fruit, and were there thought of as a luxury. At the present time millions of cases of delicious and healthful Hawaiian canned pineapple are sold annually. The growing of pineapples is next in size and importance to sugar in the farm crops of the Territory of Hawaii.

Pineapple plants thrive on the higher plains and plateaus in regions of low rainfall. They do not require irrigation. Sugarcane or other farms crops could not be grown successfully on the great majority of the lands devoted to pineapples, and, vice versa, pineapples would do well on only a small part of the lands devoted to other crops. Again, as in the case of sugar, without conflict with the interests of other farm crops, the growing of pineapples by large-scale farming enterprises has transformed unproductive areas into productive farm lands. Those conducting the farming enterprises, their employees, and the community generally have all benefited thereby, and consumers in all parts of the United States have available an excellent food product.

Coffee of fine quality is grown in the Territory of Hawaii, but the sections suitable for its production are limited in area. About 20,000,000 pounds of coffee are produced annually.

The United States Census of 1930 gives the total area of the Territory of Hawaii as 4,100,480 acres, the total number of farms as 5,955, the area under cultivation as 440,579 acres, the area of woodland included in farms as 747,636 acres, and the total area of land of all sorts in farms as 2,815,026 acres.

Approximately 300,000 acres are under cultivation by corporate enterprises which are adequately financed and in a position to obtain additional finances as required. Approximately 140,000 acres comprise small farms operated by homesteaders or others engaged in the production of small crops, foodstuffs, and dairying. There are over 5,000 small farmers in the Territory the average size of whose farms is about 25 acres. Hawaii has been working steadily toward diversifying its agricultural industries and is doing everything within its power to encourage small farming and the raising of food crops. The first necessity is long-time financing at rates of interest that the farmer can pay. There is no Territorial agency to serve this purpose. The Farm Credit Administration has but recently been extended to include Hawaii. So far it has limited itself to short-time chattel mortgages for feed and crop loans. The other facilities of the Farm Credit Administration should be extended to the Territory as soon as possible, so that Hawaii's farmers may have the same opportunity to procure proper financing as the farmer of the mainland. Any legislation designed to lessen the burden of the farmer is needed to the same extent in Hawaii as on the mainland.

The total amount of the farm-mortgage debt in Hawaii is $1,123,570, and the ratio of debt to value of the farms under mortgage is 52.3 percent. The farms under mortgage comprise 30.8 percent of all farms, but almost the whole of this mortgage debt is against the small farmer and is at a rate of interest from 6 percent up. Proper agricultural financing will have more influence than any other single factor in establishing the small farmer on a sound, economic basis.

The islands which form the Territory are mountainous. Much of their land is in rough mountain areas, in most cases covered by forests. It is of the utmost importance to our agriculture and to the general life of the Territory that these mountain forests should be preserved and improved, because of their effects upon conservation of rainfall and upon climate. In the past forests have suffered from dying out of trees, intrusion of cattle, pigs, and goats, and from erosion. For many years the Territorial government has done excellent work in setting aside and fencing forest reserves, reforestation, and the prevention of erosion. The members of the Hawaiian Sugar Planters' Association have contributed both money and work to reforestation. The Federal Government, since the establishment of the Civilian Conservation Corps, has done much good work in our forests. However, much remains to be done, and the importance of preserving and improving our forests and checking the ravages of erosion in our forest areas must always be borne in mind.

The area of farm land in the Territory of Hawaii is limited, due to natural conditions. Agriculture is the economic backbone of Hawaii. The fertility and productivity of our soils is our most valuable natural resource. Our arable lands must be protected against any further diminution in either area or productivity due to erosion. The fertility and productivity of our farm soils must be conserved and improved by proper farming methods. The economic status of our farmers should be maintained at such a level that they are able to practice soil conservation in all of its long-term implications. It is only in this way that the Territory of Hawaii, dependent upon its agricultural resources, can continue to progress in the future as it has in the past.

It is the agriculture of the Territory of Hawaii which enables it to sell annually in other sections of our country, namely, the several States, about $100,000,000 of commodities, and to buy in the continental United States goods and services in the amount of about $90,000,000 a year.

Hawaii became a part of the United States by voluntary action of both countries in 1898, and was incorporated into the United States as a Territory. Since that time it has shared with all the States in every national obligation and burden, pays substantial amounts of taxes into the Federal Treasury upon the same basis as do all the States, asks for no exemptions not equally applicable to all the States of the Union, and asks only that all legislation designed to benefit the people of the States shall be so drawn that it includes on the same basis the Territory of Hawaii as an integral part of our great Nation.

WORK OF THE COMMITTEE ON WAYS AND MEANS

Mr. BUCK. Mr. Speaker, many inquiries have come in to me since my election in January 1935 to membership on the Ways and Means Committee as to the duties of that committee, so I desire to take up these few minutes allotted me in a very brief explanation of the interesting and valuable work that that committee performs.

News writers invariably refer to it as the "powerful" Ways and Means Committee. If that adjective is deserved it is because of the manner in which its members are selected, the continuity of their service—which is not interrupted save by retirement or death—and to the thoroughness with which they consider bills referred to it. Service on this committee is an education as well as an honor. From its ranks have come Speakers of the House, Governors of States, Supreme Court Justices, Vice Presidents and Presidents.

As constituted at the present time it consists of 25 members—18 Democrats and 7 Republicans—being divided in proportion to the party membership of the House. On the Democratic side members of the committee are elected by their Democratic colleagues in caucus, and it is therefore safe to say that every man who is placed on the committee by his fellow Democrats has received the approval of more than half of his colleagues. This approval not only honors him but places upon him a severe responsibility. Under the seniority traditions of the House, once elected to the Ways and Means Committee, a Member will retain his position thereon as long as he is reelected to Congress. Of course, his value there to his constituents becomes increasingly greater with each term of office that he may serve.

The work of the committee concerns the lifeblood of the Federal Government—its revenue. All bills that purport to raise revenue or which affect the bonded debt of the United States are referred to the Ways and Means Committee. It is the oldest committee of the House, having been established at the first session of Congress in 1789. It was made a standing committee in 1802. Originally both the raising and spending of money were considered by it, but since 1865 appropriation bills have been given to the Committee on Appropriations. Certain other legislation involving Government credit, such as that creating the Reconstruction Finance Corporation and other similar organizations, has been given to the Committee on Banking and Currency. Yet the financial support of the United States Government depends on the Ways and Means Committee. Without the measures which it considers and acts upon the Government could not live for 5 minutes.

Its revenue jurisdiction includes not only internal-revenue taxation, such as the income tax, stamp taxes, beer, wine, and liquor taxes, and other excise taxes, but customs duties of all kinds. This tax jurisdiction brings with it collaterally the consideration of many bills which broaden the jurisdiction of the committee materially. For instance, all bills affecting the administrative regulations of the beer, wine, and alcohol industries come before the committee; also, such subjects as transportation of dutiable goods, collection districts, ports of entry, customs unions, antismuggling legislation, and other similar matters fall within the jurisdiction of the committee. California is vitally concerned with all of these questions. As the only Californian on this committee, I have been in a specially advantageous position to safeguard her interests.

The revenue relationships of the United States with the Philippines and Puerto Rico come before it. All subjects relating to the Treasury of the United States and the deposit of the public moneys are within its jurisdiction. Its assent is necessary to laws regulating the classes and amount of the bonded debt of the Government. Legislation affecting the seal

herds of Alaska and other revenue-producing animals of that Territory is under the jurisdiction of this committee. Legislation on narcotics and firearms is also under its jurisdiction.

Because taxation or revenue is involved, often subjects of legislation come before the committee which might at first sight be thought to belong elsewhere. As an example, it was this committee that considered and reported out the Adjusted Compensation Act affecting World War veterans which became law in 1936. The bill setting up planned control of the bituminous-coal industry, commonly called the Guffey coal bill, was referred to and reported from the Ways and Means Committee because it was based on a tax feature. The Social Security Act, one of the greatest and most forward-looking pieces of legislation ever enacted by Congress, was the subject of 4 weeks of open hearings and 7 weeks of executive sessions and study thereafter before it was reported and passed. This act has not had an opportunity to go fully into effect, and many who are now urging other social remedies will be surprised to find just how far this act does go in aiding all classes of the helpless, destitute, and aged. It is by no means a finality—it can be, and probably will be, amended from time to time, but it has gone as far as it is possible to go at the present in setting up social-security standards.

These examples which I have cited will serve to give you some idea of the very broad scope of the committee's activities, and will, perhaps, enable those of you who hear me or read this in print to understand why the committee is referred to as "powerful." The legislation which it considers and controls affects the very heart of the Nation, not merely by controlling the lifeblood of revenue but in all the various correlated activities which spring from association with revenue problems.

Of necessity its members are hard workers, meeting almost daily in sessions to consider bills pending before it. During the Seventy-fourth Congress some 401 House bills, 47 House resolutions, and 9 Senate bills have been referred to this committee. Frequently in the consideration of important legislation it is necessary to hold night sessions as well as to meet during the day.

Democratic members of the Ways and Means Committee have one duty not shared by their Republican colleagues. They act as a committee on committees, and it is their duty to fill any vacancies in the Democratic membership of the other standing committees of the House which may occur. This requires them to exercise to the full the discretion and judgment which their colleagues felt they had when they voted them membership on the Ways and Means Committee.

It has been my privilege as a member of the Ways and Means Committee for the last 2 years to serve under the very able leadership of Hon. ROBERT L. DOUGHTON, of North Carolina, due to whose tact and generalship it has not been necessary since he has been chairman to ask for any special rule for the consideration of a bill reported by the committee. What is even more remarkable is the fact that during this entire period the confidence of the House in Chairman DOUGHTON and the committee has been so great that no amendment to any bill reported by it, other than corrections which the committee itself has made, has been voted by the House.

This legislation has included, since I have been on the committee, besides the bills above referred to, the act establishing the Federal Alcohol Administration, the Antismuggling Act, the railway retirement pension legislation, amendment of the Second Liberty Bond Act, the Liquor Tax Administration Act—which I had the honor of piloting through the House and which contains legislation of great value to California's wine industry—the Revenue Act of 1935, the Treasury Service Reorganization Act, and the Revenue Act of 1936, as well as numerous minor measures.

I am proud of my service on this committee; I am proud of the legislation which I have helped to prepare, and particularly of the Social Security Act. I hope that those who thoughtfully consider the great work that this committee is doing will be equally proud of the part that their Representatives in Congress on this committee are contributing to it.

WHAT IS BEHIND THE PROSECUTION OF CONGRESSMAN JOHN H. HOEPPEL, OF CALIFORNIA?

Mr. BURDICK. Mr. Speaker, it is not an easy role for a Member of this body to stand convicted of a crime while still serving the people who sent that Member to this Congress. That is the present situation in which Congressman JOHN H. HOEPPEL, of California, finds himself today.

No one has presented to the House any of the surrounding facts and circumstances with reference to this conviction, and from all that appears on the surface, this Member of Congress, in the estimation of his political enemies, is unworthy of a seat here; in the estimation of his friends, who do not know the facts, there is expressed sympathy for him; but friends and enemies alike acknowledge the conviction and let the matter rest at that.

If Congressman JOHN H. HOEPPEL did in fact sell an appointment to West Point for the consideration of $1,000, or any amount, I would be the last Member to condone it. At the outset let me say that he has not been convicted of any law violation so far. A jury has found against him, the trial court has denied a motion for a new trial, and the Court of Appeals of the District of Columbia has found against him. Be that as it may, there is no conviction in law until there is a final conviction. Not until this case has been reached by the Supreme Court of the United States and decided adversely to him can there be said to be a conviction. A verdict of guilty is not a conviction.

Until the time there is a final conviction the Congressman, as a matter of right, can participate in the proceedings of the House, but doing so with the facts and circumstances unexplained the situation is embarrassing to the Congressman and to the House itself. For these reasons, and in the interest of fairness, I desire to make the following statements:

Congressman HOEPPEL was elected as a Democrat from the Twelfth California District. I have served with him since my election to the Seventy-fourth Congress. Congressman HOEPPEL was a staunch friend of the Townsend old-age-pension plan, soldier's bonus, the Frazier-Lemke bill, and other progressive measures, and fought the National Economy Act. He clashed with the administration and often took the floor against the plans of his party. He was independent and fearless. Before the first session of the Seventy-fourth Congress had been completed it was apparent that HOEPPEL was not in the good graces of the administration or the leaders in Congress. The first thing that happened to indicate that his independence was not approved was the taking away of his political patronage in the State of California. This was handed over to the junior Senator from that State.

This act of punishment did not deter this Congressman from taking decided issue with the administration leaders.

The next thing that happened was the indictment of Congressman HOEPPEL and his son, charged with conspiracy to violate section 150, title 18, of the United States Code, which reads:

> It shall be unlawful to solicit or receive from anyone whatsoever, either as a political contribution, or for personal emolument, any sum of money or thing of value, whatsoever, in consideration of the promise of support, or use of influence, or for the support or influence of the payee, in behalf of the person paying the money, or any other person, in obtaining an appointive office under the Government of the United States.

It is obvious that a cadet in training at the Military Academy at West Point is not an officer under the Government of the United States. For this reason, no final judgment can be based on a conviction for conspiracy under this section, under the facts in this case. The Government knows that as well as anyone else.

In addition to that, what was the evidence adduced at the trial against this Congressman? The only witness was the intended cadet, who testified that he made all of his arrangements with Charles H. Hoeppel, the son of the Congressman. He had no conversation of any kind with the

Congressman until after the note was given and until after the intended cadet refused to go through with the agreement to pay $1,000 for the appointment. The only testimony in the whole record which, even by insinuation, implicates the Congressman is found on page 51 of the transcript.

CADET. We then had a conversation [with the Congressman]. He said he knew what I was there for. Then he sat down and typed a letter which I read and then realized it was my resignation. It was then we had a conversation. When I read the letter I asked Congressman HOEPPEL, if I couldn't receive the appointment legally. He said, "Well, as long as you don't wish to carry out the agreement, you cannot have the appointment."

This is the only evidence in the whole case that by inference might implicate the Congressman. The evidence of a confederate in the violation of law is the only evidence against the Congressman. No evidence of his demanding a note; no talk between him and the cadet about a note; nothing in the whole record.

Remember, too, that this portion of the cadet's story was denied by the Congressman and by his other son, who was present on the occasion. No other evidence in the case whatever. There is nothing in the whole record indicating the Congressman ever knew anything about the conversation between Charles Hoeppel and the cadet. Not one word.

The law seems well settled that no one can be convicted upon the testimony of an accomplice, unless that testimony is supported by other credible evidence in the case. The record is silent on any corroboration of the cadet's story.

Yet the Congressman was convicted of a conspiracy—an agreement to violate this section of the code.

I have been a public prosecutor for many years, serving both as State's attorney in North Dakota and as assistant United States district attorney for North Dakota. I was also interested in the Congressman, as he was an independent actor in Congress. I read the record of that trial. I know what it contains and I submit here what that record discloses in reference to any connection the Congressman had with the case.

I am absolutely convinced that no final judgment of conviction ever will be entered against Congressman HOEPPEL for the simple reason that there is no competent evidence upon which a final conviction can be based.

In addition to the fact that there is no evidence in the record implicating Congressman HOEPPEL in the actual conspiracy there remains the further fact that this conspiracy must be proved. In Federal court it cannot be guessed at—it cannot be based on conjecture. The agreement must be proved. In this entire record there is absolutely no evidence of any agreement between Congressman HOEPPEL and his son. That evidence is not there. If they had been charged with receiving a bribe, the proof would have to be made. It could not be made for the reason there was no such proof. This particular case will be dismissed, so I am advised, and the "conspiracy case" will stand. The gist of that case is the agreement to violate the law, and nowhere in the whole transcript is there any evidence at all proving any such agreement.

I do not know whether the administration in some roundabout way influenced the proceedings thus far or not, but it does seem peculiar that one who was openly opposed to the administration should be the one who was proceeded against.

In all our history no administration had had such recourse to that special type of criminal prosecution known as indictment for conspiracy as the present one. The administration employed this process in North Dakota, in Louisiana, and was about to use it in Ohio. Ohio has a Governor named Davey, and Harry L. Hopkins was about to ask for one of these "handy indictments" against this Governor because he did not suit Hopkins. The Governor beat him to it and had a warrant issued for Hopkins, so that fight ended in a draw. Harry L. Hopkins, W. P. A. Director, seems to have used the "conspiracy indictment route" as his chief weapon of defense.

I do not know who in the administration was responsible for the Hoeppel indictment, or if anyone was, but the same charge was used against HOEPPEL as was used against the other disturbers.

Hopkins in his frequent calls for indictments "for conspiracy" indicated the perfect earmarks of a dictator. That is what all dictators do. They hush up criticism. He did not go as far as a Hitler or a Stalin, but he went, apparently, toward a course that would destroy his enemies, yet not "summarily purge" society of their presence.

The Supreme Court of the United States exists to protect the liberties of the people. Sometimes their decisions do not suit my fancy, but I will swallow it all before I shall be willing to turn a dictator loose in this country. As our history is now being written, the Supreme Court of the United States is the greatest bulwark for the protection of the liberties of the people of all our institutions of government. Where is the real American citizen who would not prefer the judgment of the Supreme Court to the ignominious intrigues of Harry L. Hopkins?

Mr. Speaker, under our form of government the one thing that distinguishes it from all other forms of government today is its constitutional guaranty of free speech. This one thing—free speech—is not found in Fascist forms nor in the Soviet of Russia. In respect to free speech the one is as bad as the other. In those countries where free speech is attempted, the aftermath is sure to be death to the one who attempts free speech. In this Government the Constitution guarantees free speech. While the original Constitution was silent on the subject, the very first amendment to the Constitution provides:

AMENDMENT NO. 1

Congress shall make no law respecting the establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peacefully to assemble, and to petition the Government for a redress of grievances.

Speaking on the subject of free speech, Thomas Jefferson said:

I have sworn on the altar of God eternal hostility against any form of tyranny over the mind of man. I am for freedom of speech and freedom of the press. I am opposed to silence by force instead of reason, any complaint or criticism, just or unjust, by our people against the Government.

If this case was in fact engineered to put HOEPPEL out of the way and stop his free speech, then I say a great crime has been committed. Just as soon as the American people learn that there is no more free speech, then the days of this Republic can be numbered. If this Hoeppel case is another one of the administration's political purge cases, then we can thank God that there is still a Supreme Court.

VETERANS AND THEIR DEPENDENTS SHOULD CONSIDER THEIR OWN INTERESTS ABOVE PARTY

Mr. HOEPPEL. Mr. Speaker, as a veteran of the Spanish-American War and also the World War, and as a publisher of a national periodical devoted to the interests of veterans and their dependents, I feel competent to present to the Members of Congress and the American people many discriminations which our veterans suffer under the so-called Economy Act.

It is supposed to be an unwritten law of the Congress that a new Member is to remain in the background and permit the old timers to carry on until such time as the new Member has earned his spurs, so to speak. My record in Congress will show that I am not this type of Representative, and no one can keep me silent when the interests of the American people are involved or the welfare of my comrades is at stake.

MEMBER OF PENSION AND WORLD WAR VETERANS' COMMITTEES

I am a member of the Pensions Committee of the House and the second man from the chairmanship. This committee considers all legislation pertaining to veterans and their dependents, except that affecting World War veterans and their dependents. I am also a member of the Committee on World War Veterans' Legislation and thus have been called upon in the past to consider questions pertaining to all of our veterans. I have always evidenced the fullest sympathy for our veterans in their problems and have transmitted such sympathy into action. During my service in

Congress nothing has pleased me more than the opportunity afforded me to assist in securing the restoration of pensions to our Spanish War veterans. When this legislation was under consideration I took the floor on at least eight different occasions to speak in support of this restoration and organized a movement to override, if necessary, the President's anticipated veto of that measure. Fortunately, the veto was not forthcoming and on August 13, 1935, the anniversary of the capture of Manila, I was more than elated to find that the President affixed his signature to H. R. 6995, restoring to my comrades of the Spanish-American War and their dependents the pensions which were so ruthlessly taken from them in the Economy Act of 1933.

It is self-evident that, with my experience as a veteran, my membership on the Pension and World War Veterans' Committees, and my prestige as chairman of an important committee of the Congress, I will be in a position to serve my comrades and their dependents better than would any new Member, inexperienced in congressional affairs, and without my veteran committee assignments. I will be a candidate for renomination on August 25, and I am satisfied that my comrades of the Spanish-American War and World War, and all other veterans and their dependents, whose interests I have vigorously championed in the Congress, will remember the service I have given them when they cast their votes.

THE NEW DEAL CONGRESS

Two days after I was sworn in as a Member of the New-Deal Congress, I was on the floor, fighting against the economy bill and espousing the interest of my comrades of the Spanish-American and World Wars. I was one of the 11 Members of Congress, headed by the Honorable WILLIAM P. CONNERY, of Massachusetts, who voted throughout in the interest of the veterans and in opposition to the Economy Act. The average veteran today knows how unfair was the first Economy Act, and it was only by the determined stand which the friends of the veterans took in Congress, under the leadership of Congressman CONNERY, that we were able finally to bring about repeal of many of the obnoxious features of the Economy Act.

Thousands of our aged veterans and their dependents were bereft of pension entirely under the terms of the Economy Act; others received drastic reductions to only $6 per month, and there was utter chaos in veteranism. Hundreds, if not thousands, of veterans and their dependents died because of want or worry due to the financial strain which they were forced to undergo under the guise of economy. I personally know that many individuals are with us no more, and their last days were made, in a sense, a horrible nightmare because of the injustice perpetrated against them in the so-called Economy Act. Had it not been for the Honorable WILLIAM P. CONNERY and others in the Congress who knew the veteran question and who had such a heartfelt interest in their welfare, I fear the tragedy would have been more pronounced. Much of it still exists, especially in the case of the peacetime veterans, whose predicament I will discuss presently.

OPPOSED ONE-MAN CONTROL OF VETERAN WELFARE

Most disturbing to me in connection with the Economy Act was the fact that authority was vested in one man—the Chief Executive—to stipulate pension benefits and decide other questions pertaining to the veteran issue. Regardless of how well disposed the Chief Executive may be, the facts stand out clearly and positively that he was ill advised in the Economy Act, and as a result many veterans lost their homes and their closing days were indeed dark and gloomy.

I have it authentically from a Member of Congress that he advised the President as to the regulations pertaining to Spanish War veterans, and as a result of his advice all Spanish War veterans under the age of 55 years were taken from the pension lists. This was under the mistaken assumption on the part of one Member of Congress that few, if any, Spanish War veterans were under 55 years of age. Imagine the utter chaos, terror, and suffering which must have invaded the homes of 9,657 Spanish War veterans over 50 years of age and under the age of 55, some of them receiving as much as $50 per month, who were peremptorily taken from the pension lists. The President issued this order causing acute distress within this group of our veterans, but to his credit it may be stated that after I called upon him personally in January 1934 and laid before him the desperate plight of these 9,657 Spanish War veterans, and after I took the question up with General Hines, an Executive order was issued granting to Spanish War veterans under 55 years of age the same rights and benefits as Spanish War veterans over 55 years of age received under the Economy Act. In my presence the President figured out the cost of restoring these men to the pension lists and I am satisfied that those of this group of 9,657 who today survive are thankful to him for their restoration to the pension lists.

PEACETIME VETERANS

As I served 20 years as an enlisted man in the Army, I know the condition of the peacetime disabled, and it was largely through my efforts that the pensions which they heretofore received of $30 per month for total disability were increased by the President to $45 per month. This increase of 50 percent, however, was more than wiped out by subsequent Executive orders and regulations, so that, instead of receiving 50-percent increases in pensions, the peacetime veterans actually suffered a loss in monthly pension payments because of the manner of rating disabilities.

The Regular Veterans' Association, with headquarters here in Washington, D. C., has furnished me with a voluminous list of individuals who lost a leg or a hand or both, and also blind men who lost their sight in the service, who are suffering reductions in pensions as high as 92 percent. These maimed veterans are now suffering an average reduction of 62 percent in their pensions on a basis of the pensions they received for their service-connected disabilities before the New Deal Congress. In this instance we Democrats are more than living up to our platform declaration, wherein we proposed 25-percent savings in Federal expenditures. We are taking an average of 62 percent from maimed and blind veterans, disabled in service!

Others known to me, suffering from tuberculosis, now arrested, are suffering pension deduction periodically so that some of them who were at one time rated totally disabled because of tuberculosis, when they attain the age of 55 to 70 years, will receive only $6 per month. Under the Security Act we provided $15 per month from the Federal Government for nonveterans. Maimed veterans will thus be in a position where it will be to their advantage to surrender the pensions they receive for their disabilities incurred in service in order to receive the greater pension provided for them as civilians in their old age. This certainly is not dealing fairly with our service-connected disabled veterans.

SPANISH WAR VETERANS

Many Spanish War veterans are receiving inadequate pensions for their disabilities. It is impossible for them to prove service-connection for their disabilities 35 years after the Spanish-American War. One of the President's Executive orders appeared to be liberal in this respect but in application it was the exact opposite, and thousands of our Spanish War veterans, with disabilities incurred in the Philippines, Cuba, and so forth, are not being adequately pensioned. I am in favor of legislation which would grant service connection to every Spanish War veteran for the present degree of his disability.

This would, in a sense, be synonomous with the consideration accorded to Civil War veterans, and I do hope that our Democratic platform, as well as the Republican platform, will include a plank—which will not be ignored—providing for the removal of existing discriminations against our veterans through the enactment of an adequate, just, uniform pension law. From my close study of the subject I feel that we can treat our disabled veterans more fairly with little or no additional expense, provided we will enact uniform pension legislation and at the same time effect economies in the Veterans' Administration, which I know can be brought about without a decrease in the efficiency of the service to veterans.

CONSOLIDATION OF SOLDIERS' HOMES

I will not go into details on the economies which could be effected in the Veterans' Administration, but will merely mention one item as proof conclusive of my contention. Today, the Veterans' Administration is maintaining too many soldiers' homes, some of them only half full. Some of them could be closed immediately. There is no reason why the Veterans' Administration, the Army, and the Navy should maintain separate soldiers' homes. All men who are in these homes served in either the Army or Navy and we should have only one soldiers' home administration, and that should be entirely under the Veterans' Administration.

Instead of having a large number of soldiers' homes of small capacity we should have fewer soldiers' homes—with up-to-date facilities. The United States Soldiers' Home here in Washington occupies over 500 acres of the most desirable section of the city. Less than 150 acres are utilized for the soldiers. The balance of this valuable property is utilized in the raising of chickens and high-grade dairy cattle and for a private golf course for the myriad of Army officers on duty in Washington and their friends. I understand that the milk and meat products from the dairy herd at the home cost the home management about twice as much as would milk and meat from private sources. I would suggest that the Soldiers' Home, situated in the very heart of Washington, be enlarged for the disabled veterans under the Veterans' Administration; or if this cannot be done, that at least 300 acres of this valuable land be turned over for municipal playgrounds and other recreational purposes for the children of Washington. This property is too valuable and the need for additional playground facilities for our children is too imperative for us to utilize a large portion of the Soldiers' Home grounds—which belong to the enlisted men and are maintained by them—for a golf course for the officers and as grazing fields for a herd of high-bred dairy cattle.

One member of the home at one time played a few games of golf on this course, but it was not long before the management found it convenient to show him the gate, and he is no longer a member of the home. It should be borne in mind that the Soldiers' Home here in Washington was bought from enlisted men's funds and is maintained entirely by enlisted men. I am satisfied that these men would rather see 300 or more acres of this valuable property utilized for a municipal playground for all citizens than as a golf course for the officers and a home for high-grade milk cattle.

SOME OF THE MANY DISCRIMINATIONS OPERATING AGAINST VETERANS

Is there any man in America who would be so unfair as to say that an enlisted man who lost his eyesight in France and who becomes a member of a soldiers' home should receive only $15 per month pension while he is in the Soldiers' Home? Is there any citizen so short-sighted and so unfair from the standpoint of humanity that he would say that we are doing the fair thing with our disabled veterans by reducing the pension of a tubercular veteran who lost a lung from gas in France to $15 per month while he is trying to regain his health in a Government hospital? To give his health in the service of his country is a heroic sacrifice on the part of the individual, and for our Government to reduce his compensation to $15 per month only while he is fighting the battle of life and suffering the tortures of hell is certainly not my concept of justice to our veterans.

This same protest pertains to Spanish War veterans, with whom I served in 1898, and who have suffered physical agonies since that period. Now, when they must go into a soldiers' home or Government hospital, are we giving them a square deal when we reduce their pensions to $6 per month while they are undergoing treatment? Was it a square deal to their widows to reduce their pensions to $15 per month, as we did in the economy act? Think of it—$15 per month for an aged widow to subsist herself! Only last year, we provided $15 per month Government gratuity to our aged citizens, many of whom may have been citizens of a foreign nation, when the Spanish-American War widow was married to her soldier husband during the time of his service in the Philippines or Cuba. Is this treating the widows of our disabled veterans with just and equitable consideration?

I consider pensions granted to disabled veterans and their dependents as an inherent right, based upon the recognition of our obligation to provide for those who have suffered injury and who have served our Nation in war throughout the years.

Unfortunately, such pensions have been considered as an income by the W. P. A. and as a result thereof, just because they received a small pension from the Government, many of our disabled comrades and their widows have been denied relief work and thus were placed in a more disadvantageous position than the foreigner, inasmuch as foreigners, many of whom never even wish to become citizens, were considered as fit subjects for relief and obtained relief employment, whereas our own disabled comrades and their widows were left to eke out an existence with the insignificant pensions received.

OLD-AGE SECURITY SHOULD BE ADDITIONAL

I am afraid the same condition will apply in the administration of the Security Act whereby our aged citizens are to receive up to $30 per month pension from the respective States, of which amount the Federal Government appropriates $15 per person. In order that veterans and their dependents may not suffer discrimination in the Security Administration, I propose that each pensioner receiving less than $60 per month pension, including widows and other dependents, should have added to such pensions the $15 gratuity which we have provided for individuals over 65 years of age. Unless this is done, we will find that some veterans and widows will receive less pension than will civilians and widows of nonveterans under the Security Act. This would be discriminatory indeed and unless corrected, would wipe out the beneficent effects of our veteran pension laws.

A SQUARE DEAL TO EMERGENCY OFFICERS

I am opposed to the present provisions of the Economy Act whereby emergency officers, with direct war service-connected disabilities were taken from the emergency officers' retired list under the provisions of a New Deal term, "causative factor." Under this term several thousand emergency officers who served valiantly in France, many of them in the front lines, have been removed from the retired emergency officers' list and their pensions reduced to a figure of penury. Think of it! Are we fair and just with our emergency officers? Are we fair and square with the American people if we will remove from the emergency officers' retired list men who served in the front-line trenches and who went through the horrors of hell in so doing while, at the same time we enact legislation whereby officers of the Regular Army, at the age of 37 years, thoroughly able-bodied and competent, are placed on the retired list at $149 per month? To deny retired pay to war-disabled officers and to give such high retired pay to young men who did not serve in war and were not disabled one iota is certainly not my concept of a square deal. Further than this, we are putting through legislation whereby these able-bodied 37-year-old officers, receiving $149 per month, may take positions in civil life to further augment their income.

In other words, the taxpayer is being called upon to pay these able-bodied men $149 per month to compete with him for a job. What chance has an unemployed civilian against this competition of men who have been educated at Government expense and at this early age are retired for life? The emergency officers have a just grievance, and we can ill afford to permit this discrimination to exist between war-disabled emergency officers and peacetime able-bodied officers only 37 years of age.

DISABLED VETERANS SHOULD BE REIMBURSED FOR LOSSES

I am in favor of returning to every veteran and dependent the amount of money withheld from them during the operation of the Economy Act. While I am not an attorney, I am inclined to believe that the Economy Act, in itself was unconstitutional. It is almost synonymous with much other

New Deal legislation which has been thrown overboard by our Supreme Court.

Whether we as veterans recognize it or not, nevertheless the fact is that the average nonveteran, as a good, loyal, patriotic citizen, will uphold us in our just demands. This was evidenced in the Congress by the outstanding support given to the veterans by nonveteran Congressmen, which support in some instances eclipsed that of veteran Members of Congress themselves.

For that reason, when veterans go to the polls in the primaries and in November, I would suggest that they first examine party platforms, and especially the records of the candidates themselves before casting their votes. Veterans not receiving pensions have always evidenced the fullest measure of cooperation and helpfulness in the problems of the disabled, and with this background and with the further strength which the veterans have in their family relations and personal contacts, I feel the veterans of our country owe it to themselves, in helpfulness to our disabled comrades, to vote for the interest of the disabled rather than to permit blind partisanship to influence them when they cast their ballots. If we veterans will do this, there is no doubt that in the next session of Congress uniform pension legislation will be enacted which will eliminate the present discriminations against our disabled and their dependents and restore to the Congress its constitutional right and obligation to provide specifically for our disabled comrades and their dependents, rather than to permit such authority to rest in the hands of the Chief Executive or the Veterans' Administrator.

The Veterans' Administrator advises me that since the economy bill became a law there have been 11 different enactments of the Congress itself to correct discriminations resulting from this measure, and, in addition, the President has issued 12 Executive orders, with 29 amendments to these Executive orders, making a total of 41 Executive orders issued by the President as a result of the Economy Act. In addition, the Veterans' Administration has rendered 261 Administrator's decisions, and there have been revised wholly or in part 815 paragraphs of regulatory material used by the Veterans' Administration in carrying on its activities.

Addressing my comrades and the citizens of the Nation, may it not be said that this voluminous paper work adds confusion to confusion, the veterans never know where they are, and the taxpayers are called upon to pay for additional employees in the Veterans' Administration who are required because there are so many conflicting angles under the present Veterans' Administration set-up? The administration of veteran affairs could be simplified and millions of dollars saved to the taxpayers through the enactment of a sound, uniform pension bill, which I have been advocating since 1926.

PROBLEMS OF THE REGULAR VETERANS' ASSOCIATION

It is my desire to bring before this body the cause of the enlisted men of the Regular Army, Navy, Marine Corps, and Coast Guard. I can speak of those men because I am one of them through having served for more than 20 years as an enlisted man in the Army. Many thousands of fine young men from splendid homes in my district are now serving or have served in the regular service as enlisted men. They are proud of that service, and their families at home are proud that their son or brother is honorably wearing the uniform of his country. The military service is no place for a weakling, either physically or morally, because the enlisted men are subject to severe tests by the recruiting officer, and should a man slip through who is not up to the moral standards of the Army or Navy, he is quickly discovered and dropped. We may well feel proud of our regular services, and those services have always performed when called upon according to the highest standards and traditions. Those men have never complained, and have always obeyed orders no matter how distasteful has been the job assigned to them, or how hard it has been. Hundreds, if not thousands, of graves today bear the mangled bodies of enlisted men who have given their lives in the development of our air defenses during the past two decades. Yes; only the other day the President approved a bill to erect a monument to the men who gave their lives on the *Shenandoah*. Just over the river in Arlington Cemetery is a beautiful monument to the men who lost their lives on the *Maine*, 14 men gave their lives on the *Shenandoah*, and 260 gave their lives on the *Maine*, and we erect monuments to their memory, yet we pension the survivors of those disasters as inferior Americans. A man totally disabled on the *Maine* is entitled to only $30 a month.

When the World War started, all men who had been disabled in the service were equally pensioned, and this included all groups, such as the Civil War disabled, the Indian war disabled, the Spanish War disabled, and the disabled of the Regular Establishment. All those groups had organizations, except the enlisted men of the Regular Establishment, and those organizations were quick to follow the World War organizations in asking for pension increases to a place where the pensions would be reasonable and proper in consideration of the increased living costs. The Regulars had no organization and no voice, and the result was that they did not get any increase in pensions, except for a very minor group. They were declared inferior by Congress and given lower pensions; they were simply neglected by Congress. Looking back from the World War period, we are unable to find a single instance where there has been any discrimination in pensions awarded for service-incurred disability, and we can trace pension legislation back through American history, through English history, and through Roman history.

In America we have always recognized war service as eminent service, and have given something extra for such service. We have given land grants, service pensions, and cash bonuses. During war periods we have paid the soldiers more, and have given them other valuable considerations, such as family allowances, which have been taken away after the war periods have ended. This is perfectly proper, and, in my opinion, we cannot do enough for the men who have fought our wars. However, everything that we have given the war veterans for war service has applied to all equally, and prior to the New Deal we never have adopted the theory that part of the pension for the war-period disabled is for war service and part is for disability.

THE NEW DEAL ECONOMY ACT THREW ALL PRIOR VETERAN LEGISLATION OVERBOARD

The first official declaration that we are doing this has come from the White House in the form of the regulations and rates provided by the President under authority of the Economy Act.

The Economy Act, which I am proud to have voted against, repealed all public pension laws affecting men disabled in the service, as well as service pensions affecting men who had served subsequent to April 20, 1898, and the President was given power by the act to provide rates and regulations "as he shall deem equitable and just." In other words, the President was given the power to eliminate the great number of inequalities then existing in the pension laws, and his standard, as set by Congress, was equity and justice. Under that authority the President caused terrific reductions to be made in all groups of disabled, and Congress quickly stepped in and restored the war-period disabled groups and also the Spanish War service pensions. The Regular service disabled have been left right where they fell when the ax hit them.

In 1933 the administration proudly proclaimed that it had increased the pensions of the Regulars who had been so neglected since 1883, and as a matter of fact the rate for total disability was increased from $30 a month to $45 a month, which on the surface appears to be a considerable raise; however, on March 20, 1933, the average pension of the disabled Regulars was $19.65 a month, and 2 years later, notwithstanding the fact that a large number had been dropped in the meantime, the average had dropped to $18.42 a month, and this latter figure includes the men disabled prior to the War with Spain who suffered only small temporary reductions. It is estimated that instead of a raise

that the group who were disabled after the War with Spain were reduced about one-third in their pensions; in other words, they are now getting one-third less than they previously got under the standards of 1883.

THE BLIND, MAIMED, AND HELPLESS VETERANS SUFFER GREATEST LOSS IN PENSIONS

Every man who suffered the loss of his eyesight in the performance of duty suffered a reduction of more than 30 percent, while the men who suffered anatomical losses were given reductions which averaged about 60 percent. Think of it; we Congressmen suffered a temporary 15-percent reduction in our salaries and thought it was a lot, but compare that temporary 15-percent reduction with the permanent reductions in pensions to the men who lost their arms and legs in the performance of duty, which reductions went as high as 92 percent.

The President has caused a study to be made by the Veterans' Administration, and in the course of this study the Veterans' Administration called upon the War and Navy Departments and the Coast Guard for recommendations and comment. It is significant to note that the War and Navy Departments recommended equality in pension rates as between all men disabled in the service, whether in a war period or not, while the Coast Guard recommended retirement for disability for its enlisted men, which it has had since 1915, and which the officers of all the services have had for more than a generation. There we have the War and Navy Departments recommending equality in pensions, and concurred in, but in a different manner, by the Coast Guard. We see, then, the Veterans' Administration as being the only entity which recommends against such equality, and it is very significant to note that there is not one single individual in the upper councils of the Veterans' Administration who is qualified by experience to raise his voice in behalf of the disabled enlisted men of the Regular services.

In the year 1897 a young man named Alexander Wagner, who may be identified by the pension number, C–886136, entered the United States Army, and he continued to serve therein until the year 1907, when he was dropped for disability which consisted of having lost a leg at the hip in the performance of duty. Wagner was given a pension in 1907, and in the year 1933, which was 36 years after he had entered the service and when he was 36 years older, his pension was reduced 62 percent. At first he did not complain of the extreme hardship forced upon him, because he was told that the reduction was necessary to maintain the credit of his country. He had a hard time getting enough to eat, because the economic stress had caused sharp competition for every dollar that was to be earned, and the young, healthy men won in that competition. As time went on he saw all other groups restored in full, none of which were given such a reduction as he was, and he became bitter. He felt that the United States had broken faith with him in his hour of need, and that preyed on his mind together with the fact that he could not properly provide for himself and last summer he was found with a bullet through his head and a holographic will by his side in which he directed that his pension be given to the President. That is the story of one old man who in his youth gave 10 years of service and who lost a leg in that service. The pension reduction given to Wagner was not unusual, even though it amounted to 62 percent, because the average pension reduction to that group was about 62 percent for all men who had lost arms and legs.

EVERYTHING FOR THE OFFICER—NOTHING FOR THE ENLISTED MAN

Strange as it may seem, it is true that of all groups of people entitled to pensions, compensation, or disability benefits, the Regular services represent the two groups who get both the highest and the lowest. The Regular officer is given better treatment than is any other group, while the Regular enlisted man is given worse treatment than any other group. If we estimate that the captain in the Army represents the average disabled officer in pay status, which I believe is conservative, we find that the average disability benefit of the Regular officers is $187.50 a month, and we already know that the average disability benefit of the disabled enlisted men entitled to pension is $18.42 a month, so that the average officer gets much more than 10 times as much as does the average enlisted man for disability, and they serve together on the same ships and the same aircraft. I would not say that the enlisted man of the Regular services is entitled to as much for service-incurred disability as is the Regular officer, but I do submit that the ratio shown is all out of proportion according to American standards of fairness and justice.

Let us again compare the officers and enlisted men; this time of those now in service. We remember how all officers and men were given a 15-percent reduction, and then the enlisted men were given an additional reduction by having their reenlistment bonus taken away. This reenlistment bonus had been enjoyed by them for a considerable period, and it was the only time the average enlisted man could, because of his small pay, get together enough money to visit the home and his kinfolks that he left when he entered the service.

TWENTY-ONE DOLLARS PER MONTH ENLISTED MEN SUFFER FURTHER REDUCTIONS

When the restoration came the officers were fully restored but the enlisted men were left with the loss of their reenlistment bonus. Then it was discovered that promotions in the Army were slow, and as a result the morale of the officers was low, so, without also considering the promotions of the enlisted men, we promoted a large group of officers and gave to them the increased pay that goes with promotions. The final result, as it now stands, is that we have increased the officers and reduced the enlisted men.

What a record we have made during the past 38 months in the care and treatment given to the enlisted men of our military and naval forces. We have taken or sharply reduced the pensions of the sick and the maimed, and we have reduced the pay of the enlisted men while increasing that of the officers. This administration will live forever in the minds of the enlisted men of our services as being in direct contrast with the administration of another Roosevelt who caused raises in pay to the enlisted men and greatly improved their lot. Those disabled in the Regular services are comparatively few in numbers and the United States may well take steps to save its face in the treatment it has accorded that group. We may well take steps to clear our skirts of the charge that we have broken faith with the sick and the maimed of our services who we promised to care for and for whom we assumed the hazards of the service.

Let us consider that an enlisted man who adopts the service as a career does so on the definite assurance that the Government assumes the hazards of the service as to disability, and that the Government also guarantees to him a comfortable old age through retirement pay. Therefore, with each year of service the enlisted man acquires an increased equity in a life annuity, which he cannot collect on unless he completes the required number of years of service. Under the present set-up a man may complete as much or more than 90 percent of the required service, then become disabled, and be lucky to get a pension of $6 a month, even though he has grown gray in the service and is totally unfit to enter a strange commercial world and compete with young and able men for a living.

Notwithstanding the fact that enlisted men of 20 or more years' service are discharged from the Army because of physical disability incurred in line of duty incident to the service as shown by the certificate of Army doctors, we find the Veterans' Administration denying these disabled enlisted men pension benefits, as the Veterans' Administration frequently does not recognize the findings of service-connected disability incident to the service, as shown by the Army surgeon's certificates on disability. Our own "fighting Teddy Roosevelt", if living, would quickly correct this type of inhuman treatment to veterans.

PROPOSED THAT OFFICERS LIVE ON THE BACKS OF ENLISTED MEN

And now we find legislation proposed to add a number of officers on the retired list as members of a board at the Sol-

diers' Home, who are to be paid extra compensation above their retired pay, which compensation is to be taken from the contributions of 25 cents per month which the enlisted men are forced, against their will, to pay to the home each month.

The Soldiers' Home at Washington has approximately 343 civilian employees, whose organization forced through in this Congress the iniquitous bill taking from each $21-a-month enlisted man 25 cents per month. The enlisted man now receives $20.75 per month and the civilian employees at the home will very soon obtain an increase in pay—if this consideration has not already been shown them—all at the expense of the poor enlisted man.

NOT ONLY LAWS BUT INTERPRETATION OF LAWS DIRECTED AGAINST DISABLED ENLISTED MEN

We do not stop with discriminating against the disabled of the Regular Establishment in our laws, but instead we discriminate against them in the interpretation of the laws. In the veterans' regulations, which were promulgated by the President pursuant to the Economy Act, there is the provision that when a pensioner is being furnished domiciliary or hospital care by the United States his pension shall be limited in amount. The pensioners who are resident in the Soldiers' Home, Washington, are so reduced or limited in their pensions. Yet there is no instance where the United States has ever appropriated money for the maintenance of the Soldiers' Home, and, in fact, the home is maintained by the enlisted men of the Army, who in the past have suffered deductions in pay for the maintenance of the home and who are now contributing 25 cents per month for the Soldiers' Home fund. The Attorney General of the United States in volume 20, Opinions of the Attorney General, page 350, after carefully reviewing the source of the Soldiers' Home fund, rendered it as his opinion that the money and property flowing from the Soldiers' Home was not money and property flowing from the United States. In taking away the pensions of the residents of the Soldiers' Home because of such residence, the Veterans' Administration is overruling the Attorney General of the United States and is placing the United States in the position of making money out of the Soldiers' Home by taking the pensions of the men resident therein and keeping that money in the Treasury of the United States.

In conclusion I appeal to the Congress to consider the facts which I have stressed herein. I have in my files a list of over 150 blind, maimed, and helpless veterans whose pensions today, on an average, are 62 percent less than they were before the New Deal came into power. The New Deal, which created this havoc among our war service-connected, peacetime veterans, is obligated, in my opinion, to correct this injustice before this Congress adjourns. It should be recalled that in the last session of Congress we promoted approximately 9,000 able-bodied, well-paid officers of the Army, giving them increases in pay. This legislation was rushed through the Senate in 15 minutes and taken to the President so he could sign it on the same day to put about $100,000 extra money in the pockets of these officers. The pockets of the blind, maimed, and helpless peacetime veterans are empty.

THE ALAMO, MISSIONS, GOVERNOR'S PALACE—COME TO SAN ANTONIO—THE TEXAS CENTENNIAL

DRAMA SURGES THROUGH HISTORY OF TEXAS

Mr. MAVERICK. Mr. Speaker, Texas is celebrating its centennial; it happens that I live in and represent San Antonio, where in the middle of the city stands the Alamo, one of the greatest historical monuments in the entire world. It is quite true, I suppose, that when a Texan tells of his history, he may be given to what seems extravagance of expression.

This, however, is usually under the strain and stress of emotion produced from our dramatic past. However, my story will be accurate, and I state this not only that the record shall be kept in the national annals but that those who will this year visit Texas may know something of its history. Naturally I know something of the history of Texas, but I have made research and have had the direct assistance of Hon. Fred C. Chabot, well-known Texas historian, whose material I have used and whom I shall also directly quote, and whose help I now gratefully acknowledge.

YANAGUANA, INDIAN VILLAGE, NOW SAN ANTONIO, MODERN CITY

San Antonio is a great modern city; historically, however, it goes back to the village of Yanaguana of the Indians; for how long previous to written history, we do not know. The first written history was the christening of the village of San Antonio de Padua in 1691.

Today San Antonio de Bexar is the gateway to Mexico and the center of great farming, ranching, truck-growing, and fruit regions and the greatest military and aviation district in America. It has Kelly, Duncan, and Brooks Fields, which are, respectively, training, mechanical, and tactical units; also Randolph Field, "the West Point of the air", and numerous other military and civilian aviation fields; also Fort Sam Houston, Camp Travis, "the Arsenal", other military units, and Camp Stanley, the greatest maneuvering field for size and topography in the entire world.

THE SIX FLAGS OF TEXAS

Over the city of San Antonio and the State of Texas, now a progressive part of the American Nation, have flown six flags: that of Spain, France, Mexico, the Republic of Texas, the Confederate States of America, and the United States of America, and as Mr. Chabot says:

We may even count more, for the Freedonian Republic of Edwards was in Texas, as was the Republic declared by James Long, when the colorful Lafitte reigned the buccaneer camp on Galveston Island.

TEXAS, ONE-THIRD BIGGER THAN GERMANY

Texas a hundred years ago was nearly twice the size that it is at this time, taking in what is now part of New Mexico, Oklahoma, Kansas, Colorado, Wyoming, and had a population of only 35,000 men, women, and children thinly scattered over the widest areas. There were no roads as we understand them now. It is astonishing to know that in that primitive age there was such a unanimity of spirit and of revolution. Today, Texas, stripped of much of its territory, is still one-third larger than Germany, and its wealth, by virtue of natural resources, is incomparably greater than that of Germany. That Texas, once a sovereign nation, is a vassal principality to a little street in New York is not so pleasant to think upon—but I must stick to our history.

It is customary for people to dream about their mighty history. And every Texan who really knows Texas history, and who realizes the tremendous implications of Texas' formation as a sovereign State, has heard the shrill cry of empire.

PEACE WITH LATIN AMERICA AND THE WORLD

But our dream of empire is dead. This is only a fancy long since passed. For the people of Texas are peaceful with all Mexico, Latin America, and all of the world, and though willing to fight, despise war. Our people want to develop the "arts of peace", to work, to conserve what God gave us, and promote science, industry, and good government.

In San Antonio there are hotels (I swear the Chamber of Commerce is not inspiring this) that are the best—but not far from these very hotels are the ancient "chili stands" where food is served in the open in bright-colored stands—just as we did 200 years ago—and where Mexicans actually play guitars and sing the folk songs of Mexico and Texas ranches.

(NOTE.—The stands now have screens and are sanitary. The hot chili may burn you, but you will not get ptomaine poisoning.)

SPANISH MISSIONS; PLAZAS; OLD CATHEDRAL; MODERN BUILDINGS

Near the city are the great Spanish missions, established by the sacrifice of the Franciscan Fathers. In the vicinity of Military Plaza, named by the Spanish "Plaza des Armas", and Main Plaza, named also by the Spanish "Plaza de Mayor", one sees the old cathedral, and by its side a beautiful modern bank building, and on the different squares the city hall, the county courthouse, and bright tropical parks. Directly facing the Military Plaza is the old Governor's Palace, in a perfect state of reconstruction, rehabilitated through the leadership of the Conservation Society of San Antonio, of which the

architect was Harvey P. Smith, through funds supplied by the city of San Antonio.

The centennial celebrates the 100 years of liberty, and I shall first describe that phase.

Having lost the Battle of San Antonio in 1835 when General Cos was driven from San Antonio, the Republic of Mexico, under the leadership of the Mexican tyrant, Santa Anna, decided to concentrate her military forces in San Antonio in view of the rising tide of armed revolt of the Texans.

TEXANS OCCUPY THE ALAMO—ALL TO DIE

In fact, from a strategic viewpoint, the Mexicans could not afford to lose San Antonio, then and now the key and heart of the State of Texas. As the concentration proceeded the few Americans who lived there occupied the Alamo, fortified it again, and made ready to fight with blood and guns.

In this far-distant empire now being established the Americans who had formed the government of Texas disagreed among themselves and there was a lack of discipline in the volunteer troops. Only one-hundred-and-eighty-odd men were available, but all went into the Alamo. Enthusiastic historians say the Texans were attacked by a Mexican army of 5,000. The Mexicans claim there were 1,500 only, and no doubt the real number was around 2,000 to 2,500, if unbiased military estimates are correct.

THE SIEGE—REINFORCEMENTS NEVER CAME

Bowie and Neill were in command at San Antonio, and although Neill had orders to demolish the Alamo, he did not do it. He was given a furlough. Governor Smith then ordered William Barrett Travis, who was in charge of recruiting at San Felipe de Austin, to raise a company and go to Neill's assistance. Then Bowie learned through his Mexican relatives of the approach of the Mexican Army. He pleaded for help. David Crockett, fresh from Tennessee, entered the Alamo with about 15 men from his State.

The siege of the Alamo began. Travis asked for help, but never got it. Completely surrounded, nevertheless, on March 1, 32 brave men from Gonzales—also an historical spot which will celebrate the centennial, and which all should visit—led by Capt. Albert Martin, rode to Bexar, dashed through the Mexican lines, knowing that as they entered the walls that death rode with them.

"EL DEGUELLO", "NO QUARTER"—THE TYRANT'S BUGLES SCREAM DEATH

On March 6 the final attack was ordered by Santa Anna, the Mexican dictator. Messages had passed between the lines, and preceding the attack Santa Anna ordered the playing of El Deguello, which meant "no quarter." Some of those near there tell the bugles made a horrible noise in that screeching symbol of death. Old historians say, "They put the Texans to the sword, and not a single combatant was left alive to tell the story."

TRAVIS, BOWIE, BONHAM, AND CROCKETT DIE FOR LIBERTY

Colonel Travis, a young man with a flair for romance and military heroism, who is said to have been a student of the Latin poets, died in the breach, slaying the Mexican officer who had wounded him to death. James Bowie, dying of pneumonia, was slain in his bed. David Crockett fought valiantly; his ammunition giving out, he fought to the death with a broken gun. It is said that Santa Anna twice stabbed with a poniard the corpse of Evans, the man who might have ignited the powder magazines had he not been killed in the attempted act, thus burying Santa Anna and himself beneath the ruins of the citadel. Bonham was killed while working the cannon.

A JEW DIES IN THE ALAMO

The racial backgrounds of the soldiers of the Alamo were various; most of them were native-born Americans, but there were Irish, English, Scotch, Welsh, Danish, Mexican, and one of the heroes who died for liberty at the Alamo was a Jew, Aaron Wolff.

A full story of the contributions to Texas liberty, its growth, industry, and culture, by Jews was recently made in an address by Rabbi Ephraim Frisch, of Temple Beth El, San Antonio. He quoted the book of Leviticus, "Proclaim liberty throughout the land, to all the inhabitants thereof", and gave name after name of Jews in Texas history, including that of Wolff.

I mention the Jews in Texas history, and especially that of Wolff, not to please that race, but to show all of us that humanity loves liberty and will fight for it. Racial persecution is a horrible thing, and we Americans must never permit ourselves to travel the road of bitterness and persecution.

DR. FRISCH, RABBI, APPEALS FOR TOLERANCE

On the occasion of Dr. Frisch's address, which was March 6, 1936, in commemoration of the Alamo, he said:

> Here may we all, under God, Catholic, Protestant, and Jew, men of all faiths and all lineages, continue to live and prosper, cherishing our precious American traditions and ideals of liberty, of brotherhood, of justice, and of peace; everyone in the words of Scripture "sitting under his own vine and fig tree, with none to make him afraid"; each one eager to be his brother's keeper.

TEXAS BECOMES A SOVEREIGN NATION

Throughout the wide expanse of Texas the news of the fall of the Alamo spread consternation and horror. However, the men of Texas assembled in small companies. Then, by intelligent military tactics which he had learned in Indian campaigns, Gen. Sam Houston, former Governor of Tennessee, retreated over the face of Texas, engaged the Mexicans at the Battle of San Jacinto near the city of Houston, and a great victory was won by the Texans. This field, with a magnificent monument, will be a part of the great celebration.

The story of the establishment of the Republic, its trials, tribulations, and its paper money, the intrigue of the French Ambassador, all indicate to the historian events interesting enough to inspire years of study and research. And all these places representing this great epoch in American history are worthy of the pilgrimage of any American.

And Texas is the only State that was once a sovereign nation, recognized as such by the other countries of the world. This status was enjoyed for nearly 10 years, when it voluntarily accepted statehood in the United States of America.

But I am telling principally the story of San Antonio, although San Antonio is the history of early Texas.

WAR; BLOODY FEET; PRISONERS OF PEROTE

Texas' wars were not over. Although a treaty had been signed by the Mexicans and Texans and Texas had been recognized in every respect by Mexico, it decided it would annex Texas; so she began to harry the new republic and make military invasions. In 1842 Mexico made war. Vasquez came into San Antonio and departed with loot and treasure and Mexican sympathizers. Again General Woll and the trained regulars of the Mexican Army entered the city. The Mexicans under Antonio Menchaca took post in the old cabildo, and the Americans fortified the home of Samuel A. Maverick, a prominent citizen and signer of the Declaration of Independence, which place was located on the northeast corner of Main Plaza. The Texans attempted to defend the town but were finally captured by overwhelming numbers. Barefooted, they were then taken to Mexico, marching over deserts of cactus, tropical lands, and freezing mountains nearly 1,800 miles to the State of Vera Cruz and imprisoned in the Castle Perote. Castle Perote is near the village of Jalapa. It is one of the largest and most beautiful castles on the American continent. It is said that the Spaniards spent 15,000,000 pesos in building it, and I have never seen a more forbidding, though simple and beautiful piece of architecture.

TEXAS GIVES ITS STAR TO THE UNITED STATES

But Texas, composed of Americans, desired the security, prestige, and honor of their mother country, so it became a part of the Union in 1845. United States troops were moved in and quartered on Military Plaza. Later Major Babbitt occupied the Alamo as a quartermaster depot, and it was so occupied, except for the Civil War, until 1878. In 1849 General Worth, after whom the city of Fort Worth, also substantially participating in the centennial celebration, was named, resided in the old Justice John James home on Commerce Street, which I can remember as a child, and

which stood at the corner of Presa Street. The troops were in temporary barracks in Concepcion Mission on one side of San Antonio and at the head of the San Antonio River on the other. These latter springs were called Worth Springs, but this name is now forgotten.

SAN ANTONIO EARLY MILITARY CENTER

At the corner of Houston and St. Marys Streets stands the modern Gunter Hotel. On this location a hotel was built in the fifties by John and William Vance, which served as officers' quarters and barracks. They were first occupied in 1856 and then later were used as Confederate headquarters. The old French Building, which existed until just a few years ago, still lives in the minds of San Antonians, was built during the Civil War and was known as the Confederate Aid Store. In its place stands a modern police building.

The Maverick Hotel was built on Houston Street, and was constructed for Federal headquarters of the Army and occupied by General Ord in 1875. From 1875 on, San Antonio began to develop as a great center. Major Belknap, famous in Texas, began the building of Fort Sam Houston May 6, 1875, or over 60 years ago. It is today the finest military post in North or South America and should be visited by all Americans.

The history preceding the fall of the Alamo and the establishment of the Republic of Texas in 1836 is an interesting one in that it was more or less a "republican movement" which started in 1790.

SOME EVENTS PRECEDING TEXAS REVOLUTION

Let me quote Mr. Chabot:

The first revolutionary tendency in San Antonio seems to have been in 1790, when the "Republicans" here had the audacity of holding a junta without permission from the authorities. Four years later Philip Nolan arrived.

Then in 1803 came the company of the Alamo of Parras, Mexico, which was stationed in the old San Antonio de Valero mission, which had been secularized some years before. They gave their name to the mission, when it was used as a fort, the Alamo. With the war of independence from Spain, San Antonio suffered all the horrors imaginable. Each faction outdid the other in cruelty.

ROYALISTS OF SPAIN DEFEATED

In 1813 San Antonio surrendered to the Americans under Kemper, as a result of the defeat of the Spaniards on the Rocillo. The Royalists under Elisondo were defeated, and the Americans returned to San Antonio. Toledo was elected commander in chief. The Americans, or Army of the North, were defeated on the Medina, and only 93 Americans were able to escape to Natchitoches. Arredondo marched triumphantly into San Antonio and sought revenge on the Republicans. By 1814 San Antonio had become a desolate place, suffering from the heel of a ruthless tyrant within, and surrounded by ferocious Indians without. Prices became prohibitive and food very scarce.

A great flood came down upon the town on July 5, 1819, destroying lives and property alike. Those who could fled to higher ground on the east bank of the river; they started the new villita, or little town, and gradually occupied the properties which had belonged to the Indians and soldiers who had squatted around the Alamo.

As the American colonists came into Texas, San Antonio, the capital of the Province, received the most prominent of them, who came to petition the Governor. The Austins, Moses, and Stephen F., were here; Baron Bastrop lived here, and helped them. Then the leaders of the Irish immigration, McGloin and McMullen were here, the latter making San Antonio his permanent residence. James and Rezin Bowie arrived, the latter the inventor of the "Bowie knife", the former, Jim Bowie, Alamo hero, who married Ursula, the charming daughter of Governor Veramendi, one of San Antonio's richest merchants, and whose home, the Veramendi Palace, was a famous spot for hospitality, beauty, and political intrigue. Here Sam Houston visited when on an Indian jaunt.

In 1834 the first strictly revolutionary meeting to discuss Texas independence from Mexico was held in San Antonio.

WHO WILL FOLLOW OLD BEN MILAM?

The following year an attempt to disarm the Americans at Gonzales was the inauguration of actual warfare. General Cos was driven from San Antonio by the western army of Americans, under old Ben Milam, who lost his life when taking the Veramendi House. The capitulations for the surrender of the Mexicans and San Antonio to the Americans were signed in the Cos House, or the old Martinez House on Villita Street, in December 1835, when Gen. Edward Burleson was glad to terminate a campaign against such great odds.

CANARY ISLANDERS CAME IN 1731

Thousands of the people of San Antonio are descended from what is known as the "Canary Islanders." John W. Smith married a lady who was a member of a Canary family. He was the first mayor of San Antonio, and his grandson, John W. Tobin, was one of the most distinguished recent mayors of the city. Smith's friend, Samuel A. Maverick, married a lady from Alabama, and he was the first Congressman of the Texas Republic, representing the district of Bexar. His grandson, MAURY MAVERICK, became the first Congressman of the United States of America representing the single district of Bexar a hundred years later.

But let me tell the story of the Canary Islanders who came in the year 1731 from the Canary Islands, arriving on March 9. They formed the first municipality or civil settlement in the province of Texas, naming the villa San Fernando in honor of the Spanish Prince of Asturias, who later became king of Spain. San Fernando was located at the side of Main Plaza, then called the "Plaza of the Islanders" adjoining the Plaza of the Presidio, or Military Plaza. Chabot says:

According to the vice-regal decree for the founding of this villa, it was to be the capital of the province. This was the first political settlement, as we have said, and it received the usual royal protection and encouragement. The colonists, as first settlers, were made Hidalgos, those who had something or who were somebody: hijos de algo, in accordance with the laws of the Indies.

By 1734 the first foundation stone for their parish church was laid. This holy temple was then called San Fernando, in honor of the Spanish saint and king. It was finished in about 1746, and erected under the invocation of the Virgin of the Candelaria and Our Lady of Guadalupe, for whom the inhabitants had a particular reverence. This was the beginning of our present historical landmark, San Fernando Cathedral.

THE FLAG OF FRANCE

It must be remembered that Texas had six flags; one of those was that of France. The French had come down the Mississippi River from Canada and had established themselves in Louisiana. They claimed all the lands drained by the great Mississippi. Sieur de Robert La Salle landed on the Texas coast in 1685 and established a fort and settlement on the Garcitas Creek which he called St. Louis. Savage tribes soon destroyed the fort and La Salle was murdered by his own men.

Then St. Denis had a trading expedition from Louisiana to Mexico, and the Spanish governors were alarmed at the French encroachment. In the year 1719, French forces crossed the Louisiana frontier and drove the Spaniards out of east Texas. Let Mr. Chabot continue the story which largely concerns the beautiful Spanish missions of southwest Texas.

This train of events called for the appointment of the Marquis of Aguayo as Governor of Texas. He was the most powerful feudal lord of north Mexico, and soon organized a military expedition, entered Texas, and drove back the French, reestablishing the Spanish missions.

While the missionaries were in refuge in San Antonio, Father Margil founded the beautiful mission which he named in honor of the Governor, San José de San Miguel de Aguayo. This was in 1720. Now Aguayo removed the Presidio of San Antonio to the site of the present military plaza, and had a fortification built of adobe and stone, fireproof, and strong, with a residence for the commander or governor, and quarters for the officers. This was the beginning of our Governor's palace, and it was completed in 1722.

THE MISSIONS—THEY STILL STAND

Then the east Texas missions were abandoned and reestablished on the San Antonio River. On March 5, 1731, the captain of the San Antonio Presidio proceeded to the first mission ground, accompanied by his officers, and Father Vergara "grasped the hand of the captain of the tribe, in the name of all the other Indians who had attached themselves to the mission, and led him about over the locality, and caused him to pull up weeds, throw stones, and perform all the other acts of real possession", when the first mission, La Purisima Concepción, was founded here.

Then followed the founding of the San Juan and the Espada missions. In serving the Indians of east Texas Concepción had originally taken their name; now it was called Our Lady of Purisima Concepción de Acuña, in honor of the viceroy, Juan de Acuña, Marquis of Casafuerte. San Juan of the Nazones was rechristened San Juan Capistrano; and the Espada, the first mission established in Texas, as Our Father San Francisco of the Texas, was now rechristened San Francisco de la Espada.

These missions stand today. It is said that the Concepción Mission, from the viewpoint of massive beauty and outline, is the best. San Jose is recognized as the most beautiful in America, famous for its stone façade and its rose window. With the cooperation of several societies and the church, most of this mission church and surrounding quarters are

being preserved and restored. All of these missions should be visited by those attending the centennial.

The missions around San Antonio are not all that there are in Texas. In Goliad one finds two, and there occurred the massacre of Fannin's men.

REVOLT IN NEW MEXICO—MISSIONS—EL PASO

Among the missions in excellent shape are those near El Paso, which are still older than those around San Antonio. They were established because of the great revolt of the Indian tribes in New Mexico in 1690, when the Spanish Governor of New Mexico, Otermin, and a number of survivors of the revolt escaped from Santa Fe and came down the Rio Grande River to Ysleta, near El Paso, where one mission had already been established in 1682.

During the same period the missions of Socorro and San Elizario were established. Ysleta appears to be the first church in Texas. There is a farm near which El Pasoans claim is the oldest in the United States of America from the viewpoint of continuous cultivation.

REPRESENTATIVE THOMASON HAS SPECTACULAR AND BEAUTIFUL DISTRICT

The Texas Centennial is not intended as a celebration of its early period as a State of the Union, but the early period will naturally be considered. Every Texan and every visitor should know of the great forts in the western part of Texas, the Big Bend country, and the missions just mentioned, all of which are in the congressional district of Hon. R. E. THOMASON, of El Paso.

Fort Davis, named for Jefferson Davis, who was then Secretary of War, was established October 7, 1854, and is in Jeff Davis County. Congressman THOMASON is now establishing a great national park in this area, which, for spectacular scenery, high mountains, and wide plains, is one of the most beautiful areas in America. There is already the Fort Davis State Park, and this would be increased in size by several million acres.

This fort was established because of its being the center of wild Indian tribes, the Mescaleros, Apaches, and Comanches. It was continuously occupied until the Civil War, when Texas Confederate troops took command under Colonel Baylor. Any centennial visitor traveling between El Paso and San Antonio might stop overnight in such cities as Marfa, Van Horn, Alpine, and Fort Stockton. Not far from El Paso are the great Carlsbad Caverns and a national park.

TEXAS COLONIES—MOSES AUSTIN—"CONNECTICUT YANKEE"

To include in this statement a story of the Texas colonists is impossible. Representative CITRON, of Connecticut, urged me to do this, telling me of Moses Austin, from Durham, Conn., which is in his Congressional District. Moses Austin was a "Connecticut Yankee", and his son, Stephen F., took up his colonization work in Texas when he died and made the name of Austin immortal. There were many colonizers called "Empresarios", and they formed the background and support of the Texas revolution.

In telling history an interested party is likely to exaggerate and make of his ancestors gods and angels. It is true to Texas came ministers of the Gospel, priests, poets, musicians; but likewise came adventurers, rowdies, duelists, men who sang loud songs as they drank tequilla (a powerful Mexican distillate of cactus, putting whisky to shame, and well known to the descendants of our Texas heroes), and these men rode horses high, wide, handsome, and fancy-free. This is the true background of Texas. San Antonio is a great American city, but its cosmopolitanism, flash, and color are outstanding.

COSMOPOLITAN, INDUSTRIAL, HISTORICAL

The early Anglo-Americans of the forties and fifties were the true pioneers of the present industrial development. In this group were many Germans who left the tyranny of Europe and came to Texas for freedom and liberty, and they were a wholesome leavening to our Anglo-American speculation and extravagances. Many of our present banks, the pioneer lumber and housing concern, the pioneer flour mills and businesses are owned and operated by the descendants of these German pioneers. Throughout southwest Texas and in the trade territory of San Antonio are numerous German farmers, and their farms can be noted for their neatness and excellent condition.

In the cosmopolitanism of San Antonio is the Italian colony, many of whom have been born in San Antonio to the third generation, others who were born in Italy. Of course, many other nationalities are represented.

In celebrating the Texas Centennial the element of Mexican extraction and Spanish background must not be forgotten. In the city of San Antonio there are some 80,000 Americans of Mexican extraction. They maintain much of their racial and cultural heritage, although by education and patriotism they are American citizens. Historically, however, it must be remembered that the republican movement—the movement for a constitutional and free government was also of Mexican origin—and in the siege of San Antonio in 1835 on the side of liberty were Mexicans, as there were among heroes of the Alamo. There were Mexicans who fought for Texas in the Battle of San Jacinto.

The Anglo-American leaders were anxious to receive the cooperation of such great leaders as Erasmo Seguin and his son Juan—a town now being named after him; of Antonio Navarro, after whom the county of Navarro is named, as well as the city of Corsicana since he came from a Corsican family; Antonio Menchaca; Francisco Ruiz, and son, after both of whom well-known streets are named in San Antonio, and dozens of other cities; but old Spanish and Mexican families of San Antonio who cherished liberty and independence fought side by side with the Americans or Texans.

Reuben Rendon Lozano, a native-born citizen of Mexican extraction, a schoolmate of mine, and now a prominent lawyer in San Antonio, has written "Viva Tejas!—The Story of Mexican-born Patriots of the Republic of Texas." This book gives in detail what its title indicates, as well as the part played by the Mexicans as I have just outlined.

ON TO TEXAS

In visiting San Antonio the traveler should pass through Houston (see the battlefield of San Jacinto and monument), Dallas, or Fort Worth—or all of them; likewise through Austin, the State capital, where can be seen one of the greatest State capitals in America, a beautiful and well-planned city, an excellent university, the old Texas State Cemetery, the French Embassy and other sites, historic and modern. One should visit Gonzales and Goliad. If one travels west, they should not fail to see El Paso, passing through the Davis Mountains, and seeing near the city the two missions described elsewhere. One should always include San Antonio in any trip.

San Antonio is by automobile 3½ hours from the border of Mexico and 7 hours altogether from the city of Monterey, far in the interior of Mexico, an old, historic, but like San Antonio, modern metropolis. San Antonio is also 3½ hours from the Gulf of Mexico, the greatest place for tarpon fishing in southern waters. The city is the center of a great area, and from a viewpoint of history, modernity, and hope of future progress, is a valuable place for any American to visit to round out his knowledge of all the traditions that make up American history.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.) the House, under the order just adopted, adjourned until Monday, May 18, 1936, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

835. Under clause 2 of rule XXIV a letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill to amend section 210 of the act entitled "An act to provide for the regulation of interstate and foreign communication by wire or radio, and for other purposes", approved June 19, 1934, was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 10640. A bill to authorize appropriations for construction at military posts, Panama Canal Department, and for other purposes; without amendment (Rept. No. 2653). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 12511. A bill to authorize appropriations for construction at military posts, and for other purposes; without amendment (Rept. No. 2654). Referred to the Committee of the Whole House on the state of the Union.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 12244. A bill to amend section 24 of the Immigration Act of 1917, relating to the compensation of certain Immigration and Naturalization Service employees, and for other purposes; without amendment (Rept. No. 2655). Referred to the Committee of the Whole House on the state of the Union.

Mr. CONNERY: Committee on Labor. H. R. 12599. A bill to provide more adequate protection to workmen and laborers on projects, buildings, constructions, improvements, and property wherever situated, belonging to the United States of America, by granting to the several States jurisdiction and authority to enter upon and enforce their State workmen's compensation, safety, and insurance laws on all property and premises belonging to the United States of America; without amendment (Rept. No. 2656). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITE: Committee on the Public Lands. H. R. 12698. A bill relating to the establishment and operation of grazing districts in the State of Nevada; without amendment (Rept. No. 2657). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. H. R. 7086. A bill to establish the Mount Olympus National Park, in the State of Washington, and for other purposes; without amendment (Rept. No. 2658). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. H. R. 11922. A bill to amend the act of May 25, 1933 (48 Stat. 73); without amendment (Rept. No. 2659). Referred to the Committee of the Whole House on the state of the Union.

Mr. DINGELL: Committee on Ways and Means. S. 3247. An act to amend title II of the National Industrial Recovery Act, as amended, by the Emergency Appropriation Act, fiscal year 1935, and as extended by the Emergency Relief Appropriation Act of 1935; with amendment (Rept. No. 2660). Referred to the Committee of the Whole House on the state of the Union.

Mr. COSTELLO: Committee on Military Affairs. S. 3334. An act to make provision for the care and treatment of members of the National Guard, Organized Reserves, Reserve Officers' Training Corps, and Citizens' Military Training Camps who are injured or contract disease while engaged in military training, and for other purposes; with amendment (Rept. No. 2663). Referred to the Committee of the Whole House on the state of the Union.

Mr. DUFFY of New York: Committee on the Judiciary. H. R. 12612. A bill to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. and others; without amendment (Rept. No. 2664). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. House Joint Resolution 582. Joint resolution granting the consent of Congress to the States of New York and Vermont to enter into an agreement amending the agreement between such States consented to by Congress in Public Resolution No. 9, Seventieth Congress, relating to the creation of the Lake Champlain Bridge Commission; with amendment (Rept. No. 2665). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COLMER: A bill (H. R. 12714) for the relief of former employees of the Federal subsistence homestead corporations; to the Committee on Claims.

By Mr. LEMKE: A bill (H. R. 12715) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a Board of Agriculture to supervise the same; to the Committee on Agriculture.

By Mr. RAMSAY: A bill (H. R. 12716) to prevent the manufacture, sale, or transportation of adulterated or misbranded liquors, and regulating traffic therein; to the Committee on the Judiciary.

By Mr. TOLAN: A bill (H. R. 12717) to provide for the right of election by employees subject to the provisions of the Civil Service Retirement Act of a joint and survivorship annuity upon retirement; to the Committee on the Civil Service.

By Mr. TONRY: A bill (H. R. 12718) to amend the Home Owners' Loan Act of 1933; to the Committee on Banking and Currency.

By Mr. RANDOLPH: A bill (H. R. 12719) for the relief of the Southeastern University of the Young Men's Christian Association of the District of Columbia; to the Committee on the District of Columbia.

By Mr. DEROUEN: A bill (H. R. 12720) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a free or toll highway bridge, or a railway bridge in combination with a free or toll highway bridge, and approaches thereto across the Mississippi River at or near Baton Rouge, La.; to the Committee on Interstate and Foreign Commerce.

By Mr. PETTENGILL: A bill (H. R. 12721) authorizing the sale of approximately 5,000 acres of land in the Gogebic purchase unit to the University of Notre Dame; to the Committee on Agriculture.

By Mr. CARMICHAEL: A bill (H. R. 12722) to aid the several States in making certain toll bridges free bridges, to authorize an appropriation for such purpose, to make such appropriation available for matching with funds apportioned under the Federal Highway Act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. McLEOD: Resolution (H. Res. 513) to amend section 5 of rule XXII of the rules adopted as the rules of the Seventy-fourth Congress; to the Committee on Rules.

By Mr. DISNEY: Joint resolution (H. J. Res. 588) for the designation of certain streets or avenues in the Mall as Ohio, Missouri, Oklahoma, and Maine Avenues; to the Committee on the District of Columbia.

By Mr. KENNEY: Joint resolution (H. J. Res. 589) to authorize the Secretary of the Treasury to permit the transportation of bonded merchandise by other than common carriers under certain conditions; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEITER: A bill (H. R. 12723) for the relief of Helmuth Heyl; to the Committee on Claims.

By Mr. CARLSON: A bill (H. R. 12724) for the relief of Maj. Wilbur Rogers; to the Committee on Military Affairs.

By Mr. CHANDLER: A bill (H. R. 12725) for the relief of Arthur J. Ellwood; to the Committee on Naval Affairs.

By Mr. DARDEN: A bill (H. R. 12726) for the relief of Jeremiah A. Kennedy; to the Committee on Naval Affairs.

By Mr. GRISWOLD: A bill (H. R. 12727) granting a pension to Ella May Farris; to the Committee on Invalid Pensions.

By Mr. KENNEDY of New York: A bill (H. R. 12728) for the relief of Isidore Ferzig; to the Committee on Claims.

By Mr. MORITZ: A bill (H. R. 12729) for the relief of the General Electric Corporation; to the Committee on Claims.

By Mr. RAMSPECK: A bill (H. R. 12730) to authorize the payment of an annuity to William H. Moran, Chief of the Secret Service Division of the Treasury Department, upon his retirement, in recognition and appreciation of his services to the United States; to the Committee on the Civil Service.

By Mr. SOMERS of New York: A bill (H. R. 12731) for the relief of Benjamin Weisenberg; to the Committee on Claims.

By Mr. SAUTHOFF: A bill (H. R. 12732) granting a pension to Alice Waste; to the Committee on Pensions.

By Mr. WALLGREN: A bill (H. R. 12733) for the relief of George Parker; to the Committee on Ways and Means.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10885. By Mr. BEITER: Petition of the Lackawanna Housing Authority, endorsing the Wagner-Ellenbogen housing bill, known as the United States Housing Authority Act of 1936; to the Committee on Banking and Currency.

10886. By Mr. BOYLAN: Resolution unanimously adopted by the Bricklayers' International Union, Local No. 9, Brooklyn, N. Y., favoring improved housing conditions; to the Committee on Banking and Currency.

10887. By Mr. COCHRAN: Petition of Oscar H. Falkenberg, of St. Louis, Mo., and other residents of the Thirteenth Congressional District of Missouri, favoring pensions for the blind, as provided in House bill 7122; to the Committee on Pensions.

10888. By Mr. MEAD: Petition of the Lackawanna City Housing Authority, of Lackawanna, N. Y., urging the passage of the Wagner-Ellenbogen housing bill; to the Committee on Banking and Currency.

10899. By Mr. RABAUT: Petition of the Detroit Community Fund, suggesting a national policy for relief; to the Committee on Ways and Means.

10890. Petition of the Wisconsin Federation of Women's Clubs; to the Committee on the Civil Service.

SENATE

FRIDAY, MAY 15, 1936

(Legislative day of Tuesday, May 12, 1936)

The Senate met at 12 o'clock m., on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, May 13, 1936, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 8287) to establish an assessed valuation real property tax in the Virgin Islands of the United States.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 2962. An act for the relief of Sarah Shelton;

H. R. 7110. An act to authorize the President to bestow the Navy Cross upon Brig. Gen. Robert H. Dunlap, United States Marine Corps, deceased;

H. R. 8262. An act for the relief of Tom Rogers and the heirs of W. A. Bell, Israel Walker, Henry Shaw, Thomas Bailey, and Joseph Watson.

H. R. 8431. An act to provide for the establishment of the Fort Frederica National Monument, at St. Simon Island, Ga., and for other purposes.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MEAD, Mr. DOBBINS, Mr. HAINES, Mr. GOODWIN, and Mr. DOUTRICH were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 11687) to amend the Federal Aid Highway Act, approved July 11, 1916, as amended and supplemented, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CARTWRIGHT, Mr. WARREN, Mr. WHITTINGTON, Mr. TURPIN, and Mr. WOLCOTT were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 12527) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. UMSTEAD, Mr. THOM, Mr. JOHNSON of West Virginia, Mr. SCRUGHAM, Mr. MCLEOD, and Mr. DITTER were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3483) to provide for rural electrification, and for other purposes.

The message also announced that the House had agreed to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendment of the Senate to each of the following bills of the House:

H. R. 8372. An act to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station and to authorize the construction and installation of a naval air station thereon; and

H. R. 10267. An act to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service, to correspond to the rates established by the Classification Act of 1923, as amended.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10919) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1937, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 26 and 49 to the said bill, and concurred therein each with an amendment, in which it requested the concurrence of the Senate; and that the House insisted upon its disagreement to the amendments of the Senate numbered 48 and 52 to the said bill.

The message also announced that the House insisted upon its amendments to the bill (S. 3789) authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, S. C., disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BLAND, Mr. SIROVICH, and Mr. WELCH were appointed managers on the part of the House at the conference.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 12700. An act granting pensions to certain soldiers of the Civil War;

H. R. 12701. An act granting pensions and increase of pensions to certain helpless and dependent children of soldiers of the Civil War;

H. R. 12702. An act granting increase of pensions to certain widows and former widows of soldiers and sailors of the Civil War; and

H. R. 12703. An act granting pensions to certain widows and former widows of soldiers, sailors, and marines of the Civil War.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 35), as follows:

Resolved by the Senate (the House of Representatives concurring), That the Constitution of the United States of America (Annotated), including all amendments thereto, and with citations of the cases of the Supreme Court of the United States construing its several provisions, collated under each separate provision, be compiled and revised up to date, and that the same shall be printed and bound; and that 3,000 copies shall be printed, of which 2,200 copies shall be for the use of the House of Representatives and 800 copies for the use of the Senate.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the President pro tempore:

S. 1975. An act to authorize certain officers of the United States Navy, officers and enlisted men of the Marine Corps, and officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered;

H. R. 1398. An act to provide for the establishment of a Coast Guard station at or near Crescent City, Calif.;

H. R. 2119. An act for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor;

H. R. 2467. An act for the relief of Holy Cross Mission Hospital;

H. R. 3340. An act for the relief of Jesse S. Post;

H. R. 5058. An act to convey certain lands to Clackamas County, Oreg., for public-park purposes;

H. R. 8089. An act for the relief of Joseph J. Baylin;

H. R. 8370. An act to provide for the establishment of a Coast Guard station at Port Washington, Wis.;

H. R. 8506. An act for the relief of Oliver Faulkner;

H. R. 9042. An act to provide for the sale of the Port Newark Army Supply Base to the city of Newark, N. J.;

H. R. 9370. An act for the relief of Frank Cordova;

H. R. 9373. An act for the relief of H. L. & J. B. McQueen, Inc., and John L. Summers, former disbursing clerk, Treasury Department;

H. R. 9455. An act for the relief of Robert J. Mann;

H. R. 10308. An act to amend article 3 of the "Rules Concerning Lights, etc.," contained in the act entitled "An act to adopt regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States", approved June 7, 1897;

H. R. 10321. An act to amend section 4 of Public Act No. 286, Seventy-fourth Congress, approved August 19, 1935, as amended;

H. R. 10589. An act to amend section 32 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes", approved August 30, 1935;

H. R. 10847. An act to authorize the acquisition of land for cemeterial purposes in the vicinity of New York City, N. Y.;

H. R. 11036. An act to amend section 4321, Revised Statutes (U. S. C., title 46, sec. 263), and for other purposes;

H. R. 11302. An act to authorize the Secretary of War to lend to the reunion committee of the United Confederate Veterans 3,000 blankets, olive drab, no. 4; 1,500 canvas cots, to be used at their annual encampment to be held at Shreveport, La., in June 1936;

H. R. 11346. An act for the relief of H. R. Heinicke, Inc.;

H. R. 12162. An act to create an additional division of the United States District Court for the Southern District of Mississippi to be known as the Hattiesburg division;

H. R. 12183. An act for the relief of Gladys Hinckley Werlich;

H. J. Res. 538. Joint resolution to provide for participation by the United States in the Ninth International Congress of Military Medicine and Pharmacy in Rumania in 1937; and to authorize and request the President of the United States to invite the International Congress of Military Medicine and Pharmacy to hold its tenth congress in the United States in 1939, and to invite foreign countries to participate in that congress;

H. J. Res. 547. Joint resolution providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition to be held at Cleveland, Ohio, beginning in June 1936, and for other purposes; and

H. J. Res. 569. Joint resolution to authorize an appropriation for the expenses of participation by the United States in a conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works, concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928.

ADDITIONAL JUDGE, THIRD CIRCUIT—WITHDRAWAL OF MOTION TO RECONSIDER

Mr. DAVIS. Mr. President, I ask unanimous consent to withdraw the motion which I entered on Wednesday last to reconsider the vote by which the bill (S. 4457) authorizing the appointment of an additional circuit judge for the third circuit was passed.

The PRESIDENT pro tempore. Without objection, the motion to reconsider is withdrawn.

DRAFT OF PROVISION PERTAINING TO APPROPRIATIONS FOR THE NATIONAL ARCHIVES (S. DOC. NO. 215)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision pertaining to existing appropriations for The National Archives for the fiscal years 1936 and 1937, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

DEFICIENCY AND SUPPLEMENTAL ESTIMATES FOR DEPARTMENT OF STATE (S. DOC. NO. 216)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a deficiency estimate of appropriation for the fiscal year 1935 in the sum of $4,039.68, and supplemental estimates of appropriations for the fiscal years 1936 and 1937 in the sum of $12,808.80, amounting in all to $16,848.48, for the Department of State, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

ALLEGED COMMUNISTIC ACTIVITIES AT HOWARD UNIVERSITY (S. DOC. NO. 217)

The PRESIDENT pro tempore laid before the Senate a letter from the Acting Secretary of the Interior, transmitting, in response to Senate Resolution 294 (submitted by Mr. McNARY (for Mr. HASTINGS) and agreed to on Apr. 30, 1936), photostatic copies of reports made by a special agent of the Division of Investigations on September 23 and 30, 1935, together with memoranda from the director of investigations and the Solicitor of the Department of the Interior, pertaining to alleged communistic activities at Howard University, Washington, D. C., which, with the accompanying papers, was ordered to lie on the table.

Mr. McNARY. Mr. President, in the absence of the Senator from Delaware [Mr. HASTINGS], I ask that the report be printed as a Senate document.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate a letter in the nature of a petition from Mrs. W. F. Scofield,

of Dade City, Fla., praying for the adoption of measures to adjust the losses incident to processing tax on cotton, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a resolution adopted by the seventh district board of the Wisconsin Federation of Women's Clubs, favoring the repeal of section 213 of the Economy Act of 1932, known as the married persons' clause, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter from Hon. Santiago Iglesias, Resident Commissioner of Puerto Rico, requesting that no action be taken on any proposal pending in Congress relative to the future status of Puerto Rico, particularly the bill (S. 4529) to provide for a referendum in Puerto Rico on the question of independence, to provide for carrying it into effect, and for other purposes, without granting full opportunity for all concerned to be heard, which was referred to the Committee on Territories and Insular Affairs.

Mr. WALSH presented a resolution adopted by the Newspaper Guild of Boston, Mass., favoring the continuation of Federal arts projects on a national basis under Federal control, which was referred to the Committee on Education and Labor.

He also presented the memorial of the management and several employees of the Fitchburg (Mass.) Engineering Corporation, remonstrating against the enactment of the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, unless the bill be amended so as to eliminate provisions preventing the building up of a surplus by corporations, which was referred to the Committee on Finance.

He also presented the petition of the Central Labor Union of Lowell, Mass., praying for the enactment of the bill (S. 4174) to foster and protect interstate commerce by authorizing the Interstate Commerce Commission to approve or disapprove of the consolidation or abandonment of carrier facilities of public service, which was referred to the Committee on Interstate Commerce.

Mr. COPELAND presented a resolution adopted by the New York Electrical Contractors Association, Inc., of New York City, favoring additional appropriations for the Public Works Administration, and that its expenditures be confined to activities that will not encroach on public construction normally carried on by private enterprise, which was referred to the Committee on Appropriations.

He also presented a telegram from citizens of New York City deploring recent aspersions on directors of the Federal theater project in New York City, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by the Lower East Side Community Council, of New York City; the City Housing Authority, of Lackawanna; Bricklayers' Local Union No. 1, Bricklayers' International Union, Local No. 29, and the Old South Brooklyn Social Workers' League, all of Brooklyn; the Niagara Falls Central Labor Union, of Niagara Falls, and the Board of Child Welfare, of Schenectady, all in the State of New York, favoring the enactment of the so-called Wagner-Ellenbogen low-cost housing bill, which were referred to the Committee on Education and Labor.

He also presented a resolution adopted by the board of directors of the Utica (N. Y.) Chamber of Commerce protesting against the enactment of pending legislation to materially change the method of taxing the earnings of corporations, which was referred to the Committee on Finance.

He also presented a resolution adopted by the New York Unemployment Insurance State Advisory Council, of New York State, favoring an amendment to the Social Security Act providing that employers shall be given credit against Federal taxation for all contributions paid by them into an approved State unemployment insurance fund, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Coal Merchants Association of Albany, Inc., of Albany, N. Y., favoring the enactment of House bill 12161, the so-called fuel-oil tax bill, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Lockport (N. Y.) Board of Commerce favoring the enactment of legislation providing for the repeal of the long-and-short-haul clause of the Interstate Commerce Act, which was referred to the Committee on Interstate Commerce.

He also presented a copy of an editorial from the St. Louis Globe-Democrat, of April 29, 1936, relating to the merchant marine, which was ordered to lie on the table.

He also presented an editorial from the Miami (Fla.) Herald relative to pending legislation providing for the deportation of undesirable aliens, which was referred to the Committee on Immigration.

He also presented a letter from the Director of the United States Shipping Board Bureau, Department of Commerce, transmitting copy of a resolution adopted by the National Society Daughters of Founders and Patriots of America at Washington, D. C., endorsing the principles of the policy providing for the maintenance and development of a merchant marine necessary for the national defense and for the proper growth of our foreign and domestic commerce, which was ordered to lie on the table.

He also presented a telegram from the General Federation of Women's Clubs in convention at Coral Gables, Fla., favoring the enactment of legislation to strengthen existing laws relating to the deportation of alien criminals, which was ordered to lie on the table.

Mr. WAGNER presented a resolution adopted by the Utica (N. Y.) Chamber of Commerce protesting against the enactment of legislation to materially change the present method of taxing the earnings of corporations, which was referred to the Committee on Finance.

LOW-COST HOUSING

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred resolutions adopted by the Board of Aldermen of the City of New York; the Board of Child Welfare of Schenectady, N. Y.; and the Central Labor Union of Cannonsburg, Pa., favoring the enactment of the so-called low-cost housing bill.

There being no objection, the resolutions were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

Resolution memorializing the Congress of the United States to enact at the earliest possible date the Wagner housing bill, known as no. 4424

Resolved, That the Board of Aldermen of the City of New York does strongly and earnestly request the Congress of the United States to enact at the earliest possible date the United States Housing Act of 1936, known as the Wagner housing bill (S. 4424); and be it further

Resolved, That a copy of this resolution be sent to the Vice President of the United States, the Speaker of the House of Representatives, Senator WAGNER, and the chairmen of the House and Senate committees having jurisdiction thereof.

Whereas it has been proven that bad housing is detrimental to the health of the people in a community and that slums constitute an economic waste; and

Whereas it is an acknowledged fact that good housing for persons of low income cannot be provided through the ordinary channels of private enterprise; and

Whereas, city, State, and National Governments have accepted the principles and acknowledged the obligation of governmental responsibility for the housing of persons who cannot be reached through private enterprise; and

Whereas it is necessary for the Government to bear a certain portion of the burden of financing the clearance of slums and the construction of low-rent housing: Therefore be it

Resolved, That the Board of Child Welfare of Schenectady, N. Y., endorses a bill introduced in the Senate by the Honorable ROBERT F. WAGNER, United States Senator from New York, and in the House of Representatives by the Honorable HENRY ELLENBOGEN, Congressman from Pennsylvania, which reads as follows:

"A bill to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the development of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes."

Be it further

Resolved, That a copy of this resolution be forwarded to the President and to Hon. ROBERT F. WAGNER and Hon. ROYAL S. COPELAND, Senators from New York, and the following Representatives: Hon. FRANK W. CROWTHER, Hon. BERTRAND SNELL, Hon. JAMES W. WADSWORTH, Hon. PARKER CORNING, and Hon. HAMILTON FISH.

Whereas we, in Canonsbburg, Pa., are urgently aware of the bad housing conditions here and elsewhere; of the acute housing shortage, which is growing rapidly worse; of the inability of private enterprise or local initiative alone to remedy this situation; and of the suffering caused by continuous unemployment in the building trades; and

Whereas the A. F. of L., in convention assembled last October, resolved unanimously that "a long-term public housing policy must be adopted in order to guarantee a minimum standard of decency in housing for all families"; and

Whereas the A. F. of L. convention likewise resolved that "broad Federal, State, and local legislation, establishing workers' housing as a public responsibility, setting up permanent machinery to effectuate the ends herein set forth, and providing adequate sources of funds, must be enacted as quickly as possible; and that all labor organizations should actively sponsor and promote such legislation, and should investigate and publicize the stand on housing of all candidates for office"; and

Whereas the Wagner-Ellenbogen housing bill presents the first concrete forward step toward fulfillment of labor's housing program: Be it therefore

Resolved, That the Canonsburg Central Labor Union heartily endorses the Wagner-Ellenbogen housing bill and urges its immediate adoption by the Congress of the United States; and be it further

Resolved, That we hereby petition the Congress, while leaving the general policy and administrative set-up as it now is in the bill, to increase the immediate appropriation from $51,000,000 to $100,000,000 and the first bond issue from $100,000,000 to $250,000,000, with corresponding increases for ensuing years; and be it further

Resolved, That copies of the resolution be sent to the President and to the Senators and Representatives in Congress of this State.

RESTORATION OF RELIEF RESPONSIBILITIES TO THE STATES

Mr. VANDENBERG. Mr. President, a few days ago I discussed on the floor of the Senate the question of the restoration of relief responsibilities to the States. I desire to ask to have printed in the RECORD and appropriately referred a letter and resolution upon this subject from the managing director of the Detroit Community Fund.

There being no objection, the letter and resolution were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

THE DETROIT COMMUNITY FUND,
Detroit, Mich., May 6, 1936.

Hon. ARTHUR H. VANDENBERG,
Washington, D. C.

MY DEAR SENATOR: The enclosed suggested national policy for relief has been unanimously passed by the executive committee of the Detroit Community Fund and the board of directors of the Detroit Council of Social Agencies of Metropolitan Detroit, and I, as secretary, have been requested to forward this resolution to you as a suggestion to be followed in establishing the necessary relief legislation by the Congress of the United States.

Sincerely yours,

PERCIVAL DODGE, *Managing Director.*

Suggested national policy for relief, community chests and councils, incorporated.

The time has come in the interest of meeting the emergency relief needs and in laying a foundation upon which a long-time national relief program can be built when Federal, State, and local responsibility should be clearly defined.

1. Therefore it is recommended that Federal appropriations for relief be made on a grant-in-aid basis to the States after establishing a formula for financial participation of these various governmental units. This formula for the next 12 months should probably be about 70 percent Federal and 30 percent State and local. These grants-in-aid should be for both direct relief and work relief, as decided by local authorities, except that the Federal administration might require some minimum percentage to be spent on work relief. The ultimate program should look forward to placing as much financial responsibility upon States and local communities as they can carry. Private welfare agencies can never assume responsibility for an emergency relief program. To do so would wreck the services these agencies have always performed for family welfare, children, the sick, and the under-privileged youth, and the general welfare program which is indispensable for community life.

2. It is further recommended that the administrative responsibility be placed upon local communities, subject to general standards of administrative procedure set by the Federal and State Governments. These standards should include the establishment of State and local welfare departments.

3. It is further suggested that a Federal commission be appointed by the President to consider and recommend the long-time Federal relief policy.

STATUS OF BONUS RECIPIENTS ON WORK-RELIEF PROJECTS

Mr. VANDENBERG. I also present a resolution from the Wayne County Council, Veterans of Foreign Wars, dealing with the subject matter which I briefly suggested on the floor of the Senate recently, namely, the withholding of work relief from veterans who are being paid their bonus. I ask that the resolution may be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Whereas it has been reported to us that it is the intention of the Works Progress Administration of the State of Michigan to remove from service all veterans working thereunder, when and as they receive their allotments of Government bonds in lieu of their adjusted-service certificates; and

Whereas we feel that such action on the part of the Works Progress Administration will force such veterans to sacrifice for cash any bonds they may receive and tend to depreciate the value of Government bonds of this character to all holders; and

Whereas such action on the part of the Works Progress Administration would be contrary to the intent of Congress in ordering the allotment of these bonds to the veterans, and a nullification of the act; and

Whereas we feel that such a course would result in unjust discrimination against the veterans as a class and cause unfair hardships to them and their dependents in keeping them in a continual depressed financial condition: Therefore be it

Resolved, That we, the Wayne County Council, Veterans of Foreign Wars, meeting this 11th day of May 1936, do hereby protest any such unjust act be perpetrated on the veterans as the reported ruling of the Works Progress Administration, which would prevent him from settling past obligations, keep him in idleness while the cash from the sale of his bonds was being dissipated, and force him to apply for reinstatement with the Works Progress Administration in order that he and his family may live after his funds are gone; and be it further

Resolved, That a copy of this resolution be forwarded to Mr. Lynn Pierson, State administrator, Works Progress Administration of the State of Michigan, Lansing, Mich., and a copy be sent to Mr. J. J. O'Brien, county administrator, Works Progress Administration, Water Board Building, Detroit, Mich., to the two Senators from the State of Michigan, and the Congressmen from Wayne County.

REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on Military Affairs, to which was referred the bill (S. 4289) to correct the military records of DeRosey C. Cabell, Thomas McF. Cockrill, James N. Caperton, Junius H. Houghton, Otto F. Lang, Paul B. Parker, James DeB. Walbach, and Victor W. B. Wales, reported it with amendments and submitted a report (No. 2027) thereon.

Mr. CHAVEZ, from the Committee on Foreign Relations, to which was referred the bill (S. 3536) authorizing construction, operation, and maintenance of Rio Grande canalization project and authorizing appropriation for that purpose, reported it with amendments and submitted a report (No. 2029) thereon.

Mr. POPE, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 4520) to amend the act approved June 29, 1935 (49 Stat. 436–439), entitled "An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges", reported it without amendment and submitted a report (No. 2030) thereon.

Mr. COPELAND, from the Committee on Immigration, to which was referred the bill (H. R. 9991) to extend the time for applying for and receiving benefits under the act entitled "An act to provide means by which certain Filipinos can emigrate from the United States", approved July 10, 1935, reported it without amendment and submitted a report (No. 2031) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 190. A bill granting authority to the Secretary of War to license the use of a certain parcel of land situated in Fort Brady Reservation to Ira D. MacLachlan Post, No. 3, the American Legion, for 15 years (Rept. No. 2032); and

H. R. 10849. A bill to authorize an appropriation for improvement of ammunition storage facilities at Aliamanu, Territory of Hawaii, and Edgewood Arsenal, Md. (Rept. No. 2033).

Mr. SHEPPARD also, from the Committee on Commerce, to which was referred the bill (H. R. 11006) providing for the examination of the Nueces River and its tributaries in the State of Texas for flood-control purposes, reported it without amendment and submitted a report (No. 2034) thereon.

TAXATION OF INTOXICATING LIQUOR—REPORT OF FINANCE COMMITTEE

Mr. KING. Mr. President, there has been before the Committee on Finance for a long time House bill 9185, a formidable-looking bill of about 90 pages. I am instructed by the Finance Committee to report the bill; and I shall ask early consideration of it, because it is an important bill, and it ought to be passed before the tax bill.

Mr. KING, from the Committee on Finance, to which was referred the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes, reported it with amendments and submitted a report (No. 2028) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARKLEY:

A bill (S. 4627) to create a division of stream-pollution control in the Bureau of the Public Health Service, and for other purposes; to the Committee on Commerce.

By Mr. BLACK:

A bill (S. 4628) to aid the several States in making certain toll bridges free bridges, to authorize an appropriation for such purpose, to make such appropriation available for matching with funds apportioned under the Federal Highway Act, and for other purposes; to the Committee on Commerce.

By Mr. RUSSELL:

A bill (S. 4629) to provide for a refund of taxes and amounts paid for tax-exemption certificates under the Bankhead Cotton Act of 1934, the Kerr-Smith Tobacco Act, as amended, and the Potato Act of 1935; to the Committee on Finance.

By Mr. SCHWELLENBACH:

A bill (S. 4630) for the relief of Charles Parker; to the Committee on Finance.

By Mr. McKELLAR:

A bill (S. 4631) for the relief of Drs. W. S. Davis, P. A. Palmer, H. S. Oakes, and J. M. Ousley; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 4632) providing for a survey of the Colorado River, Tex., above the county line between Coke and Runnels Counties; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 4633) to provide for the selection of certain lands in the State of California for the use of the California State park system; and

A bill (S. 4634) to provide for the selection of certain lands in the State of California for the use of the California State park system; to the Committee on Public Lands and Surveys.

By Mr. COPELAND:

A bill (S. 4635) to authorize the coinage of 50-cent silver pieces in commemoration of the one hundred and fiftieth anniversary of the adoption of the Constitution of the United States; to the Committee on Banking and Currency.

A bill (S. 4636) granting the consent of Congress to the Interstate Bridge Commission of the State of New York and the Commonwealth of Pennsylvania to reconstruct, maintain, and operate a highway bridge across the West Branch of the Delaware River between a point in the vicinity of the village of Hancock, Delaware County, N. Y., and a point in the town of Buckingham, Wayne County, Pa., and a highway bridge across the Delaware River between points in the village of Barryville, Sullivan County, N. Y., and the village of Shohola, Pike County, Pa.; to the Committee on Commerce.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Pensions:

H. R. 12700. An act granting pensions to certain soldiers of the Civil War;

H. R. 12701. An act granting pensions and increase of pensions to certain helpless and dependent children of soldiers of the Civil War;

H. R. 12702. An act granting increase of pensions to certain widows and former widows of soldiers and sailors of the Civil War; and

H. R. 12703. An act granting pensions to certain widows and former widows of soldiers, sailors, and marines of the Civil War.

CHANGE OF REFERENCE

Mr. CONNALLY. I move that the Committee on Claims be discharged from the further consideration of the bill (S. 4576) to amend an act entitled "An act authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles", approved June 28, 1934, and that it be referred to the Committee on Indian Affairs. I have consulted with the chairman of the Committee on Indian Affairs, and this reference is agreeable to him.

The motion was agreed to.

PASSAMAQUODDY AND FLORIDA CANAL PROJECTS—AMENDMENTS

Mr. VANDENBERG. Mr. President, a few days ago the Senator from Arkansas [Mr. ROBINSON] introduced Senate Joint Resolution 266, respecting the Passamaquoddy tidal power and Florida ship canal projects. I ask to present a series of proposed amendments to the joint resolution, and request that they be printed and lie on the table.

Mr. ROBINSON. Mr. President, with respect to the amendments which the Senator from Michigan has just presented to the joint resolution relating to the Florida canal and the Passamaquoddy projects, let me say that the joint resolution was referred to the Committee on Commerce. I inquire of the Senator whether he desires to have his amendments also referred to that committee for its consideration?

Mr. VANDENBERG. I should be very glad to have them take that course.

Mr. ROBINSON. Very well.

The PRESIDENT pro tempore. The amendments submitted by the Senator from Michigan will be received, printed, and referred to the Committee on Commerce.

AMENDMENTS TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. BARKLEY submitted amendments intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which were referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 19, line 6, after "Bend", insert the following: "a dam at or near Gilbertsville, Ky., and a dam at or near Watts Bar, Tenn.,".

On page 19, line 6, strike out all after "Bend" down to and including "River", in line 8.

On page 19, line 18, strike out "$39,900,000" and insert in lieu thereof "$41,100,000."

Mr. RUSSELL submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 22, line 20, to change the period to a colon and insert the following: *"Provided further,* That not more than one-half of 1 percent of the total number of persons employed within any State shall be persons who were nonresidents of the State at the time of the appointment or employment of such person, nor shall more than 1 percent of the total amount allocated for expenditures for any purpose within any State be paid as salaries, wages, or other compensation, to persons who were not bona fide residents of such State at the time of appointment or employment.

AMENDMENTS TO RIVER AND HARBOR FLOOD CONTROL BILL

Mr. MINTON and Mr. SHEPPARD each submitted an amendment, and Mr. WALSH submitted two amendments intended to

be proposed by them, respectively, to the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, which were referred to the Committee on Commerce and ordered to be printed.

INTERNAL-REVENUE TAXATION—AMENDMENTS

Mr. SCHWELLENBACH submitted an amendment and Mr. BONE and Mr. SCHWELLENBACH jointly submitted an amendment, intended to be proposed by them to the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

INTOXICATING LIQUOR—AMENDMENTS

Mr. McADOO and Mr. JOHNSON jointly submitted three amendments intended to be proposed by them to the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes, which were ordered to lie on the table and to be printed.

PRINTING OF HEARINGS RELATIVE TO COTTON COOPERATIVES

Mr. McKELLAR submitted the following concurrent resolution (S. Con. Res. 39), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Appropriations of the Senate be, and is hereby, empowered to have printed 2,000 additional copies of the hearings held before the subcommittee of said committee of the Senate during the first session of the Seventy-fourth Congress, pursuant to the resolution (S. Res. 185) authorizing the Committee on Appropriations to conduct an investigation of the expenditures by the Federal Government for the Cotton Cooperatives, etc. These 2,000 copies are to be divided as follows: 1,500 copies of volume no. 1 and 500 copies of volume no. 2.

RURAL ELECTRIFICATION

Mr. NORRIS. Mr. President, I present the conference report on Senate bill 3483, to provide for rural electrification, and for other purposes, and I ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the report, which was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3483) to provide for rural electrification, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That there is hereby created and established an agency of the United States to be known as the 'Rural Electrification Administration', all of the powers of which shall be exercised by an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of ten years, and who shall receive a salary of $10,000 per year. This Act may be cited as the 'Rural Electrification Act of 1936.'

"SEC. 2. The Administrator is authorized and empowered to make loans in the several States and Territories of the United States for rural electrification and the furnishing of electric energy to persons in rural areas who are not receiving central station service, as hereinafter provided; to make, or cause to be made, studies, investigations, and reports concerning the condition and progress of the electrification of rural areas in the several States and Territories; and to publish and disseminate information with respect thereto.

"SEC. 3. (a) The Reconstruction Finance Corporation is hereby authorized and directed to make loans to the Administrator, upon his request approved by the President, not exceeding in aggregate amount $50,000,000 for the fiscal year ending June 30, 1937, with interest at 3 per centum per annum upon the security of the obligations of borrowers from the Administrator appointed pursuant to the provisions of this Act or from the Administrator of the Rural Electrification Administration established by Executive Order Numbered 7037: *Provided*, That no such loan shall be in an amount exceeding 85 per centum of the principal amount outstanding of the obligations constituting the security therefor: *And provided further*, That such obligations incurred for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines, or systems shall be fully amortized over a period not to exceed twenty-five years, and that the maturity of such obligations incurred for the purpose of financing the wiring of premises and the acquisition and installation of electrical and plumbing appliances and equipment shall not exceed two-thirds of the assured life thereof and not more than five years. The Administrator is hereby authorized to make all such endorsements, to execute all such instruments, and to do all such acts and things as shall be necessary to effect the valid transfer and assignment to the Reconstruction Finance Corporation of all such obligations.

"(b) There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1938, and for each of the eight years thereafter, the sum of $40,000,000 for the purposes of this Act as hereinafter provided.

"(c) Fifty per centum of the annual sums herein made available or appropriated for the purposes of this Act shall be allotted yearly by the Administrator for loans in the several States in the proportion which the number of their farms not then receiving central station electric service bears to the total number of farms of the United States not then receiving such service. The Administrator shall, within ninety days after the beginning of each fiscal year, determine for each State and for the United States the number of farms not then receiving such service.

"(d) The remaining 50 per centum of such annual sums shall be available for loans in the several States and in the Territories, without allotment as hereinabove provided, in such amounts for each State and Territory as, in the opinion of the Administrator, may be effectively employed for the purposes of this Act, and to carry out the provisions of section 7: *Provided, however*, That not more than 10 per centum of said unallotted annual sums may be employed in any one State, or in all of the Territories.

"(e) If any part of the annual sums made available for the purposes of this Act shall not be loaned or obligated during the fiscal year for which such sums are made available, such unexpended or unobligated sums shall be available for loans by the Administrator in the following year or years without allotment: *Provided, however*, That not more than 10 per centum of said sums may be employed in any one State or in all of the Territories: *And provided further*, That no loans shall be made by the Reconstruction Finance Corporation to the Administrator after June 30, 1937.

"(f) All moneys representing payments of principal and interest on loans made by the Administrator under this Act shall be covered into the Treasury as miscellaneous receipts, except that any such moneys representing payments of principal and interest on obligations constituting the security for loans made by the Reconstruction Finance Corporation to the Administrator shall be paid to the Reconstruction Finance Corporation in payment of such loans.

"SEC. 4. The Administrator is authorized and empowered, from the sums hereinbefore authorized, to make loans to persons, corporations, States, Territories, and subdivisions and agencies thereof, municipalities, peoples utility districts and cooperative, nonprofit, or limited-dividend associations organized under the laws of any State or Territory of the United States, for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines or systems for the furnishing of electric energy to persons in rural areas who are not receiving central station service: *Provided, however*, That the Administrator, in making such loans, shall give preference to States, Territories, and subdivisions and agencies thereof, municipalities, peoples utility districts, and cooperative, nonprofit, or limited dividend associations, the projects of which comply with the requirements of this Act. Such loans shall be on such terms and conditions relating to the expenditure of the moneys loaned and the security therefor as the Administrator shall determine and may be made payable in whole or in part out of income: *Provided, however*, That all such loans shall be self-liquidating within a period of not to exceed twenty-five years, and shall bear interest at a rate equal to the average rate of interest payable by the United States of America on its obligations, having a maturity of ten or more years after the dates thereof, issued during the last preceding fiscal year in which any such obligations were issued: *Provided further*, That no loan for the construction, operation, or enlargement of any generating plant shall be made unless the consent of the State authority having jurisdiction in the premises is first obtained. Loans under this section and section 5 shall not be made unless the Administrator finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed.

"SEC. 5. The Administrator is authorized and empowered, from the sums hereinbefore authorized, to make loans for the purpose of financing the wiring of the premises of persons in rural areas and the acquisition and installation of electrical and plumbing appliances and equipment. Such loans may be made to any of the borrowers of funds loaned under the provisions of section 4, or to any person, firm, or corporation supplying or installing the said wiring, appliances, or equipment. Such loans shall be for such terms, subject to such conditions, and so secured as reasonably to assure repayment thereof, and shall be at a rate of interest equal to the average rate of interest payable by the United States of America on its obligations, having a maturity of ten or more years after the dates thereof, issued during the last preceding fiscal year in which any such obligations were issued.

"SEC. 6. For the purpose of administering this Act and for the purpose of making the studies, investigations, publications, and

reports herein provided for, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as shall be necessary.

"SEC. 7. The Administrator is authorized and empowered to bid for and purchase at any foreclosure or other sale, or otherwise to acquire, property pledged or mortgaged to secure any loan made pursuant to this Act; to pay the purchase price and any costs and expenses incurred in connection therewith from the sums authorized in section 3 of this Act; to accept title to any property so purchased or acquired in the name of the United States of America; to operate or lease such property for such period as may be deemed necessary or advisable to protect the investment therein, but not to exceed five years after the acquisition thereof; and to sell such property so purchased or acquired, upon such terms and for such consideration as the Administrator shall determine to be reasonable.

"No borrower of funds under section 4 shall, without the approval of the Administrator, sell or dispose of its property, rights, or franchises, acquired under the provisions of this Act, until any loan obtained from the Rural Electrification Administration, including all interest and charges, shall have been repaid.

"SEC. 8. The administration of loans and contracts entered into by the Rural Electrification Administration established by Executive Order Numbered 7037, dated May 11, 1935, may be vested by the President in the Administrator authorized to be appointed by this Act; and in such event the provisions of this Act shall apply to said loans and contracts to the extent that said provisions are not inconsistent therewith. The President may transfer to the Rural Electrification Administration created by this Act the jurisdiction and control of the records, property (including office equipment), and personnel used or employed in the exercise and performance of the functions of the Rural Electrification Administration established by such Executive order.

"SEC. 9. This Act shall be administered entirely on a nonpartisan basis, and in the appointment of officials, the selection of employees, and in the promotion of any such officials or employees, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. If the Administrator herein provided for is found by the President of the United States to be guilty of a violation of this section, he shall be removed from office by the President, and any appointee or selection of officials or employees made by the Administrator who is found guilty of a violation of this Act shall be removed by the Administrator.

"SEC. 10. The Administrator shall present annually to the Congress not later than the 20th day of January in each year a full report of his activities under this Act.

"SEC. 11. In order to carry out the provisions of this Act the Administrator may accept and utilize such voluntary and uncompensated services of Federal, State, and local officers and employees as are available, and he may without regard to the provisions of civil-service laws applicable to officers and employees of the United States appoint and fix the compensation of attorneys, engineers, and experts, and he may, subject to the civil-service laws, appoint such other officers and employees as he may find necessary and prescribe their duties. The Administrator is authorized, from sums appropriated pursuant to section 6, to make such expenditures (including expenditures for personal services; supplies and equipment; lawbooks and books of reference; directories and periodicals; travel expenses; rental at the seat of government and elsewhere; the purchase, operation, or maintenance of passenger-carrying vehicles; and printing and binding) as are appropriate and necessary to carry out the provisions of this Act.

"SEC. 12. The Administrator is authorized and empowered to extend the time of payment of interest or principal of any loans made by the Administrator pursuant to this Act: *Provided, however,* That with respect to any loan made under section 4, the payment of interest or principal shall not be extended more than five years after such payment shall have become due, and with respect to any loan made under section 5, the payment of principal or interest shall not be extended more than two years after such payment shall have become due: *And provided further,* That the provisions of this section shall not apply to any obligations or the security therefor which may be held by the Reconstruction Finance Corporation under the provisions of section 3.

"SEC. 13. As used in this Act the term 'rural area' shall be deemed to mean any area of the United States not included within the boundaries of any city, village, or borough having a population in excess of fifteen hundred inhabitants, and such term shall be deemed to include both the farm and nonfarm population thereof; the term 'farm' shall be deemed to mean a farm as defined in the publications of the Bureau of the Census; the term 'person' shall be deemed to mean any natural person, firm, corporation, or association; the term 'Territory' shall be deemed to include any insular possession of the United States.

"SEC. 14. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act and the application of such provision to other persons or circumstances shall not be affected thereby."

And the House agree to the same.

E. D. SMITH,
BURTON K. WHEELER,
G. W. NORRIS,
Managers on the part of the Senate.

SAM RAYBURN,
GEORGE HUDDLESTON,
CARL E. MAPES,
Managers on the part of the House.

Mr. ROBINSON. Mr. President, may I inquire of the Senator from Nebraska whether the conference report represents a full agreement between the two Houses?

Mr. NORRIS. It is a full agreement; yes, sir.

Mr. ROBINSON. Will the Senator briefly explain the nature of the agreement?

Mr. NORRIS. Mr. President, there were several amendments made by the House, most of which were unimportant, and unless a particular question is asked about them I will not refer to them. There were, however, three very material disagreements. One pertained to the interest which could be charged for making loans for the construction of rural lines and also for equipment. The Senate bill provided for a rate of interest not to exceed 3 percent. The House bill provided for a rate of interest of not less than 3 percent. So what was the maximum in the bill as passed by the Senate became the minimum in the House bill. The conferees all agreed to a modification of the rate of interest provision so that the rate of interest shall be the same as that which the Government has to pay for any money it borrowed on a 10-year or longer period during the fiscal year preceding that in which the loan shall be made.

Mr. McKELLAR. Mr. President, will the Senator kindly repeat his last statement? I did not understand it fully, as I was engaged at the moment. My attention was diverted.

Mr. NORRIS. The agreement of the conferees is that the rate of interest charged for rural electrification purposes shall be the same as that the Government has to pay for money borrowed by it during the preceding fiscal year on the basis of 10 years or a longer period.

Another disagreement was in reference to the loaning of money to private corporations. The Senate bill provided that the money could be loaned only to public corporations, such as municipalities and to farm and other organizations operating on a nonprofit basis. The House included private corporations in the list of those who could borrow. The agreement of the conferees, as we have reported it, is that the House provision to loan to private corporations or persons shall remain in the bill, but a proviso has been added to the effect that in making such loans the Rural Electrification Administrator shall give preference to loans asked for by public bodies and organizations of farmers operating on a nonprofit basis.

Another disagreement was as to the Senate provision that in the administration of all rural lines and in the loaning of money, the machinery set up should be operated without regard to partisan politics, and that efficiency should be the guide instead of any political affiliation in making appointments or in promotions or in any demotions or discharges. The House struck that provision out entirely. Under the agreement reached by the conferees that provision has been retained in the bill.

I do not know of any other material disagreements. If there are any questions which Senators desire to ask, I shall be very glad to answer them if I can.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

CHARLESTON ARMY BASE TERMINAL, CHARLESTON, S. C.—CONFERENCE REPORT

Mr. COPELAND submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3789) authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, South Carolina, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment numbered 2.

That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same.

ROYAL S. COPELAND,
HIRAM W. JOHNSON,
MORRIS SHEPPARD,
Managers on the part of the Senate.

S. O. BLAND,
WILLIAM I. SIROVICH,
RICHARD J. WELCH,
Managers on the part of the House.

The report was agreed to.

SENATOR LEWIS, OF ILLINOIS—AN APPRECIATION BY C. L. MOSHER

Mr. ASHURST. Mr. President, I ask leave to have printed in the CONGRESSIONAL RECORD an appreciation written by Mr. Clinton L. Mosher, published on Friday, May 8, 1936, in the Brooklyn Daily Eagle, of one of the most erudite and accomplished gentlemen in public life in America—Senator JAMES HAMILTON LEWIS, of Illinois.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Brooklyn Daily Eagle of May 8, 1936]

CONGRESS CAPERS

By Clinton L. Mosher

J. HAM LEWIS, EXPERT ON LIVY—A CHARMING MAN, BRIGHT WITH PLUMAGE, BRILLIANT WITH WORDS—TO THE SENATE HE'S INDISPENSABLE

WASHINGTON, May 8.—When J. HAM LEWIS first came to the United States Senate from Illinois, with his maroon spats, pink whiskers, he was known as the greatest dude in America and the garrulous rainbow.

As time wore on and it became apparent there was a great deal more to the Senator than a charming personality, bright plumage, and fine-sounding words, an editorial writer rose up in his wrath and, in an editorial entitled "Hark, Hark, the Lark", declared J. Ham's speeches would sound just as good read backward.

Yet LEWIS is an extremely valuable, if eccentric, Member of the upper branch of Congress, if for no other reason than that he preserves the fine old tradition that a Senator should be able to express himself on the floor of the Chamber with a better brand of language than is employed by an alderman on a soapbox during campaigns.

It is very refreshing, for example, after spending a day listening to second-rate mouthings from his colleagues, to have J. Ham stand at his desk, adjust his purple ascot tie, and repeat at great length the discourses of Christ and the orations of Gaius Plinius Caecilius Secundus, late of Rome.

A youth grown old

At this present age—he won't tell the date of his birth—the Senator is a thoroughly enjoyable character. As a youth, in what was the Territory of Washington, J. Ham first grew his facial shrubbery in order to conceal his lack of years. He once said he was born in 1862, and stuck to his story for many years, until his mother, unable to stand it any longer, squelched him.

He is greatly in demand at social functions in Washington, and so is his charming wife, whose parlor tricks consist of telling uproariously funny stories about her dignified husband and in reading fortunes. She once attempted to read the palm of a Supreme Court Justice while the A. A. A. case was pending, but he backed away. It would have served as an excellent test of Mrs. Lewis' familiarity with black magic.

Repaid his benefactors

The Senator was born in Danville, Va., the child of the customary poor but proud parents. When the time came for young LEWIS to make his way in the world, he secured employment as an office boy in Augusta, Ga., but the job was not to his liking and he ran away to Savannah, where he got work washing dishes, a humbler position, which, nevertheless, gave him a degree of independence.

He soon discovered how necessary to success is an education and borrowed from friends to pay his tuition in the University of Virginia. Years later, when he had laid aside some money from a lucrative law practice, the Senator returned to Savannah, hired an open barouche and, dressed in his loudest clothes, went about the city with a bag of gold, paying off his benefactors. It was a grand performance, and typical of LEWIS. After all, isn't it a fine thing to have in the Senate a man so honest about paying his debts? J. Ham believes the foreign countries should do as he did and pay up, and he makes frequent speeches to that effect.

Once out of college, LEWIS was fired with an ambition to be Governor of the Territory of Washington. He started for the north country where his parents had gone, but got only as far as San Francisco, where he fell so low as to accept employment as a newspaper reporter. His wages were $8 a week. He did so well as a reporter that he was promoted to the job of stevedore on the docks, studying law on the side.

His one handicap at the time was his youth. He was too young to get the rich clients, so he sprouted the famous pink whiskers, which added years to his appearance. His next move was to purchase a horse and loud clothes and ride through the main streets to attract attention and also business. The trick worked.

What? Perfumed whiskers

Just before the turn of the century J. Ham was the Democratic leader of the Territorial senate, the husband of Rose Lawton Douglas, and a power in the Northwest. He almost achieved his ambition to be Governor, and probably would have been successful had he not refused the nomination because he disagreed with his party over some obscure matter then known as the ditch issue.

In 1896 LEWIS was elected to the House of Representatives. His entrance into the Chamber caused wild excitement. The first charge made against him was that he perfumed his whiskers. He retaliated by introducing a resolution to curb the powers of Tom Reed, the Speaker. The resolution, of course, fell by the wayside, and Czar Reed and LEWIS later became friends when someone sent Reed a letter in Greek and LEWIS was the only person who could translate it.

Sword tipped with rose

When the Spanish-American War came along, LEWIS joined the Washington National Guard, and was promoted to the rank of lieutenant colonel. He had made pictures of himself, striking fine poses with his sword. Years later, when he reached the Senate, J. Ham said of his verbal sword that it is always tipped with a rose.

He quit the House in 1898 to pursue his law practice here and abroad. One of his clients was a syndicate that proposed a tunnel under the Bering Straits and run through trains from Paris to New York. He traveled through practically every country in Europe, partly on business, partly in search of information to bolster his theory that the lands across the sea are covetous of our wealth, security, and prestige. He is to this day the perpetual Paul Revere.

The year 1913 saw LEWIS back in Congress, this time in the Senate. When the World War broke out he volunteered for service in the regiment which the late Theodore Roosevelt was organizing, but Congress put a stop to the whole thing. Later the Senator managed to get a job that took him to Europe to observe the movement of supplies. He saw considerable fighting, and on one occasion a stray bullet whizzed through his facial shrubbery, but without causing any damage. King Albert was so pleased with the incident that he offered to decorate the Senator but, because the decoration would have been unlawful, J. Ham turned it down.

Clemenceau and the scholar

While abroad, the Senator called on Clemenceau. They had an extended conversation on the problems of the war. Reporters gathered around LEWIS as he left the Tiger's office. Clemenceau, said LEWIS, had predicted the end of the war within a year.

The next day the Premier's office announced:

"Premier Clemenceau cannot be held responsible for uncontrolled statements of well-intentioned and honorable visitors more or less familiar with the nuances of the French language."

It was a bitter blow to LEWIS, the scholar, but he took it and left foreign shores aboard an Army transport. On the way back a German submarine torpedoed the boat. LEWIS escaped. An observer said later of the Senator that he simply smoothed his tie and helped the wounded.

Back in Washington, LEWIS announced his intention of leaving the Senate, but President Wilson, his close friend, pleaded with him to run again. Despite a disagreement they had had over the League of Nations, LEWIS accepted renomination, only to be defeated in the Republican landslide that carried into his seat Medill McCormick.

Spent $35 and won

Twelve years later, after more than a decade devoted mostly to local politics and the law, LEWIS engaged in an election fight with McCormick's wife, Ruth Hanna McCormick, the daughter of the famous Mark Hanna. Ruth spent $250,000 getting the nomination; LEWIS, $35. Mrs. McCormick was a dry Republican; LEWIS a wet Democrat, both running in a wet Republican State. The victory went to LEWIS.

Let those who think of the Senator from Illinois only as the man who had pink whiskers lend his attention to the Senate debate on neutrality.

Said Senator THOMAS of Utah: "The real definition for war is ultima ratio regum. Will the Senator from Illinois translate that for me?"

"I think that means the last argument of kings," replied LEWIS.

And again, THOMAS speaking:

"If I may have the attention of the able Senator from Illinois, probably we may quote a line from Livy, and get the Roman theory, showing that there was no place for the neutrality idea there:

" 'Media nulla via est'—'There is no middle way; and those who fight, or those who are enemies to the Romans, are either friends, allies, or enemies.'

"The Roman theory had its reflection in the statement which I think will be found in the New Testament, that those who are not for us are against us. Am I right?"

He knows his Livy

In reply, LEWIS, delighted with the attention, said:

"Mr. President, I was about to say to the able Senator from Utah, since he complimented me by calling my attention to the quotation from Livy, that it occurs in a letter in which the position was taken that you are either against your country or you are with it. There is no middle ground.

"The able Senator is quite right. That was expressed by Jesus Christ in the words, 'He that is not with Me is against Me.' And that doctrine is borne out, as the able Senator says, in the classic reference to which he has made allusion."

What would a Senator do when he was uncertain about his Livy if J. HAM LEWIS were not in that body?

NEW FRONTIERS—STORY OF RESETTLEMENT—ARTICLE BY R. G. TUGWELL

Mr. DIETERICH. Mr. President, I ask unanimous consent to have inserted in the RECORD an article written by Hon.

R. G. Tugwell entitled "New Frontiers—The Story of Resettlement", which was published in the Chicago Sunday Times of April 19, 1936.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Chicago Sunday Times of Apr. 19 and 26, 1936]

NEW FRONTIERS—THE STORY OF RESETTLEMENT

By R. G. Tugwell

WASHINGTON, D. C.—Throughout the course of our history we have waged a relentless battle with nature. We have brought the soil under cultivation. We have cut the forests. We have changed the courses of rivers. In short, we have bent the forces of nature to serve our needs.

Yet today we find ourselves the victims of the very forces we sought to subdue. In floods and dust storms, in high taxes, and in human misery we are paying the price of our folly.

We know now that man and nature must work hand in hand. Nature intended her gifts for certain uses. But we have abused her endowments by riotous exploitation. Before it is too late, we must protect the heritage that each generation holds in trust for posterity.

Time and again great leaders in our national life have sounded the call to conserve our resources. Since the days of President Theodore Roosevelt men of vision have reminded us that our soil and our forests are not limitless and have urged us to use our land wisely.

"Gloomy Jeremiahs," we shouted. "Our land is inexhaustible. For three centuries already it has fed and clothed and housed America. It will continue to feed, clothe, and house us and our children after us."

Then came the depression. All about us we saw people broken in mind and spirit, hungry and jobless, caught in the gears of a huge, uncontrolled economic machine—industrial and white-collar workers waiting in bread lines or adding their names to the lengthening relief rolls.

But what of the farm people? Surely they had food, for they had the land on which to raise food. But they, too—more than a million of them—were on the relief rolls. Then people realized that perhaps our land was not producing the way it ought to produce.

Agricultural experts and scientists called our attention to the fact that much of our once fertile soil was now barren. They pointed out that land intended by nature for grass and trees had been plowed under, that we have been exposing to the disastrous forces of wind and water valuable soil which needed coverage, and that natural watersheds had been destroyed. As a result, each successive year was adding to the toll of human poverty and to the dangers of violent dust storms and ravaging floods.

The Federal Government, aware of the situation, has embarked on a Nation-wide program of land use designed to conserve our natural resources leading to a proper readjustment between the people and the land.

To carry out a major portion of this program, President Franklin D. Roosevelt, on April 30, 1935, established the Resettlement Administration.

The Resettlement Administration has been charged with a number of duties all designed to benefit large numbers of our people who are in need of help—to initiate projects on behalf of rural families and industrial workers in our cities, to alleviate the distress of farmers in our rural areas, and to carry on specific work useful to the Nation as a whole.

The work which the Resettlement Administration is doing may be summed up as follows:

1. Initiating and administering projects to check the misuse of our land.

2. Making loans to farmers and reestablishing their credit, so as to put them on their feet again.

3. Initiating projects involving the resettlement of distressed people in rural areas.

4. Fostering town planning and demonstrating both the need and the feasibility of adequate housing for city families with modest incomes.

The various phases of this work in adjusting the people of the Nation to the land on which they live are interrelated. They are all parts of a coordinated effort to achieve a more stable national economy. It is just as important for the city laborer, the craftsman, the clerk, the merchant, and the banker that this work be done as it is for the farmer, the sharecropper, and the rural resident. The problems that face us are not new. They were implicit in the careless way our continent was settled.

TIDE OF EMPIRE

When a little troop of blue-coated soldiers, in wigs, strode along the sandy shores of Lake Michigan in 1830, and, in sight of the Pottawatomie Indians, constructed Fort Dearborn at the mouth of the Chicago River, the United States, then recovering from its war for independence, was in the first throes of westward expansion.

For a decade and a half the inhabitants of the Atlantic seaboard had been in the grip of a nomadic fever. Over the Cumberland route, the Genesee Road, and the various trails leading to the Ohio River via Pittsburgh, thousands of American colonists, on foot and by wagon, moved in search of new opportunities.

What they wanted was land—good land, a plot of ground which each man could call his own and upon which he could build his home.

From the dawn of our history free land had been a fighting matter. The proclamation of the British Crown in 1769, forbidding migration beyond the Appalachians, had met with open defiance. And after Cornwallis had been forced to surrender at Yorktown, the colonists pressed even further into the back country, toward the setting sun.

On and on they went, their numbers augmented by the throngs of immigrants from the Old World. Into the fertile valleys of Ohio, Indiana, and Michigan; into the bluegrass country of Kentucky and Tennessee and along the Coastal Plain, they pressed in search of greater opportunities.

The tide continued to roll westward. Chicago, which developed from a village of four cabins to an important link in a chain of outfitting posts, watched immigrants as they came out of the East and settled in northern Illinois and Wisconsin.

Nothing could stop the "horizon hunger" which gnawed at the invaders of the western States. In 1834 over 250 wagons a day streamed out of Buffalo on the road to Chicago and the great Northwest. Wagon wheels left deep imprints in the sands along the lake shore and bucked the muddy roads which led out of the city.

The land-hungry immigrants settled on the fertile soils of the Mississippi Valley, moved on beyond to the Great Plains, and even over the Rockies to the great Northwest and to the Pacific coast.

To this mass migration further impetus was given by the discovery of gold in California, by the continental expansion of railroads, and by famine in Europe. Land speculators, real-estate agents, railroads, editors, and self-appointed prophets sang the glories of the land, and the pioneers answered by trekking westward.

In 1862 another boost was given to the movement when Congress, by the homestead law, which permitted any head of a family to settle free of charge on 160 acres of public land, inaugurated a field of settlement which did not come to an end until the twentieth century.

As purveyor, merchant, and shipper for the pioneer, Chicago served as a barometer for the great movement into the western lands. As meat packer, granary, processor, and transportation center it reflected the development of the national domain by the pioneer.

The early pioneer was a strong individualist. He settled on his isolated holding and fought an unremitting battle with the wilderness. Single handed he tilled his broad acres and beat back the enemies from his homestead. In the thousand emergencies of a difficult and dangerous existence he had only his own ability and courage to rely on. He produced his own foodstuffs, warded off diseases with home-made remedies, and manufactured most of his clothing.

But often as not he was an unskilled farmer. Renewal of the exhausted soil called for more scientific knowledge than he could command. When overcultivation rendered his land unproductive he took the easiest way out. He picked up his belongings and headed for a new homestead. Thus, although his virtues were many, his faults included a prodigious wastefulness.

Through the years forests were cleared for cultivation and cotton, and other staples were planted. Along the upper Mississippi Basin acres and acres of green tasseled stalks of corn reached out toward the sun, and in place of the buffalo grass of the Great Plains, acres and acres of wheat rippled like water in the breezes. Mineral resources too were tapped, and millions of trees felt the cold steel of the wood chopper's ax. And in the semiarid regions cattlemen virtually ruled a vast domain of thousands of miles of grazing land until, after many bitter battles fought with sheep herders and homesteaders, they lost their unrestricted grazing grounds.

ROBOTS ON THE FARM

Then came the World War. Another period of expansion started. A great demand arose for farm products. "Wheat will win the war" became a catchword.

As a result, agriculture became an industry. The farmers called upon science to aid them in the problem of production, and science responded. Here was a new ensilage harvesting machine that cut cornstalks in the field; here were tractors to draw drills, discs, and plow bottoms; here were binders, threshing machines, combines—all aiding in the process of supplying grain.

Semiarid regions, suitable only for grazing, became dotted with huge wheat lands. Farms were turned into food factories. The "man with the hoe" became a food engineer, with a mechanical menagerie. He raised a "cash crop" and bought his fruits and vegetables in tin cans from the nearest city.

The system put a premium on exploitation, rather than on conservation. The farmer frequently treated his land as a temporary investment for speculation, rather than as a permanent home. Often he would crop his land to exhaustion. With sharp-edged ax and firebrand he would destroy forest to sell the lumber or to provide more space for cash crops.

Logging companies, in order to meet the pressing demand of growing cities and thriving industries for wood, cut forest after forest clean, leaving large areas exposed to the ravages of flood and fire.

The expansion of agriculture left a trail of waste and desolation. From the Atlantic to the Pacific, abandoned farms and cut-over forests testify to the wasteful conquest of the continent. Of the original forest lands which covered the United States, less than one-half remains. The timber supply has been decreased at several times the rate of annual growth. In some areas timber

has almost entirely disappeared as a source of supplementary income. About 80,000,000 acres of cut-over and burnt-over land have been permitted to lie idle without adequate provision for reseeding. In the lake States alone over 25,000,000 acres of forests have been cut over and the land allowed to go to waste.

Grass lands and other lands not suitable for cultivation have been exposed to the wind and rain by the plow. The rains that flow off this land now wash the rich topsoils to the rivers and oceans. In dry periods the fertile soils are blown by winds out of the reach of man.

Bare, plowed ground, it has been said, loses as much soil in 4 years as unbroken ground in 4,000 years. In a recent dust storm 300,000,000 tons of fertile topsoil was swept off the Great Plains. Each year 400,000,000 tons of soil material, the National Resources Board reports, are washed into the Gulf of Mexico by the Mississippi River. Those twin demons—wind and water—together remove, beyond use, 3,000,000,000 tons of soil annually, creating a yearly loss estimated at $400,000,000.

Our soil experts estimate that one-fifth of our agricultural lands are badly eroded and that close to 100,000,000 acres of land have been destroyed beyond recovery. Still other vast areas yield so low a return as to place them in the unproductive class. As many as 650,000 farm families in the lower income classes occupy substandard farms with a total area in the neighborhood of 100,000,000 acres.

Such submarginal lands create an ever-growing problem for State and county governments. The national conference on land utilization, which met in Chicago in 1931, pointed out then that the lack of a program for such lands has resulted in "an increased number of abandoned farms, a rapidly growing area of tax-delinquent land which is being resold for the same uses under which it became tax delinquent * * * serious dislocations of the physical and institutional arrangements of units of local government through the disappearance of land from the tax rolls, and a sparse and scattered population that can be supplied with adequate schools and roads only at a great expense."

In one of the States adjacent to Illinois a study showed that in one county, for example, 28 families stranded on isolated unproductive farms cost the Government $185 a year each merely for the transportation of their children to and from school. The same families each paid an average annual tax of $10.80 a year. As a result the other taxpayers of the county had to subsidize the residence of these people on poor land at the rate of $5,000 a year. In order to maintain roads leading to dwellings on submarginal farms, another county spent 13 times as much as the total tax collected from these families.

Submarginal land may be found in every State in the Union. In Illinois, the State land planning consultants have indicated that there are 1,587,000 acres of submarginal land which should be retired from their present use. The Resettlement Administration is not only continuing the necessary studies of such problems in land use, but is also executing a Nation-wide program of projects demonstrating the manner of converting lands to proper uses.

LAND-USE PROGRAM

The land-use program of the Resettlement Administration calls for the purchase—through 206 projects—of more than 9,000,000 acres of land throughout the United States. This land is to be retired from its present wasteful and uneconomic uses. It will not, however, lie idle. Some of our projects call for the conversion of wasted land into recreation areas, others—the largest of which is in the western plains and contains 1,000,000 acres—will be permitted to develop into grazing land. Still others will involve work of reforesting, erosion control, establishment of wildlife refuges, and development of parks and forest preserves.

Of the total number of acres planned for purchase by the Resettlement Administration, over 1,000,000 acres have already been bought and are being restored to their proper uses. In Illinois the Resettlement Administration has three land-retirement projects. The land-development phase of the program is under way on two of these at the present time. Altogether, about 35,000 acres will be acquired by the Resettlement Administration in Illinois.

The Federal projects now being undertaken throughout the United States will demonstrate in concrete form the results which may be expected from a wiser public use of land.

Inherent in this land program is the human element. There are 17,000 families living on this land that is to be retired. What is to become of them?

From some angles this may be considered to be the most difficult phase of the work of Resettlement Administration. We feel that human beings should not be dealt with as pawns on a chessboard, to be moved about at the will of disinterested agencies—or simply as cogs in a giant economic machine, to be fitted into place by objective social engineers. We, therefore, are bound to consider strongly the matter of psychology, and allow full play for the native energy and the initiative of the people themselves.

Yet it is essential, if there is to be a real rural prosperity in the United States—and there can never be a genuine Nation-wide prosperity without it—that we do what we can to achieve the American ideal of individual ownership of good farm lands. The old geographic frontiers are closed; we must open new frontiers of individual farm ownership.

To a large extent, hard economic facts and severe poverty which people living on submarginal land have encountered have already convinced them of the necessity for moving to more suitable locations. The sale of their land to the Government is, of course, entirely optional, and it is a striking fact that our records to date do not show a single refusal to sell.

Some of these families, with the money received for their exhausted homesteads, are, under the guidance of the Resettlement Administration, buying productive lands and are helping themselves to a fresh start. Others are using their funds to lease new lands, as the first step in farm ownership.

Unfortunately, however, there are families which are in a position to do neither. For these families and other deserving people we are offering the opportunity to resettle, if they wish, on new farms.

In general, three types of projects are made available to them.

Where we can find good individual farm tracts in their vicinity, we acquire these lands and offer them to the new settlers for purchase. The terms under which they are sold are very reasonable—easy payments over a long period of years. In this way the new settlers achieve a large degree of economic independence, and become an acceptable part of established community life—tax-paying, self-respecting people, with a worthy social outlook.

COMMUNITY PROJECTS

On the other hand, where we can find large tracts of good lands on which farms can be more economically developed when grouped together, we establish community projects and offer the new settlers farms in these communities.

In such resettlement communities individual farm units, ranging in size from 10 acres to 120 acres, are arranged in such a manner as to provide communication, roads, utility services, and schools as conveniently and as economically as is possible.

A third type of project is also available to the new settlers. This consists of rural-industrial communities which were initiated by other Government agencies—the Subsistence Homesteads Division of the Department of the Interior and the Rural Rehabilitation Division of the Federal Emergency Relief Administration—and were taken over by the Resettlement Administration at the time of its establishment. We are completing these projects and are establishing a few more like them.

The new frontiers opened to Americans by the Resettlement Administration take into account many people who have literally been misplaced or forgotten in the hit-or-miss methods of our national development. There are, for example, the young married farm couples just starting out in life. Had they lived three generations ago they would have moved westward with the tide of migration. Had they been born one generation earlier they would have moved to the cities with the tide of industrial expansion. Now they find themselves out of time—stranded couples. They have no alternative except to start as hired servants or farm tenants, and in many cases even these opportunities are closed to them.

Then there are the stranded people—families whose breadwinners have been employed in forestry or in coal, lead, zinc, iron, and other mines which have been fully exploited and are now practically exhausted. With the resources gone, they have no way to turn. Part-time work combined with small-scale farming can save them.

Finally, there are good farmers in the farm-tenant class who have been caught in the meshes of an economic arrangement from which they cannot extricate themselves without assistance.

Families from all these classes, in addition to those who have been living on submarginal land which has been purchased by the Federal Government, furnish the candidates for resettlement. It is only right and fair that the new frontiers be opened to these people.

We have made plans to establish about 230 resettlement projects, exclusive of 33 projects initiated by the Subsistence Homesteads Division. It is likely, however, inasmuch as our funds are limited and since our intention is merely to demonstrate the need and feasibility of such projects, that we will actually carry out plans for perhaps half that number. Resettlement projects have already been approved for 42 States. Projects completed are providing homes and better farming opportunities for more than 14,000 people. In Illinois, 4 resettlement communities providing for approximately 660 families, have already been established or are in the process of construction.

Resettlement and land utilization are significant for the future welfare of America. Work of this sort must be carried on with a long-term policy in view. But there is also an emergency at hand. A great many rural families are in dire need. They must be helped at once. An integrated civilization like ours cannot permit a whole segment of the Nation's population to be destitute.

The city dweller, of course, may be shocked to learn that the Federal Emergency Relief Administration has had over 1,000,000 farm families on its rolls. Farmers on the dole! It seems impossible, yet that was the situation.

A large number of these distressed farmers were those who had land of fair or good quality. But inefficient and unwise methods of farming or the burdening pressure of debts, or both, have kept them in the state of poverty.

For years these farmers had planted their entire acreage in cash crops. They sold their crops and bought their own food at the stores. In good times, when prices for farm products were high, they managed fairly well. But when the market sagged or such phenomena as continued drought or general economic depression occurred they faced utter privation.

Farmers, like merchants and manufacturers, operate on credit. For many years they were able to plant and cultivate and market their crops with loans from farmer friends or credit agencies. Since 1929 this sort of credit has been harder and harder to obtain. After a year, consequently, the farmer got along with less. His

unpaid debts piled higher and higher. If he was lucky, he struggled along under a debt he could never hope to repay; otherwise, he lost his possessions. This was a severe hardship on farmers who had owned property. For those who had been renting land or sharecropping the hardship was no less acute.

A FEDERAL GRUBSTAKE

I have felt that the Government should do more than merely help destitute farm families survive on a minimum of food and clothing given to them from time to time. I have believed that opportunities should be furnished them to help them help themselves toward independence.

Rural rehabilitation is a definite part of the work of the Resettlement Administration. The idea behind this phase of our work is to reestablish the credit of poor farmers by extending to them small loans, ranging anywhere from $50 to $600, with which to purchase seed, work animals, livestock, farm machinery, tools, or other items essential to proper farming.

In conjunction with such loans these farmers (and others who may wish such advice) are aided by carefully prepared farm plans which aim toward restoration of the farmer to a self-supporting basis. These plans provide a live-at-home program by which the farmer can raise most of his own food and not be entirely dependent on one cash crop to enable him to support his family. The farmers' wives are likewise taught better home management and are encouraged to can their home-grown foods for family use.

The manner in which this scheme is working is gratifying. Already some $10,000,000 of these loans have been repaid to the Government. But there is an even larger implication in the work of rehabilitation. These loans keep the farmer off the relief rolls. The average loan does not exceed the amount necessary to keep a farm family on the dole for a year.

At the present time there are about 550,000 farm families throughout the United States who have received such assistance. Approximately 3,000,000 people have thus been given an opportunity to become independent and self-respecting again. Certainly such an investment is worth while.

In Illinois the number of families in need of rehabilitation has been proportionately large. During the past 6 months the Resettlement Administration under this phase of its program has come to their assistance with loans totaling more than $1,000,000. In addition to that to such Illinois farm families so poor that they lacked even bare subsistence, the Resettlement Administration has made emergency grants of almost $185,000 to stave off threats of starvation.

A MATTER OF DEBT

Small loans or grants, of course, are of no fundamental value to those farmers whose difficulties are heavy debt burdens. From 1910 to 1930 the mortgage debt per acre on American farms increased approximately two and three-quarters times. During this period the mortgage debt on Illinois farms increased from $3,135 to $6,180 per farm. At the same time the prices of agricultural products had declined in 1930 to about one-half of the 1910 level. This brought about a situation whereby many farmers were attempting the almost impossible task of trying to pay huge debt charges with small incomes. Obviously it could not be done, and with the arrival of discouraging years came an avalanche of ruthless foreclosures, frequently desired neither by creditor nor debtor.

The Federal Government has found that both creditors and debtors have to gain by scaling down burdensome debts to a reasonable amount. Accordingly the Resettlement Administration organizes voluntary personnel to serve on State and county farm debt adjustment committees. These committees, appointed by the Governor of the State, bring creditors and debtors together in order to arrive at a mutual agreement which will result in a reduction of the debts or an extension of time in which they are to be paid. In the last 6 months creditors, to whom was owed more than $46,480,000, have agreed to reductions totaling over $12,750,000. In Illinois the voluntary committees initiated meetings which resulted in the scaling down of debts during this period of time by 30 percent.

This work of rehabilitation and farm-debt adjustment is essentially simple, practical, and concrete.

The people living in our metropolitan areas are likely to regard this whole program of rural rehabilitation, resettlement, and land use as a matter of concern only to the farmers of the Nation. This is a far cry from actual facts. City residents are related more directly to the whole program than they realize. Proper planning for our living needs is universally essential.

In the matter of housing, for example, the urban dweller should see the need for a more carefully planned development. Industrial workers with low incomes have found little consideration for their needs in the sporadic and undirected growth of our cities. In our most beautiful cities, ugly and filthy slums house a substantial part of the population. And even in the country, unsightly suburban developments, accompanied by industry, have grown up.

The fact remains that there is a real need for decent housing for people with modest incomes. It is an equally unfortunate fact that private industry and public policy seldom work in harmony with such a need. The Resettlement Administration feels that much can be done to stimulate the proper agencies to satisfy this need by demonstrating the feasibility of properly planned housing for people with modest incomes.

We are, therefore, engaging in a program of suburban resettlement which is far more than a simple housing venture. Our idea is to erect model towns in suburbs where land is reasonable and where industrial workers can enjoy a modicum of simple life and still live within easy transportation distance of their work. In each of these communities the residents will have an opportunity to engage in small-scale farming as an avocation and form of recreation. Full-time farming, with a ready-made market, will be provided for in the green-belt region for neighboring farmers.

It is interesting to note the first thinking along these lines was done by Ebenezer Howard, a young English immigrant, who had been working as a stenographer in a Chicago office at the time of the great fire. He published a little book in which he described a certain kind of idealized town which he called garden city. It pictured a union of city and country life in which the land was planned to eliminate waste and to provide the dwellers with a pleasant and spacious living.

Howard's ideas were materialized in England, to which he later returned, and two garden cities were set up there with success.

In America garden cities have also been constructed, but they have been limited to rather expensive suburban regions for wealthier people and have not met the real needs of our workers.

GREEN-BELT TOWNS

At present the Resettlement Administration is constructing four communities to demonstrate that such projects should and can be carried out with the worker of modest income in view. One of these which is farthest along is located in Berwyn, Md., near Washington, D. C. Another is near Cincinnati, Ohio; a third is at Bound Brook, N. J., and a fourth near Milwaukee, Wis. Each of these will be a green-belt town, so-called because the community will be surrounded by a belt of farm land, woods, and parks, to prevent encroachment of undesirable housing and industry.

The green-belt project near Milwaukee, for example, is to be constructed near the center of a plot of 3,500 acres. The land, because of the rolling terrain, its good soil, and its proximity to county parkways and roads, provides an excellent site. On it there will be erected, to begin with, 750 dwelling units—mostly individual homes and chain houses. Each resident will be no more than 15 to 25 minutes away from the working districts of Milwaukee, West Allis, Cudahy, and South Milwaukee. Every house will have a garden and a porch, and nearly every house will have its own garage. The house will be simple, practicable, and sanitary and designed in accordance with the best architectural plans.

The community will have stores, a post office, a community center, recreational grounds, picnic grounds, and will also have provisions for the construction of inns, schools, and churches.

The Milwaukee projects and the other suburban communities will not be "Federal islands" within their respective States. We intend that every citizen shall have his full share both in duties and in privileges. Each community, as soon as it is practicable, will be turned over to a nonprofit corporation for holding and managing the properties. The Federal Government will be represented only in such capacity as will insure its financial stake. The government of each community will be that which is appropriate to its size under the laws of the respective States; the land and the buildings on it will bear their full share of State and local taxation. And from those tax revenues the schools and other public services will be supported just as they are elsewhere.

The charges to be paid by the holders of these properties will be kept as low as possible. It is expected that the rent to be paid by the dwellers will not exceed one-quarter of their income.

The people of Chicago are perhaps better aware of the advantages of such planning than are the people of some other cities. Chicago, whose motto is "city within a garden", is justly appreciative of the advantages of proper city planning. Its lake-front development, its street-widening efforts, its slum-clearance projects, its distinctive system of public parks and boulevards, as well as its creation of notable public buildings for the fostering of art and culture, testify to the progressive thinking of the citizens. It is just such a kindred and sympathetic understanding which gives us courage in dealing with problems on a Nation-wide scale.

I have described in some detail the reasons for such a program as ours, and have, I hope, pointed out the aims and the work of the Resettlement Administration. The problems are tremendous; the obstacles numerous; the possible consequences are far-reaching. Obviously the causes for the deplorable conditions existing today cannot be solved overnight. But my associates and I have confidence in the value of the task we are performing, and hope that our work will contribute substantially toward "the more abundant life" which President Roosevelt envisages for our country in the future.

SENATOR CLARK'S ADDRESS AS TEMPORARY CHAIRMAN OF MISSOURI DEMOCRATIC CONVENTION

Mr. TRUMAN. Mr. President, I ask unanimous consent that the address delivered by my colleague the senior Senator from Missouri [Mr. CLARK], as temporary chairman of the Missouri Democratic State convention, held at Joplin, Mo., May 5, 1936, be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I would regard it as a great honor and a great privilege at any time and in any year to be permitted to preside for a brief time and to address this great gathering of truly representative Missouri Democrats. I would have regarded it as a great honor in the years of our disasters and defeats. In this year when Democracy in State and Nation is militant, harmonious, triumphant, and certain of victory, the evidence of your favor in my selection as

temporary chairman of this convention is something which I will deeply cherish.

We meet today as Democrats—a term broad enough to embrace all who believe in liberal Democratic principles and narrow enough to exclude those who persist in advocating a return to the errors which recently brought this Nation to the sorry pass from which the present Democratic administration is painfully and slowly extricating it.

I speak today as a Democrat to an assemblage of Democrats. I am a Democrat both by birth and conviction. My great-grandfather voted for Jefferson electors in New Jersey in 1796, and from that day to this the men of our name have followed the standard of Jeffersonian Democracy without variation or shadow of turning, because we have believed in the principles which that standard represented. And so today I have no hesitation in calling every believer in liberalism and Democracy in Missouri and in the Nation to rally round the banner of the only exponent of liberalism who, in this year of our Lord, 1936, has any chance to be President of the United States—Franklin D. Roosevelt.

Let us always keep before us the history of the Democratic Party. From the foundation of our Government under the Constitution it has ever stood as a tremendous bulwark against the encroachments of Toryism upon the rights of the people on the one hand and against the advances of radicalism to destroy our constitutional system of government on the other.

I pray God that the Democratic Party may never become either a reactionary party or a radical party. If it ever does, it will suffer and deserve to suffer the fate of obliteration which has been suffered by the Liberal Party in England in its absorption by the old-line Tory industrialists and the Labor Party. Liberalism today in the United States is resisting major attacks from the theories of fascism on the one hand and radicalism on the other. Liberalism can only be recognized in the Democratic Party as represented by Franklin D. Roosevelt. Whether or not you agree with all his acts—and I have disagreed with and voted against some—no one can deny intelligently that today he stands as the great liberal bulwark against the extremes of the Fascists and the Communists.

The Democratic Party was founded as the party of progress and throughout the Nation's history, save for a few brief lapses, it has consistently remained the party of progress. By party of progress I mean a party which, while recognizing that underlying principles do not change, yet also recognizes that the application of those principles must keep abreast of advancing civilization. Thomas Jefferson himself—to my mind the greatest political philosopher that the world has ever known—realized fully and founded his political creed upon the theory that the science of government is a progressive science and that advances must constantly be made in the promotion of the welfare of the people lest we perish. So Jefferson wrote a century and a quarter ago: "We have chanced to live in an age which will probably be distinguished in history for its experiments in government on a larger scale than has yet taken place." I may be old-fashioned, but as an old-line Democrat, sprung from the loins of old-line Democracy, somehow I would still rather take Thomas Jefferson as an authority on Jeffersonian Democracy than Jouett Shouse or John Raskob or Irénée Du Pont.

After a little more than 3 years in complete control of the National Government in this period of great stress, the Democratic Party confidently subjects itself to the judgment of the people upon its record of achievement. It is well that under our system of government the people shall have opportunity to judge the past, take stock of the present, and estimate the future at frequent intervals. The issue which the people must decide is this: Does the record of President Roosevelt and the Democratic Party since March 4, 1933, justify the people of the United States, who are the masters of all parties and all public servants, in granting to us a new lease on power, or is that record such as to justify the electorate in casting us into outer darkness? And this issue can best be decided if each voter will soberly and dispassionately cast up in his own mind a comparison between conditions as they were on that stormy day in March 1933 when Franklin D. Roosevelt took office and conditions as they are today. It is upon this comparison and this record that we with full faith and confidence appeal to the men and women of the United States who, when they go to the polls to vote, hold in their hands full power to govern the destinies of this great Nation.

Let me briefly recount the history leading up to our present situation. The United States has from the earliest times of the Republic been the bulwark of liberty throughout the world. We set the example of republicanism to the nations of the earth. Our Government was created and stands as a monument to the proposition that men are fit to govern themselves. A little more than 20 years ago it seemed that the principles upon which our Government had been founded were to encompass the earth, for nearly 30 nations had followed our example in setting up constitutional governments. Today, as a result of events which have gone on in the latter years and of events which are still taking place, every lover of constitutional liberty in the world must bow his head in shame. But even in this time, this time of crisis, when as a result of the brutal bestiality of war, of the lowering of standards, the destruction of morale which accompanied and followed that awful conflict, liberty is prostrate throughout the world, with brutal dictators in the ascendent in nearly every land, the United States still affords the last hope to the oppressed and liberty-loving peoples of the world.

We ourselves have been passing through the fiery furnace of the aftermath of war. We are just emerging from a crisis more serious than any in our history, with the possible exception of the period of the Revolution and that of the Civil War. The survival of our institutions and of our whole economic fabric has been tested to the uttermost. But under the leadership of the President of the United States there is evidence today of recovery on every hand.

During the war there was an enormous waste of blood and treasure throughout the world. When that dreadful conflict was ended, bankruptcy or its equivalent, utter lack of financial stability in international relations, suspicion, jealousy, rancorous hates, breaking down of morale were on every hand.

The United States, as the leading creditor nation in the world, deliberately pursued the part of aggressor in an economic war with all the nations of the earth. Through retaliation by other countries, international trade was practically ended. We cornered the gold supply of the world, and while properly demanding payment of international obligations owed us by other nations, we set up tariff walls and embargoes to prevent them from paying in the only medium in which they could pay—goods and commodities.

On the 4th of March 1921 Woodrow Wilson retired from the Presidency after an administration which had witnessed the enactment of more remedial legislation than had been placed on the statute books for 50 years prior thereto, and after having successfully conducted the greatest war in all history, involving on our part the expenditure of billions of dollars. He retired under circumstances where not even the bitterest partisan opponent of his administration ever dared even to intimate that every dollar of those vast sums had not been properly spent or that as much as one penny had ever stuck to the fingers of any public official.

And then came days never to be remembered without a blush by any lover of his country. With the advent of Harding we entered upon a period of riotous extravagance, of uncontrolled inflation, and speculation. Special privilege exercised absolute control of Government, of business, and of the lives and well-being of our people—with unprecedented arrogance, not troubling to mask its ugly face. The Mellons, the Insulls, the Wiggins, and scores of others of like ilk reigned supreme and bilked the American people to their hearts' content. Corruption stalked the land, involving some of the highest officials of the Nation; and men who sat at the President's very Cabinet table were guilty of crimes so treasonable that they would have brought the blush of shame to the brow of Benedict Arnold or Judas Iscariot.

And for 12 long, weary, tragic years the march toward calamity continued. Harding died; Daugherty and Fall and scores of others were driven from office in disgrace, some to prison; but the organized forces of public plunder retained control of the Government with less crude and more astute agents. Andrew Mellon remained as the dictator of the fiscal policies of the Nation.

The most serious economic maladjustments were not only permitted to continue but were actually created by the Government itself. Agriculture, the basic and fundamental industry of the Nation, had been prostrated shortly after the war by the sudden and arbitrary deflation of farm values forced by the indefensible action of the Federal Reserve Board; and that depression continued and grew worse throughout the administrations of Harding, Coolidge, and Hoover. In the false, pseudo-prosperity of the Harding and Coolidge administrations American agriculture had no part. To the wiping out of the buying power of the American farmer a major part of the responsibility for the ultimate disaster may be traced.

May I pause for just a moment to reflect in passing upon the varying standards of value of farm lands under the Hoover and the Roosevelt regimes? I read a few days ago that my old and dear friend, Senator James A. Reed, had just purchased a farm in Platte County for a reported price of $45,000, and it was further stated that he had purchased the place as an investment. In spite of the Senator's constant predictions of evil to the people of the United States through the enactments of the last 3 years, I wonder if he knows of any prudent investor, himself included, who would 4 years ago, at the height or depth of the Hoover prosperity, been willing to risk $45,000 or any considerable portion of it for the farm which he has just purchased as an investment. I wonder if the Senator knows of any responsible citizen who in the halcyon days of the old regime before Roosevelt, for the return of which he longs so much, would have been willing to buy farm land as an investment, except at the beggarly low prices at which shavers of foreclosures might be able to wring a profit from the impoverished farmer.

To return to our discussion, it is fair to assert that to the heads of three Republican administrations, from 1921 to 1933, the panic of 1929 and the misery which ensued for millions of Americans is directly chargeable.

They deliberately encouraged inflation. They studiously abetted the delusion that an era had arrived in our national affairs in which depression or panic could not recur. They permitted the prostitution of the Nation's credit, through a system set up by the Wilson administration of the use of legitimate business, into the power of Wall Street for purposes of speculation. High Government officials, great financial experts, constantly prated to the effect that a permanently high plateau of prosperity had been reached, that inflation of values was entirely justifiable, that there could never be another depression in the United States. And so the mad orgy of inflation and speculation went on.

And then when the inevitable day of reckoning came and the market crashed, when the country stood in need of encouragement and reassurance, the very same men who had stimulated and led the talk of a permanently high level of prosperity—of "a radio in every home, a chicken in every pot, and two cars in every garage",

as Hoover once promised the American people—these very same men raised a cry of alarm. Instead of saying frankly to the people that a bubble of inflation had burst, that a few rich plungers had lost fortunes, and that most unfortunately a multitude of small investors, or small speculators, as the case might be, had been ruined, but that the basic wealth of the Nation was still intact, that we still had as vast resources, as rich agricultural lands, as great mineral stores, as much machinery, as adequate transportation facilities, as many skilled workmen, as honest, industrious, God-fearing a people as ever lived on this earth, and that what the country needed was for everyone to forget the stock market and go back to work, Mr. Hoover raised a shout of panic.

He summoned to Washington a crowd of capitalists and he told them in the most public manner possible that this country was in the most serious crisis of its fate and that unless they stood by the whole country was headed for destruction. And these industrial captains, each and every one, promised to carry on. And then, alarmed by the President's warning, they each and every one went home and trimmed the sails of his own little ship to weather a terrific storm.

The reaction of the public was immediate as it was inevitable. Public confidence was utterly destroyed. A stampede ensued; and without making a substantial effort to correct the basic economic maladjustments which had created the situation, the leaders of this school of thought gave way to counsels of despair.

Trade was paralyzed, factories were shut down, workmen were thrown out of employment, credit which had been substituted during the inflation years for currency as a medium of exchange was suddenly and abnormally contracted, and the price of agricultural products nose-dived because millions who would gladly have paid a decent price for the necessities of life had not the wherewithal with which to pay. A remarkable and unprecedented situation was created wherein millions of people were starving in the midst of plenty.

And then in the face of this situation of disaster, right on top of the collapse, a Republican Congress proceeded to pass and President Hoover proceeded to sign the most outrageous, the most indefensible, the most criminal tariff act in the entire history of the world—one which made the historic and infamous "tariff of abominations", which laid the foundation for the Civil War, seem by comparison mild and equitable. In the face of the solemn written protest of nearly a thousand of the leading economists of the United States, in spite even of the urging of leading industrial captains, who had hitherto been glad themselves to participate in the tariff loot, that the limit had been exceeded, President Hoover signed the bill.

The result was immediate. Every civilized nation in the world proceeded to retaliate. Our foreign trade fell away to nothing. Huge surpluses of the products of American industry and agriculture, the sale of which in foreign lands had made the prosperity of the United States, accumulated on our hands. The more food there was produced in the United States, the more millions were hungry within our borders. The more gold we accumulated, the more our financial structure was impaired. The more superficial remedies were applied without regard to the basic economic ailments, the more aggravated and dangerous became the constitutional disease. Yet no effort was made to adjust the basic economic condition which had brought about the collapse. Apparently it was not recognized that starvation in the midst of plenty was an indictment of our system which could not be blinked at, glossed over, or ignored.

And so, on the 4th of March 1933, Franklin D. Roosevelt was inaugurated into the Presidency to face a situation more desperate than had ever confronted any President upon his induction into office, save possibly only Lincoln in 1865. The Republican policy of pandering to special privilege had at last reached its full fruition. Agriculture, long suffering through the tariff policy which compelled it to buy everything it had to buy in a protected market—paying a tariff tax on every item of consumption—and to sell everything it had to sell in a free market, was prostrate.

Industry, long profiting by unjust discrimination against agriculture through our system of prohibitive tariffs, had finally come upon destruction through the vicious excesses of that policy, particularly as exemplified by the Hoover-Grundy Tariff Act of 1930, which had effectively closed the markets of the world to our products of every kind.

Public confidence had been utterly destroyed. A bank, with its vaults bulging with idle money, did not dare loan a dollar on any sort of security, because in the state of the public mind the best of security was likely to prove worthless. Citizens with money in their pockets anxious to put it in places of safekeeping did not dare deposit a dollar in any bank because they feared that where so many had failed in no place might there be security. Hoarding had become an inevitable national vice. Disclosures of the extent to which Insull and Morgan and Wiggin and Mitchell and a host of others of the great captains of privilege had been allowed to plunder the American people—largely through the aid and protection granted them by Government—had led the American people to a state of despair which was closely akin to desperation.

Franklin D. Roosevelt, as a result of all these conditions, took office with every bank in the United States closed, every industry prostrated, every decent citizen apprehensive of the future of his country.

With superb courage the President took the lead. He recognized that bold measures were needed to correct the situation. He realized and proclaimed that certain fundamental economic adjustments were necessary, and that in addition certain emergency and temporary measures were necessary and desirable to restore the equilibrium. His courage and his masterful grasp of the spirit of his countrymen have been like the music of silver bugles sounding the charge to the people of the United States. He recognized his grave responsibility in a great crisis and he did not dodge or shirk.

It is not necessary to have agreed with every item of the enactments of the last 3 years to be able to rejoice in the spiritual and material improvements which have taken place in the country during that period as a result of that program as a whole. That gallant figure, President Roosevelt, with his high courage, with his indomitable will, which has enabled him to rise far above the limitations of mere physical misfortunes, with his magnificent abilities, with his unswerving devotion to the body of the people—to the "forgotten man" as he once denominated him—is leading the American people out of the slough of despond. The very buoyancy of his courage and optimism has had a tremendous and inspiring effect upon the hearts and minds of our people in ending the depression. He has done more in 3 years to rout the entrenched forces of special privilege than has been accomplished in any similar period of our history since Andrew Jackson sat in the White House.

Some of the measures advocated by the President are purely temporary in their nature; some call for permanent readjustments in our economic structure, to as far as may be removed the causes of the dreadful ordeal through which we have been passing. Some have been frankly experiments so recognized and denominated by the President himself with the promise that if they shall prove unsuccessful he will recognize the fact and abandon them. Some have proved unsuccessful and have been abandoned. Others will prove unsuccessful and will be abandoned. But the great majority have proved successful and should and will by the determination of the people become a part of our permanent system of laws.

Some of them, to my mind, have been dangerous experiments; some of them have involved a grant of power by Congress or an assumption of power by government which I myself was unable to reconcile with my views of the Constitution of the United States.

I may say to you very frankly that I have not agreed with all these measures, and that when I have not been able to reconcile my views on fundamental grounds with those of the President I have differed with him with great regret, but under my own oath of office have voted my own convictions. I hold it to be the duty of a Senator or Representative sworn on his own oath to represent the sovereign people of a great State to give most careful and deferential considerations to the recommendations of the President, to resolve all possible doubts in favor of his proposals, but if thoroughly convinced that they are wrong to vote against them. Such, I conceive, to have been the theory of the fathers of the Republic, and such will be my course as long as I remain in a position of responsibility under the Constitution.

But, my fellow Democrats, I say with all possible earnestness that it is not necessary for you or for me to agree with every act of this administration in order to revere the character and intellect of President Roosevelt and to glory in the sum total of the magnificent achievements of his administration since he took office. The proof of the pudding is in the eating; the test of Roosevelt's administration should be the benefits which have accrued to the people of the Nation under his leadership.

Taking his program as a whole, the audacity, the power of decision, the gallantry of spirit of the President have been an inspiration to the people of the United States the like of which we have not seen since the immortal Jackson formed and led the hosts of Democracy. Whatever may be the outcome of any particular measure of his program, he has convinced the American people that he is literally and faithfully carrying out his pledge to drive the money changers from the temple.

Whether he succeed or fail in any particular engagement of what must necessarily be a long war to finally redeem the Nation from the forces of reaction and depression, the whole country realizes that the whole force of Government is now being exerted to the uttermost in the interest of the masses of the people instead of the interest of special privilege. More than any President since Andrew Jackson he has been the invincible and triumphant foe of entrenched special privilege. More than any President since Thomas Jefferson he has visioned a Government conducted exclusively in the interest of the whole people. More than any President since Woodrow Wilson he has demonstrated that an honest, vigorous Executive can conduct an administration through the fiery ordeal of vast expenditures of public money and emerge without even the fumes of suspicion or corruption or veniality upon its garments.

And yet, even in this time, which is still a time of stress, even in the midst of this vital struggle for recovery, even as we are toiling back from the depths, since we have this year under the Constitution a national election, there are men and women, some formerly in high places and some still in high positions in our Government, who are willing for fancied partisan advantage to indulge in the practice of abusing the President and damning all his acts. Their viewpoint is set forth in the old doggerel: "I do not like thee, Dr. Fell; the reason why I cannot tell; but this I know, and know full well, I do not like thee, Dr. Fell."

Old battle-scarred veterans of the army of privilege—men who unctuously defended every infamy of the Harding administration; men who cheerfully supported the Hoover-Grundy tariff bill; men who ballyhooed the stock-market inflation, which led to our present deplorable state; men who even had the hardihood to defend Hoover as a great President, who had fulfilled his extravagant

campaign pledges and brought unparalleled prosperity to the United States—have the effrontery to stand upon the floor of the American Congress or on convention floors throughout the country and abuse the President of the United States for his every act and deed in the interest of recovery.

My fellow Democrats—and in that term I include, of course, the sisterhood as well as the brotherhood of our party—let us look the situation squarely in the face as we determine the policies which are to govern our actions. Their best and bravest have left them to follow the standard of the gallant Roosevelt. Grand old GEORGE NORRIS, battle-scarred veteran of many contests in the people's interest, refused to give the weight of his great name to the Republican ticket in his State, because he desired to be perfectly free to support the President. But while we are gaining such notable accessions, we are today suffering the opposition of others who have been with us in battles of the past. In the animosity of some we rejoice, because they were never with us in spirit and actuality. At the same time there are few among us who do not have regret for the attitude of some whom we have followed on many stricken fields. Most of us have political scars; some of us have scars on our bodies which we have carried as badges of honor and decent mementoes from the campaigns of Alfred E. Smith and James A. Reed.

In 1928 the nominee for President, availing himself of the courtesy which has been extended to nominees, picked a man for the chairmanship of our national committee in every way unsuitable except for the choice of the candidate. The man had been a Republican and had never made any pretense at all of being a Democrat. In a campaign in which we all lent our best efforts Governor Smith was defeated. I will not take the trouble to recount the inevitable debacle which happened to the Democratic Party in Missouri through our honest efforts to support the nominee.

Many of us in Missouri were at that time so concerned about the election of Governor Smith that we did not stop for the moment to regard the fact that he had appointed as chairman of the national committee a sworn, notorious, and acknowledged henchman of the Du Ponts—John J. Raskob. We fought the fight for Governor Smith—a fight which many of us have reason to remember to the day of our death.

With the defeat of Governor Smith every element of common decency would have dictated that Mr. Raskob should have retired as chairman of the Democratic National Committee. By his own confession he had never been a Democrat. By his own publication he had in mind only to change the acknowledged and traditional policy of the party. Yet he not only clung to his post in the party organization, but by loaning money from himself in his individual capacity to himself in his representative capacity for extravagant salaries to Jouett Shouse and others, he sought to create a situation where he could control the party. He was foolish enough to believe that by himself creating a situation where the party was in his personal debt he could create a situation in which he could control the party policies and dictate the party nominee. He assumed that he had a mortgage on the Democratic Party, which under threat of foreclosure he could control at will. Under this assumed power he sought, a year and a half in advance of the national convention, to dictate a platform, and later he sought to use the position to which he was never entitled to defeat the overwhelming choice of the people for our party's nomination.

Because he had himself put the party in his personal debt he attempted to assume the role of dictator and selector of candidates. His efforts in that regard should have convinced him that the Democratic Party is not for sale. He should have been able to recognize the fact that a party founded on principle, representing the hopes and aspirations of millions of his fellow citizens could not have its principles changed at his will by the mere act of his loaning money to himself in a temporary capacity which he never had any real right to occupy. Neither he nor his backers, the du Ponts, have ever had money enough to buy the Democratic Party. That party with its fundamental principles, its great traditions, is not for sale. When Mr. Raskob sought to foreclose his mortgage, he found that he had no control over the hearts and minds of millions who followed the teaching of Jefferson through principle. I thank God today that at last Mr. Raskob has been paid in full and that the boldest effort ever made in our history to buy a great party has completely failed. Franklin D. Roosevelt was nominated and elected as President of the United States despite the efforts of Mr. Raskob and kindred chiselers, and he will be reelected in the same way by the overwhelming choice of the American people.

But Mr. Raskob and the Messrs. Du Pont were not satisfied. They did not even after the 1932 election realize, and have not yet realized, that the American people do not intend to suffer the dictation of a group of munition makers, who in their swollen and ill-gotten profits due to war have assumed to regulate the policies of the Nation.

They have proceeded to organize and finance a multitude of propaganda organizations for the purpose of hamstringing any effort on the part of the present administration toward reform. The American Liberty League, the Crusaders, the Farmers' Independent Council (which does not number among its membership an actual farmer), the Sentinels of the Republic, and the recent Grass Roots Convention at Atlanta (one of the major jokes of our entire history) are major examples of their activity. What a travesty it is to have a meeting under the auspices of the Du Ponts and Raskob held under the name of the Southern League for Jeffersonian Democracy! It has been disclosed that almost the whole of the expense of that futile attempt to undermine the Democratic administration was borne by that noble brotherhood represented by Raskob and the Du Ponts. As the contributions to the various propaganda organizations have been disclosed we have found the Rockefellers and the Morgans in some but the Du Ponts and the delectable Raskob in practically all.

So frequent has been the appearance of their names in the list of contributors for fake organizations that I am reminded of a story once told by Abraham Lincoln. He said that in the old days a country school was having a reading lesson from the only text which was available—the Bible. The lesson for the day was the story of the Hebrew children in the fiery furnace. When it came to the turn of one boy to read he caught a verse which contained the names Shadrach, Meshach, and Abednego. The boy stuttered badly in the pronunciation of the names and was sternly reproved by the teacher for unfamiliarity with his lesson. As the reading went around the class, a verse to each pupil, it came back to the boy with a verse which again contained the names of Shadrach, Meshach, and Abednego, and again he made a sorry mess of his pronunciation and again was scolded by the teacher. As the reading started around again the boy counted ahead to see what verse he would catch the next time. Suddenly he burst into tears. "What in the world is the matter with you now?" asked the teacher. The boy replied, "Here come those three damned scoundrels back again." And so whether we start with the American Liberty League or the Crusaders or the Farmers Independence Council or the Sentinels of the Republic or the National Economy League or the Southern League for Jeffersonian Democracy we find the Du Ponts and the Raskobs coming back again. Last year they contributed $270,000 out of the $480,000 expended by the American Liberty League in abuse of the President, including the $54,000 taken down by Jouett Shouse.

Of course, the Morgan interests, who divided $30,000,000 among six or seven partners in 3 years for their efforts which contributed so much toward dragging us into the World War, could not be expected to approve the democratic policies of President Roosevelt in forcing the divorcement of the business of floating securities from the banking business. Of course, munitions makers who made hundreds of millions of dollars out of the agony of mankind during the period of the war cannot be expected to look with favor upon the wise and statesmanlike course of President Roosevelt in advocating a neutrality policy designed to keep us out of future wars and prevent profiteering by munitions makers. We glory in that fact. But when these same munitions makers come forward with their tear-rusted, blood-stained gold to try to set Jouett Shouse up as the political dictator of the country it is a spectacle to make the angels weep. And since the night of the "feast of Belshazzar" last winter, at which 12 Du Ponts by name and 7 Du Pont "in-laws" sat at the same table to listen to Al Smith's speech, the prospect of the President's reelection has become more certain day by day.

I know that many of you are inclined to have feelings of bitterness toward some of those whom we have been happy and proud to follow in other years. I urge you not to indulge that feeling. Let us think of them in their greatest years, of the gallant struggle that they made in former years in the interest of the people. It makes me think of a story that some of you have heard my father tell about an old fellow up in Pike County who was a mighty good man but who finally became very old and feeble and finally childish and despondent. At last he concluded that he had better commit suicide. So he went out to the barn and looked for something with which to hang himself and all he could find was an old blind bridle. He took the reins and threw them up over the rafters and tied them and got up on a box and stuck his head through the blind bridle and kicked the box out from under him. Just as he was about to pass out his son came and cut him down. The old man was dazed. He did not know where he was. He rubbed his eyes and said, "John, if you had left me alone a minute longer, I would have been in Heaven." John said, "Yes; and wouldn't you have cut a devil of a figure in Heaven looking through a blind bridle?" That is the same kind of a figure that Jim Reed and Al Smith are cutting in their present company.

In the impending contest the Democratic administration will have the support of millions who formerly classed themselves as Republicans. No intelligent man has ever had any belief other than that as private citizens the rank and file of the Republican Party were just as patriotic, just as conscientious, and just as law-abiding as their Democratic neighbors. They were merely not so well-informed, which was the occasion of their voting the Republican ticket. And now, since the dreadful pass to which their policies had brought the Nation has caused concentration upon policies of government by many who formerly looked only for traditional party labels, millions who formerly called themselves Republicans have definitely and permanently aligned themselves with the Democratic Party.

Millions of others, recognizing the need for reform but clinging precariously to their party ties, have demanded a complete reformation of the Republican Party. A year or so ago the Republican National Committee drew up a declaration of principle which contained what the lawyers call a plea in confession and avoidance. They declared the pressing need of the day to be remedial social legislation. Yet by that very declaration they admitted that while in undisputed power for 12 long years they had failed and refused to enact any of the legislation which they now assert to be vital to the welfare of the country. They would

have the people believe that if again entrusted with power their conduct will be the diametric opposite of their course in the past.

But the dominant group in the Republican Party is now, as it has always been, the reactionary group typified by such notable diehards as Dave Reed and Ogden Mills, by Andy Mellon and Joe Grundy, by Dan Hastings, of Delaware, and Arthur Hyde, of Missouri, and by Herbert Hoover. The settled determination of the dominant "old guard" elements to return to the policies which proved so calamitous to the Nation is shown by their frantic efforts to select a candidate so colorless and so little known to the country that they hope to unite for him the jangling, discordant, and hopelessly antagonistic forces which make up the opposition to President Roosevelt.

The Democratic Party appeals to people of the United States upon its record of achievement since the 4th of March 1933. I consider one of the greatest declarations of the President his statement a few days ago in Baltimore, when, in direct contrast to the drifting, do-nothing, let-nature-take-its-course theories of Mr. Hoover, he said that "we should do something; if it is successful, do it some more; if it does not succeed, abandon it and do something else; but do something."

That there has been great progress toward recovery cannot be denied. As a matter of fact, some of those who are now loudest in criticism of Mr. Roosevelt 3 years ago were desperate and hopeless, urgently imploring the Government to do something to aid them. They have profited along with the rest of the country in the progress toward recovery.

The difference between the theory of Mr. Hoover and that of Mr. Roosevelt has been the difference between indolently sinking lower in the slough of despond and manfully struggling back to recovery. That divergence is emphasized in the change of policy from letting agriculture steadily drift to perdition to taking vigorous measures which have increased the national income of agriculture two and one-half fold. Even though the Supreme Court did declare unconstitutional the first act passed in aid of agriculture, the principle of restoring parity of purchasing power to the American farmer has been established, and the Democratic Party is committed to establishing that parity within the Constitution.

The contrast between the policies of Hoover and Roosevelt is again shown in the difference between Hoover's course in allowing our banking system, carrying the savings and hopes of millions of our citizens, to drift into unnecessary wreck and bankruptcy and that of Mr. Roosevelt in bravely setting up a deposit-insurance system which, without substantial cost to the Government, has restored confidence and been so successful that it has protected the savings and working capital of our people without the loss of a penny of deposits since its establishment. Such a measure put into effect 2 years before would have saved billions to the American people and prevented the depth of the depression.

The contrast in the theory and practice of Hoover and Roosevelt is illustrated once more in the difference between Hoover's policy of ruining our foreign trade by constantly inviting retaliation by piling up additions to already excessive tariff duties and that of Roosevelt in carefully and systematically restoring markets for the products of our farms and factories through reciprocal-trade agreements without substantially injuring any national interest. It is again set out in the fact of Hoover's dogged adherence to his theory of "rugged individualism", with its inevitable corollary, that labor must bear the brunt of every depression and the attitude of Roosevelt under which labor has attained to the best status in our history. It was shown again in the deadly parallel of the course of Hoover's complacence in permitting the bogus inflation of stock-market values leading to the crash of 1929 and Roosevelt's sturdy policy of sponsoring and promoting legislation to make such operations impossible in the future.

Thomas Jefferson once said: "Lay down true principles and adhere to them inflexibly. Do not be frightened into their surrender by the alarms of the timid or the croaking of wealth against the ascendency of the people." To this dictum of the great Virginian the Roosevelt administration has adhered and will adhere. Again Jefferson said: "The only orthodox object of the institution of government is to secure the greatest degree of happiness possible to the general mass of those associated under it." To the accomplishment of that object President Roosevelt and the Democratic Congress are devoting themselves without stint.

I say again that the Democratic Party submits its case upon its record of achievement. The test of the pudding is in the eating. The test of this administration must be the effect of its enactments upon the well-being of the country. And that must come back to a comparison between conditions as they were in March 1933 and conditions as they are today. The struggle is between Roosevelt and reaction, and reaction spells chaos.

THE DRAMA OF CONSERVATION—ADDRESS BY HON. MAURY MAVERICK

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject The Drama of Conservation, delivered by Hon. MAURY MAVERICK, Member of the House of Representatives from Texas, before the Virginia State Planning Board on May 5, 1936, at Richmond, Va.

This meeting of the Virginia State Planning Board was on national conservation, in which the American Planning and Civic Association, the American Society of Planning Officials, and the American City Planning Institute cooperated.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

PLANNING IS NECESSARY TO PRESERVE COUNTRY

Fellow Americans, I appreciate the fine introduction of your toastmaster, Hon. Morton L. Wallerstein, who is district chairman of the National Resources Committee and chairman of the Virginia State Planning Board. I like to speak in Virginia because people always give me such wonderful introductions. For instance, Mr. Wallerstein made me commander of the Twenty-eighth Infantry, during the war, thereby promoting me to a colonel. [Laughter.] I was only a lieutenant. And besides, he made me a hero. It's great to be a hero, although you never can plan for sure whether you will come out with a couple of legs missing, or blind—or missing altogether. Anyhow, I appreciate the introduction.

Only 10 percent of this audience are Virginians, but you must know that a Virginian is always proud of a Virginian, and my first name is "Maury." Governor George C. Peery, who preceded me, also had some nice things to say, but I regret to find that Mr. Wallerstein's people have only been in Virginia some 111 years, and the Governor's people only some 150 to 200 years—which means that they are mere newcomers, because my people have been here—I do not remember exactly—but something like from 250 to 300 years. [Laughter.]

You must forgive me for meandering a little about ancestors: First, because I am not too well informed on the technique of conservation, and because ancestors work right in with the subject of conservation, anyhow.

THOMAS JEFFERSON, FATHER OF LIBERTY AND CONSERVATION

I say this because every demagogue trying to attract attention, or every reactionary trying to make money without respect to the public welfare, is using the name of Thomas Jefferson at will, trying to make a Liberty Leaguer out of him. [Laughter.] Thomas Jefferson was no reactionary, no selfish citizen, no Liberty Leaguer. [Applause.]

The reactionaries and Liberty Leaguers, and that same stupid class that always generally succeeds in wrecking some nation, have pulled his corpse out of the grave and have tried to drape his bones with the royal purple of reactionaryism, but I think they will fail. Of course, Thomas Jefferson was a believer in individual liberty—civil, religious, and academic—he believed in the utmost liberty of intellect and spirit. But let us remember he was the first man in America who advocated plowing on contours, conservation, reforestation, and the preservation of our natural resources. Not only that, but he advocated farm cooperatives—and some people tell us that that is some terrible form of socialism.

Yet neither Thomas Jefferson nor any man then living could have foretold the tremendously changed conditions in the United States of America today. And, of course, he did not have the integrated ideas of today on the subject of planning and conservation by all our governmental units, but he did have the idea of conservation within the limits of science of that day.

He thought, and so expressed himself even before the Louisiana Purchase, that there was enough land to last our people forever. And then, as President, he made the Louisiana Purchase and thought for sure that the day would never come when there would be a shortage of land. He did it just like in the old days when a Texan would go out and get ten or twenty thousand acres more land, feeling sure that the ranch business would go on prosperously forever and that the trail up to Abilene, Kans., would always be roaring with the cloven hoofs of cattle. But in that thought Jefferson was mistaken, just like the early cattlemen of Texas.

So I have only this to say: We who are Americans have an "important mission", or else, to put it in plain American language, a big job to save our country. Most of you in this audience know that cities and metropolitan areas and States must be planned with all the tremendous problems of roads, highways, bridges, homes, apartment houses, business buildings, sanitation—everything. You all know that our resources are in extremely bad shape. So let us all quit making reactionaries out of our ancestors and do what they did—think for ourselves, be democratic, and plan and coordinate our country so that it will be a decent place in which to live. [Applause.]

So when we talk about planning and conservation let us talk about it in such a way that we come to certain logical conclusions, upon which we can act intelligently. Let us go into a labyrinth of thought, and if this labyrinth of thought brings us to certain conclusions, then let us accept those conclusions without fear. In this adventure will come all of our concepts of the Declaration of Independence, the theories of our forefathers, the interpretation of the Constitution, our opinions on the Supreme Court, everything. But we need not go into all this intricate phraseology and thought; let us think only of the simple necessity of the preservation of a free country to live in, with a free people in it, and with the people in possession of their God-given resources.

NATURAL RESOURCES BELONG TO PEOPLE

I started out my first premise by saying that the natural resources of America are the heritage of the whole Nation, or the people as a whole, and should be conserved and utilized for

the benefit of all the people. I deny no man the right to his ambition, or his individuality. But I deny to every man in America any right to destroy any portion of the natural resources, or to so plan his business or industry as to be a danger to the health and lives of his fellow citizens. The gains of our democracy in civilization and culture are essentially mass gains. If you don't believe that, I am sure you will understand that the losses of our democracy in the matter of our natural resources are essentially mass losses.

Let me be more specific: If in a certain section of the country we destroy the natural resources and there come great floods or dust storms, then the people as a whole suffer the result of all this destruction. Therefore, we should not let a few people or any number of people destroy these resources, but the resources should be protected for the general welfare.

There can be no logical, constitutional, patriotic, or sensible denial of this. Yet in the past, when efforts have been made to put these principles into living facts, a multitude of pretexts and evasions and obstacles have been advanced. We cannot stay progress—or, rather, we should not do it. Nature is the servant of man—or, again, she should be the servant of man. Our natural resources, properly conserved, are limitless—why shouldn't we take a limitless advantage? There is absolutely no excuse for the senseless, savage, and brutal exploitation which has defaced many pages in our national history.

THEODORE ROOSEVELT STARTS IDEA OF CONSERVATION

I have been interested in conservation for a few years, and do not know as much as those who are in this audience about its technical aspects. But I can remember in the old days when Gifford Pinchot and Theodore Roosevelt and the others were making a good fight against great odds in the matter of conservation. I remember then the discussions about saving our forests, our rivers, our hills, and valleys—that was 25 or 30 years ago, but since then we have destroyed untold natural wealth. In fact, all that Teddy Roosevelt accomplished was to save a little, build an idea, and have it as a matter of record that we were really destroying our natural resources, and ourselves.

FRANKLIN D. ROOSEVELT REALLY ACCOMPLISHING CONSERVATION

And now, at this time, Franklin D. Roosevelt and the Government are starting all over again a policy of conservation with intelligent zeal and real convictions. [Applause.] I do not say this as a Democrat, because I dislike party platitudes as much as anyone. However, it is a matter of fact that a great work has been begun in this country. "Planning" may sound odious to some—but that is now possible through various agencies of Government. And I see no reason why we should not "plan" to prevent dust storms, floods, diseases—and save our country.

Now that a large body of public opinion is alert, let us, as Americans, make a clean breast of the fact that for years the attempt to execute even rudimentary conservation policies was jeered as visionary or banished as a threat to individual liberties. The recent floods and dust storms have shocked and appalled the whole country.

LET US PLAN AGAINST DUST STORMS AND FLOODS

Now what are we going to do about it? Are we going to stop the dust storms and the floods? The answer is that we must; we have to do it. And the reason is that we cannot do as we used to do and exist. We cannot move West nor go to a foreign country. We must stay in our own country and conserve it. We must stay in the big city and make it livable.

Generally we have almost broken down the natural "plan" in America. Now it must be restored. It is of little use to rehabilitate and conserve our lands if we cannot thereby improve the condition of human beings. Therefore, the final and most significant element to be considered is neither land nor water but the people who live on the land and are dependent on the water.

I have recited these facts because the use and control of our natural resources presents a bewildering array of problems, some technical, some economic, some social, some legal and constitutional, in which, without a guiding master-plan we would inevitably lose our way. The vastness of the country, the wide range of climate and topography, the abrupt seasonal changes, our inherited prejudices all tend to make the formulation of a national policy difficult. But nothing short of a national policy can deal effectively with conditions.

The task of making and carrying out such a policy will involve many agencies. It will take a long time. It will demand the highest order of patriotism, statesmanship, and skill.

T. V. A. EXAMPLE OF PROFITABLE PLANNING

Now let me bring together the different ends of the threads and make something of a conclusion. In many of these things our inherited ideas, our ideas of government, may clash with the principle of saving our own lives. But, I hold that individuality should not go to the extent of destroying the country. I should like to see a man make all the money he wants to make, but not at the expense of the natural resources or the general welfare of the people.

Let me take a particular case on which we may base some conclusions, the Tennessee Valley Authority. There is where dams are built—where power can be produced cheaply (if we have as much sense as the Canadians, and I think we have)—where there is a coordinated plan of conservation. Now, a dam is built. The water backs up. The water begins to pour over.

Now the question is, should the Government steal this water from its own people and give it to some private monopoly in order that they may exploit the people, or should the Government take advantage of the water which God let fall from the skies and use that for the benefit of the people of the United States and to help pay for the project? I hold unalterably to the latter view.

NO FASCISM OR COMMUNISM; BUT SOMETIMES GOVERNMENT OWNERSHIP

Now let me state a conclusion: The people of this country will not accept the regimentation of fascism or communism. The people will, however, find it necessary to conserve their own natural resources. This will necessitate, when it comes to matters which solely concern the public welfare, the Government having sufficient power to accomplish the purposes. Sometimes it means government—National, State, or local—ownership. Remember that, from a legal viewpoint, a drop of water which falls in Idaho goes all the way through its course down the Mississippi Valley into the Gulf of Mexico. Through its course it does not worry about city, county, State, or National lines, about Governors, Congressmen, or even judges of the Supreme Court. Some of the water even flows from Canada. No water cares anything for our courts and cannot be cited for contempt, or at least water or nature does not obey.

With this in view, let us get back to the T. V. A. It concerns six or seven States. It would be utterly impossible to have the various units in there to make contracts and treaties in order to accomplish these purposes. Therefore, the only way this great plan of conservation and cheap power can be accomplished is through the Federal Government. If our Government does not do it, it will not be done.

NATIONAL PLAN NECESSARY FOR STATES

Now I presume that there are many here who will say that I am making a speech for a strong centralized government. I am not doing so. I am saying that the Federal Government should have the necessary power to have a coordinated plan, and that the work of the different States should be done by those different States. Various State planning boards will have plenty to do; in fact, they will have too much to do, and the Federal Government has neither the time nor the inclination to take any of their powers away from them. And yet, I am perfectly frank in saying that I do not believe that any State should have a right to destroy another State either with its flow of water, its dust storms, or the effect that it may have on another.

We are in the most primitive state of national planning. People are afraid to use the word "plan." It's supposed to be radical or something bad. But in order to accomplish anything in the conservation of natural resources, we must start somewhere. The first thing we must do is to enlarge the work that has already been established by the National Resources Committee. As you know, the National Resources Committee is appointed by the President and has no independent statutory standing. I have introduced a bill known as the "national resources board bill", which provides for the statutory creation of a permanent board. I want the board to be, and I am sure you want it to be, a permanent national institution which will study our natural resources, collect data, and prepare programs according to the hearings on the bill "as may be helpful to a planned development and use of land, wind, water, and other national resources and such related subjects as may be referred to it by the President."

HISTORY OF NATIONAL RESOURCES BOARD

Let me tell you about the National Resources Committee. It and its predecessors, the National Planning Board and the National Resources Board, have brought together for the first time exhaustive studies and plans for public works, land use, water use, minerals, and other related subjects in relation to each other and to national planning. These reports provide a sound basis for effective conservation.

When I came to Congress the first Government publication sent me was this report of the National Resources Board. I believe it is by far the most important work done by any Government agency and probably one of the most effective. I became interested in the National Resources Board report because it brought together material on national policy or national planning that had not been put in one place since Theodore Roosevelt's Commission on Country Life got out their report in 1909. I set about to find out what kind of people were working on the report and what they were driving at.

First of all, I found out it was a nonpartisan effort, and that the men who were responsible for making this plan for the better use of our land and water resources were Frederic A. Delano, Charles E. Merriam, and Wesley C. Mitchell. Dr. Mitchell and Dr. Merriam had previously been working on President Hoover's Committee on Recent Social Trends; in fact, they were chairman and vice chairman of that committee. So in this work they were just carrying out what they had started some years before.

Back in 1929 Mr. Frederic Delano, through the Federated Societies on Planning and Parks, got out a book on "What About the Year 2000?" That book stated in concise and interesting form the problem of making the best use of our land. Mr. Delano and his coworkers were interested in this planning work as a continuing inventory of our natural resources and a constant readjustment of our policies to meet emerging problems. The planning work that they have been doing is a job that does not get finished with just one report or with two reports. It must be continued as long as we have a country.

ICKES ENCOURAGES DECENTRALIZATION AND STATE BOARDS

The second thing I found out about this National Resources Board was that they not only talked about decentralization of planning, but they practiced it.

With Secretary Ickes' help, back in November 1933, they suggested to the Governors of the various States that each State ought to have a planning agency to think about what was going

to happen to the resources of the State. The Resources Board agreed to help by assigning specialists and consultants to these State planning boards. When they started this idea there were one or two States where some work of this sort had gotten under way—in Iowa and in New York, for instance. Now there are 46 State planning boards, and 32 of these boards have laws behind them to make them permanent. This National Resources Committee has done all that in a little over 2 years. Now they are encouraging the State boards to get the cities and counties to thinking about their future, following the example of what has been done in county planning in California and the rural zoning work that has been going on in Wisconsin. There are three or four hundred of these county planning boards in this country, and over 800 city and town planning boards.

The third thing I found out about this report on the national resources was that it represented a real cooperative job by a great many different bureaus of the Government—that they did not just go out and duplicate what a lot of other people were doing. They got the people with experience—the people who knew—in different bureaus to get together and to put all of their material in one report.

They have followed up this cooperative work through continuing committees on land and water and other things, which have helped to prevent competition in the purchase of land by different Government bureaus, and more recently to coordinate projects for drainage and storage of water to avoid conflicts between the wildlife interests and the agricultural, power, and other groups. The Resources Committee is showing us a way to get results without interfering with bureau activities.

It is to assure the continuance of these valuable efforts that I introduced in Congress the bill I just mentioned to make this National Resources Committee a permanent and continuing body. Such a body will take a long-range view of the entire national problem and will apply the highest engineering and technical knowledge to the reorganization of our natural resources.

ARE WE TO LIVE LIKE CHINESE COOLIES?

And all this should be done not as an end in itself but as a means of decreasing the burdens imposed on the average citizen, raising the living standards of the Nation, and enhancing the well-being of all Americans. And when I say Americans, I mean it! If we keep on going, we'll be like a hive of Chinese coolies. We might as well admit the fact, according to the situation of our natural resources today and our lack of conservation, that our standard of living is slipping. We of course have electric lights, automobiles, and fine roads and apartment houses in different places; but the country is blowing and washing away and we have certain large groups of our citizens who have a lower standard of living than many Americans who lived from fifty to a hundred years ago.

Thus we should proceed from the viewpoint of intelligent, human, and natural conservation and planning, both within and without Congress—that is, in the cities and States, our business relations, our human relations, our clubs and societies, everywhere. And along with this, I think we should support a statutory continuance of the National Resources Committee. This will not come without effort, and I mean great effort. That's because people talk about bureaus when it isn't an additional bureau, and isn't going to cost any more than it does now.

As a matter of fact, it's going to save the country if established—and if we carry on intelligently. So let me talk about this National Resources Board in a legislative way:

At this point let me "coordinate" a few conclusions, and then let's talk about what we're going to do about it.

The first conclusion is that we should not let our prejudices, however dear they may be to our hearts, keep us from realizing the public necessity of conservation. Many of you are technical men, engineers, professional planners—I am an elected public official and, for all I know, you probably call me a "politician." So in abandoning your inherited prejudices—if you have any—you may also find it a good thing to cooperate with elected public officials toward the end of effectuating something really worth while.

Second, an immediate objective is the adoption of a coordinated national plan with a proper decentralization for smaller units, and as a first step in the realization of this the National Resources Board bill must be adopted by Congress.

Third, the most important thing is to have a correct mental attitude on the subject of "planning." The word is woefully misunderstood and widely distorted. It does not mean destruction, anarchy, and the end of the world. It means the opposite—the practical, orderly, and far-sighted use of what God gave us. But by pernicious propaganda and misrepresentation it has a sinister meaning. Opponents of conservation and planning are generally persons who have some interest in some speculative enterprise which will bring a profit out of the natural resources. The public must know this.

I have stated three conclusions briefly. They are, to repeat, leave off your prejudices and cooperate with your elected officials; put over the Resources Board bill; and let the public know what "planning" and "conservation" really mean.

Now let's keep those in mind.

CONGRESS RESPECTS INTELLIGENT PUBLIC OPINION

All right, let's get to the practical things. A session of Congress immediately preceding a national election is, of course, not such an opportune time to press a measure like this. It's too easy for opponents to yell about "more Government interference", "paternalism", "bureaucracy", and so on, and it's not good manners of me to suggest that you "write your Congressmen."

But I do say this: You have been doing a good piece of work in your various capacities and in your various organizations and you must get in the fight publicly and politically, yourselves, with your own courage and your own minds. Hence, you must create public opinion so that public opinion will know and you must also discuss this either personally or by letter with your Congressmen—and back them up and give them courage to do this. To put isolated pressure on a Congressman is useless, but to have him understand an intelligent plan, with the backing of public opinion, is another thing.

LET'S DRAMATIZE OUR PEACEFUL FIGHT!

Now, here are some other things you can do. I have seen a lot of your State reports. They are about this thick. [Mr. MAVERICK held up two fingers, indicating about 2 inches thick.] You start out by trying to tell a story from the beginning like an old English novel and it's tiresome and unreadable. We should get out shorter reports, much shorter; we should have a foreword, heads and subheads, colored drawings that mean something, so that the average man can understand it without going crazy over hideous black statistics that blur your eyes and confuse your thoughts. Some of the stuff you get out goes to the ashcan, where it belongs, or to the statisticians who make your statistics and who are the only ones who can possibly understand it.

So my final message to you is that we must dramatize this battle to save the natural resources. We must put color in it and organize, and make the game worth fighting for. You can always put color in a war, where people are killing each other and destroying each other and their resources. It looks like we ought to have sense enough to make a colorful fight for the preservation of human and natural resources and for making this a decent country in which to live. Fellow Americans, that's our job and let's go to it. [Applause.]

ADDRESS BY GOVERNOR CROSS, OF CONNECTICUT, AT DINNER TO POSTMASTER GENERAL FARLEY

Mr. LONERGAN. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. Wilbur L. Cross, Governor of Connecticut, at a dinner given in honor of the Postmaster General, Hon. James A. Farley, at the Hartford Club, in Hartford, Conn., on the evening of May 6, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman and fellow Democrats, where is the man or woman who, looking over this vast audience filling every available room in this club, can have any doubt about how the election in Connecticut is going in November? You men and women and those whom you represent in every part of the State have it in your power to win Connecticut for Franklin D. Roosevelt and the entire State ticket. If Connecticut is lost, the ignominy will rest upon you and me.

I welcome here tonight Postmaster General Farley as the representative of President Roosevelt. I welcome also our Representatives in the two Houses of Congress who have found it possible to be here. Let it not be forgotten that the two Senators from Connecticut are Democrats for the first time in more than a half century; nor that four of Connecticut's Members in the House of Representatives are Democrats also. I congratulate them all on the conspicuous part they have played in national legislation since their election.

Here in the comparative quiet of Connecticut, away from the Washington strife, broken only by visits to various parts of the country, I have been able to keep close watch on the political campaign as it has been developing. Nothing else has gratified me so much as to see the gradual return to prosperous days such as we have been dreaming of since the inauguration of President Roosevelt. It is a conservative estimate to say that our business is back to where it was in 1930, and that in some lines it has reached the magnitude of 1929 on what appears to be a more secure basis.

It is clear that the Republicans began their campaign 6 months too early, with the result that it has already completely collapsed. It is now degenerating into shrieks of despair. The Republicans have proposed no measures of a constructive character. In this respect they are silent. They have confined themselves to criticism of details of the policies of the Democratic Party, but they have proposed no substitutes. They cannot propose substitutes, for they have none. So they are forced to shriek to save themselves.

You recall how they shrieked over the President's "brain trust." Now they have formed one of their own. But they do not like the word "brain" or "brains." So they call their brain trust a research division of the national Republican committee, presided over by Henry P. Fletcher, the chairman. For a time the Republicans thought that they needed no brains to help them out. They relied upon ghost writers flitting through their offices to supply them with material for shrieking. Some of these ghost writers are brilliant young men rather clever in devising phrases, none of which, however, have stuck with the public. What has been lacking in them is an understanding of the significance of recent political and economic history. Hence the imperative need of the Republican "brain trust" to supply the ghosts with facts and views for better Republican propaganda. Why do not the candidates for the highest office in the Republic speak for themselves? Is it because they do not dare? Or is it because they have nothing but shrieks to utter? I would remind them that Abraham Lin-

coln, when he had a speech to make, retired to his attic alone and wrote it. The attic was not haunted by ghosts.

Chairman Fletcher insists that the Republican "brain trust" is different from the Democratic "brain trust." He is correct.

When Mr. Roosevelt became President, he was faced with an economic and financial collapse more devastating than any other that had ever occurred in our history. His problem was the restoration of our economic equilibrium and the preservation during this process of the physical, mental, and moral welfare of the underprivileged people of the country. It was a tremendous problem. He called in for his assistance groups of brilliant men and women, many of them young men and women.

The realm of the social sciences is vague. There are few or no definite lines that guarantee success. There was nothing for President Roosevelt to do except to try out one plan after another and to eliminate eventually such as did not promise success. It was, as he himself has implied, a process of trial and error. The Republicans would judge him by such errors as may have been made. The proper judgment should be based upon all his plans taken together. So judged it must be conceded that they have done the business. We have moved far out of the depression, and the morale of the people has been maintained.

Mr. Fletcher does not claim for his division of research anything more than a means for turning out propaganda against the so-called New Deal. It is composed, with one or two exceptions, of men who are bitterly opposed to the New Deal. It is their function to discover flaws in the New Deal for syndicated articles in the newspapers, for ghost writers, and for candidates for office who are in desperate need of such assistance in writing their political speeches. Nothing, however, is to see the light unless it is "timely", which is the same as saying that anything favorable to the New Deal is to be suppressed. The motive is purely political. The Republican "brain trust" is thus already thoroughly discredited before getting a start on its discoveries.

Just now the Republicans are playing upon the fears of the people. Their shrieks are very loud. We are, they say, in the midst of an enormous credit inflation which must inevitably result in direct inflation of the currency. One thing seems to be forgotten. It is that there has been set up in the revision of the Federal Reserve Act a mechanism of control which was absent at the time of the credit inflation leading to the explosion of 1929.

Talk about inflation comes with poor grace from the Republicans. In my brief lifetime there have been two immense inflations, both of which occurred when the Republicans were in power. The first was a direct inflation of the currency initiated during the Civil War against the advice of Abraham Lincoln and bringing financial disaster in the following decade. The old greenbacks with which the country was then flooded depreciated to the point where it took two dollar bills to get a gold dollar. It is almost impossible to exaggerate the filth of that old paper money, much of which wore out passing from hand to hand and so was never redeemed.

The question arose whether this paper money was a legal tender in the settlement of domestic debts. A decision of the Supreme Court declared that it was not a legal tender. The next step was for the Republicans to enlarge by two the membership in the Supreme Court by the appointment of men who could be trusted to declare the greenbacks a legal tender. By this maneuver the Supreme Court of the United States became an adjunct of the Republican Party. The prestige which it lost was not regained until the advent of Grover Cleveland.

You all remember the inflation of credit during the Coolidge and Hoover administrations. All attempts at control were feeble. The bubble should have burst in 1927. But it was delayed until 1929 by an inflation which mounted beyond all bounds except the blue sky. Instead of an attempt to control credit, Mr. Hoover and his Congress gave their attention to a revision of the tariff, which extended over a long period of dickering lasting 15 months. On the other hand, one of the first things accomplished by the present administration was a revision of the Federal Reserve Act for the purpose of preventing an explosion like the one in 1929.

This is the record of the Republican Party, now engaged in shrieks against a possible inflation of the currency and an imaginary disrespect for the Supreme Court of the United States.

What troubles the Republicans most is the restoration of prosperity under Democratic auspices. This prosperity they are not yet ready to concede in spite of the trade news anyone may read in the newspapers every day. They are trying to convince manufacturers, merchants, and farmers that there has been no permanent recovery; that it is all an illusion.

Within the last fortnight Senator DICKINSON, of Iowa, addressing the Senate, expressed alarm over the increased manufacture and sale of canned dog food, which may be purchased in groceries and drug stores where food for humans is sold. According to the statistics, this increased sale cannot be accounted for by any "sudden rise in the birth rate in dogdom." His conclusion is that about 20 percent of all the canned dog food now manufactured is eaten by humans. This, in his view, is undeniable evidence that the depression is yet with us. Or, to put it another way, the policy of the present Democratic administration has forced great masses of people to feed on stuff fit only for dogs. It would seem as if the time had come for the Republican organization to put an end to this irresponsible talk and to tell the people what the Republicans would do were they in power. The time has come for something more than shrieks.

An urgent need of the Republicans is a leader. Where is he? They got Harding out of the Middle West. So they are again looking there for another. At the present moment Governor Landon, of Kansas, appears to be ahead in the race for the nomination for President. One of his qualifications for the office, it is proclaimed, is his ability to balance the budget in a State where the constitution requires that expenditures must not exceed income. In one or more counties of Kansas it was necessary, in order to balance the budget, to close the schools. The Federal Government stepped in and opened the schools. Who deserves the praise—Governor Landon or President Roosevelt?

Another qualification of Governor Landon is his fight for national prohibition down to the last ditch after the struggle had been given up by President Hoover. It is conceded by the Republicans that national prohibition cannot be made a political issue again till 1944. But, it is argued, it would be well to begin to build up a popular demand for the restoration of the eighteenth amendment now, for it will take at least 8 years to do the job. There is danger that Governor Landon may fail his party. According to the newspapers, some months ago a group of Republican wets in Chicago took the alarm and visited Governor Landon. They came away feeling better than when they arrived, convinced that prohibition was with him only a political matter, in no sense a personal concern.

THEORY AND PROGRESS OF RECOVERY PROGRAM—ADDRESS BY HON. M. S. ECCLES

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the Theory and Progress of the Recovery Program, delivered by Hon. Marriner S. Eccles, Chairman, Board of Governors of the Federal Reserve System, at the Conference on Debt Taxation and Inflation, held at the Waldorf-Astoria in New York City on May 8, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE PROBLEM IN 1933

As one who has followed with keen interest the comprehensive program adopted 3 years ago to bring about recovery, I should like to attempt to explain my understanding of developments since it was adopted and how, in my view, it may achieve and maintain the complete restoration which we all desire.

Let me first direct your attention to the conditions prevailing in 1932 and early 1933, and to that most fundamental of all economic data, the national income. The national income, which was estimated at more than eighty billions in 1929, had shrunk to half that amount by 1932. The annual buying power and debt-paying capacity of the community, therefore, had been reduced by more than forty billions. The problem of recovery was to raise that national income to above its 1929 level, which could only be brought about by the Government undertaking activities and expenditures which private enterprise was not in a position to undertake. How could it be accomplished?

Leaving aside plans which involved fundamental and far-reaching changes in our whole economic organization, the solutions offered to the country in 1933 were of two main types. On the one hand there were those who contended that all that was needed was the restoration of confidence. They insisted that it was essential to balance the Budget; that the gold standard must be retained at all costs; that no legislation disturbing to business should be enacted. On the other hand there were those who, like myself, felt that recovery in the present situation could only be achieved by bold and aggressive intervention by the Government, largely through underpinning the entire private-credit structure, which had collapsed, and undertaking to restore purchasing power through relief, public expenditures, and other measures.

I think the hope of success by the former method rested on faith rather than logic. After all, a budgetary surplus did not prevent the downturn in 1929; a balanced Budget in 1930 did not prevent an acceleration of the decline. Not only were we on the gold standard in those years but gold was flowing in steadily. Efforts to balance the Budget in 1931 and 1932, maintenance of the gold standard, and the absence of reform legislation did not prevent us from descending to lower and yet lower economic depths. What reason was there for thinking that factors which failed to prevent or check the downturn would in themselves lead to an upturn?

THE QUESTION OF CONFIDENCE

Looking at this question of confidence a little more closely, let us try to see exactly what conditions are necessary for its establishment. With the national buying power cut in half, the demand for goods of all kinds was reduced accordingly. Industry as a whole possessed more than enough equipment to satisfy the current demand. What does confidence mean in conditions such as these? Does it not mean confidence that increased expenditure on plant, equipment, and inventory will be profitable? What businessman would have added to his plant, when he already possessed a great amount of excess capacity, merely because he read that the Budget had been balanced? It is difficult to understand why people would be expected to invest money in new enterprise when existing investments were becoming less profitable every day. It should not require any great insight to understand that a reduction of Government expenditures, while everybody else as a matter of self-protection was being forced to reduce expenditures, could only accentuate the processes of deflation by reducing buying power. An increase in tax rates at such a time would have had a deflationary effect to the extent that they reduced expenditures

that otherwise would be made, and would consequently have yielded little, if any, additional revenue.

A belief that industry would have voluntarily entered upon capital expenditures in 1933 if the Government had restricted its expenditures and raised taxes is unrealistic to the highest degree. It displays an utter miscomprehension of the considerations that influence a businessman in planning expenditures. There must be reason to believe that capital expenditures can be profitably made before they are undertaken. This profitable outlook existed at the bottom of the depression in but few industries, such as brewing, distilling, and gold mining. In these industries plant expenditures actually occurred and an abundance of capital was readily available. Why? Because there was confidence—that is, an expectation that funds could be profitably invested in these industries—which had been renewed by repeal of prohibition and the premium on gold.

What was the opportunity generally throughout the country for profitable investment in new enterprise? Throughout industry there was excess capacity in relations to consumer buying power, nor was there any inducement for residential construction so long as it was cheaper to rent or buy than it was to build.

THE THEORY OF THE RECOVERY PROGRAM

Obviously, what was needed to absorb excess capacity generally was an increased demand arising from increased consumer buying power. And here, it seems to me, is the crux of the matter. Increased demand could come about only as a result of increased incomes; and increased incomes depended upon increased disbursements by industry or by Government or by both. As far as industry was concerned, it was being forced, in self-preservation, to reduce wages and expenditures of all kinds, thus rapidly increasing the number of unemployed, further shrinking consumer buying power and accelerating the deflationary forces which threatened complete collapse of the entire credit structure.

The only alternative under the circumstances was intervention by Government. Only in this way was it possible to arrest the forces of deflation by bringing about an increase in incomes, and hence an increase in the demand for goods and services of all kinds through increasing disbursements financed initially by borrowings rather than by taxes. Those of us who advocated this course believed that an increase in incomes brought about in this way would lead to an increase in the demand for goods. Industry would pay out more in wages and materials in making these goods. These payments would result in further increased demands until finally the stage would be reached when here and there individual businessmen would see some point in taking up deferred maintenance, in adding to plant, or venturing to establish a new type of service or industry. Here and there it would become profitable to build new houses as the demand for houses, and consequently rents, rose. As this process proceeded, we anticipated that tax revenues would increase as incomes increased, and the gap between expenditures and receipts would gradually close. A little later the whole burden of the recovery movement could rest on increasing business and individual expenditures, and the Federal Government could not only balance the Budget but could begin to retire the debt built up in the depression. The expenditures of the Federal Government can be fully justified solely on humanitarian grounds—on the urgent necessity of relieving the home owners and the farmers, who were about to lose their homes and their farms, and aiding the great army of unemployed who were destitute and helpless through no fault of their own. However, I feel that the expenditures are fully justified as a means of achieving business recovery.

HAS THE PROGRAM BEEN SUCCESSFUL TO DATE?

Has the economic philosophy of the past 3 years, which I have attempted to outline, fulfilled reasonable expectations?

The answer is to be found by looking without bias at the results to date. On the debit side we should put the gross increase in the Federal debt from $20,935,000,000 on February 28, 1933, to $31,459,000,000 on March 31, 1936, and the continuing large number of unemployed, many of whom are dependent on relief. Neither of these adverse factors is as unfavorable as most of the business and financial community have been led to believe. Against the increase in the debt must be offset the increase in the Treasury's cash balance from $221,000,000 to $2,866,000,000 in the same period (exclusive of the stabilization fund), and an increase in the recoverable assets of Government agencies from an estimated $2,400,000,000 to $4,300,000,000, largely in the Reconstruction Finance Corporation, which was used very largely to support directly the banking and private credit structure. So that this leaves a net increase in the national debt of $5,979,000,000, which is less than a month's national income in 1928–29. The annual interest charge on the Federal debt as computed at the end of March 1936 increased by only 8 percent over the end of March 1933. This may be compared with an increase in the gross debt of 50 percent in the same period. The total carrying charges amount to a little over 1 percent of our current national income; not, I think you will admit, an excessive burden.

In considering the continuing heavy volume of unemployment, it should be remembered that there were 2,000,000 to 2,500,000 of unemployed prior to the depression, and that the number of people seeking work has increased since then by 3,500,000 to 4,000,000, due to the increase in the number of those reaching employment age. The lack of employment in many cases of the principal breadwinner of the family is also responsible for other members of the family, who would not ordinarily be employed, seeking employment. More important than these considerations, however, is the fact that millions of workers who were formerly working only 1 or 2 days a week, and yet were listed as employed, are now working 4 and 5. The increase in man-hours worked, in other words, has been much greater than the increase in the number of men working. The introduction of labor-saving machinery has doubtless also played its part. I am not saying that the employment situation is at all satisfactory. I am merely saying that the progress has been far more substantial than appears at first sight. Because of the various factors I have just mentioned, the burden of relief has not diminished correspondingly with the increase in employment. As recovery proceeds we can, of course, expect relief expenditures to diminish.

INCOME, PRODUCTION, AND RESTORATION OF MONEY SUPPLY

On the favorable side of the recovery program to date I would stress particularly the rise in the national income and production, the restoration of the supply of money, increasing tax revenues, and the rise in building activity.

Although current direct estimates are not available, it would appear from other evidence that the national income is running currently about sixty billions a year as contrasted with approximately forty billions in 1932. The index of production has risen from 58 percent to 94 percent of its 1923–25 level. The supply of deposits of all commercial banks rose from $27,000,000,000 on June 30, 1933, to $37,000,000,000 on December 31, 1935, or about the predepression level, so that the contraction in the money supply which occurred as a result of deflation has been largely offset. This replenishing of bank deposits is chiefly attributable to the increase in bank holdings of Government securities and to the inflow of gold. It is directly attributable, in other words, to the relief and recovery expenditures of the Government and indirectly attributable to the revaluation of gold, which was a necessary condition for the reversal of the international flow of capital. In the absence of Government borrowing and the revaluation of gold no progress would have been made toward a restoration of the community's supply of purchasing power, since private loans and investments of banks continued to decline until 1935. It is encouraging to note that recovery is bringing about some increase in the demand for an extension of private credit by the banking system.

PROGRESS TOWARD A BALANCED BUDGET

Turning to Government revenues, the trend is most reassuring. In the calendar year 1932 they amounted to $1,880,000,000. In 1935, despite the nonpayment of part of the processing taxes, they amounted to $3,857,000,000, an increase of nearly $2,000,000,000. With bonus payments met and a revision in taxes enacted, this favorable trend should be accelerated so that we would have every reason to expect a balanced Budget within a reasonable period. Balancing the Budget through increasing taxes or decreasing expenditures, or both, as the national income is restored, is an absolutely indispensable element in the eventual and complete success of a program of recovery requiring Government intervention which entails large deficit financing.

ORDERLY CHARACTER OF THE RECOVERY MOVEMENT

Finally, I would stress the increasing activity in the heavy industries and in building construction. During 1934 and 1935 it was constantly said that the deficit financing experiment had been a failure because heavy industry and building construction had not picked up substantially. Such criticism displayed a misconception of the necessary sequence of events. First, the process of forced liquidation, caused by deflation, had to be stemmed. Second, the demand for consumer goods had to be greatly increased before there could possibly be any inducement for corporations or individuals to add to productive capital facilities to provide more goods and services. Third, long-term interest rates had to be brought down to encourage and make profitable the use of capital for new enterprise, and to adjust, through refunding, a substantial portion of the existing debt structure on a supportable basis.

In the real-estate field liquidation had to be stopped and rents had to rise, this, together with lowered interest rates, bringing about a reopening of the mortgage market. All of these necessary steps took time. They could not have been accomplished in a much shorter space of time, considering the depth of the depression and the immensity of the problems thus created. For more than a year the improvement of underlying conditions has become increasingly steady and orderly in character. The ground has been well prepared. The national income has been increased by some 50 percent. Industry and finance have been enabled by the recovery program to improve greatly their financial position through increased earnings, adjustment and reduction of debts, and refunding on more favorable terms. Favorable long-term interest rates are available for financing in practically every field of activity. Rents have risen, hence real-estate values have increased, making it again profitable to increase building construction. Excess capacity in nearly every field of production is rapidly diminishing. The index of commodity prices has remained steady for more than a year.

THE PRESENT PHASE OF THE RECOVERY MOVEMENT

The present phase of the recovery movement is a most important one. Will the disbursements of private business and individuals increase sufficiently to warrant a lessening of the Government's contribution to the growth in the national income? It is encouraging to note that activity in the housing field is rapidly increasing; capital financing is gradually being undertaken for new enterprise; an expansion of private credit on the part of the banking system is in evidence; activity in the machine-tool, industrial-equipment, and heavy industries reflects substantial improvement.

Barring unforeseen contingencies, the present improvement should continue. The outlook at the moment is very encouraging.

CONCLUSION

The Federal Government cannot and should not decrease its expenditures on recovery faster than private industry is able profitably to take over the load. To do so would reduce consumer buying power and thus retard, if not reverse, the progress of recovery.

The flow of money must be maintained and increased in an expanding economy. If private capital fails to maintain and expand the flow, and widespread unemployment exists or develops, Government must act as a compensatory factor.

Purchasing power can only be maintained by private business as a whole disbursing its income or, insofar as it fails to do so, by Government expenditure either on the basis of deficit financing or by taxing in such a way as to insure the flow of funds that individuals and corporations otherwise would accumulate and maintain in idle balances, so that socially beneficial work will be provided for those who are able and willing to work but for whom private enterprise fails to provide.

I am sure that we will all agree that our objective should be the maintenance of long-term prosperity and the avoidance of the twin evils of inflation and deflation. The attainment of this objective depends not only upon the effective coordination of monetary and fiscal policies, but also upon an enlightened body of public opinion.

DEPRESSION, UNEMPLOYMENT, AND RECOVERY

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the RECORD extracts from a speech on Depression, Unemployment, and Recovery delivered by Hon. Gerald G. McGeer, K. C., mayor of Vancouver and member of the Canadian Parliament for Vancouver-Burrard, in the House of Commons of Canada on Monday, April 20, 1936.

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

RECOVERY UNDER ROOSEVELT

May I hurriedly draw the attention of the committee to the nature and extent of the problem we have to face by placing before you the amounts appropriated by the United States Congress, the channels through which such moneys have been spent, and the amounts of appropriated funds still to be expended in the Roosevelt recovery program at the end of February 1936. The total appropriations for agriculture were $2,530,136,016.38, the sum of $859,623,352.25 remaining unexpended. The agricultural appropriations of Congress were administered through the Agricultural Adjustment Administration, the Commodity Credit Corporation, the Federal Farm Mortgage Corporation, the Federal land banks, and through a reduction in interest rates on mortgages. The appropriations for relief amounted to $5,284,108,151.95, this sum being administered through the Federal Emergency Relief Administration, the Federal Surplus Relief Corporation, the Civil Works Administration, the Emergency Conservation Work, and the Department of Agriculture relief. Of that $5,284,108,151.95, only $170,654,098.40 remains unexpended. The public-works appropriation by Congress totals $5,479,848,495.89, and this amount included expenditures on the Boulder Dam project, loans and grants to States and municipalities, loans to railroads, expenditures on public highways, river and harbor work, Rural Electrification Administration, Works Progress Administration, and several other projects. Then, as an aid to home owners, Congress set aside $792,772,232.30, of which sum $338,552,597.29 remains unexpended. As a miscellaneous appropriation we have the sum of $4,215,495,418.39, of which $1,759,188,908.61 remains unexpended. The miscellaneous sum is administered through the Export-Import Banks of Washington, the Federal Deposit Insurance Corporation, the Administration for Industrial Recovery, the Reconstruction Finance Corporation, and the Tennessee Valley Authority.

The point I wish to make is that facing that problem, a problem common to all people on the North American Continent, the total amount appropriated by Congress prior to February 29, 1936, is shown as $18,339,000,000 of which amount $6,009,413,350 remains unexpended. Notwithstanding the fact that over $6,009,413,350 remains unexpended, the President asked, and Congress approved, an expenditure in the present year of a further appropriation of $1,500,000,000.

In addition, Congress voted $2,300,000,000 to pay the soldiers' bonus, making in all a total of $9,300,000,000 now available for the continuation of the recovery policy.

Mr. ROGERS. Has the honorable member the figures showing the numbers of unemployed in the United States during the period those expenditures were made?

Mr. MCGEER. Yes; and that is exactly where I suggest the minister is failing to grasp the true significance of our problem.

Mr. ROGERS. Would the honorable member give the figures?

Mr. MCGEER. I have not the figures with me, but I have followed them. The point I am dealing with is that while there were 13,000,000 unemployed in 1933, in 1936 the figure is placed below 9,000,000. But there is an unemployment of people and an unemployment of business. While the numbers actually destitute and unemployed are on relief and have been cared for, unemployment in business, which is just as serious, has been done away with in the United States.

CURRENCY MANAGEMENT

I know there are many people who say that nothing has been accomplished in the United States but an increase in the national debt of $8,000,000,000. For that reason I would like to draw the attention of the committee to some of the more important features of the Roosevelt scheme of managed currency. Under the gold policy inaugurated by the Roosevelt administration, one which was the very opposite of that proposed at the World Economic Conference in 1933, the gold reserves of the United States have been increased from $4,000,000,000 in 1933 to $10,000,000,000 in 1936.

Mr. BENNETT. A creditor nation.

Mr. MCGEER. Yes; a creditor nation, but a creditor nation which saw the wisdom of increasing the price of gold to $35 an ounce so that debtor nations could pay their bills. That is exactly what has happened. And the silver policy——

Mr. BENNETT. Failure.

Mr. MCGEER. My right honorable friend says "failure." Let us see about that. Silver was remonetized, and silver certificates were issued as full legal tender. The accumulation of silver reserves and silver certificates now in issue and circulating as money show an increase of $2,000,000,000.

I suppose it will be said that the spending program was a failure as well. Under the spending program of the National Government, American bank deposits, which had fallen to $38,000,000,000 in 1933, had risen to $45,000,000,000 in 1935, or an increase of $7,000,000,000. Thus, under Roosevelt's recovery policy, while the people of the United States may have an increase of $8,000,000,000 of debt, if you add the gold increases, silver-reserve increases, silver-certificate increases, and bank-deposit increases, you have $15,000,000,000 more money in the United States at the end of 1935 than existed in 1933, or a net increase of $7,000,000,000 in excess of the national debt incurred through the recovery program. Now, according to the gold-standard theorists, who accept orthodox economic practice, this is the situation in the United States. With $10,000,000,000 of gold in reserve they can place $5,000,000,000 at the disposal of the Treasury to use as a stabilization fund, an amount far in excess of what is needed. That leaves $5,000,000,000 available to support domestic currency. Now, on the 25-percent gold-reserve basis established at the economic conference in 1933, $20,000,000,000 of full legal tender Federal Reserve notes may be issued. Under the Federal Reserve Bank Act every dollar of Federal Reserve notes is good for $10 bank credit. Therefore, under the managed currency system of Roosevelt that Nation has managed its monetary power so that it can now support a bank deposit currency of $200,000,000,000, or an amount sufficient to pay off the National debt, the State debt, the municipal debt, and corporate and individual debts and still leave $22,000,000,000 in reserve.

Let us see what else has been done. In many respects the managed currency and recovery policies of the Roosevelt administration are similar to those adopted in Great Britain; in some respects they went much further. The Roosevelt program may be summarized as follows:

The gold standard was abandoned.

The gold debts were repudiated.

The Government established a monopoly on the ownership of gold. It then revalued the price of gold, raising the value from $20 to $35 an ounce, a course which all other leading nations followed.

Silver was remonetized and the issue of silver certificates as full legal tender money was authorized.

All American currency was established on a legal-tender basis.

The Government established measures of control over the international movement of gold, silver, currency, and credit.

The Treasury, working in cooperation with the Federal Reserve bank, secured the effective cooperation of Federal Reserve member banks and other banking institutions, together with loan and trust companies, insurance, and other financial corporations. Working together, they proceeded to bring order out of the chaos that had followed the collapse of the gold-standard system.

National obligations were refunded at rates of interest averaging 2½ percent.

Money was borrowed on short term for 0.011 percent, or less than the cost of printing and maintaining paper currency.

National currency, profits from monetary management, and taxes were used to finance obligations incurred to alleviate destitution, to put people to work, to restore business to normal, and to balance the standard of living for all classes and throughout all sections of the Nation.

The control of production prices, wages, and competition was attempted.

Much was done to assist States, municipalities, home and farm owners, carrying unpayable interest-bearing debts.

Banks, railway companies, industries, businesses, and agriculturists in trouble were assisted.

Public works and social services to relieve unemployment were inaugurated. Better housing and slum clearance were assisted and encouraged, and today Congress is proceeding to go forward with the largest housing program ever undertaken by any nation in the world. True, the national income has not been restored to the 1929 level of nearly $90,000,000,000, but it has increased from $38,000,000,000 in 1933 to $55,000,000,000 in 1935, or an increase of $17,000,000,000. It is still rising and will go above $60,000,000,000 in 1936.

National wealth has been increased in the same period of time by over $125,000,000.

It is true that unemployment has not been eliminated, but it has been reduced from 13,000,000 to less than 9,000,000, and, what is more important, it has been prevented from rising from 13,000,000 to figures that would have resulted in the complete destruction of the social and economic life of the American people.

Mr. BENNETT. Last year it was stated that there were 20,000,000 people on relief.

Mr. MCGEER. You could get statements from Wall Street that would go higher than that, but I want to give you an unbiased opinion. You might get an even worse opinion from your friends in St. James Street.

Mr. BENNETT. No; they are all on the other side now.

Mr. MCGEER. It is therefore not surprising that above the howls of condemnation that the forces of entrenched greed are hurling at Roosevelt, who is humanity's foremost contemporary champion, those who care to may perceive sanctions of approval for the Roosevelt policy already being presented by unbiased recorders of historical facts.

In the April 1936 issue of Current History, which I think everyone will admit is a nonpartisan journal, there is a leading article reviewing the Roosevelt recovery program. Among other things, this article says:

"Most of what happened is well known. The important thing is how we came through it. True, we hear very little cheering and practically none from the great capitalists whose system was saved from possible destruction in those black days of March 1933. Yet the National City Bank in its economic reports states that the year 1935 closed with business activity at the highest level in more than 5 years and with signs of recovery more widespread than at any time since the turn of the depression was reached in 1932.

Some industries making consumption goods are doing more business now than they did even in 1929. Some of the heavier industries such as the manufacturers of machine tools, steel ingots, pig-iron foundry equipment, and other classes of machinery have reached the highest level since 1930. Some mail-order and chain-store houses report greater sales than in 1929."

People say that Roosevelt has not accomplished anything, but I think that just as Jefferson freed the people of the British colonies in America from the slavery of irresponsible monarchy, and as Lincoln destroyed the slavery of evil and selfish monopoly that threatened his Nation with disruption, Roosevelt has moved to free his people from the bondage of money power.

Basing my conclusions upon such facts, I believe that future generations will add the name of Franklin Delano Roosevelt to that illustrious galaxy that is now exclusively reserved for the names of George Washington, Thomas Jefferson, and Abraham Lincoln.

Through his courageous and wholesome effort to complete the great work of establishing universal freedom launched in America by Jefferson and carried on by Lincoln, Roosevelt has carved for himself a permanent place in the history of human progress.

I am not alone in that conclusion. Lloyd George, observing Roosevelt's war with high finance, took occasion to state:

"The intrepidity with which he is fighting against the machinations of the established and arrogant priesthood of the golden calf is being watched with a thrill of admiration by those who, all the world over, have been suffering from its thraldom. If he wins he will have rendered a service to mankind which will exceed that of Lincoln when he abolished a more limited slavery.

"But his task is even more formidable, for the hierarchy he has challenged is powerful and its janissaries in all lands are federated in a well-knit, well-drilled, and well-equipped brotherhood in arms. They play into each other's hands—they fight each other's battles. If they fail, they will share each other's ruin; if they succeed, they will divide the loot among themselves.

"In London and in Paris they are unassailably entrenched. To adopt the scriptural quotation, 'Judas is their law given; industry is their washpot, and over successive ministeries have they cast their shoe.'

"The President of the United States has resolved that this verse shall no longer apply to American governments and American producers."

It is also well to note that the same powerful forces are deriding the Roosevelt program that jeered at Lincoln and assailed Thomas Jefferson.

I have placed before the committee a summary, brief but definite, of the recovery programs in Great Britain and the United States. I have done this because I think in those countries, with widely different economic conditions, programs of definite relief such as I think are available to us have been undertaken and have achieved some measure of success.

INDEPENDENCE FOR PUERTO RICO—ADDRESS BY DR. BLAS HERRERO

Mr. WALSH. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a radio address entitled "Independence for Puerto Rico", delivered over Station WJSV, Washington, D. C., on May 13, 1936, by Dr. Blas Herrero, member of the Legislature of Puerto Rico.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

As a member of the Legislature of Puerto Rico, I desire to express appreciation to President Roosevelt, to the Congress, and to all of the good people in this great Nation who have manifested interest in the welfare of Puerto Rico.

Those of us who have lived on the island under the benevolent influence of American administration, those of us who have beheld the transformation from an obscure, Old World colonial possession to that of a progressive American dependency, those of us who view this transformation through eyes that are not beclouded by political insincerity, are profoundly grateful. We are thankful also for our status as American citizens and proud in our allegiance to a flag that is respected the world over.

The political organization with which I have the honor to be affiliated—the Coalition Party—is the majority party in Puerto Rico, and as such controls both branches of the legislature and the administration of insular governmental affairs. It constitutes a union of the conservative and labor groups, the latter of which is affiliated with the American Federation of Labor. Both of these groups represent important elements of the population—elements that are vital keys to the economic and social security of the islands, elements that have been "pro-American" since the occupation, elements that always have manifested unswerving loyalty to American institutions.

The Coalition Party—the majority political party of Puerto Rico—favors not independence, but statehood or a territorial status permitting popular election of Governor and cabinet, a status that will cement forevermore the bonds of friendship between the American people and the people of Puerto Rico.

There is no evidence of widespread, deep-rooted sentiment for independence in Puerto Rico. Present agitation is confined to a group of students and malcontents—a group that polled less than 2 percent of the total vote in the last general election. One of the political parties have seized upon it as a convenient means of enticing votes in the coming election, but few members of that same party sincerely favor it. One movement for independence, initiated in 1912, ceased entirely in 1917 when residents of the island were granted American citizenship. The present effort would find but few supporters if statehood or a territorial form of government were granted.

But what would be the result if independence actually were achieved? Suppose that the Congress, deceived by the clamor of a noisy minority, enacted a law providing for independence. What would happen to Puerto Rico? What would be the fate of those who were taken to the mountain top and shown the Utopia of independence below? What would be the effect upon trade with the United States? For Puerto Rico, utter ruin. For the credulous who listened too long to the blandishments and hollow promises of irresponsible spellbinders, hunger and hopeless poverty. For the United States, the loss of one of its most lucrative, one of its most important world markets, for Puerto Rico ranks sixth among all of Uncle Sam's world markets and second only to Canada among markets of the American continents. Sales of rice alone bring an annual revenue of $10,000,000 to American business houses; other commodities bring almost equally large revenue.

Sugar is the indispensable key to the economic security of Puerto Rico, the determining factor between economic ruin and prosperity. That industry alone represents 80 percent of the island revenue. It employs directly 130,000 people; indirectly, thousands more. The American railroad in Puerto Rico carries on only because of its sugar freightage, an item which constitutes 80 percent of all its traffic. Ships of the American merchant marine carry 800,000 tons of sugar annually from Puerto Rico to ports of the continental United States. And these same ships return to the island laden with commodities from American markets.

Tariff protection is indispensable to the economic stability of Puerto Rico. Without it the island would be bankrupt. With tariff protection the Puerto Rican producer markets sugar in the United States at $3.84 per 100 pounds. The world market price brings but 84 cents per 100 pounds. Without the benefit of tariff which, of course, would not continue in the event of independence, island producers competing in the world market would receive $3 less per 100 hundred pounds than under present conditions. One hardly needs to be an economist to visualize the disastrous effect of such a diminution in revenue. Sugar mills, unable to prevail against world competition, would be compelled to discontinue operations. With the closing of the mills, 130,000 people would lose their sole means of earning of livelihood; and, taking entire families into account, the disaster directly would affect five or six hundred thousand souls, or close to one-third the entire population. Discontinued pay rolls would stop the circulation of money in insular commerce. Stores and other establishments of trade would be affected. Wholesale bankruptcies would be the rule. American merchant-marine vessels would suffer the loss of sugar cargoes. Business houses in the United States would find no market for commodities now consumed in great quantities on the island. And all of the careful planning, all of the great humanitarian works that have been wrought upon our island by the American people will have gone for naught.

This is not a wild, ill-considered prophecy of Puerto Rico under independence. It is not a distorted, fanciful picture drawn from the imagination. Nor is it a prediction prompted by bias or by hope of political advantage. It is rather a statement that is based upon cold economic facts. With tariff protection we carry on; without it we perish.

The mere introduction of an independence bill in the Congress recently had tremendous financial reverberations on the island. Property owners became apprehensive. Straight-thinking citizens were fearful of the future.

The superpatriots who paint such glowing word pictures of an independent Puerto Rico have yet to explain what revenue will supplant that which will vanish with the removal of tariff protection on sugar. Like all visionaries, their theories are patterned

from the clouds. They have no thought for stark realities. Thousands may starve miserably, poverty and destitution may be widespread, disease may be rampant, and their native land hopelessly mired in the stagnant pool of economic hopelessness. To them the goal is all that matters; what happens after is of no consequence.

But what other industry is available to supply the tremendous loss of revenue that would result from collapse of the sugar market? The answer is none. The coffee industry, in competition with Brazil, Guatemala, Venezuela, and other South American nations, has been reduced to a state of insignificance due to losses sustained from two devastating hurricanes. Citrus fruits, in competition with Florida and California products, find American markets, but their revenues are inconsequential when compared with those from sugar. Other exports are in the same category. None can take the place of sugar.

Those who are giving lip service to the cause of independence for the purpose of corralling a few votes neglect to state who will sustain the thousands whose employment in the cane fields and sugar mills will cease with the collapse of sugar markets, or from whence will come the revenue to feed hungry children and to continue the splendid campaign against malnutrition initiated and furthered by the Government of the United States, or to continue the superb system of education installed and fostered by the same authority, and to carry on countless other useful improvements that have brought Puerto Rico the status of an important political subdivision of business energy and progress.

Intelligent men and women on the island know that there can be no appreciable source of revenue without lucrative sugar markets; and that there can be no lucrative sugar markets without tariff protection. People prompted by an honest desire to be of service to their native land, therefore, are not in favor of independence; are opposed to any movement that has for its objective the severance of the tie that binds the people of Puerto Rico and the people of the United States. All of these people, the intelligent, patriotic group on the island, favor first, statehood; statehood because it will bind them the closer to American institutions and make them feel that they have a share in the Government that has shaped their political destiny with such a degree of benevolence. As an alternative, they seek a form of territorial government that will authorize popular election of Governor and cabinet; a form of self-government that will come as a reward for unswerving loyalty to the American flag; loyalty that was notably demonstrated during the European war when 17,000 troops were equipped, trained, and made ready for embarkation to the battlefields of France. And surely, these aspirations will find favor with all Americans who are familiar with the orderly conduct of government that has prevailed on the island during 36 years of the occupation. Surely they will not be misunderstood among a people whose government is grounded upon the sacred principle of self-determination.

It has been asserted that the people of Puerto Rico are incapable of self-government because of illiteracy and because of an alleged prevalence of fraud in elections. Neither of these assertions has any basis in fact. Both are grounded upon a misunderstanding of and unfamiliarity with statistics and insular law.

During the regime of Spain illiteracy was widespread. Educational facilities were limited, means of communication primitive. Consequently an education, even of the most rudimentary form, was available only to the rich and middle classes. Thousands of people in parts of the island remote from municipalities or towns never entered school—never learned to read or write. Many of these people still live, and for the remainder of their lives will be carried of necessity, on the illiteracy side of the ledger as legacies inherited from the days of Spanish dominion. But tremendous strides have been made toward reduction of illiteracy on the island, thanks to educational efforts of the Government in Washington. Illiteracy has been reduced from 80 percent during the Spanish era to less than 40 percent at the present time. And with available facilities the percentage of illiterates on the island within the next 10 years will be reduced to a negligible figure. What other people, what other government, has accomplished better results in the short period of less than 40 years? The assertion, then, that the people of the island are incapable of self-government because of widespread illiteracy is without foundation.

It has been alleged in support of arguments against self-government that Puerto Rican elections are chronically fraudulent. Clean, honest elections should be the ideal of every government, of every people, and all sensible people demand that elections should be so conducted. But how many nations, how many governments, how many political subdivisions of government, have been without election frauds at some time in their history? But now, concerning Puerto Rico, "Let's look at the record", as one of our distinguished American statesmen would put it. The Thirty-third Annual Report of the Governor of Puerto Rico rendered to the Secretary of War by the Honorable James R. Beverley, then Governor, contains the following (I quote from Governor Beverley's report): "It is extremely gratifying to state that there was less disorder than in any previous election held in Puerto Rico, and it is believed that in spite of charges and countercharges by parties and candidates the elections of 1932 were the fairest and most orderly ever held on the island." I have no hesitancy in stating that elections in Puerto Rico are conducted on as high a plane of fairness and honesty as in any nation or political dependency functioning under a democratic form of government. But the word of a former American Governor, an unbiased observer, if you will, is most persuasive evidence on that score. And the American people, I am certain, will abide by the observations of Governor Beverley.

The American people assumed a grave obligation when they undertook the responsibility of administering the governance of Puerto Rico—an obligation that has been fruitful in returns both in loyalty of the people on the island and in trade revenues. The great work that has been accomplished since the occupation has merited the appreciation of Latin peoples the world over, and particularly of peoples in South American republics, for there is a feeling of brotherhood among Latins, as among Anglo-Saxons, and among other kindred races. Geographically, Puerto Rico is but a tiny speck on the map of the world—a grain of sand in the Caribbean Sea—but it is an important link in the chain that would be forged politically and economically between this Nation and those of South America. The undertaking to shape the political destiny of Puerto Rico has progressed to a vital stage—a stage where lack of further interest or abandonment will be ruinous; ruinous to Puerto Rico and disastrous to the confidence and good will that has resulted from it in other Latin countries. Those of us who have been consistent proponents of Americanism on the island; those of us who have resisted vigorously the efforts of selfish politicians to engender hatred of American institutions; those of us who are willing to shed our lifeblood, if necessary, in defense of these institutions—and our numbers are legion—feel that our efforts merit recognition—recognition in the form of a step that will make us feel that we are not just a mere insular possession but a real, integral part of this great Government; a step that would place us in a position to say to our people, "We are now a genuine part of the great government of the people, by the people, and for the people."

I thank you.

MEMORIAL DAY ADDRESS BY MONSIGNOR CONDON

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that there be printed in the RECORD a Memorial Day address delivered by Msgr. Robert B. Condon at La Crosse, Wis., on May 30, 1924.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Today America pauses amid her myriad schemes of enterprise to honor the men who more than six decades ago, in the great struggle for national existence, won imperishable renown for themselves, and as imperishable, we trust, freedom for the Republic. Animated by this sentiment, we, a portion of the American people, assemble under the auspices of the Grand Army of the Republic. Fitting auspices, indeed. Who can better honor the heroic dead, who sleep in the sepulcher of glory carved with the good sword, than the comrades who laid them to rest when the thunders of battle had been hushed over many a blood-drenched field of fame—the comrades who shared similar perils, and whom a merciful Providence has spared from a similar destiny? Flowers fall on the tomb with heavenly peace from hands which bore the sword of freedom, and which laid to rest the inmate of that tomb.

Not only are the auspices fitting—the occasion, the day, is inspiring. It is sacred alike to memory and to hope. It commemorates a triumph of human liberty and of eternal right. It commemorates the emancipation of one race, the sacrifice of another, and strengthens our hope for the growth and glory of their cooperation. In commemorates a revelation of all that man, when true to God, can do for his fellow man.

GREAT THINGS IT DID

The Grand Army of the Republic. It marched farther than the armies of Caesar or Alexander. It fought more battles than the hosts of Tamerlane. But it carried out the ambition of no vulgar conqueror. It extended not the sway of oppressor. In the march of the Grand Army no helpless peoples were mowed down, no rights were trampled on, no arts were lost; civilization was not swept away. The only ruins the Grand Army left were the ruins of the auction block, of the whipping post, and of 4,000,000 shackles.

The Grand Army of the Republic. The very name carries us back over half a century. The years intervening roll away, and we stand in spirit in the great struggle for freedom. In that struggle the Grand Army of the Republic, the soldiers of the North, were, I believe, the instrumentality chosen by Heaven to redeem the land from the foul blight of slavery and to advance mankind. Let us, then, consider the principles for which that struggle was waged, and the results which followed it, in order that we may correctly estimate the services of the Grand Army of the Republic and the debt of gratitude we owe them.

A WAR FOR FREEDOM

The Civil War was a war for liberty, a war for national unity, a war for civilization.

It was a war not only for the freedom of the North, threatened by the arrogant slave power of the South, but for the freedom of an alien and proscribed race. Many and illustrious have been the deeds for liberty from the beginning of time, and in every part of the world. Mankind preserves their memory and crowns them with applause. Never, however, was a struggle for liberty grander than the struggle of the soldiers of the North from '61 to '65. They struggled not only for their own liberty, and the liberty of their race, but primarily, it would seem, for as despised and subjugated a race as the world had ever seen. They fought to actualize the Declaration of Independence, to make good the lofty professions

with which we began our career as a Nation, and with which we electrified mankind. Think of it. In the Declaration we proclaim that all men are created equal, that they are endowed by the Creator with certain inalienable rights, that among these rights are life, liberty, and the pursuit of happiness. And then, like a blotch of blood on our own Constitution, was the clause permitting traffic in human flesh and blood.

DECLARATION MEANS SOMETHING

If, however, the wrong was great and the contradiction glaring, noble was the reparation and mighty has been the change. Today the Declaration of Independence is more than a theory.

America is a Commonwealth of over 100,000,000 of freemen, without a slave and with no master save God.

The Civil War was a war for national unity. It was to emphasize beyond possibility of misinterpretation the opening words of the Constitution, "We, the people of the United States." It was to demonstrate the truth of those immortal words of Webster, "Liberty and union, now and forever, one and inseparable."

Today the southern people salute the flag of our common country with patriotism as fervent as that of the North, and would rally as enthusiastically in its defense. Indeed, the sentiment of the South may be summoned up in these words of Henry Grady, "Sons of the South, sir, would die to defend the Union which their fathers sought to destroy."

The Civil War was a war for civilization. It requires neither wide range of historic reading nor depth of philosophy to realize how much of supreme importance was at stake in the Civil War. He who believes with Talleyrand that "everybody is wiser than anybody", he who believes with Lincoln in a "government of the people, by the people, and for the people", must behold suspended on the issue of that conflict the fate of popular government and the political salvation of the world.

WOULD END THE COUNTRY

If the South had succeeded, the Republic would have been no more. Another chapter, and the saddest in all the melancholy record of unsuccessful struggles for liberty would have been written. The experiment of self-government by the people would have failed. And the hopes of the oppressed of all the earth would have gone out forever. Dreadful, indeed, were the possibilities attendant upon southern success. Hands red with guilt of slavery would have held the political destinies of America. Perhaps the slave power would have established a strong centralized government. Like a huge boa constrictor the slave power would then have coiled itself around the States, crushing in its slimy folds the last instinct of liberty, and striking its deadly fangs into all who would resist. Perhaps the principles of Calhoun would have been carried to the extremity of his logic. There would have been secession from those who had seceded. Separate and independent governments would have been established. And, superadded to the horror of slavery, would have been the repetition of European history, with its centuries of militarism, devastation, and woe.

But this was not to be. The blood and treasure, the sacrifice and heroism of the Revolution, of the War of 1812; the civic virtues displayed on land and sea, in peace and war, in public office, and in private station; the patriotism and statesmanship of Washington and Jefferson, of Hamilton and Jackson, of Webster and Clay were to have a fairer issue. It was not given to mankind to hear amid the ruins of our country and over the tomb of liberty, the jubilations of the oppressor, mingled with the wailings of the oppressed.

A COST TREMENDOUS

But, oh, at what a cost was this awful destiny averted. We think today of those who died that the Nation might live, of all they wrought and suffered. We think of the homes made desolate, of the hearts broken over loved ones who marched away and came not back, of the lives that went up to God in battle, in hospital, and in prison pen. Surely if we have reached a height of unprecedented national glory, we have passed through the valley of suffering. Surely if we have beheld the salvation of God it was by the red sea of fraternal blood! We are thankful those days have passed away. We pray God they have passed away forever. Far, very far from us, O God of battles, be Thy fiery host, Thy destructive march, and Thy terrible vengeance. But Thou, O Prince of Peace, come, abide with us forever and let Thy rays, O Light of Ages, fill the land.

SISTERS OF CHARITY

Dr. Condon next spoke of the heroic women of the Civil War, of the mothers and wives and daughters and sisters of the boys in blue, of the Woman's Relief Corps, and of the Sisters of Charity. He spoke of the merciful ministrations of that sister on the field of battle, as she stanched the lifeblood of the wounded soldier, cooled the fevered brow, and spoke words of heavenly consolation to the soul about to go into the presence of God.

He spoke, too, of the necessity of carrying out in peace the spirit which the "Grand Army of the Republic" carried out in war.

"The soldiers of the Grand Army knew what they were fighting for", he said. "Theirs was an intelligent patriotism. And such a patriotism must needs be ever, if our country is to endure. How much of the crying out against the Constitution arises from not understanding that Constitution. We, all of us, owe a great debt to the lawyers and statesmen of the land for their knowledge of the Constitution, and their defense of it against rash and thoughtless innovators. But that knowledge should be possessed by every citizen who would fain preserve the inheritance of the soldiers and emulate their patriotism. Let every American be educated in the principles of the Constitution.

TEACH PATRIOTISM

"Let us begin, even in the grades, to teach every American boy and girl the meaning of every clause of the Constitution, how much it cost to write that clause into public law, and the frightful oppression from which it delivered those who arduously secured it, and from which, it was hoped, it was to deliver every American forever. Let us reflect, too, that the greed for power and the other evil passions, which caused that oppression, are ever latent in the human heart and are ever striving to extend their sway. To war against these and every other evil passion is our duty as men, conscious of an eternal destiny and our duty, too, as citizens, who would realize a glorious destiny for our country.

"Let us, therefore, on this great day pledge ourselves over the ashes of our heroic dead to the maintenance of those great principles of religion and morality which are the indispensable condition of the growth and worth of the individual, and of the weal, the greatness, and the perpetuity of the Nation."

INTEREST RATES ON FARM LOANS—STATEMENT BY W. B. DOAK

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Mr. W. B. Doak, a farmer living in Virginia, in regard to interest rates on farm loans.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Eighty percent of loans taken over by the Farm Credit Administration (mainly on a 5-percent bond) have been refunded at 3 to 3¼ percent, saving Federal land banks $12,000,000 annually for 20 years on interest. Among other rights conveyed by the Federal farm loan associations to stockholding farmers is this very process of calling in bonds and refunding at a lower rate of interest. Is it reasonable to expect that we will be satisfied with a reduction to 3½ percent for 1 year, 4 percent for 2 years? Then to pay 5 percent for the rest of the 40 years. Much ado is made of our being given the benefit of half, of this reduction for 3 years, of what they get for 20 years.

At no time in 20 years history of farm credit have bondholders or brokers ever accorded us fair or even honest treatment. Their first move was to syndicate the bonds for three or four banking and investment houses—30 or 40 percent too high—to amend, repeal, or reorganize the system. The Federal farm loan associations provided for cooperative control by farmers who still own over 90 percent of all voting stock, and pay expenses (twenty-odd million dollars a year for 12 land banks). They undertook to relieve us of an $18,000,000 reserve fund. Compare Federal land-bank reports, December 31, 1933, with June 30, 1934. They have never shown the slightest regard for their obligation to a million contracts with farm families who trusted and fed them.

Instead of being merely a matter of peeling off $5 to $7 from a roll of $100 bills, interest payments have become chronic nightmares hitched to every bedpost.

Farmers in land banks are being ordered to get ready to pay more than ever, commissioners' loans added in for camel's back-breaking measure. Instead of being willing to admit claim of Farm Credit Administration.

Five thousand Federal farm loan associations are being turned into what would, in organized labor, be called company unions.

No farmer in America has betrayed so many trusts, broken so many contracts, or been so long delinquent—12 years—as farm-loan banks.

A Midas hand, that of the professional banker, has laid its withering curse upon the only flower still blooming in the Democratic garden of our Wilson administration.

We hope to help our great humanitarian and progressive President Roosevelt in his inaugural avowed purposes, "to drive the money changers out of the temple." What the money changers have undertaken to do is to drive the cooperating farmers out of their agrarian wing, added to our financial system in 1916.

We must come back to Thomas Jefferson-Andy Jackson principles and precepts about money and credits. Passing the Frazier-Lemke bill is our first step. I make no effort to say where or when this farmer-banker fight will end, but entertain no doubt how. Borrowers outnumber lenders 10 to 1. We are in the majority and, what is of infinitely more importance, in the right. We are bound to win—only a matter of time.

I will use a holder of $10,000 worth of F. L. B. bonds on "the Hill" by way of illustration. Knowing our constant effort to reduce bond rates, tax-free, he claimed for years that he didn't get worth of his money. So when his 5-percent bonds were called in and paid off, I asked what he did. After some hesitation he admitted reinvesting his $10,000 in the new issue, 3¼ percent; also that 2 percent was all he could get in a safe investment otherwise. What does this signify? Simply that three farmers had sweat blood for 14 years, so our county agent says, to pay this investor 50 percent more than, he was finally forced to admit, his money would bring elsewhere.

The Farm Credit Administration statement that "farm mortgage rate is lowest in history" is incorrect. On the contrary it is one of the highest—its own overhead, the highest of which I have any knowledge.

No blight or pest, not even the boll weevil, ever hurt our beloved Southland like usury. Experts have testified there is more usury in some Southern and Western States than in the whole of Europe.

Smith's Bible Dictionary, page 723, "The word usury has come in modern English to mean excessive interest upon money loaned

either formally illegal or at least oppressive." In the Scriptures, however, the word did not have this sense but meant simply interest of any kind upon money. Jews were forbidden by the law of Moses to take interest from their brethren. The practice of mortgaging land, sometimes at exorbitant interest, grew up among the Jews during the captivity in direct violation of the law. We find the rate reaching 1 to 100 per month, corresponding to the "Roman Centesimae Usurae, or 12 percent per annum." "Nehemiah firmly repressed exactions of the nobles and usury of the rich."

Nehemiah, fifth chapter: "We have mortgaged our land, vineyards, and houses that we might buy corn, because of the dearth (drought). * * * We have borrowed money for the king's tribute and that upon our lands and vineyards. * * * I rebuked the nobles and the rulers and said unto them, Ye exact usury every one of his brother. And I set a great assembly against them. * * * Also I shook my lap and said, So God shake out every man from his house * * * that performeth not this promise, even thus be he shaken out and emptied."

FEDERAL GASOLINE TAX

Mr. CONNALLY. Mr. President, at the request of the junior Senator from Oklahoma [Mr. GORE], who is absent, I ask leave to have printed in the RECORD an editorial entitled "Federal Gasoline Tax Is Direct Burden on Farmers, Business, and Industry."

There being no objection, the editorial was ordered to be printed in the RECORD, as folows:

[From the Oil and Gas Journal of Apr. 23, 1936]

FEDERAL GASOLINE TAX IS DIRECT BURDEN ON FARMERS, BUSINESS, AND INDUSTRY

Of the total revenue received by all of the taxing jurisdictions of our Government—National, State, and local—the taxes levied on the sales of gasoline produce approximately one-twelfth of the total revenue raised in the United States.

There are 182,651 governmental units in the United States which exercise the sovereign power to tax the citizen, his properties, his business, and his income. The aggregate annual tax revenue levied and raised by all of these taxing jurisdictions amounts to approximately $10,000,000,000. The aggregate expenditures of these governmental jurisdictions amounts to approximately $15,000,000,000. The difference is made up by loans and not by taxes.

In view of the extremely large number of taxing jurisdictions and the many ramified problems of Government revenue and expenditures, it is exceedingly significant that when the collection of all taxes is considered, whether direct or indirect, specific or ad valorem, customs or excise, or property or income, the sales tax levied upon one single item of commerce, namely, gasoline, produces approximately one-twelfth of all the revenue raised annually in these United States.

In the year 1935 it is estimated that State gasoline taxes produced revenue for the States totaling $625,000,000, while the Federal Government's tax produced revenue in excess of $170,000,000.

The Federal gasoline tax is called an "excise tax", and while it is collected at the refinery instead of at the filling station, it is none the less a sales tax and must be passed on to the consumer of the gasoline. Every time any citizen of the United States buys 10 gallons of gasoline, he pays 10 cents to the Federal Government as a tax, whether he knows it or not. This is not only an extremely heavy burden, but it is also an added burden to all who operate private cars, trucks, tractors, busses, and other forms of automotive transportation. There is no rebate of the Federal tax to the farmer or to anybody else, such as is the case in many State gasoline taxes that are levied.

To illustrate the effect of the Federal gasoline tax upon the citizen of any given area, it is only necessary to consider any given State and observe the State burden upon users of automotive units in that State, and then observe the added burden caused by the Federal gasoline tax. The State of Oklahoma is a case in point.

OKLAHOMA AS EXAMPLE

Oklahoma is one of the leading oil States in the Union, and in 1935 it supplied 185,348,000 barrels, or 18.65 percent of the total crude oil produced in the United States. Oklahoma refineries ran to stills 57,442,000 barrels of crude oil, or 5.94 percent of the total crude oil refined in the Nation. Every citizen in the State is either indirectly or directly a recipient of the economic betterment brought about by the wealth-producing operations of the industry and, as a consequence, every citizen in the State is interested in the welfare of the petroleum industry. Truly, Oklahoma is one of the predominant oil States of the Union.

The people of the State of Oklahoma, according to the best records available at this time, consumed approximately 327,500,000 gallons of gasoline during the year 1935, on which Federal gasoline taxes were paid in the round amount of $3,200,000. Of this amount, it is roundly estimated that Oklahoma farmers paid approximately $910,000 in Federal taxes, while other citizens and motor users in the State contributed the balance, or $2,290,000 in Federal gasoline taxes.

There are approximately 140,000 cars and trucks on Oklahoma farms. Under the Oklahoma State gasoline tax law, farmers residing within the State can secure a refund of the State tax on gasoline used in tractors, stationary engines, etc., when same are used strictly for agricultural purposes. The Oklahoma Tax Commission reports that in the year 1935 there were 21,136,730 gallons of gasoline exempted from the State tax for such purposes. Despite this assistance to the farmers of Oklahoma by the State itself, these same Oklahoma farmers paid over $211,000 in Federal gasoline taxes on the gasoline from which they were exempted in paying a State tax.

It is roughly estimated that the cars and trucks on Oklahoma farms consumed 70,000,000 gallons of gasoline last year, for which they were not exempt the State tax. Therefore, roughly, the total consumption of gasoline by the farmers of the State of Oklahoma was approximately 91,000,000 gallons. If these figures are roughly correct, Oklahoma farmers then paid approximately $910,000 in 1935 in gasoline taxes to the Federal Government.

Roughly speaking, the farmers of the United States, in carrying on their business and in the use of their private cars, consume approximately one-fourth of all the gasoline sold each year. Therefore they pay approximately one-fourth of the annual Federal gasoline-tax bill, or $43,000,000. This is an immense sum, and its payment by the farmer constitutes one more exceedingly heavy burden which he has been called upon to bear in these recent "lean years." Thus it is that the repeal of the Federal gasoline tax would, in itself, be quite an item of "farm relief" to the farmers of the State of Oklahoma and, similarly, to the farmers of every other State in the Nation.

INDIRECT BURDEN, TOO

In addition to being a direct burden on the farmers and motorists of the State, the Federal gasoline tax is also an indirect burden on two of Oklahoma's leading industries, namely, petroleum production and petroleum refining. It is further an indirect burden on every citizen who owns an acre of oil land or who owns a dollar's worth of oil royalty. It is an indirect burden on every citizen who owns stock in any oil company, whether such company be engaged in producing crude oil, transporting crude oil, refining crude oil, or marketing the products from the industry. It is especially an indirect burden on every person who owns or operates a service station, because in the eventual long run the demand for the product sold at the station is decreased due to the higher cost to the consumer for each gallon which he purchases.

The gasoline tax creates other problems with which the filling-station operator must deal. Most important of these is tax evasion and the consequent "price-cutter." The tax-evasion scandals just brought to light in Colorado and Tennessee furnish ample evidence that evasion is a serious problem. These situations show clearly that unreasonable and excessive gasoline tax rates invite tax evasion and avoidance, and that legitimate marketers who pay their gasoline taxes are placed at a competitive disadvantage. Every cent added to the total gasoline tax paid by the consumer makes this condition just that much worse. Studies made by automotive associations show that the money spent for gasoline amounts to approximately 40 percent of the cost of operating a car. Since the tax comprises more than one-third of the price the motorist pays for his gasoline, it is evident that the gasoline tax is an item of great importance to every car owner, which, in turn, indicates that there might be every inducement for the motorist to patronize the "price-cutter."

Oklahoma refineries produced 33,288,000 barrels, or 1,398,096,000 gallons, of gasoline in 1935. Making allowance for exempt gasoline (sales to governmental units and for export), the Federal gasoline tax on the total amount of gasoline manufactured within the borders of Oklahoma amounted to approximately $13,000,000. It is further estimated that the Federal tax payable on all gasoline made from all crude and natural gasoline produced in Oklahoma, whether said crude was refined in Oklahoma or elsewhere, amounts to approximately $40,000,000 annually. Reviewing these figures, it is ostensible that the importance of such a tax load cannot but fail to curtail the demand for the output of Oklahoma refineries and oil wells.

We find consumers and retail merchants vigorously protesting sales taxes of 1 and 2 percent. These protests are heard throughout the land. However, at present prices in Oklahoma the 1-cent Federal gasoline tax is, in effect, a 7-percent retail sales tax upon gasoline. This is all in addition to the Oklahoma gasoline tax, which approximates a sales tax of over 30 percent. As a consequence, motorists in Oklahoma are paying a sales tax of almost 40 percent upon the gasoline they purchase.

The average price of United States motor gasoline (63–70 octane, regular) in 1935 at Oklahoma refineries was approximately 5.3 cents per gallon, and for third-grade gasoline (62 octane and below) the average was approximately 4.5 cents per gallon. Very little premium grades of gasoline are now sold, so the average price of all gasoline at Oklahoma refineries in 1935 was probably not more than 5 cents per gallon. On this basis the Federal gasoline tax of 1 cent per gallon constituted a manufacturers' excise tax of 20 percent on an essential and necessary commodity purchased by Oklahoma citizens.

While the Federal gasoline tax is paid directly by the manufacturer, it is paid by the final consumer in the last instance. As the tax increases and thus the consequent price to the consumer increases, sales resistance is increased because the consumer is able to buy less gasoline with the same amount of money. Sales fall off and prices have a tendency to weaken, and thus again the Federal gasoline tax affects the refiner and also, in turn, the crude-oil producer.

EFFECT ON DEMAND

Studies and analyses made by the American Petroleum Industries Committee, by comparing the consumption of gasoline in States that have increased the tax with the consumption in other

States of similar geographic and economic conditions and structure indicate that each 1-cent increase in the gasoline tax results in a 5-percent decrease in gasoline consumption.

Assuming the correctness of these figures, it is thus estimated that had it not been for the 1-cent Federal tax on gasoline in 1935:

The revenue of Oklahoma oil producers would have been greater by $8,750,000.

The revenue of Oklahoma royalty owners would have been greater by $1,250,000.

The gross income of Oklahoma refineries would have been greater by $3,675,000.

The net income of Oklahoma filling stations would have been greater by $500,000.

And the gasoline tax revenue to the State would have been greater by $625,000.

Had the revenue of Oklahoma producers and refiners been increased by the above amounts, probably only a small part of it would have gone to profits. However, the increased production and refining activities would have brought about increased employment, increased expenditures for supplies and other products, and would generally have benefited the State as a whole.

The repeal of this tax would be a stimulant to business and industry and would assist in speeding economic recovery in Oklahoma, as well as in every other State in the Union.

NAVAL APPROPRIATIONS

The PRESIDING OFFICER (Mr. McGILL in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 12527) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. WALSH. Mr. President, I move that the Senate insist on its amendments, ask for a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRNES, Mr. COPELAND, Mr. WALSH, Mr. HALE, and Mr. KEYES conferees on the part of the Senate.

LOSS OF CHECKS IN THE MAILS

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McKELLAR. I move that the Senate insist on its amendments, agree to the conference asked by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. HAYDEN, and Mr. FRAZIER conferees on the part of the Senate.

PHILIPPINE CURRENCY RESERVES ON DEPOSIT IN UNITED STATES

Mr. ADAMS. Mr. President, I ask unanimous consent that Monday next, upon the convening of the Senate, the Senate proceed to the consideration of Calendar No. 1772, being Senate bill 3486.

Mr. McNARY. Mr. President, I ask that the bill be reported by the clerk.

The PRESIDING OFFICER. The clerk will report the bill by title.

The LEGISLATIVE CLERK. A bill (S. 3486) to repeal the act entitled "An act relating to Philippine Currency reserves on deposit in the United States."

Mr. ROBINSON. Mr. President, in the absence of the chairman of the Committee on Territories and Insular Affairs, the Senator from Maryland [Mr. TYDINGS], I cannot consent to an agreement to take up the bill Monday. As the Senator from Colorado knows, the Senator from Maryland is interested in the bill and has indicated a purpose to move to refer the bill to the Committee on Territories and Insular Affairs, of which the Senator from Maryland is chairman. May I inquire of the Senator from Colorado whether he has an understanding with the Senator from Maryland about the matter?

Mr. ADAMS. The matter has been pending some 2 months, delayed largely in order to accommodate the Senator from Maryland. I talked to him the other day, and he told me to have the bill set down for consideration and let him know the hour and he would be here. That is the reason why I am asking to have it set down for Monday, in order that he may have ample notice. He said he would be willing to come any day upon notice sent to his office during the day. I am asking, however, that it go over until Monday in order to give him ample notice.

Mr. ROBINSON. In view of the statement made by the Senator from Colorado, I shall not object to his request that when the Senate convenes Monday it shall proceed to the consideration of the bill which he has designated.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado [Mr. ADAMS] for unanimous consent that upon convening on Monday next the Senate shall proceed to the consideration of the bill (S. 3486) to repeal the act entitled "An act relating to Philippine currency reserves on deposit in the United States."

Mr. HAYDEN. Mr. President, reserving the right to object, I may say that I have just entered the Chamber, and I should like to inquire if the arrangement proposed is agreeable to the Senator from Maryland?

Mr. ADAMS. Yes. I have arranged with him to have the bill taken up any day and to let him know during the day when it will come up, so that he may come over from his office. I am now asking that the bill be taken up Monday, in order that the Senator from Maryland may have 2 or 3 days' notice.

Mr. HAYDEN. Is the Senator from Maryland aware that the Senator from Colorado is making this request?

Mr. ADAMS. No; but he said that any time I could arrange to have it taken up all I would have to do would be to telephone his office and he would come over. I have gone beyond that, and am asking to have the bill set down for consideration Monday, which will give him 3 days. I have waited week after week—really, month after month—to have the bill brought before the Senate. The point is being reached that unless the bill shall be taken up promptly it will not be considered at this session.

Mr. HAYDEN. Under the circumstances, I shall be constrained to object unless the Senator from Maryland knows that the request is being made.

Mr. ADAMS. He knows the request is being made, but he does not know the exact form of the request.

Mr. HAYDEN. I should like to have him know all about it.

Mr. ROBINSON. Mr. President, may I suggest to the Senator from Colorado that he communicate with the Senator from Maryland, if he finds it practicable to do so, and then renew his request a little later?

Mr. CLARK. Mr. President, I have no objection to the procedure outlined by the Senator from Arkansas [Mr. ROBINSON], but, as a member of the Committee on Territories and Insular Affairs, I feel it incumbent upon me to say I think the bill should be referred to that committee for consideration by it. The measure which it seeks to repeal was reported from the Committee on Territories and Insular Affairs originally. Personally I shall not be willing to agree to unanimous consent to consider a bill to repeal an act which was reported out of that committee and passed unanimously by the Senate, when the request applies to a bill which has been reported from another committee and not from the Committee on Territories and Insular Affairs which originally considered the act which it is now sought to repeal.

Mr. ROBINSON. Mr. President, probably before the Senator from Missouri entered the Chamber I made the statement that it was my information that the Senator from Maryland [Mr. TYDINGS] desired an opportunity to move a reference of the bill to the committee of which he is chairman, namely, the Committee on Territories and Insular Affairs.

Mr. ADAMS. It is my understanding that the arrangement I have suggested is satisfactory to the Senator from Maryland.

Mr. CLARK. I have no disposition to interfere with any such arrangement, but I do not wish the Committee on Territories and Insular Affairs to be precluded from consideration of the bill because of the absence of the chairman of that committee, who desires to submit a motion to refer the bill to that committee.

Mr. ROBINSON. An agreement to proceed to the consideration of the bill would not preclude a motion to refer it to that committee.

Mr. HAYDEN. Mr. President, let me suggest to my friend from Colorado that he delay making the request until he can actually contact the Senator from Maryland. As a member of the Committee on Territories and Insular Affairs, I feel that I should object at this time.

Mr. ADAMS. Mr. President, the matter has been pending more than 2 months. I have been talking to the Senator from Maryland in an effort to have the bill brought before the Senate; but it has been delayed time after time in order to meet the convenience of the Senator from Maryland. It has been delayed until it is now probable the bill cannot be passed just because of the courtesy extended. We are approaching the end of the session. The bill, in my judgment, is important. I may say to the Senator from Arizona that it is the only bill pending which proposes to make money for the Treasury of the United States. Every other bill that I know of has proposed to take money out of the Treasury. This one bill proposes to put some money into the Treasury, and yet I find it is impossible to secure consent for its consideration Monday.

Mr. HAYDEN. If the Senator from Maryland intends to move——

Mr. ADAMS. The Senator from Maryland has told me that I might arrange to have the bill taken up for consideration. I have not the slightest hesitancy in saying to the Senator from Arizona that if the time fixed is not convenient for the Senator from Maryland and he is willing to fix a time in the reasonably near future subsequent to Monday, it will be agreeable to me; but I do want a time fixed for consideration of the bill.

Mr. HAYDEN. The primary question for the Senate to consider is whether the bill should be considered by the Committee on Territories and Insular Affairs before it is considered by the Senate. My understanding is that that is the motion which the Senator from Maryland desires to make. If he and the Senator from Colorado can agree when the motion shall be made—and I see no reason why they cannot come to accord upon that point—then the Senate will have an opportunity to determine whether it wants to consider the measure without the advice of the Committee on Territories and Insular Affairs. If the Senate decides that it does want to do that, then the bill can be taken up for consideration.

Mr. ROBINSON. Mr. President, that is the suggestion I made sometime ago. The Senator from Colorado has repeatedly applied to me to have opportunity afforded for the consideration of the bill. I have not entered into any arrangement to that end. I understood he had an agreement with the Senator from Maryland.

I wish it made clear that the Senator from Maryland desires to move to refer the bill to the Committee on Territories and Insular Affairs. As already stated, that motion would not be precluded by the agreement which the Senator from Colorado suggests. If there is an objection to the request, I will state to the Senator from Colorado that, while I do not commit myself to the attitude he has taken concerning the bill, I see no reason why he should not move on Monday to proceed to its consideration.

Mr. HAYDEN. I think the Senator had better do that.

Mr. ADAMS. I shall have to move today to have a time fixed on Monday for the consideration of the bill. I assume that is within my rights.

Mr. ROBINSON. Mr. President, for the present I shall call for the regular order. If the Senator desires his request acted upon now, of course, that may be done.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado?

Mr. HAYDEN. I am constrained to object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBINSON. I call for the regular order.

PARKWAY AND RECREATION FACILITIES

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 10104) to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational-area purposes, and to provide for the transfer of certain lands, chiefly valuable for such purposes, to States and political subdivisions thereof.

The PRESIDENT pro tempore. The clerk will state the amendment reported by the committee.

The amendment of the Committee on Public Lands and Surveys was to strike out all after the enacting clause and insert:

That the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized and directed to cause the National Park Service to make a comprehensive study, other than on lands under the jurisdiction of the Department of Agriculture, of the public park, parkway, and recreational-area programs of the United States, and of the several States and political subdivisions thereof, and of the lands throughout the United States which are or may be chiefly valuable as such areas, but no such study shall be made in any State without the consent and approval of the State officials, boards, or departments having jurisdiction over such lands and park areas. The said study shall be such as, in the judgment of the Secretary, will provide data helpful in developing a plan for coordinated and adequate public park, parkway, and recreational-area facilities for the people of the United States. In making the said study and in accomplishing any of the purposes of this act, the Secretary is authorized and directed, through the National Park Service, to seek and accept the cooperation and assistance of Federal departments or agencies having jurisdiction of lands belonging to the United States, and may cooperate and make agreements with and seek and accept the assistance of other Federal agencies and instrumentalities, and of States and political subdivisions thereof and the agencies and instrumentalities of either of them.

SEC. 2. For the purpose of developing coordinated and adequate public park, parkway, and recreational-area facilities for the people of the United States, the Secretary is authorized to aid the several States and political subdivisions thereof in planning such areas therein, and in cooperating with one another to accomplish these ends. Such aid shall be made available through the National Park Service acting in cooperation with such State agencies or agencies of political subdivisions of States as the Secretary deems best.

SEC. 3. The consent of Congress is hereby given to any two or more States to negotiate and enter into compacts or agreements with one another with reference to planning, establishing, developing, improving, and maintaining any park, parkway, or recreational area. No such compact or agreement shall be effective until approved by the legislatures of the several States which are parties thereto and by the Congress of the United States.

SEC. 4. As used in sections 1 and 2 of this act the term "State" shall be deemed to include Hawaii, Alaska, Puerto Rico, the Virgin Islands, and the District of Columbia.

Mr. McNARY. Mr. President, would the Senator from New York be willing to describe briefly the differences between the bill as it was recommitted and the bill now pending? I think probably the report sets forth the facts, but I think it would be well for the Senator to indicate in what respect modifications were made by the committee looking to the removal of some of the objections to the bill.

Mr. WAGNER. Mr. President, I suppose that it is not necessary to say much about the measure that is pending, because we had the bill under consideration for 2 days when it was originally reported by the Committee on Public Lands and Surveys. The purpose of the bill is to aid in providing the people of the United States with adequate facilities for parks, parkways, and recreational-area purposes.

As the bill came to the Senate originally from the committee it provided not only for a survey and study of the recreational facilities throughout the United States for the purpose of bringing about a coordination of park and parkway facilities and recreational areas between the Federal Government and the States, but, in addition thereto, it authorized the making of transfers of Federal property to the States for the purpose of carrying out this type of coordination. Many objections were made to that provision upon the floor, and some very valid

criticisms were voiced. As the result of those criticisms the bill was recommitted. Thereupon the committee itself recognized the validity of the criticisms and eliminated all the features of the original bill which authorized, even subject to the approval of Congress, the transfer of any Federal lands to States for recreational-facility purposes. The bill now comes before us embodying a single purpose, to which, it seems to me, no one can object—a study by the Department of the Interior of the recreational facilities of the United States for the purpose of bringing about this type of coordination. These studies will not be made within any State unless the State itself consents to them. Then, of course, after the studies and surveys shall have been made, reports will come back to Congress for such action as Congress may deem wise and proper.

That is all there is to the proposed legislation. We have lately come to recognize the usefulness, from the social as well as the economic standpoint, of the development of recreational facilities. My own State probably will not be affected at all by this proposed legislation, for its park development has reached a position of which we are justly proud. I do not think it is excelled anywhere in the world.

To show the popularity of our national park development I may refer to statistics and say that in our national parks, numbering, I think, 24, spread through the country, there were nearly 8,000,000 visitors last summer, or the largest number in history. Our citizens enjoy the facilities of these parks. They are wholesome from the standpoint of recreation and health.

We desire, if possible, to aid the States by extending the technical knowledge which the National Park Service has. It may be found in certain areas of the country that lands are owned by the Federal Government which are of no use at all to it, but which might be of great use to the States in their park development. If the study so finds, Congress in its wisdom may decide that these transfers should be made. But the present bill is limited to a study.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Montana?

Mr. WAGNER. Yes.

Mr. WHEELER. Has this bill the approval of the National Park Service?

Mr. WAGNER. The National Park Service, I understand, would prefer the more comprehensive measure which was originally passed by the House, but it was very definitely disclosed on the floor of the Senate that Senators are opposed to going beyond a mere study and survey at this stage.

Mr. ADAMS. Mr. President, when this bill came before the Public Lands Committee I was rather favorably impressed with it, and joined in reporting it. The bill now has been modified and trimmed until it is perfectly futile and useless. It merely will involve the expenditure of money in the employment of persons on a perfectly useless survey.

There is no one, not merely in the Senate but in the United States, who has a higher regard than I have for the services of the national-park organization. They have done fine work in preserving and exhibiting the natural wonders which are found in the various national parks. However, like all other bureaus and departments of the Government, they have cultivated a bureaucratic mind. They have narrowed down their viewpoint until with them the only thing that matters is the parks. I think their frame of mind can be illustrated in this way—that if a group of men were caught in a heavy snowstorm in one of the parks, and the only food available were the wild animals, and the wild animals were starving, the park authorities would very readily agree that the men should be fed to the animals to keep them from starving, but would not consent that the animals be killed to keep the men from starving. [Laughter.] That has become the attitude of the National Park Service. As I say, I think well of them, but they are not so minded as to be able to make a coordinated survey of the United States.

I repeat, the National Park Service has done marvelous work in various sections of the land, and I would not in any way decry it; but to turn the Service loose to go through the land, as proposed in the bill, simply means the recommendation to Congress of endless appropriations and demands for additional parks. The Park Service men, skilled in geology, skilled in natural history, skilled in the lore of the mountains, have now taken their musty history books down from the shelves and are seeking to take under their jurisdiction all historical places, battlefields, and other localities within the country. That objective is within the minds of the Park Service in seeking the opportunity to make a survey.

Senators speak of coordinating the parks. What coordination is possible between the administration of Rock Creek Park and the administration of the Rocky Mountain National Park in my State? There is no common policy which requires the National Park Service to make a great survey and see whether or not there are lands suitable for park areas; whether or not, in order to commemorate John Brown, we should make a park out of the whole area in which the Battle of Ossawatomie occurred; whether or not we should make a park of the whole city along the Delaware where Washington crossed for the Battle of Trenton.

Nothing less than that will satisfy the Park Service. They now have pending a bill asking that the Park Service be given authority to purchase all the land within a radius of 10 miles of the site of the Battle of New Orleans, which was on the edge of the city of New Orleans. There is no limit to their ambition, which is a very creditable one; but I am merely saying that their attitude of mind is such that they ought not to be given authority to act as the arbiters of Congress to determine park locations and park policies.

In this bill there was a provision, wide and sweeping, under which they could make an investigation covering the entire United States. But from the bill there have now been eliminated the areas which, in the West at least, are the only available areas of consequence for recreational purposes. I refer to the forest reserves in my State. Recreation is to be found in the forest reserves. But we are asked to exclude from this survey the very best and most available recreational areas. Yet the bill is spoken of as a great, comprehensive measure.

The National Park Service wants to make a survey. I wish to give an illustration of the reason why I question its understanding of surveys; and this is where it comes home. Great mountain ranges, the Continental Divide, pass through the State of Colorado. The waters of the West flow through the Colorado River into the Gulf of Mexico. There is more water on that side of the range than we can use. We have our compacts made with other States by which the States known as the upper-basin States have a right to use a certain portion of the waters of the Colorado River. On the eastern slope there are vast areas of marvelous farm land, without water. The people of my State have been endeavoring to transfer some of the surplus water from our western slope to the thirsty lands on the eastern slope.

When the Rocky Mountain National Park, in my State, was ceded to the United States by an act of my State legislature it was specifically provided that the rights of the people of Colorado in their waters should be reserved and that rights-of-way should be reserved.

Following that, plans were worked out to transfer some of this water—not from the park, but from sources lying completely out of the park, west of the park, under the mountains in the park, 4,000 feet below the crest. We asked for an appropriation to survey this proposed transfer. The Secretary of the Interior allowed $150,000 for a mere survey, and the Park Service filed protests against even entering upon the national-park grounds to make a survey in order that needed water be taken, where there was a surplus, which would not damage or impair the park in any particular. We were forced to have a public hearing. The Reclamation Service, under the Secretary of the Interior, favored the project. His Park Service opposed it. It was referred to the Geological Survey, which, after inquiry, made a report in which it was stated that no damage would be done to the park.

I desire Senators to understand the attitude of mind of those connected with the Park Service. At this public hearing they said to us, "You are going to commercialize the park, and that is terrible." They intimated that we would commercialize it by putting a tunnel 4,000 feet under the surface, touching the park only at a small outlet, an opening 9 feet in diameter, not using a drop of water from the park, but taking it out where there are 200,000 acres of the finest land on this earth, already under cultivation, but needing a supplemental water supply. They complained. They said, "You are going to put this hole in the mountains and desecrate the park. You are going to build a trail."

I said, "Yes, gentlemen, and within the past week you have been before the Committee on Appropriations, of which I am a member, asking for money for trails in the parks."

"Oh, yes; but these are different trails. You are going in there to drill."

I said, "Yes; we want to drill in order to make sure that there is proper ground through which the tunnel can go, to make sure that there will be no drainage of lakes."

They said, "Yes; but when you set up your drills there is going to be oil and grease in your machine."

We have 405 square miles, but we cannot take the water through the park, because when we put an engine in there to drill, a quart of oil or grease might be dropped in an utterly unused portion of the park.

Then they said to us finally, "These engines are going to be noisy. The drilling operations will be terribly noisy in the park."

Can Senators imagine the terrible destruction which would ensue in the park by allowing a diamond drill to operate there, the terrible noise, waking up the bears from their hiberation, disturbing the robins? That illustrates the type of mind it is sought to send out to make a survey of parks.

Mr. President, that is not all. I am merely illustrating the attitude of mind of these men, who are wonderful in their proper place, and have done excellent work. Then the Secretary of the Interior allowed us to go ahead with our survey, and the Reclamation Service recommended the project. The Committee on Appropriations included an authorization for the project in the bill then pending. The Senate of the United States approved the authorization for the project. Then the Park Service went before the committee of the House and protested against that which their superior officer, the Secretary of the Interior, had approved; protested against that which the Department of Reclamation had approved; protested against that which the Geological Survey had approved; protested against that which the Committee on Appropriations of the Senate had approved; protested against that which the Senate of the United States had approved; and repudiated the good faith of the Park Service when they said to the people of Colorado, "We will not interfere with the development of your water if you cede the park lands to us."

Mr. President, I am not willing that authority of the kind included in the bill before us be placed in the hands of those who are willing to deny to thirsty citizens who need it water which is going to waste, water which is flowing today down into Mexico, where it will be used to grow cotton and vegetables and fruit to compete with the cotton of Arizona and the South and the fruit and vegetables of Texas. But the Park Service are so minded that they would rather the people of my State should be denied water which they need, water which the statute gives to them, water which a constitution approved by this Government gives to them, rather than allow some trifling thing to be done in the park, not taking one thing from the park.

Mr. President, the bill is futile, it is useless, and it seeks to put into improper hands a great and extensive power.

Mr. McADOO. Mr. President, there are two bills on the calendar which I desire to have considered, which have been reported favorably by the Committee on Patents, relating to the extension of patents on the badges of two societies, the Holy Name Society and the Disabled American Veterans of the World War.

I ask unanimous consent for the present consideration of House bill 9995, to grant a renewal of Patent No. 59560, relating to the emblem of the Disabled American Veterans of the World War.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, has the unfinished business been disposed of?

The PRESIDING OFFICER. The unfinished business has not as yet been disposed of.

Mr. McNARY. I should prefer that the unfinished business be disposed of before proceeding to any other measure on the calendar.

Mr. ROBINSON. Mr. President, I suggest to the Senator from California that he withdraw his request for the present consideration of the bill to which he has referred. Opportunity will be afforded a little later for him to renew the request.

Mr. McADOO. Mr. President, I withdraw the request.

Mr. ROBINSON. I think there is no objection to the bill.

Mr. WAGNER. Mr. President, I am not sufficiently informed to comment upon the merits of the controversy which the junior Senator from Colorado [Mr. ADAMS] has had with the Park Service regarding some legislation in which he is interested. I am quite willing to accept his assertion that the proposed legislation ought to be enacted. But I do not believe that the existence of a controversy on the part of a single Senator with reference to policy within his own State is sufficient ground for condemning the whole Park Service or for determining that it cannot be entrusted to make a survey such as is proposed in the pending measure.

It is difficult for me to follow the argument of the Senator from Colorado, because, while assailing the Park Service, he admitted that he favored a bill before the Senate prior to the bill now under consideration, which gave to the Park Service very much greater power in the relation to this whole matter than is now proposed.

As I said before, this bill is limited to providing a survey, whereas in the bill previously passed, which the Senator from Colorado favored, there was also included an authorization to report upon property which might be transferred by the Federal Government to States upon the approval of Congress.

The Senator referred, I think, to the "grasping attitude" of the Park Service. I think he made one intimation that he did not intend. He said that the Park Service is seeking to purchase additional property to enlarge Chalmette National Monument. Neither of the Senators from the State of Louisiana is present in the Chamber at the moment; but the two Senators from that State proposed that legislation dealing with the national monument, and are urging its passage. The Park Service, of course, is agreeable to the enactment of that legislation, but did not initiate it. The Committee on Public Lands and Surveys has held a number of hearings upon that bill.

Senators generally seem to have confidence in the National Park Service, and from private conferences I have had with the Senator from Colorado I am sure the Senator himself really has confidence in the National Park Service. We have now pending before the Committee on Public Lands and Surveys at least 15 bills, introduced by Senators, in which they seek an extension of the national parks within their own States. This in itself shows that they recognize the great service which the National Park Service renders to the masses of our people, and that they are satisfied with its methods of administration.

I may say also that nearly every organization which is interested in park development and in making the parks accessible to the masses of our people is urging the passage of the proposed legislation, both by personal appearance before the committee and by communications addressed to it.

The Senator from Colorado has also said that the proposed legislation contemplates a futile expenditure of money. But the bill does not ask for any money at all. Whatever money may be needed has already been provided for.

Let me now address myself to what was said about the futility of the survey. A legislator so wise and able as the Senator from Colorado knows that intelligent legislation should always be preceded by a thorough investigation of the subject matter upon which we are to legislate. If we are to legislate upon this subject—and I think there is a general sentiment in the country in favor of extending the Park Service and aiding some of the States in developing their own park services—we need just such a survey as is proposed by the pending legislation. I am sure the Congress would not wish to act until there has been a thorough study and investigation made by one of our departments with reference to the necessity or desirability of any particular development. I do not think the Senator from Colorado will dispute that statement.

I had the privilege of visiting about 11 of our parks after the last session of Congress; and any Senator who has visited those parks, or any of the parks, is, I am sure, proud of their administration. The Park Service is making the parks accessible to the humblest of our citizens; and the parks are run free from partisanship, and free from even any suggestion of corruption. I think they are as ably managed as they possibly can be managed; and I desire to pay a public tribute to the National Park Service for the wonderful way in which they are administering our parks.

That is about all I desire to say about the matter. I am sure the Senator from Colorado really does not mean to say that this particular survey would be a mere futility.

Mr. ADAMS. Mr. President, I feel greatly complimented that the able and distinguished Senator from New York should take occasion to pay any attention to what I have said. However, I reiterate my approval of the administration of the parks as they are now laid out, and call the Senator's attention to the fact that the national parks have all been established and laid out by the Congress of the United States.

I have no personal controversy with the men who are in charge of the parks. I like those men. I have no controversy over any political matter in connection with them. The Park Service is one of the few departments of the Government which has given me some consideration, if I may say so, in matters of patronage. There is nothing I have to say about those administering the national parks except that in the pending bill the administrators of the parks, who have done a good job in the parks, are seeking to go outside the national parks and engage in activities with respect to which they have demonstrated by their action in other matters their incapacity to take a broad view.

The Senator from New York spoke of various organizations favoring the measure. I pay to the Park Service the compliment of saying that they have the finest propaganda organization of which I have any knowledge. They can draw to their support almost instantly a great group of organizations who will approve the stand taken by the Park Service without knowing anything about the substance of it.

The whole story—I have tried to tell it before—is that the proposed survey is a futility. It is an endeavor to coordinate where coordination has no place. A park is proper or is not proper in accordance with the local situation and the people to be served. The question whether a particular park area should be established to serve the people of the city of New York does not require a national survey, and a national survey would merely delay a proper adjudication. I further say that those who live within the neighborhood to be served are those best qualified to determine what should be done.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. CONNALLY. Let me inquire of the Senator whether the proposal before us is not substantially the one which the Senate rejected overwhelmingly sometime ago, when contained in a separate bill?

Mr. ADAMS. The pending bill is the same as the one to which the Senator refers. It has been cut down until there is little left in it but provision for a roving commission to go about the land and make studies, make surveys, hire employees, spend money, and make reports, action on which finally will have to be determined by the Members of Congress from the respective States.

Mr. CONNALLY. As I recall, when the Senate rather decisively rejected the proposal on a previous occasion, there was a much larger attendance than there is today.

Mr. WAGNER. Mr. President, I am sure that the Senator from Colorado intended to be a little more specific than he was in his answer to the Senator from Texas. The provisions to which the Senator objected in the earlier bill, and with respect to which there was a good deal of valid criticism, have all been eliminated from the proposed legislation; and the very thing the Senator from Colorado advocated in the course of his criticism is all that remains in the proposed legislation; namely, that study be made by the National Park Service within those State areas where the State itself invites the survey. So the intent to impose something upon the State is not in accordance with the provisions of this bill.

If Senators desire to defeat the bill, that is their privilege; but let there be no misapprehension about its provisions. Many of the States are interested in inviting this aid by the Federal Government, because of the attained success of the Federal Government in developing other recreational facilities, including many parks. I do not know whether or not Texas has extended such an invitation.

I do not wish to reiterate constantly, but it must be done in view of the assertions which are made concerning the provisions of the bill. The proposed legislation does not provide anything except that a study shall be made by the Park Service of the Interior Department of recreational facilities and areas within States in whose development the Federal Government might assist.

Mr. CONNALLY. Mr. President, I will say to the Senator from New York that the Senator from Texas has been busily engaged on committee work, and did not know what was in the measure, and that his inquiries were made for the purpose of eliciting some information.

The Senator has taken occasion to refer to what might probably be the attitude of my State. I suppose my State is not different from any other State in that when we can get a little Federal money, of course, we are inviting it. That would include making surveys, buying sites for State parks, paying their running expenses, and similar activities. There seems to be a great theoretical devotion to State rights, but when it comes to getting a Federal dollar that devotion vanishes.

Mr. WAGNER. I may say to the Senator from Texas that no Federal money at all is involved in this situation, and it is in recognition of the very valid criticism made by the Senator from Texas when the bill previously was before the Senate that the amendments to the bill have been proposed. All the prior provisions of the bill relating to the transfer of lands have been eliminated from it, and there has been substituted authorization for a mere study—something about which, until the Senator from Colorado decided to oppose the proposed legislation, there was practical unanimity of agreement. Even the Senator from Texas, it will be recalled, made no objection to a survey or a study, but opposed—and as I have said the committee recognized the validity of that objection—any suggestion of the transfer of land until that matter was again decided by the Congress.

The PRESIDING OFFICER. The question is on the adoption of the committee amendment. [Putting the question.] The noes seem to have it.

Mr. WAGNER. I ask for the yeas and nays, and I raise the point of no quorum.

Mr. LOGAN. Mr. President, I make the point of order that the committee amendment was adopted sometime ago; the committee amendment has already been adopted.

The PRESIDING OFFICER. The present occupant of the chair will say that the question before the Senate was stated to him by the President pro tempore of the Senate at the time he vacated the chair. It is the understanding of the present occupant of the chair that the amendment has not been agreed to.

Mr. LOGAN. I am quite sure, if I can hear and understand, that as soon as the clerk read the amendment it was

announced by the then Presiding Officer that the amendment was adopted.

The PRESIDING OFFICER. The parliamentarian advises the Chair that it was stated that "without objection" the amendment was agreed to; but there was no announcement made by the Chair that the amendment had been agreed to. It is the understanding of the present occupant of the chair that it has not been agreed to.

Mr. ROBINSON. Mr. President, I suggest that the question be again submitted to the Senate. The Senator from New York has no objection to that being done.

The PRESIDING OFFICER. The Senator from New York has suggested the absence of a quorum.

Mr. WAGNER. I withdraw that suggestion.

The PRESIDING OFFICER. Without objection, the Chair will again submit the question to the Senate. The question is on the adoption of the amendment reported by the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "An act to authorize a study of the park, parkway, and recreational-area programs in the United States, and for other purposes."

BUSINESS OF THE SESSION

Mr. ROBINSON. Mr. President, for the convenience of Senators and the press, it is deemed proper at this time to make a brief statement concerning the future proceedings in the Senate.

It is expected the omnibus flood-control bill, reported by the Committee on Commerce on April 27, will be brought before the Senate early next week, probably not later than next Tuesday.

The commodity-exchange bill has been pending on the calendar for a long time. Controversies have arisen in the committee over amendments relating to cotton. As soon as it is found practicable, it is my desire that that bill be also taken up for action.

Two major measures, the work-relief bill and the tax bill, are pending in the Committees on Appropriations and Finance, respectively. It is not possible at this time to determine when those bills will be ready for consideration by the Senate. I think it is already generally understood that shortly after the reports on those bills have been submitted it will be the purpose of myself and others cooperating to take up those measures. It cannot now be announced when the reports will be made, and, therefore, no definite statement on the subject will be forthcoming at this time.

It is my intention when the Senate completes its labors today to move a recess until next Monday.

I take occasion now to express my appreciation to my fellow Senators for the splendid, gracious, and courteous cooperation that has been afforded during the proceedings of the Senate at this session. We are approaching a time when it will be necessary to continue work longer hours. We are all desirous of completing the session, if possible, before the date when the Republican National Convention is scheduled to meet, if it does not abandon its purpose to hold a meeting [laughter]; and I realize that in order to accomplish that end it will be necessary that the full measure of cooperation which we have had heretofore shall be continued.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield to the Senator from Montana.

Mr. WHEELER. I understand that the Republicans are going to abandon their convention and let the Liberty League hold a convention instead. [Laughter.]

Mr. ROBINSON. Well, Mr. President, that would be a still greater calamity in all probability. [Laughter.]

I wish also to add that it is my understanding that the Senator from Nevada [Mr. PITTMAN], chairman of the Committee on Foreign Relations, under the instructions of his committee, will report the naval arms treaty today and that there has been a tentative understanding among the members of the Foreign Relations Committee that that treaty may be proceeded with next Monday if the Senator from Nevada is ready at that time to take it up.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON. I yield.

Mr. McNARY. I regret that I did not hear all the Senator had to say with respect to the program, but I understood that he mentioned the flood-control bill, the commodities-exchange bill, the work relief, or deficiency appropriation bill, and the tax bill as the four major bills to be considered between now and the date he hopes the Congress may adjourn.

Mr. ROBINSON. I especially mentioned those bills.

Mr. McNARY. Does that exclude other measures of less importance?

Mr. ROBINSON. It does not. I think it is proper to add, in view of the Senator's suggestion, that there are several bills which it is expected will be brought forward today, probably under requests for unanimous consent for their consideration.

Of course, conference reports will, as usual, have right of way.

The statement I have made is not to be interpreted as precluding, from my own standpoint, the action of the Senate on other measures. I have pointed out these special measures because it is my opinion that the country as well as the Members of both Houses of Congress expect that action shall be taken on those four measures.

Mr. McNARY. Mr. President, does the Senator from Arkansas desire to take up for consideration the flood-control bill on Monday?

Mr. ROBINSON. I stated that, in all probability, it would be reached not later than sometime during the calendar day of Tuesday next.

Mr. McNARY. Then, may I ask again, is it the desire and purpose of the Senator from Arkansas to drive to a conclusion the session by June 6, which will be on a Saturday?

Mr. ROBINSON. Yes; it is my desire that the session shall conclude its labors by June 6. I presented that situation somewhat fully. Of course, it will require a continuance of the cooperation of the able Senator from Oregon and others on his side of the Chamber with those of us who sit on this side, but my information is that we may feel assured that that cooperation will be extended.

Of course, I must admit that when these important bills get into conference difficulties in adjusting the differences between the two Houses may arise which will make impossible an adjournment sine die by the 6th of June. But we can only meet those difficulties when they arise.

I think that is all I have to say.

Mr. WAGNER. Mr. President, will the Senator yield for a suggestion?

Mr. ROBINSON. Yes.

Mr. WAGNER. I understood the Senator, in enumerating the bills which he regarded as important, not to intend to limit the consideration of other bills. There is the housing bill, for instance, which I expect confidently will be reported very soon by the Committee on Education and Labor. That is a bill which I regard as one of the most important of all the bills pending before the Senate.

Mr. ROBINSON. I think the Senator from New York has had sufficiently liberal experience in legislative matters to know that it is a physical, moral, mental, and every other kind of an impossibility to pass judgment on whether a measure that has not even been reported by one of the committees of the Senate shall be disposed of during this session. So far as I am concerned, I would not favor continuing the session beyond the 6th of June for the purpose of passing the bill to which the Senator has referred, although I recognize its importance.

Mr. WAGNER. I appreciate that, but I did not want it to be understood that the program was limited and that we were foreclosed from the consideration of the housing bill.

Mr. ROBINSON. I thought I had made it entirely clear, in answer to the question of the Senator from Oregon [Mr.

McNARY], that the statement respecting the four bills I have mentioned by no means precluded the consideration of other bills.

Mr. COPELAND. Mr. President, our leader says he hopes to have the flood-control bill considered next Tuesday. He has also stated the importance of acting as speedily as possible on the bill. As chairman of the Committee on Commerce, may I ask, if any Senators have amendments which they desire to propose to the flood-control bill, that they will be good enough to have them sent to the desk and printed so they may be considered by the committee? If we may have that consideration in advance, it will expedite the ultimate passage of the bill.

In the next place, may I suggest to the Senator from Nevada [Mr. PITTMAN] that he make every effort possible to bring before the Senate the safety-at-sea treaty? I have reason to believe that with a very slight reservation, which is in process of preparation, the treaty may be ratified without any particular argument in the Senate.

Mr. PITTMAN. Mr. President, will the Senator from Arkansas yield?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Nevada?

Mr. ROBINSON. Certainly.

Mr. PITTMAN. I may state that the committee has been awaiting the adjustment which the Senator from New York has in mind. Without that adjustment there will be a long debate on the treaty, which would make it almost impossible of consideration soon.

Mr. COPELAND. If I can succeed in formulating the reservation and giving it to the Senator, perhaps that will assist him in reporting the treaty.

Mr. PITTMAN. I shall be very glad to have the Senator assist in any way he can, because if the adjustment which is in mind is brought about, in my opinion the treaty can be ratified without opposition.

Mr. COPELAND. I shall do everything I can, because it is very important, in order to promote safety at sea, that the treaty shall be ratified.

Mr. PITTMAN. I thoroughly agree with the Senator.

Mr. ROBINSON subsequently said: Mr. President, referring to the suggestion of the Senator from New York [Mr. COPELAND] while I had the floor and was discussing a program for legislative action, I ask unanimous consent that during the recess of the Senate the Secretary may receive from Senators and have printed amendments relating to the flood-control bill, and that during the recess of the Senate they may be referred to the Committee on Commerce.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request made by the Senator from Arkansas? The Chair hears none, and it is so ordered.

LAND GRANT TO UNIVERSITY OF UTAH

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent for the immediate consideration of Senate bill 4609.

The PRESIDING OFFICER. The bill will be reported by title.

The LEGISLATIVE CLERK. The bill (S. 4609) to correct the description of certain land granted to the University of Utah.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah for the immediate consideration of the bill?

There being no objection, the bill (S. 4609) to correct the description of certain land granted to the University of Utah was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to correct the description of that portion of the Fort Douglas Military Reservation, State of Utah, granted to the University of Utah by an act approved June 22, 1934 (Public, No. 450, 73d Cong.), the Secretary of War is authorized to accept from the University of Utah a deed quitclaiming all its rights, title, and interest in and to the tract of land granted by the act approved June 22, 1934, supra, and upon such acceptance is further authorized and directed to convey to the said University of Utah by quitclaim deed the right, title, and interest of the United States in and to the tract of land intended to have been granted by the act approved June 22, 1934, supra, said tract of land containing 61,266 acres, more or less, and correctly shown on map dated October 15, 1935, entitled "Land Grant to University of Utah": *Provided*, That the University of Utah shall improve the said property and maintain same for university purposes, and not otherwise, and that in case said land shall be abandoned by the University of Utah for said purposes, the said land and all improvements thereon shall revert to the United States: *Provided further*, That the conveyance of the land shall in no manner carry with it any right or title in or to any portion of the water of Red Butte Canyon Creek: *Provided further*, That there is reserved to the United States the perpetual right to maintain, alter, rebuild, and enlarge the sewer which runs from the Fort Douglas Military Post across said tract of land, or to construct and maintain a new sewer system across the same, should it be or become desirable to do so: *Provided further*, That there is reserved to Salt Lake City, a municipal corporation organized and existing under the laws of the State of Utah, a perpetual easement and right-of-way for the operation, maintenance, repair, and renewal of the conduit and pipe line as now constructed over and upon the Fort Douglas Military Reservation, the same being connected with the water supply system of said city, and also for the construction, operation, maintenance, repair, and renewal of all valve houses which may be deemed necessary in connection with said pipe line: *And provided further*, That a fence satisfactory to the Government shall be erected and maintained by the university between its land and the military reservation upon demand made by the Secretary of War in his discretion.

SEC. 2. Section 2 of the act approved June 22, 1934, is hereby repealed.

SUIT AGAINST NORTHERN PACIFIC RAILWAY CO. ET AL.

Mr. VAN NUYS obtained the floor.

Mr. ASHURST. Mr. President, will the Senator from Indiana yield to me?

Mr. VAN NUYS. I yield.

Mr. ASHURST. I propose to ask unanimous consent for the immediate consideration of Senate bill 4594, which was reported unanimously from the Senate Committee on the Judiciary, after a hearing before a subcommittee of which the able Senator from Texas [Mr. CONNALLY] was chairman.

The PRESIDING OFFICER. The bill will be reported by title.

The LEGISLATIVE CLERK. The bill (S. 4594) to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. and others.

Mr. ASHURST. Mr. President, in the act of June 25, 1929, the Attorney General was authorized and directed to institute suit against the Northern Pacific Railway Co. and others in a matter involving nearly 3,000,000 acres of land. An interlocutory decree has been entered in the matter after hearing before a special master in the United States District Court for the Eastern District of Washington.

I am advised by the Department of Justice that both sides to the controversy agree that it may be impossible to take an appeal from the interlocutory order direct to the Supreme Court.

If such an appeal may be taken it will obviate or remove the necessity for examination of 250 different tracts of land. I was told yesterday at the Department of Justice that it would save the Government some $75,000.

If I have not correctly stated the facts the Senator from Texas, who was chairman of the subcommittee of the Committee on the Judiciary which considered the matter, will correct me.

Mr. CONNALLY. Mr. President, the Senator from Arizona has correctly stated the situation. The only purpose of the bill is to permit an appeal direct from the district court to the Supreme Court by appeal rather than by certiorari. Representatives of the Government and the railway companies were before the subcommittee and agreed on the matter.

Mr. McNARY. Mr. President, I am advised that the committee report was unanimous. Is that correct?

Mr. ASHURST. The report was unanimous. I now ask unanimous consent for the immediate consideration of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona?

There being no objection, the Senate proceeded to consider the bill (S. 4594) to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney

General to institute suit against the Northern Pacific Railway Co. and others, which had been reported from the Committee on the Judiciary with an amendment, on page 2, line 1, after the numerals "1936", to strike out the following: "inasmuch as the time and expense incident to determining the value of the lands in controversy will be large and the best interests of all parties will be served by first securing a final determination by direct appeal to the Supreme Court of the United States of all questions in said suit on which any party may wish to take an appeal except the determination of the value of the lands in controversy and the amount of compensation due the plaintiff or any of the defendants and the questions of bona-fide purchasers raised by certain defendants and reserved by order of the court for final hearing", so as to make the bill read:

Be it enacted, etc., That in the suit entitled United States of America, plaintiff, against Northern Pacific Railway Co., and others, defendants, no. E-4389, instituted and pending in the District Court of the United States for the Eastern District of Washington, under the authority and direction of the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), now on reference to a special master for hearing under an order of said court entered in said suit on April 21, 1936, a direct review by the Supreme Court of the United States by appeal may be had by any party to said suit of any order or decree of said district court entered upon a review of the report of the master to be made pursuant to said order of April 21, 1936, and also of the order or decree of said district court entered in said suit on October 3, 1935, as amended by an order of January 29, 1936. Such direct review by the Supreme Court of either or both of the said orders or decrees may be had by appeal taken within 60 days from the date of the order or decree of the district court entered upon a review of the report of the master to be made pursuant to the said order of April 21, 1936. The right of review of any final judgment, authorized by the said act of June 25, 1929, shall continue in force and effect.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ASHURST. Mr. President, owing to the importance of the bill, I ask that the report thereon may be printed in the RECORD at this point.

There being no objection, the report (No. 2020) submitted by Mr. CONNALLY from the Committee on the Judiciary was ordered to be printed in the RECORD, as follows:

The Committee on the Judiciary, to whom was referred the bill (S. 4594) to supplement the act of June 25, 1929, which authorized the Attorney General to institute suit against the Northern Pacific Railway Co. and others, after consideration thereof, report the bill favorably to the Senate and recommend that it do pass with the following amendment:

On page 1, line 10, after the figures "1936", strike out the following words: "inasmuch as the time and expense incident to determining the value of the lands in controversy will be large, and the best interests of all parties will be served by first securing a final determination by direct appeal to the Supreme Court of the United States of all questions in said suit on which any party may wish to take an appeal, except the determination of the value of the lands in controversy and the amount of compensation due the plaintiff or any of the defendants and the questions of bona-fide purchasers raised by certain defendants and reserved by order of the court for final hearing."

The reason for this amendment is that the bill provides for a technical appeal as distinguished from certiorari.

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., May 4, 1936.

Hon. HENRY F. ASHURST,
Chairman, Committee on the Judiciary,
United States Senate.

MY DEAR SENATOR: Pursuant to the authority and direction contained in the act of June 25, 1929 (ch. 41, 46 Stat. 41), suit was brought in behalf of the United States against the Northern Pacific Railway Co. and others in the United States District Court for the Eastern District of Washington for the purpose of securing a judicial determination of certain controversies respecting the operation and effect of grants of land made by the Congress to the Northern Pacific Railroad Co. under the act of July 2, 1864, and the resolution of May 31, 1870, and to secure an accounting between the United States and said company and its successors with respect to matters relating to said grants.

Certain preliminary questions of law were referred to the master for determination. The master made his report, and the court has entered an order confirming it. Subsequently, on April 21, 1936, an order was made by the court referring the case to the special master for hearing, and proceedings before him are now pending.

Nearly 3,000,000 acres of land are involved in this suit. A final determination by the Supreme Court of the preliminary questions of law and fact may eliminate the necessity of determining the value of a substantial portion of the lands. It appears highly desirable to secure such final determination before entering upon the valuation of the lands in controversy, which will be an exceedingly costly and protracted proceeding.

Neither the general law nor the special act under which the suit was brought permits a direct appeal from interlocutory orders or decrees in the suit.

I enclose herewith a bill which is intended to allow such appeals, and I shall appreciate it if you will introduce the measure and assist in securing its enactment.

I am informed that the defendants in the above suit also desire to secure this legislation.

Sincerely yours,

STANLEY REED,
Acting Attorney General.

[Enclosure]

In the District Court of the United States for the Eastern District of Washington, Northern Division. In equity no. 4389. Order. *United States of America, plaintiff*, v. *Northern Pacific Railway Co., a corporation; Northern Pacific Railroad Co., a corporation; Northern Pacific Railroad Co., as reorganized in 1875; Northwestern Improvement Co., a corporation; Bankers Trust Co., a corporation; Guaranty Trust Co., a corporation; City Bank Farmers Trust Co., a corporation, defendants*

On motion of the plaintiff filed in this court, plaintiff appearing by two of its solicitors, J. M. Simpson, United States district attorney for the eastern district of Washington, and E. E. Danly; the defendants, Northern Pacific Railway Co., a corporation; Northern Pacific Railroad Co., a corporation; and Northwestern Improvement Co., a corporation, appearing by one of their solicitors, D. R. Frost; Bankers Trust Co., a corporation, and City Bank Farmers Trust Co., a corporation, appearing by one of their solicitors, F. J. McKevitt; the court having heard argument on the motion on this 21st day of April 1936, by consent of all parties, and no objection being made by any of the parties to the granting of the motion, and the court being fully advised in the premises, it is now

Ordered, adjudged, and decreed that that certain order of reference heretofore entered in the above-entitled cause on February 25, 1932, ratified by the order of this court entered on October 3, 1935 (as amended by an order entered on Jan. 29, 1936), be, and the same is hereby, amended as follows:

That the special master proceed with the hearing of said cause and take evidence relative to all matters therein not covered by the special master's report filed herein May 31, 1933, except evidence relative to the values of lands in controversy and the amount of compensation due plaintiff or any of the defendants, hear argument of counsel thereon, and report to this court his findings of fact and conclusions of law and the evidence taken, together with recommendations for an order or decree thereon, said findings and conclusions to be subject to review by this court.

After the findings and conclusions and recommendations have been reported to this court and any exceptions thereto have been heard and determined, and an order or decree thereon has been entered, in event no appeal from any order or decree in this cause shall be taken within 60 days thereafter, said special master shall proceed with the final hearing of said cause and make full and complete findings of fact and conclusions of law and report the same to this court, together with the evidence taken, said findings and conclusions to be subject to review by this court.

Done in open court this 21st day of April 1936.

(Signed) J. STANLEY WEBSTER,
United States District Judge.

PAYMENT OF FEDERAL TAXES IN RAILROAD REORGANIZATIONS

The PRESIDING OFFICER. The Senator from Indiana [Mr. VAN NUYS] has the floor.

Mr. McADOO. Mr. President, will the Senator yield?

Mr. VAN NUYS. I prefer not to yield for the moment.

Mr. President, on the last call of the calendar, Order of Business 2082, being Senate bill 3841, was objected to by the Senator from Michigan [Mr. VANDENBERG]. Since that time he has stated publicly, as appears in the RECORD, that he has no further objection to the bill. I ask unanimous consent that the Senate proceed to the consideration of the bill at this time.

The PRESIDING OFFICER. The bill will be reported by title.

The CHIEF CLERK. A bill (S. 3841) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

Mr. McNARY. Mr. President, while withholding consent for the present, I should like to have the Senator from Indiana state briefly the purpose of the bill.

Mr. VAN NUYS. Mr. President, I will say to the Senator from Oregon that the bill applies to the Railroad Reorganization Act the same provisions which are incorporated in

section 77B, which is the Private Corporation Reorganization Act, in that the bill provides that before any plan for reorganization of a railroad under the terms of that law may be approved by the court, provision must be made for the payment of Federal taxes.

The necessity for this proposed legislation is shown by the fact that at the present time the Government has over $10,000,000 of claims pending against 21 railroads now in reorganization under section 77. As of December 31, 1935, a total of 89 railroads were in the hands of receivers or trustees. Many of these railroads propose to reorganize under section 77; and we are simply incorporating into the railroad act the provisions which have proved so successful and wholesome in the Private Corporation Reorganization Act.

I know of no objection to the bill. It has the support of and has been reported by the full committee, the Treasury Department is requesting its passage, and I sincerely hope it may have favorable action.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That (1) the last three sentences of the second paragraph of subsection (e) of section 77 of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, are hereby further amended to read as follows: "If the United States of America, or any agency thereof, or any corporation (other than the Reconstruction Finance Corporation) the majority of the stock of which is owned by the United States of America, is a creditor or stockholder, the interests or claims thereof shall be deemed to be affected by the plan, and the President of the United States, or any officer or agency he may designate, is hereby authorized to act in respect of the interests or claims of the United States or of such agency or other corporation. The expense of such submission shall be certified by the Commission and shall be borne by the debtor's estate. The Commission shall certify to the judge the results of such submission."

(2) That the first sentence of the third paragraph of said subsection (e) of said section 77 is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: "*Provided further*, That if, in any reorganization proceeding under this section, the United States is a creditor on claims for taxes or customs duties (whether or not the United States has any other interest in, or claim against, the debtor, as creditor or stockholder), no plan which does not provide for the payment thereof shall be confirmed by the judge except upon the acceptance, certified to the court, of a lesser amount by the President of the United States or the officer or agency designated by him pursuant to the provisions of the preceding paragraph hereof: *Provided further*, That if the President of the United States or such officer or agency shall fail to accept or reject such lesser amount for more than 90 days after receipt of written notice so to do from the court, accompanied by a certified copy of the plan, the consent of the United States insofar as its claims for taxes or customs duties are concerned shall be conclusively presumed."

EMBLEM OF DISABLED AMERICAN VETERANS OF WORLD WAR

Mr. McADOO. Mr. President, I ask unanimous consent for the present consideration of House bill 9995, being Calendar No. 2127. The bill has been favorably reported, without amendment, by the Committee on Patents.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California?

There being no objection, the bill (H. R. 9995) to grant a renewal of patent no. 59560, relating to the emblem of the Disabled American Veterans of the World War, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That a certain design patent issued by the United States Patent Office of date of November 1, 1921, being patent no. 59560, is hereby renewed and extended for a period of 14 years from and after the date of approval of this act, with all the rights and privileges pertaining to the same, being generally known as the emblem of the Disabled American Veterans of the World War.

BADGE OF THE HOLY NAME SOCIETY

Mr. McADOO. Mr. President, I now ask unanimous consent for the present consideration of House bill 10194, being Calendar No. 2128. This is a similar measure, extending for a period of 14 years the patent of the badge of the Holy Name Society. The bill has been favorably reported, without amendment, by the Committee on Patents.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 10194) granting a renewal of patent no. 40029, relating to the badge of the Holy Name Society, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That a certain design patent issued by the United States Patent Office of date of June 8, 1909, being patent no. 40029, is hereby renewed and extended for a period of 14 years from and after the date of approval of this act, with all the rights and privileges pertaining to the same, being generally known as the badge of the Holy Name Society.

PHILIPPINE CURRENCY RESERVES ON DEPOSIT IN UNITED STATES

Mr. ADAMS. Mr. President, earlier in today's session I asked unanimous consent for the consideration on Monday of Senate bill 3486, to repeal the act entitled "An act relating to Philippine currency reserves on deposit in United States." Objection was made unless the Senator from Maryland [Mr. TYDINGS] should be advised. Since that time I have taken up the matter with the Senator from Maryland, and it is agreeable to him to have the bill set down for consideration on Monday. I therefore renew my request that, by unanimous consent, Senate bill 3486 be set down for consideration on Monday.

Mr. McNARY. Mr. President, I have no objection to the request except as to the manner of procedure. If the bill is to become the unfinished business, it ought to be made the unfinished business by motion. In the meantime, I understand, the Senator from Arkansas suggested that other bills might come up this afternoon. Why does not the Senator from Colorado wait and make his motion just before the Senate takes a recess?

Mr. ADAMS. I will say to the Senator from Oregon that it was not my intention to make the bill the unfinished business in that sense, but to have a time fixed for taking it up in order not to interfere with the consideration of other measures in the meantime.

Mr. ROBINSON. Mr. President, I suggest to the Senator that he modify his request so as to provide that when the Senate convenes on Monday it shall proceed to the consideration of the bill.

Mr. McNARY. I have no objection to the request in that form. I was merely discussing the question of procedure.

Mr. ADAMS. I modify my request in accordance with the suggestion of the Senator from Arkansas. I understood that that was the substance of the request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado for unanimous consent that when the Senate convenes on Monday it proceed to the consideration of Senate bill 3486. The Chair hears none, and it is so ordered.

CUSTOMHOUSE, SALEM, MASS.

Mr. WALSH. Mr. President, I ask unanimous consent for the immediate consideration of a bill on the calendar which is in no way controversial. It is House bill 10934, being Calendar No. 2123. The bill authorizes the transfer of the historic customhouse at Salem, Mass., from the Treasury Department to the Interior Department. The bill is agreed to by all departments of the Government.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts?

There being no objection, the bill (H. R. 10934) to authorize the transfer of the customhouse at Salem, Mass., from the jurisdiction of the Treasury Department to the Department of the Interior was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to transfer to the control and jurisdiction of the Secretary of the Interior the customhouse at Salem, Mass., and such adjoining property, both real and personal, as may now be under the jurisdiction of the Secretary of the Treasury.

SEC. 2. That the Secretary of the Interior be, and he is hereby, authorized to acquire the above property for the purpose of estab-

lishing same as an historic site or otherwise preserving the buildings and grounds in connection therewith: *Provided*, That the Secretary of the Treasury may retain sufficient space in the building for the necessary operation of the Bureau of Customs.

THROUGH ROUTES AND JOINT RATES

Mr. WHEELER. Mr. President, I ask unanimous consent for the present consideration of Senate bill 1636, being Calendar No. 2066, to amend the Interstate Commerce Act, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. McNARY. Mr. President, I have just been advised that the senior Senator from Delaware [Mr. HASTINGS] desires to be present when that bill is called from the calendar. I suggest that in his absence the Senator from Montana refrain from asking for the consideration of the bill.

Mr. WHEELER. Mr. President, I should like to accommodate the Senator from Delaware; but this bill was reported from the Interstate Commerce Committee sometime ago, and what I intend to do at this time is to propose a substitute for the bill, because of the fact that when the bill was reported the clerk included in it more than was intended by the committee to be included and reported to the Senate. I desire to offer the substitute and then to explain the substitute to the Senate. I do not think there will be any objection to the substitute. The present law expires on June 16, and the substitute proposes practically the reenactment of the law as it stands upon the statute books at the present time.

Mr. McNARY. All I am trying to do is to preserve the rights of the Senator from Delaware. I am now trying to get into communication with him. I suggest to the Senator from Montana that he make a statement of the substitute, and in the meantime I may be able to advise him further regarding the attitude of the Senator from Delaware toward the bill.

Mr. WHEELER. I should be perfectly willing to accommodate the Senator if I could have an understanding that on Monday the bill may be taken up and disposed of. I do not wish to take advantage of the Senator's absence.

Mr. McNARY. If the Senator from Montana will wait a few moments, I may be able to advise him whether or not the Senator from Delaware is in the city and what arrangements may be made.

Mr. ROBINSON. Mr. President, we have just agreed to proceed to the consideration of another bill when the Senate shall meet on Monday. As I stated about an hour ago, the Senator from Nevada [Mr. PITTMAN] probably will desire to have the Senate take up the naval treaty on Monday. I think ample time will still be afforded to consider this bill if the request for its consideration be not granted now, as requested by the Senator from Montana. I wish him to understand that these other measures have, in a sense, priority.

Mr. HASTINGS entered the Chamber.

Mr. WHEELER. Mr. President, I understand that the Senator from Delaware has just come in. I send to the desk an amendment in the nature of a substitute for the bill to which I refer, and ask to have it read.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill referred to by the Senator from Montana?

Mr. McNARY. Mr. President, I suggest that the proposed substitute be read, now that the Senator from Delaware is in the Chamber.

The PRESIDING OFFICER. The clerk will read the proposed substitute for the information of the Senate.

The CHIEF CLERK. As a substitute for Senate bill 1636, it is proposed to strike out all after the enacting clause and in lieu thereof to insert the following:

Paragraph (3) of section 15 of the Interstate Commerce Act, as amended, is further amended by adding the following: "The elimination of any existing through route or joint rate, fare, charge, or classification without the consent of all carriers parties thereto or authorization by the Commission shall be deemed prima facie unreasonable and contrary to the public interest."

SEC. 2. Paragraph (4) of section 15 of the Interstate Commerce Act is hereby amended to read as follows:

"In time of shortage of equipment, congestion of traffic, or other emergency declared by the Commission it may (either upon complaint or upon its own initiative without complaint, at once, if it so orders without answer or other formal pleadings by the interested carrier or carriers, and with or without notice, hearing, or the making or filing of a report, according as the Commission may determine) establish temporarily such through routes as in its opinion are necessary or desirable in the public interest."

Mr. ROBINSON rose.

Mr. WHEELER. Mr. President, I wonder if I may make a statement, and then let the bill go over?

Mr. ROBINSON. I should be very glad to have that done; I think it will be necessary to have the measure go over until a later date, probably until Monday. However, I should be glad to have the Senator make his statement.

Mr. WHEELER. I should like to make a statement regarding the bill. The substitute I have presented provides merely for a reenactment of the present law with reference to through routes. The Emergency Transportation Act of 1933 contains a proviso that—

No routes now existing shall be eliminated except with the consent of all participating lines or upon order of the Coordinator.

This proviso was inserted in order to prevent the railroads from canceling in wholesale manner many joint routes which were of benefit to shippers.

This proviso will expire with the act on June 16, if the act is not extended. This bill proposes to write into the permanent law at the end of paragraph (3) of section 15 the following language, which has the same practical effect as that in the Emergency Transportation Act:

The elimination of any existing route or joint rate, fare, charge, or classification without the consent of all carriers parties thereto, or authorized by the Commission, shall be deemed prima facie unreasonable and contrary to the public interest.

Under this amendment, if all the carriers involved in the joint route agreed to abandon it, that could be done without any further action. However, if one of the participants in the route objected, and shippers objected, then the railroad which was proposing the abandonment of the route would have to convince the Commission that the abandonment was in the public interest.

Surely there can be no objection to this, because whenever a controversy might arise over cancelation of such a route the Commission must conduct an orderly proceeding to determine the facts and the effect of the abandonment on all concerned. In some instances when a trunk line originates a shipment of freight to a certain destination, it can carry the freight on its own line all the way. But if there is a shorter route and perhaps a cheaper route over which the goods can be shipped by giving them to another road or series of roads somewhere along the line of the originating carrier, then the shipper certainly should have the right to use that shorter or cheaper route.

A representative of the National Industrial Traffic League, speaking for over a thousand shippers and shippers organizations, appeared to strongly recommend the bill. Commissioner McManamy, of the Interstate Commerce Commission, appeared and stated that the Commission favored it, and had urged it for years. Coordinator Eastman has recommended the bill, and, in fact, it was introduced at his request. A letter from Mr. Eastman in support of it will be found on pages 2 and 3 of the committee report.

The American Short Line Railroad Association is also in favor of the bill.

The PRESIDING OFFICER. Objection is heard to the consideration of the bill.

Mr. McNARY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. What is the present status of the request made by the Senator from Montana?

The PRESIDING OFFICER. Objection has been made to the consideration of the bill.

Mr. WHEELER. Mr. President, I did not understand that there was objection to the adoption of the amendment I have offered in the nature of a substitute.

The PRESIDING OFFICER. The Senator from Arkansas asked that the measure go over.

Mr. WHEELER. I do not understand that the Senator asks to have action on the amendment in the nature of a substitute go over.

Mr. ROBINSON. Mr. President, I have been compelled to engage in discussion of other matters pertaining to the business of the Senate and have not been able to follow the debate, so I do not know what has transpired since my attention was diverted.

Mr. WHEELER. I asked to have the amendment in the nature of a substitute agreed to, and I made the request because of the fact that in reporting the bill the clerk included things which the committee did not intend to have in the measure.

Mr. ROBINSON. And the purpose of the amendment is merely to make the report reflect the real action of the committee?

Mr. WHEELER. That is exactly the purpose.

Mr. ROBINSON. Certainly I have no objection, and I am not sure that I object to the present consideration of the bill.

Mr. McNARY. Then I shall have to object, Mr. President.

Mr. ROBINSON. Very well. Let the amendment be agreed to and let the bill go over.

Mr. McNARY. The Senator expressly stated a few moments ago that the bill should go over until Monday, and the Senator from Delaware [Mr. HASTINGS] relied upon that statement.

Mr. ROBINSON. Very well. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

THE LONDON NAVAL TREATY OF 1936

Mr. PITTMAN. Mr. President, I have the honor, as chairman of the Committee on Foreign Relations, to report to the Senate the so-called London Naval Treaty of 1936, Executive F, Seventy-fourth Congress, second session, with the recommendation that the Senate advise and consent to it.

As has been stated by the Senator from Arkansas, it is my intention to attempt to obtain consideration of the treaty on Monday next. The hearings will be printed by tomorrow morning, I believe, and will then be available to any Senator interested in the matter.

In the meantime, I think it might be well if I should make a brief statement with regard to the treaty, so that it may be in the RECORD for the benefit of those who may desire to read it.

Mr. President, this treaty was negotiated and executed in accordance with the provisions of the Washington Naval Treaty of 1922. In 1930 there was another so-called London Naval Treaty, which was supplemental to the Washington Naval Treaty. Both the Washington Naval Treaty and the London Naval Treaty of 1930 expire on January 1, 1937. It is obvious, therefore, that unless this treaty is advised and consented to by the Senate prior to the adjournment of this session there will be no naval treaty looking to the limitation of naval armaments and the regulation of the construction of naval vessels after January 1, 1937.

This treaty does not limit the number of vessels that may be constructed of the present type. It is agreed, however, that no new types of vessels of war shall be purchased or constructed, or the keels laid down, prior to 1943. It is also provided in the treaty that prior to January 1, 1943, no 8-inch-gun cruisers shall be laid down or acquired. In other words, a holiday until January 1, 1943, is declared relative to the construction or acquisition of such vessels of war.

The maximum size of a capital ship is limited to 35,000 tons standard displacement. The age of ships at the time they may be replaced has been increased. The treaty categorically defines the various vessels of war. In my opinion, the most important provision contained in the treaty is found in article 13. It reads as follows:

> No vessel coming within the categories or subcategories mentioned in article 12 (a) shall be laid down by any high contracting party until after the expiration of a period of 4 months both from the date on which the annual program in which the vessel is included and from the date on which the particulars in respect of that vessel prescribed by article 12 (b) have reached all the other high contracting parties.

This provision of the treaty and other provisions of the treaty give each of the high contracting parties full notice of the various vessels of war of the other high contracting parties, and further give each high contracting party 4 months' notice, before any keel is laid down, of a complete description of such proposed vessel and every detail relative thereto, including displacement, measurements, armament, and power plant.

This avoids surprise, suspicions, excitement created by false rumors, and gives an opportunity for conferences with regard to the construction of such proposed vessels. These fair expositions and the friendly discussions that may take place with regard to the construction of such vessels will, it is hoped, in many cases bring about such an amicable understanding as will prevent an unnecessary naval race.

While there is no limitation as to the number of vessels that may be constructed within the defined types, the limitation of construction to these types and the armament provided for will, in my opinion, eliminate a threatening cause for naval races. The effectiveness of war vessels of the present type is well known, and therefore it is easy to determine the respective weight and efficiency of navies. On the other hand, if inventive genius is brought into play, a new character of war vessel, with new armament of far greater efficiency than present naval vessels, may be invented and constructed. In such event it very probably would be necessary for many of the naval vessels of the present type to be scrapped, at tremendous expense to the various governments.

Again, the institution of the building of such new types would be unregulated and would inevitably result in an intense and excited naval race. It is true that it is expressly provided in the treaty that when any of the high contracting parties believe that their national security is threatened they may depart from any or all of the limitations in the treaty without delay, simply upon informing the other high contracting parties of such fact and of the reasons that in their opinion require such departure. In other words, the high contracting parties are morally bound to adhere to the provisions of the treaty until some act is committed by another government that threatens the national safety of a high contracting party.

Under the Washington Treaty only adherents to that treaty were qualified to become members of the present treaty. This provision could not be changed except by unanimous consent, and such consent was not given. It is hoped, however, that through bilateral treaties between the various high contracting parties and outside governments, eventually all naval powers may be brought under the limitations contained in the treaty.

It is well known that Japan refused to become a party to the treaty because the treaty did not provide for an equal ratio as between Japan, the United States, and Great Britain. As the treaty provides for no limitations whatever on the present types of ship it would seem that Japan could adhere to the present treaty without having the question of ratio in any way involved. We cannot conceive that Japan would be unwilling to adhere to the limitation as to present types, nor that she would hesitate to agree to the provisions in the treaty with regard to granting full information as to the naval vessels of the respective high contracting parties.

Admiral Standley, Chief of Naval Operations and chief naval advisor of our delegation at London, testified before our committee that he favored a naval holiday on 8-inch-gun cruisers because we have either constructed or laid down all of such cruisers permitted to us under the Washington Treaty; and, further, that none of the member governments of the Washington Treaty have exceeded the limit of such cruisers allotted to them under the Washington Treaty. He very frankly stated that the General Naval Board had concurred with him in the opinion that we have all of such type of vessels that we desire under the present set-up and balance of the Navy. He was frank to admit that he had changed his opinion with regard to the efficiency of such 8-inch-gun cruisers in the performance of services that other

governments considered could be more efficiently performed by 6-inch-gun cruisers. In other words, he now takes the position that there are certain in-shore duties that cannot be performed by these large 8-inch-gun cruisers, and that for such services we must have 6-inch-gun cruisers.

Hon. Norman H. Davis, chairman of our delegation at London, and Admiral Standley, also a delegate and chief naval adviser, as well as the other attachés of the delegation, are to be congratulated upon the manner of the negotiation of the treaty and the results accomplished. They had given very careful study to the questions that would arise in connection with the General Naval Board of the United States Navy, the Department of State, and other departments before leaving the United States for attendance upon the conference. During the entire conference they were in constant touch with the General Naval Board with regard to all questions that arose, and the final draft of the treaty was submitted both to the State Department and to the General Naval Board before it was executed.

I am submitting with this report, and as a part thereof, parts of statements made by Hon. Norman H. Davis and by Admiral William H. Standley before the Foreign Relations Committee. The hearings will be printed for distribution tomorrow, and I am hopeful that, after consultation with our leader, the Senator from Arkansas [Mr. ROBINSON], action may be had upon the treaty next Monday.

The PRESIDING OFFICER. Without objection, the statements referred to will be printed in the RECORD.

The statements are as follows:

STATEMENT OF HON. NORMAN H. DAVIS, AMBASSADOR AT LARGE, BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE MAY 14, 1936

Mr. DAVIS. Mr. Chairman and Senators, a full report of the recent Naval Conference in London and of the treaty which was signed on March 25 last has been made to the President, who, in turn, has transmitted this to the Senate. I should like, however, to make certain additional observations with regard to the treaty that is now before you for ratification.

At the outset, I must state that there are two regrettable but unavoidable omissions in this treaty. One is that two of the Washington Treaty powers, Japan and Italy, have not yet signed it; the other is that this treaty does not provide for any reduction in total tonnage or for a continuance of the principle of quantitative limitation established by the two previous treaties. The facts are, however, that it was not possible to secure agreement to that effect, because all of the naval powers represented at the conference, with the exception of Great Britain and the United States, refused to enter into a new treaty which continued the limitations and the ratios established by the present treaties. In fact, Japan left the conference a few weeks after it began because the other powers were unable to accept as a basis for negotiation the Japanese proposal for a so-called common upper limit which in effect was to scrap the present system of naval limitation and, without regard to relative needs and security, to change the present ratio of 5–5–3 to 3–3–3 or 5–5–5. While recognizing Japan's right to equal security, which we believe was achieved under the Washington and London Treaties, it was obviously impossible to accept the Japanese proposal because, owing to the difference in relative needs and vulnerability, naval parity would give to Japan naval superiority.

As it was impossible to agree to continue existing treaties beyond the end of this year, it was necessary, after the Japanese withdrawal from the conference, for the remaining powers to decide whether to throw up their hands and quit or whether to proceed to the negotiation of such a treaty as might be possible in order to prevent, if possible, the chaotic situation that would develop upon the termination of the existing treaties in case there should be nothing to take their place.

Notwithstanding the difficulties that were inherent in this situation, it was decided to continue in conference, with the result that after considerable time and patient effort we succeeded in negotiating a treaty which, while preserving in a modified but practical way the principle of naval limitation, contains new and important provisions which largely offset the omissions.

Although some things which we wanted are not in this treaty, there is nothing in it to which we object. There is, in fact, no single provision of the treaty which is objectionable or unfair to any participating state or to any of the other naval powers, but there is much that should prove to be mutually beneficial. It can thus be hoped that those states who have not yet signed the treaty will readily adhere to its provisions.

The main objectives of this treaty are twofold. First, to preserve the foundation of general naval limitation; and, second, to prevent a naval race. To accomplish this it standardizes and limits the size of ships and the caliber of their guns and provides for a full exchange of information between the contracting powers as to all projected and actual construction.

In substance, this treaty differs from its predecessors in that there are no provisions for the direct quantitative limitation of naval armaments. As a result of the elimination of this principle, more prominence is given to restrictions upon the size and gun caliber of the different classes of naval vessels. Although the absence of quantitative limits is a matter of regret, it is believed that qualitative limitation will serve effectively to eliminate competitive construction in naval armaments and thus to avoid dangerous rivalry in the construction of new types. Governments know today what the existing sizes are both as to type and number, and their respective naval strength is accordingly adjusted to this. If, however, countries are permitted to build new types of ships, such building might overnight render obsolete existing classes of ships and necessitate replacement of one or more categories, thereby creating heavy additional costs. Such competition may easily become even more expensive than competition in numbers.

The maximum size of battleships is left at 35,000 tons, but the treaty provides for a reduction in the caliber of guns on future battleships from 16 to 14 inches, provided all of the Washington Treaty powers enter into an agreement to that effect before the new treaty comes into force. The age limit for battleships has been increased by 6 years, thus prolonging their life and effecting substantial savings in their replacement. To insure that no hybrid vessel between battleships and cruisers, such as the German "pocket" battleships, will be built which would create a new type and upset existing classes, a zone of nonconstruction between these two categories has been created.

Aircraft carriers are to be reduced from 27,000 to 23,000 tons, and the maximum size of submarines is placed at 2,000 tons.

In respect to cruisers we, in effect, agreed upon certain conditions, not to increase our present number of 10,000-ton cruisers during the next 6 years. In so doing, however, we did not sacrifice any American principle or agree to anything that is detrimental to our own national security. The United States now has, either built or building, all of the 10,000-ton cruisers which we were permitted to have under the London Treaty. This, in fact, gives us all of the cruisers of this type which we expect to need for the next few years, unless the construction of cruisers by some other power or powers upsets the balance of this type, in which case we have the right under the treaty to terminate the so-called cruiser holiday and to construct such 10,000-ton cruisers as we may deem necessary in the circumstances.

While the new treaty has not been signed by Japan and Italy, it has been left open for their future adherence. It may be pointed out, however, that Italy collaborated in the formation of the treaty, which it is expected she will sign at a later date. Also Japanese observers remained throughout the conference, and it is hoped that Japan will see fit later on to adhere to the treaty. It is, furthermore, expected that Germany and Russia, two other principal powers who were not parties to the present treaties, will come into the new treaty system through bilateral treaties with Great Britain.

There has been some comment on the so-called safeguarding clauses of this treaty to the effect that the treaty is so full of holes as to have no substance whatever. No one will question, I am sure, the necessity for providing that, in case the construction of powers outside the scope of the treaty should menace the national security of any of the contracting parties, such contracting party shall have the right to depart from the limits established by the treaty. These clauses, however, are so drafted that, although they give each power ample assurance that it will be able to meet an emergency, they do not contemplate that the whole structure of the treaty will be destroyed by a simple noncompliance with the letter or spirit of its provisions. Only if a country considers that the requirements of its national defense are seriously threatened by the action of a noncontracting party will it undertake to put into operation the machinery to release it from its treaty obligations. Experience has shown that such action is not apt to be taken lightly. It is further provided that each power wishing to avail itself of this right must set forth in detail the reason for so doing and justify its action to the other powers.

The new treaty provides for much more elaborate and detailed exchange of information than has heretofore existed. Under the provisions for exchange of information, no program of construction is to be put into effect and no keel is to be laid without 4 months' advance notice and full information to all the parties to the treaty. This is a considerable improvement over the Washington and London treaties. To the layman it may seem unimportant, but to all naval experts and to you who are conversant with the problem this feature of the treaty is of considerable importance. It removes an element of uncertainty and guards against any sudden development of naval building as to type or quantity which would seriously disturb confidence or the relative security. In effect, it reduces suspicion and danger of the most harmful and costly kind of naval competition.

Although no limits have been placed on total naval tonnages, and each power is therefore free to build as many or as few of the permitted types of naval craft as it sees fit, England and America are in agreement that there shall be no competitive building between them. The exchange of letters which took place between the British Foreign Secretary and myself as chairman of the American delegation recognized this point of fundamental importance. These letters reaffirmed the understanding between England and America that the principle of parity between the fleets of the United States and of the British Commonwealth of Nations is an established principle which shall continue to govern their naval policies. The reaffirmation of this basic principle of the preceding treaties should go far, in these days of uncertainty, to show that at least as between the two greatest naval powers, the United States of

America and Great Britain, there is no thought of naval competition.

When one considers the difficulties which stood in the way of negotiating any treaty whatsoever, and what the situation would be without any treaty at all, it is, indeed, a source of real satisfaction that we were able to achieve as much as we did. We were indeed fortunate in being able to negotiate a treaty which not only preserves a structure of naval limitation but which establishes a basis for further progress toward naval reduction under more favorable conditions than now exist.

While the new naval treaty is less rigid and less far-reaching than the previous treaties, it has many advantages and its lack of rigidity may well be one of them. The fact is that the Washington treaty has been denounced because of its rigidity, and for the same reason the London treaty could not be renewed, whereas the new treaty, which is more flexible, may be more enduring and prove in the long run to be more practical. At any rate, we have nothing to lose in trying it out, but possibly much to gain.

STATEMENT OF ADMIRAL WILLIAM H. STANDLEY, CHIEF OF NAVAL OPERATIONS, BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE, MAY 14, 1936

The CHAIRMAN. Admiral Standley, will you state to the committee your understanding of this treaty, and why you approve it?

Senator LEWIS. Admiral Standley, before you answer that question, in that connection, this is giving me more concern: Would you also include in that answer to the chairman, is it true that we are granting in this treaty to France a superiority of submarines, and an advantage to England, the right of having superiority on the cruisers over us, both on the guns and quantity of construction?

Admiral STANDLEY. Senator, we were sent over to London to negotiate agreements to take the place of the Washington and London Treaties. The Washington and London Treaties both were to expire on the 1st day of January. We were sent over there to negotiate agreements. The idea of our country, apparently of our administration, and our instructions were, we were to negotiate agreements. In other words, it was the desire that we bring back an agreement. The duty of this delegation over there was to see that any agreements we brought back were not inimical to the interests of this country. It was my function, as the naval delegate, to see that nothing was agreed to over there that was inimical to our national needs, or our needs in national defense, so far as the Navy was concerned.

If our mission had been to refuse an agreement, we could have come home very quickly when the Japanese went out. We could have left immediately and said, "We are finished. Come home." But our purpose was to negotiate agreements, if it could be done, consistently with our national needs and security.

We spent considerable time there. Preliminary to that, however, we knew that this conference was to be called. We went over there in 1934, because the London Treaty called for a conference in 1935, and after the preliminary conversation the Japanese denounced the Washington Treaty, and that brought that to an end on the 1st of January 1937, so that the two treaties ended together.

Now, in 1934 we went over and had conversations to see whether or not we could arrive at some agreements which would take the place of these treaties. We were not able to reach any conclusions in 1934. We left there with the understanding that the British Empire would continue the explorations through diplomatic channels, with the idea of finding whether that would be a common meeting ground. The conversations in 1934 were between Japan and ourselves, and England and ourselves, the three of us—bilateral conversations. During 1935 England made inquiries of France and Italy, who are also signatories to the Washington Treaty, and so when we went over there in 1935 our delegation had instructions, or, rather, had understandings, of what we could agree to, what would be acceptable to us in any terms of agreement; so, having in mind our mission to get and reach agreements, our mission to safeguard in every way possible our country's interests, or, rather, to accept agreements only in case we felt that our country's interests and our national defense were not jeopardized. We considered the various things that could be put into an agreement, the various considerations that could be used as a basis for agreement; and the treaty that we brought home was the result of those explorations.

We took out of the Washington and London Treaties those things which we felt could be continued and would be desirable to continue. We built up a treaty on various things upon which we could agree without any conflict of thought, or what not; there was no controversy; and eventually we built up this agreement, this treaty, which contains the reasons which I felt were desirable and advantageous to us, and without any disadvantage whatever, so far as our country's needs were concerned.

I felt that the information part of the treaty, and which in effect is limiting a building program for a year, I felt that that would have the effect of lessening suspicion, and feeling that some other fellow is doing something he is not telling you about; and we have that right today. I felt that that would have a tendency to eliminate suspicion, and to that extent probably tend to avoid a naval race; and I, as the senior officer in the Navy, the Chief of Naval Operations, I have come to feel that a naval race is a most disastrous thing in the way of naval needs.

The second part of the treaty is, as I have felt—and I have come to believe that, too—I did not, in the beginning—that a limitation on armament is a desirable thing. I felt, when the Washington Treaty was signed, that it was highly undesirable to limit by agreement our naval needs, particularly if we felt that we did not get all the advantages. I have come to the opinion that limitation is a desirable thing, and that if we can limit our naval power to our naval needs, and base it on that, and frankly state it, that it is a desirable thing to have in the way of a navy. In this treaty, therefore, we have not only provided for that information which will tend to avoid a naval race but we have retained the structure for the limitation of armament set up by the Washington and London Treaties, and which I consider a good thing. Now, while we practically got no limitation, or we did not get what we expected, in this quantitative limitation, we did get certain qualitative limitations, and we preserved the structure, and those are the reasons which made me feel that this treaty was a good treaty, something that was worth while bringing home, and worth while trying to get before this honorable body. As I started to say in the beginning, in 1935 we prepared for this treaty by anticipating every possible contingency that would come up. In London, however, when these questions came up, there was never a question brought up that we did not, after considering it there, whether or not we thought it was a good thing or not, whether it was inimical to our interests, whether it would hurt our national defense, then we put it back up to the Navy Department and to our General Board, and it came through the State Department and to our General Board and to the President. "This is the proposition. We feel so-and-so." And in no place, no agreement in this treaty, have we accepted that that was inimical to our national interests, and that was not in entire accord with the delegation, State Department, and General Board of the Navy, and the administration. And I feel, as I have stated, that we have brought back something that is disappointing in the way of a limitation of armament. It is not what we expected.

The CHAIRMAN. Was this proposed treaty submitted to the General Board of the Navy before it was agreed to in London?

Admiral STANDLEY. Yes, sir. Before it was finally accepted and signed it was submitted, in its entirety, to the State Department and the General Board of the Navy, and accepted by them.

Mr. DAVIS. We were reporting constantly. You see, you build these things up as you go along, and we submitted every detail to the General Board, every technical question that came up at all, and every other aspect, to all the branches of Government.

Admiral STANDLEY. To answer your first question, Senator, your statement is not a correct one. Great Britain is not allowed to have cruisers superior to ours, nor guns superior to ours, and she has not got them. Now, we are allowed, under the Washington Treaty, eighteen 8-inch-gun cruisers, and Great Britain is only allowed 15, so we exceed her by 3 on 8-inch-gun cruisers.

Now, we have accepted a holiday in that type of ship; so has she. She is going to increase her cruiser strength in type 8,000 below. We have the same right as she has to build as many of those as we want if we want to build that type of ship. We do not need the same number that she needs, of that smaller type, and we did not intend to build any of the 8-inch type during this period; and we have simply accepted something that was going to be the case, anyhow.

Senator LEWIS. In other words, that which she exceeds us in is something which we do not need at all, from your point of view?

Admiral STANDLEY. We do not need at all; and we have a perfect right, if we want, to match that with aircraft carriers, or with some other craft of standard type. We can build in some other type, if we want to, or we can match her, ship for ship, in her cruisers; and if we do that, we will still be three 8-inch cruisers ahead of her under the present standards.

Now, so far as the French submarines are concerned, there is no way we can prevent any country building anything they wanted to, when Japan went out and threw out the question of quantitative limitations, or limitations of ratios. Once that went, there was no way, no possible way, unless they would agree to some other limit, of limiting any power in the number of any kind they could build. So what we brought back was a limitation, a qualitative limitation, which only limited us in the sizes and guns, and so forth, but no limitation whatsoever as to the numbers, and there was no way we could get that.

Mr. DAVIS. As to the large number of submarines which France has got, you see the London Treaty limited the United States and Great Britain and Japan to 57 submarines, but France did not get into the London Treaty, and so there was no limitation upon her at all, and she has got something like 90 submarines. I forget the exact number.

Admiral STANDLEY. So it is a case, Senator, of trying to bring back something that we felt was worth while. It is not what we would like to have brought back, but we brought back something we consider is of no damage to us, to our national interest, to our national defense, and we do feel, and I feel, that it is worth while putting it into effect.

Senator WAGNER. Admiral, we are not limited, under this treaty, on the construction of submarines at all?

Admiral STANDLEY. No; not as to number.

Mr. DAVIS. Just as to the size.

Senator JOHNSON. Admiral, will you pardon me a question or two?

Admiral STANDLEY. Yes, sir.

Senator JOHNSON. What type of cruiser is most suited to our needs?

Admiral STANDLEY. Senator, we have felt that the large-size cruiser and the 8-inch guns was the most all-around—we did—the most all-around cruiser for our needs. At the time we were discussing that, Senator, we did not have any. We had two of those types built.

Mr. PITTMAN. Mr. President, I will say that we have taken all these steps so that every Senator may have an opportunity to familiarize himself with the treaty between now and next Monday. The hearings are very short. The treaty itself is quite short. The questions involved are few and quite simple. I hope Senators will take advantage of the opportunity to read the hearings between now and next Monday.

WITHHOLDING COMPENSATION DUE GOVERNMENT PERSONNEL

Mr. SHEPPARD. Mr. President, on the last call of the calendar the Senate passed Senate bill 3220, to authorize withholding compensation due Government personnel where payments have been made illegally.

On May 4 the House passed an identical bill, being House bill 8784, which, on reaching the Senate was inadvertently referred to the Senate Committee on Claims instead of being placed on the Senate calendar with Senate bill 3220. Inasmuch as House bill 8784 is identical with Senate bill 3220, I ask unanimous consent that the Senate rescind its action on Senate bill 3220, discharge the Committee on Claims from the further consideration of House bill 8784, and pass House bill 8784 in lieu of the identical measure, Senate bill 3220.

The PRESIDING OFFICER (Mr. CLARK in the chair). Is there objection to the request for unanimous consent of the Senator from Texas? The Chair hears none, and the vote by which Senate bill 3220 was passed is reconsidered.

Without objection, the Committee on Claims is discharged from the further consideration of House bill 8784.

Is there objection to the present consideration of House bill 8784?

There being no objection, the bill (H. R. 8784) to authorize withholding compensation due to Government personnel was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That hereafter, whenever upon the statement of the account of any disbursing officer of the United States in the General Accounting Office credit shall have been disallowed for any payment to any person in the executive branch of the Government, otherwise entitled to compensation from the United States or from any agency or instrumentality thereof, such compensation of the payee may be withheld until full reimbursement has been accomplished under such regulations as may be prescribed by the head of the department, branch, or independent establishment (including corporations) under which such payee is entitled to receive compensation: *Provided*, That nothing contained in this act shall be construed to repeal or in any way modify existing laws relating to the collection of the indebtedness of accountable or disbursing officers.

Mr. SHEPPARD. I ask unanimous consent that Senate bill 3220 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate bill 3220 will be indefinitely postponed.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Harry M. Hickey, of Albany, N. Y., to be collector of internal revenue for the fourteenth district of New York, to fill an existing vacancy.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nominations of several officers in the Diplomatic and Foreign Service.

He also, from the same committee, reported favorably Executive F, Seventy-fourth Congress, second session, a treaty for the limitation of naval armaments and the exchange of information concerning naval construction, together with the protocol of signature and additional protocol, signed in London on March 25, 1936, and submitted a report (Exec. Rept. No. 2) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of Brig. Gen. Howard Seymour Borden, for reappointment in the Officers' Reserve Corps of the Army, under the provisions of law, as a brigadier general in the Inactive Reserve, from July 13, 1936.

He also, from the same committee, reported favorably the nominations of sundry officers for appointment in the Regular Army.

The PRESIDING OFFICER (Mr. CLARK in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

GREAT LAKES EXPOSITION

The Chief Clerk read the nomination of A. Harry Zychick, of Ohio, to be United States Commissioner General for the Great Lakes Exposition.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE NAVY

The Chief Clerk proceeded to read sundry nominations in the Navy.

Mr. WALSH. I ask that the nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Navy are confirmed en bloc.

MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the Marine Corps.

Mr. WALSH. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Marine Corps are confirmed en bloc.

That completes the calendar.

RECESS TO MONDAY

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 1 o'clock and 55 minutes p. m.) the Senate took a recess until Monday, May 18, 1936, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 15 (legislative day of May 12), 1936

COMMISSIONER GENERAL, GREAT LAKES EXPOSITION

A. Harry Zychick to be United States Commissioner General for the Great Lakes Exposition.

PROMOTIONS IN THE NAVY

TO BE REAR ADMIRAL

Julius C. Townsend

TO BE CAPTAINS

Harry A. Badt
Edward J. Foy

TO BE COMMANDERS

Otto Nimitz
Frank D. Wagner
Ralph D. Weyerbacher

TO BE LIEUTENANT COMMANDERS

Myron A. Baber
Harley F. Cope
Stanley J. Michael
Clayton S. Isgrig
Philip R. Kinney
James A. Crocker

TO BE LIEUTENANTS

Alexander C. Thorington
Walter C. Ford
William Kirton, Jr.
William S. Veeder
Thompson F. Fowler
Robert N. McFarlane
John F. Delaney, Jr.
Paul B. Tuzo, Jr.
Marvin J. West
William E. Hank
Norman W. Sears
Benjamin May, 2d
Bennett S. Copping
Isaac S. K. Reeves, Jr.

TO BE LIEUTENANTS (JUNIOR GRADE)

David L. Martineau
Charles W. Travis
Harold Payson, Jr.
John R. Spiers
Robert C. Leonard
Allan M. Chambliss
David Lambert
Merle F. Bowman
Gilbert H. Richards, Jr.
Frederick W. Purdy
Carter L. Bennett
Frederick W. Bruning
Walter L. Blatchford
Edward E. Shelby
Kenneth S. Shook
Leland P. Kimball, Jr.
Joseph C. McGoughran
Harold F. Christ
Richard B. Derickson, Jr.
Everett J. Foster
Francis J. Blouin
Albert C. Ingels
Joseph P. Costello
Samuel Bertolet

TO BE CHIEF MACHINIST

Fred L. Kent

TO BE CHIEF PAY CLERK

Earl W. Layton

TO BE CHIEF OF THE BUREAU OF AERONAUTICS

Arthur B. Cook

TO BE ENSIGNS

John M. Alford
Carl H. Amme, Jr.
Ralph W. Arndt
Henry A. Arnold
Joseph H. Barker, Jr.
Harry A. Barnard, Jr.
James H. Barnard
John Baumeister, Jr.
Walter B. Bayless
Fred G. Bennett
Warfield C. Bennett, Jr.
Paul H. Bjarnason
William Blenman
John D. Blitch
John N. Boland
Robert A. Bonin
Walter W. Boyd
Warren W. Bradley
Alfred W. Brown, Jr.
David S. Brown
James A. Brown
Richard S. Bull, Jr.
Ronald E. Burcher
Herbert von A. Burkart
Ovid McM. Butler
Robert H. Caldwell
John H. Carmichael
Frederic A. Chenault
James A. Coddington
Otis R. Cole, Jr.
Walter V. Combs, Jr.
David R. Connole
Joseph A. Coppola
John M. Court
Earl R. Crawford
Logan Cresap, Jr.
Joseph A. Crook
Jack R. Crutchfield
Thomas B. Dabney
John J. Daub, Jr.
Harlan R. Dickson
Donald G. Dockum
Charles R. Eisenbach
William A. Ellis
Ralph A. Embree
Daniel McE. Entler, Jr.
Joseph L. Evans
Allen R. Faust
Allan F. Fleming
Parker L. Folsom
Gordon Fowler
Richard L. Fowler
Philip H. Fox
Albert B. Furer
John K. Fyfe
Norman C. Gillette, Jr.
Frank C. Graham
James S. Gray, Jr.
Richard Gray
Francis A. Greenup
George W. Grider
William T. Groner
Louis J. Gulliver, Jr.
Donald G. Gunz
Arthur L. Gustafson
Willard M. Hanger
James R. Hansen
Mark Hattan
Frank E. Hayler
Jack "W" Hays
John D. Hewitt, 3d
Carl W. Heywood
Robert M. Higginson
Edward E. Hoffman
Edmund J. Hoffman
William G. Holman
Harry F. Holmshaw, Jr.
Charles E. Houston
William T. Hulson
Ralph R. Humes
Ernest W. Humphrey
Gould Hunter
John C. Hunter
Charles H. Hutchins
Edward J. Huxtable, Jr.
Joseph B. Icenhower
Johns H. Janney
Billy Johnson
Webster C. Johnson
William J. Johnston
Seymour Karasyk
William M. Kaufman
Robert F. Kelly
Thomas K. Kimmel
Ed R. King, Jr.
Thomas S. King, Jr.
John J. Kircher
Harlan G. Kirkpatrick
John K. Knapper
Otto F. Kolb, Jr.
Roy J. Krogh
Edwin L. Kyte
Dallas M. Laizure
Frank G. Law
William E. Lewis
Frederick I. Lincoln
David A. Lindsay
Everett M. Link, Jr.
Kenneth C. Lovell
Theodore C. Lyster, Jr.
Hoyt D. Mann
Charles S. Manning, Jr.
Porter W. Maxwell
Ray W. Mayhew
James W. McCauley
Jasper N. McDonald, Jr.
Robert "W" McElrath
Malcolm C. McGrath
Richard W. Meyers
Fred D. Michael
Sydney R. Miller, Jr.
John R. Millett
Jack C. Moore
Robert C. Morton
Richard L. Myers
Willard E. Neve
Robert L. Neyman
Roscoe F. Nicholson
Chester W. Nimitz, Jr.
John V. Noel, Jr.
Robert E. Odening
Bennett C. Oelheim
James W. O'Grady
Ellis B. Orr
John M. Oseth
Fitzhugh L. Palmer, Jr.
Nicholas A. Pananides
William B. Parham
Joseph H. Patterson
Van O. Perkins
Jewett O. Phillips, Jr.
Dale F. Pinkerton
Richard R. Pratt
John P. Preston
William N. Price
Delmar F. Quackenbush, Jr.
John B. Rawlings
Charles I. Raymond, Jr.
Marion J. Reed
Joseph E. Rice
David C. Richardson
Eugene V. Riewe
Frank M. Robinson
Henry A. Romberg
Leroy W. Ross
James B. Rutter, Jr.
Paul B. Ryan
John F. Ryder
Thomas W. Samuel
Merrill M. Sanford
Walter F. Schlech, Jr.
Henry C. Schwaner, Jr.
David S. Seaman, Jr.
Dayton A. Seiler
James L. Semmes
Ormond G. Sexton
Frederick C. Seyford
James C. Shaw
William H. Shea, Jr.
Sydney S. Sherby
Philip E. Shetenhelm
Samuel G. Shilling
Forrest W. Simoneau
Robert C. Sleight
Gilven M. Slonim
William A. Small
Millard J. Smith
James J. Southerland, 2d
Herbert D. Sprenger
Frank G. Springer
Harry B. Stark
Paul C. Stimson
Paul E. Summers
Archibald E. Teall
Richard A. Teel
James H. Terry, Jr.
Robert A. Thacher
Wilbur W. Thing
William B. Thomas
Floyd T. Thompson
Marshall F. Thompson
Ray S. Thompson, Jr.
Francis M. Traynor
Stanton M. Trott
John H. Turner
Renfro Turner, Jr.
Alexander K. Tyree
Raymond W. Vogel, Jr.
George A. Wagner, Jr.
Raymond A. Walsh, Jr.
Bruce R. Ware, 3d.
August F. Weinel
William H. Wendel
George H. Whiting
Phillip G. Wild, Jr.
Robert J. Williams
Donald E. Willman
Donald W. Wilson
George M. Winne
Jonathon L. W. Woodville, Jr
Sherman "E" Wright, Jr.
William H. Wright
Jud F. Yoho, Jr.
David Zabriskie, Jr.
Charles M. Holcombe
Ted E. Pulos

MARINE CORPS

Roger W. Peard to be lieutenant colonel.
John N. Hart to be captain.

POSTMASTERS

CONNECTICUT

Mary Eleanor Michaels, Berlin.
George B. Moroney, Collinsville.
Thomas H. Collins, Farmington.
William W. Fagan, Kensington.

John J. Scanlon, Meriden.
Charles W. Camp, Plantsville.

IDAHO

James V. Hawkins, Coeur d'Alene.
Lola H. Perkins, Eden.
George F. Walker, Hailey.
Clyde H. Daugherty, Kendrick.
Ida J. Peck, Lava Hot Springs.
Benjamin Y. Edwards, McCammon.
Jesse J. Walling, Nampa.
Michael H. Donovan, St. Maries.
Frank A. McCall, Salmon.
Michael A. Stronk, Twin Falls.

ILLINOIS

John R. Engleman, Bellwood.
Royal E. Kern, Cisne.
Ellen M. Sherry, Congress Park.
Oscar Ped Bonner, Fairfield.

MARYLAND

Joseph F. Mattingly, Indianhead.
Leonard Wilson, Millington.
Robert Kemp Hughlett, Trappe.

MISSOURI

Georgia A. Brammer, Buckner.
Robert O'Neal, Creighton.
Kelley Elza Jackson, East Prairie.
William W. Scholes, Jr., Granby.
Homer Reid Cowan, Maitland.
Anthony Westhoff, Marthasville.
Elizabeth K. Black, Mound City.

NORTH DAKOTA

William Anderson, Courtenay.
Robert E. Milligan, Hannah.
Catherine T. Albers, Hazen.

OHIO

Clifton L. D. Hartsel, Ashland.
Robert C. Young, Bucyrus.
Herman J. Kightlinger, Caledonia.
William V. Goshorn, Galion.
Thomas C. Washington, Grafton.
John Hayden Kohn, Grover Hill.
Harry H. Hart, Malvern.
Ansel C. Bidlack, Oakwood.
Harry C. Stratton, Piney Fork.
Clara L. Hewit, Seville.
Julius L. Snyder, Tiro.

RHODE ISLAND

Raymond L. Battey, Greenville.
Thomas D. Goldrick, Pascoag.

SENATE

MONDAY, MAY 18, 1936

(Legislative day of Tuesday, May 12, 1936)

The Senate met at 12 o'clock m., on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, May 15, 1936, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I observe the absence of a quorum, and suggest that the roll be called.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Barkley	Borah	Byrd
Ashurst	Benson	Brown	Byrnes
Austin	Bilbo	Bulkley	Capper
Bachman	Black	Bulow	Caraway
Bailey	Bone	Burke	Carey
Chavez	Guffey	Maloney	Schwellenbach
Clark	Hale	Metcalf	Sheppard
Connally	Harrison	Minton	Shipstead
Coolidge	Hatch	Moore	Smith
Copeland	Hayden	Murphy	Steiwer
Couzens	Holt	Murray	Thomas, Utah
Davis	Johnson	Neely	Townsend
Dickinson	Keyes	Norris	Truman
Dieterich	King	Nye	Tydings
Donahey	La Follette	O'Mahoney	Vandenberg
Duffy	Lewis	Overton	Van Nuys
Fletcher	Lonergan	Pittman	Wagner
Frazier	Long	Pope	Walsh
George	McAdoo	Radcliffe	Wheeler
Gerry	McGill	Reynolds	White
Gibson	McKellar	Robinson	
Glass	McNary	Russell	

Mr. LEWIS. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. MCCARRAN] are absent from the Senate because of illness, and that the junior Senator from Oklahoma [Mr. GORE], the senior Senator from Oklahoma [Mr. THOMAS], and the Senator from Kentucky [Mr. LOGAN] are unavoidably detained.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR] and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTIONS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolutions:

On May 1, 1936:

S. 371. An act for the relief of G. Elias & Bro., Inc.;

S. 788. An act for the relief of the International Mercantile Marine Co.;

S. 790. An act for the relief of the Compagnie Generale Transatlantique;

S. 1062. An act for the relief of James R. Young; and

S. 3413. An act to give effect to the convention between the United States and certain other countries for the regulation of whaling, concluded at Geneva, September 24, 1931, signed on the part of the United States, March 31, 1932, and for other purposes.

On May 5, 1936:

S. 753. An act to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co.;

S. 998. An act to carry out the findings of the Court of Claims in the case of George Lawley & Son Corporation, of Boston, Mass.; and

S. 4335. An act to authorize the coinage of 50-cent pieces in commemoration of the centennial celebration of Cleveland, Ohio, to be known as the Great Lakes Exposition.

On May 7, 1936:

S. J. Res. 247. Joint resolution authorizing the recognition of the three hundredth anniversary of the founding of Harvard College and of the beginning of higher education in the United States and providing for the representation of the Government and people of the United States in the observance of the anniversary.

On May 11, 1936:

S. 2517. An act to provide for the advancement on the retired list of the Navy of Walter M. Graesser, a lieutenant (junior grade), United States Navy, retired;

S. 3950. An act to aid in defraying the expenses of the Sixteenth Triennial Convention of the World's Woman's Christian Temperance Union to be held in this country in June 1937; and

S. 3977. An act to authorize the Washington Gas Light Co. to alter its corporate structure, and for other purposes.

On May 12, 1936:

S. 3516. An act for the relief of Alice D. Hollis; and

S. 4135. An act for the relief of Helen Curtis.

On May 13, 1936:

S. J. Res. 260. Joint resolution to provide an additional appropriation for folding speeches and pamphlets for the Senate for the fiscal year 1936;

S. 1379. An act to amend section 981 of title IV and section 843 of title VI of the Canal Zone Code;

S. 2040. An act to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof;

S. 2611. An act to authorize the Utah Pioneer Trails and Landmarks Association to construct and maintain a monument on the Fort Douglas Military Reservation, Salt Lake City, Utah;

S. 3737. An act to authorize the Secretary of War to acquire by donation land at or near Newburgh, in Orange County, N. Y., for aviation field, military, or other public purposes;

S. 3769. An act for the relief of Marcellus E. Wright and Lee, Smith & Vandervoort, Inc.; and

S. 4416. An act for the relief of Josephine Russell.

On May 15, 1936:

S. 3685. An act for the relief of George Rabcinski;

S. J. Res. 231. Joint resolution to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the landing of the Swedes in Delaware;

S. J. Res. 248. Joint resolution to provide for participation by the United States in an inter-American conference to be held at Buenos Aires, Argentina, or at the capital of another American republic, in 1936;

S. 158. An act authorizing the President to present a medal in the name of Congress to Johannes F. Jensen;

S. 381. An act for the relief of the Confederated Bands of Ute Indians located in Utah, Colorado, and New Mexico;

S. 1075. An act for the relief of Louis H. Cordis;

S. 1494. An act to amend an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat. L. 555);

S. 2849. An act to provide funds for cooperation with Wellpinit School District No. 49, Stevens County, Wash., for the construction of a public-school building to be available for Indian children of the Spokane Reservation;

S. 3161. An act to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, etc.", approved March 3, 1925, as amended;

S. 3241. An act authorizing adjustment of the claims of F. L. Forbes, John L. Abbot, and the Ralph Sollitt & Sons Construction Co.;

S. 3372. An act to provide funds for cooperation with the public-school district at Hays, Mont., for construction and improvement of public-school buildings to be available for Indian children;

S. 3460. An act to authorize the Secretary of the Interior to ascertain the persons entitled to compensation on account of private claim 111, parcel 1, Nambe Pueblo grant;

S. 3544. An act authorizing adjustment of the claim of the Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans;

S. 3645. An act for the relief of Dampskib Aktieselskap Roskva;

S. 3687. An act to validate payments and to relieve the accounts of disbursing officers of the Army on account of payments made to Reserve officers on active duty for rental allowances;

S. 3688. An act to validate payments and to relieve disbursing officers' accounts of payments made to Reserve officers promoted while on active duty;

S. 3747. An act for the relief of Maizee Hamley;

S. 3748. An act to authorize the Bureau of Mines to conduct certain studies, investigations, and experiments with respect to sub-bituminous and lignite coal, and for other purposes;

S. 3797. An act to amend an act entitled "An act authorizing certain tribes of Indians to submit claims to the Court of Claims, and for other purposes", approved May 26, 1920;

S. 3839. An act for the relief of Randall Krauss, a minor;

S. 3842. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the establishment of the Territorial government of Wisconsin, and to assist in the celebration of the Wisconsin Centennial during the year of 1936;

S. 3859. An act to authorize the procurement, without advertising, of certain War Department property, and for other purposes;

S. 3932. An act for the relief of Ann Rakestraw;

S. 4214. An act to provide for a preliminary examination of the Sabine and Neches Rivers, with a view to controlling their floods and regulating, conserving, and utilizing the waters thereof, and for other purposes;

S. 4229. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the incorporation of Bridgeport, Conn., as a city;

S. 4395. An act for the relief of the State of New Jersey; and

S. 4447. An act for the relief of J. L. Summers.

THE LATE SENATOR TRAMMELL, OF FLORIDA

The VICE PRESIDENT laid before the Senate resolutions adopted by the North East Council, United Spanish War Veterans, Department of Florida, Jacksonville, Fla., as a tribute to the memory of Hon. Park Trammell, late a Senator from the State of Florida, which were ordered to lie on the table.

HARVARD UNIVERSITY TERCENTENARY COMMISSION

The VICE PRESIDENT appointed the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Ohio [Mr. BULKLEY], the Senator from Maine [Mr. HALE], and the Senator from New Hampshire [Mr. KEYES] as members, on the part of the Senate, of the Harvard University Tercentenary Commission, established by the joint resolution approved May 7, 1936 (Pub. Res. 88).

COAT OF ARMS OF THE SWISS CONFEDERATION

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations, as follows:

To the Congress of the United States:

I transmit a report from the Secretary of State in regard to the obligation of this Government, under the Red Cross Convention of 1929, to take such measures as may be necessary to prohibit the commercial use in the United States of the coat of arms of the Swiss Confederation.

I recommend that, as proposed by the Secretary of State, the necessary legislation be enacted to fulfill the treaty obligation mentioned. A draft bill which is believed to be suitable for this purpose accompanies the Secretary's report.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 18, 1936.*

(Enclosures: Report, draft bill.)

CLAIM FOR DAMAGES TO PRIVATELY OWNED PROPERTY—DEPARTMENT OF JUSTICE (S. DOC. NO. 218)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting an estimate of appropriation, submitted by the Department of Justice, to pay a claim for damages to privately owned property, amounting to $4.02, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY (S. DOC. NO. 219)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting estimates of appropriations submitted by the executive departments and independent offices, to pay claims for damages to privately owned property, amounting to $7,854.15, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED AGAINST THE GOVERNMENT BY DISTRICT COURTS (S. DOC. NO. 220)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, records of judgments rendered against the Government by the United States district courts, amounting to $21,985.31, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED BY THE COURT OF CLAIMS (S. DOC. NO. 221)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a list of judgments rendered by the Court of Claims, amounting to $302,495.07, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 222)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a schedule of claims allowed by the General Accounting Office, amounting to $23,975.26, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SCHEDULE OF CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 223)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a schedule of claims allowed by the General Accounting Office, covering judgments rendered by the United States District Court for the Southern District of New York against the Collector of Customs, amounting to $19,005.90, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES, DEPARTMENT OF COMMERCE (S. DOC. NO. 227)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, estimates of appropriations for the Department of Commerce for the fiscal years 1936 and 1937, amounting to $681,680, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, LEGISLATIVE ESTABLISHMENT (S. DOC. NO. 228)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the legislative establishment, Architect of the Capitol (maintenance of Senate Office Building), for the fiscal year 1936, in the sum of $75,180, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DRAFT OF PROVISION AFFECTING APPROPRIATIONS FOR THE POST OFFICE DEPARTMENT (S. DOC. NO. 231)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision of law affecting two appropriations for the Post Office Department for the fiscal year 1937, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DRAFT OF PROVISION PERTAINING TO THE APPROPRIATION "EMERGENCY RELIEF, 1935–37" (S. DOC. NO. 230)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision of law pertaining to the appropriation "Emergency relief, 1935–37", contained in the Emergency Relief Appropriation Act of 1935, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, LEGISLATIVE ESTABLISHMENT (S. DOC. NO. 229)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, Architect of the Capitol (Joint Committee on Inaugural Ceremonies) for the fiscal year 1937, in the sum of $35,900, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

OPERATION OF FOREIGN AND AMERICAN SHIPS IN THE FOREIGN TRADE (S. DOC. NO. 224)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting, pursuant to Senate Resolution 260 (submitted by Mr. TYDINGS and agreed to Apr. 24, 1936), information concerning the operation of foreign ships and of American ships engaged in foreign trade, which, with the accompanying papers, was referred to the Committee on Commerce and ordered to be printed.

REPORT OF BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, copy of the annual report of the Board of Governors of the Federal Reserve System covering operations during the year 1935, which, with the accompanying report, was referred to the Committee on Banking and Currency.

REPORT OF THE NEAR EAST RELIEF

The VICE PRESIDENT laid before the Senate a letter from the comptroller of the Near East Relief, transmitting, pursuant to law, the report of the Near East Relief for the year ended December 31, 1935, which, with the accompanying report, was referred to the Committee on Printing.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Board of Aldermen of New York City, N. Y.; the Council of the City of East St. Louis, Ill., and the mayor and Common Council of the City of Sheboygan, Wis., favoring the enactment of Senate bill 4424, known as the Wagner-Ellenbogen low-cost housing bill, which were referred to the Committee on Education and Labor.

He also laid before the Senate a letter in the nature of a petition from the United Korean Christian Society of Hawaii, of Honolulu, Territory of Hawaii, calling attention to the plight of American citizens in Korea and the Far East and praying that protection be accorded to such citizens and their properties, which was referred to the Committee on Foreign Relations.

Mr. WALSH presented a resolution adopted by the Massachusetts Fruit Growers' Association, favoring action by the Government of the United States looking to the repeal of duties now levied by foreign governments on fresh fruit exported from the United States, which was referred to the Committee on Finance.

He also presented a letter and memorials from H. F. Thayer, financial secretary of the Dump Truck Owners' Association of Massachusetts, eastern division, of Boston, and sundry other citizens of the State of Massachusetts, remonstrating against the enactment of the so-called Pettengill bill, being the bill (H. R. 3263) to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), which were referred to the Committee on Interstate Commerce.

He also presented petitions of sundry citizens of the State of Massachusetts, praying for the enactment of the bill (S. 4174) to foster and protect interstate commerce by authorizing the Interstate Commerce Commission to approve or disapprove of the consolidation or abandonment of carrier facilities of public service, which were referred to the Committee on Interstate Commerce.

FLOOD CONTROL

Mr. WALSH presented resolutions favoring the construction at Federal expense of dams for the prevention of floods,

which were ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas in March 1936 the Connecticut Valley suffered devastating floods which damaged farms, homes, and industries to an extent far exceeding the hitherto unprecedented flood of 1927; and

Whereas the flood damage was caused by both excessive flow from the north and the inability of the river to drain; and

Whereas the Army Engineer Corps has (under the provisions of H. Doc. No. 308, 69th Cong., 1st sess.) already surveyed and reported February 11, 1936, and later modified, on a system of flood-protection dams in Vermont and New Hampshire; and

Whereas flood-control dams in Vermont and New Hampshire are essential parts in a project involving dikes and drainage, the cost of building dams would be greatest in the States least affected: Therefore be it

Resolved by the inhabitants of South Hadley in town meeting assembled on May 5, 1936—

First. That the Federal Government should proceed to construct at Federal expense at least 80 percent of the comprehensive system of flood-control dams recommended in said report.

Second. The control and maintenance of protection dams should be placed in the hands of a Connecticut Valley States compact commission, the maintenance cost to be borne by each State in such proportion as the 1935 assessed valuation of the Connecticut Valley drainage area in each State shall be to the total 1935 assessed valuation of the drainage area of the entire Connecticut Valley in the four Connecticut Valley States.

Third. The Federal Government should survey the Connecticut River to determine what measures are necessary to improve the run-off in times of flood and provide for such improvements, as well as restoring and raising necessary dikes.

Fourth. A copy of these resolutions, properly certified, shall be sent by the town clerk to the President, each Connecticut Valley Congressman, and the Senators of the four States of the valley watershed with the request that they act cooperatively for the future protection of the lives and property of the people in the valley.

CITY OF SPRINGFIELD,
In Board of Aldermen, May 6, 1936.

Whereas in March 1936 the Connecticut Valley suffered devastating floods which damaged farms, homes, and industries to an extent far exceeding the hitherto unprecedented flood of 1927; and

Whereas the flood damage was caused by both excessive flow from the north and the inability of the river to drain; and

Whereas the Army Engineer Corps had, under the provisions of House Document No. 308, Sixty-ninth Congress, first session, already surveyed and reported February 11, 1936, and later modified, on a system of flood-protection dams in Vermont and New Hampshire; and

Whereas flood-control dams in Vermont and New Hampshire are essential parts of the project involving dikes and drainage and the cost of building dams would be greatest in the States least affected: Therefore be it

Resolved (if the common council concur)—

First. That the Federal Government should proceed immediately to construct at Federal expense at least the major portion of the comprehensive system of flood-control dams recommended in said report.

Second. The control and maintenance of protection dams should be placed in the hands of a Connecticut Valley State compact commission, the maintenance cost to be borne by each State in such proportion as the 1935 assessed valuation of the Connecticut Valley drainage area in each State is to the total 1935 assessed valuation of the drainage area of the entire Connecticut Valley in the four Connecticut Valley States.

Third. The Federal Government should survey the Connecticut River to determine what measures are necessary to improve the run-off in times of flood and provide for such improvements as well as for restoring and raising necessary dikes.

Fourth. A copy of these resolutions shall be sent to the President, each Connecticut Valley Congressman, and the Senators of the four States of the valley watershed, with the request that they act cooperatively for the future protection of the lives and property of the people in the valley.

Board of aldermen, May 6, 1936. Read, passed, and sent down for concurrence.

CLIFFORD F. SMITH, *Clerk.*

Common council, May 6, 1936. Read and concurred.

GEORGE J. CLARK, *Clerk.*

Presented to the mayor for approval May 6, 1936.

CLIFFORD F. SMITH, *City Clerk.*

MAYOR'S OFFICE,
Springfield, Mass., May 6, 1936.

Approved.

HENRY MARTENS, *Mayor.*

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the joint resolution (S. J. Res. 246) requesting the President to proclaim October 9 as Leif Ericson Day, reported it with amendments and submitted a report (No. 2035) thereon.

Mr. WALSH, from the Committee on Naval Affairs, to which was referred the bill (S. 4354) to authorize the attendance of the Marine Band at the Arkansas Centennial Celebration, at Little Rock, Ark., on June 2, 3, 4, and 5, 1936; the Texas Centennial, at Dallas, Tex., on June 6, 7, and 8, 1936; and the Forty-sixth National Confederate Reunion, at Shreveport, La., on June 9, 10, 11, and 12, 1936, reported it with amendments and submitted a report (No. 2036) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 7825. A bill for the relief of Michael Stodolnik (Rept. No. 2041);

H. R. 8278. A bill for the relief of Earl Elmer Gallatin (Rept. No. 2042); and

H. R. 8884. A bill for the relief of Mrs. Ollie Myers (Rept. No. 2043).

Mr. HATCH, from the Committee on the Judiciary, to which was referred the bill (H. R. 8875) to clarify section 104 of the Revised Statutes (U. S. C., title II, sec. 194), reported it without amendment and submitted a report (No. 2037) thereon.

Mr. CHAVEZ, from the Committee on Foreign Relations, to which was referred the bill (H. R. 11768) authorizing construction, operation, and maintenance of Rio Grande canalization project and authorizing appropriation for that purpose, reported it without amendment and submitted a report (No. 2038) thereon.

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (H. R. 11920) to increase the efficiency of the Air Corps, reported it with amendments and submitted a report (No. 2039) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the joint resolution (S. J. Res. 245) authorizing distribution to the Gros Ventre Indians of the Fort Belknap Reservation, Mont., of the judgment rendered by the Court of Claims in their favor, reported it with an amendment and submitted a report (No. 2040) thereon.

Mr. BONE, from the Committee on Naval Affairs, to which was referred the bill (S. 4094) to provide for the transfer from the Treasury Department to the Navy Department of the property in Bremerton, Wash., known as the Navy Yard Hotel site, reported it without amendment and submitted a report (No. 2044) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 4533) granting the consent of Congress to the Mississippi State Highway Commission to construct, maintain, and operate a free highway bridge across the Pascagoula River at or near Wilkersons Ferry, Miss., reported it without amendment and submitted a report (No. 2045) thereon.

REPORT OF AMERICAN INSTRUCTORS OF THE DEAF (S. DOC. 233)

Mr. HAYDEN, from the Committee on Printing, to which was referred the report of the proceedings of the Twenty-ninth Meeting of the Convention of American Instructors of the Deaf, held at Jacksonville, Ill., June 17 to 21, 1935, reported it with the recommendation that it be printed with illustrations; and on motion by Mr. HAYDEN, it was

Ordered, That the letter from the President of the Columbia Institution for the Deaf, transmitting the report of the proceedings of the twenty-ninth meeting of the Convention of American Instructors of the Deaf, held at Jacksonville, Ill., June 17–21, 1935, be printed, with illustrations, as a Senate document.

SPECIAL COMMITTEE ON CONSERVATION OF WILDLIFE RESOURCES

Mr. PITTMAN (for himself, Mr. MCNARY, Mr. NORBECK, Mr. CLARK, Mr. BAILEY, Mr. BYRD, and Mr. WHITE), from the Special Committee on Conservation of Wildlife Resources, reported a resolution (S. Res. 299), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Resolved, That the special committee authorized and directed by the Senate resolution No. 246, agreed to April 17, 1930, to investigate the conservation of wild animal life, hereby is authorized to expend from the contingent fund of the Senate, in further-

ance of such purposes, $9,500 in addition to the amounts heretofore authorized for such purposes; and the said committee hereby is directed to file with the Senate not later than February 1, 1937, its final report and recommendations.

TAXATION ON INTOXICATING LIQUOR—MINORITY VIEWS

Mr. BAILEY submitted the views of the minority of the Committee on Finance on the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes, which were ordered to be printed as part 2 of Report No. 2028.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On May 13, 1936:

S. 3161. An act to amend section 13 (c) of the act entitled "An act to provide for the regulation of motor-vehicle traffic in the District of Columbia, and so forth", approved March 3, 1925, as amended.

On May 15, 1936:

S. 1975. An act to authorize certain officers of the United States Navy, officers and enlisted men of the Marine Corps, and officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GIBSON:

A bill (S. 4637) for the relief of Alex St. Louis; to the Committee on Claims.

By Mr. NEELY:

A bill (S. 4638) granting a pension to Ida B. Cutright; to the Committee on Pensions.

A bill (S. 4639) for the relief of Henry Top; to the Committee on Naval Affairs.

By Mr. SHEPPARD:

A bill (S. 4640) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. LA FOLLETTE:

A bill (S. 4641) for the relief of P. S. Everest; to the Committee on Claims.

By Mr. MURRAY:

A bill (S. 4642) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Waterton Oil, Land & Power Co., of Butte, Mont., against the United States; to the Committee on Public Lands and Surveys.

By Mr. BULOW:

A bill (S. 4643) authorizing the Secretary of War to lend certain Army equipment to the Diamond Jubilee Committee, Yankton, S. Dak., for the accommodation of persons attending the celebration to be held by such committee during June 1936; to the Committee on Military Affairs.

By Mr. OVERTON:

A bill (S. 4644) to authorize a preliminary examination and survey of the Mermentau River, La.; to the Committee on Commerce.

By Mr. BONE, Mr. McNARY, Mr. SCHWELLENBACH, and Mr. STEIWER:

A bill (S. 4645) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Commerce.

By Mr. WALSH:

A bill (S. 4646) for the relief of Emile Beaudoin; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 4647) authorizing a preliminary examination of the intracoastal waterway throughout Broward County, Fla.; to the Committee on Commerce.

By Mr. COPELAND:

A bill (S. 4648) to promote safety at sea in the neighborhood of ice and derelicts, and for other purposes; to the Committee on Commerce.

By Mr. HATCH:

A bill (S. 4649) for the relief of the estate of Alice W. Miller, deceased; to the Committee on Claims.

By Mr. WAGNER:

A bill (S. 4650) for the relief of dependents of James B. Kiley; to the Committee on Claims.

By Mr. SHIPSTEAD:

A bill (S. 4651) for the relief of Jacob N. Lahr and others; to the Committe on Claims.

By Mr. SHEPPARD:

A bill (S. 4652) to provide for the administration of the United States Soldiers' Home; to the Committee on Military Affairs.

By Mr. COPELAND:

A joint resolution (S. J. Res. 267) authorizing the President to invite foreign countries to participate in the New York World's Fair 1939, Inc., in the city of New York during the year 1939; to the Committee on Foreign Relations.

INTERNAL-REVENUE TAXATION—AMENDMENT

Mr. CAPPER submitted an amendment intended to be proposed by him to the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

RIVER AND HARBOR FLOOD CONTROL—AMENDMENTS

Mr. BILBO, Mr. BYRNES, and Mr. SHEPPARD each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, which were referred to the Committee on Commerce and ordered to be printed.

THE AMERICAN MERCHANT MARINE—AMENDMENTS

Mr. COPELAND, Mr. GUFFEY, and Mr. GIBSON jointly submitted amendments intended to be proposed by them to the bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT OF THE GRAIN FUTURES ACT—AMENDMENTS

Mr. MURPHY submitted amendments intended to be proposed by him on behalf of the Committee on Agriculture and Forestry to the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes, which were ordered to lie on the table and to be printed.

EXPENSES OF FUNERAL COMMITTEE FOR THE LATE SENATOR TRAMMELL

Mr. FLETCHER submitted the following resolution (S. Res. 297), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. Park Trammell, late a Senator from the State of Florida, upon vouchers approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

INVESTIGATION OF MOVEMENT OF INDIGENT PERSONS ACROSS STATE LINES

Mr. POPE submitted the following resolution (S. Res. 298), which was referred to the Committee on Education and Labor:

Resolved, That a special committee consisting of five Senators, to be appointed by the Vice President, is hereby authorized and

directed to study, survey, and investigate the movement of indigent persons across State lines, obtaining all facts possible in relation thereto which would not only be of public interest but which would aid the Senate in enacting remedial legislation. The committee shall report to the Senate, with recommendations for legislation.

SEC. 2. For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate, during the Seventy-fourth and succeeding Congresses, to employ such experts and clerical, stenographic, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expense of the committee, which shall not exceed ———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

TESTIMONY OF ADMINISTRATOR HOPKINS (S. DOC. NO. 226)

On motion by Mr. HAYDEN, it was

Ordered, That the summary of testimony by Works Progress Administrator Harry L. Hopkins before the subcommittee of House Committee on Appropriations in charge of deficiency appropriations, Wednesday, April 8, 1936, be printed as a document.

REORGANIZATION OF CORPORATIONS UNDER BANKRUPTCY LAW—RETURN OF BILL

Mr. ASHURST. Mr. President, I ask unanimous consent that the House be requested to return to the Senate the bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. The bill passed the Senate last Wednesday.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON. Mr. President, owing to confusion in the Chamber, I did not understand the request of the Senator from Arizona.

The VICE PRESIDENT. The Senator from Arizona asked unanimous consent that the House be requested to return a certain bill, passed by the Senate last Wednesday.

Mr. JOHNSON. What was the bill?

Mr. ASHURST. Mr. President, if I may answer the inquiry of the Senator from California, the bill related to bankruptcy matters. Inasmuch as some serious differences of opinion exist as to the meaning or the construction which might be applied to the Senate amendment, and in order that all parties may have opportunity to discuss it, I have asked that the House be requested to return the bill to the Senate.

Mr. JOHNSON. I have no objection.

Mr. ASHURST. The Senator from Indiana [Mr. VAN NUYS], who was chairman of the subcommittee, and who was in charge of the bill when it was before the Senate, will, when the bill shall have been returned, move to reconsider the vote by which it was passed. If the Senator from Indiana should be unable to be present, I shall take the liberty of making the motion to reconsider the vote by which the bill was passed.

Mr. ASHURST subsequently said: Mr. President, about an hour since, on my motion, the Senate requested the House of Representatives to return House bill 8940. I wish to give notice that tomorrow, or as soon thereafter as may be in accordance with the rule, I shall move that the Senate reconsider its action on this bill, and that it be restored to the Senate Calendar.

Let me say that a widespread disagreement as to the meaning and purposes of the amendments adopted by the Senate seems to be extant; and at the request of a number of Senators, including the Senator from Indiana [Mr. VAN NUYS], and expressing my own personal view, I think the action of the Senate on the bill should be reconsidered, and it should be restored to the calendar. I do not make the motion at this time, however, but give notice that tomorrow I shall make the motion.

Mr. McNARY. Mr. President, have the papers been messaged to the House?

Mr. ASHURST. Yes; the House has the papers, but the Senate an hour ago sent to the House a respectful request for the return of the papers. I do not believe the papers have returned at the moment; but in order to be within the rule I feel that I should give the notice at this time, because a Senator has only two actual session days within which to give such a notice. I therefore give notice that tomorrow, or as soon thereafter as may be, I shall move that the Senate reconsider its action on House bill 8940.

There seems to be some dispute as to whether or not a notice of a motion would preserve the right. I think it would; but, to be on the safe side, I move that the Senate reconsider the vote by which the bill was passed. The Senator from Alabama [Mr. BLACK] is of the opinion that the notice may not be sufficient, and I have profited by his judgment.

The PRESIDING OFFICER. The motion to reconsider will be entered.

Mr. ASHURST. I inquire of the Chair if the action just taken protects the situation?

The PRESIDING OFFICER. In the opinion of the Chair, it does.

Mr. ASHURST. The opinion of the Chair is that the mere entry of the motion protects the situation, so that tomorrow I may actually move to reconsider?

The PRESIDING OFFICER. That is the opinion of the Chair.

Mr. ASHURST. I thank the Chair.

A PLATFORM OF PROGRESS, BY DAVID LAWRENCE

Mr. BYRD. Mr. President, I have been requested to ask, and I do ask, that there be inserted in the RECORD a statement from the United States News.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the United States News of May 4, 1936]

A PLATFORM OF PROGRESS—SUGGESTIONS OF THE TWO MAJOR PARTIES BASED UPON A NONPOLITICAL DESIRE OF THE PEOPLE FOR EFFICIENT GOVERNMENT AND FOR THE DEVELOPMENT OF OUR ECONOMIC SYSTEM SO AS TO REGAIN 10,000,000 JOBS

By David Lawrence

Political timidity usually writes the platforms of our two major parties at the national conventions.

To draft a platform that really represents the best interests of the people is one thing and to expect for one moment that such a pronouncement would ever be adopted at either national convention this year is perhaps a forlorn hope.

Public opinion must, however, some day assert itself.

Here is a platform of progress for both parties, submitted with the conviction that these principles represent today a nonpolitical effort to point the way to national recovery and to a desirable evolution of the American constitutional system.

CUT AWAY THE OBSTACLES TO REEMPLOYMENT

1. We believe that the 10,000,000 of our fellow citizens who are unemployed deserve the opportunity to regain their jobs in private industry and that this can be attained by removal of artificial barriers imposed by Government, such as

(a) The closing of the capital markets.
(b) The confiscation of private property by punitive policies.
(c) The waste of public funds.
(d) An unproductive and demoralizing system of taxation.
(e) Price fixing in agriculture which has curtailed our world market in cotton and other commodities and has increased unemployment in rural areas.
(f) High tariffs.

2. We believe that the 38,000,000 of our fellow citizens gainfully employed deserve to be assured of security in their present positions and to be freed from the threats of uncontrolled inflation made inevitable by a continuance of unbalanced Budgets. We believe the employed must be protected against a decrease in the purchasing power of their pay envelopes through the decline in the amount of goods the dollar may buy.

This protection can be given by establishing a sound fiscal policy and a sound system of taxation, as well as by the removal of all subsidies to inefficiency, and by the repeal of those various New Deal measures which tend toward unjust enrichment and monopoly.

3. We believe that exchange of goods and services, both nationally and internationally, is essential to recovery, and that an enlargement of the volume of transactions is possible only by the removal of restrictions and barriers now fostered by our own Government and by other governments devoted to the suicidal policies of economic nationalism, with its quotas and high tariffs.

PROPER USES OF RIGHT REGULATION

4. We believe in a government that is honestly administered for the people and does not grant special privileges in the form of financial subsidies and does not distribute graft to its political

henchmen in the form of public offices paid for with the people's money.

5. We believe that the regulatory powers of our National Government are rightly used when seeking to remove from the field of competition those monopolistic or other trade practices which are acknowledged by modern society to be dishonest, fraudulent, or unfair.

6. We believe that regulatory powers of government are wrongly used when seeking to correct those natural inequalities in economic life which arise from the genius or varying talents of management or the prudent application of savings to sound investments.

7. We believe in a useful balance between the function of government as an administrator of even-handed justice and as a moral leader properly urging a constant improvement in our social standards through constitutional processes or by voluntary acts. We favor the moral suasion of an enlightened public opinion rather than the present-day coercion reminiscent of medievalism.

8. We recognize the value of collective bargaining so conducted as to promote the general welfare of workers. Due recognition should be given to the rights and interests of all workers to bargain collectively or individually without coercion from any source.

9. We believe in the merit system in government and in private business. Existing penal codes should be revised to forbid any recommendations or endorsements by any Members of the Congress for any appointive positions within the power of the executive branch of the Government, either with respect to offices requiring or not requiring confirmation by the Senate.

10. We believe in a single term of 6 years for the President and Vice President of the United States and neither shall be eligible for election at any time thereafter.

NEED STRICT BUDGETING OF EXPENDITURES

11. We believe in the establishment of a budget system in which each party in Congress at the beginning of every session shall assume responsibility for an estimate of expenditures and receipts. We oppose any disbursements outside of the final budget adopted unless the increase or decrease is approved by a two-thirds vote of both Houses.

12. We favor giving the President the power to veto any single item in an appropriation bill without invalidating the entire measure, and when such item is vetoed it shall not be restored except with the approval of two-thirds of the membership of both Houses of Congress.

13. We favor the development of a system of taxation which shall coordinate the tax agencies of Federal, State, and city governments to the end that each shall occupy a particular field of taxation without overlapping.

14. We favor the establishment of a nonpartisan commission of seven members, appointed for life, who shall make a continuous check on the necessity of continuing various governmental agencies and an annual report on the efficiency or effectiveness of each governmental establishment in terms of moneys spent.

A TRUE BLEND OF POWERS OF GOVERNMENT

15. We favor the exercise of existing Federal and State power within the Constitution to the end that those national problems requiring it shall have unified treatment by Government in cooperation with business and agriculture. We oppose any restriction of production either in industry or agriculture, preferring instead the enlargement of America's domestic and foreign markets.

16. We favor the development by Government of natural resources and the sources of power whenever private industry is unable to furnish adequate service or whenever an undeveloped area necessitates Government aid because private capital is unavailable. When such facilities are fully developed, we favor the leasing of such projects to private agencies through competitive bids and under contracts guaranteeing rates in the public interest, such contracts to be approved by State commissions in the areas affected.

17. We favor such amendments of the present Securities and Exchange Act as are necessary to permit reopening the capital markets. We favor the exercise of the Federal police power in the marketing of securities only to the extent of preventing fraud and misrepresentation, but we condemn any effort to use the power of the Securities and Exchange Commission to control the management of American enterprises under the pretext of regulating security sales.

CHANGES THAT WOULD BRING REAL EFFICIENCY

18. We favor the removal of the Bureau of Internal Revenue from the Treasury Department and the establishment of the Bureau as an independent agency with an auditor general appointed for a 15-year term with the approval of two-thirds of both Houses of Congress.

19. We favor the conversion of the Department of Justice into an independent agency with a Solicitor General similarly appointed so that law enforcement may be removed from the domain of politics or political pressure, and so that advisory opinions on the constitutionality of proposed legislation may be rendered to Congress without regard to political influence or the effect of such opinions on the political aims or maneuvers of an administration in power or of the opposition party.

20. We favor an aggressive policy of international cooperation looking to the removal of such trade barriers and impediments to currency stabilization as threaten the future safety of civilization. We condemn the present tendency toward "self-containment" and economic isolation which, unless checked, will drive the world into another era of war.

21. We believe that social improvement with real opportunities for old-age pensions, unemployment insurance, shorter hours of work, and higher wages can best be attained by electing a Congress consisting of independent-minded representatives who will permit the American economic system to function in order that the charges of such a social program, whether enacted by the States or by the States in cooperation with the Federal Government, may be paid out of the fruits of an increasing prosperity and a sound economic growth.

22. We believe in the gradual retirement of Government from all activities in competition with private business and the withdrawal of the Government from lending operations just as soon as adequate machinery can be set up by private agencies to take over emergency functions.

DEALING WITH PROBLEMS OF THE JOBLESS

23. We believe in human rights as superior to all others. Among these paramount rights are human rights in property, human rights in savings, and human rights in the preservation of decent standards of living. A high purchasing power and a substantial increase in employment are essential to these standards.

24. We believe that reemployment will best be fostered, first, by an occupational survey; and, second, by a reclassification of all the unemployed, together with the establishment of committees in industry and business so that as rapidly as jobs are created by the removal of Government interferences employment may be given to those who are fitted for work.

25. We believe that relief for the unemployed should be administered by nonpartisan committees in local communities, and that funds shall be granted by the Federal Government only in the form of loans repayable by the States on a 30-year basis.

26. We believe in the establishment of an administrative service to include all executive positions below the rank of a Cabinet portfolio, and the establishment of a personnel commission of seven members appointed for life to review every 5 years the tenure of such administrative officials based on the effectiveness of their service.

SAFEGUARDS TO PRESERVE CONSTITUTION

27. We favor the freedom of the radio from Government intimidation or influence. This can be achieved by issuing 3-year licenses for wave lengths, with terms of renewal based only on the quality of mechanical reception, standards of which should be established by a commission of competent engineers.

28. We favor legislation which will make it a penal offense for any Member of Congress to approach any person in the executive establishment with respect to the disbursement of any public moneys or to appear before any executive department or commission on behalf of any constituents or anybody else to obtain contracts or agreements for said constituents or to influence the award of any projects involving the expenditure of public funds.

29. We believe in maintaining the integrity of our system of constitutional law. To this end we favor a pledge by Presidential candidates that any appointments to vacancies in the Supreme Court of the United States shall be filled from panels suggested by members of the American Bar Association, and that in the event any names not suggested by the American Bar Association are considered by the Executive he shall pledge himself to require endorsement by the bar association of the State in which the proposed member of the Court shall have spent the major part of his law practice. Similar procedure should be followed in the appointment of all other Federal judges.

30. We believe, as did the founders of our Republic, that our representatives in government should be the agents of the people and not their masters, and that the Constitution is a compact between the people and their agents, to be amended or modified only by the will of the people and only in the manner provided by the Constitution itself.

SOLUTION OF PROBLEMS BY COLLECTIVE EFFORT

Mr. BENSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Meet Problems by Collective Effort", written by E. J. Prochaska, secretary of the Minnesota State Board of Pharmacy, and published in the North Western Druggist for May 1936.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the North Western Druggist for May 1936]

MEET PROBLEMS BY COLLECTIVE EFFORT

By E. J. Prochaska, Minnesota board secretary

Independent merchants in all trade groups—the retail druggists, hardware retailers, grocers, general merchants, implements dealers, tobacco dealers, and other retail distributors—are today more conscious of their problems, the necessity for collective effort, than at any time in the history of business. Educational campaigns among the consumers, better support of manufacturers and wholesalers, collective buying, advertising, and merchandising efforts will be of tremendous value. Another very important factor too long neglected by independent merchants as far as real effective cooperative efforts is that of legislation.

The necessity of this legislative protection is well demonstrated by the reading of our trade journals. We read in practically every issue of legislation being introduced and passed by legislative bodies

signed or vetoed by State executives. And in our National Congress the Patman investigation, bills introduced to eliminate unjust discriminatory price practices, also for price stabilization.

Minnesota druggists and hardware dealers at their annual conventions this year well demonstrated that they are giving thought to these problems by some of the resolutions passed. Among those passed at the retail hardware dealers' convention are the following:

1. Unalterable opposition to sales tax, on the grounds that it would relieve large companies and trusts of a large amount of taxes, would not be a replacement tax, would work a hardship on small-salaried people and farmers, would increase expenses of hardware merchants, and would make dealers tax collectors.

2. Definite opposition to constitutional amendment to be submitted to voters in 1936, which would abolish State real-estate taxes. "This would strike a serious blow at present tax system and would cause substitution of unfair and discriminatory tax system."

3. Advocating increase in chain-store taxes.

4. Urging passage by legislature of fair-trade bill, "which has for its main purpose the establishment of a fair-price merchandise distribution system and the prevention of selling below cost."

5. Favoring principles of Patman bill and other legislation in Congress designed to strengthen Clayton Act, to prevent discriminations against independent merchants.

The Minnesota State Pharmaceutical Association, in its meeting February 1936, passed resolutions as follows: (1) Opposition to the sales tax; (2) support of a chain-store tax; (3) support of the Patman-Robinson antidiscrimination bill; and (4) a fair-trade act. No doubt other trade groups have the same problems and will support the same type of legislative program.

Today is the time for action! This is the year we are going to elect members of the lower house in the Minnesota Legislature. Every merchant should contact the candidates for these legislative positions as to their position on the resolutions passed by these retail groups. Every independent merchant should study the record of those who have served in the last session of the Minnesota Legislature. Legislators must be judged in terms of their vote, support, and leadership in a program to our interests or support of a program to our detriment.

The regular session of the Minnesota Legislature of 1935, unfortunately, was not very friendly to our needs and demands. A sales tax was passed which, no doubt, would have been detrimental to the interests of the masses of consumers as well as the independent merchants; and no doubt the best break we had during this session was the veto of this bill. Let us support for the house men who will work and vote against the passage of a sales tax, a program of taxation that is unfair, unscientific, and of benefit to only a small percentage of our population. * * *

An improved chain-store tax bill was introduced in the 1935 session. It had the support of trade organizations representing thousands of retailers. It would have aided the State treasury, but unfortunately, this worth-while legislation received very little consideration. Contact your candidates on their position for an improved chain-store tax, and again support the men who will support our program.

The next legislature should also memorialize Congress to pass legislation to outlaw discriminatory price practices, also to aid in price stabilization.

PHILIPPINE CURRENCY RESERVES ON DEPOSIT IN THE UNITED STATES

The VICE PRESIDENT. Under the unanimous-consent agreement entered into on Friday last the Chair lays before the Senate Senate bill 3486.

The Senate proceeded to consider the bill (S. 3486) to repeal the act entitled "An act relating to Philippine currency reserves on deposit in the United States, which was read, as follows:

Be it enacted, etc., That the act entitled "An act relating to Philippine currency reserves on deposit in the United States", approved June 19, 1934, is hereby repealed.

Mr. ADAMS. Mr. President, this bill, so far as I know, is the only bill that is pending in Congress which really proposes to produce or make money for the Treasury of the United States. The situation which is responsible for the bill coming before the Senate was called to my attention as a member of the Appropriations Committee. During the preceding session there came before the subcommittee of the Appropriations Committee considering the deficiency bill, of which subcommittee I happened to be chairman, a request for an appropriation of some $24,000,000 for the Philippine Islands. This appropriation was sought to be sustained by an act which was passed during the preceding session. The request for this appropriation had been made to the House Appropriations Committee and rejected. It was made to the Senate Committee on Appropriations and, after careful study, was there rejected.

The bill which is before the Senate is to repeal the act authorizing taking from the Treasury of the United States $24,000,000 and turning it over to the Philippine government.

Mr. President, by an act approved June 19, 1934, the Congress provided:

That the Secretary of the Treasury is authorized and directed, when the funds therefor are made available, to establish on the books of the Treasury a credit in favor of the treasury of the Philippine Islands for $23,862,750.78, being an amount equal to the increase in value (resulting from the reduction of the weight of the gold dollar) of the gold equivalent at the opening of business on January 31, 1934, of the balances maintained at that time in banks in the continental United States by the government of the Philippine Islands for its gold standard fund and its treasury certificate fund, less the interest received by it on such balances.

The act provided further as follows:

There is hereby authorized to be appropriated, out of the receipts covered into the Treasury under section 7 of the Gold Reserve Act of 1934, by virtue of the reduction of the weight of the gold dollar by the proclamation of the President on January 31, 1934, the amount necessary to establish the credit provided for in section 1 of this act.

After quite extensive investigation, it is my judgment that the bill was passed as a result of mistakes of facts and mistakes of law. I think the House committee and the Senate committee, which in the Seventy-third Congress reported favorably upon the bill which became the act of June 19, 1934, did not fully understand the Philippine statutes or the congressional statutes or the facts upon which the legislation was based.

The effect of the statute would be to take from the pockets of the American taxpayer some $24,000,000 and give it to the Philippine Islands. The theory of the gift was that the Philippine Islands had on deposit in the United States certain funds; that those funds constituted a gold reserve, were to be treated as if they were gold, and, so treated, there should be a profit to the Philippine Islands in the same proportional amount that the United States Government took upon its books when it devalued the gold dollar.

The Philippine Islands had on deposit in some 41 banks in the United States $56,000,000, in round numbers. Those who supported the original bill said if we translated the $56,000,000 of bank deposits into gold at the rate of $35 an ounce, those bank deposits would be worth $95,000,000, and that the Philippine Islands were therefore entitled to a profit of $39,000,000, using round numbers. In other words, the profits which the act sought to give to the Philippine government were 69.3 percent upon its bank deposits. The Government of the United States by that act was giving to the Philippine government a profit of 69 percent upon its bank deposits.

There were 50,000,000 American individuals and business organizations which had on deposit in the banks of this country $40,000,000,000. Those deposits did not differ in character from the deposit of the Philippine Islands, but Congress, misunderstanding and believing that the deposit of the Philippine Islands was to be treated as if it were gold, and that being treated as if it were gold, should be given this augmentation in value, said, "We will single out the Philippine Islands from the 50,000,000 depositors and pay them a profit of 69 percent, while we will take away from our American depositors the depreciation of some 40 percent upon their deposits, because the purpose of the gold devaluation was to reduce the purchasing value of the dollar." That was the purpose of the act.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Nebraska?

Mr. ADAMS. I am glad to yield.

Mr. NORRIS. For information I wish the Senator would tell the Senate whether the act which the pending bill seeks to repeal contained anything except the one matter to which the Senator has referred?

Mr. ADAMS. That was all that was in the original act.

Mr. NORRIS. It was not a part of some other measure?

Mr. ADAMS. It was a separate measure which was never discussed and never explained by a single word upon the floor of the Senate.

Mr. NORRIS. I am wondering, while listening to the Senator's discussion, why it was that the Committee on Banking and Currency reported that kind of bill.

Mr. ADAMS. I can explain that to the Senator. The bill was referred to the Committee on Banking and Currency. Then, on the floor of the Senate, the Senator from Maryland [Mr. TYDINGS], chairman of the Committee on Territories and Insular Affairs, without a word of explanation, moved that the bill be recalled from the Banking and Currency Committee and referred to his committee; and it was so referred, without any discussion. The Committee on Banking and Currency never passed upon the bill, although it related to legislation which had been considered by the Banking and Currency Committee, which has exclusive jurisdiction over measures dealing with banking and currency matters.

Mr. ROBINSON. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. Gladly.

Mr. ROBINSON. The Senator from Maryland [Mr. TYDINGS] has just reentered the Chamber. This bill was made the unfinished business last Friday by unanimous consent, and the understanding was that a motion would be made to refer the bill to the Committee on Territories and Insular Affairs of which the Senator from Maryland is chairman. The act which it is sought to repeal by the pending measure was considered by the Committee on Territories and Insular Affairs.

Mr. FLETCHER. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I am glad to yield to the Senator from Florida.

Mr. FLETCHER. The Committee on Banking and Currency has considered the bill which is now before the Senate. That committee acted favorably on the bill, reported it to the Senate, and it is here for consideration. However, the Banking and Currency Committee never had anything to do with the original bill. That was referred to the Committee on Territories and Insular Affairs, I believe, by mistake, because clearly the Banking and Currency Committee has jurisdiction over the subject matter, which related not only to the Philippine Islands, but to the monetary policy of the United States. Therefore, in my judgment, the original bill should have been referred to the Committee on Banking and Currency and should have been considered by that committee. However, the bill was referred to the Committee on Territories and Insular Affairs because it dealt with the Philippine Islands.

The Appropriation Committees of the House and the Senate have refused to appropriate the money provided for in the act. The Senator from Colorado has introduced the pending bill to repeal that act.

A motion is to be made, I believe, by the Senator from Maryland to refer the pending bill to his committee, the Committee on Territories and Insular Affairs. I think that should not be done, but we shall no doubt hear from him on that point. That will be the question to be submitted to the Senate.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Colorado yield to the Senator from Maryland?

Mr. ADAMS. I am very glad to yield to the Senator. I understand that he desires recognition in order to make a motion to refer the bill.

Mr. TYDINGS. Mr. President, I move that the bill now before the Senate be referred to the Committee on Territories and Insular Affairs.

I do not wish to take the time of the Senator from Colorado, but I should like to take just a couple of minutes to say why I make the motion.

This bill involves a good many millions of dollars. It would be complicated and difficult to discuss all the history of Filipino fiscal affairs so that everyone might be conversant with them. I may say, however, that I have consulted the Parliamentarian, and I do not know of another bill touching a subject matter like this, dealing with a possession of the United States, which has been considered by a committee other than the Committee on Territories and Insular Affairs. All the original legislation touching the bond issues which brought this matter into being was passed upon by that committee. The currency bill itself was passed upon by that committee. It is my judgment that if we pass this bill without the Committee on Territories and Insular Affairs going thoroughly into it, many features of the matter which deserve consideration will not be considered.

This motion is not made with any disposition on my part to delay what the Senator from Colorado has in mind, a reconsideration of the former policy of Congress. It is based upon the belief and the conviction that we are now in no position to act upon the bill; that it should be referred to the Committee on Territories and Insular Affairs, where it should have gone in the first place.

There is not a phase of Filipino legislation, or that touching any other legislation having to do with the Territories, which we in the committee could deal with were each separate matter to be given to some other committee of Congress. If that were done, there would not be any use in having the committee.

The original bill, passed at the last session of Congress unanimously, I believe, was considered by the Committee on Territories and Insular Affairs. Therefore, I ask, what harm can be done by having the bill of the Senator from Colorado referred to that committee? The actual transfer of the money will not take place for some time. There is no shortage of time for discussion or consideration by the Senate, because many years will intervene before the bill can reach the climax of action. Therefore, without attempting to argue with the Senator from Colorado about the merits or demerits of the bill—he thinks the contention he makes is a sound one, but I do not agree with him—I simply move that the appropriate committee may consider the bill before the Senate acts on a matter involving many million dollars, because if it is decided wrongly, if the policy is changed, we shall have other legislation on the subject here in succeeding Congresses.

I therefore ask the Senate and the Senator from Colorado if they will not accede to the reasonable motion of the chairman of the committee, and let this bill go to the Committee on Territories and Insular Affairs, which first considered the subject matter, so that the Senate may have the whole picture before it and may legislate wisely.

Mr. ADAMS. Mr. President, addressing myself directly to the motion, it involves the statement that the bill was improperly before the Banking and Currency Committee. That is the implication of the motion—the declaration that this bill should not have been considered by the Banking and Currency Committee.

Mr. President, this bill proposes no legislative change, no new legislation in reference to the Philippine government, the administration of the islands, or their currency or financial policies. It is not a bill relating to the government of the Philippine Islands. The act we are seeking to have repealed was based upon the Gold Devaluation Act, a measure which was passed by the Senate after consideration by the Banking and Currency Committee. Every aspect of legislation involved in this measure was considered by the Banking and Currency Committee. It is an interpretation of the Gold Devaluation Act. It is not an interpretation of any act relating to the government of the Philippine Islands. The only thing which brings the Philippine Islands into the matter is that they happen to be a claimant under the act.

If the contention of the Senator from Maryland is sound, then if a farmer who had a deposit in a bank should come in with a bill and say that he was entitled to a profit on his deposit, I suppose, under the theory that is now announced, the bill ought to go to the Agricultural Committee. If a college whose endowment funds were involved in the devaluation should have a bill introduced, that bill, on the same theory, should go to the Committee on Education and Labor. If a soldier should come in with a claim, according to the argument which is made, the bill should go to the Military Affairs Committee. If a sailor should come in and have a bill introduced asking for profit because of his deposit, it ought to go to the Naval Affairs Committee; and so on as to miners and others. Every committee would have

jurisdiction over these respective matters according to the status or occupation of the claimant.

Only one committee in the Senate has jurisdiction over currency and banking legislation, and that is what is involved in this action. The Philippine government merely happens to be a claimant which, in my judgment, by reason of omission to have presented to Congress the statutes and the facts, has been fortunate in having enacted a bill authorizing an appropriation to it. The act which is sought to be repealed makes a charge of $24,000,000 upon the Treasury of the United States. I do not believe there is any justification for saying that the Banking and Currency Committee had no jurisdiction of the subject matter. I think the original bill was improperly referred to the Insular Affairs Committee; and in the House, when the original bill was up for consideration, the chairman of the House Committee on Insular Affairs stated in the hearing that the bill should have gone to the House Committee on Banking and Currency.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Michigan?

Mr. ADAMS. I yield to the Senator from Michigan.

Mr. VANDENBERG. There is just one fundamental question which interests me upon which I should like to be enlightened. As I understand, the Philippine Islands are seeking to collect their deposits from us in the old value of the gold dollar. It is my understanding that the Philippine government in turn owes American citizens a large amount, perhaps sixty or seventy million dollars of debt.

Mr. ADAMS. Seventy-five million dollars.

Mr. VANDENBERG. Do they propose to pay that money back to our citizens in the old dollars or in the new dollars?

Mr. ADAMS. They propose to pay it back in the new dollars, the lawful currency.

Mr. VANDENBERG. It would seem, just abstractly, as a matter of theoretical equity, that it is a poor rule that does not work both ways.

Mr. ADAMS. I will say to the Senator from Michigan that what it means is that the Philippine government would make 40 percent, or $30,000,000, by paying their $75,000,000 in bonds with a depreciated dollar, and would get $24,000,000 profit upon their deposits. That has seemed to me utterly without warrant and without justification.

Let me give the details which will show that the Philippine government is not entitled to a preference over other depositors. As I have said, there were 50,000,000 individual deposits in the banks amounting to $40,000,000,000 at the time of the gold devaluation. We sought at that time to cut down the value of our dollars roughly 40 percent. That operated to reduce the purchasing power of every dollar in the banks of the United States. That was our purpose, with a view of raising prices.

That was one method Congress adopted to raise prices, by reducing the purchasing power of the dollar; and the dollars in the banks, of course, were directly affected. Here is a workman who has struggled and saved all his life for a little competency, perhaps barely enough to tide him through his old age. We are not restoring to him any depreciation, let alone giving him a profit on his account. Here are the colleges, whose endowment funds for education were devalued. We are not giving them any special consideration. Here are the pension funds that have gone into the banks. Here are the insurance moneys that have gone to the widow and the orphan. They are cut down in their purchasing power; but we single out one depositor out of the fifty million, and to that depositor we propose to pay a profit of 69 percent upon his deposits.

Mr. FLETCHER. Mr. President, will the Senator yield for a moment?

Mr. ADAMS. Yes, sir.

Mr. FLETCHER. It is conceded by the Philippine government and by everyone else that they have not lost a dollar of the money deposited in the banks here. There is no claim that they have lost it. They have received back everything they deposited. They had no gold reserve to begin with.

Mr. ADAMS. The Senator from Florida points out one of the very vital points connected with this matter.

I was illustrating that among the deposits in the banks were those which were to be used in the purchase of the necessities of life, but those of the Philippine government were in the banks for different purposes. The Philippine deposits made up two separate funds, and it is the failure to grasp the character and source and purpose of those funds that has led to the error.

One was the Treasury certificate fund, so-called. What was that based upon? Let me call attention to the statute which provided for it. The Philippine currency is a silver currency. The money which circulates in the Philippine Islands is a silver currency. It is based upon a gold unit of value. In 1903 Congress provided that the gold peso should be the unit of value and should contain a definite number of grains of gold, equal to one-half of the then weight of the American gold dollar. But not one gold peso or other gold coin was ever coined by the government of the Philippine Islands. There is not even a sample of a Philippine gold peso.

The act of Congress then provided that the silver peso should be the legal tender in the Philippine Islands. Congress drew the distinction between the unit of value, the gold peso, a mere weight of gold, and the silver peso, which should be the circulating medium of the islands. They fixed the weight of the silver peso at something greater than the American silver dollar. The silver peso was equivalent to 50 cents, but they fixed its weight in silver at 4 grains more than the weight of the American silver dollar. In other words, there was more than twice as much silver in the peso as in our proportionate American coinage. All the coinage of the Philippine Islands was silver.

Then, by reason of the fact that in business dealings paper currency might be desirable, rather than transporting bulky silver, Congress passed an act in which they provided for the issuance of certificates. It is an act almost identical in its purpose and plan with the old Gold Certificate Act of this country, under which, if one took a definite amount of gold to the Treasury, he received a gold certificate for the full amount, which, if desired, he could again exchange for gold.

The Philippine Islands, having only a silver coinage, Congress provided, in section 1153 of the United States Code, title 48:

> The treasurer of the Philippines is authorized, in his discretion, to receive at the treasury of the government of the said islands, or any of its branches, deposits of the standard silver coins of 1 peso authorized by this chapter to be coined, in sums not less than 20 pesos, Philippine currency, and to issue certificates therefor in denominations of not less than 2 pesos nor more than 500 pesos, and the coin so deposited shall be retained in the treasury and held for the payment of such certificates on demand, and used for no other purpose.

Then followed provision as to such certificates being received for customs and taxes, and so forth.

So they created a hundred-percent coin-redemption fund. If one wished to exchange pesos for certificates, he could go to the Philippine treasury and get them. He could also go back with his certificate and get pesos. The requirement was that this fund should be kept 100 percent in silver coin. These are the certificates which were to be redeemed and paid by the Treasury deposit fund.

After a time the large size of the Philippine peso and using silver pieces brought its commercial value above its coin value, and the silver peso began to go out of circulation. Then Congress authorized the Philippine government to devalue its peso, and the Philippine government devalued its peso 34 percent. There is no controversy over that.

By reason of the shortage of silver, which was occasioned by the increase in silver prices, Congress was asked to add an amendment to the law by which gold to a limited extent could replace the silver temporarily, but providing always not to exceed 60 percent. That was provided by an amend-

ment adopted in 1905 and subsequently another adopted in 1906. The section as amended is as follows:

TITLE 48. TERRITORIES AND INSULAR POSSESSIONS (P. 1171, CH. 5)

SEC. 1153. Silver certificates; redemption: The treasurer of the Philippine Islands is authorized, in his discretion, to receive at the treasury of the government of the said islands or any of its branches deposits of the standard silver coins of 1 peso authorized by this chapter to be coined, in sums of not less than 20 pesos, Philippine currency, and to issue certificates therefor in denominations of not less than 2 pesos nor more than 500 pesos, and coin so deposited shall be retained in the treasury and held for the payment of such certificates on demand, and used for no other purpose. Such certificates shall be receivable for customs, taxes, and for all public dues in the Philippine Islands, and when so received may be reissued, and when held by any banking association in said islands may be counted as a part of its lawful reserve: *Provided*, That the treasurer of the Philippine Islands, with the approval of the Governor General, may substitute for any part of such silver pesos deposited, gold coin of the United States legally equivalent in value, and redeem the certificates issued in either silver pesos or such gold coin of equivalent value at the option of the treasurer: *Provided further*, That the amount of gold coin held in such reserve shall not at any time exceed 60 percent of the total amount of certificates outstanding (Mar. 2, 1903, c. 980, sec. 8, 32 Stat. 954; Feb. 6, 1905, c. 453, sec. 10, 33 Stat. 697; June 23, 1906, c. 3521, sec. 2, 34 Stat. 453).

See sections 315b, 446, 462, and 463 of title 31.

The original provision exacted the retention in the Philippine treasury of coin to the extent of 100 percent. Subsequently the Philippine Islands asked permission of our Government for a larger measure of autonomy, and in 1916 that was granted. Following that, the Philippine Legislature authorized the opening of deposit accounts in the United States, in variance from the policy which Congress had laid down. The result was that they opened in this country a Treasury certificate fund for the specific purpose of redeeming these outstanding silver certificates.

Then, in order that they might cure any possible lack of parity between the silver coin and the theoretical gold peso, they established what they denominated a gold-standard fund. The money which went into the gold-standard fund was raised by the sale of bonds to citizens of the United States. These bonds were payable in American dollars, so that one of these funds, the so-called gold-standard fund, the name of which has led to confusion, came from the purchase by American citizens of Philippine bonds, and represented a mere bank deposit. The other fund represented the silver deposits in the Philippines, transferred to this country. So that the Philippine Islands had absolutely no occasion for a gold reserve, they had no currency which required redemption in gold, they never had a gold coin, and yet the theory upon which the bill passed was that there was a gold reserve.

Mr. ROBINSON. Mr. President, will the Senator yield for a question?

Mr. ADAMS. Certainly.

Mr. ROBINSON. When the subject matter of the pending bill was before the Senate in 1934, it was somewhat carefully considered by the Committee on Territories and Insular Affairs, and a report was made to the Senate on the bill by the Senator from Arizona [Mr. HAYDEN]. The report contains the conclusions of the President of the United States, the Secretary of War, the Secretary of the Treasury, the Chief of the Insular Bureau, and others, all of whom, substantially, took the position that the major portion of the currency reserves of the Philippine monetary system was held and regarded as the equivalent of a gold reserve. That was the theory of the legislation which passed Congress and which is now sought to be repealed by the bill of the Senator from Colorado.

I find in the letter to the Senator from Florida [Mr. FLETCHER], the chairman of the Committee on Banking and Currency, the following statement by the President:

With the approval of the United States, the government of the Philippine Islands has for many years maintained in banks in this country the major portion of the currency reserves of its monetary system and has always considered these deposits the equivalent of a gold reserve.

The effect of my proclamation of January 31, 1934, was not only to reduce, in terms of gold, the value of these currency reserves, but indirectly to devalue, in terms of gold, the entire currency circulation of the Philippine Islands. The United States enjoyed an increase in the value of its currency reserves corresponding to the decrease in the value of the dollar.

As the Philippine currency is interlocked with the United States gold dollar under laws enacted by the United States Congress, it would be equitable to reestablish the Philippine currency reserves on deposit in the United States at their former gold value as of January 31, 1934.

I am advised that S. 3530, now under consideration before your committee, is designed to accomplish this purpose.

I recommend its enactment.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Then I find also a statement from the Director of the Bureau of the Budget, a statement from the Secretary of the Treasury, and a statement from the Secretary of War, as well as a communication from the Chief of the Bureau of Insular Affairs, all proceeding on the theory that the Philippine currency is interlocked with the United States gold dollar under laws enacted by the Congress of the United States.

It appears that as far back as March 2, 1903, the Congress passed an act providing:

That the unit of value in the Philippine Islands shall be the gold peso consisting of 12$\frac{9}{10}$ grains of gold, nine-tenths fine, said gold peso to become the unit of value when the government of the Philippine Islands shall have coined and ready for, or in, circulation not less than 5,000,000 of the silver pesos hereinafter provided for in this act, and the gold coins of the United States at the rate of $1 for P2 hereinafter authorized to be coined shall be legal tender for all debts, public and private, in the Philippine Islands.

The Secretary of War in his communication, among other things, said:

At the suggestion of the War Department the major portion of the currency reserves of the Philippine monetary system has been maintained in the form of United States currency deposited in banks in the continental United States. The Philippine government has always considered these deposits as the equivalent of a gold reserve.

The proclamation of the President issued on January 31, 1934, reduced the gold content of the dollar. The effect of this proclamation was not only to reduce in terms of gold, the value of the Philippine currency reserve funds, but indirectly to devalue, in terms of gold, the entire currency circulation of the Philippine Islands. The United States, on the other hand, enjoyed an increase in the value of the currency reserves corresponding to the decrease in the value of the dollar. As the Philippine currency is interlocked with the United States gold dollar under laws enacted by the United States Congress, it is equitable that any change in the dollar which produces a profit on the currency reserves of the general government should produce a corresponding profit on the currency reserves of this dependency.

There is other language supporting that statement.

Mr. President, there is a similar statement in the message communicated to the Senate through the Secretary of War by the Chief of the Bureau of Insular Affairs.

I make no complaint that the Committee on Banking and Currency considered the bill. It is a subject of interest to the fiscal affairs of the Government. But I point out the further consideration that it also has a very direct and powerful bearing on the relations between the United States and the Philippine Islands and the Philippine people.

Mr. ADAMS. Mr. President, I should like to discuss the letters referred to by the Senator from Arkansas, while the matter dealt with in the letters is fresh in my mind.

Mr. ROBINSON. Mr. President, will the Senator from Colorado permit me to finish my brief statement?

Mr. ADAMS. I did not mean to interrupt the Senator. I simply meant to say that there were certain things in my mind respecting the first part of the Senator's remarks.

Mr. ROBINSON. The Philippine people and their official spokesmen feel that it would be an act of bad faith on the part of the Government of the United States to repeal this statute, and thus, while taking the advantage for ourselves of the increase in the amount of the currency reserves, deny a similar benefit to a dependent government.

The Senator from Colorado argues this matter very forcefully, as he does everything else concerning which he speaks, but, in view of the fact that underlying this proposal is one which involves the question of good will, and which in the

minds of many who represent the dependent Philippine people is of very great importance, it seems to me that the bill should receive further consideration by the Committee on Territories and Insular Affairs. I apprehend that no consideration was given by the Committee on Banking and Currency to that phase of the question.

The brilliant man who is the president of the new Philippine Commonwealth, Mr. Quezon, has expressed, through proper channels, his views concerning this proposed legislation. I have not the slightest doubt that there should be very careful consideration of the measure, whatever may be the conclusion of the Senate and of the body at the other end of the Capitol as to its merits.

As suggested by the Senator from Maryland [Mr. TYDINGS] it would seem to be a desirable thing, to which the Senator from Colorado might find himself able to contribute, to permit a further consideration of the matter by the committee which does have jurisdiction of the other phase of the subject which was not brought forward before the Committee on Banking and Currency.

I thank the Senator for yielding, and recall that he wished to make some comment on the documentary evidence to which I have called attention, and which is to be found in the report submitted by the Senator from Arizona [Mr. HAYDEN] on May 28, 1934.

Mr. ADAMS. Mr. President, referring to the document submitted by the Senator from Arizona, I wish to say that no Member of the Senate has a more affectionate regard for the Senator from Arizona and more admiration for his ability and his industry than have I. However, I should say that there are perhaps some things to which the Senator from Arizona has not devoted the same diligent attention which he has devoted to some others. The report which the Senator from Arizona filed is identical with the report filed some 10 days before in the House. It is in substance a copy of the House report, merely changing the letters; that is, the letters which the Senator from Arkansas read were sent to the Senator from Florida [Mr. FLETCHER], chairman of the Committee on Banking and Currency, and sent to Mr. DOUGHTON, in the House, chairman of the Committee on Ways and Means. The only difference between the House report and the Senate report is the substitution of one set of identical letters for the other.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. HAYDEN. The report was made more than 2 years ago, and I have no recollection as to how that happened. I do recollect very distinctly that the Committee on Territories and Insular Affairs of the Senate assumed, as it properly should from the representations made by the President and the various departments interested in the matter, that the Philippine peso and the American dollar were so tied together that anything which happened to the dollar would automatically be reflected on the peso. We assumed further that the Philippine reserve in the United States was exactly the same as our own Treasury reserves, and when devaluing the dollar and the consequent devaluation of the peso, if that credit was not extended to the peso, then the American Government gained and the Philippine government lost.

Mr. ADAMS. I will say to the Senator from Arizona that the House committee held hearings. I have copies of the hearings here. I have never been able to obtain any copies of hearings before the Senate committee, if they were held.

Mr. HAYDEN. I do not believe a reporter was present when the hearings were held.

Mr. ADAMS. Let me call the Senator's attention to the statement of the Chairman of the House Committee on Territories. Referring to the bill, he said:

> No doubt the Committee on Banking and Currency has proper control over this subject.

He himself declared that. Then he said again:

> I really think this bill should be before the experts on Banking and Currency rather than before this committee.

It was the viewpoint in the House that the bill really had been sent to the wrong committee in the House.

Mr. HAYDEN. I am sure the Senate Committee on Territories and Insular Affairs took no such view in this instance, because we felt that probably the committee had jurisdiction, inasmuch as the subject vitally affects the relationship between our Government and the Philippine government.

Mr. ADAMS. As between the American citizen and the Philippine citizen, does the Senator think that the Philippine citizen should be given the preference?

Mr. HAYDEN. Not at all. But he should be given an even break.

Mr. ADAMS. I will say to the Senator that the $24,000,000 which he seeks to give will come out of the pockets of the American taxpayers and will go to the Philippine government. Let me go beyond that. The Philippine officials themselves never asked for the passage of the original bill. In the letter with which they have circularized Congress they make the point clear that they did not ask for its passage, but that it originated with officers of the United States Government. That is the fact, and it leads into the explanation of the documents which the Senator from Arkansas has just read, and with which I am familiar.

I had always supposed that the Bureau of Insular Affairs, made up of officers commissioned and drawing pay from the United States Government were interested in the welfare of the United States. I did not understand that they regarded it as their obligation and their duty to represent the Philippine government in opposition to the people under whose employment and pay they were.

The Bureau of Insular Affairs proceeded to conduct a series of negotiations. Cablegrams were passed back and forth. They drew the bill, they advocated its passage, they drew the letters which the Secretary of War has signed. They proceeded throughout the whole course to be the advocates and the representatives not of their Government but of the Philippine Government. That is what I am trying to point out. The statutes passed by Congress and which really laid the foundation for these funds, were never called to the attention of Congress; the very vital and essential basic factors were concealed and kept away from or at least not presented to the members either of the Senate or the House committees. So there was concealment, and, in my judgment, misrepresentations both of law and fact; and the misrepresentation misled the Secretary of War, it misled the Secretary of the Treasury, it misled the President, and it misled the committees of the Congress.

It is somewhat presumptuous, Mr. President, perhaps, to come here and to suggest errors, and I would not do so, but, after careful study of every line of the debate in the House and every line of the discussion in the committees, and every word in the letters and the statutes involved, I say that the reports that are made, both in the House and the Senate, do not set forth the true nature, origin, and purpose of the two funds which make up these deposits; one came from the sale of dollar bonds to American citizens and the other represented a silver redemption fund.

Mr. HAYDEN. The Senator has just mentioned the sale of bonds to American citizens. What will be the effect on the Filipino people with respect to the payment of bonds, such as the Manila railroad bonds, which are, in effect, government bonds, and which were issued in Swiss francs and Dutch guilders? So long as the dollar was on the old gold standard and had the same backing behind it that a Swiss franc or a Dutch guilder had, it made very little difference to the Filipino people in the payment of a debt due in guilders or francs what the status of their money was. When we devalued and went off gold, of course, any debt due in the United States would be paid in American dollars, and the account would balance. But I am told, and I so stated in the report, that there are Filipino bonds, for which the Filipino people are responsible, issued in Swiss francs and in Dutch guilders, and if Congress had not given them this relief it would cost them at least $10,000,000 more to pay the bonds than it would if we had not gone off the gold standard. What does the Senator say to that?

Mr. ADAMS. I will tell the Senator a part of that story. In the first place, there are less than $15,000,000 altogether of Manila railroad bonds outstanding. There were $75,000,000 of bonds payable in dollars held in the United States.

Mr. HAYDEN. But the Senator will admit that there would be a loss placed upon the Filipino people?

Mr. ADAMS. The Senator from Colorado will say something else. There are hundreds of millions of bonds issued by American corporations payable in British pounds and guilders abroad that our people are going to have to pay, but we do not propose to make our citizens whole because of that situation. We passed the Gold Devaluation Act, and it is my contention that everybody under the American flag should be treated equally, and that we should not make an exception of one group.

Mr. HAYDEN. So long as the Filipinos were under the American flag, and so long as there had been no change in their governmental status, that argument might be sound; but Congress passed an act creating the Philippine Commonwealth, and it went into effect after Congress had acted with respect to this matter. That new government, now being established, in good faith took into consideration what the Congress had done and that they were to receive the benefit of the devaluation; and now, of course, it utterly changes their plans and their prospects. So there is a political consideration involved, and the bill ought to go to the Committee on Territories and Insular Affairs.

Mr. ADAMS. If the Senate of the United States wants to make a good-will donation to the Philippine Islands, that is one thing; but to make it under a false understanding of law and fact and as due and owing is something else. That is where I differ with my friend from Arizona. We have been pretty liberal with the Philippine Islands. The Senator knows that we have given to the Philippine Islands all our properties there; we gave them our public buildings; and only in the last session the Senator and I sat upon the committee which recommended an appropriation of $750,000 to erect buildings to replace some of those we had given away.

The Filipinos themselves made no request for the appropriation of $24,000,000, but it was initiated at the instance of American officers. The Filipinos say so. If they are not entitled to it they should be the first to say so. If the Congress should pass an act to award the Senator from Arizona a million dollars to which he was not entitled I know he would be the first to say, "Of course, I will not accept an award or an appropriation which is not justly mine."

The existing statute, Mr. President, was passed upon a certain theory that it was necessary in order to restore the Philippine currency reserves. What does the attorney for the Philippine government tell the committee? Does he say that they are going to use this money to add to the reserves? No; he told the committee that they are going to use it to pay the operating expenses of the government. In other words, they admit that they do not need it for the purpose for which it was sought to be appropriated.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. TYDINGS. I should like to call the attention of the Senator from Colorado and others who are interested to some of the fiscal matters touching the Philippine government which the Committee on Territories and Insular Affairs has heretofore passed upon. That committee has passed upon legislation including the coinage and currency of the Philippines, the establishment of a mint in Manila, the determination of the parity between the dollar and the Filipino peso.

Mr. ADAMS. May I ask the Senator to tell me where the statute is that establishes the parity between the peso and the dollar?

Mr. TYDINGS. I will be glad to do that.

Mr. ADAMS. I refer to the act which was passed by Congress.

Mr. TYDINGS. Let me first summarize, and then I will give the Senator the information in my own time.

The issuance of bonds has continually remained under the jurisdiction of the Committee on Territories and Insular Affairs, running to $30,000,000 or more.

The first act to provide for temporary administration of the civil government of the islands, dated July 1, 1902, was passed on by the Committee on Territories and Insular Affairs. The Jones Act, which was the first step toward autonomy for the islands, was passed on by that committee. That act, providing the limitations upon the Philippine government and providing also for municipal and railroad bonds, and all subsequent amendments to it were presented by the Committee on Territories and Insular Affairs.

Why should not the question of bond issues and measures affecting the currency situation in the Philippines have gone to the Committee on Banking and Currency?

I have had it looked up, I will say to my colleagues of the Senate, and there has not been a single measure touching the Philippines in either the House or the Senate that has not come out of the Committee on Territories and Insular Affairs.

Mr. ADAMS. Mr. President, of course it may be that every one of those measures was properly before that committee, but here is a proposed law which has to do with a statute of the United States, the gold devaluation statute, and with its effect or its interpretation, to which the Philippine claim is merely an incident. The Philippine government had $56,000,000 on deposit when there were $40,000,000,000 on deposit belonging to other people. In other words, it is like a tax bill and other bills which incidentally affect the Philippine government. As the Senator knows, no tax bill has been referred to his committee merely because among other things it proposed a tax on oil, which would affect the Philippines. Bills affecting the sugar industry have not been referred to the Senator's committee merely because the Philippines were incidentally affected.

This is merely a bill which, in its greater aspects, affects this country and merely in part does it affect the Philippines.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ADAMS. I will ask the Senator to wait just a second. As a matter of fact, if we lay down and stand by this principle that the Philippine government is entitled to a profit upon its deposits, no sound answer can be made to the depositors of the other $40,000,000,000, if they should claim that they should have an equal profit.

Mr. TYDINGS. Mr. President, I wish to say to the Senator that I do not care at this time to discuss the merits of the bill; but, if his contention is sound, there is no reason in the world why the Committee on Territories and Insular Affairs will not agree with his contention and report a bill which will carry out the philosophy which he expresses. All that we are asking for here is not to contradict or take issue at this juncture with the Senator from Colorado, but that the measure shall go to the committee which has considered and acted upon all legislation affecting every phase of the Filipino government from the time it was born down to its ultimate demise, when it will be a free and independent nation. I am not taking issue at this juncture with anything the Senator says as to whether or not the money should be transferred or should not be transferred. I am trying to point out to him that he himself and the Treasury experts may come before the committee, where he and they will be given courteous attention; we will be impressed I know by the arguments he offers and will give the best judgment we can. All that I am asking is that the Committee on Territories and Insular Affairs, singularly equipped to deal with the subject, be entrusted with this proposed legislation.

Mr. ADAMS. I would not say that the Senator's committee is not well equipped, but I do say, with the exception of myself, the Banking and Currency Committee is better equipped to deal with questions of banking and currency. They have made a study of them; they are familiar with the legislation that relates to the subject. I would not in any way disparage the capacity and ability of the Senator's committee, but I know, if this bill shall be referred to the Committee on Territories and Insular Affairs, the taxpayers of the United States will have the pleasure of paying the $24,000,000.

Mr. TYDINGS. The Senator cannot fairly say that.

Mr. ADAMS. I will say, then, that it will not be possible to pass the bill at this session by any chance.

Mr. ROBINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Arkansas?

Mr. ADAMS. I yield.

Mr. ROBINSON. During the interruption of his remarks by the Senator from Maryland the Senator from Colorado made inquiry as to the statute fixing the parity—I believe that was the word used——

Mr. TYDINGS. Yes.

Mr. ROBINSON. Between the United States gold dollar and the Philippine currency. I think the statute of March 2, 1903, which I read to him, was enacted for that purpose.

Mr. ADAMS. I am familiar with it. If I am not mistaken, that section of the statute provided for the establishment of a theoretical gold peso and fixed its weight.

Mr. ROBINSON. Yes; but it provided more than that.

Mr. ADAMS. Yes; it provides not for parity but that United States gold coins shall be legal tender in the Philippines.

Mr. ROBINSON. But it does fix the ratio at 2 to 1. Here is a case where we were establishing the unit of value of the Philippine currency by an act of Congress. We fixed it by the gold peso, and the statute then further provided:

> Said gold peso to become the unit of value when the government of the Philippine Islands shall have coined and ready for, or in, circulation not less than 5,000,000 of the silver pesos hereinafter provided for in this act, and the gold coins of the United States at the rate of $1 for 2 pesos hereinafter authorized to be coined shall be legal tender for all debts, public and private, in the Philippine Islands.

Mr. ADAMS. It provides that American gold coins shall be legal tender. If we go back in American history, we find that this Government for some 40 or 50 years enacted statutes making the Spanish milled dollar legal tender, and certain other European coins legal tender, but they certainly did not intertwine our monetary system with those of Europe. This is a provision as to what shall be legal tender. The next section provides that the Philippine silver pesos authorized by that section shall be legal tender for all debts.

Mr. TYDINGS. Between the United States and the Philippines.

Mr. ADAMS. No; it is just a declaration that certain coins shall be accepted as legal tender.

Mr. TYDINGS. Yes; 2 Philippine pesos for 1 American gold dollar. Then, the Senator does know that the act establishing the parity, which was read by the Senator from Arkansas, making Filipino money tie into our own system as to value, was not passed upon by the Banking and Currency Committee, but was reported by the Committee on Territories and Insular Affairs.

Mr. ADAMS. Of course.

Mr. TYDINGS. There is not a case in the whole history of 38 years of Filipino contact where any legislation touching money or anything else has come out of any other committee except the Committee on Territories and Insular Affairs.

I do not want to argue the merits. I have told the Senator privately that I have been impressed by many observations based on research he has made affecting the question. I shall be glad to give him the best hearing possible and shall go into the matter with an open mind. I want to hear what the Senator has to say.

I would not want to have the measure having to do with battleships dealt with by the Committee on Finance, and I do not want a bill affecting insular affairs dealt with by any other committee of the Senate than the Committee on Territories and Insular Affairs. If that committee could establish a parity in the first place between Filipino and United States money and set up their whole fiscal system, if it could establish their mint for the coinage of money, if it could handle all legislation affecting their bond issues and their deposits, it seems to me it is competent to handle this matter, and that it is the proper authority to do it.

When the Senator from Colorado introduced his bill, I immediately consulted the Parliamentarian of the Senate. The Senator introduced his bill and specified that it should go to the Committee on Banking and Currency, which he had a right to do. He wanted it to go to that committee. The Parliamentarian informed me that if the Senator had not done that—and it is normal to make the commitment to the committee designated by the introducer of a bill—he, the Parliamentarian, would have automatically referred it to the Committee on Territories and Insular Affairs as the proper committee.

Mr. GLASS. Mr. President, may I interrupt at that point?

Mr. ADAMS. I am glad to yield to the Senator from Virginia.

Mr. GLASS. If the bill should properly have gone to the Committee on Territories and Insular Affairs, it should have gone to that committee. I do not recognize the right of an individual Senator to have his bill referred to any committee to which he may please to have it referred. Too much of that sort of thing has been done. Purely banking and currency measures have been referred by request to the Committee on Agriculture and Forestry or to any other committee from which the proponent of the bill happened to think he could get a favorable report. I protest against that practice.

Mr. ADAMS. So far as I am concerned, I suggested that the bill go to the Committee on Banking and Currency because it belonged to that committee. I am here maintaining it does belong to that committee. I am unable to follow an argument which says that because the regulation of internal affairs of the Philippine Islands is handled by the Committee on Territories and Insular Affairs great problems which affect the whole financial structure of the United States, its banking and its currency and its gold, should go to that committee, because indirectly it affects the Philippine Islands.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. ADAMS. I am always glad to yield to the Senator from Arizona.

Mr. HAYDEN. There can be no dispute that the legislation devaluing the gold dollar properly belonged to the Committee on Banking and Currency. When that legislation was under consideration no one gave a thought to what repercussions its enactment might have upon the Philippine Islands. A new set of facts have developed. It is found that it does have a very detrimental effect upon a dependent people, and, that being the case, certainly the committee of the Senate charged with the care of that people with respect to any legislation should pass upon the question and have opportunity to study and understand its full effects, one of which I illustrated a moment ago with respect to Philippine bonds issued and payable in Swiss francs or Dutch guilders. The Senate never thought of that when the gold devaluation bill was passed.

The proper authority to whom a measure of this kind should be referred is the Committee on Territories and Insular Affairs, and I am sure that committee will be happy to have the advantage of the study made by the Senator from Colorado and by the Committee on Banking and Currency.

Mr. ADAMS. Mr. President, I may say that I made a suggestion which perhaps was not proper; at least it was rejected. I said I would like to go before the Committee on Territories and Insular Affairs and discuss the matter. The Senator from Maryland said that if the bill was referred to that committee that would be all right, but if the bill was not referred to that committee there would be no meeting. I was anxious to discuss the matter with the committee, to have the benefit of their information, even though believing the bill should not go to that committee. The bill has been pending before the Banking and Currency Committee since early in January.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. ADAMS. Certainly.

Mr. TYDINGS. I think the Committee on Territories and Insular Affairs would profit greatly, not only by having the

Senator come before it, he having made a study of this bill, but by having the report of the Committee on Banking and Currency, which, in my judgment, would receive as much consideration as human beings could give to it. We would be impressed by its observations.

I do not want to transgress on the Committee on Banking and Currency. I appeal to the Senator from Colorado that perhaps a matter of this kind having dual relationship, one touching the internal financial problems of our Government and the other the Filipino side, it would not hurt the proposed legislation if it were considered by both committees. If the Senator will accede to that suggestion, I will call the Committee on Territories and Insular Affairs within the next 2 or 3 days, to suit his convenience. I will try to have all the membership present. I will try to conclude the meetings this week and report the bill to the Senate without amendment, if the committee deems it wise to so report it, or with amendment if any facts should be developed subsequently making an amendment desirable.

I ask the Senator if he will not let the Committee on Territories and Insular Affairs, which feels that it does have some information and background that is very pertinent to proposed legislation, have the benefit of the views of the Committee on Banking and Currency as well as its own views, so that a complete picture may be given to the Senate.

Perhaps the Senator from Arizona [Mr. HAYDEN] has already touched upon it, but the Senator knows that the holders of Filipino bonds have the option of demanding payment in any one of four or five different kinds of currency. Those bond issues were placed as a result of acts of Congress. We have a moral responsibility if we do not have a legal one. The holders of those bonds can demand payment in Dutch guilders, in Swiss francs, in English pounds, or in American dollars. Such is the tenor of those bonds. They have been outstanding for a long while and will become due in the next 2 or 3 years. Therefore there are certain aspects of the question which I believe the Committee on Banking and Currency did not have before it when it considered the matter. Rather than make a mistake and enact legislation which may come home to plague us, will not the Senator accede to a quick reference to the Committee on Territories and Insular Affairs, and a quick hearing, and a quick rereporting of the bill with the complete picture, so that we may take the sound course when we do finally pass upon the bill?

I am glad to have the Committee on Banking and Currency consider the bill. I do not reflect on that committee in the slightest degree. I think it is one of the finest committees we have; but I do think there is a side to this matter which might with profit be offered to the Senate for its consideration.

Mr. GLASS. Mr. President, if I may intervene, I should like to know what side there is to this question that the Banking and Currency Committee did not consider. We had the Philippine Commissioner before our committee. We had the selected attorney of the Philippine government before our committee repeatedly. We gave the utmost attention and the most detailed attention to every conceivable aspect of this question; and I should like to have somebody point out what is involved that the Banking and Currency Committee did not hear patiently.

Mr. ADAMS. I do not know of anything that was not heard.

Mr. TYDINGS. Mr. President, I renew my request to the Senator from Colorado. I do not wish to interrupt him continually, and I shall not do so any more; but to this extent I should like to repeat:

If the Senator will accede to the reference of the bill as requested in the motion, I pledge him my word, and I believe that of the members of the committee on the floor and elsewhere, that we will not delay the matter, and will cooperate with him in an endeavor to give him action upon the bill at this session of Congress. It may be that when we are more fully informed the Senator's views will prevail and we shall take his own bill. It may be, on the other hand, that we shall have a viewpoint which the Senator himself would like to have. If he will consent to this reference I promise him that we will cooperate with him in every way for dispatch of the proposed legislation at this session of Congress.

Mr. GLASS. Mr. President, may I intervene again to make just one remark? The fundamental question involved, as it seemed to me and as it seemed to members of the Banking and Currency Committee, is whether or not different treatment should be accorded to the Filipinos from the treatment to be accorded to our own citizens.

Senators talk about a moral obligation. There has been a destitution of moral sensibility in dealing with our own people on the question of devaluation, and the profit that the Federal Government derived from devaluation. If it was desired to "go the whole hog", why not wipe out the value of the gold dollar, and get that much more "profit"? It may be called "profit" with as much propriety as Ali Baba's Forty Thieves might have called "profit" the plunder in their cave that they derived from highwaymanship.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

Mr. ADAMS. Certainly; I yield to the Senator from Florida.

Mr. FLETCHER. What the Senator from Virginia has said with reference to the hearings is entirely true. I cannot conceive of any difference between the hearings held by the Committee on Territories and Insular Affairs inviting in the Committee on Banking and Currency, and the hearings held by the Banking and Currency Committee inviting in the other committee and the members of the Philippine Commission. We did that, as the Senator from Virginia has pointed out. The attorney, the representative of the Philippine government, and all persons interested were invited to the hearings, and were given unlimited time; so the Banking and Currency Committee has considered the very questions which the Committee on Territories and Insular Affairs proposes to consider.

I think the report of the committee, particularly paragraphs 9 and 10, shows the reasons why this matter belongs in the hands of the Banking and Currency Committee. We are not particularly seeking work to do, but we wish to discharge our duties in the field of operations which is entrusted to us.

Paragraph 9 of the report says:

> The statute sought to be repealed gave an unwarranted profit to the Philippine government upon its bank deposits which was denied to the similar deposits of the American States, other public bodies, and to other American citizens, and unless repealed will impose an unjust burden upon the taxpayers of the United States. If the Philippine Islands are entitled to a profit upon its bank deposits, there is even greater reason why States, counties, cities, and individual United States citizens should be given an equal profit upon their deposits.

Mr. TYDINGS. Mr. President, will the Senator yield there in order to permit me to ask the Senator from Florida a question?

Mr. ADAMS. I yield.

Mr. TYDINGS. I think the Senator from Florida has interpreted the report of the Senator from Colorado slightly different from the intention of the Senator from Colorado. I do not wish to argue the merits of the matter, but all we are asking for here is not to give anybody a profit, but merely to give back the property deposited with us.

Mr. FLETCHER. The Philippine government has all that, with $15,000,000 of interest on the deposits besides.

Mr. TYDINGS. The banks paid that for the use of the money.

Mr. FLETCHER. Exactly. They were time deposits.

Mr. TYDINGS. There was no profit involved.

Mr. ADAMS. Mr. President, if I may interrupt, the Secretary of War specifically asked for profit for the Filipinos. Profit is what the Filipino representatives asked for. They concede that there is no loss. It is profit that they ask. They say the United States Government made a profit by devaluing its gold, and that they are entitled to a proportion of the

profit; and the word "profit" occurs throughout their testimony.

Mr. FLETCHER. Precisely.

Mr. TYDINGS. Mr. President, will the Senator yield so that the record may be complete?

Mr. ADAMS. I yield.

Mr. TYDINGS. At this juncture I should like to put in the RECORD a statement of the currency reserves of the Philippine monetary system on deposit in the United States at the opening of business January 31, 1934.

Mr. ADAMS. I will say to the Senator that it is all in the report of the hearings, on page 71.

Mr. TYDINGS. I think it ought to be in the RECORD, anyway.

Mr. FLETCHER. What statement is it? What department gives it out?

Mr. TYDINGS. This is a statement of the money the Filipinos have. The statement was put out by the Treasury Department.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maryland? The Chair hears none, and the statement will be printed in the RECORD.

The statement is as follows:

Statement of the currency reserves of the Philippine monetary system on deposit in the United States at the opening of business Jan. 31, 1934

Federal Reserve district	Name of depositary	Treasurer of the Philippine Islands	
		Treasury certificate fund	Gold-standard fund
	A. Time deposits:		
First	First National Bank, Boston, Mass.	$1,750,000.00	
	National Shawmut Bank, Boston, Mass.	5,000,000.00	
	New Haven Bank, N. B. A., New Haven, Conn.	300,000.00	
	Old Colony Trust Co., Boston, Mass.	1,000,000.00	$500,000.00
Second	Bankers Trust Co., New York, N. Y.	1,000,000.00	
	Bank of the Manhattan Co., New York, N. Y.		500,000.00
	Chase National Bank, New York, N. Y.		525,000.00
	Grace National Bank, New York, N. Y.		500,000.00
	Guaranty Trust Co., New York, N. Y.	406,250.00	168,750.00
	Marine Midland Trust Co., New York, N. Y.	750,000.00	
	New York State National Bank, Albany, N. Y.	1,000,000.00	
	United States Trust Co., New York, N. Y.	500,000.00	
Third	Camden Safe Deposit & Trust Co., Camden, N. J.		250,000.00
	Central Penn National Bank, Philadelphia, Pa.	1,000,000.00	
	First National Bank, Philadelphia, Pa.	500,000.00	
	Market Street National Bank, Philadelphia, Pa.	3,000,000.00	
	The Pennsylvania Co., etc., Philadelphia, Pa.	1,000,000.00	
	Philadelphia National Bank, Philadelphia, Pa.	1,000,000.00	
	Tradesmens National Bank & Trust Co., Philadelphia, Pa.	1,000,000.00	
Fourth	Central United National Bank, Cleveland, Ohio.	500,000.00	500,000.00
	Farmers Deposit National Bank, Pittsburgh, Pa.	750,000.00	250,000.00
	First National Bank, Pittsburgh, Pa.	2,000,000.00	
	Huntington National Bank, Columbus, Ohio.	500,000.00	
	Mahoning National Bank, Youngstown, Ohio.		200,000.00
	Mellon National Bank, Pittsburgh, Pa.	1,500,000.00	
Fifth	First National Bank, Baltimore, Md.	500,000.00	
	Riggs National Bank, Washington, D. C.	1,500,000.00	
	Second National Bank, Washington, D. C.	500,000.00	
Sixth	East Tennessee National Bank, Knoxville, Tenn.[1]	16,363.06	
	First National Bank, Atlanta, Ga.	1,000,000.00	
	First National Bank, Birmingham, Ala.	500,000.00	
	Fulton National Bank, Atlanta, Ga.	500,000.00	
	Whitney National Bank, New Orleans, La.		500,000.00

[1] East Tennessee National Bank, Knoxville, Tenn., closed Jan. 19, 1933, claim filed with receiver.

Statement of the currency reserves of the Philippine monetary system on deposit in the United States at the opening of business Jan. 31, 1934—Continued

Federal Reserve district	Name of depositary	Treasurer of the Philippine Islands	
		Treasury certificate fund	Gold-standard fund
	A. Time deposits—Continued.		
Eighth	Mercantile Commerce Bank & Trust Co., St. Louis, Mo.	$1,100,000.00	$900,000.00
	Mississippi Valley Trust Co., St. Louis, Mo.	250,000.00	1,500,000.00
Tenth	Exchange National Bank of Tulsa, Okla.[1]	500,000.00	500,000.00
	First National Bank & Trust Co., Tulsa, Okla.		750,000.00
	Omaha National Bank, Omaha, Nebr.	500,000.00	
Twelfth	American Trust Co., San Francisco, Calif.	500,000.00	
	Bank of America N/T and S/A, San Francisco, Calif.	4,250,000.00	750,000.00
	Pacific National Bank, Seattle, Wash.	500,000.00	
	Peoples Bank & Trust Co., Seattle Wash.		350,000.00
	Security First National Bank, Los Angeles, Calif.	500,000.00	1,500,000.00
	United States National Bank, Portland, Oreg.		500,000.00
	Wells Fargo Bank & Union Trust Co., San Francisco.		500,000.00
	Total	37,072,613.06	11,143,750.00
	B. Demand deposits: Chase National Bank, New York, N. Y.	91,190.44	7,968,503.42
	Aggregate time and demand deposits.	37,163,803.50	19,112,253.42

[1] Deposit assumed by National Bank of Tulsa, Okla., Apr. 25, 1933.

The total deposits in the gold standard and Treasury certificate funds are $56,276,056.92.

Mr. FLETCHER. Mr. President, paragraph 10 of the report shows the fundamental reason why the Banking and Currency Committee ought to have and does have jurisdiction over this matter, and why it should not go to the Committee on Territories and Insular Affairs:

There is therefore involved in this statute a principle the application of which is not limited to the Philippine Islands.

That is the question which is involved here—a principle, the application of which is not limited to the Philippine Islands.

There is involved the interpretation and application of the various legislative enactments of the United States Congress affecting gold clauses and gold coinage in the United States.

Those are matters entirely within the jurisdiction of the Banking and Currency Committee.

Mr. TYDINGS. Mr. President, at the expense of being contradictory of my own observation, may I ask the Senator one more question? According to his own logic, if we had completely devalued the dollar to 1 cent of its former value, there would be only one-hundredth of the deposits turned back to the Philippine government, and all the rest would be profit.

Mr. GLASS. A gold dollar is not worth 1 cent, because if you are caught with it in your pocket you are put in jail and fined. There have been repeated references here to "reserves." There is no such thing as a reserve. What is a reserve?

Mr. TYDINGS. There is none.

Mr. GLASS. A reserve is something that a bank holds to pay its depositors. They have not any gold to pay, and if they had any gold the person who got it would be put in the penitentiary.

Mr. TYDINGS. I am in thorough accord with what the Senator from Virginia says; and my point is that if the gold dollar had been completely devalued we would simply have said to the Filipinos, "You are not entitled to get any money back, because what you put up with us is worth nothing. We will give you 1 cent on the dollar; and if you do not take that, the whole thing will be wiped out."

Mr. GLASS. We would be more honest than that. We would give them back our paper currency, our printing-press currency. That is all we have.

Mr. FLETCHER. The report further says:

The application of the principle underlying the statute sought to be repealed to all deposits to which logically applicable would involve many billions of dollars.

That is the reason why this subject matter belongs in the Banking and Currency Committee, and not in the Committee on Territories and Insular Affairs.

Mr. ADAMS. Mr. President, the Senator from Maryland asked to have inserted in the RECORD a list of the banks where deposits were made in this country. I wish to state in that connection that the acts passed by Congress did not permit deposits of Philippine funds in any American bank. They were permitted to be so made only after the enactment of the 1916 automony act and by virtue of the provisions of the acts of the Philippine Legislature. So that any deposits in American banks were by direct authorization of the Philippine government.

The Philippine Commissioner, Mr. PAREDES, was asked about this matter, and I read from his testimony, on page 23 of the hearings:

Senator MCADOO. Did the Bureau of Insular Affairs designate the banks in this country in which those deposits should be made?

Mr. PAREDES. They suggested that we should deposit with certain banks.

Senator MCADOO. But they did not require you to deposit with those particular banks?

Mr. PAREDES. No.

Senator ADAMS. You have not lost a dollar out of those deposits?

Mr. PAREDES. I do not complain of that.

Senator ADAMS. But there is not one of those deposits on which you have suffered a loss, is there? Every single one of those deposits has been paid in full?

Mr. PAREDES. I will have to qualify my answer.

Senator ADAMS. I mean in dollars.

Mr. PAREDES. Well, if you ask me if we have the same number of dollars as we had before, I will say, "Yes, we do have."

* * * * * * *

Senator ADAMS. Let us understand this matter clearly: What are the facts about the losses in dollars from those deposits?

Brig. Gen. CREED F. COX. There has been no loss in dollars at all. The only unsettled item is a small item in one bank, of about $1,000. It is all in the possession of the Philippine Treasury now, except that small amount.

Senator MCADOO. $1,000?

Brigadier General COX. Yes. There has been no loss for the Philippine government in the transaction as yet, but there are some items in litigation.

Senator ADAMS. But the greatest possible loss is $1,000?

Brigadier General COX. No; that is just one item.

Senator ADAMS. But all those deposits were secured by deposited collateral?

Brigadier General COX. Yes; they were all secured by deposited collateral, and have been made good by the disposal of that collateral.

* * * * * * *

Senator MCADOO. There is no earmarked gold behind any of these deposits? There is no specific gold behind them?

Brigadier General COX. No.

I have read from the testimony before our committee to the effect that not one dollar of loss has been occasioned to the Philippine government by virtue of these deposits. But that is not all. I read further, from page 31 of the hearings:

Senator ADAMS. Mr. Paredes, you concede that there was no actual loss?

Mr. PAREDES. I am willing to grant that, for the sake of argument, Senator.

Senator ADAMS. Now, the gold-standard fund was created almost entirely from funds derived from the sale of bonds in this country, was it not? At one time some $23,000,000 of Philippine bonds was sold.

Mr. PAREDES. In a way it was so, but not exactly.

Senator ADAMS. Well, substantially it was so, was it not?

Mr. PAREDES. Substantially; yes.

Senator ADAMS. Those bonds were paid in American dollars?

Mr. PAREDES. Yes.

Senator ADAMS. The proceeds were placed in the banks in dollar deposits?

Mr. PAREDES. Yes, sir.

Senator ADAMS. So that there was no gold deposit in the creation of the gold-standard fund, but it all came, or substantially all, from the proceeds of bonds sold in this country and payable in American dollars?

Mr. PAREDES. It seems to me that way.

Senator ADAMS. That is correct, is it not?

Mr. PAREDES. It seems so to me.

Senator ADAMS. Now, your other fund, your treasury certificate fund, had its origin, did it not, in the issuance of certificates upon deposits of silver pesos?

Mr. PAREDES. I believe you are right, Senator.

Senator ADAMS. Those certificates were redeemable in silver pesos?

Mr. PAREDES. Just as much as they were redeemable in gold dollars.

Senator ADAMS. In fact, they could be redeemed in silver pesos at anytime, could they not?

Mr. PAREDES. Yes; but I add that they could have been redeemed just as well also in gold dollars.

Senator ADAMS. Yes; but you could have redeemed them in silver pesos?

Mr. PAREDES. Yes.

Senator ADAMS. But they were issued upon deposit of an equivalent amount of silver pesos?

Mr. PAREDES. Yes—and which were equivalent to an equal amount of dollars in gold.

Senator ADAMS. And no certificates could be issued by the Treasury Department unless an equal amount of silver deposits was made?

Mr. PAREDES. One hundred percent.

Senator ADAMS. The Treasury transfer was for the purpose of redeeming these Treasury certificates?

Mr. PAREDES. Yes, sir.

Senator ADAMS. And they were redeemable in silver?

Mr. PAREDES. Yes; that was the purpose of it.

Senator ADAMS. The Philippine government never issued any gold pesos?

Mr. PAREDES. No.

This testimony shows that no certificates could be issued by the treasury department of the Philippine Islands until an equal amount of silver deposits were made, and they were redeemable in silver. In other words, we get back to this fundamental, that the deposits in United States banks were made up of two funds, one for the specific and sole purpose of redeeming certificates issued to the Philippine government upon deposit of silver dollars, redeemable in silver. There was no gold reserve, no requirement for gold, no occasion for it either on account of acts of Congress, or because of legislation of the Philippine Islands. The other fund, the so-called gold-standard fund, was created to maintain the parity between the silver peso and the theoretical gold peso. It was a commercial fund used in the sale and purchase of exchange with the ultimate objective of protecting parity of Philippine coin, if necessary, and being largely increased from profits from the exchange operations.

In reference to that the Philippine representative also testified as follows:

Senator ADAMS. The Philippine peso is today at par, is it not, substantially, with the American dollar?

Mr. PAREDES. Yes; two to one.

Senator ADAMS. It has been at par?

Mr. PAREDES. Yes; two to one.

Senator ADAMS. I mean that the Philippine peso is equivalent to 50 cents?

Mr. PAREDES. Yes.

Senator ADAMS. And that has continued, substantially, right along?

Mr. PAREDES. Not only substantially but absolutely.

Senator ADAMS. Absolutely. So that the money in the bank deposits in the United States, if you deposited $1,000,000 in 1929, would redeem 2,000,000 silver peso certificates at that time, and it would redeem 2,000,000 silver peso certificates today?

Mr. PAREDES. Yes.

Senator ADAMS. The $56,000,000 on deposit in December 1934 would redeem today as many silver pesos as it would at that time?

Mr. PAREDES. Oh, yes.

In other words, the funds of the Philippine government in the banks lost absolutely nothing of their value, of their efficacy, while the deposits of American depositors were perhaps devalued and reduced in purchasing power. The Philippine deposits had a specific purpose, namely, to redeem certificates, and there was not the shading off of a cent in their capacity to perform their original function. There was no impairment of the parity between the silver peso and the American dollar.

Mr. President, that is not all. Fifty-six million dollars in Filipino money was put into the banks of this country because by reason of experiences in the Philippine Islands in 1919 and 1920, the Philippine government discovered that its funds were not safe in the Philippine banks, and the Philippine Legislature, when it authorized deposits in banks, prohibited strictly the deposit of any of these funds in Philippine banks, but provided that they should be deposited in American banks. They could not be deposited in Philippine banks or in banks owned by Filipinos.

Mr. CONNALLY. Mr. President, if I understand the Senator from Colorado correctly, this has no relation to the deposit of Philippine funds in the United States Treasury, but this has reference to funds in banks deposited as any other deposits were made.

Mr. ADAMS. The Philippine government deposited $56,000,000 in 41 separate banks, and drew interest on that amount to the extent of over $15,000,000. They were all time deposits except one. They stood like every deposit of an American citizen. The American citizen took the consequences of the gold devaluation, which by the act is sought to be repealed. The Philippine government has been given a 69-percent profit upon its deposits.

Mr. CONNALLY. Why is the Philippine government entitled to any more consideration than any other depositor in the banks under the same or similar circumstances?

Mr. ADAMS. I have been unable to see that the Philippine government should have any better treatment than an American citizen receives.

Mr. CONNALLY. It seems to me the Senator is eminently correct in his position. If the Government of the United States itself had had deposits in banks, it would have had no advantage over other depositors.

Mr. ADAMS. The Government had $1,600,000,000 in banks at that hour, and, in addition to that, my State and the Senator's State, my city and the Senator's city, the school districts in my State and the school districts in the Senator's State, and the various governmental agencies of the United States, had $4,700,000,000 on deposit; yet they received no advantage from Congress.

Mr. CONNALLY. The Senator is contending for the same treatment to the Philippine government that it received by our Government under the same circumstances.

Mr. ADAMS. Yes. In my State the constitution provides that the school funds of the State shall be inviolate. We had on deposit in American banks many million dollars. Whatever consequences came to those deposits we have had to take. If the purchasing power of our school deposits has gone down, we have accepted the result. But I am unable to see why any advantage should be given to Philippine deposits, which have not suffered at all, I will say to the Senator from Texas, because they were made for a particular purpose, and they continue to have the same efficacy, the same force, the same effect, that they had at any time, because they were to redeem certain certificates, and the representative of the Philippines says they will redeem as many certificates as they would have redeemed before.

How much monetary circulation did the Philippine government have; how much silver was in circulation in the Philippine Islands? There were circulating in the Philippine Islands only $9,000,000 of silver coins, including the pesos and the fractional coins, or, roughly, ₱18,000,000. There were only forty-four and one-half million dollars of treasury certificates. In other words, the aggregate of Philippine currency, silver and paper, was $53,000,000, and they had back of it $56,000,000 in American banks. Now it is proposed that we should give them $24,000,000 under the guise of preserving and protecting their currency reserves, when they had behind them $56,000,000, or more than dollar for dollar in deposits in American banks, and every deposit they had in an American bank was backed up by collateral. They did not lose one nickel. However, they ask the taxpayers of America to give them a profit, and they use the term "profit." They say there was no loss, but they say that our Government, having made a profit on gold, therefore they are entitled to a profit on their bank deposits. I do not mind their getting a profit, but I do mind their getting it at the expense of the American taxpayer.

They had other moneys in their vaults. The Philippine peso is now at parity, and has been. Philippine bonds are selling at a premium of anywhere from 106 to 114.

Mr. President, another thing in connection with this matter, if the request for the so-called profit which the Philippine government now asks were granted, it could only accrue on the 31st day of January 1934. They claim they should have it accrue because of the devaluation of the gold dollar which took place on that day. There could have been no profit to them prior to that day. In other words, until the gold devaluation took place, by no process of finance or imagination could they work out a profit.

On that day it was not legally possible for them to have had any gold. On the 5th of April 1933 our Government stopped the use of gold in commercial transactions. On the 28th of December 1933 they made these orders applicable in the Philippine Islands. In other words, at the very time when they say they are entitled to get the gold, to have a profit on it, they could not legally have had the gold. The banks in which they had their deposits had no gold. The banks could not have paid them if they had made agreements to pay the gold, because Congress said such agreements are invalid. If they had gotten the gold they could not have used it for the purposes for which these funds were created and existed. The two funds existed to redeem silver certificates and to maintain parity, and no citizen in the United States or the Philippine Islands could have accepted the gold. It would have been perfectly useless in their hands.

Mr. President, it is a matter of natural inquiry as to how this bill we are seeking to repeal ever passed both Houses of Congress. Acts of Congress are naturally entitled to every consideration, but they are not beyond question or inquiry. I have endeavored to point out that they have overlooked the various statutes upon which these deposits are based. Let me read a few statements from the debate on the floor of the Senate indicating what was understood to be the nature of the bill. Page 11524 of the CONGRESSIONAL RECORD of the last session, Mr. BANKHEAD, the majority leader, said of this bill:

> This is, as I understand, a bookkeeping transaction, between the government of the Philippine Islands as such and the Government of the United States as such; and I have been further advised that from the standpoint of the equity the Government of the United States and the Treasury of the United States will not lose any money by virtue of this transaction.

That is, the leader of the majority thought that it was a bookkeeping transaction which would not cost the United States Government anything. It is not a bookkeeping transaction, and it is going to cost this Government $24,000,000.

Then, Mr. PATMAN, at page 11531 of the CONGRESSIONAL RECORD, said:

> Therefore, the Philippine people wanted gold in the Treasury of the United States as a backing for the currency of the Philippine government, and in this country they had $95,000,000 the equivalent of gold.

It was the notion that they had gold when they did not have a dollar of gold. Mr. President, the deposits in the banks were not gold. They could not demand gold upon them. The deposits in a bank is payable in lawful money. Most Members of the Senate, as lawyers, know that when a deposit is made in a bank the title to the money itself passes to the bank and there takes the place of it a credit obligation; the relationship of debtor and creditor arises, and there is no specific item in the assets of the bank which can be identified by the depositor as his.

More than that, in this case practically every deposit was a time deposit, not even subject to payment on demand without notice, and all drawing interest.

That is not all. These deposits were made upon written contracts of deposit which specifically provide for their repayment in accordance with law in lawful money. So that they were not payable in gold as a matter of law or as a matter of contract. Yet the letters which have been read here coming from administration circles state that this deposit was regarded by the Philippine government as the equivalent of gold. I do not think it was so regarded, and the reason I say it was not so regarded is that these deposits had been in the banks for various periods, some running back 15 years, most of them perhaps 10 years. When our banking structure was shaken in the early thirties the Philippine Commissioners and the Philippine Governor General then made an inquiry as to whether or not they could have

a change made in the contracts. They said their contracts were payable in lawful money and they wondered if they could not get them changed so they would be payable in gold. This inquiry was repudiated, as unauthorized by the Governor General and the head of the Bureau of Insular Affairs and they were told, of course, "You cannot have your contracts changed. Banks will not make an agreement to pay you in gold and still pay you 2½ to 3 percent interest." That ended the inquiry. The Government took care of these deposits by seeing that they were adequately secured by collateral. The care which our Government took of the deposits is evidenced by the fact that not $1 of loss has taken place in any one of the 41 deposits.

Mr. President, following that, there came some word that perhaps we were going to devalue the gold dollar. Inquiry was then made and the Filipinos asked, "What will be the situation if we have bonds payable in gold and you devalue the dollar?" The answer to that was made by the Congress of the United States and the Supreme Court in which they said that the gold clause was invalid and that bonds payable by their terms in gold are payable in any lawful currency.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield so that I may ask him a question?

Mr. ADAMS. I yield.

Mr. SCHWELLENBACH. Is there any other instance in which our Government assumed a similar responsibility toward any other government, or any other individual, or any other corporation in the matter of the devaluation of the dollar?

Mr. ADAMS. Absolutely none.

Mr. SCHWELLENBACH. This is the only instance in which it has been done?

Mr. ADAMS. I will say to the Senator from Washington that the great funds in his own State, their school funds in the banks to buy textbooks, to erect buildings, to pay teachers, have suffered in their purchasing power by devaluation. They have not been restored in any way. In the case of the great insurance companies with their funds in the banks with which to pay widows and orphans in case of disasters in families, there is no restoration to those insurance companies. As a matter of fact, as the Senator knows, the purpose of the devaluation was really to reduce the purchasing power. Whether rightly or wrongly, that is what we sought to do as the means of restoring prices of commodities and products throughout the country.

We sought in the bill which we are seeking to repeal to give to the Philippine government a preference which is not given to any other one of the 50,000,000 depositors in American banks; although as we all know, the Philippine deposits were not damaged, because those funds were deposited for specific purposes, for specific obligations, and they were equally effective after devaluation as before.

The Filipinos come in and their complaint is, "We are entitled to the profit." They admit there is no loss; they admit there is no damage; but they say, "Your Government realized $2,000,000,000 in profit on your gold, and, therefore, we, having $56,000,000 on deposit which we might in some way have converted into gold, are entitled to our share." The bill provides that they shall have their $24,000,000 taken off the Treasury credit by reason of the gold devaluation. That is, we pick out one bank depositor whom we have looked after by seeing that his deposits were secured by collateral so that he lost not one nickel upon his deposits.

There were a number of other items showing the attitude of the House. On page 11533, Mr. Keller said:

> The Filipinos had in the United States at the time we devalued the dollar 2,800,000 ounces of gold that belonged to the Philippine people, and nobody else. That was worth at that time about $56,000,000. That was Philippine money and belonged to the Philippine people. When we devalued gold in the United States we also devalued the gold belonging to the Philippine people.
>
> It, therefore, became a fact that the 2,800,000 ounces of Philippine gold became worth about $79,000,000. That is the long and short of the whole story.

Then Mr. Frear said:

> They—
>
> Referring to the Philippines—
>
> had placed their money with American trustees on the gold basis. They wanted their money back on the same basis. Read the report; the Treasury refused it; refused it repeatedly.

As a matter of fact, the Treasury never refused it, for the only request ever made upon the Treasury for gold by the Philippine government—and I make the statement from the record and in defiance of some reports—was after it became legally and physically impossible to give gold, on June 29, 1933. Prior to that there were mere inquiries. So there never was a demand, and the American Government had no responsibility.

We passed an act, Mr. President, in 1934, to enable the Treasury to accept these deposits. The Treasury could not legally accept the Philippine deposits until that time. Under the act passed, all these bank deposits, except one operating deposit, have been placed in the Treasury, and they are now drawing 2 percent from the United States Government. So this $56,000,000, or whatever amount it may be at this time, is now in our Treasury drawing 2 percent interest from our Government.

Now I am going to ask permission, Mr. President, to incorporate in the RECORD, without reading, certain sections of the revised Filipino Code which I will have to designate. Following 1916, the Philippine government took over this matter, and they made provision for it in section 1626, a portion of which I will read, and all of which I will ask to have incorporated in the RECORD. I read this much to show what this whole situation rests upon:

> The treasurer of the Philippine Islands is hereby authorized, in his discretion, to receive at the insular treasury or at any of its branches, deposits of silver pesos or half pesos authorized herein, in sums of not less than ₱20, and to issue therefor treasury certificates of an equivalent face amount, in denominations of not less than ₱1, nor more than ₱500. Coin so received shall be retained in the treasury and held for the payment of such certificates, on demand, and used for no other purpose, and shall constitute a separate and trust fund in the insular treasury to be known as the treasury certificate fund.
>
> The treasury certificate fund shall at all times be equivalent in amount to 100 percent of all treasury certificates in circulation and available for circulation, and shall be constituted of silver coins received in exchange for the treasury certificates, and shall be held in the vaults of the insular treasury in Manila, and not elsewhere.

I ask to have the entire section printed in the RECORD at this point.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

> SEC. 1626. Issuance of treasury certificates: The treasurer of the Philippine Islands is hereby authorized, in his discretion, to receive at the insular treasury or at any of its branches, deposits of silver pesos or half pesos authorized herein, in sums of not less than ₱20, and to issue therefor treasury certificates of an equivalent face amount, in denominations of not less than ₱1 nor more than ₱500. Coin so received shall be retained in the Treasury and held for the payment of such certificates, on demand, and used for no other purpose, and shall constitute a separate and trust fund in the insular treasury, to be known as the treasury certificate fund.
>
> The treasury certificate fund shall at all times be equivalent in amount to 100 percent of all treasury certificates in circulation and available for circulation, and shall be constituted of silver coins received in exchange for the treasury certificates, and shall be held in the vaults of the insular treasury in Manila, and not elsewhere: *Provided, however,* That when the government's supply of silver coin is insufficient to meet the demands of trade, gold coin of the United States may be substituted temporarily for silver pesos in the fund to such an extent as may be found necessary to release silver coins for circulation, pending the purchase of silver bullion for the coinage of silver coins, which silver coins shall immediately be substituted for the gold placed in the fund: *And provided further,* That as first set up and established by the provisions of this act and until such time as the Governor General in writing may direct the purchase of silver bullion for the coinage of additional silver coins, the treasury certificate fund, instead of being constituted wholly of silver coins held in the vaults of the insular treasury in Manila, may be constituted in part of currency issued by and/or under the authority of the United States held in Manila and on deposit which such Federal Reserve banks or member banks of the Federal Reserve System in the United States as may from time to time be designated by the Governor General to be branches of the Philippine treasury for receiving such deposits. The treasury certificate fund shall be segregated physically from all other funds in the insular treasury, and it shall be held under the joint custody of the reserve vault committee.

Treasury certificates shall be receivable for customs, taxes, and for all public dues in the Philippine Islands, and when so received may be reissued, and when held by any banking association in said islands, may be counted as part of its lawful reserve.

Mr. ADAMS. In other words, the only thing they contemplated was silver coinage and certificates payable in silver; and yet the legislation which it is sought to have repealed was enacted upon the theory that the certificates were based upon a gold reserve and that the deposits in American banks were regarded as gold. That is a fiction, pure and simple, a misunderstanding into which the Congress fell, and which, unless corrected, will cost the taxpayers of your country and mine, Mr. President, $24,000,000.

This bill is not a matter of special concern to me. It is not like many other bills that have come before the Congress that affect the locality of an individual Senator or a particular interest. It was called to my attention as a member of the Appropriations Committee when a request was made for an appropriation. I asked for information as to why the bill passed. I asked for a brief. I received a statement from the Filipino representative which led to some doubt on my part; and so I undertook a study of it simply because, it having been called to my attention, as a Member of the Senate I felt my obligation. I investigated the question and I submitted the bill to the Banking and Currency Committee. From that committee it has been unanimously reported after several hearings, after taking testimony from all those interested. So my interest, Mr. President, is merely that of a citizen who is unwilling, without protest, to have a discrimination made against citizens of his own country in favor of the residents of foreign islands.

The PRESIDING OFFICER. As the Chair understands, the Senator from Colorado desires to have certain matter printed in the RECORD?

Mr. ADAMS. Yes. Matter which I will furnish.

The PRESIDING OFFICER. Without objection, the matter will be printed in the RECORD.

The matter referred to is as follows:

UNITED STATES CODE—TITLE 48

SEC. 1142. Gold peso; unit of value; legal tender. The unit of value in the Philippine Islands shall be the gold peso consisting of 12 $\frac{9}{10}$ grains of gold, nine-tenths fine, said gold peso to become the unit of value when the government of the Philippine Islands shall have coined and ready for, or in, circulation not less than 5,000,000 of the silver pesos provided for under section 1143 of this title, and the gold coins of the United States at the rate of $1 for 2 pesos hereinafter authorized to be coined shall be legal tender for all debts, public and private, in the Philippine Islands. (Mar. 2, 1903, c. 980, sec. 1, 32 Stat. 952.)

SEC. 1143. Silver peso; legal tender. The government of the Philippine Islands is authorized to coin to an amount not exceeding 75,000,000 pesos, for use in said islands, a silver coin of the denomination of 1 peso and of the weight of 416 grains, and the standard of said silver coins shall be such that of 1,000 parts, by weight, 900 shall be of pure metal and 100 of alloy, and the alloy shall be of copper.

The silver Philippine peso authorized by this section shall be legal tender in the Philippine Islands for all debts, public and private, unless otherwise specifically provided by contract: *Provided*, That debts contracted prior to the 31st day of December 1903 may be paid in the legal-tender currency of said islands existing at the time of the making of said contracts, unless otherwise expressly provided by contract. (Mar. 2, 1903, c. 980, secs. 2, 3, 32 Stat. 953.) See section 1152 of this title.

SEC. 1153. Silver certificates; redemption: The treasurer of the Philippine Islands is authorized, in his discretion, to receive at the treasury of the government of the said islands or any of its branches deposits of the standard silver coins of 1 peso authorized by this chapter to be coined, in sums of not less than 20 pesos, Philippine currency, and to issue certificates therefor in denominations of not less than 2 pesos nor more than 500 pesos, and coin so deposited shall be retained in the treasury and held for the payment of such certificates on demand, and used for no other purpose. Such certificates shall be receivable for customs, taxes, and for all public dues in the Philippine Islands, and when so received may be reissued, and when held by any banking association in said islands may be counted as a part of its lawful reserve: *Provided*, That the treasurer of the Philippine Islands, with the approval of the Governor General, may substitute for any part of such silver pesos deposited, gold coin of the United States legally equivalent in value, and redeem the certificates issued in either silver pesos or such gold coin of equivalent value at the option of the treasurer: *Provided further*, That the amount of gold coin held in such reserve shall not at any time exceed 60 percent of the total amount of certificates outstanding. (Mar. 2, 1903, c. 980, sec. 8, 32 Stat. 954; Feb. 6, 1905, c. 453, sec. 10, 33 Stat. 697; June 23, 1906, c. 3521, sec. 2, 34 Stat. 453.) See sections 315b, 446, 462, and 463 of title 31.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. WILLIAM D. THOMAS, late a Representative from the State of New York, and transmitted the resolutions of the House thereon.

AMENDMENT OF FEDERAL AID HIGHWAY ACT

The PRESIDING OFFICER (Mr. POPE in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 11687) to amend the Federal Aid Highway Act, approved July 11, 1916, as amended and supplemented, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McKELLAR. I move that the Senate insist on its amendments, agree to the conference asked by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. HAYDEN, and Mr. FRAZIER conferees on the part of the Senate.

PROTECTION AGAINST LOSS OF CHECKS IN THE MAILS—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate, and agree to the same.

KENNETH McKELLAR,
CARL HAYDEN,
LYNN J. FRAZIER,
Managers on the part of the Senate.

JAS. M. MEAD,
DONALD C. DOBBINS,
PHILIP A. GOODWIN,
Managers on the part of the House.

The report was agreed to.

PHILIPPINE CURRENCY RESERVES ON DEPOSIT IN THE UNITED STATES

The Senate resumed the consideration of the bill (S. 3486) to repeal the act entitled "An act relating to Philippine currency reserves on deposit in the United States."

Mr. TYDINGS. Mr. President, I am reluctant to go into the merits of this controversy at this time, if it can be avoided. I have two reasons for my attitude. The first is that if the Congress is to adjourn within the next month, it is doubtful whether this bill, if passed by the Senate, can be enacted into law anyway. The second season is that, in my judgment, the bill ought never to have gone to the Committee on Banking and Currency in the first instance. Let me see if I cannot by sheer logic support that assertion.

Senators, this bill has nothing to do with the banking and currency system of the United States. If it did have to do with that system, I would be the last one to interpose any objection. This bill deals with the banking and currency system and the fiscal relations of the Philippine Islands with the United States of America.

There is nothing in this measure which even remotely affects, alters, or changes in any respect the banking and currency system of the United States. What this measure does is to deal with the Filipino currency as removed entirely from American currency or banks.

Mr. NORRIS. Mr. President——

Mr. TYDINGS. I yield to the Senator from Nebraska.

Mr. NORRIS. I take it from what the Senator has said, he being opposed to the bill, that if his motion should prevail and the bill should be referred to the Committee on Territories and Insular Affairs, it never would be reported back to the Senate. In other words, the success of the Senator's motion would be the same as the defeat of the bill, would it not?

Mr. TYDINGS. No. While the Senator was out of the Chamber I stated to the Senator from Colorado that I thought the bill should have been referred to the Committee on Territories and Insular Affairs in the first place, but that we would be very glad to have the views of the Senator from Colorado and those of anyone else with relation to this measure; and that if the Senator would consent to the reference of the bill to the Committee on Territories and Insular Affairs, I would attempt, and I thought I could so promise before the week had passed, to have the bill back on the Senate floor with a very comprehensive report. I shall live up to that statement in the event the Committee on Territories and Insular Affairs shall be charged with a reconsideration of the bill; and if the course I have indicated should not be followed, I can assure the Senate that it will be through no fault of mine. I do not want to postpone the bill. I recognize the merits of the argument of the Senator from Colorado. I think, however, there is a side of the matter which he has not touched; and, although I am reluctant to get into a debate on the merits of the measure, may I just draw a few instances which will indicate my position in the event I should go fully into its merits?

First of all, if there had been no devaluation of the American dollar there would have been no question about the amount of money that the Philippine government would have had when independence became an actuality. Everyone concedes that; even the Senator from Colorado concedes it. Therefore if there had been no legislation the Philippines would have received in gold the sum which they have deposited in the banks of this country, or, if the devaluation of the dollar, had it happened the day after they acquired independence, they would have gotten their full amount in gold. Keep that fact in mind.

Mr. NORRIS. Mr. President, may I ask the Senator a question there?

Mr. TYDINGS. I yield to the Senator.

Mr. NORRIS. I think I have an open mind; I am trying to ascertain what are the facts. As I understand, this money was not payable in gold? Am I wrong about that?

Mr. TYDINGS. I could not answer that question yes or no, because there are so many elements that have to be considered. For example, in 1902 or 1903—I have forgotten the year—the Congress passed an act fixing the value of Filipino currency. That act provided that two Filipino gold pesos should be equivalent to one gold American dollar. We established a parity; we placed a value on their money; and that value has been maintained through all of the intervening 33 years.

To make a rather flamboyant illustration of what such a policy as we are about to adopt would lead to, let us suppose that at the next session of Congress we devalued the dollar again to, we will say, half of its present value, and that in a Congress 3 years from now and before Philippine independence we should revalue it again. In each case the amount of gold which the Filipino people would receive would be reduced, not because of any change in the value of what they have external of the United States, but because of the value of what they have internal of the United States.

I am sure the Senator from Nebraska and other Senators will appreciate this observation. All international balances, trade balances, credit balances, all sorts of debts are payable in gold. Even the Filipino bonds are payable in gold. Therefore, while a Filipino expending money in this country might receive the same amount for potatoes or wheat or machinery in the devalued money which he would have received in the old money, yet when he attempts to circulate that money in other countries, it does not now have the value which it had 2 or 3 or 4 years ago, because the Congress has reduced the gold content of the dollar.

Keep in mind the fact that after 36 or more years of American sovereignty, American guardianship, if you please, of the Filipino people, they are to be turned loose as a new nation. The parity which exists between Filipino money and American money will be dissipated instantly. They will be "out on their own", so that the amount of money which they then have which can be used to settle balances all over the world will determine to a large extent the financial worth and responsibility of the Philippine government.

If they were to continue to deal only with us, that would be a simple matter, but they will then be an independent nation, and, therefore, there are certain sides to this question, certain equities, if you please, certain matters of justice, certain matters of obligation, certain matters of morality, certain matters of finance, which we cannot dispose of by the sheer statement that the money they are to receive is the same money that they put up here or that the money they are to receive is less than the money they sent over here.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. TYDINGS. Certainly. I hope I have answered the Senator's first question, although I may have answered at considerable length.

Mr. NORRIS. I am interested to know if I am correct as to another question involved, as I see it. The money the Philippine government had over here, as I understand, was deposited in banks?

Mr. TYDINGS. That is correct.

Mr. NORRIS. Then, how did this money come to be on deposit with the Treasury of the United States?

Mr. TYDINGS. At the time our currency system was established and at the time certain Filipino obligations were incurred it became necessary to fix the standard of money by which those obligations would be discharged inasmuch as they were obligations for improvements and betterments in the Philippine Islands. The Bureau of Insular Affairs of our Government supervised the sale of those securities in pursuance of an act of Congress. We actually sold the bonds in some cases. Therefore, in order to insure the repayment of the bonds and to settle the question of the worth of Filipino currency, it became necessary to fix its value in relation to the then value of our dollar.

In 1903 the law fixing the value of Filipino money in relation to the then value of our money was enacted. At the same time a system was set up requiring large deposits of Filipino money in this country. Those deposits were not made in the banks of our country by the Filipinos themselves. The Filipinos sent the money to our Government, and our Bureau of Insular Affairs determined where it should go and how long it should stay there and fixed the terms of the deposit.

The consequence is that there was scattered through many of our national banks the money which the Filipinos had sent here to stabilize the worth of their bonds and to stabilize and fix the parity of their money with reference to ours.

Mr. NORRIS. Was this practice or custom, or whatever it may be called, brought about by any law that Congress enacted, or was it brought about by an act of the Philippine Legislature?

Mr. TYDINGS. It was brought about as a result of laws enacted by Congress, first of all by the law fixing the value of our money and their money in gold. Laws authorizing many of their bond issues were enacted by our Congress. The deposits which were made with the Bureau of Insular Affairs were made in pursuance of an act of our Congress. The bonds given by the banks to the Bureau of Insular Affairs for the safekeeping of this money were given as the result of an act passed by the Congress. So that always we have been the adult, the guardian, having more or less complete say in the matter, and the Filipino has been the ward who has been the minor in the whole transaction.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. TYDINGS. Certainly.

Mr. ADAMS. I believe the distinguished Senator from Maryland is quite in error as to the facts. The situation, as I understand, is that in 1903 the United States Government set up the Philippine financial system. It provided that all Filipino money should be kept within the Philippine Islands. It made no provision for money to be deposited elsewhere. The Philippines had two kinds of money, one the silver peso and the other a certificate, like a warehouse receipt, issued

against deposits of silver pesos. No money, under the act of Congress, could be taken out of the islands or deposited in American banks.

In 1916 the autonomy act was passed, and pursuant to that act the Philippine Legislature authorized the deposit of some of its moneys in American banks, but provided first they must be designated as branches of the Philippine treasury. Of course, the act of the Philippine Legislature was subject to veto on our part, if we saw fit, I believe, although I may be mistaken about that. In any event the deposits of Filipino money in American banks were made in this country pursuant to a Philippine statute. The Bureau of Insular Affairs acted in many ways for them without legal authority. The officers of the Bureau of Insular Affairs have said definitely they had no legal control over those funds. That appears in the hearings before the House committee. Neither the Secretary of War nor his subordinate could determine the location of the funds.

Mr. TYDINGS. The Senator from Colorado is misinformed. At the time our Gold Act was pending devaluing the gold dollar the Filipinos made demand upon this Government, knowing that their money was here and that the value of it was going to be made less in gold after our dollar was devalued than it was then. They made representations to our Government asking for the return of that money. Our Government assured them that they need have no fear, that they were in good hands and would receive fair treatment.

Mr. ADAMS. May I express my disagreement with that statement? The fact, as I recall, is that at the time when our banks encountered difficulties, inquiry was made as to whether or not the deposit contract made between the banks and the Philippine government, and which provided that the bank deposits should be paid in lawful money, could be changed so as to have the deposits payable in gold. There were various reasons given why that could not be done. There was no demand for the payment of the money at any time.

Subsequently, when devaluation of the gold dollar was under consideration, inquiries came as to what would be the situation where the Philippine government had bonds payable in gold if they could not get gold out of the banks to pay their bonds. They made the inquiry under those circumstances. The only time they ever asked for their gold or for any gold was on the 29th of June 1933, after the act had passed making it unlawful to pay out gold.

Mr. TYDINGS. The Senator is misinformed, I believe. There is no way of settling the issue here, however.

Mr. ADAMS. I have the documents here.

Mr. TYDINGS. So have I the documents, but the point I want to make, before leaving the question, is that there can be no adequate debate, in my judgment, upon this matter as it now stands, and I do not want to be drawn into a discussion of its merits while a motion to refer the bill is pending.

Mr. DAVIS. Mr. President——

Mr. TYDINGS. I yield to the Senator from Pennsylvania.

Mr. DAVIS. Will the Senator tell me the total amount of funds on deposit here by the Philippine government?

Mr. TYDINGS. Around $50,000,000. I have not the exact figures. I put them in the RECORD earlier in the day.

Mr. DAVIS. What is the total amount of the bond issue?

Mr. TYDINGS. In the report of the committee the total amount of money is shown, and where it is in each of the banks of the country.

Mr. DAVIS. I mean the amount of bonds.

Mr. TYDINGS. The amount of bonded debt, I think, is stated in the report, too.

The point is that there is another side of this matter which ought to be presented. I do not wish to delay the consideration of this bill, and I shall not delay its consideration if I can avoid doing so. If the bill goes to the Committee on Territories and Insular Affairs, of which I am chairman, I shall deal with it as promptly as the circumstances will permit and the committee will permit, and I hope to have it back on the Senate floor before the week is over. I feel that there is information which the entire Senate should listen to, and which ought to be considered, in dealing with a subject such as this. It is my belief that if the bill is referred to the Committee on Territories and Insular Affairs, a more complete picture of the whole history of all the banking and bond and fiscal transactions will be had. There certainly will be more righteousness in further consideration before we act than in less consideration before we act.

I conclude with the statement that the bills fixing the parity of Filipino money with our own, setting up the mint in the Philippine Islands, establishing their currency system, having to do with all their indebtedness problems, and all other pieces of Philippine legislation, without one exception, have been acted upon by the Committee on Territories and Insular Affairs. This is the first time a bill having to do with Filipino currency and having no connection at all with American currency has been taken from our committee.

Mr. NORRIS. Mr. President, may I ask the Senator another question?

Mr. TYDINGS. Yes; I yield.

Mr. NORRIS. Again I am under the impression, and I wish to know whether or not I am correct, that the Philippine government has no gold currency.

Mr. TYDINGS. The Philippine Government, of course, has no gold currency. Does the Senator mean that it has no gold reserves or no gold currency?

Mr. NORRIS. My understanding is that they have neither one.

Mr. TYDINGS. Oh, yes.

Mr. NORRIS. Have they a gold reserve?

Mr. TYDINGS. Yes, sir.

Mr. NORRIS. Have they provided by law for the payment of their obligations in gold?

Mr. TYDINGS. Some of their obligations are payable in gold; yes, sir. I may say to the Senator, before he leaves the question, because I know he would want this information, that the Philippine bonds are among the most peculiar bonds of which perhaps the Senator has ever heard. At the option of the bondholder he may demand that the Philippine government pay the bonded debt in Swiss francs, in American dollars, or in gold. The bondholder may pick out the highest-priced money he desires the bond paid in, and demand that it be paid in that money. That is written in the bond. So if we give the Filipinos dollars that are of less value than the old gold dollars, and they had to pay their debts with those dollars, they will be able to pay only about 60 percent of as much debt as they would have been able to pay if they had established their gold fund before the enactment of the devaluation act.

Mr. NORRIS. Since the Senator has given that information, this inquiry comes into my mind: Can the Senator tell us whether, under the Philippine Constitution the Philippine Legislature have the right that is given by our Constitution to Congress to coin money and to fix its value?

Mr. TYDINGS. They have.

Mr. NORRIS. They have the same right?

Mr. TYDINGS. Yes, sir.

Mr. NORRIS. Then, assuming that what we did was right—and I always thought it was; I thought we had a constitutional right to do it—the Philippine government now would have the same right to devalue their dollar or to change the obligation in any way they saw fit?

Mr. TYDINGS. That is true.

Mr. NORRIS. They could provide as we did, I presume, that notwithstanding payment in gold was nominated in the bond, it would be a full liquidation of the debt if paid in lawful money as fixed by the Philippine Legislature?

Mr. TYDINGS. No; I may say to the Senator that in my judgment that would not be true, because, as I recall, both the Independence Act and the Philippine Constitution provide that contracts existing prior to their adoption shall receive a certain preferred status. Therefore, as these debts were incurred in the Philippine Islands, under the direction of acts of Congress, in my judgment, there might be a case,

if that were done, where the bondholder could come to the American Government and say, "You permitted a situation to exist which has cost me so much money"; and for that reason there was written into the Independence Act and into the Philippine Constitution a provision that debts then existing for which the United States had stood sponsor should be paid off without any devaluation taking place therein. I hope that answers the Senator's question.

If the views of the Senate should support my motion, I should hope to prepare a complete history of all this matter in chronological order for whatever use the Senate wishes to make of it when there is more opportunity for consideration and when there are more Senators present to hear it and to have it put in the RECORD. Not all the information that should be considered is now available; but, in my judgment, the report of the Committee on Territories and Insular Affairs would make all that information available, so that the Senate would have more information at this session upon which to predicate its judgment than it has at the present time. There is much in the point made by the Senator from Colorado, but I do not believe he paints the complete picture; and I make the assertion that if we shall act on this matter now, and it shall become law, in the next session of Congress we will have a bill to straighten it out. I may be wrong, but that is my prediction.

Mr. BENSON. Mr. President——

Mr. TYDINGS. I yield to the Senator from Minnesota.

Mr. BENSON. I have not heard the entire debate, but I should like to ask a question. Was the $50,000,000 that was deposited here deposited in the form of gold?

Mr. TYDINGS. No; it was not, but it could have been deposited in the form of gold, because it was worth that much in gold at the then existing rate of exchange at the time it was brought here. Now, the question is, Shall we give these people back the amount of property they brought over here and deposited in our banks, or, because we have said that the measurement of property is only 24 inches to the yard instead of 36, shall we given them back less than that? My contention is that we ought to give them back in international measurements exactly what they left here, and nothing less, because I may point out to the Senator that if, by the sheer force of devaluing the dollar, we could return in gold less money than they brought here measured in gold, we could still further devalue the dollar down to 1 cent of its old value, and give them one one-hundredth part of what they brought here, measured in gold; and then they would have no basis for international currency, if we were to follow the matter to its logical conclusion.

Mr. BENSON. Do I understand that the credit which the Philippine government formerly had with New York banks is now with the United States Treasury?

Mr. TYDINGS. The Federal Government has jurisdiction over it, because the Bureau of Insular Affairs designated the banks and fixed the conditions under which deposits were made, and the Filipinos had no say whatsoever about it.

Mr. BENSON. Where is the credit now? Is it with the New York banks, or is it with the Treasury?

Mr. TYDINGS. There is in the RECORD a list of the banks in which the money was deposited, and the amount in each bank. It was put in the RECORD by me a little while ago.

Mr. ADAMS. Mr. President, the situation is that all these deposits, with the exception of the one in the Chase National Bank, have been withdrawn from the banks and are now in the Treasury of the United States, drawing 2-percent interest, under an act of Congress passed during the last session of Congress making it possible to do that.

Mr. TYDINGS. That is true; but the Senator from Minnesota was not directing his attention, as I understood, to the existing status of the money.

Mr. ADAMS. As I understood, he was.

Mr. BENSON. Yes; I was, Mr. President.

Mr. TYDINGS. Oh, well, that is where it now is, but it was scattered among different banks up to 1934, when it was withdrawn. There is in the record a list of the banks in which the money was placed, and the amount of money formerly in each bank. At the last session of Congress, in pursuance of an act passed providing for its return, the money was withdrawn from the banks and deposited where it now is, on interest, pending being turned over to the Philippine government.

Mr. BENSON. If his money originally had been deposited by the Philippine government in this country, with the Treasury or with New York banks, in the form of gold, and later had been transferred to the United States Treasury in the form of gold, who now would be the owner of the gold? Would the United States Government be the owner?

Mr. TYDINGS. No; in my judgment, in that case it would be foreign gold brought here, which under an act of Congress would have been exempted.

May I ask the Senator from Minnesota a question? Sometimes the point of a matter may be brought out by making it personal, and I make it personal in this case only because it may serve the illustration. Let us suppose that the Senator from Minnesota should enter into an agreement, we will say, with the Swiss Government to deposit $25,000,000 in Switzerland. Let us suppose that about that time an agreement should be executed between the Swiss Government and the Senator's own Government establishing the relationship of money at, we will say, 2 Swiss francs for 1 American gold dollar. Let us assume that the Senator should take over and physically deposit $25,000,000 in Switzerland, and that subsequent to that time the Swiss Government should alter the value of its money. If the Senator should go to Switzerland to live, he could take the same amount of devalued Swiss money and perhaps buy just as much with it in Switzerland as he could buy before the devaluation act took place; but if he were to bring that money back to the United States, he would bring back to our country only twelve and a half million dollars in value, whereas he would have sent $25,000,000 in value to the Swiss Government.

Substantially that would be the state of the Filipino people in regard to this currency. If they should leave it all in this country and spend it all in this country, they would probably, with some modification, have as much money as they had before. But the minute it should become, per se, Filipino money, they could only make into Filipino money the devaluated status of it, rather than the original value.

I think we have no right to return less in physical value, in gold, if you please, than we received in gold at the time we entered into the contract. That is the position of the Treasury of the United States, written to us at the last session. Without going into business detail about it, they said, in effect, that we should return to the Filipinos the exact physical property they deposited with us as their guardian.

Mr. BENSON. Mr. President, I think I understand that. If the Philippine government deposited in this country gold to the amount of $50,000,000, and that money found its way into the New York banks, and later, as the Senator has indicated, into the United States Treasury, what I want to know before I vote is, does the United States Government now own that gold which they obtained from the New York banks in liquidation of the debt they owed the Philippine government, or does a New York bank, or a Federal Reserve bank, or some other private institution or individual own the gold which is now in the United States Treasury?

Mr. TYDINGS. Mr. President, that is a rather difficult question for me to answer accurately, but I think I see what the Senator is driving at.

Mr. BENSON. Does not the Senator think we ought to know the answer to that?

Mr. TYDINGS. So far as my information is worth anything, I will attempt to answer the question.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. TYDINGS. Let me answer the question first.

Mr. ADAMS. I thought I could help the Senator answer it.

Mr. TYDINGS. I should like to answer it in my own way.

I have in my pocket, let us say, a $10 gold certificate. That gold certificate says that the Government will pay me $10 in gold. The Government has the gold, but it will not

give out the gold to anyone. Yet that gold in the Treasury is actually mine, although the Government will not let me have it. It gives me something I can circulate which is equal to the value of the gold, we will say, for the sake of the argument. In the case of the Filipino government we are going to give them, for the value of the gold behind it, something which they cannot circulate except in this country. Do I make it clear to the Senator?

Mr. BENSON. That part of the story is clear. I should like to hear the Senator from Colorado.

Mr. ADAMS. Mr. President, there are two things which ought to be understood. In the first place, no gold was ever brought from the Philippine Islands and put into the banks.

Mr. TYDINGS. Of course not. I have said that 15 times.

Mr. ADAMS. The next point is that the Filipinos are getting interest on the money. We do not retain the title to that which we have loaned. That is, if we get interest, it means that we have loaned the money. We cannot have interest on our money and keep the currency at the same time. The Filipinos are getting 2-percent interest from the United States Government, when the United States Government never got the gold from them.

Mr. TYDINGS. Mr. President, it is a matter of no personal concern to me whether we give them back $30,000,000 or whether we give them back $50,000,000. It is a matter of concern to me as a Senator, insofar as I have a vote, that we treat these people 100 percent fairly. It is a matter of concern that the Government of the United States shall keep its obligations to the people of the Philippine Islands.

When the Philippine government sent that property here and deposited it with our Government it was worth so much money in gold, and I am not going to cast my vote, no matter what the business aspects may be, to give them back a value less than the amount of money which they sent here and left with us in good faith, because the minute the Philippine government becomes a sovereign nation its money must go into international trade; and if we give the Filipinos less in gold than they brought to us measured in gold, we have cheated them, defrauded them, and robbed them of the value of their property in international trade and business relationships.

Mr. President, I think that in the first place this bill should have been referred to the Committee on Territories and Insular Affairs. The first fiscal bill relating to the Philippines went to that committee, the measure establishing parity between the United States and the Filipino currency systems was referred to that committee. That is the committee to which the bill for the minting of the money in the Philippines was referred. The committee on Territories and Insular Affairs is the one to which all the indebtedness bills were referred. The pending bill has nothing to do with the policy of the United States touching banking and currency. There is not a reference to national policy in the bill. It relates entirely to our relationship with the Philippine Islands and does not alter one mite the banking and currency policy of the United States of America.

Mr. President, the bill should never have gone to the Committee on Banking and Currency; and if the Senator who introduced it had not written his own reference on the bill, the parliamentarian states that he would have referred it to the Committee on Territories and Insular Affairs.

In conclusion, I predict that if the pending measure shall be enacted, it will not be more than a year or two before we will have before us a bill to correct the mistake which the enactment of this bill in its present form, in my judgment, at least, would be.

For these reasons, Mr. President, I ask for the yeas and nays on the motion to refer the bill to the Committee on Territories and Insular Affairs, with the statement that if it is sent to that committee, so far as lies in my power, I will try to have the bill reported to the Senate before the end of the week, with comment and information which I believe that committee better than any other can furnish to throw light on this subject.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Maryland [Mr. TYDINGS].

Mr. FLETCHER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Johnson	Overton
Austin	Connally	Keyes	Pittman
Bachman	Copeland	King	Pope
Barkley	Couzens	La Follette	Radcliffe
Benson	Davis	Lonergan	Reynolds
Bilbo	Donahey	McGill	Robinson
Bone	Fletcher	McKellar	Schwellenbach
Borah	Frazier	McNary	Sheppard
Brown	George	Maloney	Shipstead
Bulkley	Gerry	Metcalf	Smith
Bulow	Gibson	Moore	Steiwer
Burke	Glass	Murphy	Townsend
Byrd	Guffey	Murray	Truman
Capper	Hale	Neely	Tydings
Caraway	Hatch	Norris	Vandenberg
Carey	Hayden	Nye	Walsh
Chavez	Holt	O'Mahoney	

The PRESIDING OFFICER. Sixty-seven Senators having answered to their names, a quorum is present.

The question is on the motion of the Senator from Maryland [Mr. TYDINGS] that the pending bill be referred to the Committee on Territories and Insular Affairs.

Mr. TYDINGS. Mr. President, a vote in the affirmative is a vote to refer the bill to the Committee on Territories and Insular Affairs, and a vote in the negative is a vote not to refer it to that committee?

The PRESIDING OFFICER. The statement of the Senator is correct.

The Senator from Maryland has asked for the yeas and nays. Is the request seconded?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BARKLEY (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. HASTINGS]. Not knowing how he would vote on this question, I withhold my vote.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I do not know how he would vote on this question, so I withhold my vote.

Mr. KING (when his name was called). I have a general pair with the senior Senator from New Jersey [Mr. BARBOUR]. Not knowing how he would vote on this question, I withhold my vote.

Mr. McNARY (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote on this question, I withhold my vote.

The roll call was concluded.

Mr. BILBO. I have a pair with the senior Senator from Iowa [Mr. DICKINSON]. Not knowing how he would vote on this question, I withhold my vote.

Mr. ROBINSON. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. McCARRAN] are detained from the Senate on account of illness.

The Senator from Arizona [Mr. ASHURST], the Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BLACK], the Senator from South Carolina [Mr. BYRNES], the Senator from Mississippi [Mr. HARRISON], the Senator from Illinois [Mr. LEWIS], and the Senator from California [Mr. McADOO] are detained in important committee meetings.

The Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. GORE], the Senator from Kentucky [Mr. LOGAN], the Senator from Louisiana [Mrs. LONG], the Senator from Oklahoma [Mr. THOMAS], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Montana [Mr. WHEELER] are unavoidably detained.

The Senator from New York [Mr. WAGNER] is detained at a conference at the White House.

The Senator from Massachusetts [Mr. COOLIDGE], the Senator from Wisconsin [Mr. DUFFY], the Senator from Indiana [Mr. MINTON], and the Senator from Utah [Mr. THOMAS] are members of the Board of Visitors to the United States Military Academy at West Point, and are therefore necessarily detained.

The Senator from Indiana [Mr. MINTON] is paired with the Senator from Wisconsin [Mr. DUFFY]. If present and voting, the Senator from Indiana would vote "yea", and the Senator from Wisconsin would vote "nay."

Mr. GEORGE. I wish to announce that my colleague [Mr. RUSSELL] is detained at the White House.

Mr. AUSTIN. I announce the absence of the Senator from Maine [Mr. WHITE] on official business. He has a general pair with the Senator from Oklahoma [Mr. THOMAS].

The result was announced—yeas 20, nays 42, as follows:

YEAS—20

Bachman	Frazier	McKellar	Radcliffe
Brown	Gerry	Metcalf	Reynolds
Chavez	Gibson	Nye	Robinson
Clark	Hayden	Overton	Truman
Copeland	La Follette	Pittman	Tydings

NAYS—42

Adams	Carey	Johnson	Pope
Austin	Connally	Keyes	Schwellenbach
Benson	Couzens	Lonergan	Sheppard
Bone	Donahey	McGill	Shipstead
Borah	Fletcher	Maloney	Smith
Bulkley	George	Moore	Steiwer
Bulow	Glass	Murphy	Townsend
Burke	Guffey	Murray	Vandenberg
Byrd	Hale	Neely	Walsh
Capper	Hatch	Norris	
Caraway	Holt	O'Mahoney	

NOT VOTING—32

Ashurst	Costigan	Lewis	Thomas, Okla.
Bailey	Davis	Logan	Thomas, Utah
Bankhead	Dickinson	Long	Van Nuys
Barbour	Dieterich	McAdoo	Wagner
Barkley	Duffy	McCarran	Wheeler
Bilbo	Gore	McNary	White
Black	Harrison	Minton	
Byrnes	Hastings	Norbeck	
Coolidge	King	Russell	

So Mr. TYDINGS' motion to refer the bill to the Committee on Territories and Insular Affairs was rejected.

The PRESIDING OFFICER (Mr. MCGILL in the chair). The bill is still before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

Mr. TYDINGS. I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BARKLEY (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. HASTINGS]. Not knowing how he would vote on this question, I withhold my vote.

Mr. KING (when his name was called). Making the same announcement as on the former roll call, I withhold my vote.

Mr. MCNARY (when his name was called). Again referring to my pair with the senior Senator from Mississippi [Mr. HARRISON], I am advised that if the Senator from Mississippi were present he would vote as I am about to vote, and therefore I feel at liberty to vote. I vote "yea."

The roll call was concluded.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. If he were present, I understand that he would vote as I have voted. Therefore I shall permit my vote to stand.

Mr. BARKLEY. I announce the unavoidable absence of my colleague [Mr. LOGAN].

Mr. LEWIS. I announce the absence of my colleague the junior Senator from Illinois [Mr. DIETERICH], in attendance upon a conference at the Conservation Department.

I announce further that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. MCCARRAN] are detained from the Senate on account of illness.

The Senator from Arizona [Mr. ASHURST], the Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BLACK], the Senator from South Carolina [Mr. BYRNES], the Senator from Mississippi [Mr. HARRISON], and the Senator from California [Mr. MCADOO] are detained in important committee meetings.

The Senator from New York [Mr. WAGNER] is detained at a conference at the White House.

The Senator from Massachusetts [Mr. COOLIDGE], the Senator from Wisconsin [Mr. DUFFY], the Senator from Indiana [Mr. MINTON], and the Senator from Utah [Mr. THOMAS] are members of the Board visiting the United States Military Academy at West Point, and are therefore necessarily detained.

The Senators from Oklahoma [Mr. THOMAS and Mr. GORE], the Senator from Louisiana [Mrs. LONG], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Montana [Mr. WHEELER] are unavoidably detained.

Mr. GEORGE. My colleague [Mr. RUSSELL] is detained at the White House.

Mr. AUSTIN. I announce the absence of the Senator from Maine [Mr. WHITE] on official business. He has a general pair with the Senator from Oklahoma [Mr. THOMAS].

The result was announced—yeas 56, nays 11, as follows:

YEAS—56

Adams	Chavez	Hatch	Norris
Austin	Connally	Holt	O'Mahoney
Benson	Couzens	Johnson	Pope
Bilbo	Davis	Keyes	Radcliffe
Bone	Dickinson	Lewis	Reynolds
Borah	Donahey	Lonergan	Schwellenbach
Brown	Fletcher	McGill	Sheppard
Bulkley	Frazier	McKellar	Shipstead
Bulow	George	McNary	Smith
Burke	Gerry	Maloney	Steiwer
Byrd	Gibson	Moore	Townsend
Capper	Glass	Murphy	Truman
Caraway	Guffey	Murray	Vandenberg
Carey	Hale	Neely	Walsh

NAYS—11

Bachman	Hayden	Nye	Robinson
Clark	La Follette	Overton	Tydings
Copeland	Metcalf	Pittman	

NOT VOTING—28

Ashurst	Coolidge	King	Russell
Bailey	Costigan	Logan	Thomas, Okla.
Bankhead	Dieterich	Long	Thomas, Utah
Barbour	Duffy	McAdoo	Van Nuys
Barkley	Gore	McCarran	Wagner
Black	Harrison	Minton	Wheeler
Byrnes	Hastings	Norbeck	White

So the bill was passed.

OPINIONS OF SUPREME COURT ON COAL CONSERVATION ACT (S. DOC. NO. 225)

Mr. GUFFEY. Mr. President, I ask permission to have printed as a Senate document the three opinions of the Supreme Court Justices on the Coal Conservation Act.

The VICE PRESIDENT. Without objection, it is so ordered.

RELIEF OF OFFICERS AND SOLDIERS OF VOLUNTEER SERVICE

Mr. ROBINSON. Mr. President, some days ago a unanimous-consent agreement was entered into by which the motion of the Senator from Kansas [Mr. CAPPER] to proceed to the consideration of the motion of the Senator from Utah [Mr. KING] to reconsider the vote whereby House bill 9472 was passed should be proceeded with on this day. I am advised by the Senator from Utah and the Senator from Kansas that the information which was called for during the course of the debate and which it was agreed should be available for the use of the Senate has not as yet been supplied. Therefore I ask unanimous consent that the agreement be rescinded.

Mr. MCNARY. Mr. President——

Mr. ROBINSON. I yield.

Mr. MCNARY. I think, however, that statement might be qualified by the understanding on the part of the Senator

from Kansas that the information will be supplied during the week. In other words, it is not the purpose of the Senator from Arkansas to have the matter go beyond the present session?

Mr. ROBINSON. Oh, no. It is my expectation that the motion will be proceeded with as soon as the information can be made available for the use of the Senate.

Mr. McNARY. But with that statement there should be some understanding about when the report will be available.

Mr. ROBINSON. I did not specify the time, because I have no information as to when the matter can be disposed of, but I will say to the Senator from Oregon, if that will be satisfactory to him, that when the information reaches the Senate, I will attempt to see that the motion is then taken up.

Mr. McNARY. I have been advised by the Senator from Kansas that the information will be available by Wednesday of this week.

Mr. KING. Mr. President, will the Senator from Arkansas yield?

Mr. ROBINSON. I yield.

Mr. KING. I talked with General Connally last evening, Sunday; and I talked with him again this morning. I had also talked with him the same day the motion was before the Senate. He said he would proceed with the greatest expedition to obtain the information. He told me this morning it would take him 2 or 3 days more and that he was using all the force at his command; that is, the clerical assistance, and would have the information at the earliest possible date. I feel sure that it will be here not later than Wednesday or Thursday of this week.

Mr. McNARY. Very well.

Mr. ROBINSON. That is the reason I am not asking the Senate to fix a definite time to proceed with the subject. It is impracticable to do so unless we wish to be constantly rescinding the arrangement.

Mr. McNARY. I was not seeking a definite time, but I wanted it specified that we are not going to let this matter run throughout the session.

Mr. ROBINSON. No; I do not wish to do that. I have said that I shall be glad to contribute to the decision of the matter as soon as it is ready. I ask unanimous consent that the order be rescinded.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the order is rescinded.

EXECUTIVE SESSION

Mr. ROBINSON. Mr. President, on Friday last it was announced that in all probability the Senator from Nevada [Mr. PITTMAN], chairman of the Committee on Foreign Relations, would desire to proceed today with the consideration of the naval treaty. I now move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations (and withdrawing a nomination), which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

The VICE PRESIDENT. Reports of committees are in order.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

DAVID E. LILIENTHAL

Mr. NORRIS. Mr. President, there is a nomination which came in today from the President. I was authorized by the Committee on Agriculture and Forestry to report the nomination favorably, but it has not as yet been announced from the desk in the message of the President, which I thought came first in the order of business.

The VICE PRESIDENT. The reports of committees come first, and then, of course, the calendar is called for. If a message from the President has not been referred, that comes first, but the Executive message has already been referred.

Mr. NORRIS. That was my understanding, but the Presiding Officer called for reports of committees. Of course, I cannot report from a committee until the message from the President has been laid before the Senate.

The VICE PRESIDENT. The message has been laid before the Senate and referred to the proper committee.

Mr. NORRIS. The President nominated in a message today Mr. David E. Lilienthal for reappointment as one of the directors of the Tennessee Valley Authority. His term of office expires today. Last Friday I was authorized by the committee to report the nomination with a favorable recommendation when it came in.

The VICE PRESIDENT. The Senator can make report at the present moment, if he so desires.

Mr. NORRIS. I have just made it.

The VICE PRESIDENT. Without objection, the report will be received.

Mr. NORRIS. Now, Mr. President, I ask unanimous consent, inasmuch as the term of office expires today, for the present consideration of the nomination.

The VICE PRESIDENT. Is there objection? The Chair hears none, and, without objection, the nomination is confirmed.

Mr. NORRIS. Now I ask unanimous consent that the President be notified.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

Are there any further reports of committees? If there be none, the clerk will state the first business in order on the calendar.

POSTMASTERS

Mr. McKELLAR. Mr. President, I am called out of the Chamber, and I ask unanimous consent that the nominations of postmasters on the calendar may be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations of postmasters are confirmed en bloc.

IN THE ARMY

Mr. SHEPPARD. Mr. President, I make the same request as to the Army nominations, that they may be confirmed at this time en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations in the Army are confirmed en bloc.

THE LONDON NAVAL TREATY OF 1936

The VICE PRESIDENT. The clerk will state the first business in order on the calendar.

The Senate, as in Committee of the Whole, proceeded to the consideration of Executive F (74th Cong., 2d sess.), a treaty for the limitation of naval armament and the exchange of information concerning naval construction, together with the protocol of signature and an additional protocol, signed in London on March 25, 1936, which had been reported from the Committee on Foreign Relations without amendment.

The treaty is as follows:

The President of the United States of America, the President of the French Republic and His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India;

Desiring to reduce the burdens and prevent the dangers inherent in competition in naval armament;

Desiring, in view of the forthcoming expiration of the Treaty for the Limitation of Naval Armament signed at Washington on the 6th February, 1922, and of the Treaty for the Limitation and Reduction of Naval Armament signed in London on the 22nd April, 1930 (save for Part IV thereof), to make provision for the limitation of

naval armament, and for the exchange of information concerning naval construction;

Have resolved to conclude a Treaty for these purposes and have appointed as their Plenipotentiaries:—

The President of the United States of America:
The Honourable Norman H. Davis;
Admiral William H. Standley, United States Navy, Chief of Naval Operations;

The President of the French Republic:
His Excellency Monsieur Charles Corbin, Ambassador Extraordinary and Plenipotentiary of the French Republic at the Court of St. James;
Vice-Admiral Georges Robert, Member of the Supreme Naval Council, Inspector-General of the Naval Forces in the Mediterranean;

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India:
for Great Britain and Northern Ireland and all parts of the British Empire which are not separate Members of the League of Nations:
The Right Honourable Anthony Eden, M. C., M. P., His Principal Secretary of State for Foreign Affairs;
The Right Honourable Viscount Monsell, G. B. E., First Lord of His Admiralty;
Lieutenant-Colonel the Earl Stanhope, K. G., D. S. O., M. C., D. L., Parliamentary Under Secretary of State for Foreign Affairs;
for the Dominion of Canada:
The Honourable Vincent Massey, High Commissioner for the Dominion of Canada in London;
for the Commonwealth of Australia:
The Right Honourable Stanley Melbourne Bruce, C. H., M. C., High Commissioner for the Commonwealth of Australia in London;
for the Dominion of New Zealand:
The Honourable Sir Christopher James Parr, G. C. M. G., High Commissioner for the Dominion of New Zealand in London;
for India:
Richard Austen Butler, Esquire, M. P., Parliamentary Under Secretary of State for India.

Who, having communicated to one another their full powers, found in good and due form, have agreed as follows:

PART I. DEFINITIONS

ARTICLE 1

For the purposes of the present Treaty, the following expressions are to be understood in the sense hereinafter defined.

A. *Standard Displacement.*

(1) The standard displacement of a surface vessel is the displacement of the vessel, complete, fully manned, engined, and equipped ready for sea, including all armament and ammunition, equipment, outfit, provisions and fresh water for crew, miscellaneous stores and implements of every description that are intended to be carried in war, but without fuel or reserve feed water on board.

(2) The standard displacement of a submarine is the surface displacement of the vessel complete (exclusive of the water in non-watertight structure), fully manned, engined and equipped ready for sea, including all armament and ammunition, equipment, outfit, provisions for crew, miscellaneous stores and implements of every description that are intended to be carried in war, but without fuel, lubricating oil, fresh water or ballast water of any kind on board.

(3) The word "ton" except in the expression "metric tons" denotes the ton of 2,240 lb. (1,016 kilos).

B. *Categories.*

(1) *Capital Ships* are surface vessels of war belonging to one of the two following sub-categories:—

(*a*) surface vessels of war, other than aircraft carriers, auxiliary vessels, or capital ships of sub-category (*b*), the standard displacement of which exceeds 10,000 tons (10,160 metric tons) or which carry a gun with a calibre exceeding 8 in. (203 mm.);

(*b*) surface vessels of war, other than aircraft-carriers the standard displacement of which does not exceed 8,000 tons (8,128 metric tons) and which carry a gun with a calibre exceeding 8 in. (203 mm.).

(2) *Aircraft-Carriers* are surface vessels of war, whatever their displacement, designed or adapted primarily for the purpose of carrying and operating aircraft at sea. The fitting of a landing-on or flying-off deck on any vessel of war, provided such vessel has not been designed or adapted primarily for the purpose of carrying and operating aircraft at sea, shall not cause any vessel so fitted to be classified in the category of aircraft-carriers.

The category of aircraft-carriers is divided into two sub-categories as follows:—

(*a*) vessels fitted with a flight deck, from which aircraft can take off, or on which aircraft can land from the air;

(*b*) vessels not fitted with a flight deck as described in (*a*) above.

(3) *Light Surface Vessels* are surface vessels of war other than aircraft-carriers, minor war vessels or auxiliary vessels, the standard displacement of which exceeds 100 tons (102 metric tons) and does not exceed 10,000 tons (10,160 metric tons), and which do not carry a gun with a calibre exceeding 8 in. (203 mm.).

The category of light surface vessels is divided into three sub-categories as follows:—

(*a*) vessels which carry a gun with a calibre exceeding 6.1 in. (155 mm.);

(*b*) vessels which do not carry a gun with a calibre exceeding 6.1 in. (155 mm.) and the standard displacement of which exceeds 3,000 tons (3,048 metric tons);

(*c*) vessels which do not carry a gun with a calibre exceeding 6.1 in. (155 mm.) and the standard displacement of which does not exceed 3,000 tons (3,048 metric tons).

(4) *Submarines* are all vessels designed to operate below the surface of the sea.

(5) *Minor War Vessels* are surface vessels of war, other than auxiliary vessels, the standard displacement of which exceeds 100 tons (102 metric tons) and does not exceed 2,000 tons (2,032 metric tons), provided they have none of the following characteristics:—

(*a*) mount a gun with a calibre exceeding 6.1 in. (155 mm.)
(*b*) are designed or fitted to launch torpedoes;
(*c*) are designed for a speed greater than twenty knots.

(6) *Auxiliary Vessels* are naval surface vessels the standard displacement of which exceeds 100 tons (102 metric tons), which are normally employed on fleet duties or as troop transports, or in some other way than as fighting ships, and which are not specifically built as fighting ships, provided they have none of the following characteristics:—

(*a*) mount a gun with a calibre exceeding 6.1 in. (155 mm.);
(*b*) mount more than eight guns with a calibre exceeding 3 in. (76 mm.);
(*c*) are designed or fitted to launch torpedoes;
(*d*) are designed for protection by armour plate;
(*e*) are designed for a speed greater than twenty-eight knots;
(*f*) are designed or adapted primarily for operating aircraft at sea;
(*g*) mount more than two aircraft-launching apparatus.

(7) *Small Craft* are naval surface vessels the standard displacement of which does not exceed 100 tons (102 metric tons).

C. *Over Age.*

Vessels of the following categories and sub-categories shall be deemed to be "over-age" when the undermentioned number of years have elapsed since completion:—

(*a*) Capital ships	26 years.
(*b*) Aircraft-carriers	20 years.
(*c*) Light surface vessels, sub-categories (*a*) and (*b*):	
(i) if laid down before 1st January, 1920	16 years.
(ii) if laid down after 31st December, 1919	20 years.
(*d*) Light surface vessels, sub-category (*c*)	16 years.
(*e*) Submarines	13 years.

D. *Month.*

The word "month" in the present Treaty with reference to a period of time denotes the month of thirty days.

PART II.—LIMITATION

ARTICLE 2

After the date of the coming into force of the present Treaty, no vessel exceeding the limitations as to displacement or armament prescribed by this Part of the present Treaty shall be acquired by any High Contracting Party or constructed by, for or within the jurisdiction of any High Contracting Party.

ARTICLE 3

No vessel which at the date of the coming into force of the present Treaty carries guns with a calibre exceeding the limits prescribed by this Part of the present Treaty shall, if reconstructed or modernised, be rearmed with guns of a greater calibre than those previously carried by her.

ARTICLE 4

(1) No capital ship shall exceed 35,000 tons (35,560 metric tons) standard displacement.

(2) No capital ship shall carry a gun with a calibre exceeding 14 in. (356 mm.); provided however that if any of the Parties to the Treaty for the Limitation of Naval Armament signed at Washington on the 6th February, 1922, should fail to enter into an agreement to conform to this provision prior to the date of the coming into force of the present Treaty, but in any case not later than the 1st April, 1937, the maximum calibre of gun carried by capital ships shall be 16 in. (406 mm.).

(3) No capital ship of sub-category (*a*), the standard displacement of which is less than 17,500 tons (17,780 metric tons), shall be laid down or acquired prior to the 1st January, 1943.

(4) No capital ship, the main armament of which consists of guns of less than 10 in. (254 mm.) calibre, shall be laid down or acquired prior to the 1st January, 1943.

ARTICLE 5

(1) No aircraft carrier shall exceed 23,000 tons (23,368 metric tons) standard displacement or carry a gun with a calibre exceeding 6.1 in. (155 mm.).

(2) If the armament of any aircraft carrier includes guns exceeding 5.25 in. (134 mm.) in calibre, the total number of guns carried which exceed that calibre shall not be more than ten.

ARTICLE 6

(1) No light surface vessel of sub-category (*b*) exceeding 8,000 tons (8,128 metric tons) standard displacement, and no light surface vessel of sub-category (*a*) shall be laid down or acquired prior to the 1st January, 1943.

(2) Notwithstanding the provisions of paragraph (1) above, if the requirements of the national security of any High Contracting Party are, in His opinion, materially affected by the actual or authorised amount of construction by any Power of light surface vessels of sub-category (*b*), or of light surface vessels not conforming to the restrictions of paragraph (1) above, such High Contracting Party shall, upon notifying the other High Contracting Parties of His intentions and the reasons therefor, have the right to lay down or acquire light surface vessels of sub-categories (*a*) and (*b*) of any standard displacement up to 10,000 tons (10,610 metric tons) subject to the observance of the provisions of Part III of the present Treaty. Each of the other High Contracting Parties shall thereupon be entitled to exercise the same right.

(3) It is understood that the provisions of paragraph (1) above constitute no undertaking expressed or implied to continue the restrictions therein prescribed after the year 1942.

ARTICLE 7

No submarine shall exceed 2,000 tons (2,032 metric tons) standard displacement or carry a gun exceeding 5.1 in. (130 mm.) in calibre.

ARTICLE 8

Every vessel shall be rated at its standard displacement, as defined in Article 1A of the present Treaty.

ARTICLE 9

No preparations shall be made in merchant ships in time of peace for the installation of warlike armaments for the purpose of converting such ships into vessels of war, other than the necessary stiffening of decks for the mounting of guns not exceeding 6.1 in. (155 mm.) in calibre.

ARTICLE 10

Vessels which were laid down before the date of the coming into force of the present Treaty, the standard displacement or armament of which exceeds the limitations or restrictions prescribed in this Part of the present Treaty for their category or sub-category, or vessels which before that date were converted to target use exclusively or retained exclusively for experimental or training purposes under the provisions of previous treaties, shall retain the category or designation which applied to them before the said date.

PART III. ADVANCE NOTIFICATION AND EXCHANGE OF INFORMATION

ARTICLE 11

(1) Each of the High Contracting Parties shall communicate every year to each of the other High Contracting Parties information, as hereinafter provided, regarding His annual programme for the construction and acquisition of all vessels of the categories and sub-categories mentioned in Article 12 (*a*), whether or not the vessels concerned are constructed within His own jurisdiction, and periodical information giving details of such vessels and of any alterations to vessels of the said categories or sub-categories already completed.

(2) For the purposes of this and the succeeding Parts of the present Treaty, information shall be deemed to have reached a High Contracting Party on the date upon which such information is communicated to His Diplomatic Representatives accredited to the High Contracting Party by whom the information is given.

(3) This information shall be treated as confidential until published by the High Contracting Party supplying it.

ARTICLE 12

The information to be furnished under the preceding Article in respect of vessels constructed by or for a High Contracting Party shall be given as follows; and so as to reach all the other High Contracting Parties within the periods or at the times mentioned:—

(*a*) Within the first four months of each calendar year, the Annual Programme of construction of all vessels of the following categories and sub-categories, stating the number of vessels of each category or sub-category and, for each vessel, the calibre of the largest gun.

The categories and sub-categories in question are:—

- Capital Ships—
  - sub-category (*a*)
  - sub-category (*b*)
- Air-craft-Carriers—
  - sub-category (*a*)
  - sub-category (*b*)
- Light Surface Vessels—
  - sub-category (*a*)
  - sub-category (*b*)
  - sub-category (*c*)
- Submarines.

(*b*) Not less than four months before the date of the laying of the keel, the following particulars in respect of each such vessel:—

- Name or designation;
- Category and sub-category;
- Standard displacement in tons and metric tons;
- Length at waterline at standard displacement;
- Extreme beam at or below waterline at standard displacement;
- Mean draught at standard displacement;
- Designed horse-power;
- Designed speed;
- Type of machinery;
- Type of fuel;
- Number and calibre of all guns of 3 in. (76 mm.) calibre and above;
- Approximate number of guns of less than 3 in. (76 mm.) calibre;
- Number of torpedo tubes;
- Whether designed to lay mines;
- Approximate number of aircraft for which provision is to be made.

(*c*) As soon as possible after the laying-down of the keel of each such vessel, the date on which it was laid.

(*d*) Within one month after the date of completion of each such vessel, the date of completion together with all the particulars specified in paragraph (*b*) above relating to the vessel on completion.

(*e*) Annually during the month of January, in respect of vessels belonging to the categories and sub-categories mentioned in paragraph (*a*) above:

(i) Information as to any important alterations which it may have proved necessary to make during the preceding year in vessels under construction, in so far as these alterations affect the particulars mentioned in paragraph (*b*) above.

(ii) Information as to any important alterations made during the preceding year in vessels previously completed, in so far as these alterations affect the particulars mentioned in paragraph (*b*) above.

(iii) Information concerning vessels which may have been scrapped or otherwise disposed of during the preceding year. If such vessels are not scrapped, sufficient information shall be given to enable their new status and condition to be determined.

(*f*) Not less than four months before undertaking such alterations as would cause a completed vessel to come within one of the categories or sub-categories mentioned in paragraph (*a*) above, or such alterations as would cause a vessel to change from one to another of the said categories or sub-categories: information as to her intended characteristics as specified in paragraph (*b*) above.

ARTICLE 13

No vessel coming within the categories or sub-categories mentioned in Article 12 (*a*) shall be laid down by any High Contracting Party until after the expiration of a period of four months both from the date on which the Annual Programme in which the vessel is included, and from the date on which the particulars in respect of that vessel prescribed by Article 12 (*b*), have reached all the other High Contracting Parties.

ARTICLE 14

If a High Contracting Party intends to acquire a completed or partially completed vessel coming within the categories or sub-categories mentioned in Article 12 (*a*), that vessel shall be declared at the same time and in the same manner as the vessels included in the Annual Programme prescribed in the said Article. No such vessel shall be acquired until after the expiration of a period of four months from the date on which such declaration has reached all the other High Contracting Parties. The particulars mentioned in Article 12 (*b*), together with the date on which the keel was laid, shall be furnished in respect of such vessel so as to reach all the other High Contracting Parties within one month after the date on which the contract for the acquisition of the vessel was signed. The particulars mentioned in Article 12 (*d*), (*e*) and (*f*) shall be given as therein prescribed.

ARTICLE 15

At the time of communicating the Annual Programme prescribed by Article 12 (*a*), each High Contracting Party shall inform all the other High Contracting Parties of all vessels included in His previous Annual Programmes and declarations that have not yet been laid down or acquired, but which it is the intention to lay down or acquire during the period covered by the first mentioned Annual Programme.

ARTICLE 16

If, before the keel of any vessel coming within the categories or sub-categories, mentioned in Article 12 (*a*) is laid, any important modification is made in the particulars regarding her which have been communicated under Article 12 (*b*), information concerning this modification shall be given, and the laying of the keel shall be deferred until at least four months after this information has reached all the other High Contracting Parties.

ARTICLE 17

No High Contracting Party shall lay down or acquire any vessel of the categories or sub-categories mentioned in Article 12 (*a*), which has not previously been included in His Annual Programme of construction or declaration of acquisition for the current year or in any earlier Annual Programme or declaration.

ARTICLE 18

If the construction, modernisation or reconstruction of any vessel coming within the categories or sub-categories mentioned in Article 12 (*a*), which is for the order of a Power not a party to the present Treaty, is undertaken within the jurisdiction of any High Contracting Party, He shall promptly inform all the other High Contracting Parties of the date of the signing of the contract and shall also give as soon as possible in respect of the vessel all the information mentioned in Article 12 (*b*), (*c*) and (*d*).

ARTICLE 19

Each High Contracting Party shall give lists of all His minor war vessels and auxiliary vessels with their characteristics, as enumerated in Article 12 (*b*), and information as to the particular service for which they are intended, so as to reach all the other High Contracting Parties within one month after the date of the coming into force of the present treaty; and, so as to reach all the other High Contracting Parties within the month of January in each subsequent year, any amendments in the lists and changes in the information.

ARTICLE 20

Each of the High Contracting Parties shall communicate to each of the other High Contracting Parties, so as to reach the latter within one month after the date of the coming into force of the present Treaty, particulars, as mentioned in Article 12 (*b*), of all vessels of the categories or sub-categories mentioned in Article 12 (*a*), which are then under construction for Him, whether or not such vessels are being constructed within His own jurisdiction, together with similar particulars relating to any such vessels then under construction within His own jurisdiction for a Power not a party to the present Treaty.

ARTICLE 21

(1) At the time of communicating His initial Annual Programme of construction and declaration of acquisition, each High Contracting Party shall inform each of the other High Contracting Parties of any vessels of the categories or sub-categories mentioned in Article 12 (*a*), which have been previously authorized and which it is the intention to lay down or acquire during the period covered by the said Programme.

(2) Nothing in this Part of the present Treaty shall prevent any High Contracting Party from laying down or acquiring, at any time during the four months following the date of the coming into force of the Treaty, any vessel included, or to be included, in His initial Annual Programme of construction or declaration of acquisition, or previously authorized, provided that the information prescribed by Article 12 (*b*) concerning each vessel shall be communicated so as to reach all the other High Contracting Parties within one month after the date of the coming into force of the present Treaty.

(3) If the present Treaty should not come into force before the 1st May, 1937, the initial Annual Programme of construction and declaration of acquisition, to be communicated under Articles 12 (*a*) and 14 shall reach all the other High Contracting Parties within one month after the date of the coming into force of the present Treaty.

PART IV. GENERAL AND SAFEGUARDING CLAUSES

ARTICLE 22

No High Contracting Party shall, by gift, sale or any mode of transfer, dispose of any of His surface vessels of war or submarines in such a manner that such vessel may become a surface vessel of war or a submarine in any foreign navy. This provision shall not apply to auxiliary vessels.

ARTICLE 23

(1) Nothing in the present Treaty shall prejudice the right of any High Contracting Party, in the event of loss or accidental destruction of a vessel, before the vessel in question has become over-age, to replace such vessel by a vessel of the same category or sub-category as soon as the particulars of the new vessel mentioned in Article 12 (*b*) shall have reached all the other High Contracting Parties.

(2) The provisions of the preceding paragraph shall also govern the immediate replacement, in such circumstances, of a light surface vessel of sub-category (*b*) exceeding 8,000 tons (8,128 metric tons) standard displacement, or of a light surface vessel of sub-category (*a*), before the vessel in question has become over-age, by a light surface vessel of the same sub-category of any standard displacement up to 10,000 tons (10,160 metric tons).

ARTICLE 24

(1) If any High Contracting Party should become engaged in war, such High Contracting Party may, if He considers the naval requirements of His defence are materially affected, suspend, in so far as He is concerned, any or all of the obligations of the present Treaty, provided that He shall promptly notify the other High Contracting Parties that the circumstances require such suspension, and shall specify the obligations it is considered necessary to suspend.

(2) The other High Contracting Parties shall in such case promptly consult together, and shall examine the situation thus presented with a view to agreeing as to the obligations of the present Treaty, if any, which each of the said High Contracting Parties may suspend. Should such consultation not produce agreement, any of the said High Contracting Parties may suspend, in so far as He is concerned, any or all of the obligations of the present Treaty, provided that He shall promptly give notice to the other High Contracting Parties of the obligations which it is considered necessary to suspend.

(3) On the cessation of hostilities, the High Contracting Parties shall consult together with a view to fixing a date upon which the obligations of the Treaty which have been suspended shall again become operative, and to agreeing upon any amendments in the present Treaty which may be considered necessary.

ARTICLE 25

(1) In the event of any vessel not in conformity with the limitations and restrictions as to standard displacement and armament prescribed by Articles 4, 5 and 7 of the present Treaty being authorised, constructed or acquired by a Power not a party to the present Treaty, each High Contracting Party reserves the right to depart if, and to the extent to which, He considers such departures necessary in order to meet the requirements of His national security;

(*a*) during the remaining period of the Treaty, from the limitations and restrictions of Articles 3, 4, 5, 6 (1) and 7, and

(*b*) during the current year, from His Annual Programmes of construction and declarations of acquisition.

This right shall be exercised in accordance with the following provisions:—

(2) Any High Contracting Party who considers it necessary that such right should be exercised, shall notify the other High Contracting Parties to that effect, stating precisely the nature and extent of the proposed departures and the reasons therefor.

(3) The High Contracting Parties shall thereupon consult together and endeavour to reach an agreement with a view to reducing to a minimum the extent of the departures which may be made.

(4) On the expiration of a period of three months from the date of the first of any notifications which may have been given under paragraph (2) above, each of the High Contracting Parties shall, subject to any agreement which may have been reached to the contrary, be entitled to depart during the remaining period of the present Treaty from the limitations and restrictions prescribed in Articles 3, 4, 5, 6 (1) and 7 thereof.

(5) On the expiration of the period mentioned in the preceding paragraph, any High Contracting Party shall be at liberty, subject to any agreement which may have been reached during the consultations provided for in paragraph (3) above, and on informing all the other High Contracting Parties, to depart from His Annual Programmes of construction and declarations of acquisition and to alter the characteristics of any vessels building or which have already appeared in His Programmes or declarations.

(6) In such event, no delay in the acquisition, the laying of the keel, or the altering of any vessel shall be necessary by reason of any of the provisions of Part III of the present Treaty. The particulars mentioned in Article 12 (*b*) shall, however, be communicated to all the other High Contracting Parties before the keels of any vessels are laid. In the case of acquisition, information relating to the vessel shall be given under the provisions of Article 14.

ARTICLE 26

(1) If the requirements of the national security of any High Contracting Party should, in His opinion, be materially affected by any change of circumstances, other than those provided for in Articles 6 (2), 24 and 25 of the present Treaty, such High Contracting Party shall have the right to depart for the current year from His Annual Programmes of construction and declarations of acquisition. The amount of construction by any Party to the Treaty, within the limitations and restrictions thereof, shall not, however, constitute a change of circumstances for the purposes of the present Article. The above mentioned right shall be exercised in accordance with the following provisions:—

(2) Such High Contracting Party shall, if He desires to exercise the above mentioned right, notify all the other High Contracting Parties to that effect, stating in what respects He proposes to depart from His Annual Programmes of construction and declarations of acquisition, giving reasons for the proposed departure.

(3) The High Contracting Parties will thereupon consult together with a view to agreement as to whether any departures are necessary in order to meet the situation.

(4) On the expiration of a period of three months from the date of the first of any notifications which may have been given under paragraph (2) above, each of the High Contracting Parties shall, subject to any agreement which may have been reached to the contrary, be entitled to depart from His Annual Programmes of construction and declarations of acquisition, provided notice is promptly given to the other High Contracting Parties stating precisely in what respects He proposes so to depart.

(5) In such event, no delay in the acquisition, the laying of the keel, or the altering of any vessel shall be necessary by reason of any of the provisions of Part III of the present Treaty. The particulars mentioned in Article 12 (*b*) shall, however, be communicated to all the other High Contracting Parties before the keels of any vessels are laid. In the case of acquisition, information relating to the vessel shall be given under the provisions of Article 14.

PART V. FINAL CLAUSES

ARTICLE 27

The present Treaty shall remain in force until the 31st December, 1942.

ARTICLE 28

(1) His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland will, during the last quarter of 1940, initiate through the diplomatic channel a consultation between the Governments of the Parties to the present Treaty with a view to holding a conference in order to frame a new treaty for the reduction and limitation of naval armament. This conference shall take place in 1941 unless the preliminary consultations should

the limitation of naval armament and the exchange of information concerning naval construction, together with the protocol of signature and additional protocol, signed in London on March 25, 1936.

Mr. PITTMAN. Mr. President, the treaty is quite simple. It contains really only two important provisions. One provides that the contracting parties shall not construct any war vessels outside the present type of such vessels. Those types are described in the treaty. That provision is designed to prevent the possibility of there being invented and constructed some new character of war vessel probably far more efficient than any comparative vessel of the present types.

We have heard something with regard to the German "pocket" warship. While that particular vessel has not been given any special weight in considering this provision, yet it leads to the possibility that there may be designed and constructed some vessel with armament that will be much lighter and yet stronger, and that there may be types of guns invented that will stand a great deal heavier charge of explosives and will therefore be able to fire a heavier charge. If that should take place, then exactly the same thing would happen as happens in industry when some inventor discovers a machine that is far more efficient than the similar machines in existence. The result is that there is a scrapping of the old machines and the building of the new. So it might be with regard to battleships and with regard to all categories of warships. The provision limiting until 1942 the construction of warships to those of the present type is for the purpose of preventing a naval race along that line with great expense to all governments involved.

In this connection I must say that there is no limitation as to the number of war vessels that may be constructed within the types, with the exception of what are known as 8-inch-gun cruisers.

For that reason the treaty has a limitation of armament which is admittedly disappointing to those who negotiated the treaty and to all who favor the limitation of armaments. The question was, in the present condition of the world, particularly of Europe, whether we should have no treaty, not being able to get those nations to agree to a limitation on the quantity of armaments. The negotiators of this treaty felt that at least it would maintain the structure of a limitation of armament.

It must be remembered that the Washington Convention on the Limitation of Armaments ends on the 31st of December of this year, because under its terms, when any one of the high contracting parties gives 2 years' notice of withdrawal from that convention, it ceases to exist the 31st day of December 1936 as to all contracting parties. Japan gave that notice in 1934, so that treaty, which did have a quantitative limitation, actually and absolutely expires the 31st day of December 1936.

In 1930 there was another convention at London on the limitation of armament as a supplemental treaty to the Washington Treaty of 1912. The 1930 treaty attempted to place and did place quantitative limits upon cruisers, destroyers, and submarines, which were not carried in the Washington Treaty; but the 1930 treaty by its terms also expired with the Washington Treaty on December 31, 1936. Therefore, we either must have this treaty which is now proposed, or on the 31st of December 1936 we have no treaty looking to any limitation of armament.

While this treaty does not go far, it does maintain the thought, the principle, the desire that limitation of armament shall be accomplished at some time.

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Nevada yield to the Senator from Utah?

Mr. PITTMAN. I yield.

Mr. KING. I inquire of the Senator if this treaty does not tie the hands of only Great Britain and the United States—and may I say parenthetically that Great Britain is one of our best friends—and leaves Italy, Japan, and Germany free to embark upon a navalistic policy which might upset our plans and injure our policies and militate against a universal treaty? When I say "universal" I mean a treaty among all the powers after the present treaty shall have expired.

Mr. PITTMAN. That is not the opinion of the Senator from Nevada, because in the very nature of things and for the very reasons the Senator from Utah has suggested it was essential to place in this treaty a clause that if by reason of any of the powers outside of this treaty continuing with building to any extent that threatened the national security of either of those powers in its opinion alone, it should have the right immediately to release itself from all limitations under this treaty simply by giving notice to the other high contracting parties of such fact and stating to what extent it felt it was necessary for it to depart from such limitation.

Then it is provided that, one government having done that, the other high contracting parties have the same right, if they see fit, to release themselves from any or all limitations under the treaty. Therefore, of course, the success of this treaty to the narrow extent to which it goes, in the long run depends on whether other governments outside of the treaty feel the necessity and the desire to conform to the limitations provided therein.

As I said, in the condition of the world at this time it was impossible to limit the number of ships that should be built. Let us take Japan, for instance. Japan has refused to enter into this treaty because at the time of the negotiating the treaty Japan insisted that it should contain a provision with regard to quantitative construction, and that that provision should guarantee to Japan a top limit the same as for the United States and Great Britain. As was testified before our committee by Admiral Standley and Mr. Davis, to grant a top limit to Japan, taking into consideration the territory she had to defend by comparison with the territory Great Britain and the United States would have to defend, her top limit would in reality grant a superiority to Japan and, therefore could not be inserted in the treaty.

Coming back to the question of whether some other country refuses to accept such limitation. If it does exceed the treaty limit, then the whole treaty fails. Let us take Japan and see what might happen. Why should not Japan adhere to this treaty? She gave her reasons for not adhering to the treaty previously because she demanded an equal top limit. This treaty has no reference whatever to a top limit. It has no reference to a limitation as to the numbers of ships except that they be limited as to type.

Japan may now adhere to this treaty unless she wants to start on a race of discovery and invention in the building of new types of destructive naval vessels, or unless she is unwilling to do what the treaty provides the contracting parties shall do, and that is at the beginning of every year to give 4 months' notice of the entire naval program of that country, the types of ships intended to be constructed, tonnage, displacement, and character of armaments. Of course, if Japan or France or Italy should desire to be secretive with regard to these matters, then we could not expect her to adhere to this treaty. If she has no objection to that provision, then all these countries would adhere to the treaty, because we really place only two limitations upon them: No. 1, that they will not build outside of present types; no. 2, that they will give to each other full information in advance every year of the types of ships, the number of ships, armament, and so forth, which they intend to construct.

I see a great advantage in that. I think it is of more advantage than anything else in the treaty. I understand the danger of a naval race through new discoveries, but the thing which causes more suspicion, more uneasiness, more hasty action with regard to naval building, is false information with regard to other navies. Japan hears, for instance, that we are going to build four new battleships or eight new 8-inch cruisers. We hear the same thing with regard to her. We know it is not true with regard to ourselves. We do not know whether it is true with regard to a foreign country. Most countries can find out what we are doing. Under our

have shown that the holding of such a conference at that time would not be desirable or practicable.

(2) In the course of the consultation referred to in the preceding paragraph, views shall be exchanged in order to determine whether, in the light of the circumstances then prevailing and the experience gained in the interval in the design and construction of capital ships, it may be possible to agree upon a reduction in the standard displacement or calibre of guns of capital ships to be constructed under future annual programmes and thus, if possible, to bring about a reduction in the cost of capital ships.

ARTICLE 29

None of the provisions of the present Treaty shall constitute a precedent for any future treaty.

ARTICLE 30

(1) The present Treaty shall be ratified by the Signatory Powers in accordance with their respective constitutional methods, and the instruments of ratification shall be deposited as soon as possible with His Majesty's Government in the United Kingdom, which will transmit certified copies of all the *procès-verbaux* of the deposits of ratifications to the Governments of the said Powers and of any country on behalf of which accession has been made in accordance with the provisions of Article 31.

(2) The Treaty shall come into force on the 1st January, 1937, provided that by that date the instruments of ratification of all the said Powers shall have been deposited. If all the above-mentioned instruments of ratification have not been deposited by the 1st January, 1937, the Treaty shall come into force so soon thereafter as these are all received.

ARTICLE 31

(1) The present Treaty shall, at any time after this day's date, be open to accession on behalf of any country for which the Treaty for the Limitation and Reduction of Naval Armament was signed in London on the 22nd April, 1930, but for which the present Treaty has not been signed. The instrument of accession shall be deposited with His Majesty's Government in the United Kingdom, which will transmit certified copies of the *procès-verbaux* of the deposit to the Governments of the Signatory Powers and of any country on behalf of which accession has been made.

(2) Accessions, if made prior to the date of the coming into force of the Treaty, shall take effect on that date. If made afterwards, they shall take effect immediately.

(3) If accession should be made after the date of the coming into force of the Treaty, the following information shall be given by the acceding Power so as to reach all the other High Contracting Parties within one month after the date of accession:—

(*a*) The initial Annual Programme of construction and declaration of acquisition, as prescribed by Articles 12 (*a*) and 14, relating to vessels already authorised, but not yet laid down or acquired, belonging to the categories or sub-categories mentioned in Article 12 (*a*).

(*b*) A list of the vessels of the above-mentioned categories or sub-categories completed or acquired after the date of the coming into force of the present Treaty, stating particulars of such vessels as specified in Article 12 (*b*), together with similar particulars relating to any such vessels which have been constructed within the jurisdiction of the acceding Power after the date of the coming into force of the present Treaty, for a Power not a party thereto.

(*c*) Particulars, as specified in Article 12 (*b*), of all vessels of the categories or sub-categories above-mentioned which are then under construction for the acceding Power, whether or not such vessels are being constructed within His own jurisdiction, together with similar particulars relating to any such vessels then under construction within His jurisdiction for a Power not a party to the present Treaty.

(*d*) Lists of all minor war vessels and auxiliary vessels with their characteristics and information concerning them, as prescribed by Article 19.

(4) Each of the High Contracting Parties shall reciprocally furnish to the Government of any country on behalf of which accession is made after the date of the coming into force of the present Treaty, the information specified in paragraph (3) above, so as to reach that Government within the period therein mentioned.

(5) Nothing in Part III of the present Treaty shall prevent an acceding Power from laying down or acquiring, at any time during the four months following the date of accession, any vessel included, or to be included, in His initial Annual Programme of construction or declaration of acquisition, or previously authorised, provided that the information prescribed by Article 12 (*b*) concerning each vessel shall be communicated so as to reach all the other High Contracting Parties within one month after the date of accession.

ARTICLE 32

The present Treaty, of which the French and English texts shall both be equally authentic, shall be deposited in the Archives of His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland which will transmit certified copies thereof to the Governments of the countries for which the Treaty for the Limitation and Reduction of Naval Armament was signed in London on the 22nd April, 1930.

In faith whereof the above-named Plenipotentiaries have signed the present Treaty and have affixed thereto their seals.

Done in London the 25th day of March, nineteen hundred and thirty-six.

[SEAL]	NORMAN H. DAVIS
[SEAL]	WILLIAM H. STANDLEY
[SEAL]	CHARLES CORBIN
[SEAL]	ROBERT G.
[SEAL]	ANTHONY EDEN
[SEAL]	MONSELL
[SEAL]	STANHOPE
[SEAL]	VINCENT MASSEY
[SEAL]	S. M. BRUCE
[SEAL]	C. J. PARR
[SEAL]	R. A. BUTLER

PROTOCOL OF SIGNATURE

At the moment of signing the Treaty bearing this day's date, the undersigned, duly authorised to that effect by their respective Governments, have agreed as follows:—

1. If, before the coming into force of the above-mentioned Treaty, the naval construction of any Power, or any change of circumstances, should appear likely to render undesirable the coming into force of the Treaty in its present form, the Powers on behalf of which the Treaty has been signed will consult as to whether it is desirable to modify any of its terms to meet the situation thus presented.

2. In the event of the Treaty not coming into force on the 1st January, 1937, the above-mentioned Powers will, as a temporary measure, promptly communicate to one another, after the laying down, acquisition or completion of any vessels in the categories or sub-categories mentioned in Article 12 (*a*) of the Treaty, the information detailed below concerning all such vessels laid down between the 1st January, 1937 and the date of the coming into force of the Treaty, provided, however, that this obligation shall not continue after 1st July, 1937:—

Name or designation;
Classification of the vessel;
Standard displacement in tons and metric tons;
Principal dimensions at standard displacement, namely length at waterline and extreme beam at or below waterline;
Mean draught at standard displacement;
Calibre of the largest gun.

3. The present Protocol, of which the French and English texts shall both be equally authentic, shall come into force on this day's date. It shall be deposited in the archives of His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland which will transmit certified copies thereof to the Governments of the countries for which the Treaty for the Limitation and Reduction of Naval Armament was signed in London on the 22nd April, 1930.

In faith whereof the above-named Plenipotentiaries have signed the present Protocol and have affixed thereto their seals.

Done in London the 25th day of March, nineteen hundred and thirty-six.

NORMAN H. DAVIS
WILLIAM H. STANDLEY
CHARLES CORBIN
ROBERT G.
ANTHONY EDEN
MONSELL
STANHOPE
VINCENT MASSEY
S. M. BRUCE
C. J. PARR
R. A. BUTLER

ADDITIONAL PROTOCOL

The undersigned Plenipotentiaries express the hope that the system of Advance Notification and Exchange of Information will be continued by international agreement after the expiration of the Treaty bearing this day's date, and that it may be possible in any future Treaty to achieve some further measure of reduction in naval armament.

Done in London the 25th day of March, nineteen hundred and thirty-six.

NORMAN H. DAVIS
WILLIAM H. STANDLEY
CHARLES CORBIN
ROBERT G.
ANTHONY EDEN
MONSELL
STANHOPE
VINCENT MASSEY
S. M. BRUCE
C. J. PARR
R. A. BUTLER

Mr. PITTMAN. I offer the resolution of ratification.

The VICE PRESIDENT. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (*two-thirds of the Senators present concurring therein*), That the Senate advise and consent to the ratification of Executive F, Seventy-fourth Congress, second session, a treaty for

with the limitations as to airplane carriers and battleships, and they have all done that so far.

Now I come to one other point.

There is provided in this treaty a naval holiday on what we ordinarily call 8-inch-gun cruisers. The kind of vessel in contemplation is defined a little differently here, but it means that. Until 1943 there will be no more building by the high contracting parties of 8-inch-gun cruisers. There will be no limitation, however, on the smaller cruisers under 8,000 tons and carrying 6-inch guns or less.

I asked the direct question of Admiral Standley why it was that we had agreed to this naval holiday. "Well," he said, "because we do not want any more 8-inch-gun cruisers. We may need some more 6-inch-gun cruisers." And he gave as another reason for it the fact that we have obtained the tonnage in 8-inch-gun cruisers provided under the London agreement of 1930, including the ships that are building and the keels that are laid down. In other words, we shall have either built or building by the 31st of December 1936 our 18 cruisers. Further, neither Great Britain nor Japan has exceeded the limit of their 8-inch-gun cruisers provided in the 1930 treaty. Admiral Standley stated to us very frankly that when they went over to London in 1934 for the purpose of negotiating the present treaty, and found it impossible, at that time their naval board had given consideration to this question.

Mr. GERRY. Mr. President, I should like to ask the Senator from Nevada another question. As I understand, the three Governments of France, Great Britain, and the United States are agreeing to this treaty?

Mr. PITTMAN. That is true.

Mr. GERRY. Under the treaty they have to state, 4 months in advance in each year, what their building program is. Suppose another nation not signatory to the treaty should, in the middle of the year, start a very heavy building program. Would we be bound to continue on the program we had outlined?

Mr. PITTMAN. What we would do then would be to turn to the treaty, in which the Senator will find provisions that at any time such occasion arises as the Senator suggests, either one of the contracting parties may, by simply notifying the others of such a fact and to what extent it desires to depart, immediately depart from it as it sees fit.

I was speaking of the 8-inch-gun cruisers. In 1935 our representatives again went over to London for the purpose of negotiating a treaty. They went back in 1936 after having gone over the whole problem with the Department of State and with the General Naval Board here. The General Naval Board had determined before our representatives went to London in 1936 that we did not want any more 8-inch-gun cruisers until 1942 if we could keep the other nations from building such cruisers; but if the others start to building such cruisers, then out of necessity we will have to build vessels of that type. We limit ourselves solely on the theory that the other nations will not build that kind of vessels.

Admiral Standley said that he had changed his opinion with regard to the efficiency of the 8-inch-gun cruisers in every case; that he had charge of the 8-inch-gun cruiser fleet at one time, and from his experience with it he had found that certain naval work had to be done which could not be done as effectively with the 8-inch-gun cruiser as with the small cruiser, such as a 6-inch-gun cruiser, particularly inshore work and in shallow waters. At one time, before he had personal charge of these cruisers, he had had the idea that 8-inch-gun cruisers could perform the work of 6-inch-gun cruisers, and, of course, with more efficiency.

Mr. President, I feel that this statement covers the substance of the treaty.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. ROBINSON. It is recalled that at the time of the London Naval Conference the subject matter which the Senator is now discussing was quite an issue, Great Britain insisting on stopping the construction of 8-inch-gun cruisers, our naval experts insisting that the 8-inch-gun cruiser was peculiarly adapted to our needs.

The fact is that the naval authorities now recognize that a well-balanced navy may require an additional number of 6-inch-gun cruisers, and that there are certain kinds of service which the 6-inch-gun cruiser can perform better than it can be performed by the 8-inch-gun cruiser.

We have now 18 such cruisers, as I remember, to 15 for Great Britain, and we would not build any more even if we had liberty under the treaty to do so.

Mr. PITTMAN. The Senator is correct. Admiral Standley said we would not build any more prior to 1942 unless other nations started building, and therefore he hoped they would not build any more. It might be necessary for us to have some additional 6-inch-gun cruisers, or, if some nation like Great Britain, by reason of its shore lines, desired more 6-inch-gun cruisers than we had, we might make up the difference in airplane carriers or something we needed more. The whole theory was, however, that the other nations would not, unless they were forced to do so, build any more, so far as they could avoid it. They had an agreement that they would actually try to hold down construction of ships of the present type, battleships and big cruisers. That is as far as the convention could possibly go.

I believe the Senator from Utah has stepped out of the Chamber. He wanted to know whether or not this treaty did not place the United States and the other contracting parties at a disadvantage with those governments which do not sign the treaty, by enabling them to obtain notice as to what we were doing, and those governments not giving us notice as to what they were doing.

The notice provided for in the treaty is a mutual and confidential notice, not a public notice. It is a notice from one contracting power to another contracting power. It is not to be published to the world. It is to be private information.

I say that secret information on the part of some governments gives an advantage. Secret information on the part of our Government never gives us any advantage, because by reason of our habits and customs we do not keep things secret, and we do not seek the secrets of other nations.

The form of notice provided, this form of publicity with regard to a naval building program, in my opinion, is one of the best things that could possibly be adopted to prevent naval races.

Senators have transcripts of the hearings before them, containing the testimony of Mr. Davis and the testimony of Admiral Standley. Admiral Standley testified before the committee, and brought conviction to all of us that he would not allow anything to go into the treaty, with his knowledge, which could in the slightest degree be against the interests of our Government. He said there never was a time when he did not consult the naval board in the United States with regard to any material thing before he considered including it in any tentative treaty.

For the reasons I have stated, I feel that our country has, in this treaty, as strong protection as could be given it by our naval board. I think this is a step in the right direction in an attempt to prevent the building of any more large cruisers at the present time. I think it is a step in the right direction in an effort to keep one nation from threatening some other nation by a surprise movement.

I note that the Senator from Utah has now returned to the Chamber. I will repeat to him that the notice we provide for is notice to signatories of the treaty, and not to the public. No one would get any information as to what we were doing in regard to our program 4 months hence, except the contracting powers. But, as I have said before, as far as the United States is concerned, we have never been able to conceal anything, and have never tried to. We rarely try to find out anything any other nation is doing in regard to its naval program until after it is completed.

In the opinion of the committee, this treaty is one of the best things we could have in the way of an agreement between the nations, one of the fairest agreements to us. At least, we are maintaining the spirit of peace among nations; we are not allowing all treaties with regard to the limitation of armaments to die. We are keeping the spirit alive, as attenuated as it is. We are entering into a treaty which

system of government, having a very small intelligence department, very much smaller than any other government with regard to espionage in foreign countries, we are the last to find out what other governments are doing.

If, for instance, some foreign country which feels that it may have a naval race with us should enter this treaty, in which it promises to give us at the beginning of every year, as we do to it in the case of our Navy, a full exposition with regard to its navy and its plans for next year, and we should find that that country was laying down an extraordinary number of capital ships, a very large number of battleships and cruisers, at least it would give us the opportunity of going to that government and saying, "Here, why start this naval race? Why attempt to increase your large cruisers by five or six and your battleships by three? If you do, it is absolutely inevitable that the United States will do the same thing. We have all the resources you have, and you cannot accomplish anything by attempting that character of naval race"; and in most cases, I think, in the 4 months' time that there would be to consider that matter, it would have a very beneficial effect in keeping down naval races.

Mr. GERRY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Rhode Island?

Mr. PITTMAN. I do.

Mr. GERRY. I should like to ask the Senator if the nation laying down the ships has to give that information when she first lays them down or each year, stating the progress of the ships.

Mr. PITTMAN. In the first place, they must give notice at the beginning of the year, or at whatever time they make out their budgets; and that notice must be given 4 months in advance of laying down any keel under that program.

Mr. GERRY. Then, are they to report the next year, 4 months in advance, how far the vessel has progressed?

Mr. PITTMAN. They are, because each year they are to make a full report as to their ships, the ages of the ships, replacements, and new ships.

Mr. GERRY. And when they will be launched or how far their construction has progressed?

Mr. PITTMAN. From the list of information required in the treaty, I take it that that information would have to be given. In fact, the questionnaire is set out in detail in the treaty, which undoubtedly would require that information.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Michigan?

Mr. PITTMAN. I yield to the Senator.

Mr. VANDENBERG. Would it be fair to say that the only conclusive and definite obligation under the treaty upon any signatory is the obligation to which the Senator now refers respecting exchange of information; that otherwise, under justified circumstances, there is always an escape clause in respect to every other obligation? Would that be a fair statement?

Mr. PITTMAN. I should say "yes." I should say that the clause in the treaty which allows each one of the governments to determine for itself if and when it thinks its national security is threatened by the act of some other government, would permit it, upon stating those facts to the other high contracting parties and stating to what extent it desires to depart from these limitations, to do so.

Mr. KING. Mr. President, will the Senator yield again?

Mr. PITTMAN. I yield.

Mr. KING. This is somewhat a repetition of what I said a moment ago. Notwithstanding the very able and fair presentation made by the Senator from Nevada, it seems to me that we are tying the hands of the two large nations of the world which most desire peace; namely, the United States and Great Britain. We are placing, so to speak, our cards upon the table, and telling Germany and Italy and Japan just exactly what we are going to do in the matter of naval construction. They are not telling anybody else. They will utilize any information we make available to them for their advantage and for the disadvantage, particularly, of Great Britain, if not of the United States.

It seems to me that unless Japan and Italy and Germany are parties to this treaty—and I assume that they would not join—we are placing ourselves, as well as Great Britain, at more or less of a disadvantage.

I shall be very glad to have the Senator explain that matter a little further, because it seems to me that the treaty is not founded upon a proper recognition of the rights of the United States and of Great Britain.

Mr. PITTMAN. Mr. President, it was testified before our committee by Admiral Standley and by Mr. Davis that there were parties to the London agreement and also to the Washington Treaty who were unwilling to have governments outside of those treaties enter into this treaty. In other words, the negotiation of this treaty was called in accordance with the Washington Naval Limitations Treaty; and it provided that it should be called among the parties to the Washington or London Naval Treaties. At the present time there are some governments which are not parties to the 1930 London Treaty, which treaty placed limitations upon the numbers and tonnage of cruisers, destroyers, and submarines, which were parties to the Washington Treaty. They were unwilling, for instance, to have such other governments taken into the negotiations; but they hoped, as the testimony shows, to bring about joining in these treaties by the very governments the Senator now speaks of through bilateral treaties.

It is very easily conceivable that some party to this treaty would not desire to treat at the present time with some of the governments the Senator has in mind, by reason of a view that they hold with regard to actions of such governments with regard to certain other treaties. Nevertheless, none of them would object, possibly, to the United States or Great Britain entering into a bilateral treaty covering exactly the same subjects that are covered in this treaty with any government in the world. So they are hopeful of bringing into this treaty eventually all of those governments and states through bilateral treaties.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Idaho?

Mr. PITTMAN. I do.

Mr. BORAH. I do not ask this question by way of controversy, but in view of the history of competitive naval building in the past, just how far may we rely upon any information given us by another nation as to what it is actually doing?

Mr. PITTMAN. That depends exactly on how far the Senator feels we have been deceived in the past.

Mr. BORAH. I do not know that we have been deceived.

Mr. PITTMAN. I do not know. It is very difficult for me to say how far we can rely on those matters. I am not able to say, for many governments seem to hold it honorable to violate a treaty if such act is in their interest; but I doubt if any government would misrepresent a fact under a treaty while a party thereto.

Mr. BORAH. I do not know that it is an argument against the treaty, because perhaps it is the very best that can be done. I know of no way to remedy it, but when we consider the naval competitive building which took place between Germany and Great Britain prior to the World War we know that there was positively and affirmatively deception upon both sides. It is true there was no treaty, but in all probability under similar circumstances a treaty would not make much difference.

Mr. PITTMAN. There has been some compliance with some of our treaties. We recollect that the Washington Limitation of Armaments Treaty had no limitation as to quantity except upon what were called capital ships or battleships at that time and airplane carriers. As I recollect, that was all. There was no limitation on cruisers of 10,000 tons or less, and there was no limitation upon submarines, and there was no limitation upon airplanes. All that any government had to do to comply with that treaty was to comply

will exist until 1942, one based on the broad principles of full and complete notice to each of the signatory powers, providing plenty of time for discussion of any proposed program before the keels of the vessels shall be laid.

Mr. President, to my mind this treaty will do much in the future toward the limitations of navies.

Mr. LEWIS. Mr. President, I have listened to the able Senator from Nevada [Mr. PITTMAN], the chairman of the Committee on Foreign Relations of the Senate, ably present the matter which naturally we reviewed as the testimony was given us before the committee as basis for ratification of the treaty. The treaty before us in many respects confessedly does not meet the aspirations of the committee, of the Navy Department, or of our citizens. The question confronting us is how far its contents justify us in adopting it.

Mr. President, it is unfortunate that the past history of treaties, and of the dealings of the signatory parties to treaties, have not much encouraged us to attach great weight to the fidelity of treaties or of the methods in which they have been administered. We do not indulge in mere metaphor of speech when we may say that the vitality of a treaty can best be described as something not more durable than a decree carved upon a snowbank by the point of a sunbeam, so melting and evanescent it ever develops.

Yet we have in this treaty, sir, a lesson which I trust may serve as a guide in future dealings with foreign nations.

At a moment such as that to which the able chairman of the committee has referred, a crisis such as the condition of the world presents, when we all note the nations at the throats of each other, and those who formerly pledged friendship now in open league of death against each other, and seemingly pledged to any policy of utter demolition of their people and destruction of their nation, it is well that some evidence be given on the part of nations such as our own of a desire to fix and pursue some other method that may lead to some different result.

Mr. President, I wonder if Senators have had time to contemplate that this is the first gesture of confidence and friendship that has passed between our Nation and the nations formerly designated in the World War as its rivals since the war ceased and the treaty which we speak of as the affair of the peace of Versailles was consummated. If this shall serve as a revival of faith between nations, without which civilization would lapse, if not descend to a barbaric depth; if it shall serve to bring us back, sir, to where, in something of the spirit of brotherhood of man, we may be assured of a new life of confidence among nations and respect for the will and honor of mankind, that which shall have been achieved and agreed on such terms is its own reward. If it is conferred on such basis that it may be executed faithfully, we shall have achieved handsomely.

There is in the treaty at present before us, sir, a method which, if followed and pursued by other nations, may lead to the way of peace, and may inaugurate a system, sir, of friendships among these nations that may prevent in after days that crash of nations and that demolition of mankind which we designate as war. We have given to the world in the little substance now before us an evidence that the United States of America seeks some method by which every discussion may be in the atmosphere of friendship and every result lead and tend to peace. If this treaty offers that, sir, as an example and tenders it as something of an emblem for guidance in future courses, we shall then have had much compensation in general result, if lacking it may be in some detail that we may have sought.

Mr. President, let us be frank to say that the treaty does not consummate what was the highest wish of those connected with it—the limitation of armament. There is nothing in the treaty that assures our fellow citizens that by its operations and its automatic conclusions we shall save our people from the expense of the heavy and multiplied burdens of war; but as we enter the portals of hope and move through the mansion of desires we may reach the end of the multiplication of force as a method of settling the disputes of mankind. We, at least, sir, may be said to infuse some trust for a nobler course. Mr. President, this treaty adventures upon that policy. For myself, let it be said, unkind as seems to be the utterance, that I do not attach much weight to the promise of what will be done for us in the future, either as imparting accurate information or as deterring and obstructing future destructions. The very provisions of the treaty in utter frankness, as well as the conduct of the past of nations, display and disclose to our country how little we may rely upon the mere written promise made to us by other nations, especially by that which we call a compact or treaty. However, if the relationship disclosed in the making of this document, and that which at present governs us in the dealings with the signatory nations, can give us confidence so that by virtue of that relationship we shall have something upon which in the future we may depend, then, sir, that of itself is a security that rewards our ratification of this treaty.

Mr. President, there is a view to the treaty, however, which appeals to me in a very individual manner. I have, with the consent of the Senate, and oftentimes at the expense, perchance, of its patience, intruded the question of the debts which foreign nations owe us. Fourteen billions of dollars are long owing and are due upon this day. Such treatment of default and faithfulness to this, our America, must by all honor be deplored, and Senators who have gathered to hear me now have, many of them, joined in protest against that treatment of our Nation by these, our debtors.

Fortunately, we are able to point to the fact that it is some of our debtors—I may say the principal debtors—who have joined in the present arrangement which we speak of as a treaty. The demonstration of their intent to harmonize with us upon the courses of nations, and the indication of willingness on their part to come to terms which in some degree will be mutually satisfactory to us all, serves to promote good will, and is of itself a prospect, as I see it, of better things in the future.

We are on the eve, as I behold it, of some arrangement looking to a satisfactory adjustment of the foreign debts. I cannot, from the spirit shown, see ahead of me the complete payment of the debts. I cannot anticipate from late events the discharge of the debts in money. However, I see in the ratification of this treaty the immediate prospect of some new relation looking to the discharge of the obligation in some manner which this country can accept and which will revive our confidence in these, our debtors, and will return them to confidence in and friendship with ourselves, their creditors.

Mr. President, we have observed the conduct of nations abroad. May I be so bold, sir, even at the expense of an expressed vanity, to say that my efforts here in this body, in the Senate, joined to the support of eminent Senators on both sides of this Chamber, have served to arouse the world to note the wrong which was being done our Nation and to recount the injustices of certain nations toward us and the manifest frauds which we felt they were perpetrating upon us. These evidences have done a great deal to move our debtors to reflect that they were on the eve of losing the respect of mankind and that of the whole earth, which had witnessed how in their travail and in the hour of their despair and when threatened with helplessness and death this Nation came to their rescue, without which there would have been no refuge and through which alone they were preserved.

Surely these debtor nations could not fail to see that all the world beheld that truth; and apparently it was this that has shamed these nations in their attitude of ignoring the debts and by their conduct defying the efforts on the part of this land to collect its just claims.

Thus we gather, sir, that in France the leader of the Socialists, Mr. Blum, and the leader of the joint front, Mr. Herriot, make an issue before their people in behalf of the payment or adjustment of the debts due the United States. Each in revealing spirit calls attention to the benefits to be gained by the new friendship between these lands. Each urges that their nation discharge their obligations in such a manner as

to meet the approval of this their friend. To use the words of one of the French statesmen in Paris, "Where would this country have been," says he, as his words echo out to the multitude which he confronts, "Where would this country have been were it not for the friendship of the United States?"

And now, sir, we are pleased to note that the Chancellor of the Exchequer, Mr. Chamberlain, of England, at his country home only on the Saturday which has just passed, had occasion to remark this hope, to use his exact phrase as given us in the cables, that—

> Something may be done again to bring us closer together with the United States, and that the United States would no longer doubt the fairness on the part of England or question the honor of her officials.

Mr. President, there is no desire on the part of this Government to divorce itself from the friendship of other nations worthy of our friendship. Indeed, there is willingness on our part to do that which will make us worthy of their continued confidence. We know, sir, that in England, where heretofore they have refused to acknowledge the debt in their budget in anywise whatever, or to pay any of its interest in the past, there comes forth the statement that though they need all their present cash for their defenses in the construction of armament, and for such other reasons as they have pointed out, still their will is to find a way, apart from that of the past, by which other obligations may be met, this meaning the debts due the United States.

Mr. President, I have noted since these observations were made that one of England's great spokesmen, speaking through one of her other statesmen, says that it was not their intent to take from the shelf what had been previously considered and disposed of—the hope of any land to pay money, or, to use his word, lest I do him injustice, "gold."

Here I take the liberty of returning to my first expression on this subject, and I hope the honorable Members of the Senate will indulge me when I refer to it. It is evident to my mind, sir, that there is a proposition now before our Government, and I may be pardoned if I assert that I have reason to know that it takes on a concrete form, whereby small bonds may be issued by our debtors, and thus there may be a circulation of securities which may be passed from generation to generation in our own land, and which assure a compensation and contribution on our debts due, the nature of which our people can wholeheartedly accept.

In addition thereto there may be, and I dare say and assert there should be, some arrangement concerning interchanges of treaties of trade. We speak of them, sir, as reciprocal treaties. I do not in principle concur with them all. I belong rather to that school of men called Democrats who believe in the doctrine of necessary protection by an adjusted tariff instead of a profitable and monopoly tariff. However, I feel in connection with and following this treaty that there will come forth some suggestion that will bring to our people materials and goods of a kind that we do not produce sufficient for ourselves, and in that respect another form of contribution and payment to be added, which, taken all in all, let me conclude, is evidence of a further and new revival of mutual confidence between nations, and a return once again to the standard where they will deal with each other on the basis of national pride and international honor.

Mr. President, I can but say, sir, that I am greatly interested in this subject upon a phase so personal that I should not disguise it before this body. I should wish to see brought about some settlement respecting the debts due the United States by foreign governments so the proceeds could at once be applied to the demand of taxes that are soon to be laid upon our people out of the necessity of conditions of which we are all aware. I feel that the adjustments, as I understand them, in prospect, even if I am mistaken, to a great degree, if not wholly, will contribute heavily to ameliorate these taxes and relieve our people of great burdens which just now shadow them. Some of our people are suffering fear; some are taught that they have a burden approaching that would crush them; some, not realizing the limitations that will be provided, feel, nevertheless, that it is an offense to put this burden of taxes upon them, however great the necessity that justifies it. Therefore, sir, let me not withhold that my anxiety as to the debts takes on two forms, one of which is my constant insistence that they be paid in some form or adjusted to some sum as a matter of justice to us. The other is my desire that the money come forth early, in order that it may be applied to the obligations of this Government, and rescue it from putting further weight of taxation upon the shoulders of our own people.

Mr. President, the Senate has indulged me at greater length than I expected to impose upon it. I have now but this to say, sir: This treaty, while not serving all that I desire, is better than many ever hoped for. It is an expression antagonistic to old hostilities and envy and indicative of a kindly spirit of a welcoming brotherhood. It gratifies me to say that we may give it our approval on this basis as a lesson for other governments dealing with us and dealing with other nations in the world. Here it is that we have entered upon an era where, sitting around the table as friends, we may admonish the world, in the words of the great Cardinal Richelieu:

> Take away the sword; states can be saved without it.

I gratify myself in supporting the motion of the able chairman of the committee for ratification of the treaty; and I thank the Senate for its indulgence.

Mr. WALSH. Mr. President, I should like to make a very brief statement with respect to the treaty. My observations will be more in the nature of an analysis of the treaty and particularly as to how it leaves the problem of international naval disarmament.

Mr. President, the naval treaty, which is now before the Senate for ratification, is an agreement with respect to naval armaments entered into between representatives of Great Britain, France, and the United States at the naval conference held in London from December 7, 1935, to March 25, 1936.

In considering this treaty we should recall the fact that the Washington Naval Treaty of 1922 and the London Naval Treaty of 1930 both expire on December 31, 1936.

The London Treaty contained a mandatory provision requiring the holding of a conference during the year 1935 of the representatives of governments who were signatories to that treaty. Also the denunciation of the Washington Treaty by Japan required a conference on that treaty as provided in its terms.

Attending the conference, in addition to the three countries who signed the treaty now before the Senate for ratification, were Japan and Italy. The representatives of these countries did not join in signing this treaty. It will be recalled that Japan withdrew from the conference because the other countries refused to agree to her demands for naval parity with Great Britain and the United States. Representatives of Italy remained and participated in the conference until the end. Though the representatives of Italy did not sign the treaty, it is understood that the technical features of the treaty are acceptable. Undoubtedly the Ethiopian war was a factor in preventing Italy from attaching her signature to the treaty at the time.

Naturally the Senate is interested in knowing just what this treaty does, not necessarily the details of naval armaments that are permitted or curtailed but the fundamental question of whether or not the treaty is moving in the direction of further naval armament limitations.

Speaking personally, the treaty is disappointing in that it sets aside the slight restrictions and limitations that were established in the Washington and London Treaties on the naval armaments permitted each signatory. Our people have been sincerely interested in making real agreements for limitation of naval armaments. We did not expect radical reductions in naval armaments through treaty negotiations with conditions as they are in the world, but we did hope and desire a gradual and steady movement in the direction

of reduced and continued limitation of naval armaments. This treaty is disappointing, for it is a recession, as quantitative naval armament limitations are now to end.

By quantitative limitation is meant a limitation on the number or total tonnage of ships that can be built by one of the great powers. The Washington Treaty provided a limitation upon the number and total tonnage of battleships and on the total tonnage of aircraft carriers. The London Treaty contained a limitation on the total tonnage of cruisers, destroyers, and submarines. The limitations of these two treaties expire in December 1936, and the new treaty contains no limitation on the number and the tonnage of battleships, cruisers, submarines, destroyers, and aircraft carriers.

One qualification should perhaps be made to this general statement, namely, that this treaty contains or provides for a building holiday for 6 years on 8-inch-gun cruisers and 6-inch-gun cruisers whose displacement exceeds 8,000 tons. This prohibition applies only to ships to be laid down after December 31, 1936. In other words, there is a restriction against cruisers of this particular type for 6 years. However, the number of 6-inch-gun cruisers of less than 8,000 tons is unlimited. Other than this, the treaty contains no limitation on the number of naval craft, but does place restriction on the kind—i. e., the size and gun caliber of individual ships. In other words, opportunity for a race in numbers of naval craft is left open, but opportunity for a race in kind of naval craft, meaning size of ships and size of guns, is stopped.

Attention should be called to one other feature, namely, the provision for advance notification of building programs upon the part of the signatories of the treaty and exchange of information as to the detailed characteristic of each naval craft that is to be built. Between January and April of each year each signatory nation must notify the other nation as to the number of each type of naval craft it agrees to limit its construction to during the ensuing year; also, 4 months before the date of the laying of the keel of any naval craft the signatories are to be notified in respect to the name, category, horsepower, speed, number, and caliber of guns, et cetera, et cetera.

There is no mention or reference in this or previous naval treaties to the number or kind of naval aircraft. I assume that the reason why there has never been any effort made to place limitation upon naval aircraft construction is due to the fact that some countries, as Great Britain, do not separate their aircraft defense into army and navy units, but have a combined aircraft defense.

Another reason is that the building of airplanes has become so comparatively easy, that in event of war or threatened war any nation could increase its aircraft with great rapidity, and further, it would be difficult to determine whether commercial planes were being built with military features. This would give rise to constant dissension and suspicion.

Mr. CAPPER. Mr. President, I intend to vote for ratification of the pending London Naval Treaty, although without any particular enthusiasm. It does not seem to me it will have any great effect, if indeed any at all, in reducing armaments. I am not even strongly hopeful that it will lessen the world competition in the great armament building race that in the end threatens the destruction of civilization as we know it.

But those who have negotiated this pact very likely have done the best that could be done. It is regrettable, of course, that two of the Washington Treaty powers, Italy and Japan, have not signed the new pact, nor indicated they would do so. I sincerely hope Mr. Norman H. Davis is right in the hope he expressed that later Italy will sign the treaty, and perhaps even Japan.

As I understand, only this country and Great Britain were willing to continue the provisions of the Washington Treaty in regard to ratios and limitations on war vessels. Japan insists upon her right to have a naval force equal to that of the United States and Great Britain if and when she feels that her national security demands it. In the very mild form in which limitation is attempted in the pending treaty, it may be that Japan will see fit to become signatory later.

As I understand, there at least is nothing objectionable in this treaty. There are some limitations on naval armaments left out which I, of course, would be very glad to see included in such an agreement. It is very distressing to me to see our Nation and the other leading nations striving to outdo each other in preparations for war. It does seem to me that the excessive preparations for war of themselves engender the war spirit and lead toward war, not away from it.

Also these huge expenditures for war purposes tend to impoverish the nations making them. They greatly increase tax burdens and throw the economic machinery out of gear. Too often in history have huge preparations for war caused so much suffering and discontent among the people of a nation that its leaders have felt impelled to make war in order to divert attention of their peoples from their internal troubles.

Mr. President, I felt compelled to vote against both the huge Army and Navy appropriation measures in this session of Congress because I believed they were extravagant and inherently dangerous in their probable effects on the peace of the world. I feel that a vote for this treaty is, at least, an expression of a sincere desire on the part of the people of the United States to limit our own armaments to the lowest point consistent with an adequate national defense.

There is no question in my mind of the sincerity of our people in desiring to live at peace with the world. Nor is there any question that the people of this country do not intend to be called again to the colors to fight other nations' battles.

This treaty, in contrast to the appropriation bills this Congress has passed, at any rate is a step in the direction of preserving world peace. So I am glad to support it for that reason.

As I understand, there are two main objectives in the pending treaty:

First, it attempts to preserve the foundation, in principle at least, of general naval limitation.

Second, it attempts to discourage, if not to prevent, a naval armament race.

It provides also for a full exchange of information among signatories as to projected and actual construction. This feature alone, if carried out in good faith and among enough nations, may be helpful in allaying the fears of what other nations are doing, which enables those interested to bring about larger expenditures in the name of national security than are necessary.

Mr. President, I cannot close without saying that I believe the national defense policy should be shaped on the basis of defense of our own Nation and in line with our obligations under the Kellogg-Briand Pact. That policy should include control of the munitions industry to take the profit out of war and out of preparations for war.

Mr. President, I shall support this treaty, in which we again, in effect, make profession of our desire for world peace. I can only express regret that our actions in trying to keep up with other nations in preparations for war seem to me sadly out of line with the professions which we make.

Mr. JOHNSON. Mr. President, at this late hour I do not rise to express any particular objection to the treaty that is before us, nor to object to its ratification now; but I wish to make plain to those people for whom I speak, few in number, and those to whom I speak, that I do not regard this treaty either as a naval limitation treaty nor a disarmament treaty in any respect whatsoever. It is a treaty, sir, that has its escape clauses, and will be known always by virtue of the fact that it has so many escape clauses to preclude the doing of anything the parties do not wish to do; and under it, sir, there never can be limitation of naval building nor disarmament.

Mr. President, treaties are the only mode by which we may have our international relations set upon paper and agreed to, just as contracts between human beings as to their future conduct and as to those things which may be important to them in their grave concerns. It is a sad thing—a very sad thing, indeed—that treaties of late have not been observed as we are accustomed to observe the particular agreements that we make as individuals, and the contracts that we make

for those things of consequence to us. That, I concede, is no reason why treaties should not be made, because they are the only mode that is accorded us of writing agreements between nations.

Nevertheless, sir, when we see what has transpired in the past few years in the world, the utter disregard of treaties, it leads to a bit of skepticism as to the sort of thing that will be accomplished by any treaty of any kind or of any character. The thing that I wish to impress upon the people of the United States, if I have the power—which I do not by any means claim—is that this treaty is not accomplishing the purposes which we desire accomplished when we enter into obligations with foreign governments regarding disarmament and regarding naval limitations. It has nothing of either, and it has so many modes by which escape may be had under any contingencies that if we are endeavoring to make our people believe we have accomplished something by the treaty that has just been made, we are doing something which is without warrant.

The very excellent résumé of the treaty by the Senator from Massachusetts [Mr. WALSH] conclusively demonstrates just exactly what it is and what it will not do, and principally what it fails to do. The very lack of enthusiasm upon the part of those who present the treaty to us makes it perfectly plain that here we are simply ratifying an agreement that was made because our friends who went across the water wanted "an agreement" and made "an agreement."

On a historic occasion in this body concerning another treaty, which, in the language of the distinguished Senator from Illinois [Mr. LEWIS], led us into the portals of hope and made possible that millenium that we all trust may come to us and the peace that we all seek in days that are to come, I spoke of that treaty then before this body that was lauded all over the world as the beginning of the end of fratricidal strife, the beginning of the end of internecine warfare, the beginning of the end of any conflict between peoples after its execution, and the beginning with us of the glory and the hope of peace on earth and good will to men—a treaty more honored since in the breach than in observance—I spoke concerning that treaty in the language of Francois Villon, who wrote concerning a "friend" of his thus:

> To Messire Noel, named the neat
> By those who love him, I bequeath
> A helmless ship, a houseless street,
> A wordless book, a swordless sheath,
> An hourless clock, a leafless wreath,
> A bed sans sheet, a board sans meat,
> A bell sans tongue, a saw sans teeth,
> To make his nothingless complete.

And I vote for this treaty, sir, with that description in mind.

Mr. ROBINSON. Mr. President, no one advances this treaty as indicative of great progress toward the effective limitation of armament. It is well that Senators should understand that the terms of the treaty are not highly gratifying to those who patricipated in its negotiation. If there is one subject in which mankind generally has been disappointed since the close of the World War, it is that which is now being discussed and which is relevant to the issues involved in this treaty, namely, the limitation of armaments.

There are more armed men on earth now than there were before the storm broke in its fury in 1914; and the state of mind demonstrated by the various peoples who constitute the population of the world does not inspire great confidence in the hope for the future.

It would have been pleasing to everyone who hears me, and encouraging to millions scattered throughout this country, and indeed to millions in other lands, if it had been found possible to work out at the recent naval conference an arrangement by which the burdens incident to large naval establishments might have been substantially diminished. The fact that the treaty does not contemplate a large measure of limitation on naval armaments is chargeable to the conditions under which it was negotiated.

One who may claim some measure of familiarity with such problems found difficulty when the conference convened in feeling the hope that its efforts would be successful. That they have been only partially successful has been made clear by the terms of the treaty itself and by the statements that have been made here during the time of its consideration.

As to quantitative limitations, the treaty contains no provision; and that fact undoubtedly is disappointing to the friends of naval armament limitation. There are some circumstances connected with that phase of the subject that should be pointed out in this connection.

The nations that signed the treaty could not have been expected to forego the right of self-defense or to abandon the means of accomplishing it. No method for the effective limitation of armaments that promises to be successful has been proposed save through international arrangements and agreements; and one, two, or three nations necessarily will be slow to abandon their right to equip themselves for defense if it appears that rivals, or even other friendly nations who may become rivals, are unwilling or unable to enter into an agreement. Japan in the conference demanded the right of naval equality with Great Britain and the United States. When that was not granted or recognized, she withdrew from the conference.

The United States would have been perfectly willing, and other nations members of the conference were perfectly willing, to make limitations and even substantial reductions on the basis of agreements entered into at Washington in 1922 and at London in 1930, on the 5–5–3 ratio or any basis similar to that.

Japan having announced her intention to terminate the Washington Treaty and having withdrawn from the conference, the question arose as to what could be accomplished properly and safely by those who continued in its labors.

To me it is regrettable that after January 1, 1937, unless something unexpected occurs, there may be a revival of competition in what is called quantitative naval construction. If any plan could have been found to avoid it or to avert it, that plan would have been resorted to. No nation which has interests of its own and of its own citizens to safeguard on the seas may be expected to abandon and discontinue naval construction on the theory that every other power will follow the wholesome example.

Regrettable as it is that the treaty makes no arrangement for quantitative limitation, it is gratifying to observe that, in spite of the difficulties under which the conference labored, it did accomplish results which are well worth preserving, and which may be of advantage in the future when we come again to deal with the limitation or reduction of naval armaments. Those advantages have been pointed out by the chairman of the committee, and they consist in part of the unqualified obligation assumed by the signatories to the treaty to keep one another advised as to the annual naval-construction program, notice of the same to be given 4 months in advance.

In entering into this undertaking the nations signing the treaty surrender no right. They merely in good will seek to encourage a continuance of efforts to limit or to restrict armaments.

If a nation not a party to the treaty refuses to give its assent to that proposal and to carry out the plan for notice, and embarks upon a policy of construction which indicates to one of the signatories to the treaty that its safety is imperiled, the signatory may, through the escape clause, begin construction not theretofore intended, or resume construction which had been suspended.

There has been much criticism of the treaty because it contains clauses of the character to which reference is now being made, but I am wondering whether any loyal person would want to place his Government in the position that it could not arm if it were felt and realized that to do so was necessary for the safety of the Nation.

Reference has been made to the fact that the only conclusive obligation in the treaty is the undertaking to give

notice, that when a nation has its fears aroused it may begin or resume construction by giving notice and full information to other signatories of its intention to do so. Whether such a clause were in this treaty or not, history discloses that when the fears of a people are aroused they exercise the right to prepare for their defense.

It is of value to have information of the plans and programs of other powers, and it is of value to have the qualitative limitations which are agreed to in this treaty.

Admittedly it is not satisfactory, it is disappointing to be unable to secure a fair measure of quantitative limitation or reduction.

Just now "the earth is filled with anger and the seas are dark with wrath." Just now there are such conditions that it is difficult in safety to pursue a course which will make certain the reduction of our own armaments. But these days, however long, will end. The nights that follow them will break into other days; and it is the hope that before the limitation in this treaty shall expire, by the year 1942, if not before, the state of public opinion in the world will be such as to permit quantitative reduction in a very large and gratifying measure.

Mr. NYE. Mr. President, I share very largely the regret which has been repeatedly voiced this afternoon that the treaty pending before the Senate was rather completely divorced from any thought of limitation of naval armaments. Perhaps there is something to be said in favor of the treaty as respects the clause dealing with warning or notice by nations respecting their building program; but that, and that quite alone, is the substance of the pending treaty.

The Senator from California [Mr. JOHNSON] has intimated that the treaty was only an agreement in response to an expectation that something would come out of the negotiations at London. The Senator from California was not guessing when he spoke of the desire in those words.

I have before me the testimony of Admiral Standley, one of our delegates to the London Conference, in which he says:

> We were sent over to London to negotiate agreements to take the place of the Washington and London Treaties. The Washington and London Treaties both were to expire on the 1st day of January. We were sent over there to negotiate agreements. The idea of our country—apparently of our administration—and our instructions were we were to negotiate agreements. In other words, it was the desire that we bring back agreements.

If one desires to do so, I suppose it is fair to assume that Admiral Standley went to London anticipating that he would be expected to return home with an agreement.

Mr. President, one who has followed the negotiations from year to year looking to the accomplishment of some measure of disarmament, must have grown exceedingly distrustful of all arms limitation or disarmament conferences. Starting 14 or 15 years ago, when hopes were high, we have seen conference follow conference, each conference a little weaker and a little further from the hopes that were entertained than was the preceding one. However, I do not know why we should anticipate very different results than those which have been attained. A naval conference is called. Nations choose their delegates. One nation which took part in the last conference virtually loaded a ship with admirals and other officers of her naval establishment as her representatives at the so-called naval disarmament or limitation conference. The interest of these men was not in disarmament; it was not at all in limitation. Their future careers were dependent upon a continuation of the present naval pace, and they were not going to be fully satisfied unless by chance there could be even more ships than there now are.

That was the delegation representing one nation alone. Other nations have sent as delegates, among others, men whose interest was in the naval establishment. We, too, have participated and shared in that kind of program. Some nations also have been known in the past to send to limitation conferences men who were stockholders in the business of building ships and building armament—men who would be absolutely out of pocket if limitation of disarmament in any degree were to be accomplished.

Now that we shall have this treaty, I suppose we may hope during the year only for developments that will prevent a continuation of what just now is very positively an armament race. Let us hope that during the year sanity shall be brought home to nations, if through no other channel than through the channel of the tremendous burden of cost that is being occasioned by these armament races. It seems to me that in the United States, if we wished to contribute in a substantial way to the accomplishment of some degree of disarmament, or to the accomplishment of a limitation of naval armament, we could proceed in a way which would remove some of the very positive causes that enter into armament races. We could proceed first by eliminating the cause which is involved by reason of the fact that some men and some institutions find tremendously large profits in armament and in armament races. The madder the race, the greater the profits. The Senate's Munitions Committee has recommended that our Government shall undertake the nationalization of a part of our munitions industry, and has recommended that the United States produce all its requirements of ships, of guns, of powder, of gas, and of armor plate.

Some few weeks ago leading newspapers of the country engaged in the conduct of a poll, feeling out the people respecting their wishes concerning the nationalization issue. No doubt the result of that poll was most surprising to one and all. I know it was to me. While I had been aware that there was much sentiment for it, it had never dawned upon me that the odds would be such as were shown as the result of the poll. It revealed 82 percent of the people as favoring nationalization, and 18 percent as being opposed to nationalization.

The result of his poll, conducted by Dr. George Gallup, was published, among other newspapers in this country, in the Washington Post. I have before me a copy of the review of that result; and I ask unanimous consent that it may be printed in the RECORD following my remarks.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Without objection, it is so ordered.

(See exhibit A.)

Mr. NYE. If the United States shall choose this course of eliminating what is a very positive cause for entering into armament races, we shall find most emphatically that we are not alone in our thinking, and that it is altogether probable that were we to lead, to set the example, or to set the pace in that direction, we very soon should have company from other nations.

Great Britain conducted a far more thorough poll than the poll in the United States of which I have spoken. The result of the poll in Great Britain revealed that 93 percent of the people favored nationalization, as against 7 percent who were opposed to nationalization.

During the debate this afternoon the Senator from Idaho [Mr. BORAH] made reference to the probability that there would be deception under the treaty; that nations would not fully reveal their plans and their preparations as they involved naval construction. The Senator from Idaho made very direct reference to the deception that was practiced in the years preceding the outbreak of the World War. I have before me a page from the London Evening Standard of May 6, 1936, quoting David Lloyd George as respects the deception of those years preceding the outbreak of the World War. I quote:

> Mr. Lloyd George, as an illustration, spoke of the "pre-1914 dreadnaught panic."
>
> The naval program of Germany, he said, was exaggerated in the press and on the platform. There was an exaggeration as to the number of ships being built and the size of the guns. The advice given the Cabinet as to the importance of small craft rather than monster ships was deprecated.
>
> There was a great agitation in this country for an immense program for the building of huge battleships and battle cruisers. The Cabinet was divided about the need for building so many of these costly ships because some of them took the view that what we stood most in need of was small craft.
>
> A Cabinet committee was appointed to investigate all the facts with regard to German shipbuilding and German guns. The armament firms tendered evidence in their possession based on

secret information which they had received—all of the most alarmist character. They had already passed it on to the Admiralty.

This demonstrated that the Germans were laying down ships considerably in excess of their published statutory naval plan. There is no doubt that this evidence considerably influenced the Cabinet.

It turned out to be completely inaccurate, but it diverted the Admiralty from the building of the small craft essential for our commerce into constructing the biggest of big ships.

So we find those who were profiting from the gains of so-called preparation for war were the ones who were engaged in deception which ultimately led to war.

I do not say on my own authority that that armament race did lead to the World War. Rather I am quoting none other than that same authority, David Lloyd George, wartime premier of Great Britain, who early this month was giving testimony before the royal commission investigating the manufacture of munitions in Great Britain. In his testimony before that commission the gentleman said he "had no doubt that naval competition between this country and Germany was a contributory cause to the Great War." Of interest to anyone studying the hearings held in England was the information revealed growing out of the testimony of a captain and former inspector of naval operations in Great Britain, who testified before the commission as follows:

Private makers worked foreign and British contracts side by side, and it was impossible to preserve entire secrecy.

That remark had reference to the years just preceding the World War. He mentioned cases to show that in 1913 guns of the same type were being made in the same shops for the British, for the Japanese, and for the Turkish Governments, and similar work was being done for Chile and Brazil at one and the same time.

All of which, Mr. President, makes most convincing to me the expressed thought that if the United States really desired to be a sincere contributor toward the accomplishment of a reasonable degree of disarmament in the world she would set the example and show the way by eliminating the influence of the private manufacturer of munitions of war.

Mr. President, because it is of such interest, I ask unanimous consent that the quotation from the testimony of David Lloyd George, as published in the London Times of May 7 of this year, may be printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the London Times of May 7, 1936]

MANUFACTURE OF ARMS—MR. LLOYD GEORGE'S VIEWS—STATE MONOPOLY URGED

Mr. Lloyd George, M. P., gave evidence before the Royal Commission on the Private Manufacture of and Trading in Arms at a public sitting at the Middlesex Guildhall, Westminster, yesterday. He said that the Great War had taught us the importance of being ready for all contingencies to the extent of being in a position to put all our manufacturing resources into operation as soon as war was declared. "When in 1914 it came to the need for increasing our supply or munitions on an enormous scale", he said, "private firms broke down completely."

Sir John Eldon Bankes presided, and there was a fair attendance of the public. Dame Margaret Lloyd George and Miss Megan Lloyd George, M. P., were seated immediately behind Mr. Lloyd George.

Mr. Lloyd George, before reading a prepared statement of evidence, said that he was in full agreement with the view that the manufacture of arms ought to be a Government monopoly.

In his statement he dealt first with political reasons for forbidding private manufacture of arms. It would, he said, avoid the creation of powerful vested interests whose prosperity depended on war and preparations for war. The enormous increase, amounting to tens of millions in a few weeks, in the value of the properties of the armament firms in this country, on the intimation of a program of rearmament on a great scale by the Government, was in itself a startling demonstration of this peril. These concerns were no longer the property of a limited number of partners; but thousands, maybe scores of thousands, of shareholders spread all over the country either held or dealt in their shares. Rearmament doubled the value of the holding of every shareholder. Disarmament would either halve it or reduce it to nothing. It was not a healthy state of things when a large and, on the whole, influential body of men scattered all over the kingdom should have a direct pecuniary interest in war or agitations which led to war.

THE DREADNOUGHT PANIC

There was a good deal of direct, and even more indirect, propaganda conducted by these enterprises. Sometimes it took the subtle form of inculcating the horrors of war with suggestions that people must prepare to protect themselves against them. It more often took the form of an exaggeration of preparations made by other countries, with more than a hint that they were directed against our security. The pre-1914 Government had an illustration of the latter method. They would remember the dreadnought panic. The naval program of Germany was exaggerated in the press and on the platform. There was an exaggeration as to the number of ships being built and the size of the guns. The advice given the Cabinet as to the importance of small craft rather than monster ships was deprecated. There was a great agitation in this country for an immense program for the building of huge battleships and battle cruisers. The Cabinet was divided about the need for building so many of these costly ships because some of them took the view, held by so many admirals, that what we stood most in need of was small craft.

A Cabinet committee was appointed to investigate all the facts with regard to German shipbuilding and German guns. The armament firms tendered evidence in their possession, based on secret information which they had received—all of the most alarmist character. They had already passed it on to the Admiralty. This demonstrated that the Germans were laying down ships considerably in excess of their published statutory naval plan. There was no doubt that this evidence considerably influenced the Cabinet. It turned out to be completely inaccurate, but it diverted the Admiralty from the building of the small craft essential for our commerce into constructing the biggest of big ships. There was much more profit in the building of these gigantic ships with their monster guns. A torpedo-boat destroyer would only cost about one-twentieth of a battleship.

INSIDIOUS PROPAGANDA

This kind of propaganda was very insidious. The public had no protection against it. In the case he quoted the public did not even know that the information on which we proceeded was largely, if not entirely, supplied by representatives from armament firms who were pecuniarily interested in the panic which was created. He had no doubt at all that the information given to them as Ministers was also communicated to politicians outside and to the press. From all he heard the armament interests in France were just as active on the same lines today, although the methods they adopted were even more pernicious. To what extent German armament interests influenced German opinion he had no information, but he had no doubt they were equally mischievous there.

Coming to practical reasons, from the point of view of the efficiency of national defense, why the present system was a bad one, he said there must always be a minimum of armaments below which it was not safe for us to sink in an armed world. If they underinsured they were taking unjustifiable risks in an incalculable international situation, a situation, which, judged from reports in the press, was aggravated by the fact that peace was disturbed by the capable and defended by the feeble-minded. On the other hand, if they overinsured they were incurring unnecessary expenditure which was unproductive insofar as it was not essential to protection, and they were also provoking a competition in armaments which led to fresh expenditure and endangered universal peace. But past experience demonstrated that they could not altogether rule out of account sinister contingencies, however improbable they might be at the time. In 1914 few anticipated a world war. He could not recall one who ever thought it possible we should have to send an army of several millions across the seas to fight in three continents. We levied and trained millions of men, but they were not fully equipped for battle for nearly 2 years.

The war had taught them the importance of being ready for all contingencies to the extent to be in a position to put all manufacturing resources into operation as soon as war was declared. When they contemplated the possibility of another great war, what mattered most were the facilities for speedy expansion on the most effective lines. Here nationalization of armaments had an enormous advantage over a system of private firms. When in 1914 it came to the need for increasing the supply of munitions on an enormous scale, private firms broke down completely. And in war, time was often decisive. If war came there should be no delay beyond what was inevitable in the provision of all the necessary equipment for carrying it on effectively.

CAUSES OF DELAY

"What", he asked, were the principal causes of the delay in the Great War? (1) Designs, patterns, and specifications of essentials were not ready; (2) even when the designs were there we had not sufficient gages for accurate manufacture, and that is all important. The shortage of gages alone accounted for months of delay; (3) we had no survey of the available machine tools in this country, and, if we had, there was nothing like a sufficient number to meet the demand. They took months to manufacture even with the aid of America."

"I am blaming no one", Mr. Lloyd George's statement continued. "No one had contemplated a war in which we would be called upon to play so vast a part. Had we possessed such an organization as Sir Eric Geddes indicates in his evidence, if our designs, patterns, and specifications had been prepared, ready to hand out to the producers, we should have saved several months—not far from a year. You may say that it would involve heavy expenditure in peacetime. Not at all. For a few hundred thousands, it is wonderful what you could accomplish on these lines. These

essential preliminaries did not cost us much in money—not directly. But their absence cost us immense sums—and many hundreds of thousands of casualties. All this important question of design involves constant research and experiment. The question may be asked, Why cannot private firms prepare designs, patterns, and specifications, and engage in research and elaborate experiments just as well as the state? One reason is that it would land them in expenditure on a great scale with only problematical commercial results. It is only a war or a war panic that would pay them for efforts which alone would in practice prove equal to the need. They are trading concerns for profit. The state has to take precautions for contingencies that it is doing its best to avert and to prevent from ever arising without reference to trading profits."

With regard to the cost of experiments, Mr. Lloyd George referred to tanks, and said that in the final stages of the war they played almost as great a part in insuring victory as any other weapon. Those used in 1918 were a wonderful invention, but they were crude and clumsy in comparison with their successors of today. The casualties among the machines in 1918 were exceptionally heavy. At the famous battle of August 8, 1918, 60 percent of them were put out of action, and antitank devices had then hardly had time to develop. Constant experimentation was essential if they were ultimately to work up a machine that would overcome traps or antitank guns and other countermeasures. To carry out these experiments large tracts of land of every kind and conformation must be available. It would not be possible for private firms to command sizable and suitable terrain. The Government were equipped with the necessary powers—and where necessary the capital—to provide the necessary ground for experimenting.

LABOR DIFFICULTIES

If war ensued and expansion became necessary, there were serious labor difficulties to overcome when manufacture was in the hands of private firms, in dilution of skilled labor with unskilled, and the training of unskilled men and women. For expansion of production on a great scale the number of skilled workers was quite inadequate. There must therefore be, in the unfortunate event of war, a dilution of skilled with the unskilled and a training of men and women for jobs hitherto undertaken by skilled craftsmen organized into powerful unions. During the war the unions were prepared to suspend their privileges for the country's needs, but they were most reluctant to make the same concession to private firms whose profits were swollen by the transactions. He would not pass any comment on their attitude. There was much to be said for it. But he was stating a fact with which they had to deal in the Great War. The adjustment occupied a great deal of valuable time and gave recurrent trouble.

America was an admirable illustration of the system of private manufacture in the event of war. The manufacture of munitions was left largely in the hands of private firms. After 18 months of war the Americans had no guns, heavy or light, of their own, and their airplanes only came in 2 or 3 months before the armistice. And yet America was the greatest manufacturing country in the world. They wasted their time on devising new patterns which could have been instituted and perfected without very much cost by State arsenals before the war and could have been put in immediately after war began and turned out in great numbers, had the specification been ready.

Private manufacture completely broke down in the war. Orders were given and accepted, but not fulfilled. It was a lamentable story of failure. Dr. Addison had given the figures of the promises and performances of the first few months of the war. No one who perused them would fail to realize why we were not only unable for nearly 2 years to make any attack upon the German trenches without appalling losses due to lack of artillery and high explosives, but our troops had not enough ammunition to defend themselves in their own trenches by retaliating upon the enemy's guns.

THE CASE OF RUSSIA

"While promises of this kind were given to us, heedless of any reckoning as to the possibility of executing them", Mr. Lloyd George's statement went on, "similar undertakings were given to the Russians with even worse results. Enormous orders for every kind of ammunition were booked by Russia with our armament firms, notably one firm. Not even an appreciable percentage of the obligations undertaken was ever discharged. The Russians depended upon them and found themselves with no means of defending their lives against the terrible German attack. The feeling against the British firms was exceedingly bitter in the Russian Army. The failure was attributed to breach of faith, and there is no doubt that it contributed partly to the Russian collapse and the Russian disgruntlement with the Allies.

"I have no doubt at all that the contracts which were accepted were entered into in perfect good faith, both with our Government and the Russian Government. The armament firms depended upon a system of peddling out part of the work to engineering concerns engaged on civilian work which had to be suspended owing to the war. But they had not the authority which a government had of securing the cooperation of these firms. And, moreover, it is no use pretending that a great armament firm is particularly anxious to encourage other firms to start to do profitable business which might result in the establishment of formidable rivals. When the Government took in hand the organization of all our engineering resources for the production of munitions, we had no difficulty in securing the fullest cooperation and the largest output under complete Government control."

AGITATION FOR WAR

The chairman asked Mr. Lloyd George if he would extend state monopoly to all branches of arms and munitions; for instance, to battleships, airplane engines; to all classes of manufacture; or only to limited classes.

Mr. LLOYD GEORGE. I would go as far as it is practicable. The less you leave to private manufacture, the less is the incentive to promote agitation for war.

The CHAIRMAN. To make a monopoly effective you must go as far as complete nationalization not only of the manufacture but of the raw material?—No; I should not say that. In the war we had practically to assume control of all raw material and distribute it.

You had to do that in the war in order to make your monopoly complete. Does not the same argument apply to these times?—I do not think so, because you are not working at the same pressure.

Replying further to questions by the chairman, Mr. Lloyd George said the greatest danger was that there were firms who owed their existence to war preparations, and those were the firms here, in France, and elsewhere which were taking part in these agitations. With regard to what was known as "the dreadnaught incident", he said that the evidence given before the cabinet committee by Mr. Mulliner was inaccurate. The impression given by him was that the Germans were going to build ships at a greater rate than that which was laid down in their naval program, and that we should be confronted with so many German ships that we should be in a minority. As it turned out it was untrue.

The CHAIRMAN. The experience of the Great War has wholly altered the view with regard to national defense of what is necessary to be done by way of preparation?—Undoubtedly. The two main factors are the quantity of arms, etc., and the necessity for rapid expansion.

The CHAIRMAN. Would it not be of great assistance to the state to have private manufacturers ready with the necessary personnel?—I do not see why the state cannot train personnel just as much as private manufacturers. In the war we had to depend a great deal on Woolwich.

In answer to Sir Philip Gibbs Mr. Lloyd George said he thought the inclusion in the Covenant of the League of Nations of article 8, which condemns the private manufacture of arms, was based on a general feeling of all who took part in the peace conference. There was a feeling that Krupps had had a very pernicious influence. He had no doubt that naval competition between this country and Germany was a contributory cause to the Great War. He was not hostile to the export of arms from a moral point of view. He would have exported arms to Abyssinia and not put an embargo on, as had been done. That was a matter for the League of Nations to thresh out; there must be some international thought. If there were no private trade in arms, he could understand that there might be conditions in which it would be desirable for the state to export arms.

Professor GUTTERIDGE. Is it not possible to abolish the export of arms altogether?—I think it would be undesirable.

A NAVAL VIEW

Capt. Ll. E. H. Llewellyn, R. N. (retired), a former inspector of naval ordnance, also gave evidence. He said that in 1914 armament plant held by private makers did not lend itself to rapid mechanical development, and had expansion and development been left to private enterprise the war would have been lost by 1916. Private makers, he said, worked foreign and British contracts side by side, and it was impossible to preserve entire secrecy. He mentioned cases in which, in 1913, guns of the same type were being made in the same shops for the British, the Japanese, and the Turkish Governments, and similar work was being done for Chile and Brazil. He personally saw a Japanese endeavor to take measurements of British drawings.

In reply to questions, Captain Llewellyn said that, roughly, his view was that he was not in favor of state monopoly unless it was protected by international agreement. It would be futile to try to restrict in this country if other countries were going to take what would have been our export trade.

The commission adjourned till today.

EXHIBIT A

[From the Rochester (N. Y.) Democrat and Chronicle of Mar. 8, 1936]

NATION OVERWHELMINGLY AGAINST PRIVATE MUNITIONS MUNUFACTURE—SHOULD MANUFACTURE AND SALE OF MUNITIONS OF WAR FOR PRIVATE PROFIT BE PROHIBITED? YES, 82 PERCENT; NO, 18 PERCENT—GOVERNMENT CONTROL ASKED BY 82 PERCENT OF COUNTRY—18 PERCENT FOR PRESENT SYSTEM—2 PARTIES JOIN IN OPPOSITION

By Dr. George Gallup

While the representatives at Washington have been extending the temporary neutrality bill to 1937 and appropriating funds toward the largest peacetime Army and Navy budget in history, American voters have recorded their opinions on another national defense proposal—manufacture by the Government of its own war materials—in a Nation-wide poll conducted by the Democrat and Chronicle and the American Institute of Public Opinion.

They favor the proposal by more than 4 to 1.

"Take the private profit out of war munitions", is a typical voter's comment, "and you lessen the incentives for war."

"The profit system in munitions has been leading us to war for generations", is the way a grocer in western Pennsylvania expresses it. "Maybe a Government system would break the cycle."

"The Government could do it cheaper", submits a third.

All those opinions have their part in creating one of the greatest majorities that have been reflected in the Democrat and Chronicle polls since they were first made public last October. Only the principle of old-age pensions wins a higher proportion of votes.

Today's poll shows how public opinion rises and falls on the munitions question from section to section. The strongest sentiment for nationalization of armaments obtains in the West, the weakest in States like Connecticut and Delaware, where great volumes of the country's armaments have been produced. But in the total national picture public opinion expresses itself:

	Percent
For Government manufacture	82
For private manufacture	18

The issue is one Congress must inevitably face, either in this session or in succeeding sessions, if public opinion continues in its present trend.

ENGLISH PEACE BALLOT PARALLELED

Virtually word for word, the question asked American voters corresponds with the question that was put to English voters a year ago. The Democrat and Chronicle ballot asked:

"Should the manufacture and sale of war munitions for private profit be prohibited?"

The English peace ballot, which began its patient, door-to-door canvass of 11,000,000 Englishmen more than 14 months ago, used the word armaments in place of war munitions. After a half year of balloting Lord Robert Cecil announced the results of the English poll, including the question on government manufacture of armaments. When the votes of those who reported "no opinion" in the English poll have been removed from the standings, opinion in the two English-speaking nations compares as follows:

	Percentage favoring Government manufacture	Percentage favoring private manufacture
United States	82	18
Great Britain	93	7

Infinitely swifter than the English ballot, the Democrat and Chronicle and Institute poll reported today is based on 102,120 ballots distributed to a cross-section of the American electorate. Whereas the British poll recorded the opinion of every voter who could be reached by the canvassers during the 6 months, the American poll selected more than 100,000 representative Americans to cast ballots. Farmers and city dwellers, Virginians and Kansans, breadwinners and persons on relief—voters of every group cast their ballots in the same proportions as they would in a national election. The two polls remain roughly comparable, however, for though the English peace ballot is lacking as a cross-section of British opinion, it is still impressive for the volume of its replies.

REPUBLICANS AND DEMOCRATS AGREE

The nationalization of munitions, like old-age pensions, is a subject on which Republicans and Democrats stand virtually together. Although Republicans have recorded themselves in previous polls as violently opposed to Government control of private industry, here is an industry most Republicans think the Government ought to own and operate. The votes of the major party members compare as follows:

	Percentage favoring Government manufacture	Percentage favoring private manufacture
Republicans	79	21
Democrats	85	15

Unlike the old-age-pensions issue, for which Congressmen of both parties seem eager to claim credit, munitions nationalization has not yet gained the official support of either party, notwithstanding its potential popularity. The present temper of Congress is to solve the problem of national defense with sharply increased appropriations.

The greatest variance of opinion in today's poll is between voters in New England and voters in the coast States. Among individual States, Nevada, with 99 percent, is most in favor of Government manufacture, while Delaware, home State of the Du Pont industries, is least in favor—63 percent.

SENATE CHALLENGE LOOMING FOR PRIVATE ARMS INDUSTRY—MUNITIONS COMMITTEE AT WORK ON LEGISLATIVE RECOMMENDATIONS

"(d) To inquire into the desirability of creating a government monopoly in respect to the manufacture of armaments and munitions and other implements of war and to submit recommendations thereon"

When Senator Chairman GERALD P. NYE banged down his gavel September 17, 1934, to open the first session of the special Senate committee investigating the munitions industry, there were few in the big paneled room who gave much thought to "section d" (above) of the Senate resolution that had authorized the investigation.

Excepting Soviet Russia, no country in the world operated its own munitions monopoly. If a monopoly existed at all, it was alleged, such a monopoly was eminently private, like the mysterious and picturesque "armaments ring" of Europe, typified by the equally mysterious and picturesque supersalesman, Sir Basil Zaharoff.

Even Chairman NYE, who had sponsored the Senate resolution along with Senator ARTHUR VANDENBERG, was peeling his eye for the other phases of the investigations.

"I thought", he admitted later, "that nationalization of munitions manufacturers was about the wildest idea we had under consideration."

PART OF AMERICAN THOUGHT

But when the chairman's gavel banged down 17 months later—last February 20—to bring the hearings of the committee to an end, "the desirability of creating a government monopoly" had become established in the thinking of American citizens all over the country, as shown in today's poll.

It is debatable whether the munitions investigation created the desire for Government ownership, or whether the desire for Government ownership was not, indeed, one of the forces that created the munitions investigation. This much is certain: The two arguments advanced for Government ownership during the sessions of the committee are the same that voters in today's poll advance:

1. Government ownership would make national defense less costly to the taxpayer.

2. Government ownership would prevent private munitions manufacturers in this country from involving the United States in a foreign war.

ONE GUN STILL LOADED

As this is written secretaries for the Senate Munitions Committee are preparing a final report, presumably with recommendations Senator NYE and other members of the committee will urge Congress to pass. Expected within a fortnight, this report remains the one big gun the committee has left to fire.

What will be the likely proposals for legislation growing out of it? Probably resolutions asking for complete or partial Government monopolies.

Almost alone on the committee in favoring "complete" nationalization is Senator HOMER T. BONE (Democrat, Washington). It is Senator BONE's idea that the Government should buy partly finished war materials like steel and potash and fabricate them in final form for combat purposes. This, the Senator believes, would "bottle-neck the munitions traffic in the responsible hands of the United States Government." It would prevent the irresponsible "private huckstering" of munitions—by Americans to governments abroad—which the Senator believes helped drag this country to war in 1917.

"We need buy no iron mines, for instance", he said. "We can buy all those materials in the open market. But these things the Government—and the Government alone—should fabricate in final form for combat purposes—war vessels, guns, ammunition, poison gas, and military and naval fighting planes."

* * * * * * *

FEDERAL SHIPBUILDING FAVORED

Some members of the Munitions Committee, including Senator NYE, believe the Navy can build good ships in the navy yards at costs considerably less than those charged by the private builders. They point to the jump in unit cruiser costs from about eight and one-half millions in 1932 to about sixteen and one-half million in 1934, as unnecessary burdens on the taxpayer under the private building system.

"Although the evidence is not all in," a preliminary report of the committee said last June, "the indications are that the private yards cost the Government from one to two million dollars more a cruiser than the navy yards."

This preliminary report which leaned in the direction of the Government monopoly in naval shipbuilding, is likely to be confirmed in the forthcoming final report. For one thing, the research department of the Interstate Commerce Commission last month piled up in front of the Munitions Committee a series of reports and a great stack of blue prints purporting to show that the Government could begin making all its own ships, aircraft, small arms, and powder by means of a total investment of less than $50,000,000.

PUBLIC OPINION REFLECTED

Obviously measures such as that favored by Senator BONE and that suggested by the Interstate Commerce Commission reflect the force of public opinion. In a plebiscite today American voters would probably authorize any system of Government munitions manufacture, so strong is the sentiment they record in the Democrat and Chronicle and the institute poll.

But it is extremely doubtful that Congress will enact any such legislation at this session.

Deeply pigeonholed in a Senate subcommittee already is the Nye war-profits bill, the first magnum opus of the Munitions Committee. The bill proposes a 100-percent tax in time of war on corporation profits in excess of 6 percent. Its purpose is to force the Nation, through high taxes and the conscription of industry, to pay for war while it goes on instead of piling up a debt burden for the future.

Lacking the support of the Roosevelt administration, as well as the support of most Senate Republicans, the Nye bill has languished

on the desk of Senator TOM CONNALLY (Democrat, Texas), chairman of the subcommittee of the Military Affairs Committee.

In a Congress committed to just two things now—a painless tax bill and a speedy adjournment—the same fate might befall further resolutions arising from the munitions investigation.

Moreover, the Nye committee gave mortal offense recently to southern Democrats like Senator CARTER GLASS, of Virginia, and Senator CONNALLY by its references to President Wilson and the secret treaties. Senator NYE will receive no concessions from either of these colleagues for a long time to come.

How long can Congress pigeonhole a matter that has the support of 82 percent of the voters, including majorities in both the major parties? That, in company with the trend of public opinion itself regarding munitions, will be interesting to watch in the months to come. And meanwhile there has been a handwriting on the wall.

"ARMS MAKERS WAR MAKERS", CRY MONOPOLISTS; "BUT THEY HAVE RIGHT TO LIVE", SAYS DEFENSE—PEACE SURE IF PROFIT GOES, FEDERAL RULE FRIENDS ARGUE—FOES CITE DANGER OF UNEMPLOYMENT AND UNITED STATES IN BUSINESS

It's been a long, long way from 1917 to 1936 and the dragging years—as Charles M. Schwab was moved to comment on his recent birthday—have forged a new fable around the men who make the world's munitions. Public opinion made them demigods in the days of the war and public opinion tends to make them personal devils today.

In Schwab's words, "the so-called munitions makers were the most prized people in the country." Now the popular label, "sinister figures", is considered almost too good for them.

Today's poll does not show the whole transition by any means. That would involve a review of munitions investigations, official and unofficial, here and abroad, of books and moving-picture melodramas over the last score of years. What today's poll does show unmistakably is the present state of mind of American voters in respect to the munitions traffic.

In addition to the raw "yes" and "no" votes reported above, the comments many voters attach to their ballots are especially illuminating.

TRAFFIC CALLED CAUSE

The largest number of voters who ask for an end to the system of armaments for profit label the traffic a direct cause of war. They picture a devil's cauldron of ships and guns and ammunition, that explodes to the stirring of the international munitions salesmen.

"The munitions makers promote wholesale slaughter", one voter contends.

"Munitions profiteers promote wars for their own benefit", charges another.

A man on a ranch in the Southwest argues, "They are profiteers in blood."

If the United States Government manufactured its own munitions, similar voters believe, the incentives for war would be reduced. Then:

"Young people would not have to fight."

"All of us women's sons wouldn't have to go to war, because nobody would profit by war."

"There would be peace for good."

Ranked in order, the most frequent comments boil down to four:

1. Private munitions means war.
2. Let's get rid of the profiteers.
3. Take the profit out of war.
4. Let the Government make the big money.

FOR THE DEFENSE

Staunchly in defense of the private manufacture and sale of munitions are voters who say:

"Making guns is just as much a private right as making soap."

Their opinions elaborate four basic ideas:

1. Like any other businessmen, munitions manufacturers have a right to make a living.
2. Government manufacture would be just so much more Government control of business.
3. It would throw a lot of people out of work at the old factories.
4. Private industry is more efficient than Government industry.

Many such voters nevertheless ask for Government regulation of the munitions industry, provided it stops short of control of Government ownership.

Most interesting comment of all is the one submitted by a man in Bridgeport, Conn. Whether he realized it or not, Government manufacture might mean dilemma for him:

"Munitions makers? Phooey! Look at the way they exploited the common soldiers in the World War. Every man killed meant more money in their pockets.

"Where do I work? In that firearms factory over there. Business is great."

SOCIALISTS ADD WEIGHT

Not only Republicans and Democrats, but the citizens who will vote for the Socialist candidate next November manage to stand together on the same platform in today's poll.

A frail 2 percent in the Presidential election of 1932, Socialists would poll no greater number today, according to political polls reported by the Institute and the Democrat and Chronicle every fourth Sunday.

On social issues and on Government control of industry they ordinarily stand to the left of the Democrats and far from the G. O. P. Today they lump their votes with the big major-party majority. Votes of the three parties compare:

	Percentage favoring Government manufacture	Percentage favoring private manufacture
Socialists	91	9
Democrats	85	15
Republicans	79	21

WOMEN'S VOTE STRONG

Reputedly the United States Senate undertook its investigation of the munitions industry because a woman persuaded a group of Progressive Senators that there ought to be one.

An active national secretary for the Women's International League for Peace, Miss Dorothy Detzer, has watched the investigation cover 17 months and spin out 5-foot shelf of data in little brown-covered books.

In today's poll other women record a strong majority for Government operation—one of the subjects the munitions committee was authorized to investigate. With 87 percent for and 13 percent against they rank as a group between Democratic voters and Socialists.

On the other hand, persons on relief pile up a sentiment slightly more conservative than even the generality of Republican voters. Ordinarily voters in this class take sides with the majority of Democrats. Not so today. As their comments frequently show, they retain hope of being employed in private industry.

"Would the Government build battleships with work-relief labor?" one unemployed voter asks.

Their vote comes to:

	Percentage favoring Government manufacture	Percentage favoring private manufacture
Persons on relief	78	22
Republicans	79	21
Democrats	85	15

200,000 BALLOTS USED FOR POLL

Every time the mail train pulls away from Princeton, N. J., it carries along another consignment of ballots to American voters from the Institute of Public Opinion—every time the mail comes in the postman rings at 116 Nassau Street, the institute's research office.

Normally between 100,000 and 200,000 ballots have to be sent out before the institute is satisfied with its cross section. They go into every State. They are directed to people who live in cities, to people who live on farms, to people on relief, and to people with two cars in the garage, to people like the man down the street, and to people like you.

Statisticians at Princeton office make sure that ballots come back from all 48 States and from all those classes of people in the correct proportions—in other words, in proportion to their numbers in the whole voting population of the United States. The research office keeps sending out ballots until the right number comes back from each group. Then they commence the job of tabulating the thousands of check marks and comments by which voters have indicated their opinions.

A tabulating machine in the office more rapidly and more infallibly than the cleverest statistician shuffles special reproductions of each ballot and produces tabulated results.

Mr. COPELAND. Mr. President, I should like to ask one question about the treaty. Under the existing arrangement, as I understand the matter, no fortifications, fuel stations, or naval bases can be built or established west of Hawaii. Am I correct in that statement?

I do not see the Senator from Nevada [Mr. PITTMAN] in the Chamber at the moment. Can the Senator from Arkansas answer my inquiry?

Mr. ROBINSON. Mr. President, my attention was diverted. Will the Senator kindly repeat his question?

Mr. COPELAND. Is it not true that under the present treaty arrangements, we are prohibited from establishing any fortifications or fuel stations west of Hawaii?

Mr. ROBINSON. It is my understanding that under the Washington Conference treaty of 1922 we obligated ourselves, during the period of that treaty, not to further fortify our possessions in the Pacific Ocean. That did not apply, as the Senator knows, to fortifications at Hawaii.

Mr. COPELAND. With the adoption of this treaty that arrangement would go into the discard, would it not?

Mr. ROBINSON. I hardly think that is an accurate statement. This treaty does not deal with that subject. One of the signatories to the Washington Conference having announced its purpose not to be bound beyond the 31st of December 1936, by certain provisions in the Washington Treaty, it follows that if the United States chooses to do so, it could, of course, treat the treaty as having been abrogated by that party and could then proceed to fortify its possessions without regard to treaty limitations.

Mr. COPELAND. I am not at all in disagreement with what the Senator has said. I think it is a correct statement. As a matter of fact, release for this prohibition is the only thing which reconciles me to the limitation placed upon the size of cruisers. There is a material limitation in the pending treaty upon cruiser size. And, of course, the questions of fuel stations and cruiser tonnage go hand in hand. If we were to undertake any offensive or defensive work in the Far East under the treaty which is now in existence, with the denial of our right to build fortifications west of Honolulu and no right to build 10,000-ton, 8-inch-gun cruisers, we should be absolutely helpless in the event of any disturbance that might take place in the central or western Pacific; I mean west of Hawaii.

So that is the one thing about the pending treaty which reconciles me to voting for it. We never lose a war or win a treaty. From what the Senator from California [Mr. JOHNSON] so eloquently said today, it is very apparent that we lost this particular treaty. But we at least have gained the privilege I have just mentioned, which, to my mind, is a very important one, in case of eventualities which might take place.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. ROBINSON. I wish merely to say that I do not believe the statement that we have lost this treaty is justified, unless it be on the theory that the treaty fails to provide quantitative limitations.

With respect to the cruiser question, I have some familiarity with that, and recall that in 1930 it was the position of the experts in our Navy that practically all our cruisers should be of the type the Senator has described, the 8-inch-gun 10,000-ton cruisers, and they argued very forcefully and continuously to that effect. That was the position taken at the London Naval Conference of 1930 as a result of the contention of the naval experts of the United States.

In that treaty we secured a very satisfactory arrangement from the then standpoint of the naval experts. We now have 18 of those large cruisers, 3 in process of construction; and when they shall have been completed, it is the opinion and has been for some time the opinion of the naval experts that we shall have all the cruisers of that type we would need or could use, unless some other nation should begin a program of construction that would change the relationship as to the large 8-inch-gun 10,000-ton cruisers.

The naval experts have very materially changed their attitude on that question. They find that for the defense of commerce, and for certain strategic purposes in coast service, the 6-inch-gun cruiser is far preferable to the 8-inch-gun cruiser. They find that the 8-inch-gun cruiser is not adapted to certain features of the service that it is necessary to have performed; and in consequence they feel that we now have quite as many of the large-gun cruisers as are essential, and that if we need more cruisers we need them of the smaller type. They have changed their attitude on the question; but in addition, of course, the theory was that the 8-inch-gun cruiser, the large 10,000-ton cruiser, had a wider cruising radius and, therefore, was better suited to our needs, we having only few naval bases in our island possessions.

Mr. COPELAND. I thank the Senator for what he has said. The thing that brought the matter to my attention was the very thing referred to by the Senator from Arkansas. As a member of the Naval Subcommittee of the Committee on Appropriations, I was quite amazed when I found the change of position which the Navy Department has taken relative to the size of cruisers.

It was pointed out when we argued the 1930 treaty that because we could have no naval bases in the western Pacific it was essential for us to have the large 10,000-ton cruisers in order that there might be sufficient cruising radius to take us over toward the Philippines and get home again. But I found that the naval experts had changed their position.

Of course, I should like to remind my friend from Arkansas that unless we pass a subsidy bill we shall not have any commerce to protect, so it will not make much difference, after all, what size cruisers we have. But I pray that we may even yet pass a subsidy bill, and then I shall be happy to know that with these speedy 6-inch-gun cruisers our commerce will be protected.

The PRESIDING OFFICER. If there be no amendment to be proposed, the treaty will be reported to the Senate.

The treaty was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive F, Seventy-fourth Congress, second session, a treaty for the limitation of naval armament and the exchange of information concerning naval construction, together with the protocol of signature and additional protocol, signed in London on March 25, 1936.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. [Putting the question.] Two-thirds of the Senators present concurring therein, the resolution is agreed to, and the treaty is ratified.

The clerk will state the first nomination in order on the calendar.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of George Orr, of New Jersey, to be secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Earl L. Packer, of Utah, to be Foreign Service officer of class 4, a consul, and a secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Vinton Chapin, of Massachusetts, to be Foreign Service officer of class 6, a consul, and a secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

CORNELIUS VAN H. ENGERT AND WILLIAM M. CRAMP

Mr. ROBINSON. Mr. President, there are two names in the calendar to which I ask the privilege of briefly calling attention—that of Mr. Cornelius Van H. Engert and that of Mr. William M. Cramp.

These officers are being promoted. As Senators will recall, they were in Addis Ababa as representatives of the Government of the United States during the recent bombardment of the city and also during the riots that occurred there after the bombardment. Their painstaking, courageous, and diligent performance of duty have been commended by the press and are worthy of special mention here.

The legislative clerk read the nomination of Cornelius Van H. Engert, of California, to be Foreign Service officer of class 1.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William M. Cramp, of Pennsylvania, to be Foreign Service officer of class 8 and a consul.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. VANDENBERG. Mr. President, as a further mark of the Senate's respect for the two individuals of whom the Senator from Arkansas has spoken, I ask unanimous consent that the President may be notified of the confirmation of their nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Harry M. Hickey, of Albany, N. Y., to be collector of internal revenue for the fourteenth district of New York.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

LEGISLATIVE SESSION

Mr. ROBINSON. I move that the Senate return to legislative session.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

COLLECTION OF REVENUE FROM INTOXICATING LIQUORS

Mr. KING. I move that the Senate proceed to the consideration of House bill 9185, to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquors, and for other purposes.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance, with amendments.

Mr. McNARY. Mr. President, now that the bill has been taken up, I understand that the Senator is willing to have it go over until tomorrow, as the Senator from Iowa [Mr. DICKINSON] desires the floor.

Mr. KING. I should be glad to proceed with the bill; but I understand that the Senator from Iowa desires to speak, and, of course, I must yield.

FEDERAL RELIEF EXPENDITURES

Mr. DICKINSON. Mr. President, the whole country is full of rumors and open charges of the expenditure of Federal relief funds for political purposes. Particularly here in Washington there is an undercurrent of gossip which I conceive to be dangerous to the purposes of good government unless dealt with candidly. For instance, what is behind this recurring talk which all of us have heard about the designs and the ambitions of Works Progress Administrator Hopkins?

Perhaps these whispers may be merely more emanations from the largest whispering forum on earth, the District of Columbia. Nevertheless, I think they should be dragged out into the light of day, where they can be examined for what they are, true or false, just or unjust.

The issue is vitally and immediately important. In a few days we will have before us a deficiency bill under the terms of which there is committed into Mr. Hopkins' care approximately a billion and a half dollars of the people's money. These funds, we are told, are to be spent for "useful" public projects "to continue to provide relief and work relief." But which one of us has been permitted to study this proposal sufficiently to be able to answer any of the most elemental questions about it? What, for example, is the meaning of the word "useful" as it appears in this bill? The phrase is entirely too indefinite to satisfy me. It may mean only "useful" to buy an election. Complaints that that is the meaning have been registered, and many citizens credit them.

Consider, my friends, this editorial which appeared in a Washington paper on Thursday last. It is from the Washington Star and is headed "Coadjutor President." The text is as follows:

The public in recent years has heard of "acting" and "assistant" Presidents, but the phrase "coadjutor President" is new. It has appeared in the current debate about P. W. A. versus W. P. A., and has certain merit as a dramatization of one of the principal objections to the allotment of $1,425,000,000 to Harry Hopkins for "miscellaneous projects."

Few may be supposed to have read the actual language of the deficiency bill. Like other omnibus measures, it is a hodgepodge of unrelated items running to a hundred pages of printed type and including provision for approximately a score of branches of the Government. That portion which concerns Mr. Hopkins' request for funds, however, is briefer than might be expected. It may be perused in 2 minutes.

Designed, according to the preamble, "to continue to provide relief and work relief on useful projects * * * by the Works Progress Administration", it gives Mr. Hopkins $413,250,000 for highways, roads, and streets; $156,750,000 for public buildings; $156,750,000 for parks and other recreational facilities; $171,000,000 for public utilities; $128,250,000 for flood control and other conservation; $85,500,000 for white-collar projects; $71,250,000 for National Youth Administration; $71,250,000 for miscellaneous work projects; and $85,500,000 for rehabilitation and relief to farmers—altogether a very considerable amount of money to be committed into the personal management of any individual.

The President, it is worthy of notice, has no responsibility save that of requiring "to be paid such rates of pay * * * as will * * * accomplish the purposes of such appropriation." With that specific exception, "the Works Progress Administrator is authorized to prescribe such rules and regulations as may be necessary." He will proceed under no management save that of his own conscience until the funds have been disbursed and then will report to Congress what he has done.

Not even in wartime has any other official ever been accorded such power as Mr. Hopkins will have if the bill is passed in its original form. Hence the epithet "coadjutor President"—an unkind but not inaccurate appellation.

This responsible paper desires to know whether Congress intends to set up a rival in power to the President himself. Whether the individual so elevated be Mr. Hopkins, or some other favorite, does not matter. The question is: Are we now to set up a precedent for further grants of power and funds to any official or group of officials who happen to ask for such endowments? I know that there are those who still plead the necessities of a grave national emergency—the great depression. But their cry of "Wolf!" does not ring true; for, in the next breath, they insist that the emergency has passed, and that the New Deal has brought to us a wonderful prosperity which they "planned that way." But can they have it both ways?

Just now they are preferring to frighten themselves and the voters, as they are represented here in the National Legislature, with the bogey of a crisis which they contend cannot be met in any other way than by enormous spending.

Not even genuine panic can excuse any of us for trusting such power to unchecked management, even though it have good intent. For the sake of all concerned this thing should not be done. I doubt the need, I doubt the wisdom, I doubt the sanity of handing over to anybody so vast a sum of money to be spent at the discretion of none but the spender. This is not our money; if it were, we might be more careful with it; but it is certainly our responsibility to protect it, our duty to see that it is spent wisely and honestly.

Read the bill itself. Where in its content can we find anything to restrain Mr. Hopkins in the exercise of any personal whims or prejudices he may entertain? Where is there anything to govern or control him in the distribution of these funds? The language of this document is a classic example of hazy generalities. It should be clarified so there would be no shadow of doubt as to its specific meaning.

Even when that has been done, however, it will still remain an issue as to whether Mr. Hopkins or any other officer or group of officers of the Government should be permitted to assume such vast power. If we left it to a vote of the people, they would reject the proposal with a shout that would be heard throughout the country. The Nation is jealous of its freedom from dictation, and I say to my colleagues with all the seriousness of which I am capable that not even the best, the most honorable of administrators possesses strength of character enough to resist the temptation to be a dictator when the chance is thrown in his way. It is my sober judgment that if we pass this deficiency bill as it stands, we will be raising up an American Caesar in our midst.

Those are strong words, but they are justified. Consider the danger while there yet is time to consider it. It is

whispered, and it has been spoken openly, that this tremendous sum of money is to be only the first of three of such demands which Mr. Hopkins proposes to make upon us. I am informed that he expects eventually to ask for a total of nearly $5,000,000,000 for work relief. And if he is given the primary slice, how are we to deny him the rest? We shall have established a rule which we cannot break. We shall have set up a pattern, founded a habit.

There is peril in any such procedure. The Roman emperors discovered that, but too late. They fed the multitudes with food and festivals, and the multitudes became accustomed to being supported in generous fashion. In the end those multitudes had to be denied, and then in anger they wrecked the state. Yet the Roman mob originally was only a minority. It grew great and powerful and anarchistic, because it was subsidized. Mr. Hopkins is probably not a superman. He, too, would be in hazard of emulating the Caesars if we were to give him the unrestricted financial power so to do. We must, therefore, protect him from himself.

It already is said—and I mention it because it is one of the whispers we all have heard—that he nourishes in his heart the dream of one day being Mr. Roosevelt's successor. I suppose he sets his sights for 1940—provided his Chief is willing to terminate his tenure at the end of the traditional two terms which a delusion of grandeur may have already accorded him.

Of course, it is an honorable ambition to become President, and no one objects to Mr. Hopkins nourishing that dream. But are the taxpayers of the country to pay for building up a political machine to be used by Mr. Hopkins for the attainment of the White House? The suggestion is shocking, I know. However, it is not nearly so disturbing as the indifference with which some of us have viewed our duty to see that no such thing shall ever happen. The partisan influence of public money already is a Nation-wide scandal. Why should we feed that fire?

His friends assure us that Mr. Hopkins is a paragon of all the virtues. He has the reputation of being a prince charming. But so had Claude Duvall, the notorious French "Robin Hood." While he awaited hanging at Tyburn thousands of his victims and their friends petitioned King Charles II for a reprieve for Duvall because he was "so romantic." Well, romance may be all right in its place. My fear, however, is that we have had rather too much romance in high places in Washington recently.

For instance, there was the romance of getting millions of men back to work. I have lost track of the number of times Mr. Hopkins promised to have 3,000,000 or 4,000,000 of the unemployed in jobs. He and the President changed the date, altered the deadline, so often that not even professional newspapermen could keep up with them. Yet the solemn fact is that there are now eleven or twelve million persons in this country able and willing to work but not fortunate enough to find the promised employment. The problem is not solved, despite the rosy picture painted by Harry Hopkins and other New Deal orators.

It is about Hopkins' rival, Public Works Administrator Harold L. Ickes, that another of these intriguing whispers is being circulated. I speak of it solely that my associates on the other side of the aisle may deny it, if it can be truthfully denied. He has been shut out of the pending bill. It is common knowledge that President Roosevelt has objected to any money being allotted for P. W. A. Indeed, it is rumored that he has declared that he will veto any attempt to earmark any part of Mr. Hopkins' billion and a half for Mr. Ickes' use. But still more serious is the arresting report that Mr. Ickes has said he will resign his office rather than permit the public to understand that by his continued presence in the Cabinet he is giving tacit consent to the extravagance and waste of Mr. Hopkins' boondoggling operations. I do not know the facts, nor do I care much about them. The rumor is enough to give us pause.

Look at the picture. Mr. Roosevelt is a candidate for reelection. Naturally he wishes Mr. Ickes to go on the stump for him; yet, by refusal to give further support to them, he repudiates the things Mr. Ickes has done. The contradiction is enough to make even a bronze effigy laugh. I am informed that it is true, nonetheless. The situation has been discussed even in the public prints. On Friday last Mr. Roosevelt went so far as to tell his press conference that P. W. A. is to be allowed to survive, though in a dwarfed and mutilated form.

If we are interested in knowing why Mr. Ickes is being gradually eased out of the New Deal organization, we may recall the time when his intelligence force investigated Mr. Farley's connection with P. W. A. awards in New York City.

The President has used the phrase "I do not care who signs the checks." That is not a profound observation. In my humble estimation it is a rather stupid one. It suggests that Mr. Roosevelt does not realize, or believes we do not realize, that whoever pays the piper commonly calls the tune. The fact is that whoever signs the checks will be spending the money. If Mr. Hopkins signs them, we are in for another spasm of political boondoggling. If Mr. Ickes signs them, the people may be granted what generally is considered "a break" in getting a certain amount of permanent value for the taxpayer's money.

The difference is worth studying. Resisting as I do the demand for a billion and a half dollars at a time when the administration is claiming that prosperity has returned, I am skeptical of the need of turning over any such amount of money to any one person. But if this appropriation is forced upon us, I favor applying it to public works which will be undertaken with some regard for practical feasibility and durable advantage—public works that will some day return at least a portion of the funds spent and lent. I am weary to death of hearing about the leaf that was raked all the way from Mount Vernon to Washington and back again. I am confident that our citizens would rather have for the money a bridge, or a road, or some other sound development.

That suggests to my mind another example of Mr. Hopkins' venturesome temperament. We all remember, I hope, how he was planning to eliminate all the dangerous grade crossings. Even the President talked extravagantly about the proposal, following a frightful accident at Rockville, Md., in which 14 school children were killed. I should like to challenge Mr. Hopkins to name a single grade crossing which has been eliminated by him since that accident and since he broadcast his plan more than a year ago.

We should be entitled to estimate the future by the past. I say to the Senate that we have no accurate information about what W. P. A. has been doing. We have demanded it, but Senators on the other side of the aisle have promptly laid our demands on the table. When Republicans were in power in the Senate, Tom Walsh was never denied. We cooperated with him. Now, with the need for legislative information at its highest point in history, we meet nothing but suppression. Where is General Hugh Johnson's report on the W. P. A. in New York City? Locked up in Mr. Hopkins' desk. Under former administrations, Republican or Democratic, any United States Senator got information when he asked for it. Under Roosevelt, Hopkins, and Wallace, even my friends on the other side of the aisle take their orders and remain in ignorance. General Johnson can hardly be said to be a Republican partisan. That report, said to be temperate and scientific, would be helpful to all of us in determining our action on this bill. Where is it? Why can we not see it?

In 1937, when we shall have returned to real and sensible party government, when business and our citizens shall once again have returned to normal existence, then, I suppose, the Johnson report will see the light of day. It will make interesting historical reading, but I should like to have it right now as a guide in my consideration of the pending bill.

Apparently, there is little hope that we ever shall have any accurate information about what the W. P. A. designs to do in the next few months. I doubt if Mr. Hopkins is the kind of person who keeps careful accounts. He promises easily, and perhaps sincerely, but I doubt if he himself

actually knows much about what is happening. He certainly has shown me nothing to make me believe he does. His appetite remains unabated. Like the municipalities to which he caters and from which he solicits business, he has the "get all you can" habit, and that is dangerous. For one thing, it encourages irresponsibility among other Government officers; for another, it stimulates municipalities to expect the Federal Government to do for them what they should do for themselves. It institutionalizes mendicancy. It promotes thriftlessness. It is criminal to encourage such attitudes at this time or any other time.

We are told over and over again by the President, Hopkins, and Farley that there is no politics in relief; but at least two of my Democratic brothers on the other side of the aisle have insisted that there is—the Senator from Indiana [Mr. VAN NUYS] and the Senator from West Virginia [Mr. HOLT]. Apparently, there is politics in relief only when the money is being used against you. In June 1934, upon the occasion of his acceptance of a degree from Yale University, the President stated that he knew nothing about the politics of the men to whom he gave appointment. The President, in his declared ignorance of W. P. A. politics, has allowed Mr. Hopkins to plug in the Senators from Indiana and West Virginia on "busy" wires. But Mr. Hopkins, who is operating the Work Relief exchange, through his opportunity for "listening in", has more intimate knowledge than his chief. He has amazing canniness for knowing just when a relief situation develops in a State. For some unexplained reason, he knows that there is a serious relief situation in Pennsylvania at the present time. The Hopkins temperament is not to let persons suffer, and so he is seeing to it that funds are being poured into the State. It so happens that the New Dealers are turning heaven and earth in an effort to carry Pennsylvania this fall. As a result, it is difficult for a motorist to move along the roads of Pennsylvania. W. P. A. workers are as thick as fleas.

No politics in relief! The following two letters, of which I have photostatic copies in my possession, give a final, emphatic answer to that question.

Letter no. 1 is under date of March 31, 1936. This letter is from a gentleman who holds one of the highest offices in the Federal Government, and is addressed to one who sought his influence. The signer is not on the lower rungs of the political ladder, as were the Democratic ward and county leaders of West Virginia and Pennsylvania whose letters have been exposed. They were shocking enough. This writer is a highly placed Federal officeholder.

MY DEAR MR. BLANK:

I have received your letter of the 27th, contents of which I have very carefully noted.

In reply, I beg to state that if you will furnish this office with a letter of recommendation from the Democratic chairman of your county * * *, I will be more than glad to take your case up with the Works Progress Administration in * * * county and do everything I can in an effort to help you. This procedure is followed in all instances.

With kindest regards, I am.

Letter no. 2 is under date of March 30, 1936. The second letter was written by another powerful Washington figure to the same addressee.

DEAR MR. BLANK: Yours of March 26 has been received. I note your desire to secure a position with the W. P. A. I am taking this matter up with Mr. —— today, requesting him, if possible, to find some place for you.

Of course, I do not control these appointments, but I am glad to render my Democratic friends any assistance I can.

With best wishes, I am.

It will be noted that the second writer is much more cautious than the open and frank individual who wrote the first letter. The second writer happens to have held office in Washington for a very long time.

No politics in relief! Perhaps my friends across the aisle will at least admit that there is some "relief" in politics.

American citizens have great sympathy for the man who is willing to work. The whole Nation is solicitous of the welfare of the unemployed man and his family. In a land of plenty no one must go hungry. It is clear that the New Deal program of scarcity eliminates jobs and causes poverty.

What this country needs today is real jobs at real wages for all workers. Let us encourage capital to provide these jobs. Government restrictions and Federal competition with private interests must be eliminated. Confidence must be restored to business. Industry must expand so that money will go into investments, so that men will be called back to their jobs. So long as Government bullies business the unemployment question will not be settled.

Until that time arrives, I am in favor of giving assistance to those in distress. No family must suffer. But the pittance from Federal relief gives no man the comforts and enjoyments to which he is entitled. It is the program of abundance, rather than the program of scarcity, which will bring the greatest happiness to all men.

Relief should be administered through State agencies. The Federal and State Governments should cooperate in financing that program. Waste must be eliminated. No longer should hungry people be intimidated by political puppets. No longer should an American citizen be required to trade his vote for bread.

The need to keep thousands of workless men and women and their children from starving, through no fault of their own, is a need which is with us always.

It is not only an occasional duty. But no good purpose is served by dividing the crust with the professionally unworthy. By that I mean the grafters who have robbed the poor—sometimes with the unprotesting consent of those charged to defend them. W. P. A. has been a stamping ground for fakers and frauds. Against P. W. A., however, I have heard no such criticism leveled. Mr. Ickes may have faults, but he holds firm to the principles of honest, decent, cautious, and candid administration. If that be "slow", I pray Providence for more of that kind of tardiness.

In conclusion, I plead for thorough, informed, sympathetic, and intelligent consideration of this bill. The bill, as it has been introduced in this Senate, should be redrafted, revised, reformed, reconstructed. It represents a blank check such as we should not give to any individual for any purpose. I object to it because I am convinced that it is unwise, unsound, unreasonable, and unlikely to help the people whom it is supposed to benefit.

Indeed, I believe that the time has come when our whole policy of relief should be corrected. And I have faith that in the event Mr. Roosevelt does not move in that direction, and should this Congress fail to investigate existing conditions and then act in that direction, the people of the land—at the polls—will take the matter into their own hands and dispose of it in line with their traditions, their needs, and their ideals as they are, not merely as some ambitious tyro, thirsty for political power, supposes them to be.

Mr. President, I invite attention to certain of the provisions of the deficiency appropriation bill under the heading of "Works Progress Administration" which are affected by the decision of the court today. Appropriation is made of $1,425,000,000 for certain classes of projects, and among these I find the following:

Public buildings, an authorized project.

Parks and other recreational facilities, another authorized project.

Public utilities, including sewer systems, water supply and purification, airports, and other transportation facilities, all authorized projects.

Flood control and other conservation, an authorized project.

White-collar projects, for which there is no authorization.

Women's projects. There is nothing anywhere authorizing any such projects.

National Youth Administration, an authorized project.

Rural rehabilitation and relief to farmers, for which there is no authorization.

The question I wish to bring to the attention of the Senate at this time is the decision of the court today, which is only

the decision of the Court of Appeals of the District of Columbia, as to which the Washington Star says:

Three of the five judges decided the $4,880,000,000 law was void because of improper delegation of powers to the President, invasion of States' rights, and lack of definite authorizations.

Possible effects of the opinion on the pending relief-deficiency bill was the subject of immediate study by administration leaders.

Like the $4,880,000,000 relief appropriation of last year, the $1,425,000,000 relief fund now before the Senate Appropriations Committee would be allotted only by broad classifications.

I ask that three paragraphs referring to which I have indicated in the Star, referring to the decision of the court, may be included as a part of my remarks.

There being no objection, the three paragraphs were ordered to be printed in the RECORD, as follows:

"The fundamental question involved is the total lack of constitutional power on the part of Congress to put into operation through legislation a project such as is here contemplated", stated the opinion, which was written by Associate Justice Josiah A. Van Orsdel. "And this can be ascertained, not from any possible determination of fact, but from the very terms of the statute itself."

* * * * * * *

"The Constitution will likewise be scanned in vain for a power conferred upon the Federal Government to regulate 'housing' or to 'resettle' populations. Those words are not explicit there nor do we think they are implicit in any power which that instrument confers upon Congress; and unless the power exists, any effort by Congress to assert it, at once transcends the scope and limitation of section 8 of article I and violates the tenth amendment."

Refusing to accept the administration's contention that the act is an appropriation for the general welfare of the United States Justice Van Orsdel again quoted the United States Supreme Court in the A. A. A. case to the effect that "the attainment of a prohibited end may not be accomplished under the pretext of the exertion of powers which are granted."

DEATH OF REPRESENTATIVE WILLIAM D. THOMAS, OF NEW YORK

The PRESIDING OFFICER. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The legislative clerk read the resolutions (H. Res. 517), as follows:

IN THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES,
May 18, 1936.

Resolved, That the House has heard with profound sorrow of the death of Hon. WILLIAM D. THOMAS, a Representative from the State of New York.

Resolved, That a committee of four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect, this House do now adjourn.

Mr. COPELAND. Mr. President, as the Senate has just been advised, one of the honored Members of the New York delegation in the House of Representatives, Hon. WILLIAM D. THOMAS, died yesterday. Mr. THOMAS took the place of former Representative Parker, who was a Member of the House for many years. We of the New York delegation are all regretful because of Mr. THOMAS' death.

I send to the desk resolutions which I ask to have read and immediately considered.

The resolutions (S. Res. 300) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Senate Resolution 300

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. WILLIAM D. THOMAS, late a Representative from the State of New York.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Under the second resolution the Presiding Officer appointed as the committee on the part of the Senate the Senators from New York [Mr. COPELAND and Mr. WAGNER].

Mr. COPELAND. Mr. President, as a further mark of respect to the memory of our deceased friend, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was unanimously agreed to; and (at 5 o'clock and 38 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, May 19, 1936, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 18 (legislative day of May 12), 1936

DIPLOMATIC AND FOREIGN SERVICE

Harold M. Collins, of Virginia, now a Foreign Service officer of class 6 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

Stuart Allen, of Minnesota, now a Foreign Service officer of class 8 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

TENNESSEE VALLEY AUTHORITY

David E. Lilienthal, of Wisconsin, to be a member of the Board of Directors of the Tennessee Valley Authority for the term expiring 9 years after May 18, 1936. (Reappointment.)

BOARD OF TAX APPEALS

Samuel B. Hill, of Washington, to be a member of the Board of Tax Appeals for a term of 12 years from June 2, 1936.

APPOINTMENTS IN THE REGULAR ARMY

MEDICAL CORPS

To be first lieutenants with rank from date of appointment

First Lt. Charles Harden Schutt, Medical Corps Reserve.

First Lt. Walter Richard Cook, Medical Corps Reserve.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO JUDGE ADVOCATE GENERAL'S DEPARTMENT

Capt. Claude Bayles Mickelwait, Infantry, with rank from January 13, 1930.

TO QUARTERMASTER CORPS

Capt. Thomas Russell Howard, Infantry, with rank from August 1, 1935.

Capt. Eggleston Westley Peach, Infantry, with rank from June 13, 1931.

Capt. Willis Arthur Platts, Infantry, with rank from January 19, 1924.

TO CAVALRY

First Lt. Whitside Miller, Infantry, with rank from March 1, 1935, effective June 25, 1936.

PROMOTIONS IN THE REGULAR ARMY

TO BE LIEUTENANT COLONEL

Maj. Albert Whitney Waldron, Field Artillery, from May 9, 1936.

TO BE MAJOR

Capt. William Oliver Reeder, Signal Corps, from May 9, 1936.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 18 (legislative day of May 12), 1936

DIPLOMATIC AND FOREIGN SERVICE

George Orr to be secretary in the Diplomatic Service.

Earl L. Packer to be Foreign Service officer of class 4, a consul, and a secretary in the Diplomatic Service.

Vinton Chapin to be Foreign Service officer of class 6, a consul, and a secretary in the Diplomatic Service.

Cornelius Van H. Engert to be Foreign Service officer of class 1.

William M. Cramp to be Foreign Service officer of class 8 and a consul.

TENNESSEE VALLEY AUTHORITY

David E. Lilienthal to be a member of the Board of Directors of the Tennessee Valley Authority.

COLLECTOR OF INTERNAL REVENUE

Harry M. Hickey to be collector of internal revenue for the fourteenth district of New York.

APPOINTMENTS IN THE REGULAR ARMY

Bertrand Thomas Fitzmaurice to be first lieutenant, Medical Corps.

Maurice Crawford Davidson to be first lieutenant, Medical Corps.

Howard Hansen to be first lieutenant, Medical Corps.

Raymond Edward Duke to be first lieutenant, Medical Corps.

Robert Stuart Nelson to be first lieutenant, Medical Corps.

PROMOTIONS IN THE REGULAR ARMY

John Stephen Sullivan to be colonel, Infantry.

James Lawton Collins to be colonel, Field Artillery.

William Caldwell McChord to be colonel, Air Corps.

William Rudicil Henry to be colonel, Field Artillery.

Edwin Coit Kelton to be lieutenant colonel, Corps of Engineers.

James Allen Lester to be lieutenant colonel, Field Artillery.

Mason James Young to be lieutenant colonel, Corps of Engineers.

Layson Enslow Atkins to be lieutenant colonel, Corps of Engineers.

Edwin Albert Zundel to be lieutenant colonel, Field Artillery.

Clinton Wilbur Howard to be lieutenant colonel, Air Corps.

Charles Manly Busbee to be lieutenant colonel, Field Artillery.

David Grove to be major, Quartermaster Corps.

James Horace Barbin to be major, Quartermaster Corps.

Wiley Hubbard O'Mohundro to be major, Infantry.

Herman Henry Pohl to be major, Corps of Engineers.

Kenneth Mason Moore to be major, Corps of Engineers.

Edmond Harrison Levy to be major, Corps of Engineers.

Thomas Dodson Stamps to be major, Corps of Engineers.

Bartley Marcus Harloe to be major, Corps of Engineers.

Girard Blakesley Troland to be major, Corps of Engineers.

William Herschel Allen to be colonel, Medical Corps.

Larry Benjamin McAfee to be colonel, Medical Corps.

Adam, Edward Schlanser to be colonel, Medical Corps.

Joseph Edward Bastion to be colonel, Medical Corps.

Alexander Taylor Cooper to be colonel, Medical Corps.

Taylor Edwin Darby to be colonel, Medical Corps.

Harry Reber Beery to be colonel, Medical Corps.

Royal Reynolds to be colonel, Medical Corps.

Ralph Godwin DeVoe to be colonel, Medical Corps.

Wibb Earl Cooper to be colonel, Medical Corps.

Thomas Ludlow Ferenbaugh to be colonel, Medical Corps.

George William Cook to be colonel, Medical Corps.

William Lloyd Sheep to be colonel, Medical Corps.

Edgar Clyde Jones to be colonel, Medical Corps.

Floyd Kramer to be colonel, Medical Corps.

William Frederick Rice to be lieutenant colonel, Medical Corps.

Edward Allen Noyes to be lieutenant colonel, Medical Corps.

Charles Woodward Riley to be lieutenant colonel, Medical Corps.

Charles George Sinclair to be lieutenant colonel, Medical Corps.

Charles George Hutter to be lieutenant colonel, Medical Corps.

Frederick Hensel Petters to be lieutenant colonel, Medical Corps.

Robert Parvin Williams to be lieutenant colonel, Medical Corps.

Edwin Brooks Maynard to be lieutenant colonel, Medical Corps.

Harvard Clayton Moore to be lieutenant colonel, Medical Corps.

Arden Freer to be lieutenant colonel, Medical Corps.

Paul Adolph Schule to be lieutenant colonel, Medical Corps.

Frank Wiley Wilson to be lieutenant colonel, Medical Corps.

Paul Ashland Brickey to be major, Medical Corps.

James Willis Howard to be captain, Medical Corps.

James Sherwood Taylor to be captain, Medical Corps.

Jenner Garnett Jones to be captain, Medical Corps.

Eaton Wesley Bennett to be captain, Medical Corps.

Tom French Whayne to be captain, Medical Corps.

Burt Held to be captain, Medical Corps.

Joseph Garber Cocke to be captain, Medical Corps.

Alfonso Michael Libasci to be captain, Medical Corps.

Ralph Torrey Stevenson to be captain, Medical Corps.

Frank Owings Alexander to be captain, Medical Corps.

John Benson Grow to be captain, Medical Corps.

Daniel John Waligora to be captain, Medical Corps.

Byron Ludwig Steger to be captain, Medical Corps.

Louie Render Braswell to be captain, Medical Corps.

Dean Stirling Beiter to be captain, Dental Corps.

Elmer Emil Tiedt to be chaplain with the rank of captain, United States Army.

Reappointment in the Officers' Reserve Corps

Howard Seymour Borden to be brigadier general, Inactive Reserve, from July 13, 1936.

POSTMASTERS

MISSISSIPPI

Viola E. Pentecost, Doddsville.

NEW JERSEY

Raymond J. Hughes, Sr., Beachwood.

Walter MacPherson, Bridgeton.

Winifred E. Lindstedt, Helmetta.

Charles V. L. Booream, Milltown.

WASHINGTON

Otto N. Sorensen, Edmonds.

William A. Bauman, Lynden.

Edward N. Blythe, Vancouver.

WITHDRAWAL

Executive nomination withdrawn from the Senate May 18 (legislative day of May 12), 1936

POSTMASTER

MASSACHUSETTS

Thomas A. O'Connor to be postmaster at North Easton, in the State of Massachusetts.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 18, 1936

The House met at 12 o'clock noon.

Rev. Dr. Clough A. Waterfield, of the Methodist Episcopal Church South, of Memphis, Tenn., offered the following prayer:

O eternal Spirit, our Heavenly Father, soul of our souls and safeguard of the world, we ought to thank Thee, and we do thank Thee, for the heritage which here is ours. For the share we have, each and all, in the incomparable work in building the great democracy of the west, in the achievement of the American dream. Touch us all again and again to the great issues. Grant to these, Thy servants, the gentleness which makes men great; the spirit of truth for their minds; the spirit of justice for their souls; and in their hearts the high courage of the old inextinguishable hope. May the Congress and the courts, the President and the people in all the swift and sweeping changes, confusions, and perplexities which beset our time look with confidence and with great blessing for light and stability to that—

> One face which, far from vanish, rather grows,
> Or decomposes but to recompose,
> Becomes our universe that feels and knows.

Amen.

The Journal of the proceedings of Thursday, May 14, 1936, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one

of his secretaries, who also informed the House that on the following dates the President approved and signed a joint resolution and bills of the House of the following titles:

On May 8, 1936:

H. J. Res. 567. Joint resolution to provide an additional appropriation for expenses of special and select committees of the House of Representatives for the fiscal year 1936; and

H. R. 3673. An act for the relief of Bernard V. Wolfe and the Dixon Implement Co.

On May 13, 1936:

H. R. 11098. An act to provide for terms of the United States District Court for the Middle District of Pennsylvania to be held at Wilkes-Barre, Pa.; and

H. R. 11994. An act to provide for the establishment of a term of the District Court of the United States for the Western District of Oklahoma at Shawnee, Okla.

On May 15, 1936:

H. R. 3823. An act for the relief of the parents of Albert Thesing, Jr.;

H. R. 11035. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1937, and for other purposes; and

H. R. 12098. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1937, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 8784. An act to authorize withholding compensation due Government personnel;

H. R. 9995. An act to grant a renewal of patent no. 59560, relating to the emblem of the Disabled American Veterans of the World War;

H. R. 10194. An act granting a renewal of patent no. 40029, relating to the badge of the Holy Name Society; and

H. R. 10934. An act to authorize the transfer of the customhouse at Salem, Mass., from the jurisdiction of the Treasury Department to the Department of the Interior.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 10104. An act to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational-area purposes, and to provide for the transfer of certain lands chiefly valuable for such purposes to States and political subdivisions thereof.

The message also announced that the Senate had ordered that the Secretary be directed to request the House to return to the Senate the bill H. R. 8940, an act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, with the Senate amendments and all papers pertaining thereto.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 3841. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto;

S. 4457. An act authorizing the appointment of an additional circuit judge for the third circuit;

S. 4594. An act to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. and others; and

S. 4609. An act to correct the description of certain land granted to the University of Utah.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 9496) entitled "An act to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. HAYDEN, and Mr. FRAZIER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3483) entitled "An act to provide for rural electrification, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3789) entitled "An act authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, S. C."

The message also announced that the Senate insists upon its amendments to the bill (H. R. 12527) entitled "An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRNES, Mr. COPELAND, Mr. WALSH, Mr. HALE, and Mr. KEYES to be the conferees on the part of the Senate.

CONTROL OF FLOODS ON MISSISSIPPI RIVER

Mr. DRIVER, from the Committee on Rules, submitted the following resolution, which was referred to the House Calendar and ordered printed:

House Resolution 516

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 3531, an act to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Flood Control, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

AIR CORPS TECHNICAL SCHOOL

Mr. LEWIS of Colorado, from the Committee on Rules, submitted the following resolution, which was referred to the House Calendar and ordered printed:

House Resolution 515

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 3398, an act to establish the Air Corps Technical School and to acquire certain land in the State of Colorado for use as a site for said Air Corps Technical School and as an aerial gunnery and bombing range for the Army Air Corps. And all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

BUREAU OF NAVIGATION AND STEAMBOAT INSPECTION—CONFERENCE REPORT

Mr. BLAND. Mr. Speaker, I present a conference report and statement for printing, under the rule, on the bill (H. R. 8599) to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board, and increase efficiency in administration of the steamboat inspection laws, and for other purposes.

CHARLESTON ARMY BASE TERMINAL

Mr. BLAND. Mr. Speaker, I present a conference report and statement upon the bill (S. 3789) authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, S. C., which is submitted for printing under the rule.

CHANGE OF REFERENCE

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent for reference of the bill (H. R. 12722) to aid the several States in making certain toll bridges free bridges, to authorize an appropriation for such purpose, to make such appropriation available for matching with funds apportioned under the Federal Highway Act, and for other purposes, from the Committee on Interstate and Foreign Commerce to the Committee on Roads.

The SPEAKER. Is there objection?

There was no objection.

WHY THE WAGNER-ELLENBOGEN HOUSING BILL SHOULD BE PASSED AT THIS SESSION OF CONGRESS—THE DEMAND FOR ITS ENACTMENT GROWS STRONGER DAILY

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, few measures which have been proposed in the Seventy-fourth Congress have received the enthusiastic endorsement and support accorded the Wagner-Ellenbogen housing bill.

Almost daily, newspapers and magazines throughout the country have been commenting on the features of this bill, on its soundness, and on its worth as a recovery measure and as a social need.

THE SCRIPPS-HOWARD NEWSPAPERS CONTINUE THEIR CAMPAIGN FOR THE BILL

Within the past few days two more editorials have appeared in the Scripps-Howard chain of newspapers asking for action on the bill at this session.

On Saturday, May 9, and Sunday, May 10, under the respective headings "England did it" and "Unfinished business", the Pittsburgh Press and other members of the Scripps-Howard chain continue their active campaign for the bill.

Calling this measure "a sound, sensible, and moderate approach to the problem"—of rehousing the country's city and rural slum dwellers—the first editorial demands enactment of the bill as one of the primary steps in "social reconstruction."

NO REASON FOR DELAY

It also points out again the excellent features of the bill whereby the costs of dwelling construction are spread over 4 years and adds that since much of it would be returned to the Federal Government by the localities there is no reason for its delay.

ENGLAND DID IT

In the second of the two editorials, that of May 10, it is pointed out that:

The Wagner-Ellenbogen bill, now backed as an administration measure, does not appear before Congress as just another New Deal experiment. It aims to profit by our own American mistakes, and it takes for its guide the British rehousing plans that appear to have worked exceedingly well.

Citing as its authority Mr. Coleman Woodbury, director of the National Association of Housing Officials, the Press remarks:

We learn that subsidized low-rent housing (in England) not only has provided decent homes for millions of British working people but has proved a powerful stimulant to private enterprise.

As the editorial points out, subsidized housing in England was begun right after the World War, and the results of this project are truly amazing.

Between the armistice and April 1, 1935, 2,655,902 housing units were built, of which 1,230,172 received subsidy. The interesting thing is that, while at the beginning the bulk of the work was subsidized, private building was so stimulated that in 1934 it accounted for 85 percent of the units built.

IT WOULD REVIVE THE BUILDING INDUSTRY

I call particular attention to the last sentence of the quotation above. It is a direct refutation of the charge that the type of housing undertaken in the Wagner-Ellenbogen bill would discourage private capital from participating in home construction.

This program, more than anything else, according to Herbert Morrison, chairman of the London County Council, "kept England's heavy industries stabilized until private building took up the task about 2 years ago."

IT BROUGHT PROSPERITY TO ENGLAND

Other advantages also accrued in England, directly as a result of this program.

Mr. Woodbury found that under the British program the assets of British thrift societies increased 800 percent; that losses from uncollected rents from London's 70,000 new subsidized units were less than one-eighth of 1 percent; that the public and private building financing gave needed outlets for safe capital investments; the new low-rental homes did not depress wages or reduce buying power, but, on the contrary, raised living standards and stabilized families in decent quarters.

"As it worked in England", the editorial rightly concludes, "it should work here."

PASS THE WAGNER-ELLENBOGEN HOUSING BILL

Mr. Speaker, such a program will work here. It is embodied specifically in the Wagner-Ellenbogen bill. I am convinced that such a bill, enacted 4 or 5 years ago, would have been our outstanding and most successful recovery measure. We did not do it then, and the loss has been ours.

To continue to do nothing would be the height of folly. Now that our great mistake has been so clearly made evident to us, we can make up our minds that it can be rectified, and quickly.

We can do it by passing the Wagner-Ellenbogen bill.

H. R. 12659

Mr. FERNANDEZ. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a statement from the National Federation of Federal Employees and my reply thereto in connection with a bill which I introduced.

The SPEAKER. Is there objection?

There was no objection.

Mr. FERNANDEZ. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following statement from the National Federation of Federal Employees and my reply thereto, in connection with a bill introduced by me:

NATIONAL FEDERATION OF FEDERAL EMPLOYEES,
Washington, D. C., May 1936.

Another "typical blow at the merit system" was revealed today by Secretary-Treasurer Gertrude M. McNally, of the National Federation of Federal Employees, in a bill just introduced in the House of Representatives to provide for court stenographers in the United States district courts and to fix their duties and compensation.

As pointed out by Miss McNally, the last paragraph of the bill (H. R. 12659) contains the following provisions:

"Stenographers may be engaged by the United States district courts regardless of the Civil Service Act, as amended: *Provided*, That such expert stenographers shall be entitled to leave under the leave statutes of 1935 and shall be entitled to annuity as provided in the Retirement Act, as amended, as applicable to civil-service employees in the United States."

"This blow is typical of unnumbered attacks upon the Federal merit system during recent years", Miss McNally declared. "However, it is interesting to note that while the bill provides that the appointees shall receive all the benefits under the civil-service system, it omits any demand upon the prospective employees for a qualifying test to prove fitness.

"Court stenography is specialized work of the highest importance. There is no possible excuse for excluding such positions from the civil-service system and tossing them to the spoilsmen for patronage distribution.

"This provision of H. R. 12659 is one of a seemingly endless succession of evasions and attempted evasions of the civil-service laws and regulations during the past 3 years. The result has been the most complete break-down of the Federal merit system in generations.

"When will the public, that pays the bills, call a halt to this work of destruction?"

Miss GERTRUDE M. MCNALLY,
Secretary-Treasurer, National Federation of Federal Employees, 10 Independence Avenue SW.,
Washington, D. C.

DEAR MISS MCNALLY: It has come to my attention that you gave out a release to the press criticizing that provision of my bill (H. R. 12659) introduced on May 11, 1936, and referred to the Committee on the Judiciary, calling for appointment of Federal district court stenographers regardless of civil-service examination.

Because of the special nature of such expert services, I thought it best to have the bill introduced in this manner. However, everyone familiar with legislation knows that any bill is subject to amendment to satisfy everyone concerned. I myself certainly would not object to an amendment to place such stenographers under the civil service completely.

I don't think anyone would care to cast any aspersions or insinuations upon the judges of the many Federal district courts, who, although they are appointed by the President, by and with the consent of the United States Senate, serve for a lifetime, or until removed for cause. I, for one, certainly would say that Federal judges in my district would name court stenographer regardless of my opinion or recommendation.

The very nature of such expert services itself suggests that just any ordinary stenographer could not perform this work; and these court stenographers would have to be experts, as you very well know. Therefore any talk or insinuation such persons would not be merited is nonsense.

On what ground do you make the statement, "There is no possible excuse for excluding such positions (referring to court stenographers) from the civil-service system and tossing them to the spoilsmen for patronage distribution"?

How are the law clerks of the United States district courts appointed? By the judge, of course, according to the provision of Public, No. 449, Seventy-fourth Congress, approved February 17, 1936. Have you checked with the United States Civil Service Commission to determine if United States courts are subject or not subject to their system? I am sure, if you had taken the trouble to do this, you would have determined that all the courts of the United States are not subject to the civil-service system.

I'm not going to ask you to issue a new release, but I am sending copies of this statement to all newspapers in my district in Louisiana so they will know the truth about this matter. But, as stated before, I have no objections to an amendment to place these court stenographers under the examination system of the Civil Service Commission of the United States, although it will be the first positions in the United States courts to be subjected to this system.

It might interest you to know that my record in Congress is favorable toward Federal employees, and that I would not want to be put in a position of tearing down the civil-service system of the United States. I could go on at length to talk about what you have on your mind—New Deal agencies—but that is uncalled for at this time.

Feel free to discuss openly or privately with me any matter you have on your mind. You will find I just want to be fair to everybody.

I appreciate your deep interest in these affairs.

J. O. FERNANDEZ,
Member of Congress, First District, Louisiana.

"BEATING THE LIVING WITH THE BONES OF THE DEAD"—JEFFERSON ADVISED AGAINST IT; AND NOW THE LIBERTY LEAGUERS TRY TO MISREPRESENT JEFFERSON'S VIEWS

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a book review on The Living Jefferson, by James Truslow Adams, that appeared in the New Republic, a national weekly, and certain excerpts from letters of Thomas Jefferson.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. RICH. Reserving the right to object, how much of the RECORD is that book review going to require?

Mr. MAVERICK. Not so much. It is a book review by me on a book by James Truslow Adams, and certain excerpts from letters of Jefferson.

Mr. RICH. How much space will the letters require?

Mr. MAVERICK. Not very much.

Mr. RICH. A page or two pages?

Mr. MAVERICK. It may be as much as that.

Mr. RICH. Not more than two pages?

Mr. MAVERICK. I am not sure, but I do not think so. The letters will be in small type.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MAVERICK. Mr. Speaker, it has been the habit through ages to dig up ancestors and twist them around to meet the desires and aims of the diggers. It has always been the reactionaries, because they have had the money and the power. In America today the Liberty Leaguers and reactionaries have dug up Thomas Jefferson, trying to make him a model reactionary who ordered his descendants to keep forever the law exactly as it was immediately following the Revolution.

In Rome the hungry and suffering people were accused of being in the pay of Greece and indulging in obscene Greek orgies; in every country today absolutism, dictatorship, and misgovernment of all kinds is bolstered by a false interpretation of ancestors, and a denunciation of "foreigners." Groups who really have no respect for sacred writings or the true import of national figures in history always raise these as bogeymen to frighten the people.

Thomas Jefferson specifically warned future generations against "beating the living with the bones of the dead." But the Liberty Leaguers have stolen him for their hero, and have publicly paraded him before the American people in garments which he never wore.

JAMES TRUSLOW ADAMS GETS IN A FRENZY

James Truslow Adams recently wrote a book on Thomas Jefferson, and such a gross misinterpretation was never done before. Mr. Adams appears to be like a lot of the "liberals" I know. They are great on antiques, art, and Shakespeare, and such like, but when their prejudices about wealth are touched in any way they go into a frenzy. Thus, Mr. Adams, who has written many good books before, has gotten himself all excited and has twisted Jefferson around into something he never was.

In connection with this I have written a book review which I have entitled "Beating the Living with the Bones of the Dead", which appeared in the New Republic of May 13, 1936, and which is attached below. Also I attach below some letters and statements of Thomas Jefferson which are fairly representative of his ideas about politics and government. If some of the statements he made were made today by a modern public official he would undoubtedly be run out of the country. I append the statements without comment, but they are representative of his writings on various subjects of that day.

JEFFERSON INDIVIDUALIST—AND CONSERVATIONIST

It is very necessary in the interpretation of Jefferson to understand that he was in favor of laws beneficial to the people, whatever those laws were. He is held out as a great "individualist." I doubt if he believed in an individualism, which means a low standard of living for millions of people because of a false economic system, or by means of which a small group either by inheritance or power could exploit the millions.

In fact, his social philosophy as affecting the people as a whole seems to have been against monopolies owned by small groups; on the other hand, he favored the idea of cooperative effort. For instance, he advocated plowing of contours in order to save the soil and he was a proponent of conservation of natural resources, and believed that there should be farm cooperatives. However, he could not have foreseen the advance of science and industry, and time after time, as his letters will show, so stated. He had no idea of attempting to rule from the grave and said so many times. He wanted each generation to settle its own troubles.

And as for each generation settling its own affairs one of the most interesting letters is attached below, IV. Ancestor Worship, 8. Letter to du Pont de Nemours, 1811. It is hoped that many people will read this letter of 25 words, among them the descendants of Monsieur Du Pont, especially the Prize Twelve who attended the Liberty League dinner held a few weeks ago which was graced by the Honorable Alfred Emanuel Smith.

From his acts in life and from his letters we draw two or three conclusions:

First, that liberty of speech, religion, education, and knowledge are necessary in any civilized government.

Second, that each generation must solve its own affairs.

Third, that his social philosophy was far ahead of his day, particularly on conservation and cooperative effort. The resources at that time, however, were in a virgin state, and he could not have realized the necessities of the industrial age.

The book review which appeared in the New Republic is as follows:

"BEATING THE LIVING WITH THE BONES OF THE DEAD"

(The Living Jefferson, by James Truslow Adams. New York: Charles Scribner's Sons. 410 pages. $3.)

The title of this book is a misnomer. It should have been: "Jefferson Repainted: Pigments by Du Pont, Oils by Standard Oil, Canvas by Hoosac Mills, Scenery by Schechter Bros., Execution by James Truslow Adams." As an example of a very clever writer and historian at his worst, it is excellent. As camouflage for the author's true purpose—an attack upon the New Deal—it is crystal clear. As an attempt to reconcile Jeffersonian and rugged individualism it is ludicrous.

The living Jefferson is the thinker and statesman who warned us against using the yardstick of the past alone in measuring the problems of the present. Mr. Adams treats him simply as a man who hoped for development of an agrarian rather than an industrial civilization. Whether we like it or not, an industrial civilization now dominates our lives and presents us with the problem of fitting our institutions into it.

MR. ADAMS' MIND READS JEFFERSON—WRONG

In mind reading on Jefferson, in telling us what he thought and what he would have done, Mr. Adams loses sight of the fact that Jefferson's mind was many-faceted. It is true that he was highly individualistic, but at the moment intense individualism menaced the social good he was quick to warn that "the unwritten laws of necessity, of self-preservation, and of the public safety control the written laws of meum and tuum." This is what Mr. Adams completely ignores. If we read the entire body of Jefferson's writings and read them not in the hope of finding substantiation for some particular point of view, we get in full perspective the mind of a man who would never have sought "to beat the living with the bones of the dead", as Mr. Adams is attempting to do.

And Mr. Adams is impartial with his mind reading. Hence we find the bonus marchers getting it in the neck. George Washington, who would have "killed" the first veterans' organization had he but known, is brought in on that. There is vindication for the Supreme Court in the Schechter sick-chicken case. He says, "Government for Jefferson was a necessary evil." There is no mention of the fact that Jefferson hated the Supreme Court.

NO INTERPRETATION OF THE LIVING JEFFERSON

Jefferson's hatred of monopoly is portrayed, as well as his belief that property is subject to the regulation of the state, although such personal rights as freedom of speech and press must be unlimited. Mr. Adams is very careful to point out that "liberalism and liberty were not phases of his youth; they were the very fiber of his being." None of this is news.

And there is no interpretation of the living Jefferson at all. There is much of Jefferson's philosophy of individuality based on liberty and the use of land, but no application of it to the problems of a civilization based upon machines, industrial monopoly and central financial control. There is no analogy with the monopolies of today, no discussion of the inherent right of citizens to a means of livelihood and a participation in the means of production under the present method.

Mr. Adams makes much of Jefferson's dislike of paper money, of Jefferson's belief in a balanced budget, of the fact that Jefferson was neither demagogue nor a "mobocrat." He skips over the perfectly obvious facts that Jefferson could have known nothing of modern finance and industry; and "balancing the budget", far from being a Jeffersonian invention, is part and parcel of any form of government. There are assertions coming like heavily laden freight cars—that he believed in a civilization based on agriculture, was opposed to primogeniture, was neither "theorist" nor "doctrinaire", had no "moon-calf vision"—which seem like efforts to apologize for Jefferson and to paint him patronizingly, at this late date, as a "liberal" (but a respectable liberal, an example of "soundness" and "practicality"), a man who was out with a glittering but very safe sword to balance the budget for the bond boys of New York.

JUST ANOTHER ANTI-NEW DEAL BOOK RUSHED TO PRINTER

One reads Mr. Adams' portrayal with a sense of expectancy, of waiting for the inevitable denouement. True to his trust, Mr. Adams gathers the fluttering threads of his theme and ties them together with the essential clue in his last two chapters. Here at last his true purpose is revealed. Just another anti-New Deal propaganda book rushed to the printer. Jefferson's party is confounded out of the mouth of Jefferson. The Roosevelt administration has forsaken the true faith; it is about the business of tearing down the temple so laboriously erected by Jefferson. Down with Roosevelt.

Mr. Jefferson, speaking through Mr. Adams, does grudgingly and cautiously approve the vigorous action of Roosevelt in those dark days in March and April 1933. So long as the strong arm of government is extended to aid banks and railroads all is well, but any attempt to extend this aid to the ordinary citizen, the farmer, the unemployed, and the indigent aged is a frontal attack upon Americanism.

BOOK RECOMMENDED TO LIBERTY LEAGUE ET AL.

Yes, "institutions must advance and keep pace with the times", Jefferson said. "If the man has grown too large to fit the coat he wore as a boy, whittle him down until he fits it", Mr. Adams seems to say. That is Mr. Adams' philosophy. It wasn't Jefferson's.

This book is highly recommended to the Liberty League, the Union League Club, the National Manufacturers' Association, the United States Chamber of Commerce, and the better-class country clubs.

MAURY MAVERICK.

Representative letters, writings, and statements of Thomas Jefferson are as follows:

I. ON THE CONSTITUTION

1. LETTER TO W. S. SMITH, NOVEMBER 1787

There are very good articles in it, and very bad. I do not know which preponderate.

2. LETTER TO E. CARRINGTON, DECEMBER 1787

As to the new Constitution I find myself nearly a neutral. There is a mass of good in it in a very desirable form; but there is also to me a very bitter pill or two.

3. LETTER TO C. D. EBELING (1795) ON THE CONSTITUTIONAL CONVENTION

A convention being decided on, some of the monocrats got elected in the hope of introducing an English constitution. When they found that the great body of the delegates were strongly for adhering to republicanism they directed their efforts to the assimilation of all the parts of the new Government to the English constitution as nearly as was attainable. In this they were not altogether without success; inasmuch that the monarchical feature of the new Constitution produced a violent opposition to it from the most zealous republicans in the several States. For this reason * * * it is still doubted by some whether a majority of the people of the United States were not against adopting it. However, it was carried through all the assemblies of the States, though by very small majorities in the larger States.

4. LETTER TO COMTE DE MOUSTIER, MAY 1788

I see in this instrument a great deal of good. The consolidation of our Government, a just representation, an administration of some permanence, and other features of great value will be gained by it. There are, indeed, some faults which revolted me a good deal in the first moment; but we must be contented to travel on toward perfection, step by step. We must be contented with the ground which this Constitution will gain for us and hope that a favorable moment will come for correcting what is amiss in it.

5. LETTER TO GEORGE HAY, MAY 1823 (CONCERNING DIFFICULTY OF AMENDMENTS)

The States are now so numerous that I despair of ever seeing another amendment to the Constitution, although the innovations of time will certainly call, and now already call, for some. (In 1823, when this was written, there were 24 States.)

6. LETTER TO SAMUEL KERCHIVAL, MAY 1816 (FAMOUS LETTER)

Some men look at constitutions with sanctimonious reverence and deem them like the Ark of the Covenant, too sacred to be touched. They ascribe to the men of the preceding age a wisdom more than human, and suppose what they did to be beyond amendment. I knew that age well; I belonged to it and labored with it. It was very like the present, but without the experience of the present; and 40 years of experience in government is worth a century of book reading; and this they would say themselves, were they to rise from the dead * * * laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries are made, new truths disclosed, and manners and opinions change with the change of circumstances, institutions must advance also and keep pace with the times.

We might as well require a man to wear still the coat which fitted him as a boy as civilized society to remain ever under the regimen of its barbarous ancestors. It is this preposterous idea which has lately deluged Europe in blood. Their monarchs, instead of wisely yielding to the gradual change of circumstances * * * have clung to old abuses, entrenched themselves behind steady habits, and obliged their subjects to seek through blood and violence rash and ruinous innovations, which, had they been referred to the peaceful deliberations and collected wisdom of the nation, would have been put into acceptable and salutary form.

Let us follow no such examples, nor weakly believe that one generation is not as capable as another of taking care of itself and of ordering its own affairs. * * * Each generation is as independent of the one preceding as that was of all which had gone before. It has, then, like them, a right to choose for itself the form of government it believes most promotive of its own happiness; consequently, to accommodate to the circumstances in which it finds itself, that received from its predecessors; and it is for the peace and good of mankind that a solemn opportunity of doing this every 19 or 20 years should be provided by the Constitution. * * *

This corporeal globe and everything upon it belong to its present corporeal inhabitants, during their generation. They alone have a right to direct what is the concern of themselves alone and to declare the law of that direction. * * * If this avenue be shut to the call of sufferance, it will make itself heard through that of

force, and we shall go on, as other nations are doing, in the endless circle of oppression, rebellion, reformation; and oppression, rebellion, reformation, again, and so on, forever.

II. REVOLUTION

1. LETTER TO W. S. SMITH, 1787 (ON SHAY'S REBELLION)

God forbid we should ever be 20 years without such a rebellion. The people cannot be all, and always, well informed. The part which is wrong will be discontented in proportion to the importance of the facts they misconceive. If they remain quiet under such misconceptions, it is lethargy, the forerunner of death to the public liberty.

2. LETTER TO JAMES MADISON, 1787

I hold it that a little rebellion now and then is a good thing, and as necessary in the political world as storms are in the physical.

3. IN ANOTHER LETTER TO MADISON, 1787

A little rebellion now and then is a medicine necessary for the sound health of government.

4. LETTER TO W. S. SMITH, 1787

What country can preserve its liberties if its rulers are not warned, from time to time, that the people preserve the spirit of resistance.

Let them take arms. The remedy is to set them right as to facts.

5. LETTER TO MRS. JOHN ADAMS, 1787

The spirit of resistance to government is so valuable on certain occasions that I wish it always to be kept alive. It will often be exercised when wrong, but better so than not to be exercised at all.

III. ON EDUCATION

1. NOTES ON VIRGINIA, 1782

Reason and free enquiry are the only effectual agents against error.

2. STATEMENT OF JEFFERSON

The Gothic (French) idea that we are to look backward * * * for all that is best in government and religion and science, is worthy of those bigots in government and religion who recommend it to you, and whose interest it so well serves.

3. ANOTHER STATEMENT

It is error alone which needs the support of government. Truth can stand by itself.

4. A FURTHER STATEMENT

There is not a truth on earth which I fear, or would disguise.

5. ON THE UNIVERSITY OF VIRGINIA

(It will be) based on the illimitable freedom of the human mind, to explore every subject susceptible to its contemplation. * * * here we are not afraid to follow truth wherever it may lead, nor to tolerate error so long as reason is left free to combat it.

6. FAMOUS SAYING

I have sworn upon the altar of God eternal hostility against every form of tyranny over the mind of man.

IV. ANCESTOR WORSHIP

1. LETTER TO DR. JOSEPH PRIESTLEY, MARCH 1801

What an effort of bigotry in politics and religion have we gone through! The barbarians really flattered themselves they should be able to bring back the times of Vandalish. * * * All advances in science were proscribed as innovations. They pretended to praise and encourage education, but it was to be the education of our ancestors. We were to look backwards, not forwards, for improvement.

2. TO JOHN TAYLOR, MAY 1816

Every generation comes equally, by the laws of the Creator of the world, to the free possession of the earth which He made for their subsistence, unencumbered by their predecessors, who, like them, were but tenants for life.

3. TO THOMAS EARLE, M., 1823

That our Creator made the earth for the use of the living and not of the dead; that those who exist not can have not use nor right in it, no authority or power over it; that one generation of men cannot foreclose or burthen its use to another, which comes to it in its own right and by the same divine beneficence; that a preceding generation cannot bind a succeeding one by its laws or contracts; these deriving their obligation from the will of the existing majority, and that majority being removed by death, another comes in its place with a will equally free to make its own laws and contracts; these are axioms so self-evident that no explanation can make them plainer; for he is not to be reasoned with who says that nonexistence can control existence, or that nothing can move something. They are axioms also pregnant with salutary consequences. And it is also found more convenient to suffer the laws of our predecessors to stand on our implied assent, as if positively reenacted, until the existing majority positively repeals them. But this does not lessen the right of the majority to repeal whenever a change of circumstances or of will calls for it. Habit alone confounds what is civil practice with natural right.

4. LETTER TO JOHN CATRWEIGHT, 1824

Can one generation bind another, and all others in succession, forever? I think not. The Creator has made the earth for the living, not the dead. Rights and powers can only belong to persons, not to things, not to mere matter unendowed with will. The dead are not even things. The particles of matter which composed their bodies make part now of the bodies of other animals, vegetables, or minerals of a thousand forms. To what, then, are attached the rights and powers they held while in the form of men? A generation may bind itself as long as its majority continues in life; when that has disappeared another majority is in place, holds all the rights and powers their predecessors once held, and may change their laws and institutions to suit themselves. Nothing, then, is unchangeable but the inherent and unalienable rights of man.

5. LETTER TO SAMUEL KERCHIVAL, 1816

My wish is * * * to leave to those who are to live under it the settlement of their own Constitution, and to pass in peace the remainder of my time.

6. LETTER TO JOHN H. PLEASANTS, 1824

I willingly acquiesce in the institutions of my country, perfect or imperfect, and think it a duty to leave their modifications to those who are to live under them and are to participate of the good or evil they may produce. The present generation has the same right of self-government which the past one has exercised for itself.

7. LETTER TO WILLIAM SHORT, 1825

I willingly leave to the present generation to conduct their affairs as they please.

8. LETTER TO DU PONT DE NEMOURS, 1811 (DESCENDANTS TAKE NOTICE)

Those who will come after us will be as wise as we are, and as able to take care of themselves as we have been.

9. LETTER TO SPENCER ROANE, 1819

I withdraw from all contests of opinion, and resign everything cheerfully to the generation now in place. They are wiser than we were, and their successors will be wiser than they, from the progressive advance of science.

10. LETTER TO MARQUIS LAFAYETTE, 1823

The daily advance of science will enable the existing generation to administer the Commonwealth with increased wisdom.

V. ON THE COURT

1. (1792)

I said to President Washington that if the equilibrium of the three great bodies—legislative, executive, and judiciary—could be preserved, if the legislature could be kept independent, I should never fear the result of such a government.

2. LETTER TO C. HAMMOND, 1821

It has long been my opinion * * * that the germ of dissolution of our Federal Government is in * * * the Federal judiciary—an irresponsible body, working like gravity by night and by day, gaining a little today and a little tomorrow, and advancing its noiseless step, like a thief, over the field of jurisdiction.

3. LETTER TO SPENCER ROANE, 1821

The great object of my fear is the Federal judiciary. That body, like gravity, ever acting, with noiseless foot and unalarming advance, gaining ground step by step, and holding what it gains, is engulfing insidiously the special governments into the jaws of that which feeds them.

4. LETTER TO WILLIAM C. JARVIS, 1820

It is a very dangerous doctrine to consider the judges as the ultimate arbiters of all constitutional questions. It is one which would place us under the despotism of an oligarchy. * * * The Constitution has erected no such single tribunal, knowing that to whatever hands confided, with the corruptions of time and party, its members would become despots. It has more wisely made all the departments coequal and cosovereign within themselves.

5. LETTER TO WILLIAM C. JARVIS, 1820

If the legislature fails to pass laws for a census, for paying the judges and other officers of government, for establishing a militia, for naturalization as prescribed by the Constitution, or if they fail to meet in Congress, the judges cannot issue their mandamus to them; if the President fails to supply the place of a judge, to appoint other civil or military officers, to issue requisite commissions the judges cannot force him. They can issue their mandamus or distringas to no executive or legislative officer to enforce the fulfillment of their official duties any more than the President or legislature may issue orders to the judges or their officers. Betrayed by English example, and unaware, as it should seem, of the control of our Constitution in this particular, they have at times overstepped their limit by undertaking to command executive officers in the discharge of their executive duties; but the Constitution, in keeping the three departments distinct and independent, restrains the authority of the judges to judiciary organs, as it does the executive and legislative to executive and legislative organs. The judges certainly have more frequent occasion to act on constitutional questions because the laws of meum and tuum and of criminal action, forming the great mass of the system of law, constitute their particular department. When the

legislative or executive functionaries act unconstitutionally, they are responsible to the people in their elective capacity. The exemption of the judges from that is quite dangerous enough.

6. LETTER TO ALBERT GALLATIN, 1810

At length we have a chance of getting a Republican majority in the Supreme Judiciary. For 10 years has that branch braved the spirit and will of the Nation after the Nation had manifested its will by a complete reform in every branch depending on them. The event is a fortunate one, and so timed as to be a godsend to me. I am sure its importance to the Nation will be felt, and the occasion employed to complete the great operation they have so long been executing, by the appointment of a decided Republican, with nothing equivalent about him.

7. LETTER TO CAESAR A. RODNEY, 1810

The death of (Associate Justice) Cushing is opportune, as it gives an opening for at length getting a Republican majority on the Supreme Bench. Ten years has the anticivism of that body been bidding defiance to the spirit of the whole Nation, after they had manifested their will by reforming every other branch of government. I trust the occasion will not be lost. * * * Nothing is more material than to complete the reformation of the Government by this appointment, which may truly be said to be putting the keystone into the arch.

8. LETTER TO GIDEON GRANGER, 1814

With respect to the dismission of the prosecutions for sedition in Connecticut, it is well known to have been a tenet of the Republican portion of our fellow citizens that the sedition law was contrary to the Constitution, and therefore void. On this ground I considered it as a nullity wherever I met it in the course of my duties; and on this ground I directed nolle prosequis in all the prosecutions which had been instituted under it, and as far as the public sentiment can be inferred from the occurrences of the day, we may say that this opinion had the sanction of the Nation.

The prosecutions, therefore, which were afterward instituted in Connecticut, of which two were against printers, two against preachers, and one against a judge, were too inconsistent with this principle to be permitted to go on. We were bound to administer to others the same measure of law, not which they had meted out to us but we to ourselves, and to extend to all equally the protection of the same constitutional principles. Those prosecutions, too, were chiefly for charges against myself, and I had from the beginning laid it down as a rule to notice nothing of the kind.

I believed that the long course of services in which I had acted on the public stage, and under the eye of my fellow citizens, furnished better evidence to them of my character and principles than the angry invectives of adverse partisans in whose eyes the very acts most approved by the majority were subjects of the greatest demerit and censure. These prosecutions against them, therefore, were to be dismissed as a matter of duty.

9. LETTER TO MRS. JOHN ADAMS, SEPTEMBER 1804

You seem to think it devolved on the judges to decide on the validity of the sedition law. But nothing in the Constitution has given them a right to decide for the executive, more than executive to decide for them. Both magistrates are equally independent in the sphere of action assigned to them. The judges, believing the law constitutional, had a right to pass a sentence of fine and imprisonment because the power was placed in their hands by the Constitution. But the executive, believing the law to be unconstitutional, were bound to remit the execution of it because that power has been confided to them by the Constitution. That instrument meant that its coordinate branches should be checks on each other. But the opinion which gives to the judges the right to decide what laws are constitutional and what not, not only for themselves in their own sphere of action but for the legislature and executive also, in their spheres, would make the judiciary a despotic law, remove all restraint from the overwhelming torrent of slander, which is confounding all vice and virtue, all truth and falsehood in the United States. The power to do that is fully possessed by the several State legislatures. It was reserved to them and was denied to the General Government by the Constitution of it.

SAVE AMERICA NOW

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein a radio address I made in Washington on last Friday.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CHURCH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include an address that I made over the National Broadcasting System from Washington, D. C., on Congress Speaks hour, Friday, May 15, as follows:

Within 6 weeks the two major political parties will meet in convention to construct their respective platforms and to select their standard bearers. Then the political guns will boom forth in a literal barrage of claims, charges, and countercharges in the most important Presidential campaign in the history of the United States. Behind the camouflage and smoke screen of half-truths and exaggerations, we will find the true facts and the fundamental issues.

The New Deal has brought us face to face with basic questions of economics and government. The issue is not whether you are a Democrat or a Republican. It is rather whether you believe in the principles of American democracy or in the Rooseveltian utopia built on regimentation, prosperity through scarcity, profligate Government spending, and devouring taxation. It is whether you believe in the time-honored principles of economics or in the New Deal experimentation—a hybrid of fascism and communism.

When Franklin D. Roosevelt, acting under the influence and advice of the "brain trust", discarded the Democratic platform of 1932, he broke his covenant with the people. As a candidate he pledged himself to a program of economy, but as a President he has pursued a program of wasteful spending. He pledged himself to the historic Jeffersonian principles of State rights, but he has pursued a program of national regimentation and control. He pledged himself to uphold the Constitution of the United States, but he has actually asked Congress to pass laws he admitted were of doubtful constitutionality.

One need only call to mind that several outstanding Democrats, such as Lewis W. Douglas, former Director of the Budget, resigned from this administration when it broke faith with the party and the people. One need only call to mind that many distinguished Democrats, such as ex-Gov. Alfred E. Smith and former Secretary of State Bainbridge Colby, to mention only two of an ever-increasing list, are outspoken opponents of the New Deal.

What actually did happen when Roosevelt came into power in 1933? A relatively small group of men, who represent the original New Dealers, took control of the Democratic Party. With the whip of patronage and the constantly exercised power to grant or withhold work-relief funds, this small group of untried "brain trusters" forced a supine Congress to yield to its every dictate. Surrendering to political expediency and with thoughts only of their own reelection, the Democratic Members of Congress did not have the statesmanlike courage to oppose and prevent this dictatorial coup d'etat within their own party. With an eye to the next election in November rather than to the next generation, they discarded the principles of their own party and the historic lessons of experience. By that process a Democratic Congress ceased to exist. We have rather a New Deal Congress masquerading under an old party name.

True Democrats, as distinguished from these New Dealers, believe with the Republicans in the American economy of abundance and the principles of a free democratic government. Both believe that the true objective is the maximum satisfaction of human economic needs and political freedom. That objective is to obtain for the people all the comforts of life by way of food, clothing, homes, radios, automobiles, electric refrigerators, sweepers, and all those things which our natural resources and national genius are capable of producing, and at the same time to preserve the blessings of liberty free from unreasonable governmental interference. While historically the two great parties have differed as to the means to that end, nevertheless throughout all our history until the advent of the New Deal both parties have zealously sought to advance the principles of democracy and to make America the land of plenty.

Because of strict adherence to the time-honored principles of thrift, industry, and self-sacrifice America rose from 13 struggling Colonies actually to become this land of plenty. While we have at times suffered from certain maladjustments, with want in the midst of plenty, on the whole no people anywhere enjoy the standard of living that we do in the United States. It is for us to labor within these time-honored principles to remedy the maladjustments and enable all our people to have full share in the abundance.

The New Dealers, on the other hand, believe in an economy of scarcity with a system of State capitalism whereby all of us are regulated, regimented, and controlled by the bureaucrats in Washington. Because this smacks of the Russian political-economic theory of controlled production and consumption, they will deny that they are giving adherence to a principle so entirely foreign to America. But "by their deeds ye shall know them."

As a remedy to the farm problem, which represents a disparity between farm prices and industrial prices, the New Deal inaugurated a program of crop destruction and limitation of production. At the same time thousands of families were wondering, and still are wondering, where to obtain their next loaf of bread. Supply and demand control prices, but to obtain the desirable objective of giving the farmer a better price for his products the New Deal emphasis was not upon the demand item of the price equation. On the contrary, rather than raise the price by increasing the demand they sought to limit the supply.

This same general philosophy of Government control of production has been applied to industry. No effective efforts have been made to encourage industry to increase production and to reemploy. In fact, there is pending in the Senate at the present time a tax bill proposed by the New Dealers which will hamper the growth of small corporations and impede the development of new enterprises. If enacted, it will drive capital out of productive enterprise into tax-exempt securities. All manner of political pressure has been put on the Senators to force them to accept the bill as proposed by the "brain trust."

These are only two of the many examples I could present as indicative of the fact that the New Deal is wholly un-American. Instead of encouraging thrift, it penalizes. Instead of encouraging self-sacrifice and industry, it encourages indolence and waste. Instead of encouraging economy, it encourages spending. In short, when you look beneath the camouflage and examine the true facts and the imponderable underlying realities, you readily see that the New Dealers are not only luring the people away from American principles of government but are leading them to bankruptcy and destruction. "By their deeds ye shall know them."

And by the results obtained you can concretely evaluate their deeds. The New Deal Congress vested in the President of the United States and his political appointees every imaginable power. He was made virtual dictator over almost every phase of American life. The appalling statement made by the Director of the Budget to the Ways and Means Committee shows that during the New Deal we shall have spent for recovery and relief alone $13,853,270,835.

Today we have a Federal public debt of $31,463,066,474.38. This is the largest public debt in the history of the United States, including the period of the last war. The total expenditures in excess of receipts for the present fiscal year are today $2,740,696,649.64. Each day this month the New Deal has spent eleven and one-quarter million dollars more than it has received. The total receipts of this month to May 9 are $121,620,349.14, the total expenditures $224,944,833.42. The New Deal is each day spending almost $2 for every dollar taken in. These are the figures in the daily statement of the United States Treasury of May 9, 1936. This debt, increasing daily, is the burden which the New Deal has already placed on our children and our children's children.

Professing until after the November election keen interest in the relief of the individual citizen, the New Dealers are actually giving the needy not relief but a veritable back-breaking burden of future taxes, at the same time that their attack on private industry continues to discourage any increase in employment. This is the reason why history will known the New Dealers not as Democrats but as "Hypocrats", as I dubbed them on the floor of the House last Friday (May 8, 1936).

It is true that despite this mammoth orgy of spending there has been no appreciable decrease in the number of unemployed. The American Federation of Labor has estimated that 12,184,000 people are still without jobs. The relief problem remains with us—nor can we expect to take our people off the relief rolls until industry revives. And we certainly cannot expect industry to revive as long as we force it to face the continued threat of ever-increasing taxes or inflation. Futurity and confidence are distinctive requisites of business revival, but with continued governmental experimentation and expenditures, and increasing taxes, no man can view the future with any confidence.

The choice which we have to make is not a choice between Democrats and Republicans. It is a choice between New Deal state capitalism in an economy of scarcity and Republican adherence to a free democracy in an economy of abundance. It is a choice between debts, taxes, inflation, and fear on the one hand, and on the other, industry, thrift, freedom, and true security.

I keenly appreciate the fact that a large percentage of those listening to me are women. To you women especially I appeal this afternoon.

Through all my political life I have actually tested the value of woman's political sagacity and her eagerness to follow a crusade for sound thinking in government and economics. I have never found you wanting. You by nature and experience recognize the values of thrift as against spending, industry as against indolence, economy as against waste, freedom as against regimentation. To you women, let me repeat, I appeal this afternoon. I also appeal to the Democrats who recognize the fallacies of the New Deal and who decry its betrayal of American principles. To all of you I appeal, "save America now."

COAT OF ARMS OF SWISS CONFEDERATION (H. DOC. NO. 494)

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk, and, together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I transmit a report from the Secretary of State in regard to the obligation of this Government, under the Red Cross Convention of 1929, to take such measure as may be necessary to prohibit the commercial use in the United States of the coat of arms of the Swiss Confederation.

I recommend that, as proposed by the Secretary of State, the necessary legislation be enacted to fulfill the treaty obligation mentioned. A draft bill which is believed to be suitable for this purpose accompanies the Secretary's report.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 18, 1936.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WILCOX, for 3 weeks, on account of important business.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 949. An act for the relief of R. R. Purcell; to the Committee on Claims.

S. 2041. An act for the relief of Charles E. Wilson; to the Committee on Military Affairs.

S. 2575. An act for the relief of Emma Gomez; to the Committee on Claims.

S. 2576. An act for the relief of Manuel D. A. Otero as administrator of the estate of Teresita S. Otero, deceased; to the Committee on Claims.

S. 3671. An act for the relief of Howard Hefner; to the Committee on Claims.

S. 3715. An act for the relief of Roscoe McKinley Meadows; to the Committee on Naval Affairs.

S. 3808. An act for the relief of R. D. Stephens and Vera Stephens; to the Committee on Claims.

S. 3844. An act for the relief of Mrs. M. N. Shwamberg; to the Committee on Claims.

S. 3921. An act authorizing the Secretary of War to bestow the Silver Star upon Michael J. Quinn; to the Committee on Military Affairs.

S. 4038. An act to amend an act of Congress approved March 3, 1863, entitled "An act to reorganize the courts in the District of Columbia, and for other purposes"; to the Committee on the Judiciary.

S. 4078. An act to authorize the award of a decoration for distinguished service to John C. Reynolds; to the Committee on Military Affairs.

S. 4082. An act to authorize the presentation of a Congressional Medal of Honor to Taliesin Waters; to the Committee on Military Affairs.

S. 4099. An act to authorize the award of the Congressional Medal of Honor for distinguished service to Pleas Sanders; to the Committee on Military Affairs.

S. 4105. An act authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission of Maryland, for park, parkway, and playground purposes; to the Committee on Agriculture.

S. 4124. An act for the relief of the State of Connecticut; to the Committee on the Judiciary.

S. 4140. An act for the relief of Homer Brett, Esq., American consul at Rotterdam, Netherlands, as a result of money stolen from the safe of the American consulate; to the Committee on Claims.

S. 4252. An act to provide for the modification of the contract of lease entered into on June 12, 1922, between the United States and the Board of Commissioners of the Port of New Orleans; to the Committee on Military Affairs.

S. 4390. An act to amend the National Defense Act relating to the Medical Administrative Corps; to the Committee on Military Affairs.

S. 4425. An act to relinquish all right, title, and interest of the United States in certain lands in the State of Connecticut; to the Committee on Rivers and Harbors.

S. 4461. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; to the Committee on Interstate and Foreign Commerce.

S. 4462. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River between the towns of Decatur, Nebr., and Onawa, Iowa; to the Committee on Interstate and Foreign Commerce.

S. 4463. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near the cities of South Sioux City, Nebr., and Sioux City, Iowa; to the Committee on Interstate and Foreign Commerce.

S. 4487. An act to provide for a preliminary examination and survey of Smugglers Cove, Oreg.; to the Committee on Rivers and Harbors.

S. 4542. An act authorizing the Comptroller General of the United States to settle and adjust the claim of the Merritt-Chapman & Scott Corporation; to the Committee on Claims.

S. 4584. An act to amend the Migratory Bird Treaty Act of July 3, 1918 (40 Stat. 755), to extend and adapt its provisions to the convention between the United States and the

United Mexican States for the protection of migratory birds and game mammals concluded at the City of Mexico February 7, 1936, and for other purposes; to the Committee on Foreign Affairs.

S. J. Res. 200. Joint resolution to extend the period of suspension of the limitation governing the filing of suit under section 19, World War Veterans' Act, 1924, as amended; to the Committee on World War Veterans' Legislation.

S. J. Res. 235. Joint resolution authorizing the Secretary of Agriculture to expend funds of the Agricultural Adjustment Administration for participation by the United States in the 1936 Sixth World's Poultry Congress; to the Committee on Foreign Affairs.

S. J. Res. 242. Joint resolution authorizing and directing the Commodity Credit Corporation to facilitate the liquidation of loans to cotton producers; to the Committee on Agriculture.

S. J. Res. 250. Joint resolution extending thanks in appreciation of services rendered by Hayden W. Wren as superintendent of the docks of the port of New Orleans; to the Committee on Military Affairs.

S. J. Res. 257. Joint resolution authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Maximo Mariano Pruna y Hernandez, a citizen of Cuba; to the Committee on Military Affairs.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on May 15, 1936, present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 1398. An act to provide for the establishment of a Coast Guard station at or near Crescent City, Calif.;

H. R. 2119. An act for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor;

H. R. 2467. An act for the relief of Holy Cross Mission Hospital;

H. R. 3340. An act for the relief of Jesse S. Post;

H. R. 5058. An act to convey certain lands to Clackamas County, Oreg., for public-park purposes;

H. R. 8089. An act for the relief of Joseph J. Baylin;

H. R. 8370. An act to provide for the establishment of a Coast Guard station at Port Washington, Wis.;

H. R. 8506. An act for the relief of Oliver Faulkner;

H. R. 9042. An act to provide for the sale of the Port Newark Army Supply Base to the city of Newark, N. J.;

H. R. 9370. An act for the relief of Frank Cordova;

H. R. 9373. An act for the relief of H. L. & J. B. McQueen, Inc., and John L. Summers, former disbursing clerk, Treasury Department;

H. R. 9455. An act for the relief of Robert J. Mann;

H. R. 10308. An act to amend article 3 of the "Rules Concerning Lights, etc.", contained in the act entitled "An act to adopt regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States", approved June 7, 1897;

H. R. 10321. An act to amend section 4 of Public Act No. 286, Seventy-fourth Congress, approved August 19, 1935, as amended;

H. R. 10589. An act to amend section 32 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes", approved August 30, 1935;

H. R. 10847. An act to authorize the acquisition of land for cemeterial purposes in the vicinity of New York City, N. Y.;

H. R. 11036. An act to amend section 4321, Revised Statutes (U. S. C., title 46, sec. 263), and for other purposes;

H. R. 11302. An act to authorize the Secretary of War to lend to the reunion committee of the United Confederate Veterans 3,000 blankets, olive drab, no. 4, and 1,500 canvas cots, to be used at their annual encampment to be held at Shreveport, La., in June 1936;

H. R. 11346. An act for the relief of H. R. Heinicke, Inc.;

H. R. 12162. An act to create an additional division of the United States District Court for the Southern District of Mississippi to be known as the Hattiesburg division;

H. R. 12183. An act for the relief of Gladys Hinckley Werlich;

H. J. Res. 538. Joint resolution to provide for the participation by the United States in the Ninth International Congress of Military Medicine and Pharmacy in Rumania in 1937; and to authorize and request the President of the United States to invite the International Congress of Military Medicine and Pharmacy to hold its tenth congress in the United States in 1939, and to invite foreign countries to participate in that congress;

H. J. Res. 547. Joint resolution providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition to be held at Cleveland, Ohio, beginning in June 1936, and for other purposes; and

H. J. Res. 569. Joint resolution to authorize an appropriation for the expenses of participation by the United States in a conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works concluded at Bern September 9, 1886, and revised at Rome June 2, 1928.

THE LATE REPRESENTATIVE WILLIAM D. THOMAS

Mr. SNELL. Mr. Speaker, it is with very deep regret that I announce to the Members of the House the death, at 6:45 last evening, of our good friend and colleague, WILLIAM D. THOMAS, of the Twenty-ninth Congressional District of the State of New York. Mr. THOMAS had not been in his usual health for several months, but those of his friends who were in close touch with him thought that his strong physique, vigor, and vitality would bring him through, and that he would again be able to attend his duties here in the House. Thus the sudden announcement of his death came as a great shock to all of his friends.

Mr. THOMAS had not been a Member of the House as long as some of us, but his genial personality and his friendly manner won for him a warm spot in the affections of his colleagues on both sides of the aisle. His sudden death in the very prime of vigorous manhood will not only be a great loss to his family and the community in which he lived, and where he played such an important part for many years, but it is a real loss to the State and the Nation. We all mourn his sudden passing, but we know he is at rest in the Great Beyond.

Mr. Speaker, at some later date I shall ask to make more extended remarks on the life and character of our good friend.

Before offering the usual resolution, Mr. Speaker, I ask unanimous consent that the special orders for today may be in order tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. BANKHEAD. I trust the gentleman will withdraw that request. I hope that can be arranged tomorrow morning.

Mr. SNELL. Very well. If that is the wish of the majority leader, I will withdraw the request.

Mr. Speaker, I offer the following resolution:

The Clerk read as follows:

House Resolution 517

Resolved, That the House has heard with profound sorrow of the death of Hon. WILLIAM D. THOMAS, a Representative from the State of New York.

Resolved, That a committee of four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

The SPEAKER appointed the following committee: Mr. CROWTHER, Mr. GOODWIN, Mr. LORD, and Mr. PATTON.

ADJOURNMENT

The SPEAKER. The Clerk will read the remainder of the resolution.

The Clerk read as follows:

Resolved, That as a further mark of respect this House do now adjourn.

The resolution was agreed to; accordingly (at 12 o'clock and 25 minutes p. m.) the House adjourned until tomorrow, Tuesday, May 19, 1936, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

836. A letter from the Secretary of War, transmitting a draft of legislation to rectify an injustice to retired officers of the Army on duty with the United States Soldiers' Home at Washington, D. C.; to the Committee on Military Affairs.

837. A letter from the chairman of the Board of Governors of the Federal Reserve System, transmitting the twenty-second annual report, prepared by direction of the Board of Governors of the Federal Reserve System, covering operations during the calendar year 1935 (H. Doc. No. 333); to the Committee on Banking and Currency and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LEWIS of Colorado: Committee on Rules. House Resolution 515. Resolution providing for the consideration of S. 3398; without amendment (Rept. No. 2667). Referred to the House Calendar.

Mr. DRIVER: Committee on Rules. House Resolution 516. Resolution providing for the consideration of S. 3531; without amendment (Rept. No. 2668). Referred to the House Calendar.

Mr. BLOOM: Committee on Foreign Affairs. House Joint Resolution 586. Joint resolution authorizing the President to invite foreign countries to participate in the New York World's Fair 1939, Inc., in the city of New York during the year 1939; with amendment (Rept. No. 2671). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. Senate Joint Resolution 215. Joint resolution authorizing the selection of a site and the erection of a pedestal for the Albert Gallatin statue in Washington, D. C.; without amendment (Rept. No. 2672). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of New Hampshire: Committee on Military Affairs. H. R. 12567. A bill for the relief of Percy C. Wright; with amendment (Rept. No. 2673). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. S. 4400. An act for the relief of Barbara Jaeckel; with amendment (Rept. No. 2674). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND: A bill (H. R. 12734) to amend an act entitled "An act to distribute the commissioned line and engineer officers of the Coast Guard in grades, and for other purposes", approved January 12, 1923; to the Committee on Merchant Marine and Fisheries.

By Mr. COLDEN: A bill (H. R. 12735) to amend the act of June 19, 1934, relating to The National Archives and the disposition of papers; to the Committee on the Library.

By Mr. JONES: A bill (H. R. 12736) to facilitate the extension of agricultural credit at lower interest rates by providing for the issue of certain bank notes, to encourage the ownership of farm homes, and for other purposes; to the Committee on Agriculture.

By Mr. MANSFIELD: A bill (H. R. 12737) to transfer Fayette County, Tex., from the southern judicial district of Texas to the western judicial district of Texas; to the Committee on the Judiciary.

By Mr. POWERS: A bill (H. R. 12738) to prohibit discrimination on account of maximum age in employment directly and indirectly under the United States; to the Committee on the Civil Service.

By Mr. WADSWORTH: A bill (H. R. 12739) to authorize a preliminary examination of Genesee River, N. Y., with a view to the control of its floods; to the Committee on Flood Control.

By Mr. BLANTON: Joint resolution (H. J. Res. 590) to prohibit United States judges and attorneys from accepting outside employment, and to repeal the act of June 20, 1906 (34 Stat. 316), embracing sections 1, 2, and 3, as appears in District of Columbia Code, Revised, title 7, Education, page 75; to abolish the present Board of Education, declaring vacant all positions held thereunder; to abolish and declare vacant the position of Superintendent of Schools, and to reenact the act of June 11, 1878 (20 Stat. 107), with amendments; to regulate law diplomas; and to prohibit certain outside employment; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HIGGINS of Connecticut: A bill (H. R. 12740) granting a pension to Helen H. Taft; to the Committee on Pensions.

By Mr. WEARIN: A bill (H. R. 12741) for the relief of Howard Scott, seaman second class, United States Navy; to the Committee on Naval Affairs.

By Mr. MALONEY: A bill (H. R. 12742) granting a pension to Delia Porter; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10891. By Mr. PFEIFER: Petition of the New York Federation of Post Office Clerks, New York, urging the passage of the Pearson bill (H. R. 9258) providing for a civil-service court of appeals; to the Committee on the Civil Service.

10892. By Mr. TREADWAY: Petition of citizens of Westfield, Mass., urging the enactment of legislation covering flood protection for the Connecticut River Valley; to the Committee on Flood Control.

10893. Also, petition of citizens of Hampden County, Mass., urging the enactment of legislation covering flood protection for the Connecticut River Valley; to the Committee on Flood Control.

10894. Also, resolutions of the Common Council of Springfield, Mass., urging the enactment of legislation covering flood protection for the Connecticut River Valley; to the Committee on Flood Control.

10895. By the SPEAKER: Petition of Mother's Day, Inc., Philadelphia, Pa.; to the Committee on the Judiciary.

10896. Also, petition of the city of Sheboygan, Wis.; to the Committee on Banking and Currency.

10897. Also, petition of the Board of Aldermen of the city of New York; to the Committee on the Library.

10898. By Mr. KING: Petition of the Republican Territorial Convention at Honolulu, Hawaii, reaffirming its belief in the protective-tariff policies of the Republican Party, and favoring the broadening of the tariff policy so as to include in its benefits those who depend upon agricultural pursuits for a livelihood; to the Committee on Ways and Means.

10899. Also, petition of Republican Territorial Convention at Honolulu, Hawaii, favoring the enactment of legislation authorizing a Hawaiian regiment of infantry to be raised locally and for service only in the Hawaiian Islands; to the Committee on the Territories.

10900. Also, petition of the Republican Territorial Convention at Honolulu, Hawaii, opposing the making of any changes in the organic act of the Territory of Hawaii unless such changes receive the prior approval of the people of the Territory expressed through their legislature; to the Committee on the Territories.

10901. Also, petition of the Republican Territorial Convention at Honolulu, Hawaii, favoring the same treatment for the Territory of Hawaii in all Federal legislation as is accorded to the States of the Union; to the Committee on the Territories.

SENATE

TUESDAY, MAY 19, 1936

(Legislative day of Tuesday, May 12, 1936)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, May 18, 1936, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on May 18, 1936, the President approved and signed the act (S. 1432) to amend section 5 of the act of March 2, 1919, generally known as the "War Minerals Relief Statutes."

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	La Follette	Reynolds
Ashurst	Couzens	Lewis	Robinson
Austin	Davis	Logan	Russell
Bachman	Dickinson	Lonergan	Schwellenbach
Bailey	Dieterich	Long	Sheppard
Barkley	Donahey	McAdoo	Shipstead
Benson	Fletcher	McGill	Smith
Bilbo	Frazier	McKellar	Steiwer
Black	George	McNary	Thomas, Okla.
Bone	Gerry	Maloney	Townsend
Borah	Gibson	Metcalf	Truman
Brown	Glass	Moore	Tydings
Bulkley	Guffey	Murphy	Vandenberg
Bulow	Hale	Murray	Van Nuys
Burke	Harrison	Neely	Wagner
Byrd	Hastings	Norris	Walsh
Capper	Hatch	O'Mahoney	Wheeler
Caraway	Hayden	Overton	White
Chavez	Johnson	Pittman	
Clark	Keyes	Pope	
Connally	King	Radcliffe	

Mr. ROBINSON. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. MCCARRAN] are absent from the Senate because of illness.

I also announce that the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Wisconsin [Mr. DUFFY], the Senator from Indiana [Mr. MINTON], and the Senator from Utah [Mr. THOMAS] are absent because of their duties as members of the Board of Visitors to the United States Military Academy at West Point.

I further announce that the Senator from Oklahoma [Mr. GORE], the Senator from West Virginia [Mr. HOLT], and the Senator from South Carolina [Mr. BYRNES] are unavoidably detained from the Senate.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR] is necessarily absent, and that the Senator from Wyoming [Mr. CAREY] is absent for the day in the performance of his duty as a member of the Board of Visitors to the United States Military Academy at West Point.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

SENATOR FROM LOUISIANA

Mr. OVERTON. Mr. President, I present the credentials of the Senator-elect from Louisiana, Mrs. ROSE MCCONNELL LONG.

The VICE PRESIDENT. The credentials will be read.

The Chief Clerk read as follows:

STATE OF LOUISIANA,
EXECUTIVE DEPARTMENT,
Baton Rouge.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 21st day of April 1936 Mrs. ROSE MCCONNELL LONG was duly chosen by the qualified electors of the State of Louisiana a Senator from said State to represent said State in the Senate of the United States for the unexpired term ending at noon on the 3d day of January 1937.

Witness: His Excellency our Governor, James A. Noe, and our seal hereto affixed at Baton Rouge this 7th day of May 1936.

JAMES A. NOE, *Governor.*

By the Governor:
[SEAL] E. A. CONWAY, *Secretary of State.*

The VICE PRESIDENT. The credentials will be placed on file.

Mr. OVERTON. Mr. President, the Senator-elect from Louisiana is in the Chamber and ready to take the oath of office.

The VICE PRESIDENT. The Senator-elect will present herself at the Vice President's desk to take the oath.

Mrs. LONG, escorted by Mr. OVERTON, advanced to the Vice President's desk, and the oath of office was administered to her.

HENRY THORNTON MERIWETHER—VETO MESSAGE (S. DOC. NO. 234)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying bill, referred to the Committee on Naval Affairs and ordered to be printed, as follows:

To the Senate:

I return herewith, without my approval, Senate bill no. 3581, entitled "An act for the relief of Henry Thornton Meriwether."

This bill, if enacted into law, would provide for the appearance of Henry Thornton Meriwether before a naval retiring board for the purpose of determining whether or not the disability complained of in his case originated in the line of duty in time of war. If the board finds that Commander Meriwether is now suffering from a disability incurred in the line of duty in time of war which renders him unfit to perform all the duties of the grade of commander, United States Naval Reserve Force, in time of war, the President would be authorized to appoint him a commander, United States Naval Reserve Force, and place him on the retired list of the Navy with the retired pay and emoluments of that grade.

The records of the Navy Department show that Mr. Henry T. Meriwether served as an officer of the naval auxiliary service from May 8, 1902, to April 30, 1917, at which time he was ordered to active service as a lieutenant commander in the Naval Reserve Force and assigned to duty as master of the U. S. S. *Jason*. He was promoted to the grade of commander in the Naval Reserve Force on July 7, 1919, upon the recommendation of a selection board. He served on the U. S. S. *Jason* until February 10, 1920, and as commanding officer of the U. S. S. *Neches* from March 22, 1920, to April 27, 1922, at which time he was ordered to the naval hospital, San Diego, Calif. On May 17, 1922, he appeared before a board of medical survey and was found unfit for service by reason of otitis, media, chronic no. 602, origin in the line of duty, disability not the result of his own misconduct, which board recommended that Commander Meriwether be ordered before a naval retiring board. However, under date of June 19, 1922, the Navy Department informed Commander Meriwether that he would not be ordered to appear before a naval retiring board inasmuch as he was not eligible for retirement. He was further informed that no action would be taken on the board of medical survey for the reason that the act of July 12, 1921, prohibited the retirement of Reserve officers of the Navy who did not file their application prior

to October 1, 1921. Commander Meriwether was honorably discharged, because of expiration of enrollment, on February 5, 1925.

The records of the Veterans' Administration show that Mr. Meriwether filed claim for compensation on July 13, 1922, and direct service connection was granted for his disability diagnosed as tinnitus aurium; otitis media, bilateral, 20/20 each ear. This disability, however, was evaluated as less than 10 percent from date of discharge from service to February 17, 1928; temporary partial 15 percent from February 17, 1928, to November 5, 1928; permanent partial 15 percent from November 5, 1928, to June 30, 1933; and no percent from July 1, 1933.

However, under the provisions of Public, No. 78, Seventy-third Congress, the veteran was awarded $11.25 per month, effective July 1, 1933, and in accordance with the provisions of Public, No. 141, Seventy-third Congress, Commander Meriwether is now in receipt of compensation at the rate of $15 per month, effective March 28, 1934.

Application for retirement under the Emergency Officers' Retirement Act of May 24, 1928, was received September 22, 1928. The claim was considered by the Emergency Officers' Retirement Rating Board on February 12, 1929, and it was held that "the disease of retracted drums, hearing 20 feet in each ear, tinnitus (V. ear 8)" was shown to be the direct result of active commissioned service other than as an officer of the Regular Army, Navy, or Marine Corps during the World War, incurred in line of duty in such service, and permanently disabling to a degree of less than 30 percent but more than 10 percent. Authorization of retirement without pay was approved, effective September 22, 1928, and on March 15, 1929, this former officer was advised that his name was being certified to be placed upon the emergency officers' retirement list.

Subsequent to this action there was introduced in the House of Representatives H. R. 9065, Seventy-fourth Congress, which had for its purpose the placing of Commander Meriwether's name on the emergency officers' retired list with pay "if his disability shall now be determined at not less than 30 percent and without regard to any restriction in time now imposed by the act of May 24, 1928." A similar bill was also introduced in the Senate, being S. 3357, Seventy-fourth Congress. Under date of August 19, 1935, the Veterans' Administration rendered an unfavorable report on S. 3357 to the chairman of the Committee on Finance, United States Senate. In making such recommendation it was pointed out that the Emergency Officers' Retirement Act of May 24, 1928, made eligible for retirement with pay, under certain other conditions, those—

> Persons who have served as officers of the Army, Navy, or Marine Corps of the United States during the World War, other than as officers of the Regular Army, Navy, or Marine Corps who during such service have incurred physical disability in line of duty, and who have been, or may hereafter, within 1 year, be rated in accordance with law at not less than 30 percent permanent disability by the United States Veterans' Bureau for disability resulting directly from such war service * * *.

And furthermore that—

> There were many instances in which applications for emergency officers' retirement benefits with pay were denied because the service-connected condition was less than 30 percent disabling and did not reach the required degree prior to May 24, 1929, the delimiting date provided by the Emergency Officers' Retirement Act of May 24, 1928. Undoubtedly many of these claims are equally meritorious and the service-connected disability will be found to have progressed to a degree of more than 30 percent subsequent to May 24, 1929. Moreover, there appears to be nothing to distinguish this claim from other deserving claims which are barred by the provisions of the Emergency Officers' Retirement Act of May 24, 1928.

Neither of the above-mentioned bills has received favorable consideration by Congress. Instead of providing for placing Mr. Meriwether on the emergency officers' retired list with pay, as contemplated by said bills, Senate bill 3581 in reference proposes to place him on the retired list of the Regular Navy with the retired pay and emoluments of the grade of commander, which would grant him an annual compensation of $2,887.50, as against the amount of $15 per month he is now receiving as compensation from the Veterans' Administration.

Granting that this officer's disability was incurred in line of duty in time of war, consideration must be given to the fact that there has been provided by law a special means whereby ex-members of the military forces may obtain relief, that such relief in this case has been granted by the Veterans' Administration in accordance with the law and the circumstances, and that no justification exists for singling this ex-officer out for preferential treatment when others in the same category are not similarly treated. Furthermore, the retirement system of the Regular Navy was provided for the twofold purpose of attracting desirable permanent personnel to the service and of vitalizing the active list. Its maintenance for such purpose is vital to the national defense and should not be jeopardized by utilizing it as a means of relief or for placing upon the regular retired list persons other than the permanent personnel of the naval service.

In view of the circumstances and reasons stated above, I do not feel that I would be justified in giving my approval to this legislation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 19, 1936.*

SUPPLEMENTAL ESTIMATES, TREASURY DEPARTMENT (S. DOC. NO. 235)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department, fiscal year 1936, amounting to $2,833.70, together with draft of a proposed provision pertaining to existing appropriations, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE FOR CEMETERIAL EXPENSES, WAR DEPARTMENT (S. DOC. NO. 236)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year ending June 30, 1936, to remain available until June 30, 1937, for cemeterial expenses under the War Department, amounting to $360,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES, DEPARTMENT OF THE INTERIOR, (S. DOC. NO. 237)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of the Interior, fiscal year 1936, amounting to $8,541.39, together with draft of a proposed provision pertaining to an existing appropriation, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PAYMENTS TO THE EASTERN CHEROKEES

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, reporting, pursuant to Senate Resolution 285 (submitted by Mr. THOMAS of Oklahoma, and agreed to May 13, 1936), relative to the amounts appropriated by Congress in payment of the lands and improvements of the Eastern Cherokees ceded by them by treaty of December 29, 1835 (7 Stat. 478), etc., which, with the accompanying papers, was referred to the Committee on Indian Affairs.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the General Court of Massachusetts, which were referred to the Committee on Agriculture and Forestry, as follows:

> Resolutions memorializing the President and Congress of the United States in favor of the permanency of the Civilian Conservation Corps
>
> Whereas it is the earnest desire of the people of the Commonwealth of Massachusetts that rehabilitation of the youth of our

Nation, particularly through the activities of the Civilian Conservation Corps, be continued; and

Whereas the said corps has been a remarkable factor in the preservation of the forests, streams, and fields of these United States: Therefore be it

Resolved, That the General Court of Massachusetts urges the Congress of the United States to enact such legislation as may be necessary to make the said Civilian Conservation Corps permanent; and be it further

Resolved, That the secretary of the Commonwealth forthwith send copies of these resolutions to the President, the Vice President, and the Secretary of State of the United States and to the Members of Congress from Massachusetts.

The VICE PRESIDENT also laid before the Senate resolutions of the General Court of Massachusetts, favoring the enactment of legislation to suspend the immigration laws for a period of 2 years to afford the privilege of entry into this country of persons in Germany discriminated against and persecuted on religious or racial grounds, which were referred to the Committee on Immigration.

(See resolutions printed in full when presented today by Mr. WALSH.)

The VICE PRESIDENT also laid before the Senate a resolution adopted at Dallas, Tex., by the Texas Cotton Growers Association in appreciation of the efforts of Congress to place the price of cotton at such levels as will make its production profitable to cotton farmers, and commending the administration for its efforts to bring the agricultural industry to a parity with other basic industries, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a resolution adopted by the North Dakota Farmers Union, protesting against proposed reduction in appropriations for agricultural relief and the Resettlement Administration, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a resolution adopted by the Building Material Institute, of Cuyahoga County, Ohio, favoring the enactment of the so-called Wagner-Ellenbogen low-cost housing bill, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Central Labor Council of Alameda County, Oakland, Calif., protesting against the failure of Government officials to observe the safety laws of California requiring wet drilling in silica rock tunnels, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Texas Federation of Labor, favoring the enactment of legislation repealing the long- and short-haul clause of the Interstate Commerce Act, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate the petition of the International Falls Trades and Labor Assembly, of International Falls, Minn., praying for the establishment of quota regulations of imports of newsprint to stabilize the newsprint industry, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the national executive board of the American Gold Star Mothers, Washington, D. C., protesting against the enactment of legislation designating the last Sunday in September as Gold Star Mothers' Day; which was ordered to lie on the table.

Mr. COPELAND presented a resolution of Whizbang Lair, No. 22, Province of New York, Military Order of the Serpent, of Lynbrook, N. Y., favoring the enactment of legislation prohibiting the importation of United States ensigns of foreign manufacture, which was referred to the Committee on Finance.

He also presented a resolution adopted by Manor Council, No. 112, Sons and Daughters of Liberty, of Woodhaven, N. Y., favoring the enactment of legislation providing for the restriction of immigration and the deportation of undesirable aliens, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Traffic Club of New York, of New York City, N. Y., favoring the enactment of the bill (S. 4174) to foster and protect interstate commerce by authorizing the Interstate Commerce Commission to approve or disapprove of the consolidation or abandonment of carrier facilities of public service, which was referred to the Committee on Interstate Commerce.

Mr. WALSH presented the petition of sundry citizens of Boston, Mass., and vicinity, praying for continuance of the W. P. A. projects, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by the Building Trades Council of Lawrence and vicinity, and Wire Workers' Local Union No. 19859, American Federation of Labor, of Worcester, both in the State of Massachusetts, favoring the prompt enactment of the so-called Wagner-Ellenbogen low-cost housing bill, which were referred to the Committee on Education and Labor.

He also presented memorials and letters in the nature of memorials from employees of Eaton's Wakefield & Boston Express, of Wakefield; Local No. 170, Truck Drivers and Chauffeurs, of Worcester; Emmott Transportation Co., Inc., of Uxbridge; Teamsters Joint Council, No. 10, of Boston and vicinity, and sundry citizens, all in the State of Massachusetts, remonstrating against the enactment of the so-called Pettengill bill, being the bill (H. R. 3263) to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), which were referred to the Committee on Interstate Commerce.

He also presented the petition of sundry citizens, being employees of the Boston & Maine Railroad, of Gardner, Mass., praying for the prompt enactment of the bill (S. 4174) to foster and protect interstate commerce by authorizing the Interstate Commerce Commission to approve or disapprove of the consolidation or abandonment of carrier facilities of public service, which was referred to the Committee on Interstate Commerce.

He also presented the petition of Subordinate Lodge No. 685, International Brotherhood of Boiler Makers, Iron Ship Builders and Helpers of America, of Boston, Mass., favoring the making of an appropriation of $500,000 for an addition to the present structural shop at the Boston Navy Yard, which was ordered to lie on the table.

IMMIGRATION OF PERSONS SUFFERING PERSECUTION OR DISCRIMINATION IN GERMANY

Mr. WALSH. Mr. President, I also present for appropriate reference and printing in the RECORD resolutions from the Massachusetts General Court memorializing Congress relative to affording the privilege of entry into this country to persons who are being persecuted and discriminated against in Germany.

There being no objection, the resolutions were referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Resolutions memorializing Congress relative to affording the privilege of entry into this country to those persons who are being persecuted and discriminated against in Germany

Resolved, That the General Court of Massachusetts urges the Congress of the United States to afford the privilege of entry into this country to those persons who are being discriminated against and persecuted in Germany on religious or racial grounds, by a suspension of the present immigration laws for a period of 2 years with reference to such persons; and be it further

Resolved, That the Secretary of the Commonwealth forthwith forward copies of these resolutions to the presiding officers of both branches of Congress and to the Members thereof from this Commonwealth.

REPORTS OF COMMITTEES

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 4546) to amend the Emergency Farm Mortgage Act of 1933, as amended, and for other purposes, reported it without amendment and submitted a report (No. 2047) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally with amendments and submitted reports thereon:

S. 4511. A bill to amend the act entitled "An act to provide for the incorporation of credit unions within the District of Columbia", approved June 23, 1932 (Rept. No. 2050);

S. 4512. A bill to amend the act entitled "An act to establish a code of laws for the District of Columbia", approved March 3, 1901 (Rept. No. 2051); and

S. 4596. A bill to amend section 21 of the Permanent Appropriation Repeal Act, 1934, and for other purposes (Rept. No. 2048).

Mr. OVERTON, from the Committee on Commerce, to which was referred the bill (S. 1815) to require certain documents of vessels not wholly owned by citizens of the United States and navigated in the territorial waters of the United States, its Territories, or its possessions; to regulate vessels engaged in the fisheries; and for other purposes, reported it with an amendment and submitted a report (No. 2049) thereon.

Mr. WALSH, from the Committee on Education and Labor, to which was referred the bill (H. R. 4638) to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes, reported it with amendments and submitted a report (No. 2052) thereon.

INVASION OF RIGHTS OF FREE SPEECH, ASSEMBLY, AND COLLECTIVE BARGAINING—REPORT OF A COMMITTEE

Mr. LA FOLLETTE, from the Committee on Education and Labor, to which was referred the resolution (S. Res. 266) to investigate violation of the right of free speech and assembly and interference with the right of labor to organize and bargain collectively (submitted by Mr. LA FOLLETTE on Mar. 23, 1936), reported it with an amendment and submitted a report (No. 2046) thereon; and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BAILEY:

A bill (S. 4653) to confer jurisdiction on the Court of Claims to hear, determine, and enter judgment upon the claims of contractors for excess costs incurred while constructing navigation dams and locks on the Mississippi River and its tributaries; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 4654) to amend an act entitled "An act to distribute the commissioned line and engineer officers of the Coast Guard in grades, and for other purposes", approved January 12, 1923; and

A bill (S. 4655) relative to limitation of shipowners' liability; to the Committee on Commerce.

By Mr. ASHURST:

A bill (S. 4656) to amend the statutes providing punishment for transmitting threatening communications; and

A bill (S. 4657) to penalize procuring of or attempts to procure the escape of any prisoner in the custody of an officer of the United States; to the Committee on the Judiciary.

By Mr. BLACK:

A bill (S. 4658) to aid the several States in making certain toll bridges on the system of Federal-aid highways free bridges, and for other purposes; to the Committee on Commerce.

By Mr. BULOW:

A bill (S. 4659) to authorize the payment of an annuity to William H. Moran, Chief of the Secret Service Division of the Treasury Department, upon his retirement, in recognition and appreciation of his services to the United States; to the Committee on Civil Service.

By Mr. LA FOLLETTE:

A bill (S. 4660) for the relief of Clifford Y. Long; and

A bill (S. 4661) for the relief of Milo Milliser; to the Committee on Claims.

By Mr. MOORE:

A bill (S. 4662) for the relief of Christy Gnazzo; to the Committee on Military Affairs.

A bill (S. 4663) to authorize the coinage of 50-cent pieces in commemoration of the one hundred and sixtieth anniversary of the arrival of General Washington and the Continental Army at Morristown, N. J., after their inspiring victories at Trenton and Princeton, and the establishment of cantonments in Morristown for the duration of the war; to the Committee on Banking and Currency.

By Mr. GUFFEY:

A bill (S. 4664) authorizing the appointment of an additional district judge for the eastern district of Pennsylvania; to the Committee on the Judiciary.

By Mr. McADOO:

A bill (S. 4665) granting a pension to Milka N. Robbins and minor child; to the Committee on Pensions.

By Mr. TYDINGS (by request):

A bill (S. 4666) for the relief of Allen Blow Cook and William Hawley Sewell; to the Committee on Naval Affairs.

By Mr. PITTMAN:

A bill (S. 4667) to prohibit the commercial use of the coat of arms of the Swiss Confederation pursuant to the obligation of the Government of the United States under article 28 of the Red Cross Convention signed at Geneva July 27, 1929; to the Committee on Foreign Relations.

By Mr. JOHNSON:

A joint resolution (S. J. Res. 268) to amend the joint resolution entitled "Joint resolution authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic condition of agricultural producers generally", approved August 27, 1935; to the Committee on Agriculture and Forestry.

INTERNAL-REVENUE TAXATION—AMENDMENT

Mr. LONERGAN submitted an amendment intended to be proposed by him to the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

AMENDMENTS TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. BILBO submitted amendments intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, which were referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 21, line 13, to strike out "$1,425,000,000" and in lieu thereof to insert "$1,475,000,000."

On page 22, line 4, before the colon, to insert a semicolon and "and (k) assistance for public elementary schools, State-supported junior colleges, and other educational purposes, $50,000,000."

On page 22, line 3, to strike out the word "and" before the letter "j" in parentheses.

GRAIN FUTURES ACT—AMENDMENT

Mr. POPE. Mr. President, I submit an amendment intended to be proposed by me to the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes. I ask that the proposed amendment may be printed and lie on the table. The amendment includes potatoes among the commodities covered by the bill.

The VICE PRESIDENT. Without objection, the amendment will be received, printed, and lie on the table.

APPROPRIATIONS FOR THE TREASURY AND POST OFFICE DEPARTMENTS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives on House bill 10919, the Treasury and Post Office Departments appropriation bill, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
May 14, 1936.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 26 to the bill (H. R. 10919) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1937, and for other purposes, and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

"With the approval of the Director of the Bureau of the Budget, there may be transferred sums (not exceeding a total of $450,000)

to the appropriations. 'Salaries, Office of Treasurer of United States, 1937', 'Contingent expenses, Treasury Department, 1937', 'Printing and binding, Treasury Department, 1937', and 'Stationery, Treasury Department, 1937', from funds available for the Agricultural Adjustment Administration, Home Owners' Loan Corporation, Farm Credit Administration, Tennessee Valley Authority, Federal Farm Mortgage Corporation, Reconstruction Finance Corporation, Federal Emergency Relief Administration, farmers' crop production and harvesting loans, Federal land banks, and other banks and corporations under the supervision of the Farm Credit Administration, Railroad Retirement Board, Soil Conservation Service, including soil conservation and domestic allotment, Social Security Board, Federal Housing Administration, and Emergency Conservation Work, to cover the expenses incurred on account of such respective activities in clearing of checks, servicing of bonds, handling of collections, and rendering of accounts therefor: *Provided*, That funds transferred hereunder from the appropriation for Emergency Conservation Work shall remain available until June 30, 1937, any provision in the First Deficiency Appropriation Act, fiscal year 1936, to the contrary notwithstanding: *Provided further*, That a statement of any transfers of appropriations made hereunder shall be included in the annual Budget."

That the House recede from its disagreement to the amendment of the Senate numbered 49 to said bill and concur therein with the following amendment:

In lieu of the sum inserted by said amendment, insert "$9,917,500"; and

That the House insist upon its disagreement to the amendments of the Senate numbered 48 and 52 to said bill.

Mr. GLASS. I move that the Senate agree to the amendment of the House to Senate amendment numbered 26.

The motion was agreed to.

Mr. GLASS. I also move that the Senate disagree to the amendment of the House to Senate amendment numbered 49, and that the Senate further insist on its amendments numbered 48 and 52 to the bill, request a further conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. GLASS, Mr. MCKELLAR, Mr. HAYDEN, Mr. STEIWER, and Mr. NORBECK conferees on the part of the Senate at the further conference.

VICE PRESIDENT GARNER

Mr. MURPHY. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Brownsville (Tex.) Herald of May 10, 1936, in the nature of a tribute to our distinguished and beloved Vice President.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Brownsville (Tex.) Herald of May 10, 1936]

JOHN NANCE GARNER, VICE PRESIDENT OF THE UNITED STATES, FOR EXCEPTIONAL SERVICES BEYOND THE LINE OF DUTY—FINAL PORT VICTORY IS CREDITED TO JOHN GARNER

From the very inception of the deep-water fight of the lower Rio Grande Valley, the battle was waged on two fronts. Success on one front was valueless without success on the other. And success on the other front depended largely on success on the first front.

The valley had its fight at home and at Washington.

In succeeding pages the history of the home front is outlined in detail, but the real story of the fight at Washington probably never will be told.

Of one thing, however, there can be no doubt.

All of the efforts made on the home front would have been unavailing had not the Washington offensive been guided by that man so beloved of his constituents of the Fifteenth Congressional District, John Nance Garner, former Representative and Speaker of the House, the present Vice President of the United States.

The citation that the lower Rio Grande Valley would pin on his chest would read:

"For exceptional services beyond the line of duty", and how well deserved is that appreciation of his services can only be told by those who have been closely allied with the deep-water fight of the valley during the past 20 and more years.

For the consummation of our deep-water projects rested completely in the hands of official Washington.

First and foremost the Brazos Santiago Harbor project, embracing the Brownsville and Port Isabel ports, had to win the approval of the Board of Army Engineers, and later had to run the gamut of congressional opposition.

To these ends John Garner threw his abilities with an energy far beyond that demanded or expected of a Congressman by his constituents.

His years of experience in official Washington, his influence, far beyond that of the average Congressman, were expended in a way that brought the desired results. At what expense of time and effort John Garner, a leading Democrat, secured the approval by a Republican Congress of the valley's harbor project only he could tell, and those who know him best know that he never will tell.

But secure it he did following a full approval of a 25-foot project by the Army Engineers.

The full measure of what John Garner did may be realized from the Rivers and Harbors Act of 1930, which not only put the stamp of the Federal Government on our deep-water ports but committed the Government to the building of the massive jetties, the dredging of the outer channel, and set up provisions for all-time maintenance of the channel at Federal expense.

For the first time the deep-water project of the valley was in businesslike shape. A definite course was set forth. The Government was committed to do certain things when the Brownsville and Port Isabel-San Benito navigation districts had done certain things. The "ifs" had been knocked into a cocked hat.

It is no disparagement of the sincere efforts put forth by Senators MORRIS SHEPPARD and TOM CONNALLY, Representative JOSEPH MANSFIELD, and other congressional friends of the valley, to say that John Garner's leadership carried the day.

With the Brownsville Navigation District authorized to issue bonds to the amount of $3,500,000, it looked as if the battle for the Brownsville port had been won.

But came the depression.

The bonds could not be sold except at a ruinous discount, a sale the navigation commission would not countenance.

So the Brownsville port project lagged until early in 1932, when an application was made to the Reconstruction Finance Corporation for a loan, with the bonds as security, to enable the district to proceed with its construction program.

Before final action was taken on this application the Public Works Administration came into being, and the application was taken from the R. F. C. and began its weary way through the P. W. A.

Again it was John Garner, this time as Vice President of the United States, who directed the strategy that resulted in the eventual approval of the loan application, carrying with it such a substantial grant that the Brownsville navigation district will have expended but $1,750,000, as compared to the $3,500,000 at first considered necessary.

The inside story of what John Garner did and how he did it during those days when the P. W. A. was weighing the loan application in the balance will never be told.

But this may be said: That without his indefatigable effort, without his sincere and skillful submission of the case of the Brownsville navigation district, without his influential proddings, there never would have been a port of Brownsville.

A friend is a friend to John Garner, once and forever.

On no man in public life do the obligations of friendship rest more heavily.

Convinced that the Brownsville port was conceived as an economic necessity, that its construction would materially bless his friends, he put his shoulder to the wheel with the same zeal as Vice President that he had displayed as Representative.

John Garner turned the trick.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES—ADDRESS BY SENATOR CLARK

Mr. TRUMAN. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject of the soldiers' bonus, delivered by my colleague the senior Senator from Missouri [Mr. CLARK], over the National Broadcasting Co. network on Monday night, May 18, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Scarcely any subject of general public interest within our times has so readily lent itself to entirely honest and patriotic divergency of opinion to a greater extent than did the controversy as to the immediate payment of the adjusted-service certificates—or in popular parlance—the bonus. Millions of Americans honestly regarded the proposition of paying the face of the adjusted-service certificates on any terms except ordinary discount rates as a raid upon the Treasury. Many millions of other Americans with equal honesty and more reason regarded the payment in full of the certificates as the tardy and belated liquidation of a debt which had accrued prior to November 11, 1918, and which should have been funded or liquidated promptly thereafter. Other millions of Americans held to varying shades of opinion between the two extremes which have been stated. With the changes in the financial situation of the Nation and the developments in our national policy as to expenditures, a multitude of our citizens have had occasion to change their attitude as to justice of paying at once this debt now nearly two score years old.

Let me for a moment recall to your mind the circumstances which justified the acknowledgment of a debt which was embodied in the issuance of the adjusted-service certificates. It is to these circumstances that we must look for the justification both for the original issuance of the bonus certificates and for their payment either now or in 1945 or at any other time.

In April 1917 the United States declared war on Germany. We had a small and efficient Regular Army in conformity with our traditional national policy. We had a most excellent and devoted National Guard, but the Regular Army and National Guard combined, of course, formed a force vastly smaller than our needs for

the prosecution of a war. It was necessary to raise a new army of a size unprecented in our history.

At the urgent insistence of the War Department, Congress turned its back upon our ancient and historic policy of fighting our wars with volunteer armies and decided upon conscription. Millions of our youth were drafted from their civilian pursuits into the military service in addition to the several hundred thousand who had enlisted in the National Guard, Regular Army, Navy, or Marine Corps. Altogether more than 4,000,000 Americans were called to the colors in the less than 2 years of our participation in the great war.

It is not necessary in this brief period to go into detail as to our military participation in that awful struggle. The world knows and has acclaimed the story. Suffice it to say that all of our services—Army, Navy, and Marines—met every demand which could be made upon them in a manner to shed imperishable luster upon our arms; that on some of the bloodiest and most decisive fields of the entire struggle our lads played a gallant, important, and, indeed, a decisive part; that finally American troops were the spearhead of the assault which smashed the Hindenburg line amid the greatest carnage in history and compelled the Central Powers to sue for peace. Undoubtedly if the war had been prolonged until the next year the military contribution of the United States would have been upon a scale never equaled in military history. As it was, such experts as Grand Admiral Von Tirpitz and General von Ludendorff attributed the final defeat and collapse of the Central Powers to the activities of the American Expeditionary Forces and to the potentialities of the huge reserves already formed and forming on this side of the Atlantic. And so the war was won, and within a few months nearly all of the armed forces were summarily returned to the civilian status from which they had been summarily drawn by the dread advent of war. But in millions of cases this return to the civilian life was accompanied by a very definite economic disadvantage.

All of us who are old enough well remember how, when the units of the National Guard or the draft contingents of the National Army were mustered in towns and cities throughout the land and marched down to the railroad stations to entrain for the camps, with France as their ultimate destination, they were accompanied by the tears and prayers of their fellow citizens, by fiery exhortations of patriotism from civic orators and local and national leaders. Who that marched out in those days can ever forget the note which we heard so often, so urgent and emotional as to be almost hysterical:

"When you boys come home there will be nothing too good for you!"

Well, the boys came home. That is, most of them did. Some sleep on the other side of the ocean. Many died in camps on this side of the water. Thousands suffered disability from wounds or disease, either here or in France, which has since prevented their return to a normal participation in civilian life or severely handicapped them in such participation in civilian affairs.

Yes; the boys came home. And they were discharged with a generous allowance from the Government of $60, which at the abnormally high level of prices then existing was not enough to enable the discharged soldier to buy a modest civilian outfit of clothes and subsist for more than a week or so while he was trying to find a job. And what did he find? Why, in a multitude of instances he found himself out of a job. He found that manufacturers of munitions and war supplies had been amassing profits of millions upon millions by reason of our participation in the war. He found that in thousands of cases common labor, exempted from service for work in munition plants, had been paid to the tune of $10 or $12 or $15 a day, while the soldier had been paid a dollar and a quarter a day for being shot at or a dollar a day while he was getting ready to go across. And in all too many cases he found his job gone and someone who for one reason or another had been detained at home holding the job or holding the advancement to which he would have been entitled but for his absence in the service. Not only in business and labor but in the professions, hundreds of thousands of veterans suffered very definite economic disadvantage in the race for life by reason of their military or naval service. Many thousands never have recovered from that economic disadvantage.

I can speak freely about the bonus because, although I put in more than 2 years in the Army and spent something over a year in France, I have no adjusted-service certificate and never did have one. And that was proper. I was a colonel and drew a colonel's pay. The adjusted-service certificates were, and the bonus bonds will be, properly limited to enlisted men and officers not above the rank of captain.

I think, and have always thought, that the debt from the Government to these men accrued on November 11, 1918, and that the Government on their discharge from the service or very soon thereafter should have made a payment to them in cash of a sum sufficient to at least in some degree compensate them for the economic loss suffered through their service. It would have been much cheaper to have handled it in that way. It could then have been handled on the same basis of compensation as is now under way for an outlay of less than a billion dollars; for be it remembered that the greater part of the cost of the adjusted compensation represents interest and the costs of deferred payment. The cost of a cash payment at the time it was really due and the time it would have done the veterans the most good would have been relatively small in comparison with the vast outlays already made on account of the war. But the pressure of the great interests intent on the abolition of the excess-profits tax and other wartime taxes was so great that nothing was done toward either a recognition or settlement of the debt and the veterans were left to relocate themselves in civil life as best they could, and if they could not to suffer the consequences. Every contractor with a claim against the Government growing out of the war could enforce and obtain payment with 6-percent interest, but the men who were prepared to bare their breasts to the storm had only a moral and not a legal claim and were left in the humiliating position of being suppliants to Congress for relief. The Government was under the fiscal dictatorship of the arch enemy of their claims, the typical representative of those who profited most by the removal of the excess-profits tax, Andrew W. Mellon.

We have all seen blatantly displayed in the newspapers, we have all heard stridently proclaimed over the radio statements from alleged ex-service men who decried the principle of adjusted compensation and abused all who advocated it. I have no patience whatever with such expressions. Almost without exception they came either from those who themselves were so comfortably placed from an economic standpoint that they had no conception of the plight of their less fortunate comrades or else from those who were themselves making a living on the pay of the great financial interests who were opposed to paying the debts of the last war but in favor of squandering huge sums of money in preparation for a future war. They complacently asserted that the men who wore the uniform had done no more than their duty; that their pay of a dollar or a dollar and a quarter a day was all that they deserved, and that the argument as to their economic hardship due to service was based upon pure myth and fable. Against such callous statements I place my own experience. In my capacity as a past officer of the American Legion and my capacity as a former Infantry officer, I have had occasion to investigate and be familiar with hundreds of cases, many of them from my own regiment of men whom I knew of my own knowledge had been excellent soldiers. In a distressingly large number of cases I found men who had gallantly served their country and been summarily cast off who had never been able to reestablish themselves economically.

The leading munition makers in the United States, the greatest profiteers during the period of the war, financed organizations in opposition to doing justice to the veterans of the last war. Among the bitterest opponents, first, of the enactment of the compensation law and then to immediate payment was one firm which has recently been exposed by the Munitions Committee of the Senate as having held up construction of vitally needed power plants during the crisis of the war while it haggled with the Government about its own compensation and demanded huge bonuses for its executives and civilian employees, while American boys were dying in the front-line trenches in France. I have myself within the year heard the head of a great munition company, who himself received bonuses of three and a half million dollars during the 2 years of our participation in the war for performing a good, safe civilian job, smugly testify on the witness stand that he would regard a demand for immediate payment of the soldiers' bonus as unwise and unpatriotic. With such cant I have no patience whatever.

It is not necessary to trace the struggle for adjusted compensation. By 1925 the demand for it had become so strong and universal that Congress overrode the Mellon-induced Presidential veto and enacted it into law. It is important, however, to remember that Congress and not the veterans prescribed the terms of this act. Although the debt was then already 7 years overdue, the Congress elected at the time not to pay in cash but in obligations maturing in 20 years and bearing interest meanwhile at a very low rate of interest, far below the rate accorded to wartime contractors. Never has there been a greater fallacy than the often repeated statement that the Adjusted Compensation Act represented a contract upon which the service men were seeking to renege by urging immediate payment. The fact is that Congress prescribed the terms of the act, and the veterans, since they had no legal recourse, had perforce to accept the terms prescribed or nothing. There was nothing whatever, morally or legally, to preclude them from presenting their case to subsequent Congresses in an appeal for a just reckoning which would start with the proper date of the debt—November 11, 1918.

With the depression the demand became insistent throughout the Nation for a readjustment of the terms of the certificates which would give effect to the real date of the obligation and expedite payment so as to put the money into the hands of the men who desperately needed it. I need not refer in detail to the more unfortunate incidents of that struggle. I shall not try to describe the ill-advised venture of several hundred unfortunate veterans, rendered desperate by poverty and the hunger of their dependents, who came to Washington to personally urge their claims upon Congress. I pass over one of the most disgraceful incidents in American history when during the latter days of the Hoover administration the well-fed, well-equipped Regular Army was turned loose to drive by flame and sword from the miserable hovels in which they were sheltering their women and children, unarmed men who had once upon a time with guns in their hands stood between this country and the mightiest military nation in the world.

President Roosevelt was elected to the Presidency in 1932, after a frank and explicit statement that he would not favor the immediate payment of the bonus until in his opinion the condition of the Treasury justified it. I honor him for that statement. I entertained similar views and voluntarily expressed them from the stump when I was a candidate for the Senate. The overwhelming

majority of the American people, including an overwhelming majority of the holders of adjusted-service certificates—who have certainly proved that they are as patriotic and self-sacrificing as any body of men and women within the Nation—agreed with this principle.

In accordance with this principle, I myself, in company with many others, since I have been a Member of the Senate, voted three times against the immediate payment of the bonus. I have no regrets for those votes. And I may say that in all my very large acquaintance among the veterans of Missouri I found only one or two to criticize me for those votes. But when it became the settled policy of the Government to try to defeat the depression by increasing buying power of the Nation at large and putting money in circulation, when we were spending four billion here and three billion there, when we were running up the biggest bills in our peacetime history for the support of Army and Navy in preparation for a new war, many of us could not reconcile our consciences to the opposing the immediate payment of a debt which we have always believed to have been many years overdue.

At the last session of the Congress, a very large majority of both branches favored the immediate liquidation of this debt. By very skillful management on the part of those opposed to payment the issue was finally presented complicated by the addition of an entirely separate and highly controversial matter—that of currency inflation, a subject in no wise connected with the payment of the bonus. The President properly vetoed the bill and his veto was sustained in the Senate.

At the beginning of the present session of Congress the sponsors in the House of the various plans for the immediate payment of the compensation certificates, and the representatives of the various service men's organizations composed their previous differences and agreed upon a bill which was introduced into the House by Representative VINSON, of Kentucky, and Representative MCCORMACK, of Massachusetts, later joined by Representative PATMAN, of Texas, who had formerly sponsored a different and somewhat antagonistic plan. This measure subsequently passed the House by an overwhelming vote.

I was requested to introduce an identical bill in the Senate and was prepared to do so with no doubt as to its successful passage in the Senate. But because I was primarily concerned in the successful consummation of the act rather than in mere passage through the Senate. I immediately sought consultation with two of the most astute and devoted friends of the veterans in the Senate—Senator JAMES F. BYRNES, of South Carolina, and Senator FREDERICK STEIWER, of Oregon. These Senators had jointly introduced a bill following the veto in the preceding session which provided for immediate payment on a basis of nearly a hundred percent. Together we sweated over the matter. We took stock of the situation. We concluded that we could pass either the House bill or the Byrnes-Steiwer bill without difficulty. But we estimated that we would need additional and powerful assistance to pass our bill over a possible Presidential veto.

We interviewed Senator PAT HARRISON, the influential chairman of the powerful Finance Committee which passes on veterans' measures. PAT had always been extremely sympathetic to the service men but had opposed immediate payment of the bonus through his loyalty to the administration. We found that he was anxious to cooperate with us provided a plan could be devised which would fully protect the interest of the Government as well as the veteran.

For the modified plan, which became the final enactment, the credit is primarily due to Senator HARRISON and Senator BYRNES. They worked out an additional feature to the House bill which is calculated both to cut down immediate Government expenditures and to protect the interest of the thrifty veteran who does not desire to cash his certificate now. In other words, they devised a plan for providing an incentive in the form of a safe investment for certificate holders not to cash the bonds which they will receive. This modified plan was introduced jointly into the Senate by Senators HARRISON, BYRNES, STEIWER, and myself.

With the powerful and invaluable assistance of Senator JOSEPH T. ROBINSON, the majority leader in the Senate, as well as that of Minority Leader MCNARY, the bill was passed through the Senate by a large majority and later successfully passed over the President's veto.

Let me say that the difference between the President and the Congress represented simply an honest difference of opinion. The President believed that the condition of the Treasury did not justify the expenditures. The Congress believed that this expenditure, so widely diffused throughout the Nation, was likely to give a bigger impetus to recovery than any of the New Deal expenditures. It further believed in the justice of the payment of a just debt already many years overdue. Once the bill had become a law, President Roosevelt acted with unparalleled vigor and promptness to insure speedy payment to the certificate holders. I believe that the handling of this matter will establish a record both for promptness and smoothness in such matters. Let me briefly describe the arrangements which are being made.

Any holder of an adjusted-service certificate may obtain from any of the veterans' organizations or from the nearest office of the Veterans' Administration or from the Washington office of the Administration proper application blanks for the issuance of the new bonds. This application may be sent either to the nearest office of the Administration or to Washington. As soon as the data has been checked by the Administration it is certified to the Treasury Disbursing Unit, located in each of the Federal Reserve cities, except Richmond, which is served from Washington. Bonds are then issued in units of $50 each up to the nearest $50 to the amount due the veteran and a check is drawn to his credit for the odd amount due. The bonds and check are then placed in an envelope addressed to the veteran for whom intended.

All completed work will be turned over to the postmasters about 10 days prior to June 15 to permit delivery to the veteran as promptly as possible after that date. The delivery procedure requires that personal delivery must be effected and a receipt obtained from the veteran. This provision, of course, is for the veteran's own protection. Where the veteran is not at home when the postman makes his round he may obtain his bonds by calling at the postal station, identifying himself, and signing the required receipt. The Secretary of the Treasury will designate the United States Treasury and certain post offices as the points at which payment of the bonds will be made. I urge every veteran who is in a position to do so to keep his bonds as the very best investment in the world. But if it becomes necessary for him to redeem his bonds he may present himself to his local post office, establish his identity as the person whose name appears on the face of the bonds to be redeemed, and sign the request for payment on the back thereof. The local postmaster will, if the veteran so desires, take charge of the bonds and transmit them without cost to the veteran to a designated paying office, where a check will be drawn for the amount due and mailed to the veteran at the address requested by him in his application for payment. The veteran may at his own risk and expense send his bonds to the Treasury Department in Washington for payment, but in most instances it will be more convenient for him to have his local post office handle the transaction.

Two hundred and thirty-five post offices have been designated as paying offices, so located with regard to mail facilities as to be able to render prompt service to all veteran bondholders within the continental limits of the United States. Fifty-nine of these offices are central accounting post offices and will redeem bonds forwarded by postmasters in the area covered by the office. The other 176 post offices, embracing practically all of the larger cities and towns, will redeem bonds presented directly to their offices. The Post Office Department expects that bonds received at the paying offices will be redeemed and the checks mailed to the veterans within 24 hours after receipt.

Certain officers of the United States Government will be authorized to witness requests of the veterans for payment and certify thereto. These will include any postmaster or acting postmaster or post-office inspector in charge or other post-office employee designated by the postmaster; any executive officer of a bank or trust company incorporated in the United States; judges and clerks of United States courts, collectors of customs and of internal revenue and many others.

Veterans may negotiate their checks through the usual channels such as banks, stores, and similar means. Based upon experience it is not expected that any difficulty will be experienced in this connection, as the rightful owners of checks drawn upon the Treasurer of the United States usually find it a comparatively simple matter to convert them into cash.

Let me emphasize again; it is not necessary for a veteran to present himself at a paying post office. Any postmaster will receive his application and the check will be mailed to the veteran at the address specified by him on the back of the bond.

In conclusion, I once more urge all who can to hold their bonds. It is a fine investment. We are none of us as young as we used to be. For many old soldiers, the bonds which you are now receiving would be all that you would leave your wives and children. Cling to them as long as you can. Make sacrifices to hold on to this splendid investment. And if you must cash in, make every effort to spend your money wisely and not squander it on knick-knacks and novelties. In that way you can best justify the policy of the Congress in giving you your present opportunity.

THE CHIEF EXECUTIVE—ADDRESS BY SENATOR TRUMAN

Mr. CLARK. Mr. President, I am asking permission to have inserted in the RECORD an address on the subject of The Chief Executive, delivered by my colleague the junior Senator from Missouri [Mr. TRUMAN] before the Democratic State convention at Joplin, Mo., May 5, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is a pleasure to come here for this State convention. I like Joplin; I like Democrats; I am therefore doubly happy.

I am also happy because Missouri is to be congratulated upon its efficient Democratic State government. Governor Park has given this great Commonwealth a great administration in a time of stress. He has kept the State finances balanced, has cooperated with the National Government, and has altogether made us proud of our State once more. The State and the Democratic Party are also to be congratulated upon its candidate for Governor, Maj. Lloyd C. Stark. He has every qualification Missouri's Governor should have—family, education, experience. I predict for him as great a majority as any Governor has received in recent years and a successful and efficient administration.

I can't help right here but pay tribute to our State chairman and national committeeman, James P. Aylward. He is without a

peer as a campaigner and a campaign manager. He has all the qualifications necessary to make the Democrats of Missouri a great national committeeman.

My good friend and colleague Senator CLARK has told you with an ability I envy of the progress of the ship of state under the command of Franklin D. Roosevelt. The world has marveled at his skill as he piloted the ship from the storm-tossed waters of 1933 to the fair sailing of today. None but a statesman worthy to stand beside the greatest of this Nation's great could have saved us from our peril; none but a steady hand, a stout heart, the God-given gifts of faith and vision.

You and I and all the world have seen his magnificent achievement. But we have seen something else, too, though we may have failed to note its sublimity. In the titanic struggle engaging the energies of Franklin D. Roosevelt, we have come to measure his stature by his deeds; and in so doing, my friends, many of us have overlooked the human quality of the man himself.

We know what sort of President he is; have we ever, I wonder, paused to ask ourselves what manner of man he is? What are the human qualities of President Roosevelt? What are the traits that attract the respect, the admiration, the love of Americans to this great leader of men, and hold them to him as a magnet draws and holds that within its field?

Turn the pages of history with me as we seek the answer. Generations ago, when the Republic was in the making, as we have learned, there was a famed American warship that sailed the seas to do battle with the Nation's foes. We all have heard of the *Bonhomme Richard* and her great commander, John Paul Jones. The name of that ship intrigues me—the *Bonhomme Richard*. Translated from the French, it means simply the "Good Man" Richard. "Good man", indeed, it was.

That was long ago. But history repeats. And when I think of Franklin D. Roosevelt today, I like to think of him as another "bonhomme", another "good man", fighting for the liberties of the common people as fought the *Bonhomme Richard* on the dark seas when our fathers' grandfathers were in their swaddling clothes.

And so I would call him, were it left to me, the "Bonhomme Roosevelt." It is a fitting word to describe him. To me it means something more than the literal translation "good man." It means, as well, good neighbor, good citizens, and, perhaps most of all, good temper and good nature.

It means a smile on the lips when the heart is heavy. It means courage unquenched by the torrents of adversity. It means the unconquerable will to press bravely and blithely on, calm of face and serene of soul, while those about one falter and fall. It means nerves of steel and indomitable purpose to battle for the downtrodden and the forgotten, champion of their rights and liberties.

Such, my friends, is the human side of the great leader of whom I think as "Bonhomme" Roosevelt.

His critics say that he can't take it when he is thwarted, but I tell you from the fullness of my personal knowledge it isn't true.

Can't take it? What was the attitude of the stricken Roosevelt a dozen years or so ago when that baffling scourge, paralysis, cut him down on the threshold of his prime? Who, in all America, fought this overwhelming personal disaster with stouter heart or cheerier smile than our great "Bonhomme" Roosevelt? If there be a single man of those who prate that "Roosevelt can't take it", who himself has met his personal misfortune with higher courage or greater bravery, let him come forward.

And when such a man proclaims that Franklin D. Roosevelt "can't take it", maybe we'll pay some attention to those words, but not until then.

In 1789, 90 percent of our people were engaged in agricultural pursuits, and the people were widely dispersed. There were no large cities. Now we have the largest city on the American continent, and the second in point of population in the world, within our borders. We have become an industrial Nation. People of the early Republic grew and processed their food and their textiles all on the farm. They had few wants and few conveniences for comfort.

Then came the age of invention and industrialization, the concentration of population in great centers and the creation of a desire for human comforts. One-fourth of the people have all these luxuries and comforts that they can use; one-half of the people have a few of the comforts, and 25 percent of the people of the Nation have none of them. Six million families receive less than $1,000 per year income; 12,000,000 families receive less than $1,500 per year, and 36,000 families at the top of the financial ladder receive as much income as all the 12,000,000 families at the bottom of it. These figures are from the Public Affairs Committee report, an organization not particularly friendly to the New Deal but conceded to be accurate in its figures.

We saw starvation and want among 15,000,000 people in 1932, amidst a surplus of everything any family could desire. Our President saw that, and his heart went out to those underprivileged people. He believes that if God gave us a country that can produce plenty of everything, then that plenty ought to be more evenly distributed. He has gone about it by means of emergency legislation, and when the Supreme Court has said that certain emergency legislation is contrary to constitutional provisions, he has tried something else and some other way to accomplish his purpose of a more even distribution of income and the comforts of life.

When Roosevelt became President his first words to the Nation frankly proclaimed that he knew of no panacea to end the miseries then surrounding, almost enguling, us. He told his countrymen he would have to proceed by trial and error; that he would err undoubtedly, and profiting from the mistake would try again on another front, like a general leading his forces against unmeasured enemies.

We knew what to expect. And when President Roosevelt told us of his purpose what did we reply? Why, the Nation rocked with the roar of the universal answer. "Go head, Mr. President", we said. And for God's sake, go ahead fast. We've spent 3 years doing nothing, and it's time for action."

All right. The President did go ahead, and he went ahead fast. The Nation was behind him as one man in his desire to save the country. They were breathless days. Sweeping changes were made in our laws. For a time, almost every day produced a new, far-reaching law. Such was the method of trial and error by which the President strove to redeem America from the abyss into which it was slipping.

And when, thanks to this burst of intelligent action for which we had waited in vain while his predecessor fiddled and grouched, we finally got our feet on solid ground again, what happened? Why, grave doubts arose as to whether we had done the right thing or not! White-lipped, terrorized men, who had begged him to save them, and whom he had saved, began to question the means of their salvation. It hadn't been done according to the laws and the Constitution, they said. True, their skins were whole now, but what about the Constitution of the United States? Had the President done right by the Constitution?

Well, my friends, we know what happened. One by one, these critics began to cut the ropes that hauled us up from the sides of the bottomless pit. The first rope they cut was N. R. A. True, N. R. A. had served its purpose during the emergency. But now the Supreme Court held it unconstitutional.

How did President Roosevelt take that?

He had a bad day when he saw this mainstay of his program discarded. One bad day—count it—one. Would you begrudge him one day of mourning? And when that day passed, he took this body blow, this solar-plexus attack, just as he had taken his other misfortune—with a smile. Again he was cheery and blithe; again he was the "bonhomme" Roosevelt of the days before.

The next main emergency measure to be declared unconstitutional was the A. A. A. And this time Bonhomme Roosevelt did not allow himself even the 1 day of mourning. No. "If we can't lift the farmers up out of their rut with that rope," he said in effect "I guess we'll have to try something else." And without loss of time he set about a substitute measure to take the place of the law discarded by the Supreme Court.

The depression for the farmer really began in 1921. He was completely deflated at that time, and was at the botton of the financial pit continuously until President Roosevelt came along with a concrete plan to help him out. The average farm income, even in the so-called prosperous years, was only $812 per person, and in 1932 it was only $434. That is an altogether insufficient reward for that most important group in our national make-up engaged in agriculture. It is in the public interest, and public welfare demands that the financial situation of the American farmer be improved. The present Democratic administration, under the leadership of Franklin D. Roosevelt, has succeeded in materially increasing the farm income in the last 2 years.

A national agricultural policy is necessary to remedy the farm situation. When the Supreme Court decided that the A. A. A. was not constitutional, the soil-conservation plan was inaugurated. This plan contemplates a Federal-aid program in conjunction with State agricultural plans. It is my opinion that it will be successful, because the farm income must be further increased. If for any reason it doesn't work, we can depend on President Roosevelt to make another effort.

Still proceeding by trial and error, as he promised the Nation, the President encountered opposition in Congress over two of his tens of thousands of work projects. Two out of many thousands is a mighty small percentage of error, it seems to me. But, anyhow, when Congress said, "We refuse to appropriate funds for Passamaquoddy and the Florida canal", how did Bonhomme Roosevelt take that? He might have said, "All right, I've got the money to put these projects through, anyhow, so I'll do it without your appropriation." He might have said that, but he didn't.

He said, in effect, "Very well, gentlemen; if you prefer not to continue these projects, we'll stop the work." And still smiling, still debonair, still working for the country's welfare as he saw it, he put them aside good-naturedly and went on to other things.

And so they say he "can't take it."

My friends, President Roosevelt believes the Government belongs to the whole American Nation, not just to Morgan, Du Pont, and the Liberty League. That gang, after running this Nation for years, no longer rules at Washington. They have lost something. They are trying to get it back, and they aren't particular about how they try. They want to rule again, and by hook, crook, and Jouett Shouse, they will rule again if they can.

If anybody can't take it, they can't.

Bonhomme Roosevelt has shown us again and again that he can. And now, it seems to me, it is up to us to show our faith in him. We soon will have that opportunity. We can choose between the Jolly Roger and the Bonhomme Roosevelt. And you and I know now what the choice will be.

COOPERATION AND COOPERATIVE GROWTH—ADDRESS BY SENATOR BENSON

Mr. POPE. Mr. President, I ask to have printed in the RECORD an address on the subject of Cooperation and Cooperative Growth, delivered by the junior Senator from Minnesota [Mr. BENSON] May 5, 1936, at St. Paul, Minn. It is a very interesting and informative address.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

MINNESOTA LEADS THE WAY

It is my pleasure to call attention to the fact that I have the honor of representing in the United States Senate one of the most forward-looking constituencies in this country. A majority of the people in Minnesota are of Scandinavian and German birth or origin. They brought with them the thrift, home pride, and spirit of cooperation of the peoples of Sweden, Norway, Germany, Finland, and Denmark. They take seriously the principles of democracy upon which our Government is founded. So much do they do this that they apply these same principles to their everyday activities, and as a direct result, the number of cooperative enterprises, both producer and consumer, which today flourish in my State, exceeds that of any other State in the entire Nation, regardless of population.

With a population of 2,627,000, Minnesota today has in successful operation more than 4,800 cooperatives. One hundred and forty-four thousand Minnesota farmers participate in the benefits as members of producers' cooperatives. Seventy-five thousand Minnesota consumers enjoy the benefits of consumer cooperatives, and 531,180 members took advantage of cooperative mutuals and societies for farm supply, insurance, telephone service, credit unions, etc.

Minnesota has established such a lead over other States in the field of cooperative marketing enterprises, that 13.9 percent of all such enterprises in the United States are located in Minnesota. This 13.9 percent have 252,100 members, and in 1935, did a business of approximately $109,000,000, according to the State department of agriculture.

Our sister State, Wisconsin, ranks next with 10.9 percent of all such organizations in the United States, 135,500 members, and a $62,000,000 annual business.

COOPERATIVES HAVE NO FAILURES

And here is the most striking fact of all. Since 1925, the number of failures of cooperatives in Minnesota is only one-half of 1 percent. Since 1930 there have been no failures at all. Such a record is unsurpassed by any other group. It means that while private business and private banking failed, these cooperatives continued to succeed and to expand, depression or no depression, for they had their roots in the needs and welfare of the people.

Then should there not be a lesson in their experience?

First, I will refer to the growth of producers' cooperatives, more familiarly known as cooperative marketing associations, which are mainly agricultural and quite general throughout the United States, although probably more extensive in Minnesota than in most of the States. The aim of these organizations is to enable the farmer to bargain collectively for the sale of his products in which is incorporated his labor power. And as the average farmer in our Western States receives the major part of his income from his labor rather than from his investment, he is in much the same position as the industrial worker who finds it necessary to associate himself with his fellow workers to bargain collectively for the sale of his labor power. Therefore, these agricultural cooperative marketing associations are necessary in the life of the farmer in order to enable him to maintain a decent standard of living and exercise some degree of control in his economic life.

It is of interest to note the degree of development attained in Minnesota by the farmers in marketing cooperatively their products, and the nature, number or associations, and value of the products marketed during the past 2 years, 1934–35. These figures are based upon data of one great cooperative enterprise in the State. They are as follows:

Producer cooperatives in Minnesota

	Number	Members	Annual business
Creameries	638	86,768	$44,386,000
Cheese factories	36	1,008	1,000,000
Fluid milk	6	9,000	3,185,000
Fruits and vegetables	25	4,000	1,000,000
Grain	265	41,605	17,000,000
Livestock	325	66,625	22,000,000
Poultry and eggs	14	770	3,000,000
Wool	5	6,600	3,400,000
Fish	2	365	160,000
Miscellaneous	2		2,263,000
Grand total	1,318	144,000	97,395,000

Even these tables are not entirely complete, according to further data obtained by Minnesota's State department of agriculture, which I will recite later, and which varies in several instances with the table I have presented. The point is that it is very doubtful if these 144,000 farmers would have been able to receive $97,000,000 for the products they marketed had they not been associated together for this purpose. In our existing economic society it is an absolute necessity that farmers and workers should organize in self-protection against being exploited, as individually they possess little or no power to prevent this.

But while organization in the form of marketing associations and labor unions afford a means of protection, they fall short of solving the economic problems of farmers and workers for the reason that neither can control the market, whether it be for farm products or human-labor power.

Producers' cooperatives, therefore, while presenting a barrier against undue exploitation by greatly depressing prices of farm products, must be supplemented by political action, and also by other economic methods that are more far reaching. It is of this latter that I desire to speak more at length. I herein refer to consumers' cooperation.

Farmers early began to realize to a limited extent that the same cooperative principles they applied to marketing their products could with equal advantage be applied to purchasing their supplies. Therefore, many cooperative marketing associations began to purchase such things as fertilizer, seed, feed, and so forth. But as time went on, purely consumers' cooperatives were organized and carried on with great success. Particularly is this true of the oil business. In this day and age of motor-driven machinery on the farm, petroleum products constituted a large item of expense in farming operations. In the early days of the oil industry enormous profits were made, as is well known to everyone. In order, therefore, to avoid having to pay excessive prices for petroleum products, farmers started their own cooperative bulk plants and service stations.

In June of 1921, the first of these cooperative oil associations was started in Cottonwood, Minn. Other communities emulated the example of these farmers at Cottonwood, with the result that many thousands of dollars have been saved to the farmers in the purchase of these products alone. In 1927 a number of these retail cooperative oil associations joined together to purchase collectively at wholesale. Today there are more than 140 of these oil cooperatives situated in the States of Minnesota and Wisconsin, organized in what is known as the Midland Cooperative Wholesale, located in its own building in Minneapolis, conducting its own blending plant and doing an annual business of between two and three million dollars. In this connection it is interesting to know that although this wholesale has assets of well over $200,000 above all liabilities, not one cent has ever been paid into it by the affiliated associations, the entire capital structure having been built out of the savings effected by the various affiliated retails in thus purchasing together.

SAVE UP TO 20 PERCENT

In the retail end of these oil cooperatives, much larger savings have been made by the individual members, ranging all the way from 5 to over 20 percent on their purchases. In Freeborn County, Minn., during the past 10 years, there has been paid out in patronage dividends by the Freeborn County Cooperative Oil Association more than $275,000. In Kanabec County, the cooperatives have done more than 70 percent of the entire petroleum-products business transacted in the county.

In order to give some idea as to the scope and magnitude of the consumers' cooperative movement in Minnesota, the following figures, compiled by one large cooperative concern, are of interest:

Consumer cooperatives in Minnesota

	Number	Members	Annual business
Essentially Rochdale co-ops:			
Store societies (1934)	103	25,000	$5,611,383
Affiliated 38			
Independent 65			
Oil associations (1935)	150	50,000	7,500,000
Affiliated 95			
Independent 55			
Total	253	75,000	13,111,383
Mutual or co-op societies:			
Credit unions (1935)	205	35,000	3,075,000
Insurance (1934)	160	245,000	5,700,000
Telephone (1933)	1,558	56,000	670,000
Burial (1933)	10	5,180	51,600
Total	1,933	341,180	9,496,600
Farm supply (other than above):			
Farm Bureau and Farmers' Union	80	35,000	300,000
Producer co-ops (side-lines)	600	80,000	5,000,000
Total	680	115,000	5,300,000
Grand total (all societies)	2,866	531,180	27,907,983

A similar story on a smaller scale might be told of many other States, as farmers have organized consumers' cooperatives, which in turn have united their regional wholesales in a cooperative organization known as the National Cooperatives, Inc. This national cooperative is comprised of the following: Midland Cooperative Wholesale, Minneapolis, Minn.; Farmers Union Central Exchange, St. Paul, Minn.; Central Cooperative Wholesale, Superior, Wis.; Consumers' Cooperative Association, North Kansas City, Mo.; Ohio Farm Bureau Cooperative Association, Columbus, Ohio; Indiana

Farm Bureau Cooperative Association, Indianapolis, Ind.; Farm Bureau Services, Lansing, Mich.; Pennsylvania Farm Bureau Cooperative Association, Harrisburg, Pa.; Consumers' Cooperative Association, Amarillo, Tex.; Pacific Supply Cooperative, Walla Walla, Wash.; and Eastern Cooperative Wholesale, New York City.

As officials of the Northern States Cooperative League state it in a recent article, the cooperatives are in full sympathy with Government ownership and control along certain specific lines, such as natural resources, post offices, etc., but are even more interested in the "cooperative action of our people as consumers and producers of goods and services." I hope it will be noted that we consider every person who works, who earns from the service he renders, whether on the farm or in the factory or behind the desk of the professional or white-collar worker—we consider and classify every such person as a producer.

Minnesota's supremacy over all States in cooperatives is especially pronounced in fields other than consumer. Combining the two, consumer and producer cooperatives, we find this interesting picture as given by Deputy Commissioner Hay of the State department of agriculture:

Cooperative creameries (P)	644
Cooperative cheese factories (P)	35
Elevators (P)	373
Livestock shipping associations (P)	636
Stores (C)	216
Gasoline associations (C)	140
Produce (P)	177
Fire insurance (mutuals) (C)	177
Hail and cyclone—insurance (C)	14
Miscellaneous—insurance (C)	9
Burial associations (C)	13
Sales agencies	22
Telephone associations (C)	1,809
Service associations (C)	17
Lumber associations (P)	11
Trucking associations (P)	116
Implements (P)	10
Poultry and egg (P)	8
Credit union	225
Fisheries	3
Canneries	3
Regional credit	37
Cooperative bank	1
Service—bull, sheep, meat, threshing	100
Garment	2
Newspapers	3
Electric associations	50
Total	4,856

It is impossible in this compilation to give business figures on all activities, as were given by the table compiled by Midland Cooperative, but I might say in passing that cooperative creameries have captured almost two-thirds of the creamery business in Minnesota.

I have set forth these facts and figures in order to show the growth and importance of consumers' cooperation. Now let us see just what is consumers' cooperation. Consumers' cooperation means cooperative organization and activities through which people join together for the purpose of securing consumer goods for themselves. Obviously, then, it eliminates profit, since no one can profit at his own expense.

The principles of consumers' cooperation are exceedingly simple and are as follows: Open and unlimited membership; fixed rate of interest on capital invested; each member only one vote, regardless of their investment; no proxy voting; patronage dividends on the basis of patronage. This means that after paying all expenses of operation, including interest on invested capital and providing for a reasonable reserve, that all profits are returned to the members on the basis of their patronage.

These principles were first applied in a practical manner in Rochdale, England, in 1844. This is why this form of cooperation is often referred to as Rochdale cooperation. Starting with 28 persons and a capital of $140, this movement has grown to such an extent in England alone that today it has 7,000,000 members and transacts approximately more than half the retail business of that country in consumer goods. Some 1,150 retail cooperatives are federated into a great wholesale, which in turn owns and operates about 150 factories producing all the necessities of life. Its bank is second to that of the Bank of England. It writes more than half the industrial insurance in that country. It owns its own plantations abroad and has its own steamships in which to transport its merchandise.

SWEDEN SHOWED THE WAY

In Sweden, where the cooperative movement is not more than 40 years old, the same story can be told to an even greater degree. In that country more than 40 percent of the retail business of the country in consumer goods is done by the cooperatives. The great wholesale owned by these retail cooperatives in turn owns mills and factories, and is powerful enough to set the price at which merchandise is sold to the consumer. A most interesting phase of the movement in Sweden is that whenever trusts and combines have set prices very high, the cooperative wholesale has entered the field and forced prices down, on some occasions forcing the trust to relinquish the field entirely. One case in point is that of an international trust which was compelling the consumer public to pay as high as 37 cents for an electric-light bulb. The cooperatives of Sweden, Norway, Finland, and Denmark combined and erected a modern plant of their own. This forced the trust to cut the price to 25 cents a bulb, which the cooperative met and later reduced still lower selling a superior quality bulb to that put out by the trust and at a lower price. Today the price is as low as 20 cents in place of the previous one of 37 cents and the quality is better. Thus does cooperation control prices in the interest of the people and prevent private business from exercising extortion.

The reason for my reference to what is being done in countries abroad is merely to show that where consumers' cooperation has been long in existence, remarkable results have been obtained which make for the common good.

Needless to say that whenever there is an organized, conscious, economic interest it is always reflected politically.

In our country this is well exemplified in the political influence exerted by large business interests.

In England there is the Independent Labor Party reflecting the interests of the common people as manifested in their cooperative enterprises. In Sweden the people's interest are politically reflected by the Social Democratic Party.

Both these political parties naturally favor public ownership of natural sources of wealth, and in many cases public operation of basic industries as a check upon big business which otherwise would function as a monopoly, as big business is doing in a large measure in our own country.

If the peoples of countries abroad can do what they are doing with their limited resources, how much more can we in the United States achieve when we once become conscious of our interests?

The fact has been gathered by the Farm Credit Administration, Consumers' Division, Washington, D. C., that 2,490,000 people in the United States are engaged in cooperative marketing of fruit, dairy products, grain, livestock, cotton and products, wool and mohair, nuts, tobacco, forage crops, and miscellaneous, organized into 8,794 producers' cooperative organizations, carrying on a business for 1935 of $1,343,000,000.

Any such a section of our population engaged as it is in a business which seemingly carries on, depression or no depression, should be duly commented upon and endorsed by forward-looking people. Add to the $1,343,000,000 for cooperative marketing the approximate half billion dollars' worth of business from the consumer cooperatives and the eighty-million-odd of money in credit unions and we get a very notable figure.

It would pay us as citizens, and our representatives in Congress, to know these facts and consider the potential possibilities of cooperation as a way out of present chaos toward the economy of abundance many people are thinking about.

The people of Minnesota are becoming more and more conscious of the fact that we need to produce for all the needs of all the people instead of for private profit, and as a result we are building a powerful consumers' cooperative movement which will ally itself with producers' cooperatives—because the same people are in both organizations—and together function for the common good.

FOUNDATION OF FARMER-LABOR PARTY

It is because of this that we in Minnesota have the Farmer-Labor Party, a party that grows from the soil of our fertile farms, and from the workingmen's homes of our cities and towns, and from the offices where men and women toil in businesses and professions, struggling for an insecure day-to-day livelihood under an economic system that totters because its fate and its future rests on the selfish whim and fancy of a profit-seeking few.

This Farmer-Labor Party of Minnesota is a political party reflecting the economic interests of the common people, who not only are conscious of these interests as distinguished from those who live from unearned increment, but who are steadily and rapidly developing the necessary machinery with which to serve themselves in the economic field.

This is consumers' cooperation, which supplemented with public ownership of natural sources of wealth and natural monopolies will bring permanent prosperity to the plain people who do the world's necessary work.

That this is not visionary is evidenced by the fact that where these principles are applied, as in Sweden, there are only approximately 47,000 unemployed in that country, and this includes those often referred to as unemployable. Could we bring about in our own country, a situation such as exists in Sweden, we should have only 1,000,000 unemployed at the present time, instead of from 12,000,000 to 15,000,000.

Again let me call your attention to the fact that the people of my State—Minnesota—are preponderantly Scandinavian, and they not only possess the same characteristics as their kin in the Old World but are also aware of what is being done in the country of their origin.

These people are applying the principles of democracy to their everyday activities and building an industrial democracy which in turn shall be reflected by a genuine political democracy.

In this day and age, when we are in possession of the knowledge and material means which makes possible an economy of abundance, it is absurd that we should not avail ourselves of the opportunity to achieve lasting and permanent prosperity for all.

Cooperation furnishes the philosophy and the technique for achieving this desirable result and deserves not only our careful and thoughtful consideration but our active support politically, if we really mean what we say when we declare that ours is a Government of, by, and for the people.

ADDRESS BY HON. JAMES A. FARLEY AT NORTH DAKOTA DEMOCRATIC CONVENTION

Mr. BULOW. Mr. President, I ask unanimous consent to have printed in the RECORD the address delivered by Hon. James A. Farley at the Democratic State convention, held at Devils Lake, N. Dak., May 12, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

This gathering, so far as I am concerned, is more like a homecoming or a reunion than a formal political session. You might say that North Dakota is where the movement that landed Franklin D. Roosevelt in the White House, and, incidentally, the movement that will keep him there through another term, was born.

It was in July 1931 that I came to Aberdeen, just across your southern border, on a scouting trip to ascertain what was the sentiment of the country on the then prospective Democratic nomination for the Presidency. I found that my mission was a welcome one, and the finest thing about it was that a delegation of Democrats from North Dakota came down there to tell me that North Dakota's choice for President was Franklin D. Roosevelt. That report was corroborated at your State convention the following January at which your delegates were selected. The voters of your State gave their approval of your selection at the March primary, which was among the first of the primaries in the United States where the voters instructed their delegates for Franklin D. Roosevelt.

A lot of other States followed suit but you were the pioneers. Though the honor of participation in the event that meant so much to our country was Nation-wide in the election of that year, I have a particular sense of companionship with those who joined early.

It is probably true that the band-wagon jumpers are the ones who decide elections in this country. After all, political battles are determined by the converts. The Democratic Party was the minority party 4 years ago. According to the registration figures of that time, there were more Republicans than people of our political complexion. I have not the exact figures at hand, but it is safe to say that those asserting allegiance to the other party exceeded by millions those who professed themselves as Democrats. Yet we won the election by more than 7,000,000 votes, carrying 42 States out of the 48. We did this because the cause we presented converted millions of Independents and Republicans and Progressives to our way of thinking. I am grateful to this multitude who put country before partisanship; patriotism before politics. I know we must hold them in the coming election, which I tell you now is going to be as complete a triumph for the Roosevelt principles as the elections of 1932 and 1934. I acknowledge gratefully the party's debt to these converts, but yet I am conscious of a little warmer feeling for those, like yourselves, who joined the colors when nobody knew whether the Roosevelt movement would prove only one more vain effort against the regime of privilege, or would turn out to be the overwhelming force it became before the people went to the polls 4 years ago.

Actually, particularly in this part of our country, party labels have become less and less significant. Though North Dakota testified to its intrinsic Democracy by voting for Roosevelt in 1932, its Governor and congressional delegation are still classed as Republican, even though the latter have frequently voted for Democratic measures. So wide is the rift in the opposition party today that a person of almost any political school of philosophy may find some faction that includes him. Senators LA FOLLETTE, and HIRAM JOHNSON, and NORRIS, for example, still figure in the biographical accounts as Republicans though President Roosevelt has no more stanch supporters than they are. It takes time for strong men to change their basic political faiths. Some of your neighboring States have gone the whole way, and after generations of Republicanism are, in name as well as in fact, Democratic. Even here the leaven is working. In 1932 your Republican candidate for United States Senator, GERALD NYE, was elected by a majority of more than 100,000; in 1934 Senator FRAZIER'S majority was less than 50,000. I am not going to attempt to tell you what will happen in regard to your congressional delegation this year, but I am confident that you and all your sister States will be in the Roosevelt column as usual when the votes are counted in November.

You are going to be anything but lonesome in that connection, for every record of registration from the Atlantic to the Pacific and from Canada to the Gulf points to another endorsement of our great President as definite as that of 4 years ago, and 2 years ago, and I have no hesitancy in assuring you that in terms of electoral votes and popular vote 1936 will give the President the greatest endorsement received by any of our Chief Executives since the birth of parties in this country.

The reason for this is not far to seek. Take your own case. You came out for Roosevelt 4 years ago. I ask you, Have you any reason to regret what you did then? Of course you haven't. You voted for him because you had faith in his desire and his ability to correct the ills from which you and all the rest of the country were suffering then. You know that, thanks to him and to the policies inaugurated by him, that faith has been vindicated. I do not think there is any better way of conveying to you the difference between things as they are and things as they were than is afforded by a study of the files of your own newspapers. I will give you a few of the headlines in the Fargo Forum during January of 1933:

"Wheat prices turn weaker."

And here is another one, illustrative of what was going on at that period: "Resistance to foreclosures and debts; farm strikes North Dakota aim."

Now, let's take a 3-year jump to January of 1936, when the same paper cheerfully announces this: "With cash income to farmers from the sale of seven important products up 43 percent in December compared with the previous year, there has been throughout the district a corresponding increase in trade. Milk cows, which have become an extremely important factor on North Dakota farms, are bringing the best returns for several years, with butterfat prices close to the top since the recovery set in."

An editorial at the end of January of this year recites that: "Despite years of adverse conditions in the agricultural territory served by Fargo, the city not only has held its own but actually it has forged ahead as a distributing center." And the editorial further recites that Fargo appears to be well pleased with progress made last year and as to future prospects.

Let's take a look at the Grand Forks Herald. On the eve of President Roosevelt's advent to the White House this paper said editorially: "With spirit undaunted, with hope unquenched, and with the will to achieve strengthened, men are looking forward to the better day whose dawn it is hoped is breaking, but for whose full effulgence we must wait in patience." It was at this same time that this Grand Forks paper carried such mournful headlines as "Farm income drops" over a story which began: "Harnessed with mortgages to a load of debt, America's farmers are mired in a slough of fixed charges."

"Three banks close in Emmons County" is another of the gloomy headlines.

Soup kitchens figured largely in the news of that day.

The note of hopefulness began with the inauguration of President Roosevelt.

"The new President", said the Grand Forks Herald, "cannot be expected to work miracles. He will not create prosperity. If under his guidance means can be found whereby the people themselves may more readily regain prosperity, the utmost will have been accomplished that we have any right to expect. Therefore, with loyalty and tempered judgment, there must go patience in order that there may be given the time which is required for the working out of the best and most wisely conceived plan."

We all know how far the President has exceeded the most sanguine expectations, such as I have quoted. There is no branch of commerce or industry that does not show an improvement that would have been deemed almost miraculous from the viewpoint of the spring of 1933. It is appreciation of that circumstance that is behind the expectation I have voiced of the great triumph that is coming for Roosevelt policies and Democratic principles the next time the people have a chance to tell what they really feel and think at the polls.

You can get the same story out of the newspapers of every State of the Union—the same pessimism and despair 4 years ago, the same rebirth of hope when the new President took office, the same jubilant headlines recording renewed earnings of businesses—agricultural and industrial, as of today.

Well, how did all this come about? What caused a bankrupt people to become solvent in these few years? Why are the prices of corn and wheat, hogs and cattle up to where there is a chance for the farmer to get out of debt, to send his children to school properly clad and decently fed? What put the industrial East back to a position where a business is not a liability, a factory is not a burden, and the ownership of houses and lands is not an economic misery?

Obviously, some of these things could not have been accomplished if the others were not. The restoration of the purchasing power of the farmer made the wheels of the eastern mills turn; the reemployment of the operatives in those mills gave a market for the farmers' produce. Which came back first is as unimportant as that old trick question of whether the hen preceded the egg or the egg started the poultry line.

Both of the great branches of our economic system got to going, and we were saved from industrial chaos and from social chaos.

Again I ask you what did this? Was it that without any calculable cause the farmers suddenly became superefficient, or that businessmen suddenly developed a capacity they lacked when their enterprises were paralyzed? Or was it that there came to be head of your Government a man wise enough to find a method of stopping the spinning downward of all our enterprises, brave enough to make perilous decisions promptly, just enough to be fair among all classes and interests? You know the answer without my putting it into words.

Sad to say, in the course of performing the biggest job that ever confronted an American Executive, some things were done that passed the bounds set by the Supreme Court. I know how mortified a law-abiding people like you must feel that you made your way back to comparative economic safety under an unlawful system. I presume your distress under the circumstances was equal to the chagrin and dismay of the mill workers who found themselves with shorter hours and higher pay under the equally unconstitutional N. R. A.

Because he guessed wrong, according to the Court's ruling, the President is being accused by our political adversaries of usurpation; of assuming powers for himself and for Congress beyond what the Constitution permits. He certainly has much good company among his great predecessors in the Presidency, for there has never

been a great Chief Executive since the beginning of the American Government against whom the same charge was not made. Usurper is one of the mildest terms applied to Washington by his contemporary critics. Jefferson strayed beyond the constitutional limits when he effected the Louisiana Purchase. Andrew Jackson was offside in a variety of instances, and so was Abraham Lincoln with the emancipation proclamation, among other acts.

It must be a source of solace to you, in thinking back on the law-breaking of the A. A. A. days, that your own Senators and Representatives, of whom I know you think highly, voted for this legislation.

To listen to the shocked expressions of the Republican editors and orators, not to mention the spokesmen for the Du Pont Liberty League, is to get a picture of unparalleled alarm for the security of American institutions. Yet, despite the numerous occasions when Presidents have differed from the views of the great judicial body, the Supreme Court remains the highest tribunal of the land, and the balance among the three great divisions of our Government is preserved. Undoubtedly in the future, as in the past, Presidents will at times find themselves at variance with the judicial branch. When they are ruled against they will seek new laws that will meet the Court's objections, just as Franklin D. Roosevelt has done, and the country will rock along as comfortably as ever, notwithstanding the cries of alarm from the prophets of disaster.

The people of this country are going to reelect Franklin D. Roosevelt because of what he has done for the national welfare. The campaign to break down his fellow citizens' faith in him has been in progress for a long time—in fact from the time those who have always fattened on special privilege found that the aid they begged for when they were in a panic at their crumbling fortunes had put them on their feet again. Once more making money, they began to hunt about for some means of keeping the ordinary citizen from getting a share in the good things of life, in order that they might have all of the advantage and none of the cost of the general restoration.

It being impossible for them to question the matter-of-fact market reports that tell the story of our economic improvement, they are reduced to denying that it was the acts of the Roosevelt administration that brought this about. They do not attempt to tell what else did it. The nearest thing to such an explanation is the statement of the chief exponent of things as they were. Ex-President Herbert Hoover did confide to a wondering audience that he had the depression stayed nearly a year before he ceased to be President. Those of us who remember the days of crashing banks, of mercantile failures, of falling markets, and of the general gloom and apprehension that prevailed from June of 1932 until the advent of Roosevelt to the White House, can only be amused by his predecessor's weird hypothesis.

Now, let us analyze, a little bit, the charges brought against the administration by those who seek to replace it. It is not important, for the result of November's election is a foregone conclusion, but just for the sake of the record it might be well to note the flimsy course to which political necessity has driven the President's foes.

They say he is extravagant, wasteful of the public's money, careless of the principles of Government economy. If the President of the United States stood behind a counter, handing out relief checks, after personally investigating every one of the millions who applied for help, he might be sure that such of these was honestly destitute and deserving. Under such conditions perhaps no small soul would have received $2.77 worth of groceries for nothing when he could have paid for his food.

Perhaps if the President of the United States had been able to officiate as straw boss on a million petty jobs he might have been able to make it certain that no shirker had succeeded in obtaining a meager relief wage without performing a full day's pay. So much for the charge of recklessness in distributing the relief funds.

They talk of politics in the administration of the emergency agencies. Has anybody who is listening to this speech ever heard of a man or woman being asked whether he or she is a Democrat or a Republican before getting the dole or the emergency job? Thousands of men and women have been entrusted with minor parts in creating the machinery for handling the various forms of aid. No doubt some of them, with an excess of party zeal, have transcended the strict rules laid down by the President in this regard. I ask you if you have seen anything of moment along this line in North Dakota.

About all that is left of the indictment is that some of the projects that engage the attention of the Works Progress Administration are not calculated to show visible results, as the building of a bridge, the erection of a dam, or the laying down of a road shows it. I do not have to tell you that many of our people in normal times have as their activities work of a nonproductive material nature. There are thousands of girl stenographers, manicure operators, there are artists, musicians, and actors. It would be hardly practical, would it, to set these to driving trucks or digging post holes?

The unemployed among these have either to be given the sort of work they know how to do or be dumped on the dole. Which process do you think is most likely to produce a favorable effect on the morale of these people? That is about all there is to this clamor of boondoggling.

We come down to the most absurd charge of all—that the President is an enemy to business. How much business would there be left in this country if he had let things drift as they drifted during the previous administration? Who but the President has builded up so patiently the purchasing power of the masses that is the groundwork for such progress as has been made?

If he had not made business his particular care, would the headlines of your newspapers show, for example, that the automobile companies had sold nearly 16,000 automobiles in your State in 1935, as against fewer than 5,000 in 1932?

North Dakota shows $5,000,000 more in savings-bank deposits than she had in 1933. What is more significant is that the individual income-tax reports show incomes more than doubled in the same period. That is how your State has fared during the recovery era.

Now let us look briefly to what the Administration has done for North Dakota. Your farmers got more than $30,000,000 in rental and benefit payments.

What you have gained in material advantages through forest-fire protection, improvement of the woods and range country, precautions against soil erosion, game and fish conservation and other work mainly done through the C. C. C. camps cannot be estimated in dollars and cents. The value to the 2,200 young men who through these camps have been saved from the perils, moral, mental, and physical, that would have beset them had they been subjected to the strain of idleness, vagrancy, and irresponsibility, is beyond price.

In addition $170,000,000 has been loaned to your farmers and $9,000,000 to your home owners. This will be repaid, of course, but think of the number of farms and homes that have been saved from mortgage foreclosures by this extension of Government credit when no other credit was available.

As in every other State, your banks have been made secure, where prior to the advent of the Roosevelt administration they were either closed or tottering. Is it any wonder that I am able to prophesy an overwhelming vote next November for the President, who has so ably fulfilled the purpose of government which must be the welfare of the people?

I address a Democratic convention, but the message is to men and women of all parties; and when I tell you that their response will be greater than it was when they elected him, and when they certified their appreciation of his efforts in the congressional elections 2 years later, I am neither exaggerating nor expressing a mere political hope. No; I am speaking out of a fairly intimate knowledge of public sentiment, gathered during journeys that have covered practically every State in the Union.

The people know that the work of recovery is only half done; they are aware that no small part of the task undertaken by Franklin D. Roosevelt is to make certain that another such economic calamity as befell us shall not recur. That is why they will brook no interruption to the processes that have worked so well, but will insist that the President shall have the opportunity, with their enthusiastic support, to complete his job.

THE BANKING SYSTEM—ADDRESS BY A. P. GIANNINI

Mr. POPE. Mr. President, I ask permission to have printed in the RECORD a radio address on the subject of the banking system, delivered by Mr. A. P. Giannini, of California, Friday, May 1, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, I have always been proud to be a banker. Today, however, I am prouder than ever to be a banker. The reason is not far to seek. My bank, to which Secretary Wallace has so kindly referred, has 1,600,000 depositors. Most of these depositors are average men and women—farmers, working people, housewives, clerks, professional men. Like most bankers, my great concern has always been to maintain the safety of the deposits of these people.

In the past, that has sometimes been difficult. Today, however, the depositor in my bank—the depositor in any bank—is safer than he has ever been in all our banking history. Due to the legislation of the last 3½ years, our banks are now in a better position than at any time in the past to justify the confidence of the average men and women who entrust their earnings to them. That is why I am prouder than ever to be a banker.

Most of you listening to me tonight are bank depositors. You have a stake in this question of security. I want, therefore, to talk for a few minutes with you about the recent steps which have been undertaken for your safety and protection.

First of all, let us look at this question from the point of view of the bank.

The chief commodity a bank has to sell is credit, and its ability to supply the market is not limited to the capital, surplus, and undivided profits which belong to the stockholders. Successful banking requires that the banks be able to draw as well upon the vast store of money made available to them by depositors. It is elementary, then, that there must be general confidence in the ability of the banks to repay the moneys deposited, and this confidence can only come from sound operations, involving sound credits and the most ample protection which can be furnished to the banks' customers.

When the banking system was put to the test at the height of the depression, it was found that this confidence had vanished

because the basis for its continuance no longer existed. This is best illustrated by the fact that after many months of persistent effort to allay the fears of bank depositors and patrons, and after actively campaigning to induce depositors to leave their money in banks, the deposits shrunk by billions. At the end, banks, in unprecedented numbers, were forced to close.

Depositors and stockholders, too, by the hundreds of thousands, know only too well that there was real basis for the fears which brought this condition about. The securities in which bank funds were invested were being constantly dumped on a falling market to provide funds which were being demanded by depositors. In this process their values declined to the point where bank capital was greatly depleted. If confidence was to be restored, heroic measures were called for.

President Roosevelt immediately grasped the situation and under his leadership two vital steps were taken, to be followed later by others tending in the same direction, to restore confidence, make banking operations safer, and give absolute assurance to depositors. The first step was to prosecute a vigorous program through the Reconstruction Finance Corporation to take up the slack in bank capital. In my opinion, it is misleading, if not foolish, to charge that this program was based upon a desire to put the Government into the banking business. If the capital necessary to enable the banks to function safely was to be supplied at that time, it was absolutely essential that the Government credit be used for the purpose of supplying the funds. Private funds were not available in sufficient amounts and to the extent that they were available they could be invested in bank capital as readily as at any other time. So, through the Reconstruction Finance Corporation, the Government actually invested over $1,000,000,000 of public funds in more than 6,000 banks throughout the country. Time has demonstrated that this was a wise and constructive measure. It is now quite apparent, also, thanks to the recovery we have had, that the investment was a sound one and will ultimately be repaid.

But President Roosevelt was not content merely to take steps for the protection of the capital structure of the banks. He went further and outlined a program for the direct protection of the small depositor. This program came into actual practice through the establishment of the insurance of bank deposits through the Federal Deposit Insurance Corporation. This Corporation, with over $300,000,000 of assets, supplied by the Government, by the Federal Reserve banks and by the 14,000 insured banks, gives to the depositors in all insured banks the absolute assurance that their deposits up to $5,000 will be promptly repaid in the event of the failure of a bank. Through the Federal Deposit Insurance Corporation over 98 percent of all the depositors in insured banks are fully protected. It may be properly added here that under the permanent Federal Deposit Insurance Law, the insured banks are paying into the reserve funds of that corporation about $35,000,000 a year. That means that in the course of a few years, a further reserve created by the banks themselves should be adequate to give absolute assurance to every bank depositor without the necessity of continuing assessments.

As I see the matter, no sound reason can be assigned why the Federal Deposit Insurance Corporation cannot become, if indeed it is not already, a great stabilizing influence in the banking world, as well as an adequate insurer against all loss to depositors.

Future generations, in surveying the experience of the past and viewing the ruinous effects of lost bank deposits, may well wonder that the apparently wanton disregard of the safety of bank deposits so long persisted. It is a definite responsibility upon every government chartering a financial institution to require it to be so conducted that it will be able to meet its obligations. That responsibility is one that should be discharged at all times with honor and without loss to the patrons of the banks. It is no hardship on banks to be compelled to make moderate contributions to a general reserve fund which will insure this result.

If time permitted, it would be worth our while to consider features of the Banking Act and other laws which are designed to give further protection to the general public, as well as to the banks themselves. All of these measures are designed to the end that there never may be a repetition of the catastrophe from which we have lately emerged. There are provisions which promise to keep at all times a safe margin of capital back of all of the obligations of every financial institution. There are other provisions which will bring to a halt unsafe and unsound practices in any institution without hampering legitimate operations.

I have in mind particularly such provisions as those which prohibit the loan of a bank's funds to its own executive officers and provisions authorizing the fixing of margin requirements where the bank's credit is used to finance purchases and sales of securities on exchanges. Such provisions protect the interests of depositors and stockholders alike and have been found to be necessary to prevent abuses.

The Banking Act also divorces investment and commercial banking. Another law creates the Securities and Exchange Commission, the function of which is to protect the investor in buying securities. Through the information which must be furnished before securities can be listed on exchanges, investors are in a better position than ever before to protect themselves. This service is as valuable to banks as to individuals. Certain power is now clearly given to the Board of Governors of the Federal Reserve System and to the Securities and Exchange Commission. This power exercised in the public interest ought to go far to prevent a recurrence of the disasters that we have experienced periodically in the past.

We have about us today abundant evidence that banks and their clients are enjoying the benefits that flow from the principles and policies represented in banking legislation and administration of the past 3 years. The report of the Comptroller of the Currency, recently issued, shows that deposits in national banks are at the highest point in the entire history of the national banking system. It also shows that national banks which had been operating at an annual loss since 1931 of from two hundred to three hundred millions were operated at a substantial profit in 1935. It also shows that there have been only five national banks closed in the 2 years and 4 months since deposit insurance was inaugurated, and that there have been no national banks closed so far in 1936.

Surely no one will deny that the major features of policy, to which reference has been made, are truly constructive and that our financial structure rests upon a sounder foundation than at any period within our memory. There is more adequate protection for the public, less hazard to the stockholder, and a brighter prospect of success and prosperity in all lines than we have seen for many years.

That, again, is why I am proud to be a banker. I can face the future with greater confidence because I know that the interests of the depositor are more adequately safeguarded.

A STUDENT PLEA FOR WAR—ADDRESS BY BASCOM TALLEY

Mr. CLARK. Mr. President, recently a meeting was held by the students of Tulane University, New Orleans, to protest against further war. On that occasion one student, Bascom Talley by name, appeared and made a very striking and impressive speech on behalf of war and in defense of war. This is one of the most striking documents which has recently come to my observation and perhaps the most intelligent argument that could be made for the huge naval and military appropriation bills recently passed by the Congress. I ask unanimous consent that an article from the New Orleans Item Tribune, containing Mr. Talley's speech, may be inserted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New Orleans Item Tribune]

A STUDENT PLEA FOR WAR AT A MEETING TO PROTEST IT

When Tulane students recently met to protest against any more wars, one of them rose to defend conflict. This was Bascom Talley, a derby hat on his head, and a cigar jutting defiantly from his teeth. He read his speech. It follows:

"You are here this morning to participate in a demonstration against war. Yes, against war. Have you stopped to think what you are doing? You are protesting and demonstrating against the only sure-profit industry in the United States today. You ask me how is the wad to be classed as an industry? Well, there is no doubt that war in any and every sense has many industrial connections. My corporation is a good and glaring example of the industrial connections of war.

Some radically inclined people would have you believe that we, the people Pu Dont, are interested in the promotion of wars solely for personal profit. They are wrong. Our interest is not purely personal, we also have the interests of the stockholders at heart—we also have the interests of our employees at heart—we have the interests of the Nation at heart—and after that, we have the interests of the nations at heart. We, the people Pu Dont, sincerely believe that with the proper amount of cooperation from the Government and the people at large, we can bring this country back to its rightful place as the boom country of the world. What does it matter that the boom is transitory, what we want is a boom, boom, boom.

Some may be doubtful when we say that we the Pu Donts can restore boom conditions in this country. They evidently are not familiar with the powers of our public relations counsel or our Hearst Randolph William. With the increase in demand for armaments, we can double, treble, quadruple or Dionne the number of men we employ. This will in part relieve the employment situation. Then, too, you must consider the number of men that will be employed, or shall I say occupied in the fighting of the war. They too, will be taken from the rolls of the unemployed. True, some might prefer a job in our tremendous factories to going to a war. Of course jobs with us would be more enjoyable and safer from the point of view of life and death, but we must be unselfish and remember that everybody can't have the cream. So if you don't want to go to war, study to be an armament expert.

Then there are those that criticize us for our seemingly heartless attitude toward the great death toll that is synonymous to war. We really could disregard this argument, but for the benefit of those who would like our point of view, let me say that while losses of men is a loss in some senses of the word, we the Pu Donts don't believe that it is best to be continually looking at the losses.

We think that those remaining after a war should look at the profits—they can be measured in dollars and cents, while the

death list can only be measured in the number of coffins or shall I say holes in the ground and empty places at the table. In most cases the empty places at the table mean more food for those who are left, and that is a real benefit.

Of course, some may say that the men that are killed may be the breadwinners. That's perfectly true, but we offer an adequate insurance to offset that difficulty should it arise. We recommend the purchase of our stock. Win, lose, or draw, you are assured of returns from our stock, because we have international connections, and are certain that if one country loses the other will win, and we'll get our profits just the same, and better yet, if it's a sort of a draw, both sides will pay, thereby increasing our dividends still more.

War builds character. You may wonder how we reach that conclusion—so did I until one of the Pu Dont public relations agents brought forth this brain child of logic. By character we will mean an increased patriotism; that is, a greater desire to fight for one's country. Should the circumstances arise in which a war could be promoted, many men who never thought in terms of duty to their country would be entangled in the war, and many others would volunteer of their own accord.

Of course, we realize that most men have to be worked up emotionally to the state where they will volunteer. Always willing to cooperate, we the Pu Donts hereby pledge our untiring support to the most effective system of propaganda that can be devised for the raising of patriotism.

Up to this time I have been talking mainly in terms of our own Nation, but there's one point that's more effective yet in regard to our plan to restore America as a boom country.

Think of the profits to be derived from stirring up a juicy European war. In this undertaking the so-called socially minded objectors to war should have no objection, because we're not hurting them, and they should not meddle in European business. Of course, we're meddling in it ourselves just a little bit, but that is for a good cause, the restoration of the United States to its rightful place as the foremost boom country of the world.

Then, too, to give further consideration to these objectors to war that say it is a scourge to humanity, and benefits none. We of the Pu Donts corporations maintain that they have forgotten to think about those poor and otherwise useless people who are sent straight to their heavenly destinations without being further subjected to the vicissitudes, trials, and tribulations of this world.

Then, in conclusion, I would like to summarize for the benefit of those who doubt that war is a profit-making industry, just a few of the stable, peaceful products that can be readily converted into weapons of war. Cotton, I presume, is used to make guncotton; if not that, I'm sure that cotton rags can be used to wipe Pu Dont oil from Pu Dont guns that are made from Pu Dont steel.

Also there has been recently developed from corn a new explosive that is allegedly more powerful than nitroglycerine, but of course, our laboratories cannot give full information to the general public at this time, because several governments are bidding for it and we must give it to the highest bidder. We do not think that anyone should object to our policy of selling our discoveries to the highest bidding government, because, after all, we have to think of our profits. Then, too, wheat, along with being excellent for the manufacture of Wheatics, Puffed Wheat, Shredded Wheat, and other articles of common consumption, has provided us with a certain ingredient that is very valuable for the manufacture of powder.

Need I say more—if we have the only sure profit industry, and can guarantee returns to our stockholders, why demonstrate against war, the greatest good to humanity?

Let us, the Pu Donts, restore the United States to its rightful position as the foremost boom country of the world—boom, boom. * * *

SUPREME COURT DECISION OF COAL CONSERVATION ACT

Mr. GUFFEY. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial from the Philadelphia Record of May 19, 1936, entitled "Chaos Is Constitutional."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record of May 19, 1936]

CHAOS IS CONSTITUTIONAL

The Supreme Court yesterday took the Constitution and twisted it until it yelled "Ouch!"

Then the Court solemnly announced that the Guffey Coal Act was "clearly" and "indisputably" unconstitutional—

Even though it took the six majority Justices 68 days, a record time, to discover what they now say is "so clear" and "so indisputable"—

Even though three of the nine Justices—Brandeis, Stone, and Cardozo—not only don't think the majority decision is "clear" or "indisputable" but disagree with it completely—

Even though Justice Hughes also disagreed with some of the majority contentions and wrote a separate opinion reaching their conclusion by another route.

The Guffey Coal Act was drafted to eliminate chaos in the soft-coal industry. Just as A. A. A. was drafted to eliminate chaos in agriculture, and N. R. A. was designed to end chaos in business generally.

Now the Guffey Act goes the way of A. A. A. and N. R. A.

Chaos is constitutional.

In effect, that is what Justice Cardozo declares in his brilliant dissenting opinion. He writes:

"Commerce had been choked and burdened; its normal flow had been diverted from one State to another; there had been bankruptcy and waste and ruin alike for capital and for labor. The liberty protected by the fifth amendment does not include the right to persist in this anarchic riot.

"Stabilizing prices would go a long way toward stabilizing labor relations by giving the producers capacity to pay a living wage. To hold otherwise is to ignore the whole history of mining. All in vain have official committees inquired and reported in thousands of printed pages if this lesson has been lost.

"Indeed, the prevailing opinion goes so far, it seems, as to insist that if the least provision of the statute in any of the three chapters is to be set aside as void, the whole statute must go down, for the reason that everything from end to end is to be swallowed at a single draught, without power in the Commission or even in the Court to abate a jot or tittle."

Chaos was constitutional in the three disastrous years of Hoover, in the years when banks were falling like leaves in winter; when 15 millions were jobless and in bread lines; when business and the country both were bankrupt.

But the moment a President and a Congress seek to do something constructive; the moment Americans start to build—then the court steps in to say that the people of this country shall build only what the court is willing for them to build.

The Guffey Act has been recognized as a national necessity by the majority of the mine operators, by labor, by Congress, and by the President.

It is even recognized as a necessity by three of the nine members of the Supreme Court.

Yet six men disagree; six men say "nay"—and this needful, constructive law is tossed into the wastebasket, the welfare of mine operators and mine workers is ignored.

Destruction may proceed unhampered. Construction must run the blockade of the gods in black.

If the unconstitutionality of the Guffey Act is obvious and "indisputable", why did it take the court so long to discover the fact?

Why? Because the unconstitutionality of the Guffey Act is neither obvious nor indisputable. There is nothing in the Constitution about coal. There is nothing in the Constitution against regulation of business in the interests of the Nation. To the contrary, the whole Constitution is dedicated to the public welfare.

Moreover, the Constitution specifically gives Congress power to regulate interstate commerce. And if regulation of the coal industry does not constitute regulation of interstate commerce—then it would seem that words do not mean what they say.

And that's just it. To a majority of the men in black, words do not mean what they say.

In order to justify their own personal desires, to invalidate the Guffey Act, the Justices were obliged to resort to a far-fetched concept. They were forced to draw a fine distinction.

This fine distinction, as outlined by Mr. Justice Sutherland, holds that even though coal may be chiefly distributed in interstate commerce, it is not in interstate commerce until it has actually started moving from the mine.

In other words, interstate commerce is stripped of its ordinary, common-sense meaning, and given a very specialized, restricted definition. As the Court puts it, until the coal begins moving, it is at rest—and, therefore, not in interstate commerce. Ergo, the Government cannot regulate the coal industry.

Only a legal mind could rely upon such a preposterous argument. And only the most reactionary of legal minds could accept it with a straight face. It is an argument which equals in absurdity the Court's contention in the A. A. A. decision that agriculture is a local problem.

Without regard to the merits of the Guffey Act, its desirability or its constitutional implications, we cannot but feel that the Alice in Wonderlandish reasoning of Justice Sutherland in this decision drags the high Court lower than ever in public confidence and esteem.

This Supreme Court decision performs at least one service, even though it impedes our economic progress.

That service is in showing the people that the Constitution is not only what the judges say it is, but that the majority of the judges stand ready to twist, stretch, and mutilate the Constitution in order to satisfy their own prejudices and freeze those prejudices into law.

Let lawyers, students, thinking citizens everywhere get out their copies of the Constitution. Let them read carefully, earnestly. Let them scan every provision.

And then let them try to imagine that the founding fathers intended the Supreme Court to be the monarch of America.

Let them try to find anything, in plain words, which would justify the men in black in standing, with upraised hands, in the path of American progress.

Let them find anything in that great document which says that chaos is constitutional.

IN AND OUT—ARTICLE BY GEORGE N. PEEK

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Mr. George N. Peek, entitled "In and Out", as published in the Saturday Evening Post of last week.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Saturday Evening Post, Philadelphia, Pa., May 16, 1936]

IN AND OUT—THE EXPERIENCES OF THE FIRST A. A. A. ADMINISTRATOR

By George N. Peek, with Samuel Crowther

I went into the Roosevelt administration because I saw a chance to do something for agriculture and, through agriculture, for the Nation. I got out when I saw that I had no chance there to do anything either for agriculture or for the Nation. I am in politics for agriculture—not in agriculture for politics.

The administration has committed itself, by a distortion of the lately deceased Agricultural Adjustment Act, to a policy of socialized farming. It has committed itself, by a distortion of the Reciprocal Trade Agreements Act, to a low-tariff policy which has all the worst features of that free trade which the Nation has always turned down at the polls.

Both these policies are destructive. They can add nothing at all to the wealth and prosperity of the United States. They can only subtract from what we have, shift jobs from American to foreign workers, and transfer to foreign nations the control of what we have left. Exactly that has been happening. The facts are very clear. I shall present them without prejudice or passion.

The facts as exhibited by the official records mean little to many in this administration. The major policies of agriculture and foreign trade are in charge of men who have never earned their livings in industry, commerce, finance, or farming, and who have little comprehension as to how such livings are earned. Presenting facts to them is a sheer waste of time. They are long on theories but short on simple arithmetic. They are full of very big thoughts. These thoughts are so big that the United States is not a large enough field for them to operate in.

They would remake the United States as an incident to remaking the world. For instance, one highly placed official, at a time when crop surpluses were bothering us, came forward with an elaborate scheme for a world corporation which would pool all surpluses everywhere and distribute them to the poor of the world. He actually succeeded in calling a conference of departmental officials to consider his scheme. Another bright young man, who prided himself on the breadth of his views, was going to solve everything by having the United States forcibly guarantee the peace of the world. No one will ever know how many fantastic schemes were in the air. Many of them crossed the border line of sanity, but anyone who attempted to apply elementary common sense was denounced as an obstructionist. It was heresy to assert that two plus two had to equal four.

I had left the Republican Party to support Alfred E. Smith in 1928 because he promised to put into effect the farm program which I had been working on as far back as 1922. I worked for the election of Franklin D. Roosevelt because he seemed to comprehend the farm situation and promised to try to solve it along the lines a group of us had been steadily advocating. I entered what I thought was a Democratic administration, not because it was Democratic but because it was pledged to a certain course of action. I eventually found that I was not in a Democratic administration but in a curious collection of Socialists and internationalists who were neither Republicans nor Democrats.

They, fanaticlike, believed that their objectives transcended the objectives of ordinary human beings, and therefore they could not allow themselves to be hampered by platform pledges or by the Constitution.

There were two broad general groups—the Socialists and the internationalists. The Socialists, or, more strictly, the collectivists, seemed—for nothing was in the open—to be headed by Felix Frankfurter, Rexford G. Tugwell, and Jerome Frank. They gained the mind of the Secretary of Agriculture and had a good deal of sway throughout the Department. The internationalists ruled the State Department and were headed by Secretary Hull and Assistant Secretary Sayre. Those within the groups had many divergent aims. Secretary Wallace, who has an elastic mind capable of any stretching, alone managed to be in both groups.

ENTERING THE ADMINISTRATION

The outstanding and only common characteristic of both groups is their willingness to make the interests of our country and its people subservient to the practice of their theories and to substitute personal government centralized in Washington for our traditional State and local governments. The tactics pursued were unpleasantly reminiscent of those followed in the setting up of totalitarian governments in Russia, Italy, and Germany. Both groups have blind spots where the interests of the United States are concerned.

These are serious charges and I do not make them lightly. I intend to prove each point. But first I want to make my relations with the administration very clear. I entered the administration on my own terms. I did not want a job or political preferment of any kind. My salary as Administrator of the Agricultural Adjustment Act I turned over to private counsel whom I retained to advise me independently of the A. A. A. counsel—in whom I had no confidence.

The Agricultural Adjustment Act was a hodgepodge of conflicting notions compromised into a bill which had to be passed in order to get action. In supporting the act, I thought that it would be used for constructive purposes, and I did not have the slightest idea that in its administration it would become principally an instrument to regiment the farmer through acreage control. I had not the slightest idea that it would not be used for the purposes which through the years we had discussed—to open our foreign markets, to sell our surpluses, to improve distribution at home and to pay proper benefits independently of acreage control. I thought that before taking office I had made my views abundantly clear. I have no doubt now but that I did. But others had other views, and they were willing to wait until they could make them prevail.

Through all my life I have been steadfastly against the promotion of planned scarcity. On this point Secretary Wallace and I disagreed sharply while the bill was in the making. That I shall take up in detail in a later section.

A. A. A. PRELIMINARIES

The point of importance now is my understanding with the President as a condition precedent to taking office. Here are some entries from my diary for April 5, 1933—the Agricultural Adjustment Act was passed on May 12.

I talked with Wallace. I told him I was going up to the Hill for a while (meaning Senator SMITH'S office) to review my testimony. Upon arrival at Senator SMITH'S office a messenger from the Secretary's office came for me and said the Secretary wanted me to come to the Department right away, which I did. He said the President wanted us to come to the White House at 4:15, and asked what my answer would be to the President. I told him that depended upon the President's decision as to policy, which I would discuss in our interview. We spent 20 minutes with the President, who asked me if I would take the administration of the farm bill. I said that I regarded the problem as more industrial than agricultural, and that B. M. (Bernard M. Baruch) was the best man in the country for the job. He said he had talked with Baruch and that he could not take it but had strongly recommended me. I said that I came down here at Wallace's request and had tendered my services to be helpful, but that I could not take the job without a lot of things being understood, because I felt that he (the President) alone must outline the policy, as, in my opinion, the success or failure of his whole administration and the recovery of the country depended upon the successful administration of this act; that all that he had done about the banks and other things would be of no avail if this failed. I said that—

First, the form of the bill itself as it came through the Senate must be considered in connection with its administration.

Second, that his policy toward it must be known.

Third, that responsibility must rest with the Secretary and the Administrator, who jointly must have direct access to him, with no one else permitted to run circles around them to him.

Fourth, my five-point program represented my views. I left it with him. He congratulated me upon getting them all upon one page.

Here are the main features of the "five points" I left with the President:

1. Situation to be corrected.

The policy of attempting to expand industrial exports, regardless of the effect upon agriculture, is a demonstrated failure. It has been attempted by previous administrations, supported by leaders in business and finance, and by Government itself, but the plan collapsed when we could no longer continue to lend money to other nations to enable them to buy our wares. * * *

2. American-owned foreign plants.

Many of our processors have foreign plants which to a considerable extent take care of their trade outside of the United States. Our aim should be to ship products of the farm in manufactured form from plants within the United States to increase employment and stimulate activity at home. * * *

3. Centralized control or supervision of exports and imports.

Such control is suggested in order to benefit industries, localities, and labor within the United States. * * *

4. Competition for the consumer's dollar.

This competition exists generally in all industries, but I refer to the food industries in particular. Price cutting and other trade practices due to such competition are among the primary causes of the present depression as well as of the disparity in prices between farm commodities. Large-volume business is sought with the result of ruinously low prices to the farmer and at the expense of net profits even to the processor and distributing agencies. * * *

5. Policies regarding domestic against international trade.

We cannot follow both at the same time. My view is that we should favor the former and adjust our tariffs and perhaps the foreign debts by reciprocal agreements to encourage in the national interest, exports of farm products, preferably in manufactured form, in exchange for noncompeting farm products and selected industrial products. * * *

We told him (the President) that Lowden (Gov. Frank Lowden) would be here Friday, and he asked that we get Baruch to come too, that we should get together for a general discussion. The President referred to Raskob's change of heart between the 1928 convention and the 1928 campaign, and said that R. had first been opposed to the farm plank and later agreed with it to show how reasonable it appeared when explained.

The President asked me again if I would administer the bill, and I said that my views were in conflict with those of the Secretary and that a general understanding was necessary. Wallace confirmed my statement of the difference in views. The interview ended, to be renewed Friday.

Continuing the diary:

(Apr. 7, 1933—Friday). Lowden, B. M. B., and I went to the White House at 3:30 for a conference with the President. We spent nearly an hour there. The President said he had read my five-point memorandum and was quite in accord with it. He and I disagreed on the question of restricted production as a national policy. He said that it was likely the international wheat situation would be discussed at international conference on April 21. B. M. B. went over his objections to the bill and the President agreed to send for him before the bill went to conference, after it passed Senate. I argued strongly for one hundred million appropriation. Treasury to be reimbursed by tariff duties on agricultural imports, especially fats, oils, and blackstrap molasses. Governor Lowden supported me in this view, and the President said he would not object. I argued the injustice of asking processors to pay the expenses of a retreat from our traditional land policy. I felt processors should be compelled to pay the farmers fair prices, and if they would not do it, I favored taxing them and paying the farmers a benefit payment to insure parity prices on the domestically consumed portion of the crop. I felt that it was not fair to ask them to pay for the retirement of acreage. It is clear that further understanding is necessary, including freedom of action in selecting assistants.

The conference was of far-reaching importance, as both Bernard M. Baruch and Governor Lowden agreed to be of any help they could in an advisory way. * * *

(Apr. 22, 1933—Saturday.) By request went to see Secretary Wallace yesterday evening. Did not discuss details of administration of bill. Urged him to get comprehensive data on all exports and imports with each country for the purpose of determining expansion of agricultural exports. The Secretary expressed himself as of the opinion that we should go on through with the deflation now, adjusting supply to demand, and has not given up his idea of taking acreage out of production, although Earl Smith and Gregory shocked him considerably in a talk they had with him earlier in the day about the bad effect of his bureaucratic tendencies. Smith (Earl C. Smith, president, Illinois Agricultural Association) and Gregory (C. V. Gregory, editor, Prairie Farmer) asked me if Ezekiel (Mordecai Ezekiel, a bureau economist), and who else, was responsible.

(Apr. 26, 1933—Wednesday.) Suggested to Wallace yesterday the possibility of disaster if commodity prices were to rise sharply while unemployment continued, wages were reduced, and people continued to be laid off. Urged that some general industrial and municipal activities be encouraged. He asked me to see Ickes. Wallace said later that a committee had been appointed by the President of three men—Ickes, Wallace, and Dern.

(May 3, 1933—8:30 p. m.) F. D. R. at White House; Wallace, Tugwell, Wilson, Appleby, H. Cummings, Roper, Perkins, Woodin, (Assistant) W. Cummings, Farley, (Assistant) Moley, (Director of the Budget) Douglas, Morgenthau, other assistant Secretaries and attachés.

Very spirited debate over policy and organization. President finally settled matter of organization by marking Department chart.

After adjourning meeting about midnight he detained Wallace and me to decide matters of organization. This chart suggested an administrative organization as follows: The Secretary and the Administrator, and Divisions of Processing and Marketing, Finance, Information and Publicity, and Production; the six heads to form an administrative council. The office manager, general counsel, statistical division, and the world trade representative were to report to the Administrator as staff assistants. Wallace said he would like to have Rex a member of the council; the President said "no."

On May 15, 1933, upon taking office as the Administrator of the Agricultural Adjustment Act, I issued a statement which said in part:

"In the first place the sole aim and object of this act is to raise farm prices. Generally speaking, it is to raise them to a point where farm products will purchase as much of industrial products as they did before the war and to keep farm prices at that level. This is just what farmers through their organizations have been demanding for a dozen years.

"To agriculture it should be said that the purpose is not to do something for the farmers. It is to enable farmers to do something for themselves that they have been prevented from doing through many long, painful, and distressing years * * *."

With Charles J. Brand as coadministrator an organization for the administration of the A. A. A. was put together. He had organized the Bureau of Markets of the Department of Agriculture, and was thoroughly familiar with Government procedure—which I was not. He was then engaged in private industry. Mr. Brand was a most able and loyal associate.

We got the best men we could and as quickly as we could.

Generally we were fortunate in our own selections. But everything was in confusion, and we found ourselves saddled with many more whom we did not choose and did not want.

A plague of young lawyers settled on Washington. They all claimed to be friends of somebody or other, and mostly of Felix Frankfurter and Jerome Frank. They floated airily into offices, took desks, asked for papers, and found no end of things to be busy about. I never found out why they came, what they did, or why they left. Perhaps all of them expected to be hired and perhaps some of them were hired. I only know that in the legal division were formed the plans which eventually turned the A. A. A. from a device to aid the farmers into a device to introduce the collectivist system of agriculture into this country.

Jerome Frank was a lawyer who had practiced in Chicago and New York City, and had come to Washington, so he told me, at the request of Felix Frankfurter. Dr. Tugwell brought him to Agriculture.

I found that I knew Mr. Frank. I had met him at a time when he was counsel for a group of banks. He told me that he had more recently been with Thomas L. Chadbourne's firm in New York.

PROPHETS OF THE NEW ORDER

Mr. Frank was a good lawyer, but, as I later discovered, he was more concerned with social theory than with law, and he was so certain of his cleverness that he thought he could frame new laws or interpret old laws in such a manner as to carry out the theories he held. Practically all the young lawyers who swarmed into Washington dangling Phi Beta Kappa keys were enveloped in the delusion that they carried with them the tablets containing a new dispensation. They were going to inform the established lawyers and the Supreme Court what the law really was. Mr. Frank was slated to be solicitor for the Department of Agriculture. Mr. Farley killed that projected appointment.

Shortly after I accepted the position of Administrator and Brand had agreed to act as coadministrator, we went to the White House with Secretary Wallace to discuss procedure with the President and to arrive at a starting point. During the conversation I objected to Jerome Frank acting as general counsel for A. A. A. I advanced, among other reasons, the thought that he had had no experience with farm organizations and farmers, that he had been a city lawyer, and that his personality was such as not to inspire the confidence of the farm leaders.

In all of this Brand concurred. After discussing the subject for a few minutes, the President agreed with our point of view and told Wallace in our presence that he had better get rid of Frank by having him transferred to some other department, and suggested Justice. Upon our return to the office Wallace sent for Brand and me, and when we arrived at his office we found Frank there. Wallace said he had told him what the President had said, and we thought that the matter was settled. The next morning Wallace sent for me again. He was in great distress and appealed to me to retain Frank in the face of what the President had said.

Against my better judgment I yielded. As a precaution I retained Frederic P. Lee as private counsel.

We shortly discovered that Mr. Frank and his department were more concerned with matters of policy than with questions of law. They appeared to be proponents of the puppet system of Government and very anxious to extend Government control as a prelude to Government ownership. Contracts and arrangements which did not have Mr. Frank's approval for social rather than legal reasons seemed, no matter what their urgency, to get pigeonholed in his department. He always claimed that he did not have enough assistants to put things through promptly, although for a while he succeeded in getting over a hundred lawyers on his staff.

On September 30, 1933, Mr. Brand resigned. In December an article appeared in a New York newspaper to the effect that there was a split in the A. A. A. between the radicals headed by Mr. Frank and the conservatives headed by me, and that the young liberal lawyers, not only in the A. A. A. but throughout the administration, were about to walk out. It was written by a reporter who was close to the President and to the left-wing lawyers. Unfortunately it was not true.

The President on December 11 asked me to see him and, without going at length into the differences which had developed in the A. A. A., said that he had some special and important work for me to do in connection with foreign trade and, since it was directly in the line of my five points, he felt that I could do more in that field than in the position I had. This was equivalent to asking for my resignation from the office of administrator.

I left for Chicago that afternoon to address a meeting of the American Farm Bureau Federation. I made it very plain to that meeting that I was not in sympathy with the talk about abolishing the profit system and radically changing our institutions. I said in that speech:

"There is great apprehension in the minds of many businessmen today about the relations of government to business. There is grave concern over the expressions of a few ultraliberals about the Government taking over private business. If you want my opinion—personally, not officially, mind you—I would say that this apprehension is unwarranted. Unless it hustles, the Government has more hay down now than it will get up before it rains.

"Legitimate profits have always been regarded in this country as a proper reward for individual initiative, industry, and thrift. I know of no substitute for such traits. I am in favor of the profit system; but I am in favor of starting with the farmer.

"I am not committed to any one method of farm adjustment. I have not yet seen the perfect system either for the farmer, for the laborer, or for industry. I feel that fundamental plans should be discussed and understood before adoption; that new methods of social control should be clearly outlined, and that the people as a whole should have the right and duty to make the ultimate decision."

On my return from Chicago I found that the White House had issued a press release creating—

"A temporary committee to recommend permanent machinery to coordinate all Government relations to American foreign trade. * * * The report of a committee and final action thereon is expected within 2 weeks. George Peek, Agricultural Adjustment Administrator, having completed the organization period of the A. A. A., is designated to head this committee as special assistant to the President on American trade policy."

I resigned as Administrator of the A. A. A., setting out in my letter to the President that it was at his request. I felt that the A. A. A. was headed for trouble, for it was developing into an agency for permanent and wholesale acreage control from a central point and without due regard to local conditions.

FARMING BY BUREAUCRACY

Such a program is wrong in theory and is difficult if not impossible to administer in a democracy. I could not then or now willingly be a party to seeing control of the land of the farmers taken from them and put at the disposal of a Washington bureaucracy. As the A. A. A. began to expand as a social reform instead of as a farm aid, it became inevitable that in time the farmers would own their farms in name only and that, in fact, they would be the hired hands of Washington.

I had the choice of getting out of the Administration or staying in and seeing what I could do about foreign trade. I chose the latter course, albeit with misgivings and some sacrifice of spirit. I felt that eventually the proper development of foreign trade could effect a disposal of some surplus crops and in that way aid the domestic program—perhaps it might even be developed to a point where it could be used to kill off the acreage limitation and regimentation movement.

On December 30 I filed a report with the President recommending a foreign-trade administration and a United States foreign-trade corporation.

The arrangement that I proposed is not to be confused with any of the numerous corporations chartered with the public funds to put the Government into business. I had in mind something more in the nature of the British Board of Trade which would act as a clearing house for statistical information and set up double-entry books on the whole of our foreign trade so that we might distinguish between foreign trade and finance conducted at a profit to the Nation as a whole and that trade and finance conducted only for the profit of small groups and at the expense of the Nation as a whole. I had a suspicion that proper accounts would show that our foreign trade and foreign lending from the war period through to the beginning of the depression had been merely draining our resources.

THE EXPORT-IMPORT BANK

The President at that time was apparently in accord with my position—which I had already presented to him in the five points. On February 2, 1934, by Executive order he established the export-import bank and asked me to serve as president. The purpose of this bank was to help finance trade with Russia, but because of the misunderstanding concerning the Russian debt, it never did anything. On March 9 he established the second export-import bank. This was designed for trade with Cuba. Later the banks' activities were consolidated and their powers made general. The life of the banks was later extended by Congress. Both were under the authority of the National Industrial Recovery Act, and under that same authority on March 23, 1934, the President established the office of Special Adviser to the President on Foreign Trade. Four days later he extended the Executive committee on commercial policy.

As special trade adviser I took it as my primary function to find out what we had been doing on foreign trade through the years. When a man takes charge of a business, no matter what theories he may hold, he first calls for an independent audit of the books so that he will know what he is expected to manage. The results of my audit were submitted in two comprehensive letters to the President. He discussed both letters with me, apparently approved my findings, and ordered the documents printed as a part of the public records. I shall later take them up more in detail. It is enough here to say that the first thing I found out is that we had kept no books, in the modern sense of the word. We had been keeping, in various places, records by a single-entry system, but with no real income statement or balance sheet. Statistics on foreign trade are filed in 50 or more different governmental agencies, committees, or departments, all supposed to have something to do with the subject. The first part of the job was to assemble from these statistics a plain income account and balance sheet to show whether we had been doing business at a profit or a loss. This accounting showed, for the past 38 years, an increasingly disadvantageous position, by reason of a large increase of debts owed us from abroad.

The next step in our investigation was to break down the debit and credit items into terms of goods, services—visible and invisible—and capital transactions, including gold and silver. This led to startling findings. For instance, in 1910, less than 9 percent of our total dollar settlements was in capital transactions—investments, here and abroad. Seventy percent was in merchandise and services, the remainder being for war debts, tourist expenditures, immigrant remittances, and miscellaneous items. But in 1934 capital transactions between this and other countries accounted for 43 percent of the whole international movement and in the first 6 months of 1935 preliminary figures indicate 52 percent.

Having found out in a general way where the Nation stood on foreign balance, it seemed in order to do something about it, but I began to find that Government bookkeeping in foreign trade was not wanted. A considerable group, both in and out of the administration, for various reasons preferred the old copy-book theories of foreign trade to any policies based on factual information. Many bankers were against bookkeeping in spite of the fact that most of them had no knowledge at all of the actual accounts and, as I shall subsequently show, conducted enormous international financial operations with practically no knowledge of what they were doing. The war debt cancelationists—and among them were practically all the League of Nations special advocates—did not want accounts, perhaps because the accounts showed plainly that the United States had in its hands the power to collect its war debts. The professional trade boosters did not want accounts which might disclose that their policies at times ran counter to the public interest, as well as to the interests of investors.

THE INTERNATIONALIST VIEWPOINT

All of this opposition centered in the State Department. Secretary of State Hull is a very worthy gentleman who spent his early days as a lawyer and judge in Tennessee. Most of the time since 1907 he has been a Member of Congress. He has been on a public pay roll of one kind or another since 1903. Like most of his generation in the South, he grew up in the tradition of free trade. To him low tariffs are in the nature of a religion.

Mr. Hull has as his chief collaborator a very estimable gentleman, Prof. Francis B. Sayre, who married a daughter of the late President Wilson. Messrs. Hull and Sayre were both appointed to satisfy a certain wing of the Democratic Party. Professor Sayre was left enough money by his father, a Pennsylvania manufacturer, to do more or less what he pleased and, graduating from the Harvard Law School, he has preferred to teach law rather than to practice it. His widest experience was during the years 1923–30, which he spent as adviser to the Siamese Government. He is a doctrinaire who believes in the brotherhood of man, which is somehow to be brought about through the League of Nations and international free trade. If you do not agree with him, he thinks your motives must be bad because his are good.

It would not be fair to say that Messrs. Hull and Sayre would be willing to subordinate the interests of the United States to the furthering of their policies. It is fair to say that their mental processes are so rigid and their range of view so narrow that practically they might not know the interests of the United States when they saw them.

Messrs. Hull and Sayre represented the internationalist viewpoint within the administration just as the Tugwell-Frank coterie with Felix Frankfurter on the side lines represented the collectivist viewpoint. A collectivist believes in a planned economy. This requires a nationalist state and is directly opposed to internationalism. Secretary Wallace is, I am informed, the only human being who ever succeeded in being both a collectivist and an internationalist at the same time. He wrote a book, America Must Choose, which no doubt explained to his satisfaction how anyone can go in opposite directions at the same time.

RECIPROCAL-TRADE AGREEMENTS

However, the problem involved in attaching divergent pulls to the chariot of state did not seem to bother these groups in the administration. While the A. A. A. was seeking to raise farm prices so that agriculture could buy on an equality with industry, the N. R. A., through the President's reemployment agreement, was seeking to raise nonagricultural wages which would have the effect of putting industrial products out of the buying reach of the farmer. The Hull-Sayre program, as it developed, had as its objective the lowering of import duties and thus knocking the pins out from under both the N. R. A. and the A. A. A.

The Executive Committee on Commercial Policy, established by the President November 11, 1933, believed that if the President were empowered to execute reciprocal-trade agreements, granting concessions in duty if need be, our foreign trade might be stimulated. The whole world was doing that, and we were being left out. Some of the discussions leading up to the drafting of the Reciprocal Trade Agreements Act inclined to the ludicrous. The planned economy experts got an inning and actually drew up a plan as to what American industries were noneconomic and should therefore be destroyed by permitting and even furthering foreign competition. Master minds were everywhere about us, but that project was killed off.

In June 1934 the Reciprocal Trade Agreements Act was passed by Congress and became a law. In all my work as special adviser I found my every recommendation opposed by Messrs. Hull and Sayre, and when the Reciprocal Trade Agreements Act went through I found that they intended to administer it exactly as they chose and to the end of breaking down the American tariff system in the fervent belief that somehow the affairs of the whole world would thus be bettered. Their method of doing this was very simple. Our country has what are called "unconditional most-favored-nation" clauses in its commercial treaties with many countries. This is construed by Secretary Hull to mean that if in a special agreement a duty be lowered to country A in return for certain concessions from it, the same lowered duty will apply to all nations without any concessions from them. The process of applying the lowered duties to every other country is called generalization, and its effect is to make every tariff reduction in a so-called reciprocal treaty a general reduction. On this account practically none of the other countries of the world generalize their reciprocal concessions.

As special adviser to the President I many times protested these interpretations. In my report of December 31, 1934, I made formal

protest, and I also recommended abolishing my office and creating a permanent foreign-trade board. My office expired after the Supreme Court declared N. I. R. A. unconstitutional. It was impossible for me to discover whether the President agreed or did not agree with me. I determined, therefore, in July 1935 to press the matter to a decision. On July 16 I wrote to the President, in part, as follows:

"As these studies progressed I was forced inescapably to the conclusion that our general depression and the financial collapse of 1931-32 were traceable in very large measure to the commercial and financial policies pursued by the three post-war administrations in their relations with foreign nations. These policies rendered us vulnerable to the economic shocks which eventually overwhelmed us.

"This conclusion in turn led me to make to you two recommendations of major importance designed to correct the condition to which I refer.

"First, was the creation of a permanent foreign-trade board to coordinate the various foreign-trade activities of the Government. * * *

"Second, I have recommended that we abandon the unconditional most-favored-nation policy." * * *

RESIGNATION DEFERRED

"My objections to the unconditional most-favored-nation policy are twofold. In the first place, its use involves the progressive destruction of our bargaining power at a time when the conditions in international trade require that we retain the maximum freedom of action and bargaining power if our nationals are to compete on equal terms with the nationals of other countries in the markets of the world. In the second place, the result of the generalization of concessions under the unconditional most-favored-nation policy is to effect a general reduction of our tariff in return for scattered concessions from a limited number of nations. * * * I believe that a low-tariff policy is not an appropriate one for us at a time when our internal economic balance is in process of readjustment and when unemployment figures remain at their present level. I think that before we attempt general tariff reduction there should be a clear indication of policy from Congress on the subject.

"My fundamental reason for taking this step is that I feel increasingly out of sympathy with the foreign-trade policy now being pursued. I believe that national recovery will be impossible so long as these policies are continued."

I followed this a few days later with another letter in which I said, among other things:

"As I have indicated to you on a number of occasions, a question of major policy is involved. * * * Unless the issue is squarely faced and rightly settled within the Democratic Party, it is one which may well become a major campaign issue in 1936, with results to your administration and the Democratic Party which cannot now be foreseen. It can and should be settled, through free and open discussion of the principles involved, in the party councils and in Congress."

Then I presented my resignation as president of the Export-Import Bank, which was the only position I then held. The President in a letter to me suggested that, since he was going away on a long vacation, I withhold my resignation until after his return, when we would talk everything over. On July 29 I replied agreeing to withhold my resignation, but making it very plain that remaining in the administration must not be interpreted to mean that I approved its foreign-trade policies or would refrain from public criticism.

A NEW WAY TO LOWER TARIFFS

The State Department went ahead making its agreements without any comprehension of the actual facts of trade or the importance of maintaining an American economy distinct from an international economy. A great deal more than tariffs is involved in the question. The tariff is only one of several means to an end. That I shall later bring out. At a later date Dr. Henry F. Grady, of the State Department, and chairman of the Trade Agreements Committee, put into a magazine article what those of us who were following the situation already knew, but which the public did not.

He said: "Our objective is the general amelioration of the world situation. * * * We have already lowered many rates, which have been generalized to other countries. When we shall have gone the rounds of most of the important countries of the world, reducing in each case the duties on commodities of which it is the principal source, we shall have lowered our tariffs on a great many items where the case for lowering is justified. As a result of extending these reductions to virtually all countries, we will obtain, it would seem, what the proponents of unilateral tariff reduction desire; but we will do it more carefully and scientifically than is possible by legislative action."

Later in a speech at Riverside, Calif., he said, "This new policy is of an importance that can hardly be exaggerated. We are to a greater degree than ever before meshing our domestic economy into world economy."

The State Department went ahead. They set up a trade-agreement mechanism which, in effect, excluded any conference with the practical interests and put the actual making of the treaties in the hands of college professors and men of only bureau training. If an American businessman wanted to find out what was being done about any particular agreement he had to go to a foreign embassy or send a representative abroad to talk with business interests.

None of the agreements gave any benefits to the United States commensurate with the concessions granted.

The State Department paid no attention at all to the protests of the representatives of the special adviser's office. They refused to make any agreements touching the recovering of public or private debts owing to Americans while all the other nations, and especially Great Britain, in their agreements saw to it that their debts were looked after. The State Department bound articles on the free list in such fashion as to destroy much of our bargaining power and prevent the rounding out of a self-reliant United States. Also it limited the taxing prerogative of Congress. They made a duty cut on the ground that American prices were too high—and again because they thought industrial salaries were unduly large. Whether they were right or wrong does not matter. Congress had not given to the State Department a roving commission to pry into industry.

I talked with the President, but got nowhere. I was under no obligation to keep silent. I spoke my mind before a luncheon of the War Industries Board Association in New York City on Armistice Day, 1935, and concluded with a table which I called America's Choice. Here it is:

AMERICA'S CHOICE—WHICH SHALL IT BE?

A policy for internationalists	*A policy for America*
I	I
Relaxation of immigration laws and regulation of immigration by international agreements.	Rigorous tightening of immigration laws: (a) To reduce American unemployment. (b) To reduce alien influence in our domestic affairs.
II	II
General reduction of tariffs: (a) Laissez faire. (b) Unconditional most-favored-nation.	Preservation of the American market, American price levels, and American employment: (a) Selective imports and exports. (b) Tariff reductions only for specific advantages in individual foreign countries (i. e., reciprocity or conditional most-favored-nation).
III	III
Stabilization of currencies by general international action (i. e., return to unregulated or foreign-controlled gold standard).	Stabilization of American dollar at American price level—thereafter stabilization by agreement with individual countries or blocs where possible (i. e., a managed currency based on national bookkeeping).
IV	IV
Free export of capital and resumption of general foreign loans. Multiplication of branch factories and American direct investments abroad.	Control of export of capital: (a) To conserve national assets and resources. (b) To assist American trade, foreign and domestic. (c) To minimize foreign influence or control over American securities market and American enterprise.
V	V
Naval limitation by international agreement to meet the requirements of Great Britain, Japan, France, Italy, and Germany.	Navy designed to meet American requirements, including defense of the Panama Canal and the Pacific coast.
VI	VI
Dependence on foreign shipping and communications.	Development of American shipping and communications systems.
VII	VII
Submission of disputes to decision of foreign-dominated tribunals such as the World Court.	Settlement of disputes by arbitration confirmed by the Senate.
VIII	VIII
Automatic intervention in European or Asiatic political disputes, as under the Kellogg Treaty and Stimson Doctrine. Collaboration with League in naming "aggressors" anywhere in the world and enforcing sanctions.	In case of wars in Europe or Asia, strict neutrality and avoidance of "moral" judgments on belligerents. Cash and carry policy for direct or indirect trade with belligerents. For the Americas the Monroe Doctrine, plus the good-neighbor policy.

A New York newspaper picked up the parallel columns of my eight points and printed them in big type. The President saw that editorial, and he wrote to me from Warm Springs a page-and-a-half letter which showed both irritation and agitation. He denied that the policies labeled "internationalist" were the policies of his administration. In that I profoundly differed with him,

for to me the trend was unmistakable. I took the opportunity at once to resign.

I had a meeting with the President on November 19. He asked me about the Canadian agreement, which had just been announced. I told him that it was a very good agreement for Canada and some other countries, but a very bad one for the United States and that I was preparing a factual memorandum on it. I left with him a copy of the eight points.

I saw the President again on December 12. Our meeting was cordial. He asked what I was going to do. I said: "I am going out to continue the work that has taken most of my time for 13 years. * * *"

I know that I have fought for the truth as I have seen it; I have kept the faith as I have known it. In recording the struggle I am seeking to tell my loyal associates and supporters in the long farm battle what the developments have been and what the portents are if present policies are carried through. In conscience I can do no less.

The American dream of a free, peaceful, and prosperous United States, resting on the foundations of a self-reliant home-owning agriculture, is not yet dead. It is worth working for and fighting for. It still lies within our power to make this dream come true.

COLLECTION OF REVENUE FROM INTOXICATING LIQUORS

The Senate resumed consideration of the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes.

Mr. KING. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that committee amendments be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. KING. Mr. President, before proceeding to consideration of the bill I should like to submit a brief statement as to its purposes, so that Senators who may be interested may know something of its provisions.

The bill was introduced in the House of Representatives many months ago and received careful consideration at the hands of the Ways and Means Committee. It came to the Senate and was referred to the Committee on Finance. It was then referred to a subcommittee which held hearings and later reported to the full committee. After careful consideration the full committee reported the bill to the Senate. I understood the report was unanimous, but this morning I was advised that a minority report has been filed with respect to one particular matter which will be presented later.

The purpose of this bill is to amend the administrative provisions of law relating to the collection of taxes upon distilled spirits, wines, and fermented malt beverages. The bill is necessary because, due to the long period of prohibition, the internal-revenue laws have not kept pace with the growth of the country. At the public hearings held by your committee, representatives of the distillers, rectifiers, wine-makers, and brewers appeared and offered numerous amendments to the bill as it passed the House. These representatives and those of the Treasury Department were requested by your committee to confer and endeavor to agree upon such amendments as could be accepted by the Treasury Department without danger to the revenue. All of the amendments to the bill which your committee recommends are, with few exceptions, satisfactory to the Treasury Department.

The bill in general, in the interest of flexibility, makes certain changes in the laws relating to supervision by the Government of the production of, and the collection of taxes on, distilled spirits, wines, and fermented malt beverages.

In connection with the brewing industry it broadens the present laws so as to permit the manufacture in breweries and bottling houses of products which your committee believes can be permitted to be manufactured without danger to the revenue. It permits the shipment of beer in tank cars, if, in the judgment of the Commissioner of Internal Revenue, such shipments can be made without danger to the revenue. It also directs the Commissioner of Internal Revenue to investigate and ascertain whether refunds for losses on account of leakage, wastage, and so forth, can be made without danger to the revenue, and in the event that an affirmative finding is made, requires the Commissioner to prescribe rules and regulations under which such refunds can be made.

Among the amendments proposed by the wine makers and which your committee recommends be enacted are those authorizing the manufacture of vermouth on bonded winery premises, and the clarification on such premises of wine which has become cloudy without payment of the special tax as a rectifier or the 30-cent tax imposed on the products of rectification.

Among the amendments proposed by the rectifiers and which your committee recommends be enacted are those authorizing rectification of spirits and wines in customs manufacturing warehouses for shipment to Puerto Rico without payment of taxes due on the products of such rectification and exempting the rectifier of such spirits and wines from payment of special tax as a rectifier on account of such rectification conducted in the manufacturing warehouse; and another under which cordials, and so forth, made with tax-paid sweet wines, fortified with tax-paid brandy, will be relieved from second taxation as distilled spirits—as required under existing law—if they contain more than 24 percent of alcohol.

The bill contains new provisions which abolish the old distinctions between distillery warehouses, general bonded warehouses, and special bonded warehouses, and establish a new type of warehouses to be known as Internal Revenue bonded warehouses.

To aid in the suppression of bootlegging, the bill defines certain acts committed in connection with liquor-tax evasions as offenses against the United States and imposes severe penalties for the commission of such offenses.

The last title of the bill makes the Federal Alcohol Administration—which is now a division of the Treasury Department—an independent establishment of the Government.

The bill deals with many phases of internal-revenue taxation of distilled spirits, wine, and malt beverages. For the most part, the bill proposes technical amendments to the existing law on that subject. Many of these amendments have as their object the more economical administration of these laws. It was disclosed at the hearings that it was possible in various ways to simplify enforcement and avoid duplication in the work of tax collection. Other provisions of the bill propose the elimination of obsolete requirements of the statutes—most of them running back as far as 1875—which can now be repealed without danger to the revenue. Other statutes, old and new, are proposed to be modified to remove burdens on the liquor-producing and distributing industries when this can be done without sacrificing efficiency of execution of the law or certainty of collection of the tax. Some of the restrictions which have been removed or modified were imposed during national prohibition as an adjunct to that policy and their necessity no longer exists. Other provisions of the bill are designed to close doors which are now open to the tax evader and to assure tax collection by providing for closer supervision of those liable for the various taxes under these laws and by providing for other administrative machinery under which tax collection will be speedy and sure.

Your committee believes that a complete codification of the internal-revenue laws relating to liquor would be of great benefit to all persons concerned with the administration and application of such laws. However, it would, perhaps, be inadvisable to attempt such codification at this time. Nevertheless, the bill recommended for enactment, by removing obsolete provisions and clarifying the statutes, has made a step in the direction of a codification and will doubtless prove of great benefit from a purely practical standpoint.

The amendments to existing law are so various that any general statement will not adequately disclose the character of each particular section of the bill. The report submitted by the committee contains a detailed analysis of the various sections of the bill under which the effect of each is set forth.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Idaho?

Mr. KING. Certainly.

Mr. BORAH. Is there anything in the bill of substance other than a codification of the liquor laws?

Mr. KING. That is my judgment. I do not know whether the Senator would call it "substance." There is one amendment to be offered which is not in the printed bill.

Mr. BORAH. I understand.

Mr. JOHNSON. Mr. President——

Mr. KING. There is another amendment to be offered in regard to the wine schedule.

I yield to the Senator from California.

Mr. JOHNSON. I was simply going to call attention to the question of taxation of the wine interests in order that the Senator from Idaho might consider that phase of the bill.

Mr. KING. I have asked that the Senate consider committee amendments first. I suggest that we consider amendments to which there is no objection and which are formal in their character and pass over any which may require some consideration until we shall have completed consideration of the unobjected amendments.

The PRESIDENT pro tempore. The clerk will state the amendments of the committee.

The first amendment of the Committee on Finance was, on page 1, after line 5, to strike out:

SEC. 2. Every bottle, box, package, barrel, keg, cask, or other receptacle containing intoxicating liquor which does not have on it a tax stamp, import stamp, strip stamp, label, brand, stencil, or other marking required by any law of the United States now or hereafter in force in regard to the manufacture, taxation, or transportation of or traffic in intoxicating liquor, or by any regulation issued under such law, or which has on it any false or falsely made, fraudulent, or fictitious tax stamp, import stamp, strip stamp, label, branch, stencil, or other mark made in similitude of that required by such law or regulation, or which is not accompanied by manifests, bills of lading, certificates, permits, or other documents required by such law or regulation, shall with its contents, be seized and forfeited.

The amendment was agreed to.

The next amendment was, on page 2, line 12, to change the section number from "3" to "2"; in line 15, after the words "traffic in", to strike out "intoxicating liquor" and insert "distilled spirits, wines, or fermented malt liquors"; in line 22, after the word "Firearms", to strike out "act" and insert "Act)"; in line 24, after the word "in", to strike out "length)" and insert "length"; and on page 3, line 7, after the word "length" and the comma, to strike out "in violation of the provisions of the National Firearms Act", so as to make the section read:

SEC. 2. (a) Whoever, when violating any law of the United States, or of any Territory or possession of the United States, or of the District of Columbia, in regard to the manufacture, taxation, or transportation of or traffic in distilled spirits, wines, or fermented malt liquors, or when aiding in any such violation, has in his possession or in his control any device capable of causing emission of smoke, gas, or fumes, and which may be used for the purpose of hindering, delaying, or preventing pursuit or capture, any explosive, or any firearm (as defined in the National Firearms Act), except a machine gun, or a shotgun or rifle having a barrel of less than 18 inches in length, shall be fined not more than $5,000 or be imprisoned for not more than 10 years, or both, and all persons engaged in any such violation or in aiding in any such violation shall be held to be in possession or control of such device, firearm, or explosive.

(b) Whoever, when violating any such law, has in his possession or in his control a machine gun, or any shotgun or rifle having a barrel of less than 18 inches in length, shall be punished by imprisonment for not more than 20 years; and all persons engaged in any such violation or in aiding in any such violation shall be held to be in possession and control of such machine gun, shotgun, or rifle.

(c) Every such firearm or device for emitting gas, smoke, or fumes, and every such explosive, machine gun, shotgun, or rifle, in the possession or control of any person when violating any such law, shall be seized and shall be forfeited and disposed of in the manner provided by section 7 of the National Firearms Act.

The amendment was agreed to.

The next amendment was, on page 3, line 18, to change the section number from "4" to "3"; in line 20, after the figures "1934" and the comma, to insert "as amended"; and in line 21, after the words "of the", to strike out "customs or of the internal revenue" and insert "Customs Service or of the Internal Revenue Service", so as to make the section read:

SEC. 3. Section 1 of the act entitled "An act to provide punishment for killing or assaulting Federal officers", approved May 18, 1934, as amended, is amended by striking out the words "any officer of the Customs Service or of the Internal Revenue Service" and inserting in lieu thereof the words "any officer, employee, agent, or other person in the service of the customs or of the internal revenue."

The amendment was agreed to.

The next amendment was, under the heading "Title II", on page 4, after line 19, to strike out:

SECTION 201. Section 3287 of the Revised Statutes, as amended (26 U. S. C., 367; U. S. C., Supp. VII, title 26, sec. 1231 (a) and (b)), is amended to read as follows:

"SEC. 3287. (a) All distilled spirits shall be drawn from receiving cisterns into casks or packages, each of not less capacity than 10 gallons wine measure, and shall thereupon be gauged, proved, and marked by a storekeeper-gauger, who shall cut on the cask or package containing such spirits, in a manner to be prescribed by the Commissioner of Internal Revenue, the quantity in wine gallons and in proof gallons of the contents of such casks or packages. There shall be marked or branded on the head of each such cask or package in letters of not less than three-fourths of an inch in height the name of the distiller, the registered number of the distillery, the city or town and State, the number of the supervisory district in which the distillery is located, the particular name of such distilled spirits as known to the trade, that is to say, high wines or spirits, as the case may be, the kind of cooperage (indicated by abbreviations), and the serial number of the cask or package. Such serial numbers for every distillery shall begin with number 1 and continue in a regular sequence, and no two or more casks or packages warehoused at the same distillery shall be marked with the same number. The head of the cask or package bearing these marks and brands shall be known as the 'Government head.'

"(b) The gross weight, tare, net weight, wine gallons, proof, and proof gallons shall be cut upon the bung stave of the cask or package in the order named, on the side of the bunghole nearest to the Government head. After the cask or package has been weighed, proofed, and marked as above required, the storekeeper-gauger shall stencil on the Government head of the cask or package the word 'Inspected', followed by his name and title, and the spirits shall be immediately removed into the distillery warehouse."

The amendment was agreed to.

The next amendment was, on page 6, after line 4, to insert:

SECTION 201. Section 3287 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1231), is amended to read as follows:

"SEC. 3287. (a) Except as provided in section 602 of the Revenue Act of 1918, as amended, all distilled spirits shall be drawn from receiving cisterns into casks or packages and thereupon shall be gauged, proved, and marked by a storekeeper-gauger, and immediately removed into an Internal Revenue bonded warehouse. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, gauging, and packaging of distilled spirits; the marking, branding, numbering, and stamping of such packages; and the transfer and transportation to, and the storage of such spirits in, Internal Revenue bonded warehouses."

The amendment was agreed to.

The next amendment was, on page 7, after line 6, to strike out:

(d) Alcohol or high-proof spirits withdrawn free of tax for the use of the United States, as authorized by law, may be drawn off or transferred by pipes directly from storage tanks of any industrial-alcohol plant to closed metal storage tanks situated in the industrial-alcohol bonded warehouse and transferred from such storage tanks to tanks or tank cars for shipment, upon the execution of such bonds and under such regulations as the Secretary of the Treasury may prescribe.

The amendment was agreed to.

Mr. KING. Mr. President, I may say that that language is in existing law, so that it is surplusage.

The PRESIDENT pro tempore. The next committee amendment will be stated.

The next amendment was, on page 7, at the beginning of line 16, to strike out "(e)" and insert "(c)", and in the same line, after the word "The", to strike out "Secretary of the Treasury" and insert "Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury"; at the beginning of line 20, to strike out "(f)" and insert "(d)"; in the same line, after the word "The", to strike out "Secretary of the Treasury" and insert "Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury"; and on page 8, line 2, after the word "the", to strike out "Secretary" and insert "Commissioner", so as to read:

(c) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, prescribe the

standards of fill of casks or packages of distilled spirits at each distillery.

(d) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, from time to time require a distiller, at his expense and under the immediate personal supervision of a storekeeper-gauger, to do such marking and branding and such mechanical labor pertaining to gauging required under this section as the Commissioner deems proper and determines may be done without danger to the revenue.

The amendment was agreed to.

The next amendment was, on page 8, after line 4, to strike out:

SEC. 202. Section 3295 of the Revised Statutes, as amended (26 U. S. C., 374; U. S. C., Supp. VII, title 26; sec. 1236), is further amended to read as follows:

"SEC. 3295. (a) Whenever an order is received from the supervisor of the district for the removal from any distillery warehouse of any cask or package of distilled spirits on which the tax has been paid, the storekeeper-gauger, by whom the same is gauged and inspected, shall, before such cask or package has left the warehouse, place upon the Government head thereof, in such manner as to cover no portion of any brand or mark prescribed by law already placed thereon, a stamp, on which shall be engraved the number of proof gallons contained in such cask or package on which the tax has been paid, and which shall state the serial number of the cask or package, the name of the person by whom the tax was paid, and the person to whom and the place where it is to be delivered.

"(b) Said stamp shall be signed by the collector of the district, and the storekeeper-gauger, and shall be as follows:

Tax-paid stamp, No. ------

Received ----------, 19--, from ----------; tax on ---------- gallons proof spirit, cask no. ----------, ---------- warehouse at ---------- for delivery to ----------, at ----------.

Collector -------- District, State of ----------.
Attest:

---------- ----------,
United States storekeeper-gauger.

"(c) At the time of affixing the tax-paid stamp the storekeeper-gauger shall cut or burn upon the Government head of each cask or package the date of payment of the tax, the number of proof gallons, and the number of the stamp, which cutting, marking, or branding shall be erased when such cask or package is emptied.

The amendment was agreed to.

The next amendment was, on page 9, after line 16, to insert:

SEC. 202. Section 3295 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1236), is further amended to read as follows:

"SEC. 3295. (a) Whenever an application is received for the removal from any Internal Revenue bonded warehouse of any cask or package of distilled spirits, the storekeeper-gauger shall gauge and inspect the same, and shall, before such cask or package has left the warehouse, place upon such package such marks, brands, and stamps as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall by regulations prescribe."

On page 10, line 4, before the word "The", to strike out "(d)" and insert "(b)"; in the same line, after the word "The", to strike out "Secretary of the Treasury" and insert "Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury"; and in line 10, after the word "the", to strike out "Secretary" and insert "Commissioner", so as to read:

SEC. 202. Section 3295 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1236), is further amended to read as follows:

"SEC. 3295. (a) Whenever an application is received for the removal from any Internal Revenue bonded warehouse of any cask or package of distilled spirits, the storekeeper-gauger shall gauge and inspect the same, and shall, before such cask or package has left the warehouse, place upon such package such marks, brands, and stamps as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall by regulations prescribe.

"(b) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may, by regulations, from time to time, require any distiller, at his expense and under the immediate personal supervision of a storekeeper-gauger, to do such marking and branding and such mechanical labor pertaining to gauging required under this section as the Commissioner deems proper and determines may be done without danger to the revenue."

The amendment was agreed to.

The next amendment was, on page 10, line 13, after the words "Revised Statutes", to strike out "(U. S. C., Supp. VII, title 26, sec. 1811 (a))" and insert "(U. S. C., 1934 ed., title 26, sec. 1811 (a))"; in line 18, after the word "or", to strike out "distillery warehouse" and insert "Internal Revenue bonded warehouse"; and on page 11, line 2, after the words "by the", to strike out "Secretary of the Treasury" and insert "Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury", so as to make the section read:

SEC. 203. Section 3290 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1811 (a)) is amended to read as follows:

"SEC. 3290. Whenever any storekeeper-gauger employs any owner, agent, or superintendent of any distillery or Internal Revenue bonded warehouse, or any person in the service of such owner, agent, or superintendent, or any rectifier or wholesale liquor dealer, or any person in the service of such rectifier or wholesale liquor dealer, to use his brands or to discharge any of the duties imposed upon him by law, he shall, for each offense so committed, be subject to a fine of not more than $1,000. This section shall not apply in any case in which the use of the storekeeper-gauger's brand or the discharge of his duties by another has been directed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, under authority of law."

The amendment was agreed to.

The next amendment was, under the heading "Title III", on page 11, line 8, after the word "amended" to strike out "(26 U. S. C., sec. 286; U. S. C., Supp. VII, title 26, secs. 1166 (b) and 1353)", and insert "(U. S. C., 1934 ed., title 26, secs. 1166 (b) and 1353)", so as to read:

SECTION 301. (a) Section 3262 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, secs. 1166 (b) and 1353), is amended to read as follows:

"SEC. 3262. (a) No bond of a distiller shall be approved unless—

"(1) The distiller is the owner in fee, unemcumbered by any mortgage, judgment, or other lien, of the lot or tract of land on which the distillery is situated; or

"(2) The distiller files with the officer designated for the purpose by the Commissioner of Internal Revenue, in connection with his notice, the written consent of the owner of the fee, and of any mortgagee, judgment-creditor, or other person having a lien thereon, duly acknowledged, that the premises may be used for the purpose of distilling spirits, subject to the provisions of law, and expressly stipulating that the lien of the United States for taxes and penalties shall have priority of such mortgage, judgment, or other encumbrance, and that in the case of the forfeiture of the distillery premises, or any part thereof, the title to the same shall vest in the United States, discharged from such mortgage, judgment, or other encumbrance; or, if consent as required under this paragraph cannot be obtained,

"(3) The distiller, with the approval of the Commissioner, files with the officer designated by the Commissioner a bond, approved by the Commissioner, in the penal sum equal to the appraised value of the lot or tract of land on which the distillery is situated, the distillery, the buildings, and the distilling apparatus. Such value shall be determined, and such bond shall be executed, in such form and with such sureties, and filed with the officer designated by the Commissioner of Internal Revenue, under such regulations as the Secretary of the Treasury shall prescribe.

"(b) In any case where the owner of a distillery or distilling apparatus, erected prior to July 20, 1868, has only an estate for a term of years or other estate less than fee simple in the lot or tract of land on which the distillery is situated, the evidence of title to which shall have been duly recorded prior to that date; or in like case, where the lease or other evidence of title is held but was not required by the laws of the State to be recorded in order to be valid at the time of its execution; or in any case of such prior erection where the title was then, and has continued to be, in litigation; or in any case of such prior erection where such owner is possessed of the fee, but encumbered with a mortgage executed and duly recorded prior to July 20, 1868, and not due, or in any case of such prior erection where the fee is held by a femme-covert, minor, person of unsound mind, or other person incapable of giving consent, as required in subsection (a), the value of such lot or tract of land, together with the building and distilling apparatus, shall be appraised in the manner to be prescribed by the Commissioner; and the officer designated by the Commissioner may, at the discretion of the Commissioner, be authorized to accept, in lieu of the said written consent, the bond of such distiller, in such form as the Commissioner may prescribe, with not less than two personal sureties or one corporate surety, conditioned that in case the distillery, distilling apparatus, or any part thereof, shall by final judgment be forfeited for the violation of any of the provisions of law, the obligors shall pay the amount stated in said bond. Said sureties shall be residents of the collection district or county, or of an adjoining county in the same State in which the distillery is situated, and owners of unemcumbered real estate in said district or county, or adjoining county, equal to such appraised value, and the penal sum of said bond shall be equal to the appraised value of said lot or tract of land together with the buildings and distilling apparatus.

"(c) The officer designated by the Commissioner may at any time, at the discretion of the Commissioner, accept such bond as is authorized to be given by the distiller in lieu of the written consent of the owner of the fee in the case of a distillery erected

prior to July 20, 1868, notwithstanding such distillery has since then been increased by the addition of land or buildings adjacent or contiguous thereto, not owned by the distiller himself in fee; such bond to be for and in respect of such addition only, if the distillery be one which the distiller owns in fee or in respect to which he has procured the written consent of the owner of the fee or other encumbrance, otherwise to be for and in respect of the entire distillery as increased by such addition.

"(d) In case of any distillery sold at judicial or other sale in favor of the United States, a bond may be taken at the discretion of the Commissioner of Internal Revenue, in lieu of the written consent required by this section, and the person giving such bond may be allowed to operate such distillery during the existence of the right of redemption from such sale, on complying with all the other provisions of law.

"(e) No lien shall attach to any lot or tract of land, distillery, building, or distilling apparatus, under the provisions of section 3251 of the Revised Statutes, as amended, by reason of distilling done during any period included within the term of any bond taken under the provisions of paragraph (3) of subsection (a) of this section."

The amendment was agreed to.

The next amendment was, on page 15, line 4, after the word "amended", to strike out "(26 U. S. C., sec. 289; U. S. C., Supp. VII, title 26, sec. 1168)" and insert "(U. S. C., 1934 ed., title 26, sec. 1168)"; and in line 17, after the word "amended", to strike out "(26 U. S. C., 321)" and insert "(U. S. C., 1934 ed., title 26, sec. 1198)", so as to read:

SEC. 302. Section 3264 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1168), is further amended by adding at the end thereof the following new paragraph:

"The Secretary of the Treasury in the case of any distillery, may, under regulations, waive such of the requirements of this section as he determines may be waived without danger to the revenue. Whenever the Secretary of the Treasury, by authority of this paragraph, waives any or all of the requirements of this section, he may, by regulation, relieve the distiller from such requirements of sections 3285, 3309, 3310, and 3311 of the Revised Statutes, as amended, and of section 6 of the act of March 1, 1879, as amended (U. S. C., 1934 ed., title 26, sec. 1198), and of such other provisions of law relating or incidental to survey requirements, as the Secretary determines may be waived without danger to the revenue."

The amendment was agreed to.

The next amendment was, on page 15, line 22, after the word "amended", to strike out "(26 U. S. C., sec. 284; U. S. C., Supp. VII, title 26, sec. 1165)" and insert "(U. S. C., 1934 ed., title 26, sec. 1165)"; and, on page 16, line 4, after the word "amended", to strike out "(26 U. S. C., sec. 289; U. S. C., Supp. VII, title 26, sec. 1168)" and insert "(U. S. C., 1934 ed., title 26, sec. 1168)", so as to read:

SEC. 303. Section 3260 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1165), is further amended by adding at the end thereof the following new paragraph:

"Whenever, under authority of law, the Secretary of the Treasury shall relieve a distiller from the survey requirements of section 3264 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1168), he may likewise by regulation fix the penal sum of the distiller's bond, but in no case shall the amount of the minimum bond be less than $5,000 nor the amount of the maximum bond greater than $100,000."

The amendment was agreed to.

The next amendment was, on page 16, line 10, after the words "Revised Statutes", to strike out "(26 U. S. C., sec. 292; U. S. C., Supp. VII, title 26, sec. 1171)" and insert "(U. S. C., 1934 ed., title 26, sec. 1171)", so as to read:

SEC. 304. Section 3267 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1171) is amended by adding a new paragraph at the end thereof, to read as follows:

"Whenever, under authority of law, the Secretary of the Treasury shall relieve a distiller from the survey requirements, he may, by regulation, require the distiller to provide such receiving cisterns, tanks, or such other equipment as the Secretary shall deem proper in order to protect the revenue."

The amendment was agreed to.

The next amendment was, on page 16, line 22, after "(28 Stat. 568)" and the comma, to strike out "(26 U. S. C., sec. 287; U. S. C., Supp. VII, title 26, sec. 1166 (c))" and insert "(U. S. C., 1934 ed., title 26, sec. 1166 (c))"; on page 17, line 20, after the words "taxation of", to strike out "intoxicating liquor" and insert "distilled spirits, wines, or fermented malt liquors"; and on page 18, line 2, after the word "of", to insert "distilled spirits, wine, fermented malt liquor, or other", so as to read:

SEC. 305. Section 67 of the act of August 27, 1894 (28 Stat. 563), (U. S. C., 1934 ed., title 26, sec. 1166 (c)), is amended to read as follows:

"SEC. 67. (a) No individual firm, partnership, corporation, or association, intending to commence or to continue the business of a distiller, rectifier, brewer, or winemaker, shall commence or continue the business of a distiller, rectifier, brewer, or winemaker until all bonds in respect of such a business required by any provision of law have been approved by the Commissioner of Internal Revenue or such other officer of the Bureau of Internal Revenue as the Commissioner, with the approval of the Secretary of the Treasury, may designate.

"(b) The Commissioner or the designated officer may disapprove any such bond or bonds if the individual, firm, partnership, corporation, or association giving the same, or owning, controlling, or actively participating in the management of the business of the individual or firm, partnership, corporation, or association giving the same, shall have been previously convicted in a court of competent jurisdiction of (1) any fraudulent noncompliance with any provision of any law of the United States if such provision related to internal-revenue or customs taxation of distilled spirits, wines, or fermented malt liquors, or if such an offense shall have been compromised with the individual, firm, partnership, corporation, or association upon payment of penalties or otherwise, or (2) any felony under a law of any State, Territory, or the District of Columbia, or the United States, prohibiting the manufacture, sale, importation, or transportation of distilled spirits, wine, fermented malt liquor, or other intoxicating liquor.

"(c) In case the disapproval is by any officer other than the Commissioner, the individual, firm, partnership, corporation, or association giving the bond may appeal from such disapproval to the Commissioner.

"(d) The disapproval of the Commissioner in any matter under this section shall be final."

The amendment was agreed to.

The next amendment was, on page 18, line 10, after "Sec. 306", to insert:

(a) Section 1 of the act entitled "An act to allow the bottling of distilled spirits in bond", approved March 3, 1897, as amended (U. S. C., 1934 ed., title 26, sec. 1276), is further amended to read as follows:

"That whenever any distilled spirits deposited in the Internal Revenue bonded warehouse have been duly entered for withdrawal, before or after tax-payment, or for export in bond, and have been duly gauged and the required marks, brands, and tax-paid stamps (if required) or export stamps, as the case may be, have been affixed to the package or packages containing the same, the distiller or owner of said distilled spirits, if he has declared his purpose so to do in the entry for withdrawal, which entry for bottling purposes may be made by the owner as well as the distiller, may remove such spirits to a separate portion of said warehouse which shall be set apart and used exclusively for that purpose, and there, under the supervision of a United States storekeeper-gauger in charge of such warehouse, may immediately draw off such spirits, bottle, pack, and case the same. For convenience in such process any number of packages of spirits of the same kind, differing only in proof, but produced at the same distillery by the same distiller, may be mingled together in a cistern provided for that purpose, but nothing herein shall authorize or permit any mingling of different products, or of the same products of different distilling seasons, or the addition or subtraction of any substance or material or the application of any method or process to alter or change in any way the original condition or character of the product except as herein authorized; nor shall there be at the same time in the bottling room of any Internal Revenue bonded warehouse any spirits entered for withdrawal upon payment of the tax and any spirits entered for export.

"Every bottle when filled shall have affixed thereto and passing over the mouth of the same such suitable adhesive engraved strip stamp as may be prescribed, as hereinafter provided, and shall be packed into cases to contain six bottles or multiples thereof, and in the aggregate not less than 2 nor more than 5 gallons in each case, which, if tax-paid, shall be immediately removed from the warehouse premises. Each of such cases shall have affixed thereto a stamp denoting the number of gallons therein contained, such stamp to be affixed to the case before its removal from the warehouse, and such stamps shall have a cash value of 10 cents each, and shall be charged at that rate to the collectors to whom issued, and shall be paid for at that rate by the distiller or owner using the same.

"And there shall be plainly burned, embossed, or printed on the side of each case, to be known as the Government side, the proof of the spirits, the registered distillery number, the State and supervisory district in which the distillery is located, the real name of the actual bona fide distiller or of the individual, firm, partnership, corporation, or association in whose name the spirits were produced and warehoused, the year and distilling season, whether spring or fall, of original inspection or entry into bond, and the date of bottling, and the same wording shall be placed upon the adhesive engraved strip stamp over the mouth of the bottle. It being understood that the spring season shall include the months from January to July, and the fall season the months from July to January.

"And no trade-marks shall be put upon any bottle unless the real name of the actual bona fide distiller, or the name of the individual, firm, partnership, corporation, or association in whose name the spirits were produced and warehoused, shall also be placed conspicuously on said bottle."

On page 21, line 3, after the word "amended", to strike out "(26 U. S. C., sec. 412; U. S. C. Supp. VII, title 26, sec. 1277)" and insert "(U. S. C., 193) 4 ed., title 26, sec. 1277)"; and in line 11, after the word "spirits", to insert a colon and the following proviso: *"Provided,* That nothing in this act shall authorize the labeling of spirits in bottles contrary to the provisions of regulations issued pursuant to the Federal Alcohol Administration Act, or any amendment thereof", so as to read:

SEC. 306. (a) Section 1 of the act entitled "An act to allow the bottling of distilled spirits in bond", approved March 3, 1897, as amended (U. S. C., 1934 ed., title 26, sec. 1276), is further amended to read as follows:

"That whenever any distilled spirits deposited in the Internal Revenue bonded warehouse have been duly entered for withdrawal, before or after tax payment, or for export in bond, and have been duly gauged and the required marks, brands, and tax-paid stamps (if required) or export stamps, as the case may be, have been affixed to the package or packages containing the same, the distiller or owner of said distilled spirits, if he has declared his purpose so to do in the entry for withdrawal, which entry for bottling purposes may be made by the owner as well as the distiller, may remove such spirits to a separate portion of said warehouse which shall be set apart and used exclusively for that purpose, and there, under the supervision of a United States storekeeper-gauger in charge of such warehouse, may immediately draw off such spirits, bottle, pack, and case the same. For convenience in such process any number of packages of spirits of the same kind, differing only in proof, but produced at the same distillery by the same distiller, may be mingled together in a cistern provided for that purpose, but nothing herein shall authorize or permit any mingling of different products, or of the same products of different distilling seasons, or the addition or subtraction of any substance or material or the application of any method or process to alter or change in any way the original condition or character of the product except as herein authorized; nor shall there be at the same time in the bottling room of any Internal Revenue bonded warehouse any spirits entered for withdrawal upon payment of the tax and any spirits entered for export.

"Every bottle when filled shall have affixed thereto and passing over the mouth of the same such suitable adhesive engraved strip stamp as may be prescribed, as hereinafter provided, and shall be packed into cases to contain six bottles or multiples thereof, and in the aggregate not less than 2 nor more than 5 gallons in each case, which, if tax-paid, shall be immediately removed from the warehouse premises. Each of such cases shall have affixed thereto a stamp denoting the number of gallons therein contained, such stamp to be affixed to the case before its removal from the warehouse, and such stamps shall have a cash value of 10 cents each, and shall be charged at that rate to the collectors to whom issued, and shall be paid for at that rate by the distiller or owner using the same.

"And there shall be plainly burned, embossed, or printed on the side of each case, to be known as the Government side, the proof of the spirits, the registered distillery number, the State and supervisory district in which the distillery is located, the real name of the actual bona-fide distiller or of the individual, firm, partnership, corporation, or association in whose name the spirits were produced and warehoused, the year and distilling season, whether spring or fall, of original inspection or entry into bond, and the date of bottling, and the same wording shall be placed upon the adhesive engraved strip stamp over the mouth of the bottle. It being understood that the spring season shall include the months from January to July, and the fall season the months from July to January.

"And no trade-marks shall be put upon any bottle unless the real name of the actual bona-fide distiller, or the name of the individual, firm, partnership, corporation, or association in whose name the spirits were produced and warehoused, shall also be placed conspicuously on said bottle."

(b) Section 2 of the act entitled "An act to allow the bottling of distilled spirits in bond", approved March 3, 1897, as amended (U. S. C., 1934 ed., title 26, sec. 1277), is further amended by striking out the last clause following the words "Secretary of the Treasury", and inserting in lieu thereof the following: "but no spirits (except gin for export) shall be bottled in bond until they have remained in bond in wooden containers for at least 4 years from the date of original gauge as to fruit brandy, or original entry as to all other spirits: *Provided,* That nothing in this act shall authorize the labeling of spirits in bottles contrary to the provisions of regulations issued pursuant to the Federal Alcohol Administration Act, or any amendment thereof."

The amendment was agreed to.

The next amendment was, on page 21, after line 15, to strike out:

SEC. 307. (a) Section 3293 of the Revised Statutes, as amended; section 4 of the act of May 28, 1880 (21 Stat. 145); section 49 of the act of August 27, 1894 (28 Stat. 563; 26 U. S. C., sec. 371), as to the bonded period for spirits; and section 50 of the act approved August 27, 1894 (28 Stat. 564), as amended (26 U. S. C., sec. 407; U. S. C., Supp. VII, title 26, sec. 1275), as to loss allowance for spirits, are hereby declared to be the law on and after December 6, 1933. This section shall not invalidate any allowance for loss with respect to spirits withdrawn after December 5, 1933, and prior to the thirtieth day after the date of the enactment of this act.

(b) Distilled spirits 8 years of age, or older, which were in bonded warehouses on December 5, 1933, may remain therein after such date and, when withdrawn at any time on or after the thirtieth day after the date of the enactment of this act, may be granted an allowance (which shall be in addition to the allowance for loss otherwise allowable) for loss at the rate of one proof gallon as to casks or packages of a capacity of not less than 40 wine gallons, and one-half proof gallon as to casks or packages of a capacity of less than 40 wine gallons and not less than 20 wine gallons, for each period of 6 months or fraction thereof that the spirits remain in bond between December 5, 1933, and the thirtieth day after the date of the enactment of this act.

And in lieu thereof to insert the following:

SEC. 307. (a) All distilled spirits heretofore or hereafter entered for deposit in a bonded warehouse shall be withdrawn therefrom within 8 years from the date of original entry therein, except as provided in subsection (c) of this section.

(b) Any distilled spirits heretofore or hereafter deposited in any bonded warehouse may, at the time of withdrawal of the spirits from such warehouse, upon the filing of an application for the regauge of such spirits, giving a description of the package containing the spirits, be regauged by a storekeeper-gauger who shall place upon each such package such marks and brands as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall by regulations prescribe. If upon such regauging it shall appear that there has been a loss by leakage or evaporation of distilled spirits from any cask or package, without the fault or negligence of the distiller or warehouseman, taxes shall be collected only on the quantity of distilled spirits contained in such cask or package at the time of such withdrawal. The allowance which shall be made for such loss of spirits shall not exceed—

1 proof-gallon for 2 months or part thereof;

1½ gallons for more than 2 months and not more than 4 months;

2 gallons for more than 4 months and not more than 6 months;

2½ gallons for more than 6 months and not more than 8 months;

3 gallons for more than 8 months and not more than 10 months;

3½ gallons for more than 10 months and not more than 12 months;

4 gallons for more than 12 months and not more than 15 months;

4½ gallons for more than 15 months and not more than 18 months;

5 gallons for more than 18 months and not more than 21 months;

5½ gallons for more than 21 months and not more than 24 months;

6 gallons for more than 24 months and not more than 27 months;

6½ gallons for more than 27 months and not more than 30 months;

7 gallons for more than 30 months and not more than 33 months;

7½ gallons for more than 33 months and not more than 36 months;

8 gallons for more than 36 months and not more than 40 months;

8½ gallons for more than 40 months and not more than 44 months;

9 gallons for more than 44 months and not more than 48 months;

9½ gallons for more than 48 months and not more than 52 months;

10 gallons for more than 52 months and not more than 56 months;

10½ gallons for more than 56 months and not more than 60 months;

11 gallons for more than 60 months and not more than 64 months;

11½ gallons for more than 64 months and not more than 68 months;

12 gallons for more than 68 months and not more than 72 months;

12½ gallons for more than 72 months and not more than 76 months;

13 gallons for more than 76 months and not more than 80 months;

13½ gallons for more than 80 months from the date of original gauge as to fruit brandy, or original entry as to all other spirits; and no further allowances shall be made for loss by leakage or evaporation.

The foregoing allowance for loss shall apply only to casks or packages of a capacity of 40 or more wine gallons, and the allowance for loss on casks or packages of less capacity than 40 gallons shall not exceed one-half the amount allowed on said 40-gallon

cask or package; but no allowance shall be made on casks or packages of less capacity than 20 gallons. The proof of such distilled spirits shall not in any case be computed at the time of withdrawal at less than 100 percent.

(c) Distilled spirits which on the effective date of this section are 8 years of age, or older, and which are in bonded warehouses, may remain therein after such date; but no allowance for loss by leakage or evaporation shall be made in the case of such spirits with respect to any period after such date.

(d) This section shall take effect 30 days after the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 26, after line 8, to strike out:

SEC. 308. Section 602 of the Revenue Act of 1918, approved February 24, 1919, is hereby amended to read as follows:

"SEC. 602. (a) At registered distilleries packages may be filled with spirits reduced to not less than 100 proof from receiving cisterns and tax paid without being entered into bonded warehouse. Such spirits may be also transferred from receiving cisterns at such distilleries, by means of pipe lines, direct to storage tanks in the bonded warehouse and may be warehoused in such storage tanks. Such spirits may be also transferred in tanks or tank cars to general bonded warehouses for storage therein, either in storage tanks in such warehouses or in the tanks in which they were transferred. Such spirits may also be transferred from receiving cisterns or warehouse storage tanks to barrels, drums, tanks, tank cars, or other approved containers, and may be transported in such containers to rectifying houses, for exportation, or for other lawful purposes.

"(b) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, transferring, gauging, storing, and transportation of such spirits; the records to be kept and returns to be made; the size and kind of packages; the tanks or tank cars to be used; the marking, branding, numbering, and stamping of such packages and tanks; the kind of stamps, if any, to be used; the time and manner of paying the tax; and the kind of bond and the penal sum thereof.

"(c) The tax prescribed by law must be paid before such spirits are removed from the distillery premises, or from general bonded warehouse in the case of spirits transferred thereto, except as otherwise provided by law.

"(d) Under such regulations as the Commissioner with the approval of the Secretary of the Treasury may prescribe, distilled spirits may hereafter be drawn from receiving cisterns and deposited in distillery warehouses without having affixed to the packages containing the same distillery warehouse stamps. Such packages, when so deposited in warehouse, may be withdrawn therefrom on the original gauge where the same have remained in such warehouses for a period not exceeding 30 days from the date of deposit."

And in lieu thereof to insert the following:

SEC. 308. The first paragraph of section 602 of the Revenue Act of 1918, approved February 24, 1919, is amended to read as follows:

"SEC. 602. Subject to the provisions of existing law, spirits produced at registered distilleries and reduced in the receiving cisterns in such distilleries to not more than 159 degrees of proof and not less than 100 degrees of proof, may be transferred, by means of pipe lines, direct to storage tanks in the Internal Revenue bonded warehouse located on the bonded premises where produced and be warehoused in such storage tanks, or they may be drawn into approved containers and transferred to any Internal Revenue bonded warehouse for storage therein, or they may be tax-paid in such approved containers in such cistern rooms, without being entered into an Internal Revenue bonded warehouse. Such spirits may be drawn into approved containers from storage tanks in Internal Revenue bonded warehouse located on the bonded premises of the distillery either for storage in bond or tax payments. Such spirits, upon tax payment, may be transported in approved containers for use for beverage purposes only. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby empowered to prescribe all necessary regulations relating to the drawing off, transferring, gauging, storing, and transportation of such spirits; the records to be kept and returns to be made; the size and kind of containers to be used; the marking, branding, numbering, and stamping of such containers; the kind of stamps, if any, to be used; and the kind of bond and the penal sum thereof."

The amendment was agreed to.

The next amendment was, on page 29, after line 7, to strike out:

SEC. 309. Section 3293 of the Revised Statutes, as amended (26 U. S. C., sec. 371, U. S. C., Supp. VII, title 26, sec. 1232 (a) and (b)), is further amended by amending the paragraph thereof immediately following the form "Entry for deposit in distillery warehouse" to read as follows:

"And the entry shall specify the kind of spirits, the whole number of packages, the marks and serial numbers thereon, the number of gauge or wine gallons, proof gallons, and taxable gallons, and the amount of tax on the spirits contained in them; all of which shall be verified by the oath of the distiller or owner of the same attached to the entry. One of said entries shall be retained in the office of the supervisor of the district, one sent to the storekeeper-gauger in charge of the warehouse, to be retained and filed in the warehouse, and one sent with a duplicate of the bond to the Commissioner of Internal Revenue, to be filed in his office. The distiller shall, at the time of making the entry for deposit of spirits in the warehouse, under such regulations as the Secretary of the Treasury shall prescribe, give a monthly or annual warehousing bond, in duplicate, in a penal sum of not less than 50 percent of the tax on the distilled spirits on deposit in the warehouse at any one time, or such higher sum as the Secretary of the Treasury may, by regulations, prescribe, conditioned that the principal named in said bond shall pay the tax on the spirits as specified in the entry, or cause the same to be paid, before removal from said distillery, warehouse, and within 8 years from the date of said entry."

And in lieu thereof to insert the following:

SEC. 309. Section 3293 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1232), is amended to read as follows:

"SEC. 3293. (a) The distillers of all spirits removed to an Internal Revenue bonded warehouse shall enter the same for deposit in such warehouse, under such regulations as the Commissioner of Internal Revenue may prescribe. Said entry shall be in such form as the Commissioner shall prescribe.

"(b) The tax on all distilled spirits hereafter entered for deposit in Internal Revenue bonded warehouses shall be due and payable before and at the time the same are withdrawn therefrom and within 8 years from the date of the original entry for deposit therein; and warehousing bonds hereafter taken under the provisions of the internal-revenue laws shall be conditioned for the payment of the tax on the spirits as specified in the entry before withdrawal from the Internal Revenue bonded warehouse and within 8 years from the date of said entry. The Commissioner shall prescribe the form and penal sums of bonds covering distilled spirits in Internal Revenue bonded warehouses and in transit to and between such warehouses: *Provided*, That the penal sums of such bonds covering distilled spirits shall not exceed in the aggregate $200,000 for each such warehouse.

"(c) A new bond shall be required in case of the death, insolvency, or removal of the surety or sureties, and may be required in any other contingency affecting its validity or impairing its efficiency, at the discretion of the Commissioner of Internal Revenue. And in case the warehouseman fails or refuses to give the bond required, or to renew the same, or neglects to immediately withdraw the spirits and pay the tax thereon, or if he neglects to withdraw any bonded spirits and pay the tax thereon before the expiration of the time limit in the bond, the collector shall proceed to collect the tax by distraint, issuing his warrant of distraint for the amount of tax found to be due, as ascertained by him from the report of the storekeeper-gauger if no bond was given, or from the terms of the bond if a bond was given. But this provision shall not exclude any other remedy or proceeding provided by law.

"(d) If it shall appear at any time that there has been a loss of distilled spirits from any cask or other package deposited in an Internal Revenue bonded warehouses, other than the loss provided for in section 3221 of the Revised Statutes, as amended, which, in the opinion of the Commissioner of Internal Revenue, is excessive, he may instruct the district supervisor of the district in which the loss has occurred to require the withdrawal from warehouse of such distilled spirits and direct the collector of internal revenue to collect the tax accrued upon the original quantity of distilled spirits entered into the warehouse in such cask or package, notwithstanding that the time specified in any bond given for the withdrawal of the spirits entered into warehouse in such cask or package has not expired. If the said tax is not paid on demand, the collector shall report the amount due upon his next monthly list, and it shall be assessed and collected as other taxes are assessed and collected."

The amendment was agreed to.

The next amendment was, on page 32, after line 20, to strike out:

SEC. 310. Section 3302 of the Revised Statutes (26 U. S. C., sec. 365; U. S. C., Supp. VII, title 26, sec. 1229) is amended to read as follows:

"SEC. 3302. (a) The storekeeper-gauger assigned to any distillery warehouse shall, in addition to all other duties required to be performed by him, keep in a book to be provided for that purpose, and in the manner prescribed by the Commissioner of Internal Revenue, a daily account of all the meal and vegetable productions or other substances brought into said distillery, or on said premises, to be used for the purpose of producing spirits, from whom purchased, and when delivered at said distillery; of the materials put into the mash tub or otherwise used for the production of spirits; of the time when any fermenting tub is emptied of ripe mash or beer, recording the same by the number painted on said tub; and of all spirits drawn off from the receiving cistern, and the time when the same were drawn off.

"(b) Whenever, under authority of law, the Secretary of the Treasury shall relieve a distiller from the survey requirements, he

may likewise relieve the storekeeper-gauger assigned to the distillery of such distiller from the requirements of this section as to recording of the time when any fermenting tub is emptied of ripe mash or beer."

And in lieu thereof to insert:

SEC. 310. Section 3302 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1229) is amended to read as follows:

"SEC. 3302. The storekeeper-gauger assigned to any distillery shall, in addition to all other duties required to be performed by him, keep records of the receipt and use of substances brought into said distillery, or on said premises, to be used for the purpose of producing spirits, and of all spirits drawn off from the receiving cistern, and the time when the same were drawn off, in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall, by regulations, prescribe."

The amendment was agreed to.

The next amendment was, on page 34, after line 6, to strike out:

SEC. 311. Section 3303 of the Revised Statutes (26 U. S. C., sec. 314; U. S. C., Supp. VII, title 26, sec. 1192 (a)) is amended to read as follows:

"SEC. 3303. (a) Every person who makes or distills spirits, or owns any still, boiler, or other vessel used for the purpose of distilling spirits, or who has such still, boiler, or other vessel so used under his superintendence, either as agent or owner, or who uses any such still, boiler, or other vessel, shall from day to day make, or cause to be made, in a book or books, to be kept by him in such form as the Commissioner of Internal Revenue may prescribe, a true and exact entry of the kind of materials, and the quantity in pounds, bushels, or gallons purchased by him for the production of spirits, from whom and when purchased, and by what conveyance delivered at said distillery, and the amount paid therefor. And in another book he shall make like entry of the quantity of grain or other material used for the production of spirits, the time of day when any yeast or other composition is put into any mash or beer for the purpose of exciting fermentation, the quantity of mash in each tub, designating same by the number of the tub, the number of dry inches, that is to say, the number of inches between the top of each tub and the surface of the mash or beer therein at the time of yeasting, the gravity and temperature of the beer at the time of yeasting, and on every day thereafter its quantity, gravity, and temperature at the hour of 12 m.; also, of the time when any fermenting tub is emptied of ripe mash or beer, the number of gallons of spirits distilled, the number of gallons placed in the warehouse, and the proof thereof, the number of gallons sold or removed, with the proof thereof, and the name, place of business, and residence of the person to whom sold.

"(b) Whenever, under authority of law, the Secretary of the Treasury shall relieve a distiller from the survey requirements, he may likewise, by regulations, relieve such distiller from such of the requirements of this section relating or incidental to the survey as the Secretary determines may be waived without danger to the revenue."

And in lieu thereof to insert:

SEC. 311. Section 3303 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1192 (a)) is amended to read as follows:

"SEC. 3303. Every person who makes or distills spirits, or owns any still, boiler, or other vessel used for the purpose of distilling spirits, or who has such still, boiler, or other vessel so used under his superintendence, either as agent or owner, or who uses any such still, boiler, or other vessel, shall keep a record, in the form and manner prescribed by the Commissioner of Internal Revenue, of the receipt on the distillery premises, and the use thereon, of materials intended for use in the distillation of spirits, and of the number of gallons of spirits distilled, the number of gallons placed in the warehouse, and the proof thereof, the number of gallons sold or removed, with the proof thereof, and the name, place of business, and residence of the person to whom sold."

The amendment was agreed to.

The next amendment was, on page 36, line 11, after the words "Revised Statutes", to strike out "(26 U. S. C., sec. 325; U. S. C., Supp. VII, title 26, sec. 1203)" and insert "(U. S. C., 1934 ed., title 26, sec. 1203)", so as to read:

SEC. 312. Section 3331 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1203) is hereby amended to read as follows:

"SEC. 3331. Any distillery or distilling apparatus seized for any violation of law may, in the discretion of the court, be released before final judgment to a receiver appointed by the court to operate such distillery or apparatus. Such receiver shall give bond, which shall be approved in open court, with two or more competent personal sureties, or one approved corporate surety, for the full appraised value of all the property seized, to be ascertained by three competent appraisers designated and appointed by the court. Funds obtained from such operation shall be impounded as the court shall direct pending such final judgment."

The amendment was agreed to.

The next amendment was, on page 37, line 1, after "SEC. 313" and the period, to strike out "The following sections of law are amended as set out hereafter:" and insert:

(a) Section 3339 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1330 (a) and (b)), is further amended by adding a new paragraph at the end thereof reading as follows:

"The provisions of this section requiring the accounting of hogsheads, barrels, and fractional parts of barrels at the next higher quantity shall not apply where the contents of such hogsheads, barrels, or fractional parts of barrels are within the limits of tolerance established by the Commissioner of Internal Revenue by regulations which he is hereby authorized to prescribe with the approval of the Secretary of the Treasury; and no assessment shall be made and no tax shall be collected for any excess in any case where the contents of the hogsheads, barrels, or fractional parts of barrels heretofore or hereafter used are within the limits of the tolerance so prescribed."

In line 18, before the word "section", to strike out "(a)" and insert "(b)"; in line 19, after the word "amended" to strike out "(26 U. S. C., 511; U. S. C., Supp. VII, title 26, sec. 1332 (a) and (b) and 1337 (b))" and insert "(U. S. C., 1934 ed., title 26, secs. 1332 (a) and (b) and 1337 (b))"; on page 39, line 5, before the word "section", to strike out "(b)" and insert "(c)"; in the same line, after the words "Revised Statutes", to strike out "(26 U. S. C., sec. 514; U. S. C., Supp. VII, title 26, sec. 1333 (a))" and insert "(U. S. C., 1934 ed., title 26, sec. 1333 (a))"; in line 10, before the word "section", to strike out "(c)" and insert "(d)"; in the same line, after the words "Revised Statutes", to strike out "(26 U. S. C., sec. 519; U. S. C., Supp. VII, title 26, sec. 1334 (e))" and insert "(U. S. C., 1934 ed., title 26, sec. 1334 (e))"; in line 15, before the word "section", to strike out "(d)" and insert "(e)"; in the same line after the words "Revised Statutes", to strike out "(26 U. S. C., sec. 520; U. S. C., Supp. VII, title 26, sec. 1334 (f))" and insert "(U. S. C., 1934 ed., title 26, sec. 1334 (f))"; and after line 19, to insert:

(f) Notwithstanding any other provision of law, the Commissioner of Internal Revenue is authorized, if in his judgment the same can be done without danger to the revenue, to issue regulations, subject to the approval of the Secretary of the Treasury, under which any brewer may remove or transport, or cause to be removed or transported, in bulk, in any closed tank, tank car, hogshead, or other container or containers, any finished fermented malt liquor of his own manufacture, on which the tax has been fully paid, and in quantities of not less than 50 barrels at any one time, from his brewery or other place of manufacture to another brewery or to a depot, warehouse, racking room, or bottling house used exclusively for bottling, racking, storage, or sale, and provided such brewery, depot, warehouse, racking room, or bottling house is occupied and used solely by him, but to no other place, and such fermented liquor so transported may be there stored, carbonated, and bottled, or drawn into hogsheads, barrels, or fractional parts of barrels for sale. Such regulations shall provide the method of tax payment on such fermented malt liquor, and shall provide for any transit or other permits which the Commissioner of Internal Revenue may consider necessary for the proper protection of the revenue.

So as to read:

SEC. 313. (a) Section 3339 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1330 (a) and (b)), is further amended by adding a new paragraph at the end thereof reading as follows:

"The provisions of this section requiring the accounting of hogsheads, barrels, and fractional parts of barrels at the next higher quantity shall not apply where the contents of such hogsheads, barrels, or fractional parts of barrels are within the limits of tolerance established by the Commissioner of Internal Revenue by regulations which he is hereby authorized to prescribe with the approval of the Secretary of the Treasury; and no assessment shall be made and no tax shall be collected for any excess in any case where the contents of the hogsheads, barrels, or fractional parts of barrels heretofore or hereafter used are within the limits of the tolerance so prescribed."

(b) Section 3342 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, secs. 1332 (a) and (b) and 1337 (b)), is amended to read as follows:

"SEC. 3342. (a) Every brewer shall obtain, from the collector of the district in which his brewery or brewery-warehouse is situated, and not otherwise unless such collector shall fail to furnish the same upon application to him, the proper stamps.

"(b) Every brewer shall affix, upon the spigot hole in the head of every hogshead, barrel, or keg in which any fermented liquor is contained, when sold or removed from such brewery or warehouse (except in case of removal under permit, as hereinafter provided), a stamp denoting the amount of the tax required upon such fermented liquor, which stamp shall be destroyed by driving through the same the faucet through which the liquor is to be withdrawn, or an air faucet of equal size, at the time the hogshead, barrel, or keg is tapped, in case it is tapped through the other spigot hole (of which there shall be but two, one in the head and one in the side), and shall also, at the time of affixing such stamp, cancel the same by writing or imprinting thereon

the name of the person, firm, or corporation by whom such liquor was made, or the initial letters thereof, and the date when canceled: *Provided, however,* That the Commissioner of Internal Revenue may, in his discretion, authorize the use of such other tapping devices or faucets as will permit the affixing and destruction of stamps in a manner consistent with the protection of the revenue.

"(c) Every brewer who refuses or neglects to affix and cancel, in the manner provided under this section, the stamps required by law, or who affixes a false or fraudulent stamp, or knowingly permits the same to be done, shall pay a penalty of $100 for each hogshead, barrel, or keg on which such omission or fraud occurs, and be imprisoned not more than 1 year."

(c) Section 3345 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1333 (a)) is amended by striking out the phrase "in one vessel" where it appears after the phrase "or not less than six barrels."

(d) Section 3348 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1334 (e)) is amended by striking out "kegs, or other vessels" where it appears therein and inserting in lieu thereof "or kegs."

(e) Section 3349 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1334 (f)) is amended by striking out "keg, or other vessel" where it appears therein and inserting in lieu thereof "or keg."

(f) Notwithstanding any other provision of law, the Commissioner of Internal Revenue is authorized, if in his judgment the same can be done without danger to the revenue, to issue regulations, subject to the approval of the Secretary of the Treasury, under which any brewer may remove or transport, or cause to be removed or transported, in bulk, in any closed tank, tank car, hogshead, or other container or containers, any finished fermented malt liquor of his own manufacture, on which the tax has been fully paid, and in quantities of not less than 50 barrels at any one time, from his brewery or other place of manufacture to another brewery or to a depot, warehouse, racking room, or bottling house used exclusively for bottling, racking, storage, or sale, and provided such brewery, depot, warehouse, racking room, or bottling house is occupied and used solely by him, but to no other place, and such fermented liquor so transported may be there stored, carbonated, and bottled, or drawn into hogsheads, barrels, or fractional parts of barrels for sale. Such regulations shall provide the method of tax payment on such fermented malt liquor, and shall provide for any transit or other permits which the Commissioner of Internal Revenue may consider necessary for the proper protection of the revenue.

Mr. LA FOLLETTE. Mr. President, I desire to offer an amendment to the committee amendment on page 39. In line 21, I move to strike out the word "if" and insert "to the extent that,".

Mr. KING. I accept the amendment. The committee intended to offer it.

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. On page 40, in the same committee amendment, I move to strike out all of line 8, and in line 9 down to and including the word "him." The following words are to be stricken out:

And provided such brewery, depot, warehouse, racking room, or bottling house is occupied and used solely by him.

Mr. KING. I accept the amendment.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The next amendment was, on page 40, line 19, after the words "Revised Statutes", to strike out "(26 U. S. C., sec. 191; U. S. C., Supp. VII, title 26, sec. 1397 (b) (1))" and insert "(U. S. C., 1934 ed., title 26, sec. 1397 (b))"; and in line 23, after "Revised Statutes", to strike out "(26 U. S. C., secs. 193, 306; U. S. C., Supp. VII, title 26, secs. 1184, 1397 (a) (1))" and insert "(U. S. C., 1934 ed., title 26, secs. 1184 and 1397 (a) (1))", so as to read:

SEC. 314. (a) The last sentence of section 3242 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1397 (b)) is hereby repealed.

(b) The first sentence of section 3281 of the Revised Statutes (U. S. C., 1934 ed., title 26, secs. 1184 and 1397 (a) (1)), as amended, is further amended to read as follows:

"Any person who shall carry on the business of a brewer, rectifier, wholesale liquor dealer, retail liquor dealer, wholesale dealer in malt liquors, retail dealer in malt liquors, or manufacturer of stills, and willfully fails to pay the special tax as required by law, or who shall carry on the business of a distiller without having given bond as required by law, or who shall engage in or carry on the business of a distiller with intent to defraud the United States of the tax on the spirits distilled by him, or any part thereof, shall, for every such offense, be fined not less than $100 nor more than $5,000 and be imprisoned for not less than 30 days nor more than 2 years."

The amendment was agreed to.

The next amendment was, on page 41, line 15, after the words "Revised Statutes", to strike out "(26 U. S. C., sec. 502; U. S. C., Supp. VII, sec. 1334 (a))" and insert "(U. S. C., 1934 ed., title 26, sec. 1334 (a))", so as to read:

SEC. 315. Section 3335 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1334 (a)) is amended to read as follows:

"SEC. 3335. Every brewer shall, before commencing or continuing business, file with the officer designated for that purpose by the Commissioner of Internal Revenue a notice in writing and in the form prescribed by the Commissioner, with the approval of the Secretary of the Treasury. Such notice shall set forth (a) the name and residence of the brewer, and the names and residences of all such persons interested or to be interested in the business, directly or indirectly, as the Commissioner shall prescribe, (b) the precise place where the business is to be carried on, including a description of the premises on which the brewery is situated, the title of the brewer to the premises, and the name of the owner thereof, and (c) such additional particulars as the Commissioner shall prescribe as necessary for the protection of the revenue."

The amendment was agreed to.

The next amendment was, on page 42, line 11, after the word "amended", to strike out "(26 U. S. C., sec. 503; U. S. C., Supp. VII, title 26, sec. 1334 (b))" and insert "(U. S. C., 1934 ed., title 26, sec. 1334 (b))"; in line 19, after the figures "$1,000", to insert a colon and the following: "*Provided*, That if under such regulations bond in a penal sum in excess of $100,000 is required, no surety or collateral security shall be required for any such excess amount, but the brewer shall give an additional bond to cover such excess, which additional bond may be given without surety or collateral security"; and on page 43, line 11, after the word "aforesaid" and the period, to strike out "Once in every 4 years, and whenever" and insert "Whenever", so as to read:

SEC. 316. Section 3336 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1334 (b)), is further amended to read as follows:

"SEC. 3336. Every brewer, on filing notice as provided by law of his intention to commence or continue business, shall execute a bond to the United States in such penal sum, in proportion to the production capacity of the plant, as the Secretary of the Treasury shall by regulations prescribe, but in no event shall such sum be less than $1,000: *Provided*, That if under such regulations bond in a penal sum in excess of $100,000 is required, no surety or collateral security shall be required for any such excess amount, but the brewer shall give an additional bond to cover such excess, which additional bond may be given without surety or collateral security. The bond shall be conditioned that the brewer shall pay, or cause to be paid, as herein provided, the tax required by law on all beer, lager beer, ale, porter, and other fermented liquors made by or for him, before the same is sold or removed for consumption or sale, except as hereinafter provided; and that he shall keep, or cause to be kept, in the manner required by law, a book which shall be open to inspection by the proper officers, as by law required; and that he shall in all respects faithfully comply, without fraud or evasion, with all requirements of law relating to the manufacture and sale of any malt liquors aforesaid. Whenever required so to do by the Secretary of the Treasury, or such officer as may be designated by the Secretary of the Treasury, the brewer shall execute a new bond in the penal sum fixed in this section or prescribed in pursuance of this section, and conditioned as above provided, which bond shall be in lieu of any former bond or bonds of such brewer in respect to all liabilities accruing after its approval."

The amendment was agreed to.

The next amendment was, on page 43, line 20, after the word "amended", to strike out "(U. S. C., title 26, sec. 509; U. S. C., Supp. VII, title 26, sec. 1337 (a) (1), (2))" and insert "(U. S. C., 1934 ed., title 26, sec. 1337 (a))"; on page 44, line 24, after the word "premises", to insert "and bottling house"; and on page 45, after line 2, to strike out:

(d) The brewery premises shall consist of the land and buildings described in the brewer's notice and shall be used solely for the purposes of manufacturing beer, lager beer, ale, porter, and similar fermented malt liquors, cereal beverages containing less than one-half of 1 percent of alcohol by volume, vitamins, and ice; of drying spent grain from the brewery; and recovering carbon dioxide and yeast. The brewery bottling house shall be used solely for the purposes of bottling beer, lager beer, ale, porter, and similar fermented malt liquors, and cereal beverages containing less than one-half of 1 percent of alcohol by volume. Notwithstanding the foregoing provisions, where any such brewery premises or brewery bottling house is, on the date of the enactment of the Liquor Tax Administration Act, being used by any brewer for purposes other than those herein described, or the brewery bottling house is, on such date, being used for the bottling of soft drinks, the use of the brewery and bottling-house premises for such purposes may be continued by such brewer.

The brewery bottling house of any brewery shall not be used for the bottling of the product of any other brewery. Any brewer who uses his brewery or bottling house contrary to the provisions of this subsection shall be fined not more than $50 with respect to each day upon which any such use occurs.

And in lieu thereof to insert:

(d) The brewery premises shall consist of the land and buildings described as such in the brewer's notice and shall be used solely for the purposes of manufacturing beer, lager beer, ale, porter, and similar fermented malt liquors, cereal beverages containing less than one-half of 1 percent of alcohol by volume, vitamins, ice, malt, malt sirup; of drying spent grain and recovering and processing carbon dioxide and yeast; of storing bottles, packages, and supplies necessary or incidental to all such manufacture; and, under regulations issued by the Commissioner of Internal Revenue, for the purpose of manufacturing such other commodities or byproducts as he may find to be incidental to the manufacture of any such fermented malt liquors. The brewery bottling house shall be used solely for the purposes of bottling beer, lager beer, ale, porter, and similar fermented malt liquors; for bottling cereal beverages containing less than one-half of 1 percent of alcohol by volume; and for manufacturing, carbonating, and bottling soft drinks. The brewery bottling house of any brewery shall not be used for the bottling of the product of any other brewery, except under regulations prescribed by the Commissioner of Internal Revenue. Any brewer who uses his brewery or bottling house contrary to the provisions of this subsection shall be fined not more than $50 with respect to each day upon which any such use occurs.

So as to make the section read:

SEC. 317. Section 3340 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1337 (a)), is amended to read as follows:

"SEC. 3340. (a) Every owner, agent, or superintendent of any brewery, vessels, or utensils used in making fermented liquors, who evades or attempts to evade the payment of the tax thereon, or fraudulently neglects or refuses to make true and exact entry and report of the same in the manner required by law, or to do, or cause to be done, any of the things by law required to be done by him, or who intentionally makes false entry in said book or in said statement, or knowingly allows or procures the same to be done, shall—

"(1) forfeit, for every such offense, all the liquors made by him or for him, and all the vessels, utensils, and apparatus used in making the same; and

"(2) be liable to a penalty of not less than $500 nor more than $1,000, to be recovered with costs of suit, and shall be deemed guilty of a misdemeanor and be imprisoned for a term not exceeding 1 year.

"(b) Every brewer who neglects to keep books or refuses to furnish the account and duplicate thereof as provided by law, or refuses to permit the proper officer to examine the books in the manner provided, shall, for every such refusal or neglect, forfeit and pay the sum of $300.

"(c) For flagrant and willful removal of taxable malt liquors for consumption or sale, without payment of tax thereon, all the right, title, and interest of each person, who has knowingly suffered or permitted such removal or has connived at the same, in the lands and buildings constituting the brewery premises and bottling house shall be forfeited by a proceeding in rem in the district court of the United States having jurisdiction thereof.

"(d) The brewery premises shall consist of the land and buildings described as such in the brewer's notice and shall be used solely for the purposes of manufacturing beer, lager beer, ale, porter, and similar fermented malt liquors, cereal beverages containing less than one-half of 1 percent of alcohol by volume, vitamins, ice, malt, malt syrup; of drying spent grain and recovering and processing carbon dioxide and yeast; of storing bottles, packages, and supplies necessary or incidental to all such manufacture; and, under regulations issued by the Commissioner of Internal Revenue, for the purpose of manufacturing such other commodities or byproducts as he may find to be incidental to the manufacture of any such fermented malt liquors. The brewery bottling house shall be used solely for the purposes of bottling beer, lager beer, ale, porter, and similar fermented malt liquors; for bottling cereal beverages containing less than one-half of 1 percent of alcohol by volume; and for manufacturing, carbonating, and bottling soft drinks. The brewery bottling house of any brewery shall not be used for the bottling of the product of any other brewery except under regulations prescribed by the Commissioner of Internal Revenue. Any brewer who uses his brewery or bottling house contrary to the provisions of this subsection shall be fined not more than $50 with respect to each day upon which any such use occurs."

The amendment was agreed to.

The next amendment was, on page 47, line 9, before the word "Section", to insert "(a)"; in line 10, after the figures "1918", to strike out "(26 U. S. C., sec. 254; U. S. C., Supp. VII, title 26, sec. 1151)" and insert "as amended (U. S. C., 1934 ed., title 26, sec. 1151)", so as to read:

SEC. 319. (a) Section 605 of the Revenue Act of 1916, as amended (U. S. C., 1934 ed., title 26, sec. 1151), is amended by inserting, preceding the penalty paragraph the following new paragraph:

"The premises of a rectifier shall be as described in his notice and, whether they consist of an entire building or of rooms in a building, shall have means of ingress from and egress into a public street or yard, or into a public hall or elevator shaft leading into a public street or yard, and shall be used exclusively for the business of rectification and the bottling of liquors rectified by him thereon, and the bottling of wines and spirits without rectification. Notwithstanding the foregoing provisions, where any such premises are, on the date of the enactment of the Liquor Tax Administration Act, being used for purposes other than those herein described, such use may be continued for not more than 60 days after such date. Any rectifier who uses his rectifying premises contrary to the provisions of this paragraph shall be fined not more than $50 with respect to each day upon which any such use occurs, but shall not, on account of such use, be subject to the penalties otherwise prescribed in this section."

The amendment was agreed to.

The next amendment was, on page 48, after line 7, to insert:

(b) Section 605 of the Revenue Act of 1918, as amended, is amended by adding at the end thereof two new paragraphs, reading as follows:

"The filtering, clarifying, or purifying of wines on bonded winery premises shall not be deemed to be rectification within the meaning of paragraph 'Third' of section 3244 of the Revised Statutes. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations under this section as he deems necessary.

"The manufacture of vermouth with fortified sweet wine on bonded winery premises shall not be deemed to be rectification within the meaning of paragraph 'Third' of section 3244 of the Revised Statutes, if distilled spirits are not added to the fortified sweet wine used in the manufacture thereof or to such vermouth during or after its manufacture. Such vermouth may be manufactured on bonded winery premises, but only in a separate department thereof having no interior communication with any other department or part of such premises, under such supervision and in accordance with such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe."

(c) So much of section 611 of the Revenue Act of 1918, as amended (relating to the tax on still wines) (U. S. C., 1934 ed., title 26, sec. 1300 (a) (1)), as reads:

"On wines containing not more than 14 percent of absolute alcohol, 10 cents per wine gallon, the percent of alcohol under this section to be reckoned by volume and not by weight;"

is amended to read as follows:

"On wines containing not more than 14 percent of absolute alcohol, 5 cents per wine gallon, the percent of alcohol under this section to be reckoned by volume and not by weight;".

(d) So much of section 613 of the Revenue Act of 1918, as amended (U. S. C., 1934 ed., title 26, sec. 1300 (a) (2)), as reads:

"Any of the foregoing articles containing more than 24 percent of absolute alcohol by volume shall be classed as distilled spirits and shall be taxed accordingly."

is amended to read as follows:

"Any of the foregoing articles containing more than 24 percent of absolute alcohol by volume (except vermouth, liqueurs, cordials, and similar compounds made in rectifying plants and containing tax-paid sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, or apple wine fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy) shall be classed as distilled spirits and shall be taxed accordingly.

"The Commissioner of Internal Revenue, subject to regulations prescribed by the Secretary of the Treasury, is authorized to remit, refund, and pay back all distilled spirits tax on such liqueurs, cordials, and similar compounds paid by rectifiers or assessed prior to the date of the enactment of the Liquor Tax Administration Act."

Mr. JOHNSON. Mr. President, I desire to offer an amendment which probably is formal in character, and to which I think there will be no objection. On page 48, line 12, I move to strike out "on bonded winery premises."

Mr. KING. Mr. President, I do not quite understand the purpose of the amendment offered by the Senator.

Mr. JOHNSON. It relates to the question of filtering, and the like, which may not occur on bonded winery premises. I understood that the amendment had been submitted to the Treasury representatives.

Mr. KING. I may say that as the language appears in the bill it was approved by Representative BUCK, we understood, and by Judge De Vries.

Mr. JOHNSON. Quite the contrary. I have been handed the amendment by those who are interested in it, with the assertion to me that it was unobjectionable. If the Senator wishes to have that particular amendment passed over, I have no objection.

Mr. KING. Let it be passed over, because there may be another amendment to the same section.

Mr. JOHNSON. Let me present the amendment.

On page 48, line 12, I move to strike out "on bonded winery premises."

On page 48, line 14, I move to insert the following after the words "Revised Statutes":

Twenty-sixth U. S. C. A., section 1398 (f).

Mr. KING. Let it be passed over. My understanding is that the Treasury Department representatives would not be willing to accept that amendment, because it would permit the clarification to take place in a rectifying plant rather than a bonded plant.

Mr. JOHNSON. Let me state the third amendment so that the Treasury representatives may have it before them.

On page 70, line 5, after the words "wines are", I move to insert the words "destroyed or."

The PRESIDENT pro tempore. The amendment will be passed over temporarily. The clerk will state the next amendment of the committee.

The next amendment was, on page 51, line 1, after the word "all", to strike out "intoxicating liquors" and insert "distilled spirits, wines, and fermented malt liquors", so as to make the section read:

SEC. 321. Each retail liquor dealer shall provide at his own expense, and keep in his place of business, a record in book form, or shall keep all invoices of, and bills for, all distilled spirits, wines, and fermented malt liquors received, the quantity thereof, and from whom and the date when received. Such records, invoices, and bills shall be open to inspection during the usual business hours of the retailer by Government officers upon identification and request. Such records, invoices, and bills shall be kept for a period of 2 years after the time of the transactions to which they relate. For each willful violation of the provisions hereof the retailer shall be subject to a fine of $25.

Mr. KING. Let that be passed over.

Mr. JOHNSON. Very well. We will pass those over, then, until ultimately we may take them up.

Mr. KING. Yes.

Mr. JOHNSON. On page 49 there is an important amendment which I have to present, and it is one of those which I think the Senator from Utah prefers to pass over for the present, which is not at all objectionable to me; but I am wondering whether, with the acceptance of the amendment on page 49, it is essential for me now to present the amendment to the amendment.

Mr. KING. No technical rules will be applied. The Senator may offer the amendment at any time.

Mr. JOHNSON. Very well. I desire to have that understood, because after line 17, we have a very important amendment which deals with rates upon which we desire to be heard.

Mr. KING. That may be passed over, then.

The PRESIDENT pro tempore. The amendment will be passed over.

Mr. COPELAND. Mr. President, I came into the Chamber just now. I assume the Senator from California has been speaking about his amendment relating to the use of trade names. Is that correct?

Mr. KING. That has not yet been touched.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment was, on page 51, line 12, after the word "amended", to strike out "(26 U. S. C., sec. 186; U. S. C., Supp. VII, title 26, sec. 1402 (b) and sec. 1403 (b))" and insert "(U. S. C., 1934 ed., title 26, secs. 1402 (b) and 1403)", so as to make the section read:

SEC. 322. Section 3237 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, secs. 1402 (b) and 1403), is amended to read as follows:

"SEC. 3237. (a) All special taxes shall become due on the 1st day of July in each year, or on commencing any trade or business on which such tax is imposed. In the former case the tax shall be reckoned for 1 year, and in the latter case it shall be reckoned proportionately, from the 1st day of the month in which the liability to a special tax commenced, to and including the 30th day of June following.

"(b) It shall be the duty of the special-tax payers to render their returns with remittances to the collector at such times within the calendar month in which the special-tax liability commenced as shall enable him to receive such returns, duly signed and verified, together with the remittances, not later than the last day of the month, except in cases of sickness or absence, as provided for in section 3176 of the Revised Statutes, as amended."

The amendment was agreed to.

The next amendment was, on page 52, line 8, after the word "amended", to strike out "(26 U. S. C., sec. 205; U. S. C., Supp. VII, title 26, secs. 1394 (b) (1) and (2), 1394 (c) (1), and 1398 (b) and (c))" and insert "(U. S. C., 1934 ed., title 26, sec. 1394 (a) and (b) (1), and sec. 1398 (a) and (b))"; in line 18, after the word "liquors", to insert a colon and the following provisos: "*Provided*, That the Commissioner of Internal Revenue may, by regulations, with the approval of the Secretary of the Treasury, provide for the issuance of a stamp denoting payment of such special tax as a 'retail dealer in wines' or a 'retail dealer in wines and malt liquors' if, as the case may be, wines only, or wines and malt liquors only, are sold by a retail dealer in liquors: *And provided further*, That the tax required to be paid by this paragraph shall, in case of a retail drug store or pharmacy making sales of liquors through a duly licensed pharmacist, be designated as a 'medicinal spirits stamp tax': *And provided further*, That any retail dealer in liquors or retail dealer in malt liquors whose business is such as to require him to travel from place to place in different States of the United States may, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, procure a special-tax stamp 'At Large' covering his activities throughout the United States with the payment of but one special tax as a retail dealer in liquors or as a retail dealer in malt liquors, as the case may be"; on page 53, line 20, after the word "liquors", to insert a colon and the following proviso: "*Provided*, That the Commissioner of Internal Revenue may, by regulations, with the approval of the Secretary of the Treasury, provide for the issuance of a stamp denoting payment of such special tax as a 'wholesale dealer in wines' or a 'wholesale dealer in wines and malt liquors' if, as the case may be, wines only, or wines and malt liquors only, are sold by a wholesale dealer in liquors"; in line 14, after the word "in", to strike out "liquor" and insert "liquors"; and on page 55, line 3, after the word "dealers", to insert a comma and "or on account of the sale of such malt liquor when consummated at the purchaser's residence in consequence of an oral or written standing order to call at such residence", so as to make the section read:

SEC. 323. Paragraph "Fourth" of section 3244 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1394 (a) and (b) (1), and sec. 1398 (a) and (b)), is amended to read as follows:

"Fourth. (a) Retail dealers in liquors shall pay a special tax of $25. Every person who sells, or offers for sale, foreign or domestic distilled spirits, wines, or malt liquors, otherwise than as hereinafter provided, in less quantities than 5 wine gallons to the same person at the same time, shall be regarded as a retail dealer in liquors: *Provided*, That the Commissioner of Internal Revenue may, by regulations, with the approval of the Secretary of the Treasury, provide for the issuance of a stamp denoting payment of such special tax as a 'retail dealer in wines' or a 'retail dealer in wines and malt liquors' if, as the case may be, wines only, or wines and malt liquors only, are sold by a retail dealer in liquors: *And provided further*, That the tax required to be paid by this paragraph shall, in case of a retail drug store or pharmacy making sales of liquors through a duly licensed pharmacist, be designated as a 'medicinal spirits stamp tax': *And provided further*, That any retail dealer in liquors or retail dealer in malt liquors whose business is such as to require him to travel from place to place in different States of the United States may, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, procure a special-tax stamp 'At Large' covering his activities throughout the United States with the payment of but one special tax as a retail dealer in liquors or as a retail dealer in malt liquors, as the case may be.

"(b) Wholesale dealers in liquors shall pay a special tax of $100. Every person who sells, or offers for sale, foreign or domestic distilled spirits, wines, or malt liquors, otherwise than as hereinafter provided, in quantities of 5 wine gallons or more to the same person at the same time, shall be regarded as a wholesale dealer in liquors: *Provided*, That the Commissioner of Internal Revenue may, by regulations, with the approval of the Secretary of the Treasury, provide for the issuance of a stamp denoting payment of such special tax as a 'wholesale dealer in wines' or a 'wholesale dealer in wines and malt liquors' if, as the case may

be, wines only, or wines and malt liquors only, are sold by a wholesale dealer in liquors. A qualified wholesale dealer in liquors may not sell distilled spirits, wines, or malt liquors in quantities of less than 5 wine gallons without incurring liability to special tax as a retail dealer in liquors. A qualified retail dealer in liquors may not sell such liquors in quantities of 5 wine gallons or more to the same person at the same time without incurring liability to special tax as a wholesale dealer in liquors. But no distiller who has given the required bond and who sells only distilled spirits of his own production at the place of manufacture, or at the place of storage in bond, in the original packages to which the tax-paid stamps are affixed, shall be required to pay the special tax of a wholesale dealer in liquors on account of such sales.

"(c) No retail dealer in liquors shall be held to be a wholesale dealer in liquors solely by reason of sales of 5 wine gallons or more to the same person at the same time if such sales are for immediate consumption on the premises where sold.

"(d) No wholesale or retail dealer in liquors who has paid the special tax as such a dealer shall again be required to pay special tax as such dealer on account of sales of beer, lager beer, ale, porter, or other similar fermented malt liquor to wholesale or retail dealers in liquors or wholesale or retail dealers in malt liquors consummated at the purchaser's place of business covered by the stamp issued to him to denote the payment of the special tax imposed upon such dealers, or on account of the sale of such malt liquor when consummated at the purchaser's residence in consequence of an oral or written standing order to call at such residence."

The amendment was agreed to.

The next amendment was, on page 55, line 8, after the word "amended", to strike out "(26 U. S. C., sec. 205 and sec. 222; U. S. C., Supp. VII, title 26, secs. 1394 (c) (1) and (2), 1394 (f) (1) and (2), 1396 (a), (b), and (c), and 1398 (e) and (f))", and insert "(U. S. C., 1934 ed., title 26, secs. 1394 (d), 1394 (c) (1) and (2), 1396, and 1398 (d) and (e))"; on page 56, line 3, after the word "liability", to insert "to special tax"; in line 6, after the word "tax", to strike out "applicable to the" and insert "as a"; on page 58, line 9, after the word "such", to strike out "dealers" and insert "dealers, or on account of the sale of such malt liquor when consummated at the purchaser's residence in consequence of an oral or written standing order to call at such residence"; and after line 12, to insert:

(g) Notwithstanding the foregoing provisions of this section, each person selling fermented malt liquor to the members, guests, or patrons of bona fide fairs, reunions, picnics, carnivals, or other similar outings, for a period of not more than 30 days once in each fiscal year, and not otherwise engaged in business as a dealer in malt liquors, shall pay, before such sales are made and in lieu of the special tax imposed by subdivision (a) of this paragraph, a special tax of $2 as a retail dealer in malt liquors.

So as to make the section read:

SEC. 324. Paragraph "Fifth" of section 3244 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, secs. 1394 (d), 1394 (c) (1) and (2), 1396, and 1398 (d) and (e)), is amended to read as follows:

"Fifth. (a) Retail dealers in malt liquors shall pay a special tax of $20. Every person who sells, or offers for sale, malt liquors in less quantities than 5 gallons to the same person at the same time, and does not deal in distilled spirits or wines, shall be regarded as a retail dealer in malt liquors.

"(b) Wholesale dealers in malt liquors shall pay a special tax of $50. Every person who sells, or offers for sale, malt liquors in quantities of 5 gallons or more, to the same person at the same time, and who does not deal in distilled spirits or wines at wholesale, shall be regarded as a wholesale dealer in malt liquors. A qualified wholesale dealer in malt liquors may not sell such liquors in quantities of less than 5 gallons without incurring liability to special tax as a retail dealer in malt liquors. A qualified retail dealer in malt liquors may not sell such liquors in quantities of 5 gallons or more to the same person at the same time without incurring liability to special tax as a wholesale dealer in malt liquors: *Provided*, That no brewer shall be obliged to pay special tax as a dealer by reason of selling in the original stamped hogsheads, barrels, or kegs, whether at the place of manufacture or elsewhere, malt liquors manufactured by him or purchased and procured by him in his own hogsheads, barrels, or kegs, under the provisions of section 3349 of the Revised Statutes, as amended, but the quantity of malt liquors so purchased shall be included in calculating the liability to brewers' special tax of both the brewer who manufactures and sells the same and the brewer who purchases the same.

"(c) No collection of special tax as a retail dealer in malt liquors shall be made from brewers for selling malt liquors of their own manufacture in the original stamped eighth-barrel packages.

"(d) No special tax shall be held to accrue on a sale of distilled spirits, wines, or malt liquors made by a person who is not otherwise a dealer in liquors, where such spirits, wines, or liquors have been received by the person so selling as security for or in payment of a debt, or as executor, administrator, or other fiduciary, or have been levied on by any officer, under order or process of any court or magistrate, and where such spirits are sold by such person in one parcel only, or at public auction in parcels not less than 20 wine gallons, nor shall such tax be held to accrue on a sale made by a retiring partner, or the representatives of a deceased partner to the incoming, remaining, or surviving partner or partners of a firm. Nor shall the special tax of a wholesale dealer in liquors or wholesale dealer in malt liquors be held to apply to a retail dealer in liquors or a retail dealer in malt liquors, because of such retail dealer selling out his entire stock of liquors in one parcel, or in parcels embracing not less than his entire stock of distilled spirits, of wines, or of malt liquors. Section 3319 of the Revised Statutes shall not be held to prohibit a rectifier or liquor dealer from purchasing, in quantities greater than 20 wine gallons the distilled spirits sold in one parcel as aforesaid.

"(e) No retail dealer in malt liquors shall be held to be a wholesale dealer in malt liquors solely by reason of sales of 5 gallons or more to the same person at the same time if such sales are for immediate consumption on the premises where sold.

"(f) No wholesale or retail dealer in malt liquors who has paid the special tax as such a dealer shall again be required to pay special tax as such dealer on account of sales of beer, lager beer, ale, porter, or other similar fermented malt liquor to wholesale or retail dealers in liquors or wholesale or retail dealers in malt liquors consummated at the purchaser's place of business covered by the stamp issued to him to denote the payment of the special tax imposed upon such dealers, or on account of the sale of such malt liquor when consummated at the purchaser's residence in consequence of an oral or written standing order to call at such residence.

"(g) Notwithstanding the foregoing provisions of this section, each person selling fermented malt liquor to the members, guests, or patrons of bona fide fairs, reunions, picnics, carnivals, or other similar outings, for a period of not more than 30 days once in each fiscal year, and not otherwise engaged in business as a dealer in malt liquors, shall pay, before such sales are made and in lieu of the special tax imposed by subdivision (a) of this paragraph, a special tax of $2 as a retail dealer in malt liquors."

The amendment was agreed to.

The next amendment was, on page 58, line 23, after the words "Revised Statutes", to strike out "(26 U. S. C., secs. 1181, 1182; U. S. C., Supp. VII, title 26, sec. 1441)" and insert "(U. S. C., 1934 ed., title 26, sec. 1441)", so as to make the section read:

SEC. 325. Section 3450 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1441) is hereby reenacted and amended by striking out "fine or penalty of not more than $500" appearing at the end of the second sentence thereof, and inserting in lieu thereof the words "fine of not more than $5,000 or be imprisoned for not more than 3 years or both."

The amendment was agreed to.

The next amendment was, on page 59, after line 7, to strike out:

The Secretary of the Treasury may, under such regulations as may be prescribed by him, redeem any stamps issued under this act. There is hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out this provision.

And, after line 13, to insert:

The Commissioner of Internal Revenue, under regulations approved by the Secretary of the Treasury, may issue new stamps in exchange for any unused stamps issued under this act that have been spoiled by fire or water, or rendered useless by erroneous overprinting or cutting; or may refund the value of any unused stamps for which the lawful owner has no use due to the discontinuance or transfer of his business: *Provided*, That stamps may be exchanged, or the value thereof refunded, only in quantities of the value of $5 or more: *And provided further*, That no claim for the exchange of such stamps or refund therefor shall be allowed unless presented within 1 year after the date on which such stamps were purchased, or, in the case of any such stamps so spoiled or rendered useless or for which the lawful owner had no use due to the discontinuance or transfer of his business prior to the date of the enactment of the Liquor Tax Administration Act, within 1 year after such date. There are hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this paragraph.

So as to make the section read:

SEC. 326. Section 203 of the Liquor Taxing Act of 1934 is amended by adding a new paragraph at the end thereof, as follows:

"The Commissioner of Internal Revenue, under regulations approved by the Secretary of the Treasury, may issue new stamps in exchange for any unused stamps issued under this act that have been spoiled by fire or water, or rendered useless by erroneous overprinting or cutting; or may refund the value of any unused stamps for which the lawful owner has no use due to the

discontinuance or transfer of his business: *Provided*, That stamps may be exchanged, or the value thereof refunded, only in quantities of the value of $5 or more: *And provided further*, That no claim for the exchange of such stamps or refund therefor shall be allowed unless presented within 1 year after the date on which such stamps were purchased, or, in the case of any such stamps so spoiled or rendered useless or for which the lawful owner had no use due to the discontinuance or transfer of his business prior to the date of the enactment of the Liquor Tax Administration Act, within 1 year after such date. There are hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this paragraph."

The amendment was agreed to.

The next amendment was, on page 60, line 15, after the word "which", to strike out "has become unsalable" and insert "became unsalable between March 22, 1933, and the date of the enactment of this act,"; in line 22, after the figures "1933" and the comma, to insert "and prior to the date of the enactment of this act"; in line 24, after the word "house" and the comma, to insert "except in the process of destruction or for return to the brewery,"; on page 61, line 3, after the word "Revenue", to insert a comma and "or was returned from such bottling house to the brewery in which made for use therein as brewing material. No such claim shall be allowed unless filed within 90 days after the date of the enactment of this act"; after line 7, to strike out:

(b) No such claim shall be allowed unless filed within 90 days after such destruction or, in the case of any beer, lager beer, ale, porter, or other similar fermented malt liquor so destroyed before the date of the enactment of this act, within 90 days after such date.

And after line 12, to insert:

(b) The Commissioner of Internal Revenue is authorized and directed to make a survey for the purpose of determining whether, consistently with the protection of the revenue, refunds or credits for taxes may be made or allowed with respect to brewery bottling house, brewery and other losses of beer, lager beer, ale, porter, or other similar fermented malt liquor which has been fully tax-paid. If the Commissioner of Internal Revenue shall find, after such a survey, that such refunds or credits may be made or allowed consistently with the protection of the revenue, he shall issue regulations, subject to the approval of the Secretary of the Treasury, under which such refunds or credits may be made or allowed with respect to such losses of beer, lager beer, ale, porter, or other similar fermented malt liquor as the Commissioner finds are not excessive or unreasonable, upon the filing of a claim therefor by the brewer and proof by him to the satisfaction of the Commissioner of Internal Revenue (1) that such beer, lager beer, ale, porter, or other similar fermented malt liquor was fully tax-paid; (2) that the loss occurred in the brewery bottling house or brewery or elsewhere as the Commissioner may determine by regulations, subject to the approval of the Secretary of the Treasury; (3) that such loss was due to imperfect filling or capping, spoilage, leakage, breakage, or wastage; (4) that such loss was not due to carelessness, negligence, fraud, connivance, or collusion on the part of the brewer; and (5) that such loss was not excessive or unreasonable. No claim under this subsection shall be allowed unless filed within 60 days after the last day of the month in which such loss occurred.

So as to make the section read:

SEC. 327. (a) The Commissioner of Internal Revenue shall make refund, or in lieu thereof, if he so elects, allow credit to a brewer in the amount of tax paid by such brewer on any beer, lager beer, ale, porter, or other similar fermented malt liquor manufactured by such brewer which became unsalable between March 22, 1933, and the date of the enactment of this act, by reason of its condition, upon the filing of a claim therefor by the brewer and proof by him to the satisfaction of the Commissioner that such beer, lager beer, ale, porter, or other similar fermented malt liquor (1) was fully tax-paid, (2) was lawfully removed from his brewery to his bottling house on or after March 22, 1933, and prior to the date of the enactment of this act, (3) never was removed from such bottling house, except in the process of destruction or for return to the brewery, (4) had become unsalable without fraud, connivance, or collusion on his part, and (5) was destroyed by him in such bottling house in the presence of a representative of the Bureau of Internal Revenue, or was returned from such bottling house to the brewery in which made for use therein as brewing material. No such claim shall be allowed unless filed within 90 days after the date of the enactment of this act.

(b) The Commissioner of Internal Revenue is authorized and directed to make a survey for the purpose of determining whether, consistently with the protection of the revenue, refunds or credits for taxes may be made or allowed with respect to brewery bottling house, brewery and other losses of beer, lager beer, ale, porter, or other similar fermented malt liquor which has been fully tax-paid. If the Commissioner of Internal Revenue shall find, after such a survey, that such refunds or credits may be made or allowed consistently with the protection of the revenue, he shall issue regulations, subject to the approval of the Secretary of the Treasury, under which such refunds or credits may be made or allowed with respect to such losses of beer, lager beer, ale, porter, or other similar fermented malt liquor as the Commissioner finds are not excessive or unreasonable, upon the filing of a claim therefor by the brewer and proof by him to the satisfaction of the Commissioner of Internal Revenue (1) that such beer, lager beer, ale, porter, or other similar fermented malt liquor was fully tax-paid; (2) that the loss occurred in the brewery bottling house or brewery or elsewhere as the Commissioner may determine by regulations, subject to the approval of the Secretary of the Treasury; (3) that such loss was due to imperfect filling or capping, spoilage, leakage, breakage, or wastage; (4) that such loss was not due to carelessness, negligence, fraud, connivance, or collusion on the part of the brewer; and (5) that such loss was not excessive or unreasonable. No claim under this subsection shall be allowed unless filed within 60 days after the last day of the month in which such loss occurred.

(c) The Commissioner is authorized to issue to the brewer to whom a credit is allowed pursuant to this section stamps in an amount equal to such credit, for use by him in the payment of the tax upon beer, lager beer, ale, porter, or other similar fermented malt liquor manufactured by him.

(d) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section.

The amendment was agreed to.

The next amendment was, on page 63, line 2, after the word "amended", to strike out "(26 U. S. C. 225; Supp. VII, title 26, sec. 1394 (h), (i), and (j))" and insert "(U. S. C., 1934 ed., title 26, sec. 1394 (g), (h), and (i))"; in line 6, after the word "winemakers", to insert "who have qualified as such under the internal-revenue laws and regulations, and", so as to make the section read:

SEC. 328. Section 3246 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1394 (g), (h), and (i)), is amended to read as follows:

"SEC. 3246. (a) Nothing in this chapter shall be construed to impose a special tax upon winemakers who have qualified as such under the internal-revenue laws and regulations, and who sell wines of their own production where the same are made or at the general business office of such winemaker: *Provided*, That no winemaker shall have more than one place of business for the sale of such wine that shall be exempt from the special tax.

"(b) No special tax shall be imposed upon apothecaries as to wines or spirituous liquors which they use exclusively in the preparation or making up of medicines unfit for use for beverage purposes.

"(c) No special tax shall be imposed upon manufacturing chemists or flavoring-extract manufacturers for recovering tax-paid alcohol or spirituous liquors from dregs or marc of percolation, or extraction, if such recovered alcohol or spirituous liquors be again used in the manufacture of medicines or flavoring extracts of the kind in the production of which originally used."

The amendment was agreed to.

The next amendment was, on page 63, after line 23, to insert:

SEC. 329. (a) Section 3 of title III of the National Prohibition Act, as amended (U. S. C., 1934 ed., title 27, sec. 73; U. S. C., 1934 ed., Supp. I, title 27, sec. 73), is amended by adding at the end thereof the following new sentence: "Permanent tanks and other structures located on the industrial alcohol plant premises and approved by the Commissioner, shall be deemed to be warehouses within the meaning of this section."

On page 64, line 7, before the word "The", to insert "(b)"; in the same line, after the word "section", to strike out "eleven of title" and insert "11 of Title"; and after line 13 to insert:

(c) Title III of the National Prohibition Act, as amended, and all provisions of the internal-revenue laws relating to the enforcement thereof, are hereby extended to and made applicable to Puerto Rico and the Virgin Islands from and after August 27, 1935. The respective insular governments shall advance to the Treasury of the United States such funds as may be required from time to time by the Secretary of the Treasury for the purpose of defraying all expenses incurred by the Treasury Department in connection with the enforcement in Puerto Rico and the Virgin Islands of the said title III and regulations promulgated thereunder. The funds so advanced shall be deposited in a separate trust fund in the Treasury of the United States and shall be available to the Treasury Department for the purposes of this subsection.

So as to make the section read:

SEC. 329. (a) Section 3 of title III of the National Prohibition Act, as amended (U. S. C., 1934 ed., title 27, sec. 73; U. S. C., 1934 ed., supp. I, title 27, sec. 73), is amended by adding at the end thereof the following new sentence: "Permanent tanks and other

structures located on the industrial-alcohol plant premises and approved by the Commissioner shall be deemed to be warehouses within the meaning of this section."

(b) The third paragraph of section 11 of title III of the National Prohibition Act, as amended and supplemented, is amended by inserting after the word "sanatorium" a comma and the following: "or for the use of any clinic operated for charity and not for profit, including use in the compounding of bona fide medicines for treatment outside of such clinics of patients thereof, but not for sale."

(c) Title III of the National Prohibition Act, as amended, and all provisions of the internal-revenue laws relating to the enforcement thereof, are hereby extended to and made applicable to Puerto Rico and the Virgin Islands from and after August 27, 1935. The respective insular governments shall advance to the Treasury of the United States such funds as may be required from time to time by the Secretary of the Treasury for the purpose of defraying all expenses incurred by the Treasury Department in connection with the enforcement in Puerto Rico and the Virgin Islands of the said title III and regulations promulgated thereunder. The funds so advanced shall be deposited in a separate trust fund in the Treasury of the United States and shall be available to the Treasury Department for the purposes of this subsection.

The amendment was agreed to.

The next amendment was, on page 65, after line 3, to strike out:

SEC. 330. Section 610 of the Revenue Act of 1918, as amended (26 U. S. C. 441; Supp. VII, title 26, sec. 1310), is amended to read as follows:

"SEC. 610. (a) Natural wine within the meaning of this act shall be deemed to be the product made from the normal alcoholic fermentation of the juice of sound, ripe grapes, without addition or abstraction, except such as may occur in the usual cellar treatment of clarifying and aging.

"(b) The product made from the juice of sound, ripe grapes by complete fermentation of the must under proper cellar treatment and corrected by the addition (under the supervision of a storekeeper-gauger, unless such supervision is dispensed with by the Commissioner of Internal Revenue, under the provisions of section 318 of the Liquor Tax Administration Act) of a solution of water and pure cane, beet, or dextrose sugar (containing, respectively, not less than 95 percent of actual sugar, calculated on a dry basis) to the must or to the wine, to correct natural deficiencies, when such addition shall not increase the volume of the resultant product more than 35 percent, and the resultant product does not contain less than five parts per thousand of acid before fermentation and not more than 13 percent of alcohol after complete fermentation, shall be deemed to be wine within the meaning of this act, and may be labeled, transported, and sold as 'wine', qualified by the name of the locality where produced, and may be further qualified by the name of its own particular type or variety.

"(c) Wine as defined in this section may be sweetened with cane sugar or beet sugar or pure condensed grape must and fortified under the provisions of this act, and wines so sweetened or fortified shall be considered sweet wine within the meaning of this act.

"(d) The provisions of the internal-revenue laws applicable to natural wine shall apply in the same manner and to the same extent to citrus-fruit wines which are the product of normal alcoholic fermentation of the juice of sound ripe citrus fruit (except lemons and limes) with or without the addition of dry cane, beet, or dextrose sugar (containing, respectively, not less than 95 percent of actual sugar, calculated on a dry basis) for the purpose of perfecting the product according to standards, but without the addition or abstraction of other substances, except as may occur in the usual cellar treatment of clarifying or aging."

And in lieu thereof to insert:

SEC. 330. (a) The last paragraph of section 610 of the Revenue Act of 1918, as amended (U. S. C., 1934 ed., Supp. I, title 28, sec. 1310 (d)), is amended to read as follows:

"The provisions of the internal-revenue laws applicable to natural wine shall apply in the same manner and to the same extent to citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, and apple wines which are the products, respectively, of normal alcoholic fermentation of the juice of sound ripe (1) citrus-fruit (except lemons and limes), (2) peaches, (3) cherries, (4) berries, (5) apricots, or (6) apples, with or without the addition of dry cane, beet, or dextrose sugar (containing, respectively, not less than 95 percent of actual sugar, calculated on a dry basis) for the purpose of perfecting the product according to standards, but without the addition or abstraction of other substances, except as may occur in the usual cellar treatment of clarifying or aging."

(b) So much of section 613 of the Revenue Act of 1918, as amended (U. S. C., 1934 ed., Supp. I, title 26, sec. 1300 (a) (2)), as reads as follows:

"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine fortified with grape brandy, or containing citrus-fruit wine fortified with citrus-fruit brandy, 2½ cents on each one-half pint or fraction thereof;" is amended to read as follows:

"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, or apple wine, fortified, respectively with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy, 2½ cents on each one-half pint or fraction thereof."

The amendment was agreed to.

The next amendment was, on page 68, line 10, after the word "amended", to strike out "(26 U. S. C., 443; U. S. C., Supp. VII, title 26, sec. 1301)" and insert "(U. S. C., 1934 ed., Supp. I, title 26, sec. 1301)"; in line 14, after the word "such", to strike out "notices, entries, bonds, and other security" and insert "notices and entries"; in line 18, after the word "or", to strike out "special bonded warehouse" and insert "Internal Revenue Bonded Warehouse"; in line 21, after the word "made", and the comma to strike out "and any producer of citrus-fruit wines may similarly withdraw citrus-fruit brandy for the fortification of citrus-fruit wines on the premises where actually made" and insert "and any producer of citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, or apple wines may similarly withdraw citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy for the fortification, respectively, of citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, or apple wines, on the premises where actually made"; on page 69, line 9, after the words "citrus-fruit wines" and the comma to insert "peach wines, cherry wines, berry wines, apricot wines, or apple wines", so as to read:

SEC. 331. Section 612 of the Revenue Act of 1918, as amended (U. S. C., 1934 ed., Supp. I, title 26, sec. 1301), is amended to read as follows:

"SEC. 612. (a) Under such regulations and official supervision and upon the giving of such notices and entries as the Commissioner, with the approval of the Secretary, may prescribe, any producer of wines defined under the provisions of this title may withdraw from any fruit distillery or internal-revenue bonded warehouse grape brandy, or wine spirits, for the fortification of such wines on the premises where actually made, and any producer of citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, or apple wines may similarly withdraw citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy for the fortification, respectively, of citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, or apple wines, on the premises where actually made: *Provided*, That after the date of the enactment of the Liquor Tax Administration Act there shall be levied and assessed against the producer of such wines or citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, or apple wines (in lieu of the internal-revenue tax now imposed thereon by law)", etc.

The amendments were agreed to.

The next amendment was, on page 69, line 11, after the word "of", to strike out "10" and to insert "20."

Mr. JOHNSON. Mr. President, of course I do not assent to this amendment, and I shall endeavor to have it rejected. May it be passed over?

Mr. KING. It may be passed over.

The PRESIDENT pro tempore. The amendment will be passed over.

The next amendment was, on page 69, in line 13, after the words "citrus-fruit brandy" and the comma, to insert "peach brandy, cherry brandy, berry brandy, apricot brandy, apple brandy,"; in line 16, after the words "citrus-fruit wines", to insert "or peach wines, cherry wines, berry wines, apricot wines, or apple wines"; in line 19, after the word "within", to strike out "12" and to insert in lieu thereof "18", so as to read:

Provided, That after the date of the enactment of the Liquor Tax Administration Act there shall be levied and assessed against the producer of such wines or citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, or apple wines (in lieu of the internal-revenue tax now imposed thereon by law) a tax of 20 cents per proof-gallon of grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, apple brandy, or wine spirits, whenever withdrawn and so used by him after such date in the fortification of such wines or citrus-fruit wines or peach wines, cherry wines, berry wines, apricot wines, or apple wines during the preceding month, which assessment shall be paid by him within 18 months from the date of notice thereof.

The amendments were agreed to.

The next amendment was, on page 69, in line 20, after the word "thereof", to insert a colon and the following proviso:

Provided, That every producer of wine who withdraws such brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, apple brandy, or wine spirits shall give

bond to fully cover at all times prior to payment of the assessment the amount of tax due on such brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, apple brandy, or wine spirits, which bond shall be in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall, by regulations, prescribe.

Mr. KING. Mr. President, the Senator from California has offered an amendment to this amendment, and the amendment of the committee may be passed over. We will recur to this later.

Mr. JOHNSON. Is the Senator referring to the amendment on page 71?

Mr. KING. On page 70, the one the Senator suggested.

The PRESIDENT pro tempore. The Chair understands that the amendment of the Senator from California is to the House text. Is that correct?

Mr. KING. That is correct. Of course, under the unanimous-consent agreement we were not to act on amendments to the text at the time the provision proposed to be amended was reached, but I am not following any technical rule, and when we get through with the amendments which the committee has tendered, then we will recur to this.

Mr. JOHNSON. The same rule will apply to the amendment which has been printed and filed to come at the end of section 331 on page 71?

Mr. KING. Yes.

The PRESIDENT pro tempore. Without objection, the amendment on page 69, line 20, will be passed over, and the clerk will state the next amendment of the committee.

The next amendment was, on page 70, line 9, after the words "citrus-fruit brandy" and the comma, to insert "peach brandy, cherry brandy, berry brandy, apricot brandy, apple brandy,"; in line 14, after the words "citrus-fruit wines" and the comma, to insert "peach wines, cherry wines, berry wines, apricot wines, apple wines,"; and in line 18, after the words "citrus-fruit wines" and the comma, to insert "or peach wines, cherry wines, berry wines, apricot wines, apple wines,"; so as to read:

When such wines are sold or removed for the manufacture of vinegar, or the production of dealcoholized wines containing less than one-half of 1 percent of alcohol by volume, the tax under this section on such grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, apple brandy, or wine spirits shall, under such regulations as the Secretary may prescribe, be abated or refunded.

(b) Nothing contained in this section shall be construed as exempting any wines, citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, apple wines, cordials, liqueurs, or similar compounds from the payment of any tax provided for in this title.

(c) Any such wines, or citrus-fruit wines, or peach wines, cherry wines, berry wines, apricot wines, apple wines, may, under such regulations as the Secretary may prescribe, be sold or removed tax free for the manufacture of vinegar, or for the production of dealcoholized wines containing less than one-half of 1 percent of alcohol by volume.

(d) The taxes imposed by this section shall not apply to dealcoholized wines containing less than one-half of 1 percent of alcohol by volume.

The amendment was agreed to.

The next amendment was, on page 71, after line 3, to strike out:

SEC. 332. Section 42 of the act approved October 1, 1890 (26 U. S. C. 445; U. S. C. Supp. VII, title 26, sec. 1302 (a)) as amended, is amended to read as follows:

"SEC. 42. (a) Any producer of pure sweet wines may use in the preparation of such sweet wines, under such regulations and after the filing of such notices and bonds, together with the keeping of such records and the rendition of such reports as to materials and products as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, wine spirits produced by any duly authorized distiller, and the Commissioner of Internal Revenue in determining the liability of any distiller of wine spirits to assessment under section 3309 of the Revised Statutes, is authorized to allow such distiller credit in his computation for the wine spirits withdrawn to be used in fortifying sweet wines under this act.

"(b) The provisions of this section and section 43 shall apply to the use of citrus-fruit brandy in the preparation of fortified citrus-fruit wines in the same manner and to the same extent as such provisions apply to the use of wine spirits in the fortification of sweet wines, except that no brandy (other than a citrus-fruit brandy) may be used in the fortification of citrus-fruit wine and a citrus-fruit brandy prepared from one kind of citrus fruit may not be used for the fortification of a citrus-fruit wine prepared from another kind of citrus fruit or for the fortification of a wine prepared from any fruit other than citrus fruit."

And in lieu thereof to insert:

SEC. 332. Section 42 of the act entitled "An act to reduce the revenue and equalize duties on imports, and for other purposes", approved October 1, 1890, as amended (U. S. C., 1934 ed., Supp. I, title 26, sec. 1302), is amended by inserting at the end thereof the following new paragraph:

"The provisions of this section and section 43 shall apply to the use of peach brandy, cherry brandy, berry brandy, apricot brandy, and apple brandy, in the preparation, respectively, of fortified peach wines, cherry wines, berry wines, apricot wines, and apple wines, in the same manner and to the same extent as such provisions apply to the use of wine spirits in the fortification of sweet wines; except that (1) no brandy other than peach brandy may be used in the fortification of peach wine and peach brandy may not be used for the fortification of any wine other than peach wine, (2) no brandy other than cherry brandy may be used in the fortification of cherry wine and cherry brandy may not be used for the fortification of any wine other than cherry wine, (3) no brandy other that berry brandy may be used in the fortification of berry wine and a berry brandy prepared from one kind of berry may be used for the fortification of a berry wine prepared from another kind of berry or for the fortification of any wine other than berry wine, (4) no brandy other than apricot brandy may be used in the fortification of apricot wine and apricot brandy may not be used for the fortification of any wine other than apricot wine, and (5) no brandy other than apple brandy may be used in the fortification of apple wine and apple brandy may not be used for the fortification of any wine other than apple wine."

The amendment was agreed to.

The next amendment was, on page 73, after line 11, to strike out:

SEC. 333. Section 3255 of the Revised Statutes, as amended (26 U. S. C., 297; Supp. VII, title 26, sec. 1176), is amended to read as follows:

"SEC. 3255. (a) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may exempt distillers of brandy made exclusively from apples, peaches, grapes, pears, pineapples, apricots, berries, plums, pawpaws, persimmons, prunes, figs, cherries, dates, or citrus fruits (except lemons and limes) from any provision of the internal-revenue laws relating to the manufacture of spirits, except as to the tax thereon when in his judgment it may seem expedient to do so.

"(b) Where, in the manufacture of wine, or citrus-fruit wine, artificial sweetening has been used, the wine, or the fruit pomace residuum thereof, or the citrus-fruit wine may be used in the distillation of brandy, or citrus-fruit brandy, as the case may be, and such use shall not prevent the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, from exempting such distiller from any provision of the internal-revenue laws relating to the manufacture of spirits, except as to the tax thereon, when in his judgment it may seem expedient to do so.

"(c) The distillers mentioned in this section may add to not less than 500 gallons (or 10 barrels) of grape cheese not more than 500 gallons of a sugar solution made from cane, beet, starch, or corn sugar, 95 percent pure, such solution to have a saccharine strength of not to exceed 10 percent, and may ferment the resultant mixture on a winery or distillery premises, and such fermented product shall be regarded as distilling material."

And in lieu thereof to insert:

SEC. 333. The first proviso of section 3255 of the Revised Statutes, as amended (U. S. C., 1934 ed., Supp. I, title 26, sec. 1176), is amended by inserting after "citrus-fruit wine", wherever it appears, the words ", peach wine, cherry wine, berry wine, apricot wine, or apple wine"; and by inserting after "citrus-fruit brandy", the words ", peach brandy, cherry brandy, berry brandy, apricot brandy, or apple brandy."

The amendment was agreed to.

The next amendment was, on page 75, line 2, after the numerals "1918", to strike out "(U. S. C., Supp. VII, sec. 1304)" and insert "(U. S. C., 1934 ed., title 26, sec. 1304)"; in line 6, after the word "produce", to strike out "grape wines and citrus-fruit wines" and insert "grape wines, citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, and apple wines"; and in line 12, after the word "plant" and the period, to strike out: "The alcohol removed from such liquid, if evaporated and not condensed and saved, shall not be subject to tax; if saved, it shall be subject to the same law as other alcoholic liquors. Credit shall be allowed on the tax due on any alcohol or brandy so saved to the amount of any tax paid upon distilled spirits or brandy used in the fortification of the liquor from which the same is saved", so as to make the section read:

SEC. 334. Section 618 (b) of the Revenue Act of 1918 (U. S. C., 1934 ed., title 26, sec. 1304) is amended to read as follows:

"(b) Under regulations prescribed by the Commissioner with the approval of the Secretary it shall be lawful to produce grape wines, citrus-fruit wines, peach wines, cherry wines, berry wines, apricot

wines, and apple wines on bonded winery premises by the usual method, and to transport and use the same, and like wines heretofore produced and now stored on bonded winery premises, as distilling material in any fruit-brandy distillery or industrial-alcohol plant."

The amendment was agreed to.

The next amendment was, on page 75, line 21, after the numerals "1918", to strike out "(U. S. C., Supp. VII, sec. 1309)" and insert "(U. S. C., 1934 ed., title 26, sec. 1309)", so as to make the section read:

SEC. 335. Section 620 of the Revenue Act of 1918 (U. S. C., 1934 ed., title 26, sec. 1309) is amended by striking out the following: "or whoever rectifies, mixes, or compounds with distilled spirits any domestic wines, other than in the manufacture of liqueurs, cordials, or similar compounds."

The amendment was agreed to.

The next amendment was, on page 76, after line 14, to insert:

SEC. 338. Section 616 of the Revenue Act of 1918 (U. S. C., 1934 ed., title 26, sec. 1306) is amended by striking out "and shall, prior to sale or removal for consumption, affix to each cask or vessel containing such wine such marks, labels, or stamps as the Commissioner, with the approval of the Secretary, may from time to time prescribe" and inserting in lieu thereof "and shall, prior to sale or removal for consumption, affix to each cask, barrel, bottle, or other immediate container, and to each case or other shipping container, of such wine, such marks, labels, or stamps as the Commissioner, with the approval of the Secretary, may from time to time prescribe as to each."

The amendment was agreed to.

The next amendment was, under the heading "title IV", on page 77, line 3, after the word "amended", to strike out "(26 U. S. C., sec. 525; U. S. C., Supp. VII, title 26, sec. 1336)" and insert "(U. S. C., 1934 ed., title 26, sec. 1336)"; and in line 20, after the name "Treasury", to insert a comma and "which regulations shall not entail additional expense to the taxpayer", so as to make the section read:

TITLE IV

SEC. 401. (a) Section 3354 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, sec. 1336), is amended by striking out "keg, or other vessel" and inserting in lieu thereof "or keg."

(b) Such section 3354 of the Revised Statutes, as amended, is further amended by striking out the first sentence of the second proviso thereof and inserting in lieu thereof the following: "*Provided further*, That the tax imposed by law on fermented liquor shall be paid on all fermented liquor removed from a brewery to a bottling house by means of a pipe or conduit, at the time of such removal, by the cancelation and defacement, by the officer designated by the Commissioner of Internal Revenue, in the presence of the brewer, of the number of stamps denoting the tax on the fermented liquor thus removed, or in such other manner as may be prescribed by regulations issued by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury, which regulations shall not entail additional expense to the taxpayer."

(c) The Commissioner of Internal Revenue is hereby authorized, with the approval of the Secretary of the Treasury, to make all rules and regulations necessary to carry out the provisions of this section.

The amendment was agreed to.

The next amendment was, at the top of page 78, to strike out:

SEC. 402. (a) All spirits, spirituous liquors, wines, and fermented liquors forfeited, summarily or by order of court, under any law of the United States, shall be delivered to the Secretary of the Treasury to be disposed of as hereinafter provided.

(b) The Secretary of the Treasury shall dispose of all spirits, spirituous liquors, wines, and fermented liquors which have been delivered to him pursuant to subsection (a)—

(1) By delivery to such Government agencies as, in his opinion, have a need for such spirits, spirituous liquors, wines, or fermented liquors for medicinal, scientific, or mechanical purposes; or

(2) By gift to such eleemosynary institutions as, in his opinion, have a need for such spirits, spirituous liquors, wines, or fermented liquors for medicinal purposes; or

(3) By sale. Notwithstanding any other provision of law all such spirits, spirituous liquors, wines, or fermented liquors so sold shall be sold subject to the payment of internal-revenue taxes and duties due thereon; or

(4) By destruction.

(c) No spirits, spirituous liquors, wines, or fermented liquors which have been seized under any law of the United States, may be disposed of in any manner whatsoever except after forfeiture and as provided in this section.

(d) The Secretary of the Treasury is authorized to make all rules and regulations necessary to carry out the provisions of this section.

The amendment was agreed to.

The next amendment was, on page 79, after line 5, to insert:

SEC. 402. Notwithstanding the provisions of section 3182 of the Revised Statutes, or any other law relating to the assessment of taxes, the Commissioner of Internal Revenue may, in his discretion, omit the making of assessments and the authorizing of suits for recovery of taxes on distilled spirits, wine, or fermented liquors, or special occupational taxes required to be paid by persons manufacturing or dealing in distilled spirits, wine, or fermented liquor, whenever after investigation it appears that such taxes, if assessed, would not be collectible in full or in any substantial amount; but in each case of such omission to assess or to authorize suit, a report setting forth the facts as to the uncollectibility of the tax must be filed in the office of the Commissioner of Internal Revenue.

The amendment was agreed to.

The next amendment was, on page 79, after line 19, to strike out:

SEC. 403. (a) Whenever the Secretary of the Treasury finds that there has been instituted, or that process has been issued for the institution of, any proceeding by the United States, based upon a claim arising under the customs or internal revenue laws in connection with an alleged importation or bringing into the United States of distilled spirits, wines, or fermented malt liquors, against any person, whether or not a resident of the United States, and that such person has, or at the date of the enactment of this act had, a substantial interest, direct or indirect, in any plant, establishment, or business outside of the United States for the production, manufacture, rectification, selling, or marketing of distilled spirits, wines, or fermented malt liquors, the Secretary shall publish such information as will, in his judgment, sufficiently identify such person and such plant, establishment, or business, and after such publication no distilled spirits, wines, or fermented malt liquors produced, manufactured, rectified, sold, or marketed by such person, or in which he has any interest, or produced, manufactured, rectified, sold, or marketed in or by any such plant, establishment, or business, shall be imported or brought into the United States unless and until such person submits to the jurisdiction of the court of the United States in which such proceeding has been instituted, or out of which such process has been issued, and, to secure payment of the claim, furnishes to the Secretary of the Treasury such security as he may require, but not in excess of double the amount of the claim, or complies with such other reasonable terms as he may impose.

(b) If any person fraudulently or knowingly imports or brings into the United States any distilled spirits, wines, or fermented malt liquors contrary to the provisions of this section, or any rule or regulation made hereunder, he shall be liable to a penalty in an amount equal to the value of such distilled spirits, wines, or fermented malt liquors which shall, in addition thereto, be subject to seizure and forfeiture. Any penalty or forfeiture incurred under this section may be sued for, prosecuted, and recovered, and shall be treated for all purposes, as a penalty or forfeiture incurred under the customs laws and the imposition of any such penalty or forfeiture shall not be deemed to exclude the imposition of penalties or forfeitures incurred under any other provision of law.

(c) The Secretary of the Treasury is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section.

The amendment was agreed to.

The next amendment was, on page 81, after line 15, to insert:

SEC. 403. Section 239 of the Criminal Code (U. S. C., 1934 ed., title 18, sec. 389) is amended to read as follows:

"SEC. 239. Any railroad company, express company, or other common carrier, or any other person who, in connection with the transportation of any spirituous liquor, or vinous, malted, or other fermented liquor, or any compound containing any spirituous liquor, or vinous, malted, or other fermented liquor, fit for use for beverage purposes, from one State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, into any other State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, which prohibits the delivery or sale therein of such liquor, or from any foreign country into any such State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, shall collect the purchase price or any part thereof, before, on, or after delivery, from the consignee, or from any other person, or shall in any manner act as the agent of the buyer or seller of any such liquor, for the purpose of buying or selling or completing the sale thereof, saving only in the actual transportation and delivery of the same, shall be fined not more than $5,000 or imprisoned not more than 1 year, or both."

The amendment was agreed to.

The next amendment was, on page 82, after line 13, to insert:

SEC. 404. Section 313 (d) of the Tariff Act of 1930 (U. S. C., 1934 ed., title 19, sec. 1313 (d)) is amended by adding thereto the following:

"Upon the exportation of bottled distilled spirits manufactured or produced in the United States on which an internal-revenue

tax has been paid, there shall be allowed, under regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, a drawback equal in amount to the tax found to have been paid on such bottled distilled spirits: *Provided*, That such distilled spirits have been bottled especially for export, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury."

Mr. JOHNSON. Mr. President, I call to the attention of the Senator from Utah another amendment, which I think is formal in character, after the words "distilled spirits" on page 82, lines 17, 23, and 24, in each instance, to insert the words "and wine."

Mr. KING. So that it will read how?

Mr. JOHNSON. "Distilled spirits and wine."

The PRESIDENT pro tempore. The clerk will state the amendment proposed by the Senator from California to the committee amendment.

The CHIEF CLERK. On page 82, line 17, after the words "distilled spirits", to insert the words "and wine"; on line 23, after the words "distilled spirits", to insert the words "and wine"; and on line 24, after the words "distilled spirits", to insert the words "and wine."

Mr. KING. Let the amendment be passed over.

The PRESIDENT pro tempore. The amendment will be passed over. The clerk will state the next amendment of the committee.

The next amendment was, on page 83, after line 2, to insert:

SEC. 405. Section 313 (1) (3) of the Tariff Act of 1930 (U. S. C., 1934 ed., title 19, sec. 1313 (i)) is amended by striking therefrom the word "alcohol" and inserting in lieu thereof the words "distilled spirits."

Mr. JOHNSON. On page 83, line 6, after the words "distilled spirits", I move to amend by adding the words "and wine." Will that go over also?

Mr. KING. Let that be passed over.

The PRESIDENT pro tempore. The amendment will be passed over, and the clerk will state the next amendment of the committee.

The next amendment was, on page 83, after line 6, to insert:

SEC. 406. Section 311 of the Tariff Act of 1930 (U. S. C., 1934 ed., title 19, sec. 1311) is amended by adding a paragraph at the end thereof, reading as follows:

"Distilled spirits and wines which are rectified in bonded manufacturing warehouses, class 6, and distilled spirits which are reduced in proof and bottled in such warehouses, shall be deemed to have been manufactured within the meaning of this section, and may be withdrawn as hereinbefore provided, and likewise for shipment in bond to Puerto Rico, subject to the provisions of this section, and under such regulations as the Secretary of the Treasury may prescribe, there to be withdrawn for consumption or be rewarehoused and subsequently withdrawn for consumption: *Provided*, That upon withdrawal in Puerto Rico for consumption, the duties imposed by the customs laws of the United States shall be collected on all imported merchandise (in its condition as imported) and imported containers used in the manufacture and putting up of such spirits and wines in such warehouses: *Provided further*, That no internal-revenue tax shall be imposed on distilled spirits and wines rectified in class 6 warehouses if such distilled spirits and wines are exported or shipped in accordance with the provisions of this section, and that no person rectifying distilled spirits or wines in such warehouses shall be subject by reason of such rectification to the payment of special tax as a rectifier."

The amendment was agreed to.

The next amendment was, on page 84, after line 7, to insert:

SEC. 407. Section 51 of the act of August 27, 1894, as amended (U. S. C., 1934 ed., title 26, sec. 1265; U. S. C., 1934 ed., Supp. I, title 26, sec. 1265), is amended to read as follows:

"SEC. 51. The Commissioner of Internal Revenue shall be, and is hereby, authorized, in his discretion, and upon the execution of such bonds as he may prescribe, to establish warehouses, to be known and designated as Internal Revenue bonded warehouses, to be used exclusively for the storage of distilled spirits other than alcohol, each of which warehouses shall be in charge of a storekeeper-gauger to be appointed, assigned, transferred, and paid in the same manner as such officers for distillery warehouses have been appointed, assigned, transferred, and paid prior to the date of enactment of the Liquor Tax Administration Act. Every such warehouse shall be under the control of the district supervisor of the Alcohol Tax Unit district in which such warehouse is located, and shall be in the joint custody of the storekeeper-gauger and proprietor thereof, and kept securely locked, and shall at no time be unlocked or opened or remain open except in the presence of such storekeeper-gauger or other person who may be designated to act for him. No dwelling house shall be used for such a warehouse, and no door, window, or other opening shall be made or permitted in the walls of such warehouse leading into a distillery. Such warehouses shall be under such further regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe."

The amendment was agreed to.

The next amendment was, on page 85, after line 10, to insert:

SEC. 408. (a) Section 3271 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1225) is repealed: *Provided, however*, That the repeal of said section shall not relieve any distiller of liability for any taxes or penalties arising out of the use of, or storage of distilled spirits in, a distillery warehouse authorized, approved, or maintained under such section 3271 of the Revised Statutes.

(b) All distillery, general, and special bonded warehouses heretofore established according to law and on the date of the enactment of this act actually being lawfully used for the storage of distilled spirits (other than alcohol) on which the tax has not been paid shall be designated as Internal Revenue bonded warehouses, and, upon the filing of such new bonds, or the consents of sureties on such existing bonds, covering spirits in such distillery, general, or special bonded warehouses, as the Commissioner shall consider adequate to insure the payment of taxes due to the United States, may be used under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, for the storage of distilled spirits (other than alcohol) heretofore or hereafter produced.

The amendment was agreed to.

The next amendment was, on page 86, after line 7, to insert:

SEC. 409. The distinction between distillery bonded warehouses, general bonded warehouses, and special bonded warehouses is hereby removed, and any warehouse for the storage of distilled spirits (other than alcohol) prior to tax payments, shall be operated as an Internal Revenue bonded warehouse. The establishment, construction, maintenance, and supervision of Internal Revenue bonded warehouses shall be under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe.

The amendment was agreed to.

The next amendment was, on page 86, after line 17, to insert:

SEC. 410. Internal Revenue bonded warehouses established under authority of law shall be exempt from the provisions of those sections of law which, prior to the date of enactment of this act have made distinctions between distillery bonded warehouses, general bonded warehouses, and special bonded warehouses, as to (1) kind of spirits to be stored therein; (2) ownership or production of distilled spirits to be stored therein; (3) ownership or proprietorship of such warehouses; (4) location and construction of such bonded warehouses; (5) entry of distilled spirits therein; (6) withdrawal of distilled spirits therefrom; (7) transfers of distilled spirits to or from one or more of such classes of bonded warehouses; or (8) any other matter; it being hereby declared to be the purpose of the amendment to section 51 of the act of August 27, 1894, made by section 407 hereof, to establish the Internal Revenue bonded warehouse as the sole type and kind of bonded warehouses under the internal-revenue laws for the storage of distilled spirits (other than alcohol) on which the tax has not been paid.

The amendment was agreed to.

The next amendment was, on page 87, after line 11, to insert:

SEC. 411. Section 3296 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1287) is amended to read as follows:

"SEC. 3296. Whenever any person removes, or aids or abets in the removal of, any distilled spirits on which the tax has not been paid, to a place other than the Internal Revenue bonded warehouse provided by law, or conceals or aids in the concealment of any spirits so removed, or removes, or aids or abets in the removal of, any distilled spirits from any such warehouse authorized by law, in any manner other than is provided by law, or conceals or aids in the concealment of any spirits so removed, he shall be liable to a penalty of double the tax imposed on such distilled spirits so removed or concealed, and shall be fined not less than $200 nor more than $5,000, and imprisoned not less than 3 months nor more than 3 years."

The amendment was agreed to.

The next amendment was, on page 88, after line 2, to insert:

SEC. 412. Under rules and regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, distillers may collect in locked tanks distillates containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil (heads and tails) removed in the

course of distillation. Such distillates containing one-half of 1 percent or more of aldehydes or more than 1 percent of fusel oil so collected may be removed for denaturation, under regulations prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury, or destroyed in the manner prescribed by the Commissioner of Internal Revenue, under the supervision of an internal-revenue officer to be designated by the Commissioner, and when so denatured or destroyed shall not be subject to the tax imposed by law upon distilled spirits.

The amendment was agreed to.

The next amendment was, on page 88, after line 18, to insert:

SEC. 413. Section 3318 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 26, secs. 1208 and 1209), is further amended to read as follows:

"SEC. 3318. Every rectifier and wholesale liquor dealer shall keep daily, at his place of business covered by his special tax stamp, a record of distilled spirits received and disposed of by him, and shall render under oath correct transcripts and summaries of such records: *Provided*, That the Commissioner may in his discretion require such record to be kept at the place where the spirits are actually received and sent out. The records shall be kept and the transcripts shall be rendered in such form, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

"The records required to be kept under the provisions of this section and regulations issued pursuant thereto, shall be preserved for such period of time as the Commissioner, with the approval of the Secretary of the Treasury, shall prescribe, and during such period shall be available during business hours for inspection and the taking of abstracts therefrom by the Commissioner or any internal-revenue officer.

"Every rectifier and wholesale liquor dealer who refuses or neglects to keep such records in the form prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, or to make entries therein, or cancels, alters, or obliterates any entry therein (except for the purpose of correcting errors) or destroys any part of such records, or any entry therein, or makes any false entry therein, or hinders or obstructs any internal-revenue officer from inspecting such records or taking any abstracts therefrom, or neglects or refuses to preserve or produce such records as required by this act or by regulations issued pursuant thereto, shall pay a penalty of $100, and, on conviction, shall be fined not less than $100 nor more than $5,000, and be imprisoned not less than 3 months nor more than 3 years.

"Every rectifier and wholesale liquor dealer who refuses or neglects to render transcripts or summaries in the form required by the Commissioner, with the approval of the Secretary, shall, upon conviction, be fined not more than $100 for each such neglect or refusal."

The amendment was agreed to.

The next amendment was, on page 90, after line 10, to insert:

SEC. 414. Section 62 of the act of August 27, 1894 (U. S. C., 1934 ed., title 26, sec. 1210), is amended to read as follows:

"SEC. 62. No distiller who has given the required bond and who sells only distilled spirits of his own production at the place of manufacture, or at the place of storage in bond, in the original packages to which the tax-paid stamps are affixed, shall be required to pay the special tax of a wholesale liquor dealer on account of such sales: *Provided*, That every distiller shall keep daily a record of such distilled spirits disposed of by him, and shall render under oath correct transcripts and summaries of such records. The records shall be kept and the transcripts shall be rendered in such form, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

"The records required to be kept under the provisions of this section and regulations issued pursuant thereto, shall be preserved for such period of time as the Commissioner, with the approval of the Secretary of the Treasury, shall prescribe, and during such period shall at all times be available, during business hours, for inspection and the taking of abstracts therefrom by the Commissioner or any internal-revenue officer.

"Every distiller who refuses or neglects to keep such records in the form prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, or to make entries therein, or cancels, alters, or obliterates any entry therein (except for the purpose of correcting errors) or destroys any part of such records, or any entry therein, or makes any false entry therein, or hinders or obstructs any internal-revenue officer from inspecting such records or taking any abstracts therefrom, or neglects or refuses to preserve or produce such records as required by this act or by regulations issued pursuant thereto, shall pay a penalty of $100 and, on conviction, shall be fined not less than $100 nor more than $5,000, and be imprisoned not less than 3 months nor more than 3 years.

"Every distiller who refuses or neglects to render the transcripts or summaries in the form as required by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall, upon conviction, be fined not more than $100 for each such neglect or refusal."

The amendment was agreed to.

The next amendment was, on page 92, after line 5, to insert:

SEC. 415. All internal-revenue laws of the United States in regard to the manufacture and taxation of, and traffic in, distilled spirits, wines, and malt liquors, and all penalties for violations of such laws, that were in force at the time the National Prohibition Act was enacted, shall be and continue in force, except as they have been repealed or amended by acts other than (1) Title II of the National Prohibition Act, as amended and supplemented, and (2) section 1 of the Liquor Law Repeal and Enforcement Act, and except as they may be modified by, or may be inconsistent with, this act.

SEC. 416. Except as provided in section 329 of this act, nothing contained in this act shall be construed as restricting or limiting the provisions of title III of the National Prohibition Act, as amended.

The amendment was agreed to.

The next amendment was, on page 92, after line 19, to insert:

TITLE V

SECTION 501. (a) The Federal Alcohol Administration created as a division in the Treasury Department by section 2 (a) of the Federal Alcohol Administration Act, approved August 29, 1935 (Public, No. 401, 74th Cong.), is hereby made an independent establishment of the Government. The office of Administrator of the Federal Alcohol Administration is abolished, and hereafter the Federal Alcohol Administration shall be composed of three members, appointed as provided in section 502 of this title.

(b) All rights, privileges, powers, and duties conferred or imposed upon the Administrator of the Federal Alcohol Administration are conferred and imposed upon the Federal Alcohol Administration. All papers, records, and property of the Administrator and the Federal Alcohol Administration, as a division of the Treasury Department, are transferred to the Federal Alcohol Administration as an independent establishment of the Government.

(c) The Federal Alcohol Administration is authorized, without regard to the civil-service laws, to appoint such attorneys and experts, and, subject to the civil-service laws, to appoint such other officers and employees as it deems necessary to carry out its powers and duties; and the compensation of all such attorneys, experts, and other officers and employees shall be fixed in accordance with the Classification Act of 1923, as amended. All officers and employees appointed by the administrator and engaged in carrying out his powers and duties shall be officers and employees of the Federal Alcohol Administration: *Provided*, That no such officer or employee who does not already possess a competitive classified civil-service status shall thereby acquire such status, except upon recommendation by the Federal Alcohol Administration to the Civil Service Commission, subject to such noncompetitive tests of fitness as the Commission may prescribe; and no such officer or employee, except attorneys and experts, may be retained in the Federal Alcohol Administration without appropriate civil-service status for a period longer than 60 days from the effective date of this section.

(d) All provisions of law applicable to the Administrator shall be applicable in the same manner and to the same extent to the Federal Alcohol Administration.

The amendment was agreed to.

The next amendment was, on page 94, after line 11, to insert:

SEC. 502. (a) The members of the Federal Alcohol Administration shall be appointed by the President, by and with the advice and consent of the Senate. Not more than two members of the Administration shall be members of the same political party. The terms of office of the members first taking office shall expire, as designated by the President at the time of nomination, one at the end of the first year, one at the end of the second year, and one at the end of the third year after the date of the enactment of this act. A successor shall have a term of office expiring 3 years from the date of expiration of the term for which his predecessor was appointed, except that a person appointed to fill a vacancy occurring prior to the expiration of such term shall be appointed for the remainder of such term. No person shall be eligible for appointment or continue in office as a member if he is engaged or financially interested in, or is an officer or director of or employed by a company engaged in, the production or sale or other distribution of alcoholic beverages or the financing thereof. Each member shall, for his services, receive compensation at the rate of $8,000 per annum, together with actual and necessary traveling and subsistence expenses while engaged in the performance of his duties as member outside the District of Columbia.

(b) One of the members shall be designated by the President annually as chairman and shall be the chief executive officer of the Administration; one of the members shall be designated by the President annually as vice chairman of the Administration and

shall perform the functions and duties of the chairman in his absence or in the event of his incapacity caused by illness; and one of the members, who shall be a lawyer, shall be designated by the President as general counsel of the Administration. The Administration may function notwithstanding vacancies, and a majority of the members in office shall constitute a quorum. The Administration shall meet at the call of the chairman or a majority of its members. The Administration is authorized to adopt an official seal, which shall be judicially noticed. The Administration shall be entitled to free use of the United States mails in the same manner as the executive departments.

(c) The Administration is authorized and directed to prescribe such rules and regulations as may be necessary to carry out its powers and duties.

Mr. MALONEY. Mr. President, I offer an amendment to the committee amendment, on page 95, line 6, to strike out "$8,000" and insert in lieu thereof "$10,000", so as to read:

Each member shall, for his services, receive compensation at the rate of $10,000 per annum, together with actual and necessary traveling and subsistence expenses while engaged in the performance of his duties as member outside the District of Columbia.

Mr. GEORGE. I may say that I hope the Senator from Utah will let that amendment to the committee amendment go to conference, because unless the provision for $10,000 is inserted the conferees might have no leeway. I hope the Senator will accept the amendment to the committee amendment.

Mr. KING. Mr. President, I may say that the committee, after considering the subject involved in the proposed amendment to the committee amendment, rejected it and insisted upon the amount which is placed in the bill, namely, $8,000 per annum. However, when a member of the committee urges that an amendment changing the compensation go to conference I am tempted to permit it to do so, though I dislike to take such action.

Mr. GEORGE. Mr. President, the reason for my request is that since this particular provision is not contained in the House bill at all, if the bill should be passed providing for $8,000 there is some question whether the conferees could increase the amount. I suggested that the amendment now proposed go to conference so that the conferees may have the privilege of increasing the compensation fixed by the committee amendment.

Mr. KING. I shall allow the amendment to go to conference, Mr. President, but I give notice to the Senator and those who are proponents of this increase that if I happen to be one of the conferees I shall call attention to the fact that the committee, after full consideration, agreed upon $8,000.

Mr. CLARK. It was unanimously agreed to.

Mr. KING. Yes, Mr. President; it was unanimously agreed to.

The PRESIDENT pro tempore. Without objection, the amendment to the committee amendment proposed by the Senator from Connecticut, on page 95, line 6, is agreed to.

Mr. GEORGE. I desire to offer as an amendment to the committee amendment on page 95, line 11, after the word "annually", to insert "at the beginning of the calendar year."

Mr. KING. I have no objection to that, Mr. President.

Mr. GEORGE. Mr. President, that same amendment should be made after the word "annually" on the same page, line 13.

Mr. KING. I have no objection.

Mr. GEORGE. And the same amendment should be made to the committee amendment wherever the word "annually" appears in connection with the appointment of the members of the board in this particular section. I propose to insert after the word "annually" the words "at the beginning of the calendar year."

Mr. KING. I suggest that the Senator, before the bill leaves the Senate, confer with the clerk to see that the proposed amendments to the committee amendment are placed in the appropriate places.

The PRESIDENT pro tempore. Without objection, the amendments offered by the Senator from Georgia to the committee amendment on page 95 are agreed to.

The committee amendment as amended was agreed to, as follows:

SEC. 502. (a) The members of the Federal Alcohol Administration shall be appointed by the President, by and with the advice and consent of the Senate. Not more than two members of the Administration shall be members of the same political party. The terms of office of the members first taking office shall expire, as designated by the President at the time of nomination, one at the end of the first year, one at the end of the second year, and one at the end of the third year after the date of the enactment of this act. A successor shall have a term of office expiring 3 years from the date of expiration of the term for which his predecessor was appointed, except that a person appointed to fill a vacancy occurring prior to the expiration of such term shall be appointed for the remainder of such term. No person shall be eligible for appointment or continue in office as a member if he is engaged or financially interested in, or is an officer or director of or employed by a company engaged in, the production or sale or other distribution of alcoholic beverages or the financing thereof. Each member shall, for his services, receive compensation at the rate of $8,000 per annum, together with actual and necessary traveling and subsistence expenses while engaged in the performance of his duties as member outside the District of Columbia.

(b) One of the members shall be designated by the President annually at the beginning of the calendar year as chairman and shall be the chief executive officer of the Administration; one of the members shall be designated by the President annually at the beginning of the calendar year as vice chairman of the Administration and shall perform the functions and duties of the chairman in his absence or in the event of his incapacity caused by illness; and one of the members, who shall be a lawyer, shall be designated by the President as general counsel of the Administration. The Administration may function notwithstanding vacancies, and a majority of the members in office shall constitute a quorum. The Administration shall meet at the call of the chairman or a majority of its members. The Administration is authorized to adopt an official seal, which shall be judicially noticed. The Administration shall be entitled to free use of the United States mails in the same manner as the executive departments.

(c) The Administration is authorized and directed to prescribe such rules and regulations as may be necessary to carry out its powers and duties.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, on page 96, after line 3, to insert:

SEC. 503. (a) Sections 2 (b), 2 (c), and 2 (d) of the Federal Alcohol Administration Act are hereby repealed. All rules, regulations, orders, permits, and certificates, prescribed or issued by the Administrator and in full force and effect on the effective date of this section, shall continue in full force and effect until duly modified, superseded, or revoked.

(b) All proceedings, hearings, investigations, or other matters pending before, or being carried on by, the Administrator shall be continued and brought to determination by the Administration.

(c) No suit, action, or other proceeding lawfully commenced by or against any agency or officer of the United States shall abate by reason of the transfer of rights, privileges, powers, and duties, or the abolition of the office of Administrator, under the provisions of this title.

The amendment was agreed to.

The next amendment was, on page 96, after line 19, to insert:

SEC. 504. The unexpended balances of appropriations available for salaries and expenses of the Federal Alcohol Administration, as a division of the Treasury Department, shall be available for salaries and expenses of the Federal Alcohol Administration, as an independent establishment of the Government, including the salaries and expenses of the members of the Federal Alcohol Administration.

The amendment was agreed to.

The next amendment was, on page 97, after line 2, to insert:

SEC. 505. The third paragraph of section 5 (e) of the Federal Alcohol Administration Act is hereby amended to read as follows:

"In order to prevent the sale or shipment or other introduction of distilled spirits, wine, or malt beverages in interstate or foreign commerce, if bottled, packaged, or labeled in violation of the requirements of this subsection, (1) no bottler of distilled spirits, no producer, blender, or wholesaler of wine, or proprietor of a bonded wine storeroom, and no brewer or wholesaler of malt beverages shall bottle, and (2) no person shall remove from customs custody, in bottles, for sale or any other commercial purpose, distilled spirits, wine, or malt beverages, respectively, after such date as the Administrator fixes as the earliest practicable date for the application of the provisions of this subsection to any class of

such persons (but not later than Aug. 15, 1936, in the case of distilled spirits, and Dec. 15, 1936, in the case of wine and malt beverages, and only after 30 days' public notice), unless, upon application to the Administrator, he has obtained and has in his possession a certificate of label approval covering the distilled spirits, wine, or malt beverages, issued by the Administrator in such manner and form as he shall by regulations prescribe: *Provided*, That any such bottler of distilled spirits, or producer, blender, or wholesaler of wine, or proprietor of a bonded wine storeroom, or brewer or wholesaler of malt beverages shall be exempt from the requirements of this subsection if, upon application to the Administrator, he shows to the satisfaction of the Administrator that the distilled spirits, wine, or malt beverages to be bottled by the applicant are not to be sold, or offered for sale, or shipped or delivered for shipment, or otherwise introduced, in interstate or foreign commerce. Officers of internal revenue are authorized and directed to withhold the release of distilled spirits from the bottling plant unless such certificates have been obtained, or unless the application of the bottler for exemption has been granted by the Administrator; and customs officers are authorized and directed to withhold the release from customs custody of distilled spirits, wine, and malt beverages, unless such certificates have been obtained. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States court for any Territory shall have jurisdiction of suits to enjoin, annul, or suspend in whole or in part any final action by the Administrator upon any application under this subsection; or."

The amendment was agreed to.

The next amendment was, at the top of page 99, to insert:

SEC. 506. This title, except sections 502 and 505, shall take effect when a majority of the members of the Federal Alcohol Administration first appointed under the provisions of section 502 qualify and take office.

The amendment was agreed to.

The PRESIDING OFFICER (Mr. CLARK in the chair). That completes the committee amendments.

Mr. JOHNSON. Mr. President, on behalf of my colleague [Mr. McADOO] and myself I offer an amendment, which has been printed, and which proposes, on page 49, between lines 17 and 18, to insert the following——

Mr. KING. I understood the Senator to say that the amendment has been printed.

Mr. JOHNSON. Yes; it has been printed, but I have a slight addition to it. The amendments we propose to offer, however, have been printed since the bill was reported on Tuesday last.

Mr. KING. I have had no opportunity to examine the amendment in question, and if I can get a copy I shall be very glad to examine it.

Mr. JOHNSON. This is one of the amendments we submitted to the Senator from Utah.

Mr. KING. I now have the copy of the amendment that was furnished me by the junior Senator from California.

Mr. JOHNSON. We furnished them to the Printing Office at the time the bill was reported.

On page 49, between lines 17 and 18, we ask to insert the following in lieu of the internal-revenue tax rates now by law provided, to wit:

On wines containing more than 14 percent and not exceeding 21 percent of absolute alcohol, 10 cents per wine gallon;

On wines containing more than 21 percent and not exceeding 24 percent of absolute alcohol, 20 cents per wine gallon.

Section 613 of the Revenue Act of 1918, as amended (U. S. C., Supp. VII, title 26, sec. 1300 (a) (2)), is amended in part to read as follows:

I call the attention of the Senator to the fact that that is the formal language contained in the tax bills—

SEC. 613. (a) Upon the following articles which are produced in or imported into the United States, after the date of the enactment of this amendatory section, or which on the day after such date are on any winery premises or other bonded premises or in transit thereto or at any customhouse, there shall be levied, collected, and paid, in lieu of the internal-revenue taxes now imposed thereon by law, taxes at rates as follows, when sold or removed for consumption or sale:

On each bottle or other container of champagne or sparkling wine, 2½ cents on each one-half pint or fraction thereof.

On each bottle or other container of artificially carbonated wine, 1¼ cents on each one-half pint or fraction thereof.

On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine fortified with grape brandy or containing citrus-fruit wine fortified with citrus-fruit brandy, 1¼ cents on each one-half pint or fraction thereof.

Mr. KING. I should like to make an inquiry of the Senator. I notice in the tendered amendment the following language:

Upon the following articles which are produced in or imported into the United States.

Does not that deal with revenue, and would it not be properly presentable, if presentable at all, before the Finance Committee in a revenue bill rather than in a bill of this character?

Mr. JOHNSON. What does the Senator call the pending bill?

Mr. KING. It is a codification of existing laws.

Mr. JOHNSON. Yes; but it is a bill dealing with the taxing power and levying rates of taxation, so I think the point would not lie that an amendment of this sort must be presented in the House.

Mr. KING. The bill deals with administrative measures, not with the taxing power at all. It is an administrative rather than a revenue measure.

Mr. JOHNSON. The bill, however, fixes rates and deals with taxation, and, inasmuch as it comes to us here in that form, it may be amended. It comes from the House with rates of taxation fixed. The Senate has not hesitated for an instant to change those rates when it thought it ought to do so. It has done so in one of the important parts that we shall reach in a few moments, and the point that we are dealing with a revenue measure, which ought to originate in the House—which I imagine is the point of the Senator from Utah—is wholly inapplicable under those circumstances.

Mr. KING. If I may make another inquiry, has the Senator examined the treaty or the trade agreement recently entered into between France and the United States to determine whether or not his amendment in any manner contravenes it?

Mr. JOHNSON. It does not. That is one of the things which ought to interest all of us. The reciprocal-trade agreement reduces the import tax or duty—the tariff, if you desire to call it so—one-half upon sparkling wines and upon champagnes. We touch only the internal-revenue duty which deals with our wines, by reducing the tax or the internal revenue one-half, as well. It would not seem inappropriate if by a reciprocal-trade agreement we have reduced the tariff rate by one-half, that we be permitted to reduce the internal-revenue tax by one-half, as well.

The proposed amendment contains two separate matters. The first is in the provision referring to wines of 14 percent and not exceeding 21 percent of alcohol, and the second in the provision referring to wines containing 21 percent and not exceeding 24 percent of absolute alcohol. The amendment provides the rates which have been fixed by the House in a bill which has passed the House, and which rests at present in the files of the Senate. In House bill No. 191, rates were fixed upon light wines and upon sweet wines. In the Senate bill, as I understand, the rates were fixed as the Senate committee saw fit upon light wines, and the sweet wines were not touched, but were left as in the existing law which was passed long ago.

We seek by the amendment, sir, to take care of the sweet wines with the alcoholic content that has been indicated, and to take care of those sweet wines with the rates the House in a separate measure, House bill 191, has fixed, the Senate bill not touching the subject matter at all, but relying upon the old law, which fixed entirely different rates.

That is all this amendment is, Mr. President, and I cannot for the life of me understand why the Treasury Department or those who are endeavoring to secure the passage of this bill will not accept the amendments that are presented here as affecting the rates.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from California.

Mr. KING. Mr. President, I do not feel, in the light of the action taken by the committee, which, as I recall, with respect to these rates, was unanimous, that I should accept the amendment. There is one amendment which, if it were disassociated from the others, I would accept. I refer to the

amendment representing a modification of the action of the Senate committee with respect to sweet wines, reducing the rate from 20 cents to 15 cents.

Mr. JOHNSON. May I say to the Senator that question arises in another amendment which we will reach later.

Mr. KING. I understand that.

Mr. President, I do not accept these amendments. They would materially reduce the revenue, and we are trying now to obtain revenues in order to meet the expenses of the Government. So I shall ask that the amendment now pending be rejected and the action of the committee confirmed.

Mr. McADOO. Mr. President, does my distinguished colleague from Utah [Mr. KING] mean that he will accept the amendment to reduce the 20-cent rate to 15 cents on sweet wines as embodied in this amendment?

Mr. KING. Of course, I do not want to bargain with the Senator at all.

Mr. McADOO. No; I am just asking if that was the Senator's proposal?

Mr. KING. If the other amendments were not pressed, I think I would be willing to accept the amendment reducing the rate from 20 cents to 15 cents, and let it go to conference.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from California to the committee amendment.

The amendment to the amendment was agreed to.

Mr. MURPHY. I desire at this time to call up an amendment which is lying on the table and ask that the clerk read it.

The PRESIDING OFFICER. The Chair will state that the Senators from California have pending another amendment to the committee amendment which was passed over temporarily. It would seem that the orderly procedure would be to consider that amendment next.

Mr. KING. I have no objection to taking up that amendment for consideration.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment, on page 48, at the beginning of line 12, it is proposed to strike out the words "on bonded winery premises."

Mr. KING. That amendment may go to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment, offered by the Senators from California to the committee amendment.

The LEGISLATIVE CLERK. In the committee amendment, on page 48, line 14, after the words "Revised Statutes", it is proposed to insert "26 U. S. C. A., section 1398 (f)."

Mr. KING. That, as I understand it, is merely a citation.

Mr. JOHNSON. It is purely a citation.

Mr. KING. There is no objection to that.

Mr. JOHNSON. These are formal amendments, to which I think there can be no objection.

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to.

The amendment, as amended, was agreed to.

Mr. JOHNSON. The next amendment relates to the increase of the tax as recommended by the committee from 10 to 20 cents and has to do, as my recollection is, with brandies and fortifying wines. On page 69, lines 11 and 12, we find stricken out before the word "cents" the figures "10" and the figures "20" inserted by the Senate committee. We ask that that amendment of the Senate committee increasing the tax from 10 to 20 cents be rejected. Has the Senator from Utah any objection to that?

Mr. KING. Yes, indeed, I have.

Mr. JOHNSON. I thought the Senator was going to consent to it.

Mr. KING. I wish to call the attention of the Senator to the fact that it would diminish the revenues perhaps by from six hundred thousand to a million dollars or more.

Mr. JOHNSON. No; if the Senator will pardon me——

Mr. KING. Of course I will; but my information comes from the Treasury Department.

Mr. JOHNSON. If one figures the revenues upon the ability of somebody to pay a certain sum which was agreed upon at some time in the past, and then computes the future earnings that might be made under the Treasury's estimate that was intended to fulfill some other requirements that are not stated at the present time, he might reach the conclusion that the Treasury's figures were accurate in that regard; but unless we deal with all those preliminary suppositions—unless, indeed, we accept the figures that are thus given upon the undisclosed matters that are here presented and that the Treasury has not discussed—then, of course, we reach a different conclusion and the figures are quite inaccurate. That, I am sure, will be apparent to the Senator from Utah and other Senators who listen to me. So let us not deal with the statistics that are thus presented by the Treasury Department. Here is a tax that is proposed to be increased upon a specific part of the liquor that is dealt with by this bill, when there has always been a proportionate relation between this fortifying liquor and the wines generally. So that there cannot be, so far as I am able to discern, a single reason why there should be this increase that has been reported by the Senate committee.

The Senator suggested a little while ago that the tax be fixed at 15 cents and that the amendment go to conference. I would have no objection to that course if the Senator suggests it, and then, as between the two rates, the conferees can determine what is appropriate.

Mr. KING. I will accept that.

Mr. JOHNSON. Mr. President, the Senator has accepted that amendment that, instead of a tax of 20 cents fixed on page 69 in line 12, 15 cents be inserted, and that the amendment may go to conference.

The PRESIDING OFFICER. The clerk will state the amendment to the amendment.

The LEGISLATIVE CLERK. In the committee amendment on page 69, line 12, before the word "cents", it is proposed to strike out "20" and insert "15."

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to; and, without objection, the committee amendment, as amended, is agreed to.

Mr. JOHNSON. Mr. President, the next proposition that we come to is found at the end of section 331, page 71. The amendment has been submitted and has been printed, and I assume that it is in the hands of the distinguished gentleman who represents the United States Treasury.

Mr. KING. What is the amendment? I do not have it before me, I will say.

Mr. JOHNSON. The amendment reads as follows, if it is not immediately accessible to our friends. At the end of section 331, page 71, add the following:

(e) That under rules and regulations to be prescribed by the Secretary, there shall be abated or refunded to the extent such exceeded the fortifying tax herein provided all such taxes paid upon grape brandy or wine spirits used in the fortifiction of wine held by the producer thereof upon the day this act takes effect and intended for sale or for use in the manufacture or production of any article intended for sale.

This amendment assumes the tax on fortifying spirits used in the manufacture of sweet wines reduced from 20 to 10 cents as by the House provided in House bill 191. This tax should be extended to the taxes paid upon wines in bond or which are stipulated to be paid by bond or lien upon the wines.

Unless this provision supplements the reduction of taxes, the wines in bond having paid the tax are at a disadvantage with those thereafter produced, which have not paid the tax in market sales. I think that ought to be obvious.

In this respect attention is called to the provisions of House bill 9185, as reported to the Senate, page 50, lines 10 to 15, inclusive, reading as follows—this is part of the Senate bill—

The Commissioner of Internal Revenue, subject to regulations prescribed by the Secretary of the Treasury, is authorized to remit, refund, and pay back all distilled spirits tax on such liqueurs,

cordials, and similar compounds paid by rectifiers or assessed prior to the date of the enactment of the Liquor Tax Administration Act.

That is the provision of the law which has now been written into the bill. If there is any justification for this provision under the law, broadly refunding all internal-revenue taxes paid upon distilled spirits used in liqueurs, cordials, and similar compounds, there certainly is much more justification for the proposed provision, less broad, supporting the particular refund referred to in the amendment. It is not "playing the game", it seems to me, with impartiality where in the one instance a refund is granted and in the other instance is denied. Accordingly I hope the amendment will be accepted.

Mr. KING. Mr. President, the committee is unwilling to accept the tendered amendment which calls for a refund of a difference of 10 cents a gallon on brandy used in the fortification of wines now held by the producer.

The manufacturer of brandy must pay a tax of $2 per gallon. The committee has been generous in permitting to go to conference an amendment reducing the tax on brandy used to fortify wines to 15 cents per gallon, so that brandy for which other consumers have to pay $2 a gallon can be obtained at 15 cents a gallon for fortification purposes. Some have insisted that brandy for fortification ought to pay the same price as if acquired for beverage purposes instead of for fortification purposes. The wines, fortified by brandy, are used for beverage purposes. The Treasury has been generous, it seems to me, in approving a tax of 20 percent upon brandy so used to fortify wines, and the committee now consents, in order to take the matter to conference, to a reduction of the tax to 15 cents when used for fortification of wines.

Of course, if the rate is not reduced this part of the amendment becomes immaterial, but it has been reduced. Even so, there remain objections to the proposed refund. The Treasury believes that the provision is wholly impractical from an administrative standpoint. Their efforts to enforce analagous measures have proven them absolutely impractical and ineffective since it has been impossible from the records in the Treasury to determine the proper amount of such refund.

The wines now held by the producers may have contained anywhere from 1 to 13 percent of natural alcohol and may have had from 3 to 20 percent of brandy added. Many of the fortified wines subsequently have been blended with other wines. It is now impossible to tell how much brandy they contain because of these admixtures. For instance, as used in cordials, it would be impossible to tell how much was used for cordials and how much for sweet wines, how much was left only as wines and how much was left rather as cordials. It is now impossible to tell how much brandy the cordials or sweet wines now contain or did contain when consumed. Moreover, some of the brandy was assessed at the present rate of 20 cents per gallon and some at the rate of 10 cents per gallon, which rate was in effect prior to January 1934. No estimate was given to the committee of the amount which would be involved in such refund, because, for the reasons just given, it was impossible to determine the computation.

Mr. President, the amendment is unsound and improper, and is resisted by the committee.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from California. [Putting the question.] The "noes" seem to have it.

Mr. JOHNSON. Mr. President, I do not want to call a quorum to interfere with the progress of the bill. Will not the Senator take the amendment to conference?

Mr. KING. So many concessions have been made here and in the committee that I am unwilling to do so.

Mr. JOHNSON. Very well. Before announcement is made of the result of the vote I suggest the absence of a quorum.

The PRESIDENT pro tempore. The absence of a quorum is suggested. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	La Follette	Reynolds
Ashurst	Couzens	Lewis	Robinson
Austin	Davis	Logan	Russell
Bachman	Dickinson	Lonergan	Schwellenbach
Bailey	Dieterich	Long	Sheppard
Barkley	Donahey	McAdoo	Shipstead
Benson	Fletcher	McGill	Smith
Bilbo	Frazier	McKellar	Steiwer
Black	George	McNary	Thomas, Okla.
Bone	Gerry	Maloney	Townsend
Borah	Gibson	Metcalf	Truman
Brown	Glass	Moore	Tydings
Bulkley	Guffey	Murphy	Vandenberg
Bulow	Hale	Murray	Van Nuys
Burke	Harrison	Neely	Wagner
Byrd	Hastings	Norris	Walsh
Capper	Hatch	O'Mahoney	Wheeler
Caraway	Hayden	Overton	White
Chavez	Johnson	Pittman	
Clark	Keyes	Pope	
Connally	King	Radcliffe	

The PRESIDING OFFICER. Eighty-one Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment offered by the Senator from California [Mr. JOHNSON].

Mr. JOHNSON. Mr. President, I wish to make plain, please, what the amendment provides. It calls for a refund upon which the House has acted by its bill, which I presume is buried in the committee by virtue of the fact that the bill now before us takes its place; but the bill was passed unanimously in the House. The bill provides for certain kinds of refunds; and we insist, since it provides for refunds in the fashion that it does, that those refunds should be extended to the wines as well as to other liqueurs that are provided for in the bill.

I again call the attention of the Senate to the fact that in this bill there is a provision respecting refunds:

The Commissioner of Internal Revenue, subject to regulations prescribed by the Secretary of the Treasury, is authorized to remit, refund, and pay back all distilled-spirits tax on such liqueurs, cordials, and similar compounds paid by rectifiers or assessed prior to the date of the enactment of the Liquor Tax Administration Act.

I am not complaining of that particular refund provision, but I say that if we play the game fairly to all we will not only make these refunds applicable to the liqueurs of which the Senate has been tender in its refunds, but we will make these refunds applicable to wines, too. I cannot see any reason on the face of the earth why that should not be done. It has been done in the past. It has been done in the bill which passed the House. It simply was eliminated and omitted in respect to wines in the bill coming before the Senate.

So I ask that the amendment be adopted.

Mr. KING. Mr. President, I desire to state that, so far as I am advised, this provision was not considered by the Ways and Means Committee of the House. It was brought to the floor of the House just before the bill was passed. I am assured by the Treasury Department that they have never had an opportunity to consider it, and can only anticipate its effect by reason of some experiences of a cognate or analogous character. Those experiences have demonstrated that the provision is absolutely unworkable.

The Senate and the House have been generous with the wine makers in preparing the bill before us. The Senate has been generous in dealing with the wine makers, and has granted concessions which the committee declined to grant. This particular provision was considered by the committee, and was unanimously rejected by the subcommittee and by the Finance Committee.

I may say—and I am repeating what I said a few minutes ago, before a quorum was called for—that under the law the manufacturers and producers of brandy must pay a tax of $2 per gallon. Under the law which we are passing, and which I may say is, in effect, those who use brandy for the fortification of their wines, their sweet wines, their highly alcoholized wines, pay a tax of only 20 cents per gallon on brandy on which, if it were used for beverage purposes, they would be compelled to pay a tax of $2 per gallon. We have therefore

permitted them to use the brandy for fortification and pay a tax of only 20 cents per gallon, and we have given them 18 months within which to make the payment. We have extended the period from 1 year to 18 months. We have been more than generous. Now we are asked to grant a refund for sweet wines which they have sold which contain various kinds and degrees of brandy, and, of course, the impracticability, if not impossibility, of determining the quantity, the character, the quality, and the amount that might be refunded is obvious to anyone.

This amendment requires that there shall be refunded the difference of 10 cents a gallon on all brandy used in the fortification of wine now held by the producer, and the amendment is retroactive as well as prospective. The Treasury Department believes that the provision is wholly impracticable from an administrative standpoint, since it is impossible from the records in the Treasury to determine the proper amount of such refunds.

The wines now held by the producers may have contained anywhere from 1 to 13 percent of natural alcohol, and may have had from 3 to 20 percent of brandy added. Many of these fortified wines have subsequently been blended with other wines. Moreover, some of the brandy was assessed at the rate of 20 cents per gallon, and some at the rate of 10 cents per gallon, which was in effect prior to January 12, 1934. Obviously, no estimate whatever was given to the committee of the amount which would be involved in such refunds; and, because of the reasons stated, the amount is impossible of computation.

I insist that the amendment is highly improper, and I hope the Senate will support the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senators from California [Mr. JOHNSON and Mr. MCADOO]. [Putting the question.] By the sound, the ayes seem to have it.

Mr. KING. I call for a division.

On a division, the amendment was agreed to.

Mr. JOHNSON. Mr. President, I am not entirely clear that all the amendments which I thought were formal in character were accepted. One of the amendments is, on page 48, line 12, to strike out "on bonded winery premises."

The PRESIDING OFFICER. That amendment has been agreed to.

Mr. JOHNSON. I thought it had been.

Mr. KING. Yes; I accepted that one.

Mr. JOHNSON. Probably the one which had not been acted upon is as follows: On page 70, line 5, after the words "wines are", insert the words "destroyed or."

Mr. KING. That may go to conference.

The PRESIDING OFFICER. The Senator from California offers an amendment, which will be stated.

The LEGISLATIVE CLERK. On page 70, line 5, after the words "wines are", it is proposed to insert the words "destroyed or."

The amendment was agreed to.

Mr. JOHNSON. On page 82, lines 17, 23, and 24, after the words "distilled spirits", where they occur in each instance, I move to insert the words "and wines."

Mr. KING. That may go to conference.

The PRESIDING OFFICER. The Senator from California offers an amendment, which will be stated.

The CHIEF CLERK. On page 82, in the committee amendment heretofore agreed to, lines 17, 23, and 24, after the words "distilled spirits", it is proposed to insert the words "and wines."

The PRESIDING OFFICER. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered. The question is on agreeing to the amendment offered by the Senator from California to the committee amendment.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. JOHNSON. And on page 83, line 6, after the words "distilled spirits", I move to insert the words "and wines."

Mr. KING. That is the same thing. That may go to conference

The PRESIDING OFFICER. The Senator from California offers an amendment, which will be stated.

The CHIEF CLERK. On page 83, line 6, in the committee amendment heretofore agreed to, after the words "distilled spirits", it is proposed to insert the words "and wines."

The PRESIDING OFFICER. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered. The question is on agreeing to the amendment offered by the Senator from California to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. JOHNSON. Mr. President, I think I now come to the last of the amendments I have to present. On behalf of my colleague [Mr. MCADOO] and myself, I offer the following amendment: At the proper place in the bill, insert the following as section 506:

SEC. 506. The second proviso of subdivision (e) of section 5 of the Federal Alcohol Administration Act is amended to read as follows: "*Provided further*, That nothing herein nor any decision, ruling, regulation, or other action of any department of the Government or official thereof shall deny the right of any person to use wholly or in part the wine names or brands Port, Sherry, Burgundy, Sauterne, Haut Sauterne, Rhine (Hock), Moselle, Chianti, Chablis, Champagne, Tokay, Malaga, Madeira, Marsala, Claret, Vermouth, Barbera, Cabernet, St. Julien, Riesling, Zinfandel, Medoc, or Cognac, or any other geographic name of foreign origin, upon any of the foregoing produced in the United States if of the same type and the use of such name or brand is qualified by the name of the State or other locality in the United States in which the product is produced, and, in the case of the use of such name or brand on any label or in any advertisement, if such qualification is as conspicuous as such name or brand: *Provided further*, That nothing in this section shall be held in any wise to affect or abridge any of the powers granted the Federal Alcohol Administration by an act of Congress entitled the 'Federal Alcohol Administration Act', approved August 29, 1935, to provide standards of identity, quality, labeling, or other regulations save as herein expressly provided as to said names or brands."

The PRESIDING OFFICER (Mr. POPE in the chair). The question is on agreeing to the amendment offered by the Senator from California [Mr. JOHNSON].

Mr. CLARK. Mr. President, I am opposed to the amendment, which was rejected unanimously both in the subcommittee and in the full Committee on Finance.

The amendment should be designated as an amendment to authorize the pirating of brands and processes. While the amendment is not so bad as it was when it was originally presented in the subcommittee, under the terms of the amendment there would be absolutely nothing on the face of the earth to prohibit—and it forbids the Federal Alcohol Control Administration from prohibiting—any manufacturer of wine in California or any other State of the Union from pirating such a brand as Moet and Chandon, or Cliquot, or any other well-known brand of champagne or other wine which has a definite place among wine users throughout the world.

In addition to that, the particular purpose of the amendment is to keep the Federal Alcohol Control Administration from putting into effect a ruling which is to go into effect within the next month or two in order to protect the traditional process for the manufacture of champagne.

It seems that a process has been developed recently in California for making so-called champagne in bulk, in large tanks, which is not at all the champagne recognized by wine lovers and the wine trade throughout the world, which is a particular, well-defined, well-recognized process.

The Federal Alcohol Control Administration is about to put into effect a ruling which will permit the sale of this pseudo-champagne, but will permit the sale only on condition that it be labeled "Sparkling wine, champagne type", which it is. The purpose of the pending amendment is to prohibit the Federal Alcohol Control Administration from putting into effect a ruling which, after an exhaustive investigation, they have found to be necessary and desirable for the protection of the purchasers of wine throughout the country.

I myself do not profess to be an authority on the subject. I do not know whether or not champagne produced by the bulk method is as good as champagne made by the

old traditional method. It is a question of fact, which neither the Senate committee nor the Senate itself is in a position to try on its merits, and I submit that the matter should be left to the Federal Alcohol Control Administration, which is particularly constituted for the very purpose of deciding such questions of fact as are here involved.

Mr. JOHNSON. Mr. President, I think, historically, my friend the Senator from Missouri is a little inaccurate, but I do not wonder at that, because all of us become more or less inaccurate toward the end of a session, and particularly inaccurate historically.

The process of making champagne to which he refers was not patented and was not conceived in the State of California at all. It is a French process, and I do not know of any reason on earth, even if there were another mode of making champagne, why we should be so tender of champagne that comes from abroad that we would not permit any particular mode to be adopted in our own country for our own people.

It is not a question of pirating upon some other brand which some particular firm may have conceived in the past. It is provided in the amendment specifically—and this has been the fact during all the years that champagne has been made in other places than abroad—that all of the champagne that is bottled shall be so designated as to indicate exactly what it is. For instance, if made in Missouri, it is "Missouri champagne"; and if made in California, it is "California champagne", stated so upon the label itself and stated so that any individual may understand and may know exactly what it is.

On what conceivable theory is it to be said that a process which exists in France today shall be the only process by which champagne may be made, or that anybody in this country shall be forbidden making champagne as he sees fit, so long as he does not deceive, and so long as he designates it in such fashion that those who buy may understand just exactly what it is? I cannot fathom it.

Perhaps it may be because I am not particularly fond of champagne, and perhaps it may be because I do not drink it with great frequency because of its cost, but whatever may be the reason why we should be forbidden either to drink champagne that is manufactured in Missouri or in California because France may manufacture its champagne in a different fashion, passes my comprehension entirely.

As for the particular wines which are designated here, such as port, sherry, burgundy, and the like, it is an absurdity to say that we shall not be permitted to designate as manufactured at a particular place geographically a wine with a generic name.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. JOHNSON. I gladly yield.

Mr. CLARK. I am sure the Senator does not know of any suggestion by the Federal Alcohol Control Administration, or anyone else in a position of authority, that it should not be permissible to put out port labeled "California port", or sherry labeled "California sherry", or any other wine of that sort so labeled. The whole controversy revolves around the question whether the producers shall be able to put out the new process champagne and label it "champagne" or be compelled to label it "Sparkling wine, champagne type."

Mr. JOHNSON. Mr. President, I think the Senator is in error again, because the first differences arose over the wines with which we are most familiar, not champagne. Subsequently, perhaps, differences arose regarding champagnes. But, so far as we are concerned, when we are legislating for our country, what difference does it make whether a producer in some State shall manufacture a champagne by a specific process of his own or a process which he may have purchased in France, or which he may have obtained in some other fashion? The law books are full of cases where pirating upon trade names is prevented, and the books are loaded down with cases deciding against misrepresentation. That, of course, may be prevented under any circumstances, but where there is neither pirating nor deceit nor any misrepresentation we cannot prevent, and we should not prevent, the manufacture of champagne by anyone as he sees fit to manufacture it. I might not like his kind of champagne, and someone else might not like it; but what of it? We have a right to deal in it, provided there is no deceit, misrepresentation, or fraud.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

Mr. JOHNSON. I yield.

Mr. FLETCHER. Is there any reason why some producers in California could not bring over from France those who have engaged in making champagne for years and years and have them make champagne in California by their process, or in any other way?

Mr. JOHNSON. No; there is no reason in the world why we should not bring such persons to this country if we want to bring them here, but there is equally no reason in the world why we should not progress with a particular industry of that sort in any fashion we wish.

Mr. FLETCHER. The point is, we can call it champagne, because it is made by French people here in the United States according to the champagne process.

Mr. JOHNSON. Yes.

Mr. FLETCHER. We have a right to call it champagne.

Mr. JOHNSON. Yes; but I insist, I may say to the Senator from Florida, that we may not only call it champagne by virtue of the fact that it is made by a resident of France, or by one who intends to become a resident of the United States who was born in France, we may label it champagne if we wish to in our territory, where it is manufactured by our people.

Mr. COPELAND. Mr. President, may I ask the Senator from California whether he does not fear retaliation on the part of some other countries if we shall follow his advice today?

Mr. JOHNSON. Does the Senator address the query to me?

Mr. COPELAND. Yes.

Mr. JOHNSON. No, I will say to the Senator; with the policy of the "good neighbor" in effect, there never can be retaliation. [Laughter.]

Mr. COPELAND. I think the Senator places quotation marks about that and an exclamation point after it. [Laughter.]

I call the attention of the Senator from California to "Sun Maid raisins and "Sun Kist oranges." Would the Senator be willing to have Italy and southern France and Spain send oranges or raisins to this country marked "Sun Kist oranges" or "Sun Maid raisins"?

Mr. JOHNSON. Does not the Senator see that there is no analogy between what he states and the subject we are now discussing? An orange is an orange. If the analogy were followed at all, the Senator would say that we would try to prevent somebody selling oranges as oranges because our people sell oranges as oranges. That is just as clear as mud, I submit to the Senator. [Laughter.]

Mr. COPELAND. I think it is just as clear as mud, and no clearer. [Laughter.] As a matter of fact, there has come into existence popular knowledge regarding certain wines with the names "port", "burgundy", "sherry", and other names, which refer specifically to certain types made in certain countries and coming from certain geographical locations.

If we are to overturn all our international relations, which the Senator from California intimates are so important, and particularly our good-neighbor policy, we are going to be disturbed here; and I fear that on the other side they will not be good neighbors, because they will be sending us products which are called "Sun Maid" raisins and "Sun Kist" oranges, and they may even go to the typewriter field and send over "Remington" typewriters made abroad, and "Old Grand Dad", and "Idaho" potatoes, and "Ivory Soap", and "Uneeda Biscuits", and "Chesterfield" cigarettes, and "Ford" automobiles.

We have vested rights in those names. Through long years of experimentation, and through the sale of our products under those trade names, we have come to have a vested right in them. I am frank to say, without having

any more love for the international relationship than has my friend from California, that I can see that there would be retaliation for what the amendment seeks to do.

The Senator from California represents a wine-producing State. I also represent a wine-producing State. There are great vineyards in western New York. Wine has been produced in New York for decades. There is no desire on the part of the wine makers of New York to have the pending amendment adopted. I have been authorized by them to say that they do not want it. So I hope the Senate will not write into the bill something which will lead to retaliation and to a disturbance of the friendly relations referred to by the Senator from California.

Mr. McADOO. Mr. President, I cannot see where there may be any retaliation because we dare to assert our right to manufacture what we please in the United States, and to say frankly that it is manufactured in one State or another: "Champagne" is a generic term. Champagne is made not only in France; it is made in various other countries. It is made in Germany and in Spain and in Italy, as I understand; and we make a champagne in California. When we sell it, we sell it as California champagne, clearly and explicitly so stated on the label.

My distinguished friend the Senator from New York asks whether we should like to have Sun Kist oranges sent in here from Italy. Yes; I say, let them come in if they pay the duty and if they label them conspicuously "Italian Sun Kist oranges." If we want to admit Italian Sun Maid raisins, I say that is all right, provided they pay the duty and the raisins are labeled explicitly "Italian Sun Maid raisins."

The fact that France has developed a certain method of making champagnes which she thinks is best is no reason why we should not develop a method of making champagne which we think is best. I think the French method is no better than our method. We have a method which we in California consider far superior to the French method. Not all our manufacturers use the same process. Some of them use the French process; but the products are labeled in every instance "California champagne", so that the person who buys the bottle knows exactly what he is getting. No deception is practiced on the purchaser, and there is nothing piratical about it. We have made this wine in California for many years, and we have labeled it in that way; and it has gone into commerce; and everyone knows what it is. When the public buys California champagne, it buys it without a reference to whether it was made by a French process or a California process. It buys it because the popular taste demands it and because it is cheaper than the imported article.

I desire to ask Senators why should we be so tender with regard to champagne importation from foreign countries into this country? France, for instance, repudiated her debt to us. Why should we now turn the other cheek to France and say that we are not going to manufacture anything in this country in the way of champagne without her permission? That is what it comes down to in the final analysis if our producers are denied the right to label their product truthfully unless it conforms to some foreign process.

In that event we could not manufacture any of the various kinds of wines and label them with the name of the State in which they are produced without practically gaining the consent of some foreign country.

I think we ought to stand on our own legs, as we have always done, and that our people deserve first consideration so long as they are not engaged in piratical practices and so long as they are not deceiving the public.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. McADOO. I yield.

Mr. COPELAND. Is the California champagne made in exactly the same way that the French champagne is made?

Mr. McADOO. Some of it may be; but suppose it is not—we do not concede that the French method of making champagne is better than the California method of making it. Whenever a bottle of California champagne is bought, the man who buys it does not say, "I should like to know whether you make this champagne according to the French method or the German method or the Italian method." He buys it because it is California champagne and because he thinks it is better than any other champagne and because he gets it for less money.

Mr. COPELAND. Let me ask the Senator another question. I should not ask him this question if he were a candidate for reelection this fall.

Mr. McADOO. The Senator may ask the question upon the assumption that I am a candidate for reelection this fall, and I will answer it.

Mr. COPELAND. No; I think it might be embarrassing to the Senator.

Mr. McADOO. Nothing my distinguished friend could say would be embarrassing to me.

Mr. COPELAND. Is the Senator willing to have "Sun Maid" raisins sent into this country from France and from Italy? Is he willing to have "Sun Kist" oranges sent here from Spain? Is he willing to have the word go back to California that the distinguished Senator representing that State, and representing it ably, is so regardless of the brand of "Sun Kist" oranges from the Golden States that he is perfectly willing to have that label used, no matter how many crates of oranges may be sent from Spain and Italy and other parts of the Old World? Be careful, because there will be an election some day.

Mr. McADOO. I shall be absolutely regardless of caution or anything else in answering the question of my distinguished friend from New York.

In the first place, I should have no objections, so far as I am concerned, to any effort on the part of any foreign country which can produce Sun Kist oranges or Sun Maid raisins to ship its product into this country if it is explicitly labeled by the name of the country which produced it, and provided, of course, it pays the lawful duties. We are protected by an adequate duty against any importation of that kind anyway. Moreover, there is no country in the world which can produce Sun Kist oranges and Sun Maid raisins except California [laughter]; so we have nothing to fear from that source.

All that the amendment means is that we will not permit the legitimate producers of port and sherry and champagne and other varieties of wines in this country to be deprived of the vested rights they have acquired over long years of struggle and fight to establish and sell their domestic brands in this country. We are not going to permit them to be deprived of their business by saying that they can conduct it only provided they conduct it according to the processes which are being used in some foreign country. So long as we are permitted to brand our articles with the name of the State or the locality where they are produced, there can be, to my mind, no conceivable objection to it.

We ask the Senate only to protect this great industry in California, which is honestly conducted, which has suffered through the past 15 years of a grave depression which has affected the prosperity of our entire citizenry. We ask only that Congress be fair enough to protect us in our right to conduct the legitimate business which we have established and maintained for the past 20 to 50 years, without unjust discrimination or restriction.

Mr. GLASS. Mr. President, I rise to say simply that I am going to vote for the pending amendment, because I think the Senators from California are absolutely right. However, I do not think the French indebtedness to this country has a thing on earth to do with the matter, and I deny that France has repudiated her indebtedness to this country. I do not think suggestions of that sort should be brought into the present discussion.

At a suitable time, when the question shall be pending, I desire to have something to say on the indebtedness of foreign governments to this country.

Mr. LA FOLLETTE. Mr. President, I wish to say just a few words about the amendment which the Senators from California have offered to the pending bill.

As I understand the proposition, there is nothing involved in the controversy insofar as it relates to the question of

champagne that has anything to do with competition between the French producers of champagne and the producers of champagne in the United States. Therefore, I think the Senate would be making a mistake if it should decide this question on any basis of rivalry between domestic and foreign producers of this product.

The issue concerning champagne is between domestic producers of champagne in the United States, one group producing it by the bottle-fermentation method and another group now producing it by the so-called bulk-fermentation method, which is a faster method of fermentation.

This controversy between the domestic producers, one using the old technique of fermentation and the other using the new method, has been before the Federal Alcohol Control Administration. It is a technical question. The Senate has not sufficient information upon which to render a decision. We cannot determine whether or not the champagne produced by the new bulk-fermentation method produces a product equal in quality and other characteristics of a chemical nature to that produced by the bottle-fermentation method. Therefore it seems perfectly reasonable that we should permit this intricate chemical question to be decided by an agency of the Government which has been created for that purpose, and which, as I understand, is now making a scientific investigation following hearings which have been held upon this subject. It would be just as absurd for the Congress to attempt to pass upon an intricate rate case involving railroad charges as it would be for us to predetermine this question upon the facts which are now before us. So much for the question involved in the issue of champagne; but, to sum up, I repeat that it is not an issue between the foreign producers of champagne and domestic producers of champagne. It is an issue between domestic producers of champagne in the United States who use two different methods.

So far as the importation of champagne is concerned, that is taken care of, presumably, by the tariff rates which have been imposed for the protection of domestic producers.

Then we come to the second part of the issue involved in the amendment presented by the Senators from California, namely, as to the use of what might be termed "trade names" that relate to the production of wines of a certain general character but which have been produced for many generations under a family name, as, for instance, Chateau y Quem.

This name, Mr. President, does not describe a type of wine, but describes a type of wine produced by a particular producer in France. He has just as much right to have that trade name protected in the United States as has the manufacturer of an American automobile the right to have the name of his car, created by himself and manufactured in the United States, protected when he sells it abroad.

Under the terms of the amendment as it is now pending, if it is adopted and becomes law, in case any producers of wine who have established a trade name for their product have not registered it with the Patent Office in the United States, the trade name may be taken and used by any producer in this country. This will lead to retaliation which will extend to other products than wine, and we will be in danger of incurring retaliatory tactics with regard to the established trade names and trade marks of products generally manufactured in the United States and exported in the foreign trade. So much for the trade names that are involved in this situation.

It is my understanding—and if I am in error I wish to be corrected—that the general types of wine mentioned in the amendment on page 2, beginning in line 12 and extending down to line 16, with one or two exceptions, have never been denied to any American producer. All that is required is that in a prominent fashion they shall designate where the wine is produced.

For example, if a producer of wine in California is producing a port he must indicate on the label that it is a California port, or if it is produced in some other wine-growing section of the United States, as New York, for instance—I am not informed whether port is produced in New York, but assume that it is—the domestic producer would have a perfect right to designate his product as port, but he would have to inform the purchaser by an imprint on the label in a prominent manner that it was New York port. Therefore, so far as the present defined policy of the Alcohol Control Unit is concerned—and there is no evidence that they have any idea of changing it—most of these names are open to the use of domestic producers, provided they indicate the territory or section in which the wine has been produced.

Therefore, Mr. President, while I always dislike to find myself in disagreement with the Senators from California, as one member of the committee that heard the evidence with regard to this amendment, I feel that I must indicate my opposition to it and my apprehension that, if it becomes law, it will result in retaliation against American-manufactured products when they are exported, which will cause us to rue the day we adopt this amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from California.

Mr. COUZENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	La Follette	Reynolds
Ashurst	Couzens	Lewis	Robinson
Austin	Davis	Logan	Russell
Bachman	Dickinson	Lonergan	Schwellenbach
Bailey	Dieterich	Long	Sheppard
Barkley	Donahey	McAdoo	Shipstead
Benson	Fletcher	McGill	Smith
Bilbo	Frazier	McKellar	Steiwer
Black	George	McNary	Thomas, Okla.
Bone	Gerry	Maloney	Townsend
Borah	Gibson	Metcalf	Truman
Brown	Glass	Moore	Tydings
Bulkley	Guffey	Murphy	Vandenberg
Bulow	Hale	Murray	Van Nuys
Burke	Harrison	Neely	Wagner
Byrd	Hastings	Norris	Walsh
Capper	Hatch	O'Mahoney	Wheeler
Caraway	Hayden	Overton	White
Chavez	Johnson	Pittman	
Clark	Keyes	Pope	
Connally	King	Radcliffe	

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present.

The question is on the amendment offered by the Senator from California. [Putting the question.] The Chair is in doubt.

Mr. McNARY. I ask for a division.

On a division, the amendment was agreed to.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment.

Mr. MURPHY. Mr. President, does the Senator from California [Mr. JOHNSON] desire to offer any further amendment?

Mr. JOHNSON. No; I have nothing further.

Mr. MURPHY. Then, I desire to offer the amendment heretofore submitted by me and now lying on the table.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following new section:

SEC. . (a) For the purposes of the Federal Alcohol Administration Act, the Food and Drugs Act, as amended, and of any act of Congress amendatory of or in substitution for either of said acts, no product shall be labeled or advertised or designated as neutral spirits, whisky, or gin, or any type thereof, for nonindustrial use, if distilled from materials other than grain, or if the neutral spirits contained therein are produced from materials other than grain. The term "neutral spirits" includes ethyl alcohol.

(b) The fifth paragraph of section 605 of the Revenue Act of 1918 is hereby repealed.

Mr. MURPHY. Mr. President, this amendment seeks to accomplish a twofold purpose. The first is to preserve for the American grain farmer a market which he has enjoyed for 100 years. The second is, in the interest of the consumer, to assure honest labeling of blended whisky.

Mr. BORAH. Mr. President, of what material other than grain may whisky be manufactured? The amendment says that "no product shall be labeled or advertised or designated as neutral spirits, whisky, or gin, or any type thereof, for nonindustrial use, if distilled from materials other than grain." What are the "other materials"?

Mr. MURPHY. Petroleum products, sugar, or sugarcane.

Mr. GUFFEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Pennsylvania?

Mr. MURPHY. I yield.

Mr. GUFFEY. Alcohol is also made from apples and potatoes. Alcohol is distilled from other materials, such as fruit juices, for instance.

Mr. MURPHY. That is not applicable to the question asked by the Senator from Idaho, which concerned whisky, not alcohol. His question was directed to the amendment. Of course, it is a fact that alcohol may be distilled from anything containing sugar. The amendment does not concern anything but blended whisky. It does not affect brandy. It does not affect rum. It is confined, as I have said, to those grain products which have been used for 100 years in the manufacture of whisky.

Mr. GUFFEY. From what is rum made?

Mr. MURPHY. Rum is made from molasses.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Georgia?

Mr. MURPHY. I yield.

Mr. GEORGE. As I understood the amendment when read, it applies also to gin.

Mr. MURPHY. Yes; it does. That is true.

Mr. GEORGE. Is not gin made from molasses?

Mr. MURPHY. Gin is not historically a grain product.

Mr. GEORGE. But the amendment does apply to gin, does it not?

Mr. MURPHY. Yes; it does.

Mr. GEORGE. The amendment would provide that gin may not be made unless it is made from grain.

Mr. MURPHY. It does so provide. It carries that provision.

Mr. MOORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from New Jersey?

Mr. MURPHY. I yield.

Mr. MOORE. The making of applejack is quite an industry in New Jersey. Would the Senator's amendment affect that industry?

Mr. MURPHY. No; it would not affect it.

Mr. MOORE. Why not?

Mr. MURPHY. Applejack is not contemplated. Applejack is made from fruit. Applejack is a brandy, and brandy is not to be affected by the provisions of the amendment.

Mr. MOORE. But it has been called "whisky", and the Senator's amendment provides that—

> No product shall be labeled or advertised or designated as • • • whisky—

And so forth.

Mr. MURPHY. This is the first instance of that nature that has come to my knowledge.

Mr. MOORE. Applejack has been called whisky, it has been called rum, and it has even been called worse than that on occasions. [Laughter.]

Mr. MURPHY. There are many products variously made which have been called whisky in the years through which we have recently passed.

Addressing myself seriously to the amendment, if I may be permitted, the repeal of prohibition brought about an increase, during the fiscal year ending June 30, 1934, of nearly 13,000,000 bushels in the quantity of grain used for making distilled spirits. Of the approximately 43,000,000 bushels of grain now being used in the distillation of whisky, gin, and alcohol for beverage purposes, it is estimated the market for 15,000,000 bushels would be lost to the farmer unless the grain-alcohol amendment shall be adopted and the Treasury ruling annulled.

The advocates of the amendment do not seek to take the market from any commodity which has previously enjoyed it. It seeks only to protect that market which grain has previously enjoyed.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Missouri?

Mr. MURPHY. I yield.

Mr. CLARK. It is a fact, is it not, that so far as is known there has never been a single measure of domestic blackstrap molasses produced in the United States that was used for the manufacture of beverages?

Mr. MURPHY. I should say the Senator has made a correct statement.

Mr. CLARK. In other words, the great bulk of blackstrap molasses from which alcohol is manufactured in this country comes from Cuba?

Mr. MURPHY. Yes; from Cuba and the West Indies; brought here and distilled in American distilleries along the Atlantic seaboard and in the State of Louisiana. Those interests are reaching out today to take for themselves a market which the American farmers have enjoyed. Those interests have no concern in the matter from the standpoint of the sugar producer. The sugar producer will not be benefited by the defeat of this amendment. The sugar producer of America finds his market in sugar, in a product of sugar, molasses, which goes upon the table, and molasses which is mixed with dry feed and fed to our cattle.

The opposition to the amendment is wholly and solely the opposition of the big distilling interests on the eastern seaboard and in the State of Louisiana. I would not consciously seek to hurt, to the profit of my State, an agricultural interest in the State of Louisiana; but I am satisfied from all I have learned about the subject that there never has been any Louisiana product that went into the manufacture of whisky. We well know that the "immense sugar production" in the State of Pennsylvania has not gone into whisky. It is the blackstrap-molasses distillers who seek to capture the market which grain has enjoyed.

At this time, when we are concerned with the welfare of farmers, when we have enacted legislation originally seeking to curb production and, finding that unconstitutional, have adopted other means, the means expressed in the soil-erosion and domestic allotment act, at a time when we are trying to restore the purchasing power of the farmer, it is sought to take from him a market which he has continuously enjoyed, and it is proposed that this shall be done in violation of all the historical precedents relating to the manufacture of whisky.

This amendment would keep whisky what whisky always has been. The defeat of this amendment would convert whisky into another substance.

True, ethyl alcohol distilled from blackstrap molasses and ethyl alcohol distilled from grain admit no chemical differentiation today on the basis of the research so far conducted. There is a difference, as the Senator from Missouri [Mr. CLARK] reminds me, in flavor; and the trade which is engaged in these things knows well that there develops a difference in taste when the bottle containing whisky made of ethyl spirits distilled from blackstrap molasses is permitted to stand in the sun. We know that there is that chemical effect in the case of beer. Beer bottled in an uncolored bottle, and permitted to stand in the sun, will develop what is known among consumers as a "skunky" taste. We know, further, that live yeast germs present in beer will further germinate, and affect not merely the taste, but the alcoholic content of the beer.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MURPHY. I yield to the Senator from Missouri.

Mr. CLARK. The Senator will recall from the testimony before the subcommittee which had in charge the pending measure that it is even proposed now, and predicted as a possibility or a probability if this amendment is defeated, that alcohol will be made out of petroleum and sold on the market as whisky.

Mr. MURPHY. Alcohol may be made out of petroleum today. Very large corporations control the process, and have it patented. Blackstrap molasses is not alone involved. Petroleum may be turned into alcohol. You may drink a form of coal oil with your whisky if you like it.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. MURPHY. I yield to the Senator from Florida.

Mr. FLETCHER. May I inquire whether the Senator presented this amendment to the Finance Committee? Was it presented to the subcommittee?

Mr. MURPHY. It was presented to the Finance Committee.

Mr. FLETCHER. And the committee rejected the amendment?

Mr. MURPHY. The committee rejected the amendment, as I understand; but members of the committee have brought in what may be described as a minority report, signed by several Senators who attentively heard the case as presented by the proponents of the amendment.

Mr. President, of the approximately 43,000,000 bushels of grain which are now being used annually in the distilling of whisky, gin, and alcohol for beverage purposes, it is estimated that the market for 15,000,000 bushels will be lost to the farmer unless the grain-alcohol amendment is adopted and the Treasury ruling annulled.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. MURPHY. I yield.

Mr. OVERTON. Is that 15,000,000 bushels per annum or 15,000,000 bushels per decade?

Mr. MURPHY. Fifteen million bushels per annum.

Mr. OVERTON. I think the minority report states differently.

Mr. MURPHY. I am reading from the minority report on page 3.

Mr. OVERTON. If the Senator will read further, I think the minority report shows that during a period of 10 years 15,000,000 bushels of corn would be used.

Mr. MURPHY. The Senator, I think, is slightly confused. Reading further, I read what the Senator has reference to:

> During the 10 years prior to wartime prohibition—

It is more than halfway down on page 3—

> an average of, roughly, 75,000,000 proof gallons of grain alcohol were used for beverage purposes, mostly for blended whisky and gin, or the equivalent, conservatively, of 15,000,000 bushels of grain. At least the same amount of grain is now being used for grain alcohol and for young whisky in whisky blends and for gin.

Mr. OVERTON. Does not the report specifically state that during 10 years 15,000,000 bushels of grain were used for blended whisky and gin? That would be an average of 1,500,000 bushels of corn per annum. What is the production of corn in the United States, may I ask?

Mr. MURPHY. The production of corn in the United States last year was 2,200,000,000 bushels.

Mr. OVERTON. Then, out of 2,200,000,000 bushels per annum there would be used in the manufacture of alcohol about 1,500,000 bushels of grain.

Mr. MURPHY. No; reading again the report, Mr. President—

> Of the approximately 43,000,000 bushels of grain which are now being used annually in the distilling of whisky, gin, and alcohol—

Not 1,500,000 bushels; it is 43,000,000 bushels that are being used annually. The number of bushels that would be affected by the amendment is 15,000,000 bushels.

Mr. OVERTON. During 10 years.

Mr. MURPHY. It is true that that has the appearance of being an insignificant amount in relation to the total production. Most of the corn that is produced is fed. Only 6 to 7 percent of the entire corn production goes to market. The amount that goes to market is the amount that fixes the price of the corn that is fed on the farm; and the more grain that goes to market, the more the price of grain is depressed; so that the farmer's price for his corn is affected by the withdrawal of a market he now enjoys for that corn, to wit, the alcohol market.

It will be suggested here that we ought to permit the use of blackstrap molasses in the production of this alcohol.

> Molasses prices at the seaboard are about the equivalent of 35-cent corn in the Middle West. Corn and other grains cannot compete with molasses in the production of distilled spirits. At the present time molasses alcohol sells at 13 cents per proof gallon less than grain alcohol used in blended whisky.

There cannot be any room for doubt that grain has always enjoyed the market. There cannot be any room for doubt that if the blackstrap interests are given access to the market grain has enjoyed, since they are able to produce that alcohol much cheaper than grain producers can afford to sell their product for, the farmer will suffer in consequence of the defeat of this amendment.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. MURPHY. I yield to the Senator from Idaho.

Mr. BORAH. I think I am in sympathy with what the Senator has as his objective; but the Senator's amendment reads:

> No product shall be labeled or advertised or designated as neutral spirits, whisky, or gin, or any type thereof, for nonindustrial use, if distilled from materials other than grain—

And so forth. Suppose alcohol is made out of blackstrap molasses. Suppose it is a product which otherwise would be sold properly under the law; may we say that such product shall not have a market?

Mr. BAILEY. Mr. President, may I interrupt the Senator?

Mr. BORAH. I am seeking information now. Suppose, instead of adopting this amendment, we should simply insert an amendment to the effect that the manufacture of alcohol from blackstrap molasses should not be permitted; could we constitutionally enact such a law as that?

Mr. BAILEY. I think so, and I think that is in accord with the construction of the Pure Food and Drugs Act.

Mr. BORAH. But whisky is whisky. It does not make any difference how it is made, it is whisky.

Mr. BAILEY. But President Taft held that whisky is a spirit distilled from grain. Spirits distilled from molasses, according to his decision, are not whisky. Whisky has its peculiar character; and, fortunately for this discussion, that was established in the decision rendered by President Taft. That does not cut off the market for distilled spirits made from molasses, but it simply says that that type of spirits may not be sold as whisky. Ordinarily that type of spirits is called rum.

Mr. BORAH. In other words, this amendment is based upon the theory that such a product would not be whisky and therefore it should not be labeled whisky? I am pleased to have this view of the Senator, as it was not clear to me just how we could accomplish what we are seeking to accomplish.

Mr. BAILEY. It is not whisky according to the decision of President Taft, and it is not whisky according to the construction of the Pure Food and Drugs Act by the Department of Agriculture.

Mr. GUFFEY. Mr. President——

Mr. MURPHY. I yield to the Senator from Pennsylvania.

Mr. GUFFEY. The Senator from North Carolina a moment ago referred to alcohol and whisky. I am not so sure he knows that the finest grade of alcohol today, C. P., is made from natural gas. There have been a great many advances in the science of distilling in the past few years.

Mr. BAILEY. At the same time, according to the policy of the Government, I think alcoholic spirits made from petroleum could not be classified as whisky. Further, according to the historic conception, or, if Senators desire, the dictionary definition of whisky, I think, spirits made from molasses or petroleum could not be classified as whisky.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. MURPHY. I yield.

Mr. CONNALLY. The Senator from North Carolina suggested that if it were made from anything but grain it could not be whisky. What about neutral spirits? The product called "neutral spirits", as I understand, is pure alcohol. That is not whisky. Why could not neutral spirits be made from petroleum or any other product containing the chemical elements which will make neutral spirits?

Mr. BAILEY. I think that may be possible, but it does not entitle it to be named "whisky."

Mr. CONNALLY. But the amendment covers something more than whisky.

Mr. GEORGE. Mr. President, the amendment outlaws alcohol, even gin, and I had very much hoped that the Senator from Iowa would exempt gin, so that we may go on having a supply of gin made by the present processes. Let me ask the Senator from Iowa whether he will not exempt gin from his definition.

Mr. MURPHY. Not at this time, I will say to the Senator from Georgia.

Mr. GEORGE. The Senator ought to be that considerate.

Mr. MURPHY. Mr. President, further referring to the question raised by the Senator from Idaho, it is stated that whisky is historically a grain product; therefore a similar product, no matter from what other material it is made, cannot be designated as whisky.

In support of that the Senator from North Carolina has stated that President Taft so declared. A controversy raged for some years between the distillers of straight whisky put up in charred barrels for aging and for presumed purification after distillation, and that which was the product of continuous distillation. That discussion, after raging for a long time, and after it had been before two Attorneys General, finally reached the White House, and President Taft in his decision made this statement:

> After an examination of all the evidence it seems to me overwhelmingly established that for a hundred years the term "whisky" in the trade and among the customers has included all potable liquors distilled from grain.

President Taft said further in that decision:

> Neutral spirits made from molasses and reduced to a potable strength has sometimes been called "whisky", but not for a sufficient length of time or under circumstances justifying the conclusion that it is a proper trade name. The distillate from molasses used for drinking has commonly been known as "rum." The use of "whisky" for it—

That is the use of "whisky" for the distillate from molasses—

> The use of "whisky" for it is a misbranding.

This decision of President Taft was not a hasty decision. It was not arrived at as harassed Senators are all too frequently compelled to arrive at decisions—hastily, and without complete information. There was before him a record of 1,200 printed pages. Because of the importance of the case, he said:

> I have thought it necessary to read with care the entire evidence adduced.

And he began the statement of his conclusions with this sentence:

> Whisky for more than a hundred years has been the most general and comprehensive term applied to liquor distilled from grain.

There is a market which grain has historically enjoyed. Go out and ask the first 10 men you meet on the street what whisky is made from, and what will the answer be? The answer will be that it is made from grain. It is rye whisky; it is Scotch whisky; it is Bourbon.

Mr. GUFFEY. Mr. President, will the Senator yield?

Mr. MURPHY. I yield.

Mr. GUFFEY. What is Irish whisky made from?

Mr. MURPHY. We do not make Irish whisky in this country.

Mr. GUFFEY. Does the Senator know what it is made from?

Mr. MURPHY. Yes; I have the data here.

Mr. GUFFEY. I will tell the Senator.

Mr. MURPHY. It is made from mash over there.

Mr. GUFFEY. It is made from potatoes.

Mr. MURPHY. Oh, no. It is poteen the Senator has in mind. Irish whisky is not made from potatoes; it is made from grain.

Mr. President, this market which grain has enjoyed continuously for a hundred years, this understanding which every consumer of whisky and all the trade has had, that whisky is the product of grain, is to be cast aside, in the face of the testimony of President Taft, a conclusion reached after an examination, as he said, of a record of 1,200 pages. We are asked to cast it aside in order to enrich further the blackstrap-distilling interests of this country. We are asked to give them that market now for beverage alcohol, with which grain cannot compete in any measurable quantity. They have the market for industrial alcohol now. But they are not content with that. They want to reach out further and produce more chaos on the farms of the United States.

If our concern is for the few industrial-alcohol refiners, the alcohol refiners in Louisiana and along the Atlantic seaboard, let us defeat the amendment which I have presented. If our concern is for the producers of the United States generally, let us adopt it.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. MURPHY. I yield.

Mr. WHEELER. One of the arguments that was very persuasive with a great many people in this country when they were asked to repeal the prohibition amendment was that it would result in a great deal of benefit to the wheat farmers and rye farmers and other farmers, because their grain would then be used for making alcohol.

Mr. MURPHY. The Senator is quite right.

Mr. BARKLEY. What brand of whisky is made out of wheat?

Mr. WHEELER. I am not so familiar with the making of whisky, apparently, as is my friend the Senator from Kentucky.

Mr. BARKLEY. My question did not indicate that I knew anything about it. I am seeking information from an expert. [Laughter.]

Mr. WHEELER. I had always supposed that wheat was used. Perhaps I am wrong about that.

Mr. MURPHY. I will say to the Senator that he is perfectly correct; we did make to the farmers the representation to which he has referred. I am the first Democrat to receive an election certificate from Iowa as United States Senator since 1848, and I am here because Iowa is concerned with a market for its products, a market shut off by the consideration shown the very industrial interests which today are opposing the pending amendment.

When I went out among the people of Iowa in my campaign I did not argue the question of prohibition on the basis of personal liberty; I did not argue it on any of its abstract lines. I said to the people of Iowa that with the prohibition amendment repealed we would have a market for our grain which we then lacked. I pointed out wherein repeal was to their economic interest, at a time when corn was selling for 7 cents and 10 cents a bushel, when it was cheaper to burn it in boilers as fuel than to feed it to stock or to send it to market. I pointed out that this enlarged market would create more demand for their corn, and that they would be economically the beneficiaries from it.

I am here today seeking to make good the pledge I made to the people of my State, seeking to enlarge their market, and I am opposed in my effort by those who seek to enlarge the market for Cuban blackstrap molasses, by those who want to enrich further the producers of Cuban blackstrap molasses and the distillers in this country.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. MURPHY. I yield.

Mr. OVERTON. If the purpose of the amendment is not to further the interest of grain distilleries, but is in the interest of domestic agriculture and domestic products, why would not the Senator from Iowa propose that no product should be labeled or advertised or designated as neutral spirits, whisky, or gin if distilled from materials other than those domestically produced?

Mr. MURPHY. The answer is that, so far as I have been able to learn, there has been no product of Louisiana distilleries that is competing with grain.

We buy the product of Louisiana in the form of molasses and mix it with dried food and feed it to our cattle. It commands a higher price than it would command if used in liquor. The objection to the suggestion offered by the Senator is that it would be impossible for grain alcohol to compete with domestic alcohol from blackstrap.

My objection is that even if Louisiana did go into blackstrap-alcohol production it would put corn in as a competitor

on the basis of 35 cents a bushel, and that would mean starvation for us.

I am not surprised to find the senior Senator from Louisiana seeking to serve the interest of his State as he sees it. I think there is a confusion in his mind. I do not believe the sugar producers of Louisiana are concerned with this amendment. I believe the only ones interested are the distillers down there, who can supplement present operations with operations on Cuban blackstrap.

It is characteristic of the Senator, who throughout his term in the Senate has on every occasion sought to serve the people of his State, now to seek to serve them according to the light given him. It has been a pleasure to sit here beside him through these years since we both came to the Senate, and in that time I have acquired a great deal of affection for the Senator from Louisiana. Not merely that, but I have acquired great respect for his mental qualities. I sincerely believe that I am not adversely affecting the interest of the people of his State by the amendment which I propose.

Mr. President, the amendment has the support of the Agricultural Administration. It has that support because of its relation to the welfare of the farmer. It has the support of the Food and Drug Administration as preserving the integrity of the Pure Food and Drugs Act. It has the endorsement of the National Grange. It has the endorsement of the American Farm Bureau. It has the endorsement of all those who believe in the integrity of our food standards. It has the opposition alone of those whose attitude will serve the distilling interests which desire to bring to this country in greater quantities blackstrap from the West Indies to drive out the product of the American farmer.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 4317. An act to authorize the Secretary of War to grant to the city of Buffalo, N. Y., the right and privilege to occupy and use for sewage-disposal facilities part of the lands forming the pier and dikes of the Black Rock Harbor improvement at Buffalo, N. Y.; and

S. 4594. An act to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. and others.

The message also announced that the House insisted upon its amendments to the bill (S. 267) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature, disagreed to by the Senate, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. McREYNOLDS, Mr. BLOOM, and Mr. FISH were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3483. An act to provide for rural electrification, and for other purposes;

H. R. 2982. An act for the relief of Sarah Shelton;

H. R. 7110. An act to authorize the President to bestow the Navy Cross upon Brig. Gen. Robert H. Dunlap, United States Marine Corps, deceased;

H. R. 8262. An act for the relief of Tom Rogers and the heirs of W. A. Bell, Israel Walker, Henry Shaw, Thomas Bailey, and Joseph Watson;

H. R. 8287. An act to establish an assessed valuation real-property tax in the Virgin Islands of the United States;

H. R. 8372. An act to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station and to authorize the construction and installation of a naval air station thereon;

H. R. 8431. An act to provide for the establishment of the Fort Frederica National Monument at St. Simon Island, Ga., and for other purposes;

H. R. 8784. An act to authorize withholding compensation due Government personnel;

H. R. 9995. An act to grant a renewal of patent no. 59560, relating to the emblem of the Disabled American Veterans of the World War;

H. R. 10194. An act granting a renewal of patent no. 40029, relating to the badge of the Holy Name Society;

H. R. 10267. An act to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service to correspond to the rates established by the Classification Act of 1923, as amended; and

H. R. 10934. An act to authorize the transfer of the customhouse at Salem, Mass., from the jurisdiction of the Treasury Department to the Department of the Interior.

PROPOSED ADDITIONAL TAXATION

Mr. DICKINSON. Mr. President, the present discussion reminds me of the discussions of the blackstrap question which took place in the other House many years ago.

The pending amendment is an effort to secure a greater use for the corn products of the corn States of this country. I remember very well that when we were discussing what we called the blackstrap amendment to the tariff bill, we won it by a few votes in the Committee of the Whole. Then, when the bill was considered by the House we lost the blackstrap amendment by a few votes. The pending amendment is another effort to provide a wider use for the products of the fertile lands of the Middle West. Therefore I believe we ought to give the amendment very serious consideration, and we should give the corn of Iowa a preference in the market over the blackstrap of the West Indies.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Iowa yield to the Senator from Idaho?

Mr. DICKINSON. I yield.

Mr. BORAH. Will the pending provision affect the potato growers of the West?

Mr. DICKINSON. I do not believe much alcohol or whisky is made from potatoes. Starch is made from potatoes. So I think the amendment would not affect the potato growers of the West. I may be mistaken.

It is not my purpose to take much time, however, in discussing the pending amendment. I desire to make a few observations with reference to the general tax bill which is now pending before the Finance Committee.

Mr. President, the House has already passed and there is now pending in the Finance Committee the so-called revenue bill of 1936. I presume that before long, in a somewhat revised form, it will be favorably reported to us. Nevertheless, I have no hesitation in placing myself on record now, prior to our formal consideration of the measure. I shall vote against the bill. I am proud to speak in opposition to it. I am speaking of the tax bill which is now before the Finance Committee, and not the amendment which we are now considering here for the protection of corn. What I shall say will only scratch the surface of the reasons why the tax bill should not be passed.

Three objections to the measure stand out:

First, its provisions, as drafted, are crude and discriminatory.

Second, the philosophy behind it is vicious.

Third, and most important, it is high time to stop the oppression of those for whom this Government exists—the public.

I

I have said that the provisions of the bill, as now drawn, make it a crude and discriminatory measure. Even if we

were to admit that additional revenue must be raised, and that the philosophy of the proposal is sound, we must also admit that we have before us a mass of language hastily thrown together, most of which is incomprehensible not only to the ordinary man but even to those who have spent their working lives in the study of the technicalities of tax law.

I do not profess to understand the deep technicalities of tax law. If I did, I could probably cite thousands of examples of discrimination, unfairness, and inequity. For those examples I beg leave to refer the Senate to the testimony of the more than 150 witnesses who have appeared before the Finance Committee and before the Committee on Ways and Means. The record of that testimony covers nearly 2,000 printed pages, and is replete with instance after instance of unfair, inequitable, and discriminatory results.

Let me confine myself to just one category of those instances as a sample.

I have never yet seen a Member of this body who did not look with horror upon favoritism to the strong and well-established at the expense of the weak and struggling. This bill is a perfect illustration of just such favoritism.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. DAVIS. The bill that came from the House to the Senate has been labeled "the Blue Bill of Woe", and it was said that there was a woe in every line.

Mr. DICKINSON. I think that is a good designation.

Take, for example, the case of an old-established corporation, with ample capital, and with ample reserves laid away for future contingencies: That corporation can distribute all of its earnings and not suffer in the slightest. By the provisions of the bill it will suffer no penalty. Competing with the older and larger corporation is a newer and smaller company. It went into the business with the expectation of building up a reserve for contingencies out of its earnings—the wisest kind of business policy. It cannot compete successfully, it cannot continue in business, it cannot exist unless it follows that policy. If it does follow it, the proposed tax bill imposes heavy penalties upon it, and thus destroys its power to compete. If that is fair, if that is equity, if that is anything but the rankest discrimination, then for a long time we have all had strange ideas of fair play.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Texas?

Mr. DICKINSON. I yield.

Mr. CONNALLY. Is the Senator discussing the House bill as it came to the Senate?

Mr. DICKINSON. Yes.

Mr. CONNALLY. Has the Senator read the hearings before the Senate Finance Committee?

Mr. DICKINSON. Part of them. I have not read them all. I have not read them clear down to date.

Mr. CONNALLY. Does the Senator know in what form the Senate committee expects finally to report the bill?

Mr. DICKINSON. I do not. I hope I shall make suggestions here now which will be helpful in the formulation of the bill.

Mr. CONNALLY. The Finance Committee had hearings on the bill, and we should have been glad to have had the Senator from Iowa appear before the committee if he had helpful suggestions to offer. I do not remember seeing him there. I was wondering how the Senator can really discuss the bill when he does not know what it is going to be.

Mr. DICKINSON. I am discussing the general philosophy of the bill as it appeared in the hearings, and so forth, as reported in the press. That is all I know about it. I hope the Senator from Texas will have the bill in good shape before it is brought to the floor of the Senate.

Mr. CONNALLY. I am a member of the Finance Committee, and I should have been very glad indeed to have had the Senator appear before the committee, because we had before us a great many persons who knew all about the measure.

Mr. DICKINSON. I do not believe there is anyone except Mr. Oliphant, of the Treasury Department, who knows all about the measure, and I do not happen to agree with Mr. Oliphant.

Mr. President, the effect of the bill, if it shall be enacted, will be to permit strong corporations to gobble up the weak business units. Assume, for example, that a corporation today happens to have a large cash reserve, that in the next few years it maintains this strong cash position, although not adding to it because of the proposed tax law, and that it is the only organization in its industry, which does hold such a reserve at the beginning of a depression in business: Under such conditions, this one corporation would be in a position to buy its competitors at bankruptcy prices. In short order, therefore, it could attain a monopolistic position, and thereafter charge such prices as it liked, and limit its production as it saw fit.

The development of such monopolies would be possible in almost every industry, for in almost every industry there is at least one company that would be in a position to take advantage of those of its competitors forced on the auction block by the working of this proposed tax bill.

It does not seem to me, however, that the American public, when the time comes, will permit the development of such monopolies. They will demand some other means for meeting what would be termed, as it has been termed recently, "the break-down of the American business system." This first possibility of meeting problems which will be created by this tax bill, therefore, it seems to me, is nothing more than a possibility. It could never be realized in fact. We must turn then to the second possibility if we are to anticipate what actually would happen.

The second method would be to have the Government guarantee economic activity. By this I mean that the Government would have to take control of our economic system to the extent necessary to assure the continuation of production and the continuation of employment. It might do this by nationalizing business, as in Russia, or it might do it by directing business in all its details, as in Italy or Germany. But bear in mind that it is only by one or the other of these systems, private or State monopolies, that a Government can guarantee employment and can guarantee production.

That is the general basis upon which I make the charge that this bill will destroy the present business structure. At the moment I am not interested in whether this or that person in the Treasury would welcome such destruction. Neither am I interested in whether they realize that their proposal will have such effect. The point that interests me, and for the moment the only point that interests me, is to make it clear that the enactment of this tax measure must be considered as evidence that we are willing to destroy the American business system.

II

Suppose we close our eyes to the multitude of technical defects of the measure, still assuming that additional revenue must be raised, and consider for a moment the vicious philosophy behind it.

What is the philosophy behind this bill? There is no mystery about that. It is not a bill for revenue only. It is not a measure designed to clarify and simplify our revenue statutes. I maintain that its purpose is clear, and that it is nothing more than a device to further regiment, further control, further harass American business—driving us constantly nearer a completely dictatorial regime of state socialism.

The American business structure as a unit not only is worthy of defense but it is something of which we have reason to be proud. It has made possible the payment of the highest real wages in the history of mankind. It has given us a wider range of products that add to our comfort than has ever before been known. It has led the world in the development and perfection of processes that enable us to convert luxuries into necessities.

Of course, there have been crooks and thieves in our business structure, some of whom have attained positions of great importance; but the presence of such crooks and thieves has not been a distinguishing characteristic of American business any more than it has been a distinguishing characteristic of any other broad division of the American economic and social system. And in defending the American business structure I am not defending the existence of such crooks and thieves. I am defending the right of American business to continue to produce goods for the American public; to continue to give employment to American labor; to continue to develop those processes which will make the luxuries of today the necessities of the American laboring man a few years hence.

This tax measure, if it becomes a law and remains on our statute books in its present form, will do more than merely prevent further growth of American business. It—and I say this with the utmost seriousness—will destroy the American system of enterprise. For this bill is not designed to reform our tax structure, to raise revenue, or to protect the American workingman. It is designed to bring about a collapse of private ownership of business in the United States.

This bill will not stand up under analysis of any of the reasons advanced as arguments by its sponsors. May I ask for what hidden, sinister purpose was this bill designed? Why are we asked to pass a bill carrying with it the dynamite of destruction of our corporate structures?

We have been repeatedly told by the professors that spending is good, while saving is bad; that the only thing to do with money is to get rid of it fast; that reserves for a rainy day are an evil; that we do not know what to do with our savings when we have succeeded in accumulating a few. We have listened to the professors—far too indulgently—but we have not believed them, and we never will believe them when they tell us that.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Texas?

Mr. DICKINSON. I yield.

Mr. CONNALLY. Is the Senator referring to the "brain trust" the Republican National Committee has recently employed?

Mr. DICKINSON. No; I am referring to the "brain trust" the Senator from Texas defended when Dr. Wiley made revelations concerning it. The Senator tried to laugh him out of court, although, as a matter of fact, Dr. Wiley was telling the truth, as is now being proved. I should like to have the Senator from Texas read the article written by Mr. George N. Peek, which I have put in the RECORD today and which was published in last week's Saturday Evening Post. It shows the socialistic tendency about which I have been talking here for a year or so.

We have not believed the professors, and they know it. Perhaps they are now going to give up lecturing us. If that were to be the end of them, we should be well off. But it is not the end. We will not adopt the rules they have preached to us; so they are going to write them into the law and force us to live by them. We have refused to believe that thrift is wrong, so they are proceeding to legislate against thrift. We have refused to believe that heedless, profligate spending is praiseworthy, so they are writing into the law of the land a rule which will ruin those American businesses which refuse to adopt such a course.

The American people will not accept these professorial rules. They know those rules are wrong, and will not submit to their yoke. American business can conduct itself honestly, intelligently, and successfully without them. It resents, and rightly so, the intrusion of government into every detail of its affairs.

Whether or not the tax bill, if enacted, will bring in its wake monopolies for the strong, and bankruptcies and receiverships for the less strong—as I predict it will—it is most certainly another step toward dictatorship. Such a regime this Nation will never accept.

III

Mr. President, I turn now to my third and most practical, if not most important point. It is simply that this is no time for Congress to enact another gouging tax measure. I should like to discuss that question at somewhat greater length.

The American taxpayer must and does look upon government as one of the necessities of life. He knows full well that government is a necessity, just as food, clothing, shelter, and other goods and services are necessities. Likewise, he knows that the functions of government cost money, just as does his daily bread, his suit of clothes, the roof over his head, his furniture, his car, his radio, his doctor, and his church. He knows that he must pay the cost of all of these. But, I need not point out to you, Mr. President, that it is characteristic of the American citizen to insist upon full value for all the money he spends for his necessities.

If the corner-grocery man asks a dollar for a loaf of bread, none of us need inquire whether the loaf is worth a dollar. We know it cannot be. And we would all refuse to pay such an astounding and incredible price. Shall we not take the same attitude toward the outlay of a similarly astounding and incredible price for Government? Once we comprehend what that price is, and appreciate that it is astounding and incredible, shall we not insist that no government is worth it? If by any chance we are willing to say that some government might be, shall we not still searchingly inquire whether the particular government we are asked to pay for can conceivably be worth it? Or shall we meekly, silently, spinelessly hand over the price when it is glibly asked of us?

I, for one, propose to insist, vigorously and even impatiently that neither the particular government we are now being asked to pay for, nor any other, is worth the price that is asked.

Unfortunately for us all, statistics in the realm of Government finance have become as incomprehensible and unreal as those in the realm of astronomy. None of us actually knows what a "million" is, much less a "billion." It is hard for us to understand what a monstrous thing a debt of $35,000,000,000 is. We cannot readily grasp the significance of a deficit of $6,000,000,000 for the present year. However, I contend that it is the duty of every thinking citizen to study those figures, to appreciate their import, to understand what really is the price of the government we are getting.

When I speak here of the price of government I am including only the money cost. The cost in freedom, morale, and happiness is incalculable. But let me be purely practical and hard-headed and take a look at the money cost of the service for which we are asked to pay.

For the "advantage" of a Federal Government during the fiscal year 1936 we are asked to pay $10,000,000,000, that is, about $400 for every single family in the country. How many families in this country can spend $400 per year for food? How many can spend that much for their housing? How many can spend that much for clothes? How many can spend that much for furniture, an automobile, their schooling, or their church? These questions answer themselves, and I say that the question whether any of them can spend that much for their National Government answers itself just as readily. No national government which any party can provide is worth $400 to any family in this country, much less all of them.

No one can deny that the cost of the best national government will be substantial. But think of it—$10,000,000,000, or $400 per family for this year. Can government possibly be worth it?

Let us look into the figures a little deeper. During the fiscal year 1934, the first full year of the present administration, it cost $7,105,000,000 to run the National Government. The preceding fiscal year (1933), that cost was $5,307,000,000. In 1 year, the total increased 33⅓ percent. Contrast this with the promise we heard so much of back

in 1932, that the cost of government would be reduced by 25 percent.

The fiscal year 1935 saw no reversal of the trend. In that year the National Government cost us $7,375,000,000.

The Secretary of the Treasury now tells us that during the fiscal year 1936 the administration will spend nearly $10,000,000,000.

Finally, we already have the President's word that in the fiscal year 1937 the cost of the National Government will be not less than $8,250,000,000.

To venture again into the astronomical, the 4 Roosevelt years are to cost us the staggering total of $32,574,000,000—$1,200 for every family in the United States.

Suppose we disregard relief expenditures for the moment. We have gotten ourselves into the vicious habit of dividing our Budget into two parts—one of which might be balanced some day and the other of which we are letting grow so top-heavy it will soon crush us. But suppose we take a look at the President's "ordinary expenditure" budget.

In the fiscal year 1934 the administration's so-called "ordinary expenditures" were $3,444,000,000. They had not even shifted into second gear then. The following year they stepped on the gas a bit and spent $4,306,000,000, on the "ordinary side." That was a lot of fun; so this year they are managing to run it up to $4,776,000,000. Now, with 1937 just ahead, they have begun to forget their campaign promises and loosen up a little—not much; just 20 percent or so—and will spend $5,649,000,000 on "ordinary" activities.

What is the total? For "ordinary" activities for 4 Roosevelt fiscal years, $18,175,000,000—a good $700 per family. I ask again, Is it worth it?

Far more significant than the total is the trend. "Ordinary" expenditures rose 25 percent in 1935 over 1934. In 1936 they are 11 percent higher than in 1935 and 40 percent higher than in 1934. In 1937, we are told, they will be 20 percent higher than in 1936, 30 percent higher than in 1935, and 65 percent higher than in 1934. May I ask another question that answers itself? Can we stand that trend any longer?

Finally, we have the so-called "relief and recovery" expenditures, on the "nonbalancing" side of the Budget. They will aggregate over $12,000,000,000 for the 4 Roosevelt fiscal years, 1934 to 1937, inclusive—$500 per family in the United States. The $3,000,000,000-a-year average for expenditures in this category is not showing a real declining trend—and this despite the absorption of millions into private employment because of the natural improvement in business and the improved circumstances of millions of others because of that same improvement.

So much for expenditures. They would be very fine if the bills never came in. But the bills do come in, and someone must pay them. In most cases we do that ourselves, or frankly cast the expense upon those who will come along later. Usually we either tax or borrow. But what does this administration do? It taxes, heedlessly and to the limit, and then proceeds to borrow, also heedlessly and to the limit.

In 1934 the American people were rendered the first bill for this orgy of governmental extravagance. In that year the President smilingly asked the Congress to impose new and unprecedented taxes upon the American people, and Congress obediently applied the lash. Revenues rose, but the spenders increased their pace, too; and in 1935, as if amused at the race, and perhaps only to give more encouragement to the spenders, the President submitted another bill to the people, and at his bidding Congress imposed still more burdensome and unconscionable taxes upon American enterprise and property. And now, for the third time in 3 years, we have before us a Presidential demand for more money.

In the fiscal year 1934, a total of $3,116,000,000 was extracted from the pockets of American citizens by the tax collector. In 1935 under the rising rates imposed by the Revenue Act of 1934, that worthy was 20 percent more efficient, and managed to abstract $3,800,000,000. The drastic provisions of the Revenue Act of 1935 helped him still more, and in the fiscal year 1936 it is said that he will collect $4,411,000,000, or a 15-percent better job than in the previous year. Now it is proposed that he be given a new instrument of torture and oppression, the Revenue Act of 1936, to aid him in raising in 1937 $5,800,000,000, a 30-percent increase over 1936, a 50-percent increase over 1935, and practically a 90-percent increase over 1934.

I repeat that neither the Government we are being asked to pay for, nor any other, is worth the price that is asked. We must flatly refuse to commit ourselves to pay that price. We do not want what we will get for our money, so we must not order it. It is that refusal which I shall express when I vote against the tax bill.

I have been speaking so far of the cost to the present generation. Were that all, we might grin and bear it. But when we see the bill to be rendered to future generations piling up to an enormous total at an amazing rate, it is time to call a halt. As I have said, the 4 Roosevelt fiscal years are to cost us thirty-two and one-half billions of dollars. If all predicted revenue is collected, the total will hardly exceed sixteen and one-half billions. We are therefore adding to our public debt during these 4 fatal years at least $16,000,000,000—for someone to collect some day from our children and grandchildren. Are we to let this process go on? Here again, we must end our encouragement to the spenders. Killing this bill may not stop the borrowing, but if we begin to say "no", vigorously and unequivocally, perhaps it will dawn on some of those in power that the American people mean it.

Actually, I believe, no further taxation at this time is necessary. If we would stop the waste and extravagance which today is such a dominant characteristic of the present administration, we would take care of our unemployed and meet the legitimate expenses of our Government out of the receipts of the present taxes. To impose taxes without making these needed obvious economies means that we admit the necessity of perpetuating the present system of waste and extravagance and graft and financial irresponsibility.

Insofar as I am concerned, I do not think it is desirable to perpetuate such a system, and I refuse to vote for any measure which will have that effect, although I will actively sponsor any measure which either will make needed reforms in our tax system or will result in a more equitable distribution of the legitimate costs of our Government among American taxpayers.

But my own views as to whether we need additional revenue are of no particular importance. We are told that we must raise more money. If we assume that the money must be raised, what are the possibilities? One could list many. We might impose a tax of $50 on every automobile sold. We might impose a processing tax of 1 percent or 5 percent or 15 percent, depending upon the amount of money which it is decided must be raised. Or, we might stop this much-too-prevalent nonsense of preaching against the money changers and the speculators and the gamblers, while at the same time protecting them, and impose a tax upon their parasitic profits. But were we to do that we would be attacking the class dear to the heart of the one who says that the current tax proposal is a "must" legislation. But that, Mr. President, is another chapter.

There is just one further remark that I should like to make. Should this tax bill be enacted, and remain on the books until the next business recession starts, it will be of no aid at that time to repeal the act, for the damage then will have been done. It will have been done by having made it impossible for our business organizations to have accumulated the needed reserves during the period when they had a net income.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, returned to the Senate, in compliance with its request, the bill (H. R. 8940) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

REORGANIZATION OF CORPORATIONS UNDER BANKRUPTCY LAW—RECONSIDERATION

Mr. ASHURST. Mr. President, yesterday I gave notice that when the House returned the bill to the Senate I would move to reconsider the vote by which the Senate passed House bill 8940, to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. I am advised that the bill has been returned to the Senate. Is that true?

The PRESIDING OFFICER. The Senator's information is correct.

Mr. ASHURST. I now move that the vote by which the bill H. R. 8940 was ordered to a third reading, read the third time, and passed be reconsidered.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arizona.

The motion was agreed to.

Mr. ASHURST. I now ask that the bill be recommitted to the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, the bill will be recommitted to the Committee on the Judiciary.

Mr. ASHURST. Mr. President, there has been some disagreement among Senators and on the part of the public as to the exact meaning of some of the amendments added by the Senate to the House bill. The able Senator from Indiana [Mr. VAN NUYS] was chairman of the subcommittee which considered the bill; I am authorized to say that he joins with me in making the motion which I have made and he approves my action; and that, as chairman of the subcommittee of the Senate Committee on the Judiciary, he desires me to give notice that the subcommittee will hold a hearing on this bill at the rooms of the Senate Committee on the Judiciary on Thursday morning next at 10:30 o'clock, at which hearing all persons who have any interest in the bill will have an opportunity to be heard.

COLLECTION OF REVENUE FROM INTOXICATING LIQUORS

The Senate resumed consideration of the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes.

Mr. OVERTON obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	La Follette	Reynolds
Ashurst	Couzens	Lewis	Robinson
Austin	Davis	Logan	Russell
Bachman	Dickinson	Lonergan	Schwellenbach
Bailey	Dieterich	Long	Sheppard
Barkley	Donahey	McAdoo	Shipstead
Benson	Fletcher	McGill	Smith
Bilbo	Frazier	McKellar	Steiwer
Black	George	McNary	Thomas, Okla.
Bone	Gerry	Maloney	Townsend
Borah	Gibson	Metcalf	Truman
Brown	Glass	Moore	Tydings
Bulkley	Guffey	Murphy	Vandenberg
Bulow	Hale	Murray	Van Nuys
Burke	Harrison	Neely	Wagner
Byrd	Hastings	Norris	Walsh
Capper	Hatch	O'Mahoney	Wheeler
Caraway	Hayden	Overton	White
Chavez	Johnson	Pittman	
Clark	Keyes	Pope	
Connally	King	Radcliffe	

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present.

Mr. OVERTON. Mr. President, the amendment offered by the Senator from Iowa [Mr. MURPHY] to the pending bill was presented before the Finance Committee of the Senate and, after thorough consideration, was rejected.

In the very able presentation which the Senator from Iowa made of his amendment, he declared that it was being proposed in the interest of agriculture, with particular reference to those engaged in the production of corn. The record shows that two and a half billion bushels of corn are produced annually in the United States. The record does not show how much of this corn enters into the production of alcohol; but there has been submitted a minority report which was placed on our desks this morning, and that report declares that—

> During the 10 years prior to wartime prohibition an average of, roughly, 75,000,000 proof gallons of grain alcohol were used for beverage purposes, mostly for blended whisky and gin, or the equivalent, conservatively, of 15,000,000 bushels of grain.

Therefore, during the 10 years prior to wartime prohibition, when presumably more liquor was being consumed and used in this country than during any other period, 15,000,000 bushels of grain were used in the production of alcohol and whisky. This is equivalent to an average of 1,500,000 bushels of grain per annum out of a total production of corn alone of two and a half billion bushels per annum.

Therefore, Mr. President, when I consider the monopolistic effect of the amendment, while it may not at all be the purpose of the Senator from Iowa to offer the amendment not in the interest of agriculture but in the interest of the grain distilleries of the country, I think I am justified in making the observation that that is its effect, because if it were being offered in the interest of domestic products, agricultural and others, why should it undertake to select grain alone as constituting a proper commodity out of which to manufacture alcohol, and exclude cane products, exclude fruit juices, exclude apples, exclude petroleum products, and exclude every other commodity produced in this country out of which alcohol may be successfully made?

The Senator from Iowa states that historically alcohol is produced from grain. Well, historically, intoxicating beverages were produced from wine. If my Biblical recollection serves me right, I think it was upon the juice of the grape that Noah got drunk.

Historically, mankind used to live in caves and in trees; but no one would suggest today that either the Senator from Iowa or myself should legislatively be driven out of our apartments in the Wardman Park Hotel to inhabit either caves or trees. [Laughter.]

Historically, in the temperate and colder climates, man clothed himself in skins, and in the tropical climates, did not clothe himself at all. If we pursue the argument of the Senator from Iowa to its logical conclusion, we should be legislatively driven to use skins as our garments, or else be driven into nudist colonies. [Laughter.]

The Senator from Iowa states that his amendment is perfectly defensible because there is a difference in flavor between whisky made from alcohol that has been manufactured from molasses, for instance, or some other products, and that made from corn. Well, there is a difference in flavor between all kinds of intoxicating liquors. There is a difference in the flavor of bourbon and rye and of Scotch and of different kinds of wines. There is a difference in taste; and permit me to remind the Senator from Iowa of that splendid old Latin adage:

> De gustibus non est disputandum.

The amendment cannot be defended upon the ground that there is a difference in flavor. Some people may prefer the flavor of corn alcohol or corn whisky, and some may prefer the flavor of some other kind of whisky. Some may prefer to get drunk from corn liquor, and some may prefer to get drunk from some other kind of liquor. The amendment can be defended solely upon the ground that alcohol and neutral spirits and gin manufactured from other commodities are more deleterious to health than are similar products manufactured from grain.

That, I thought, was the original contention that was going to be used in the presentation of the Murphy amendment. I appeared before the Senate Finance Committee in opposition to the amendment. I presented letters which I had written to the different departments of the Government in order to ascertain the facts.

I have a letter from Mr. Robert L. O'Brien, Chairman of the United States Tariff Commission, which appears on page 209 of the hearings. I also have a letter from Mr. W.

V. Linder, Chief of the Laboratory Division of the Treasury Department; a letter from Mr. W. G. Campbell, Chief, United States Department of Agriculture, Food and Drug Administration of the Department of Agriculture; a letter from Mr. Martin H. Ittner, chairman of the Committee on Industrial Alcohol of the American Chemical Society, and other letters appearing in the record, all of them to the effect that modern distillation and rectification practice has attained such a high degree of refinement that the resulting alcohol is recovered with only extremely minute traces of the original congenerics, and that molasses alcohol which has been highly rectified or purified cannot be distinguished by any known chemical tests from grain alcohol which has been similarly rectified and purified.

Quoting from Mr. Howe, chairman of the Industrial Alcohol Committee, we find the statement:

> To those of us in the chemical industry it seems absurd to endeavor to define a perfectly well-known, easily identifiable, and definite chemical compound by the source or kind of raw materials from which it is made. We recognize, of course, that it is an effort to obtain an extensive market for one particular agricultural product, but this discrimination seems to us unwarranted and unsound.

The Senator from Iowa quotes the ruling made by President Taft while he was in the White House. If the Senator from Iowa had quoted a decision rendered by Justice Taft on some constitutional question, I would have had a very high regard for it, but I do not think that this august body will consider very seriously either President Taft's or Judge Taft's view as to the commodities from which liquor should be manufactured.

There is a history back of this proposed legislation. Congress enacted a law which provided that no discrimination should be practiced in reference to the branding and marketing of liquors. It was the Revenue Act of 1919, and it contained this provision:

> All distilled spirits or wines taxable under this section shall be subject to uniform regulations concerning the use thereof in the manufacture, blending, mixing, marking, branding, and the sale of whisky and rectified spirits, and no discrimination whatever shall be made by reason of the difference in the character of the material from which the same may have been produced.

Mr. President, that is the law today. It is a proper and a just law. There is no reason why there should be any discrimination on account of the commodity from which alcohol is produced, provided the alcohol so produced is as good and as pure as alcohol produced from other sources.

This same amendment was offered last year by the Senator from Iowa, and it was rejected by the Congress. Following that an effort was made to have the Federal Alcohol Control Administration adopt a regulation which would create a monopoly of grain alcohol and exclude all other forms of alcohol. But, instead of that, the Secretary of the Treasury authorized the promulgation of a ruling which requires that the percentage and the name of the commodity shall be given with reference to alcohol and its products. Therefore the public is put upon notice, under the present law, and under the present rulings. The contents of a bottle, the commodity out of which the contents are made, and the percentage of the commodity, are, under the recently adopted regulation of the Treasury Department, to be indicated on the label on each bottle, and therefore the public can determine whether or not it is getting liquor that is manufactured out of grain, or gin that is manufactured out of sugar or molasses, and just what kind of alcohol is being used.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. WHEELER. I am asking merely for information. Is most of the whisky made out of grain at the present time, or is much of it made out of alcohol produced otherwise and blended with something else?

Mr. OVERTON. Frankly, I cannot give the Senator the information he seeks.

Mr. WHEELER. If whisky and the various other spirits which are drunk so freely in the United States were made out of grain, it would undoubtedly help the farming industry in the United States to some extent would it not?

Mr. OVERTON. To a very limited extent, so far as grain is concerned. I do not know whether or not the Senator was present in the Chamber when I made the statement, but it is shown by the minority report and by the record that two and a half billion bushels of corn are produced annually in this country, and that only 1,500,000 bushels of all kinds of grain enter into the manufacture of beverage alcohol.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. MURPHY. I submit there is an inconsistency in the statement which appears in the report, and I think there is no justification for saying that only a million and a half bushels of corn enter into the manufacture of liquor. I stated that for the fiscal year ended June 30, 1934, alone there was an increase in the use of grain, not the absolute amount of production but an increase in the use, of 13,000,000 bushels of grain in that year alone.

Mr. OVERTON. I do not think that makes very much difference. I do not think one can make the argument that in order to help agriculture we should take one class of agricultural commodities and make a monopoly out of it in the manufacture of a product and exclude any other agricultural commodity in the United States.

Mr. WHEELER. We would not be excluding any other product, as a matter of fact.

Mr. OVERTON. We would be excluding molasses, which is a product of sugarcane and also a product of beet sugar.

Mr. WHEELER. Where is the great proportion of the beet sugar which goes into the making of alcohol produced at the present time? Does it come from Cuba and other places?

Mr. OVERTON. A great deal of it is imported. It comes from our insular possessions.

Mr. CLARK. The Senator does not refer to Cuba as an insular possession of the United States, does he?

Mr. OVERTON. No; I mean that it also comes from our insular possessions—from Puerto Rico and from Hawaii. Some of it also comes from the Philippine Islands and from Cuba, from Louisiana, and from the beet-sugar area.

Mr. WHEELER. Is it not true that there is a depression among the grain farmers of the United States, and that this measure would provide one way by which we could be of help to the producers of grain?

Mr. OVERTON. It would be one way by which we could hurt the sugar interests.

Mr. WHEELER. As a matter of fact, we would not be hurting the sugarcane grower in the United States to any appreciable extent. The only people against whom we would be discriminating would be the Cuban sugar growers, who ship in the blackstrap, or whatever it is, that is used in the production of competing alcohol.

Mr. OVERTON. I will say to the Senator that whenever we create a monopoly we benefit that concerning which we create the monopoly. There is no question about that. But the Senator is in error when he says that the only people who would be hurt would be the Cubans, those who reside in our insular possessions, and those interested in the sugarcane industry in Louisiana, and the beet industry. We would also be injuring and putting out of business factories which have been established along our seaboard, along the Atlantic coast, and in Louisiana, which use blackstrap molasses, which take the sucrose content out of it and convert that content into alcohol. If we create a monopoly in favor of the grain distillers, then we destroy the business of all of the molasses distillers along the Atlantic coast.

We are not asking for that. We are not proposing an amendment providing that alcohol and gin may be manufactured solely from molasses. We are perfectly willing that it shall be manufactured from grain and shall be manufactured from molasses. It ought to be manufactured from any commodity produced in the United States or elsewhere from which it can successfully be made.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. MURPHY. I think the Senator from Louisiana did not mean to say that the adoption of the pending amendment would put the industrial alcohol plants on the Atlantic

seaboard and elsewhere out of business. If the adoption of my amendment would accomplish their destruction, we are left to wonder what market accounts for their existence. The truth of the matter is that the distilling interests referred to now import a tremendous quantity of blackstrap molasses, as the Senator has stated. The domestic production of blackstrap molasses is 59,629,000 gallons. We import 165,266,000 gallons. In addition, there are imported from Hawaii and Puerto Rico 39,964,000 gallons. It is all distilled in the seaboard and other distilleries. It is sold as industrial alcohol. Of course, they are existing today and earning profits as they are thus employed, and my amendment would not disturb them in the market which they now enjoy.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. OVERTON. I yield.

Mr. KING. I do not quite understand the attitude of the Senator from Iowa. Does he mean that no part of the importations of molasses is now used for the manufacture of whisky?

Mr. MURPHY. That is my understanding, Mr. President. There is not any evidence anywhere that even a gallon of domestic blackstrap molasses has gone into the manufacture of alcohol for beverage purposes.

Mr. OVERTON. I think the Senator is in error about that. He has made the statement that none of the molasses of Louisiana is used for that purpose. My information is to the contrary. My information is that domestic molasses is used for the production of alcohol for both industrial and nonindustrial purposes.

Mr. MURPHY. Mr. President, will the Senator yield further?

Mr. OVERTON. I yield.

Mr. MURPHY. I should not wish to make the statement that no Louisiana molasses goes into alcohol. The extent of the statement I make is that I have not been able to find anywhere—and I have made diligent inquiries—that any of it has gone into such production. Repeated statements have been made to me that none of it has gone into alcohol for beverage purposes.

Mr. KING. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. KING. Would it not be as just and wise and sound, as a national policy, to forbid the use of rayon for the manufacture of clothes, and compel us all to use silk, as it would be to deny the use of molasses for the manufacture of a commodity which is just as good as that which is manufactured from grain?

Mr. OVERTON. I think so.

Mr. MURPHY. Mr. President, will the Senator yield for another moment?

Mr. OVERTON. I yield.

Mr. MURPHY. I suggest to the Senator from Utah that rayon is sold as rayon. It is not sold as silk.

Mr. OVERTON. Mr. President, I get back to the original proposition which I advanced, that the pending amendment cannot be defended upon the ground that it is desired to favor a certain agricultural commodity exclusively and that all other sources of alcohol manufacture in the United States of America should be wiped out. The only way such a proposition can be defended would be to show that other alcohol is not as good as the alcohol manufactured from grain. The records show conclusively and abundantly, and it was so stated by the Senator from Iowa himself before the Senate Finance Committee, that alcohol manufactured from molasses is just as good as is alcohol manufactured from grain.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. BARKLEY. I recall that Dr. Doran, who for a number of years was in charge of the Prohibition Division during prohibition days, testified that ethyl alcohol made from cane or from molasses could not be distinguished from alcohol made from grain; that they are practically identical; that whisky made with alcohol derived from molasses could not be distinguished from whisky manufactured from alcohol made from grain.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BARKLEY. I should like to finish my statement.

Mr. CLARK. I desire to refresh the Senator's memory as to Dr. Doran's statement. He said that on chemical analysis there was no difference to be distinguished, but that there was a very material difference in flavor.

Mr. BARKLEY. I do not recall his statement about the flavor, but I know that he said that from the standpoint of science there is no difference whatever between alcohol produced from grain and alcohol produced from cane.

It seems to me, of course, that the question which confronts us is whether Congress shall say, by adopting the pending amendment and limiting the production of whisky to alcohol produced from grain, that we shall forever prohibit any scientific research that may develop any process of manufacturing ethyl alcohol from any kind of vegetation from which it may be manufactured. That is what the amendment means. If the amendments shall be adopted, it will tie the hands of scientific investigation. It will make absolutely useless any research into the possibilities of producing alcohol from any vegetation unless it happens to be grain.

If alcohol produced from grain and alcohol produced from other vegetation are identical, it seems to me that no harmful results could be produced by making whisky from alcohol produced from vegetation other than grain. All my interests would naturally be in favor of the amendment of the Senator from Iowa. We produce in the State of Kentucky no liquor made from blackstrap or from any other vegetation except grain, but I have not had a letter from a single farmer in my State asking me to vote for the pending amendment by reason of the fact that it will increase the market for grain. I do not know whether or not the farmers in my State know anything about it, but I am not concerned about that.

It seems to me that we are going far afield in legislation when we say by an act of Congress that ethyl alcohol shall not be made from any kind of vegetation from which it may be produced in the manufacture of whisky or any other commodity. It seems to me that we are not justified in limiting the source from which this product may be made simply because we desire to give a monopoly to one particular type of manufacture.

Mr. WHEELER. Mr. President, will the Senator from Louisiana yield?

Mr. OVERTON. I yield.

Mr. WHEELER. It seems to me that a distinction to which the Senator has not called attention should be made between alcohol and whisky. After all, there is nothing in the amendment which, if it should be adopted, would prevent a continuation of scientific investigation in connection with the manufacture of alcohol.

Mr. BARKLEY. Not for industrial purposes. The amendment prohibits the labeling of any whisky as such, although it actually is whisky, unless it is produced from alcohol which came from grain. A commodity may not be labeled as gin, although it actually is gin, unless it comes from grain. A product may not be labeled ethyl alcohol, although it actually is ethyl alcohol, unless it came from grain.

Mr. OVERTON. It is, in other words, a legislative absurdity to undertake to say that that which is is not.

Mr. WHEELER. Mr. President, I do not agree with the Senator in his statement about this being a legislative absurdity. It seems to me that whisky has a well-known and a well-defined place in the minds of the general public. There is corn whisky, and there is rye whisky. When I buy what is sold to me as rye whisky, I wish to know that I am getting whisky made from rye.

Mr. OVERTON. The Senator has that knowledge now under the present regulations. The whisky must be labeled. If any of it is made of sugarcane products it is so labeled, and the percentage that goes into it is noted on the bottle. Therefore, full notice is given under the present regulations.

Mr. WHEELER. As the Senator from Iowa has said, it seems to me that the amendment will have nothing to do with preventing the making of alcohol for industrial purposes. The manufacturers may make all the alcohol they desire. They may carry on all the scientific investigations they desire. By the amendment we are simply saying that when a purchaser buys a product labeled "whisky", he shall receive whisky made from grain. That is all the amendment provides.

Mr. OVERTON. That is it, Mr. President. The amendment seeks to make a monopoly of grain-made whisky. Let us get down to the real meat in the coconut. The trouble about this whole thing is not that good alcohol cannot be made from other products, but it is that alcohol can be made cheaper from certain other products. It can be made cheaper from molasses than from grain, and therefore grain distillers do not wish to enter into competition with those who manufacture alcohol from molasses and from other products.

The amendment if adopted will increase the price not only of beverage alcohol but the price of medicinal alcohol. The pharmaceutical societies are opposed to this amendment and have written letters addressed to the Finance Committee in opposition to it. I read from the record of the hearings at page 48 from the testimony of Mr. Hilton, president of the United States Pharmaceutical Union, as follows:

> If alcohol can only be produced from grains, a condition will be imposed upon the sick and suffering in obtaining their necessary medicine, and prices will be exorbitant.

The adoption of the amendment will mean high prices for liquor and whisky and also high prices for medicine. If we create a monopoly for this source of manufacture of alcohol, whisky prices are going to mount to the sky; prices of medicinal alcohol are going to mount also; and it is going to impose not only upon those bibulously inclined, I will say to the Senator from Montana and the Senator from Iowa, but also, as Mr. Hilton says, upon the sick and suffering, the needy, the poor, and the distressed who require medical attention. We cannot defend a monopoly, and whether we say it is in the interest of agriculture, in the interest of corn or other grain, the amendment is monopolistic in character. That is the whole purpose of it. Its purpose is to drive out all other forms of production and have this one source of production.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. OVERTON. I yield.

Mr. BARKLEY. I wish to call attention to the fact that the pending amendment not only applies to the bill now under consideration, the Federal Alcohol Administration Act, but it applies also to the Foods and Drugs Act not only as it now exists but as it may be amended or substituted for hereafter. Hereafter, no matter what act Congress may pass in substitution of the measure that is now under consideration or the Food and Drugs Act that has been on the statute books for a quarter of a century, this amendment would apply to any future enactment the Congress may see fit to substitute for or add to the law as it now exists.

Mr. WHEELER. Of course, we could not do that, as a matter of fact.

Mr. BARKLEY. Of course, one Congress cannot bind another, but every effort is being made here to hog-tie the future. Under the amendment that has been offered, if in the future a source should be found from which to develop a quality of alcohol better than has so far been known to man, advantage could not be taken of it to produce the alcohol or use it in connection with drugs.

Mr. OVERTON. At least it would require another act of Congress.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. MURPHY. I call the Senator's attention to the exception in the amendment embraced in the words "for nonindustrial use." Of course, this amendment does not apply to alcohol that is going into pharmaceutical uses.

Mr. OVERTON. Are not pharmaceutical uses nonindustrial uses?

Mr. MURPHY. Yes; and the amendment excepts them. So we cannot affect the price of medicines by the adoption of this amendment.

Mr. OVERTON. The amendment says that "no product shall be labeled or advertised or designated as neutral spirits", and so forth, "for nonindustrial use, if distilled from materials other than grain." Is not alcohol used in medicine a "nonindustrial use"?

Mr. MURPHY. It refers to beverage purposes.

Mr. OVERTON. It does not say "for beverage purposes." I disagree with my learned friend from Iowa.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The question is on the amendment offered by the Senator from Iowa [Mr. MURPHY].

Mr. BAILEY. Mr. President, I gave notice in the committee that I would file minority views in favor of the pending amendment. I have heard the arguments here, one to the effect that we propose to "hog-tie the future", which is clearly an impossibility; and the other to the effect that we are oppressing the sick and the poor and the lame and the halt, which cannot be sustained. I must say that when I heard the discussion and the testimony in the subcommittee no one thought of putting forward suggestions of that sort.

The question revolves wholly around the point whether or not any distillate from a product other than grain may be designated as whisky, and the collateral question is whether or not we should permit the distillation of blackstrap molasses, admittedly shipped in from outlying islands, some our own and others independent, in competition with American grain, and therefore adversely to the American farmer. They were the considerations which moved me to dissent from the recommendation of the subcommittee of the Finance Committee in charge of this bill. I wish to address myself to those considerations.

In the first place, do we have a right to permit or would it be proper to declare by law that alcohol distillates derived from materials other than grain may justly and prudently be permitted to be advertised and sold in our country as whisky? I make no pretense of technical capacity to define whisky, but we have certain historical standards to which we all may repair for our definition. No Senator here denies that every dictionary that undertakes to define whisky defines it as a distillate of grain. If there be a question about that, go to Webster's Dictionary or the Standard Dictionary or the Century Dictionary and my statement will be found to be absolutely supported. I did not know that when I sat on the subcommittee; but when the question arose I went to the dictionary and I was rather surprised to find that the historical definition of the word "whisky" is "a distillate of grain."

Now the next evidence is this: Mr. Taft, formerly President of the United States, rendered a decision, not with the force and effect of an adjudication but with the force and effect of a great lawyer and a great judge sitting in the Presidency of the United States with the question presented directly to him, What is whisky? We may give as much weight to a decision of that sort as we choose; we are not bound by it; but I submit it must have a very moving force with every reasonable man, and it has more force coming from a President who afterward became Chief Justice, and who, prior to being President, was a district judge and a circuit judge in our great judicial system, than it could have coming from any other man who has sat in the White House. It was a combination of a finding of fact and a determination not by a court of justice but by a great judicial mind with great judicial experience.

But that is not all. The Attorney General of the United States has held that whisky is a distillate of grain, and nothing else is whisky. The Department of Agriculture, administering the Pure Food and Drugs Act, has consistently held that whisky is a distillate of grain, and nothing else is whisky.

At any rate, when we come to determine the essential meaning of the word in the trade, and that is the thing at which we are driving, in the minds of men, we have a right justly to assume that when a man speaks of whisky or undertakes to buy whisky he understands that he is buying a distillate of grain. So the amendment is precisely in line with the whole policy of the Government, and especially the Pure Food and Drugs Act which has been on the statute books now for 30 years.

I see no injustice in the amendment; I see no straining. On the other hand, I see a perfect consistency with the general understanding of what we are to do here. We cannot make an arbitrary decision. We do not propose to call rayon "silk" or to call silk "rayon", as was intimated. We propose to call rayon, rayon, and to call silk, silk, to call a distillate of grain, whisky, and whisky, a distillate of grain. Every one of them is perfectly consistent with the ordinary human understanding.

I cannot bring forward that argument for gin, and I cannot bring forward that argument for neutral spirits. I do not know of what gin is made. I do not know just what is its base. But the argument for whisky is absolute.

The other consideration is the interest of the American farmer. I think the Congress in the years since I have been here has been struggling desperately by many devices to do something to place the American farmer in a better position than that which he has occupied. I question whether we have done that in the particular interest of the farmer alone. We have done it with a profound sense of the national interest, and we are right about that. We said at the outset the one way to meet the problems of the depression, perhaps the surest way to solve them all, would be to correct the disparity between the price paid by the farmer and the price received by the farmer. We have done many things. We have enacted some 17 or 18 different acts in the interest of the American farmer. Nevertheless, that disparity has not been corrected. We still have that great task, that essential objective ahead of us.

I have brought that point forward for one purpose, and that is to say that we are not going to secure justice for the farmer by one act or two acts or three acts or four acts. We have to look to his interest in every law we enact. He will be saved, if saved at all, by 100 little things rather than any one big thing. He will be saved at the point of taxation, for example. He may be saved at the point of money lending, for example. He may be saved to some degree at the point of soil conservation, for example. He is going to be saved in part by giving him his share of the protection that this country gives to everybody else. He pays the tax, but he has no benefit from the tax.

We set up recently the doctrine of a domestic tax which we call the A. A. A. benefits, the farmer's tax. He ought not to be made to pay his tariff rates. The benefits he receives ought to be charged against his crop and his income. So long as we charge them against his production, we have him in the position of trying to lift himself by his own boot straps.

Here is an incident of precisely that kind. Regret it though we may, the United States Senate is in the position at this moment of providing a law for the administration of a national liquor traffic. Whether we like the traffic or not, if there is one small opportunity in the enactment of laws concerning that traffic to aid the farmer by way of selling his grain, we cannot afford to neglect it. It may be a small contribution, but I was just saying that it is by the small contributions—here a little and there a little—that we will finally derive for him that parity which is the object of the national policy. We will correct that disparity which has placed him where he is by a long process of small neglects and discriminations.

That is what caused me to be interested in this matter. I do not care of what intoxicating liquors may be made. Personally that is a matter of indifference. I take it that is the attitude of most of us. But if we have an opportunity to sell, for the purpose of manufacture into whisky, 15,000,000 bushels of grain or 30,000,000 bushels of grain or 1,000,000 bushels of grain, why should we neglect the opportunity?

The evidence is that there are about 15,000,000 bushels of grain available each year. Since the corn crop and to some degree, the wheat crop are not sold in the open market—my associate from Iowa [Mr. MURPHY] said 67 percent of the corn is consumed on the farm—if we can provide a market for 15,000,000 or 10,000,000 or 5,000,000 bushels of grain to be consumed in the liquor traffic, in the manufacture of whisky, we should not overlook the opportunity to do so.

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Louisiana?

Mr. BAILEY. I yield.

Mr. OVERTON. If the Senator will refer to the record, he will find it was testified that there are 2,500,000 bushels of grain used anually in the manufacture of alcohol.

Mr. BAILEY. I thank my good friend. I do not profess to know just what the statistics are. There has been dispute here all day about the figures, and I am sorry to say no one has been able to make an authoritative statement. I have before me the minority report in which it is said:

> Of the approximately 43,000,000 bushels of grain which are now being used annually in the distilling of whisky, gin, and alcohol for beverage purposes, it is estimated the market for 15,000,000 bushels will be lost to the farmer unless the grain-alcohol amendment is adopted and the Treasury ruling annulled.

Very well; at least that statement has been on the desks of Senators all day and no one has introduced one atom of evidence to deny it.

Mr. OVERTON. If the Senator will read the complete statement he will see that the 15,000,000 covered a period of 10 years.

Mr. BAILEY. I differ with my friend on the direct interpretation of the statement, but to be perfectly fair I shall read the statement:

> During the 10 years prior to war-time prohibition an average of, roughly, 75,000,000 proof gallons of grain alcohol were used for beverage purposes—

That is the average per year—

> mostly for blended whisky or gin, or the equivalent, conservatively, of 15,000,000 bushels of grain.

That is the average per year. That is the perfectly apparent meaning of the statement. It could have been made more definite, but to read it intelligently we are going to read that 15,000,000 bushels was the average per year for 10 years. I think we have very little trouble on the point of interpreting that language.

Mr. President, before I take my seat, to go back and say just a word again, all the evidence we have is that the molasses which is shipped into this country and manufactured into spirits and sold as whisky comes from the outlying islands or from other countries. There may be some from Louisiana. The Senator from Louisiana says there is. I do not think he will say there is a great deal; but the Senator from Louisiana will agree, I think, to two things. One is that the historic interpretation of the word "whisky" is a grain distillate. The other is that American farmers are always suffering from an overproduction of grain. If we can create this market out of a traffic that has no good in it that I can see save such an economic good as we may bring about by creating a market for the farmer, we at least to that extent shall have made some contribution to the solution of the great problem of correcting the disparity between the prices the farmer receives and the prices he pays. We shall have taken one little step in the long series which we must be taking as long as we live to bring about for the farmer the parity to which he is entitled; and if it is desired to put the matter on the basis of protection, so long as this country gives protection to any other class of Americans, as a matter of common justice it ought to give it to the American farmer. If we put him on a free-trade basis and put everybody else on a free-trade basis, very well. If we put him on a tariff-for-revenue basis and put everybody else on a tariff-for-revenue basis, well and good; but there

is not a hope for the farmer so long as the rest of the country is on a protective basis and he is in competition with all the other farmers of the world.

Mr. KING. Mr. President, will the Senator yield?

Mr. BAILEY. I yield to the Senator from Utah.

Mr. KING. The Senator, I am sure, knows that the strongest supporters of a high protective-tariff policy for many, many years have been the farmers. They have pointed to the fact that their surplus products not exported were largely consumed in the manufacturing and commercial centers; and they have urged that it was necessary for the employees in the manufacturing centers to find foreign markets for a part of their products, and that the farmers must find the markets for their products largely with those who were engaged in the manufacturing business. Therefore they have been the most urgent devotees of the cult of high protection that I have discovered since I have been in public life.

Mr. BAILEY. Yes; and they have received less of it than any other class. They have been the victims of it for 70 years. If there is one market under the sun to which the American farmer is entitled, it is his home market. If we close the doors, protect the manufacturer, and open the doors to all the other farmers of the world to compete with the American farmer, it will be a thousand years before we shall solve our simple problem of parity. This is not a big aspect of it, but it is just as important as any of the others, because the whole big aspect consists of many small ones.

Mr. BARKLEY. Mr. President, if the object of this amendment primarily is to protect the American farmer, why not prohibit the importation of Scotch whisky made from grains, or Canadian whisky made from grains, or vodka made from potatoes, or any other alcohol that is manufactured from any other vegetation grown anywhere else except in the United States?

Mr. BAILEY. Mr. President, I am surprised by my friend's question. We do not prohibit, but we certainly do put a tariff on all those articles.

Mr. BARKLEY. But if the object is to protect the grain growers of the United States—and out of a total production of two and a half billion bushels of corn the amount involved would be not much more than a million bushels, even if this amendment were adopted and protected the farmer to that extent—why not prohibit the importation of anything made from foreign grain, or put so high a tariff on it that it could not get in?

Mr. BAILEY. I have not implied, and the amendment does not imply, that we are going into the business of prohibiting anything by way of importations. I cannot see the analogy. The Senator suggests, by way of analogy with this amendment, that we prohibit the importation into the United States of Scotch whisky. If the Senator will give me the analogy, I shall be very much obliged to him.

Mr. BARKLEY. I was basing my inquiry upon the Senator's desire to protect the American farmer from the competition which is brought about by allowing the manufacture of whisky or gin or these other products from alcohol produced from other vegetation than grain.

Mr. BAILEY. I think the American farmer does have a certain amount of protection in those respects, in that we do levy a tariff upon every one of those articles of whisky from abroad.

Mr. BARKLEY. And, of course, a tariff would be levied upon the same product produced from any source, whether it was from grain or otherwise; so there is no discrimination there.

Mr. BAILEY. There is no discrimination; but, at the same time, that does not deprive the farmer of his share of that protection.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. BAILEY. I yield to the Senator from Iowa.

Mr. MURPHY. It may be observed at this point, as settling, I hope, the question of how much grain is used in the manufacture of alcohol, that in the year 1935—and the amount will be greater for 1936—a total of 33,006,619 bushels of corn, rye, malt, and other grains entered into the manufacture of whisky. We have already protected molasses. There is now a 3-cent tariff on imported molasses, except molasses imported from Cuba and made of sugarcane, on which there is a 20-percent reduction. Of the 1,140,000,000 gallons imported from Cuba in 1934, the tariff was 0.024 cents, which was equivalent to an ad valorem duty of 5 percent.

I put those facts into the RECORD merely for their bearing on the remarks of the Senator from Kentucky [Mr. BARKLEY].

Mr. BAILEY. I thank the Senator.

Mr. President, in conclusion—I am now reading from the report of the minority—

> The adoption of the grain-alcohol amendment will eliminate this conflict—

The conflict between the Treasury Department and the Department of Agriculture—

> and restore the requirements as to the labeling of blended whisky to those that prevailed continuously until January 18 of this year, when the Treasury Department regulation was promulgated.

We are not doing a new thing. We are simply restoring what was.

Further:

> The adoption of the proposed grain-alcohol amendment is urged by the American Farm Bureau Federation—

And that is a federation which has really national representation—

> and the Farmers' National Grain Corporation. Such State units of the Farmers' Union as have been heard from up to the present are all favorable. These include the Farmers' Union in the States of Montana, North Dakota, Minnesota, Wisconsin, Washington, Oregon, and Missouri. The Distilled Spirits Institute approves the proposed amendment. The National Institute of Wine and Spirit Distributors is on record before the Treasury Department in opposition to its regulation.
>
> Chester C. Davis, Administrator of the Agricultural Adjustment Administration, has endorsed the amendment on behalf of that Administration, as being in conformity with the legislative mandate already binding the Agricultural Adjustment Administration, namely, to undertake all practicable measures to increase domestic utilization of agricultural products, and as being necessary to prevent interference with the present agricultural program through depriving the farmer of one of his large grain outlets. Walter G. Campbell, Chief of the Food and Drug Administration, has, on behalf of that Administration, approved the amendment so far as it relates to the honest labeling of whisky. The Treasury Department does not object to the amendment. It stated to the committee that the amendment would not affect the revenues and that in other respects the amendment involved a question of legislative policy.

There is the combination of the official representation of the farmers of the Middle West and of America. There is the Department of Agriculture, through Chester Davis. There is the Pure Food and Drug Administration, through Mr. Campbell, and here is the Treasury Deparment saying that it does not object.

Mr. BARKLEY. Mr. President, the attitude of the Treasury Department is that it is not a matter of revenue, and that it has no interest one way or the other. It being a matter of policy, they express no view about it.

Mr. BAILEY. That is true; they do not touch the merits. They simply stand aside and say they will let us do what is wise.

Mr. President, I fortify my argument with the support of the men who are charged with the duty directly of speaking to the Congress concerning the needs of the farmers of the United States, two of them representatives of national organizations, and the third the head of the Agricultural Administration, Mr. Chester Davis. When we come to the question of labeling, the responsibility is Mr. Campbell's, who has been the administrator of the pure food and drug law for a great many years.

In the presence of the facts and the testimony, and the considerations which I have mentioned here, I can see no course other than to vote for the amendment.

Mr. BARKLEY. Mr. President, I have no interest in this matter except my interest in good legislation. I have no interest, direct or indirect, in the manufacture of any kind of distilled spirits out of any sort of vegetation from which they may be produced. But in order that we may understand what we are about to vote upon, I wish to make a very brief statement.

Mr. ASHURST. Mr. President, will the Senator from Kentucky yield to me?

Mr. BARKLEY. I yield.

Mr. ASHURST. I regard the Senator from Kentucky as an authority on this subject, not that he is in any sense an ultimate consumer of liquor, but he comes from a State which produces a great quantity of liquor.

I have here a copy of a letter dated February 10, 1936, addressed to Hon. WILLIAM H. KING, chairman of the subcommittee of the Committee on Finance, signed by Dr. H. E. Howe, chairman, industrial alcohol committee, American Institute of Chemical Engineers, and I regard Dr. Howe as a very able chemist. The letter is as follows:

FEBRUARY 10, 1936.

Hon. WILLIAM H. KING,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR KING: As chairman of the industrial alcohol committee of the American Institute of Chemical Engineers, an organization of approximately 1,400 technical men, I wish to have placed in the record the opposition of that body to the amendment proposed by Senator MURPHY, of Iowa, to H. R. 9185.

The proposed amendment is to a bill drawn to insure the collection of revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes. The amendment undertakes to define according to its source a perfectly definite identifiable chemical compound, namely, ethyl alcohol. The American Institute of Chemical Engineers as such is not directly concerned with the nonindustrial use of ethyl alcohol, where it is affected by the Federal Alcohol Administration Act, but it is convinced that it is both unsound and unwise to set up for this or any other purpose a definition of a chemical compound as something derived from a particular source in contradistinction to the established properties of the product, regardless of how it is made.

The basic purposes of the Food and Drug Act are to prevent the manufacture, sale, or transportation of adulterated or misbranded food and drugs, but there is no reference in the Food and Drug Act nor in the bill S. 5, now pending, to the industrial or nonindustrial use of distilled spirits or the beverage or nonbeverage use of alcohol. The Food and Drug Act has to do with the purity and quality of the articles which it covers and not their use, and in the pending legislation the term "drugs" refers to preparations recognized in the United States Pharmacopoeia, in which ethyl alcohol as such has long been recognized, quite irrespective of the source of its manufacture, being concerned only with its quality and purity.

Under the wording of the proposed amendment all other sources than grains themselves would be barred as a source of ethyl alcohol. This would include sugars, whether derived from the cane, the beet, or corn; starches that might be converted into fermentable carbohydrates; various farm crops, such as the Irish and the sweetpotato; artichokes, which are being widely discussed as a source of alcohol to give variety to farm crops; and many agricultural wastes. Ethylene as a source would likewise be barred. Since alcohol is alcohol, regardless of the raw material from which it is made, it is not difficult to foresee numerous difficulties and unjustifiable expense in the enforcement of such a plan of manufacture, and the amendment can scarcely be viewed as anything else than an effort to discriminate in favor of one small group at the expense of the others.

We urge that action on the amendment be unfavorable.

Very truly yours,

H. E. HOWE,
Chairman, Industrial Alcohol Committee,
American Institute of Chemical Engineers.

In brief, the purport of the letter is that alcohol is alcohol, whether it comes originally from potatoes, grain, or sugarcane. I wish the Senator would at least enlighten me upon that subject, because I regard Dr. Howe as an able chemist.

Mr. BARKLEY. Mr. President, the Senator is right about that. There are different sorts of alcohol. Plain alcohol is the parent of all the alcohol family, and going on down from the parent we get ethyl alcohol, which is the potable or consumable part of the alcohol family. Then we get butyl alcohol, depending upon the content. Then we get the methyl alcohol, and finally we get wood alcohol, and they are all traceable back to the parent of the whole alcohol family. Ethyl alcohol is the only sort of alcohol out of which whisky or gin or any of these other drinkable beverages is manufactured. Others are used for industrial purposes and for scientific purposes.

When we get ethyl alcohol, whether we get it from grain or from sugarcane or molasses cane or the molasses itself, or from any other vegetation, and subject it to scientific analysis, we cannot tell the difference.

Reference has been made to a decision of President Taft while he was President of the United States, when he traced the definition of whisky historically, which indicated that two or three centuries ago they did not know how to make whisky out of anything but grain. They did not know how to extract ethyl alcohol from anything except grain; and because they did not know how to get alcohol from anything but grain two or three centuries ago, we are asked to say now by legislation that we cannot get it from anything else at this time. That is what the amendment really means, and although the beverage made from the alcohol covered by the amendment, which is indistinguishable from grain alcohol, is not harmful to the human system as compared with the beverage made from alcohol produced from grain, although it is indistinguishable, and although whatever difference in flavor there may be is due to the process of distillation and of aging, we are asked to say by this amendment that whisky is not whisky unless it happens to be whisky that comes from grain.

What about gin? I know nothing about gin except what I have learned about it from study, because I do not consume it. I am not interested in its consumption. I do not even like the odor of it. But gin is ethyl alcohol further distilled over what are called aromatics, which in most cases take the form of juniper berries, so that every bottle of gin that is for sale is a beverage which represents ethyl alcohol redistilled over aromatics, usually juniper berries.

Under the proposed amendment we could not call it gin, although it is ethyl alcohol, indistinguishable from any other kind of ethyl alcohol. We could not take that alcohol and redistill it over an aromatic and call it gin. If we cannot call it gin, what can we call it, and what is it? What will it be, if it is not gin? It is the same sort of beverage, it is made by the same process, but we cannot call it gin. If we cannot call it gin, what will we call it. I do not know what we could call it.

Now, let us consider whisky. What is the beverage which we get from distillation of vegetation outside of grain? In Russia they make a certain type of vodka out of Irish potatoes. About as much alcohol can be produced from an Irish potato, according to its size, as out of the cubic space content of any vegetation. Potatoes are very high in alcoholic content.

Take rum, for instance. Rum is made from a vegetation which in itself contains the required sugar, whereas whisky is made from a grain which contains a certain amount of starch that has to be made into alcohol by distillation. That is one of the chief differences between rum and whisky. If we cannot call whisky that which is made from alcohol which is not produced from grain, what are we going to call it?

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. MURPHY. Call it alcohol from whatever product it is made. Under this ruling——

Mr. GEORGE. Mr. President, it is so branded today. It may not be sold unless it is so branded.

Mr. MURPHY. If the Senator from Georgia will let me finish, I will suggest that it be sold frankly for what it is. Whisky has always been a grain product. Now it is proposed to take 20 percent of whisky and mix with it 80 percent of alcohol made from products other than grain, and sell the whole as whisky, thereby violating what is strictly a grain market, and has been a grain market for 100 years. Why permit the substitution in whisky of an alcohol made from any other product for alcohol made from grain, when alcohol from grain has been used, as I have said, for a century?

The Senator from Kentucky says that our proposal will interfere with scientific progress. I have no desire to interfere with scientific progress, but I wish to have things called by their right names. The product is not whisky, as President Taft found, unless it is made from certain materials. Let us call the liquor by its right name. Go and find some name for it, but do not take the livery of whisky to sell blackstrap-molasses alcohol.

Mr. BARKLEY. I am not concerned with the historical cobweb surrounding the origin of whisky. I am not responsible, and I do not think Congress ought to make itself responsible, for perpetuating the designation of a thing for which centuries ago only one process of manufacture was known. There was no other vegetation which the scientists of an earlier day knew from which to produce alcohol except grain, and it was the most convenient source of alcohol from which they could make a drinkable beverage. Dr. Doran, who holds himself to be, and I think properly so, somewhat of a scientist on the subject, testified that as a matter of fact no whisky is being made out of blackstrap molasses. We are legislating against an inchoate fear. We are afraid the time may come when from Cuba they may bring in blackstrap molasses and make whisky from it. Even now, Louisiana blackstrap molasses is not being made into whisky. It is more valuable to be used as food for livestock. Is that, however, any reason why we should deny distillers the privilege of making whisky from alcohol made from blackstrap molasses, which scientists cannot distinguish from alcohol made from grain?

The question is whether we shall say by legislation that although scientists may discover some process by which whisky may be made in the future, it shall not be availed of, for whisky must be made only from alcohol distilled from grain.

I am as much interested in the market for all grain as anyone. We produce grain in my State, and we produce exclusively whisky made from grain. However, there are raised every year in the United States two and one-half billion bushels of corn. Think of it—two and one-half billion bushels. Yet all the corn that goes into the manufacture of whisky, out of two and one-half billion bushels, is about 30,000,000 bushels. How much more of a market for corn is going to be produced by prohibiting the manufacture of a little whisky from blackstrap molasses or from sugarcane down in Louisiana or in Georgia or somewhere else?

In my State we grow what we call a sorghum cane, and every autumn one may see the little sorghum mill out on the hillside, with the steam rising from it, and a man with a shovel or a scoop stirring the liquid that is ground out of the grain over a hot fire, and producing what we call a sirup, made of sorghum. This sirup has alcohol in it, and the juice which is ground out of that cane may produce alcohol. It may produce ethyl alcohol just as good as may be produced from the grain or corn raised on the very same farm beside this crop of molasses cane. Are we going to deny the farmer who raises cane, who can produce molasses, and who can raise potatoes, and who grows any other form of vegetation besides corn, the right to have his product used for the distillation of alcohol from which a drinkable liquor may be manufactured?

It seems to me, Mr. President, that for Congress to do that is to fly in the face of all modern scientific investigation. It is closing the door to the man who desires to take advantage of all the activities of agriculture and to produce what may be consumed from it.

I have no interest at all in the question except as a matter of sound legislation. If I were looking at it purely from the standpoint of selfishness, I should be in favor of the amendment, because my State is the largest producer of grain spirits or whisky made from grain in the United States, and we are a large producer of corn and of wheat and of rye, and grains of that sort. However, from a legislative standpoint, I cannot stultify myself by voting to deny every farmer who produces any sort of vegetation from which alcohol may be distilled the right to put his product on the market on terms of equality with those who produce grain.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. MURPHY].

The amendment was rejected.

Mr. KING. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The Chair calls the attention of the Senator from Utah to the fact that there is an amendment on page 51, line 1, which was passed over. The amendment will be stated.

The CHIEF CLERK. On page 51, line 1, after the word "all", it is proposed to strike out "intoxicating liquors" and to insert in lieu thereof "distilled spirits, wines, and fermented malt liquors", so as to make the section read:

SEC. 321. Each retail liquor dealer shall provide at his own expense, and keep in his place of business, a record in book form, or shall keep all invoices of, and bills for, all distilled spirits, wines, and fermented malt liquors received, the quantity thereof, and from whom and the date when received. Such records, invoices, and bills shall be open to inspection during the usual business hours of the retailer by Government officers upon identification and request. Such records, invoices, and bills shall be kept for a period of 2 years after the time of the transactions to which they relate. For each willful violation of the provisions hereof the retailer shall be subject to a fine of $25.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. KING. I now ask that the amendment I have just offered be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. 507. Section 9 of the Federal Alcohol Administration Act (U. S. C., 1934 ed., Supp. I, title 27, sec. 209) is amended by adding at the end thereof the following new subsection:

"(e) Nothing in this section shall affect the authority of the Secretary of the Treasury, under the customs or internal-revenue laws, to remit or mitigate the forfeiture, or alleged forfeiture, of such distilled spirits, wines, or malt beverages."

Mr. KING. That amendment is recommended by the Treasury Department, and I think it is a very proper one.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is still before the Senate and open to amendment.

Mr. KING. Mr. President, I am advised that the Senator from Maryland [Mr. TYDINGS] has an amendment which he left with the Senator from Massachusetts [Mr. WALSH]. I see neither of the Senators in the Senate Chamber at the moment. I am familiar with the amendment, and the committee could not accept it. All the other amendments have been disposed of, and I ask for a vote on the passage of the bill.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to insure the collection of the revenue on distilled spirits, wines, and malt liquors, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of distilled spirits, wines, and malt liquors, to amend the Federal Alcohol Administration Act, and for other purposes."

NATIONAL FLOOD CONTROL

Mr. COPELAND. I move that the Senate proceed to the consideration of House bill 8455, being Calendar No. 2050, the flood-control bill.

The PRESIDING OFFICER. The question is on the motion of the Senator from New York.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, which had been reported from the Committee on Commerce, with an amendment in the nature of a substitute.

Mr. COPELAND. I suggest that two typographical errors be corrected, and then, perhaps, we may let the bill go over until the morning.

On page 79, at the top of the page, I move that the word "Lambrook" be stricken out and the words "Laconia Circle" inserted in lieu thereof.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. COPELAND. On page 93, line 20, the numerals should be $19,616,800, and in the next line the numerals should be $10,519,600.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 23, line 20, it is proposed to strike out the numerals "$19,965,900" and insert in lieu thereof the numerals "$19,616,800"; and in line 21, to strike out the numerals "$10,170,500" and insert in lieu thereof the numerals "$10,519,600", so as to make the paragraph read:

Reservoir system for the reduction of Ohio River floods below Pittsburgh: Construction of reservoirs including the completion of the Bluestone Reservoir now under way, which together with the reservoirs for Pittsburgh flood control, constitutes a comprehensive plan for flood control on the main stream of the Ohio River and on the tributary stream below the reservoirs, as set forth in House Document No. 306, Seventy-fourth Congress, first session; estimated construction cost, $19,616,800; estimated cost of lands and damages, $10,519,600.

The amendment to the amendment was agreed to.

Mr. ROBINSON. Mr. President, I understand it is not desired to proceed further with the consideration of the bill this evening.

Mr. COPELAND. That is correct.

ACCOMPLISHMENTS OF DIVISION OF RURAL REHABILITATION

Mr. LA FOLLETTE. Mr. President, I have received a letter from Mr. Tugwell, Administrator of the Resettlement Administration, in relation to the work of the Division of Rural Rehabilitation. I ask that the letter may be inserted in the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

RESETTLEMENT ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR,
Washington, May 18, 1936.

Hon. ROBERT M. LA FOLLETTE, Jr.,
United States Senate.

MY DEAR SENATOR LA FOLLETTE: It has been impressed upon me during the development of the program of the Resettlement Administration that so much emphasis has been placed upon the rural and suburban resettlement activities and the land-use program, which are more spectacular in their nature, that there has not been full realization of the scope of the work being accomplished by the Division of Rural Rehabilitation, although it is expending almost half of the funds allocated to the Resettlement Administration for the present fiscal year.

There has been delegated to that division the responsibility for performing a number of services for destitute and low-income farm families by loans, grants, and debt adjustments. By June 30, including $17,000,000 authorized from funds of the rural-rehabilitation corporations previously granted to the States by the Federal Government under the Emergency Relief Appropriation Act of 1933, there will have been expended in excess of $125,000,000, of which approximately $108,000,000 will be for loans and the balance for grants. Almost $90,000,000 of these amounts have already been paid to destitute and low-income farmers. It is further estimated that at an administrative cost of less than 2 percent of the total indebtedness involved, debts of 30,000 farmers will have been adjusted with scale-downs in excess of $25,000,000, or 27½ percent of the original indebtedness. Through March 31, the date of the last available report, 17,400 cases had been adjusted and scale-downs effected, totaling $16,200,000, or 27½ percent of the original indebtedness.

Making allowance for duplications, more than 700,000 farm families will be aided through the rural-rehabilitation program this year as follows:

Standard rehabilitation loans	300,000
Emergency rehabilitation loans	30,000
Emergency grants	300,000
Corporation clients under care	180,000
Farm-debt adjustment cases	30,000
Community and cooperative services	25,000
Total	865,000

In addition, nearly 100,000 applications, involving loans of $35,000,000, have had to be rejected because of lack of funds.

In your State $2,554,000 have been allotted for loans to 4,000 farm families, and on May 12, $2,116,205 had been advanced on 2,672 loans. Loans are being made rapidly, and the balance will probably be fully paid out to needy farm families by June 10, with the exception of a small part committed for monthly payments for subsistence purposes to carry some farm families through the harvest season. In addition, $165,000 have been allotted for emergency crop production loans to farmers ineligible for such loans from the Farm Credit Administration because they had received subsistence grants from the Resettlement Administration.

As of May 12, $453,187 had been expended in your State for 20,918 grants to 7,126 different families, and this amount will be increased before the end of the fiscal year. Added to this, debts of 317 farmers, involving the original indebtedness of $1,309,911, have been reduced to $791,205, a scale-down of $518,706, or 39.6 percent, with additional adjustments by reduction in interest rates and extensions in dates of maturity, and it is anticipated that the total adjustments will be doubled by June 30. The extent of these services in your State is apparent when you consider that the total number of farms in Wisconsin is 199,877.

In addition to the rural-rehabilitation program, which affects the most persons directly, the Resettlement Administration is carrying on in your State two other programs. One of them, the land-use program, returns to public ownership and develops for public uses agricultural lands which cannot support the farmers now living on them. The other, the resettlement program, affords opportunities for farmers from submarginal lands, for successful rehabilitation clients, for those who have been tenants, sharecroppers, or dispossessed owners, and for newly married young people of agricultural background who are without other resources to settle upon good agricultural land and thus to become again self-supporting and independent members of their communities.

In the State of Wisconsin the Resettlement Administration is purchasing 222,021 acres of submarginal land on the following projects. The cost of this land is estimated to be $1,496,909, and options on the entire amount of acreage will have been accepted by the end of the fiscal year.

Project no.	Project	County	Total cost of project	Acreage to be purchased
LA-WI-2	Drummond	Sawyer and Bayfield	$118,485	8,809
LA-WI-3	Lakewood	Oconto, Langlade, and Forest.	118,810	8,790
LA-WI-4	Crandon	Vilas, Florence, and Forest.	105,099	9,850
LA-WI-5	Necedah	Juneau, Wood, Monroe, and Jackson.	441,324	94,256
LA-WI-6	Black River	Clark and Jackson	420,354	39,043
LI-WI-8	Bad River	Ashland and Iron	47,564	19,747
LI-WI-9	LacCourt Oreilles	Sawyer	32,884	16,508
LI-WI-11	Stockbridge	Shawano	77,431	13,950
LA-WI-12	Mill Bluff Park	Monroe	1,672	68
LO-WI-16	Camp McCoy	do	133,286	11,000

Of these land-acquisition projects, the following are being developed by the Resettlement Administration at this time for public uses. The amount of funds available for this work in your State is $535,252, and 1,921 relief and rehabilitation clients are at present employed on these projects.

Project no.	Project	Amount of money available	Number of men working May 1
LD-WI-5	Central Wisconsin Game Necedah	$185,952	706
LD-WI-6	Black River Game	216,000	680
LD-WI-12	Mill Bluff Park	6,300	15
LD-WI-16	Camp McCoy	127,000	520

The Resettlement Administration is planning eight rural-resettlement projects in the State of Wisconsin. It is now actively engaged in either purchasing land or in construction on three active projects to cost a total of $1,002,242. These active projects are being planned for 245 families and are:

Project no.	Project	County	Total estimated cost	Total number of units
FS-WI-13	Drummond	Taylor, Price, Sawyer, Mayfield, and Ashland.	$192,242	40
RR-WI-15	Lakewood-Crandon	Vilas, Oneida, Lincoln, Price, Forest, Oconto, Florence, Langlade, and Shawano.	470,000	125
RR-WI-23	Summit Farms	Langlade	340,000	80

The preceding figures do not include the suburban resettlement demonstration project being established at Milwaukee. Present plans call for the construction of homes for 750 low-income industrial and farm families who will have the benefit of modern utilities, community facilities, gardens, and recreational areas. Approximately 4,000 acres will be needed for the project, including

a "green belt" area, which may be used for farming and in addition insures the permanence of the community's natural advantages. The project area is so planned that it will be possible to increase the number of dwelling units. Over 3,000 acres have already been acquired, and as of May 1, 1936, 339 laborers were employed in connection with the topographical survey work being performed. At the peak of construction approximately 3,000 workers will receive employment on the project.

I trust that you will find this information of interest.

Sincerely yours,

R. G. TUGWELL, *Administrator.*

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair) laid before the Senate messages from the President of the United States submitting a nomination in the United States Public Health Service (and withdrawing a nomination), which was referred to the Committee on Finance.

(For nominations this day received and nomination withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations in order on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask unanimous consent that nominations of postmasters on the calendar may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the post-office nominations are confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 52 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, May 20, 1936, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 19 (legislative day of May 12), 1936

PUBLIC HEALTH SERVICE

Dr. Carroll E. Palmer to be passed assistant surgeon in the United States Public Health Service, to take effect from date of oath.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 19 (legislative day of May 12), 1936

POSTMASTERS

CALIFORNIA

V. Betty Doheney, Hynes.

FLORIDA

Wendell V. Gilbert, Dade City.
Bess W. Rowell, Trenton.

MARYLAND

Cora E. Hopkins, Mardela Springs.
Maude Ringgold Toulson, Salisbury.

MASSACHUSETTS

James Leo Mack, Ashburnham.
Michael J. Moriarty, Bondsville.
Edwin C. Howe, Enfield.
John Robert Crowley, Monson.
Alfred J. Peloquin, Southbridge.
John J. Nolan, Spencer.
Thomas Leo McCarron, Taunton.
Lester J. Murphy, Wrentham.

NEW JERSEY

Edwin Douglas Hill, Andover.
Isaac E. Bowers, Groveville.
Charles W. Nolan, Union City.

OREGON

Percy Pope Caufield, Oregon City.

RHODE ISLAND

James J. Martin, Newport.
Antonio Prince, Woonsocket.

WITHDRAWAL

Executive nomination withdrawn from the Senate May 19 (legislative day of May 12), 1936

POSTMASTER

NEW MEXICO

Helen B. Hickman to be postmaster at Hurley, in the State of New Mexico.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 19, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O give thanks unto the Lord, all ye nations; praise Him all ye peoples; for His merciful kindness is great toward us and the truth of the Lord endureth forever.

Gracious Lord God, we believe that the most certain and permanent fact in all the universe is that Thou art our Father. Bless us today with a large sense of Thy presence, forgiveness, and care. We pray Thee that we may be granted that loftiness of nature, that stability of character, and repose of mind and heart that the spirit of the Eternal One may have expression in us. Through Jesus Christ Our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3486. An act to repeal the act entitled "An act relating to Philippine currency reserves on deposit in the United States."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9496) entitled "An act to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration."

The message also announced that the Senate insists upon its amendments to the bill (H. R. 11687) entitled "An act to amend the Federal Aid Highway Act, approved July 11, 1916, as amended and supplemented, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKellar, Mr. Hayden, and Mr. Frazier to be the conferees on the part of the Senate.

The message also announced that the Senate had adopted the following resolution:

Senate Resolution 300

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. WILLIAM D. THOMAS, late a Representative from the State of New York.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now take a recess until 12 o'clock meridian tomorrow.

ORDER OF BUSINESS

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent that the three special orders of business for yesterday which we were not able to carry out may be made in order for today.

Mr. RICH. Mr. Speaker, reserving the right to object, can the gentleman from Alabama inform us when we are to take up the conference report on the Interior Department appropriation bill?

Mr. BANKHEAD. Mr. Speaker, I may state to the gentleman that I have already announced that we expect to take it up tomorrow.

Mr. RICH. How much time will the Members have to discuss the various items making up the $63,000,000 the Senate is asking be put on this bill and which ultimately will cost the country over $1,000,000,000?

Mr. BLANTON. The rules allow 1 hour.

Mr. RICH. That is not enough time to give to the consideration of expenditures which will ultimately reach $1,000,000,000.

Mr. BANKHEAD. Mr. Speaker, does the gentleman want to ask a question?

Mr. RICH. If we are to have only 1 hour's discussion of the conference report, it will not be enough.

Mr. BANKHEAD. Mr. Speaker, I may say to the gentleman from Pennsylvania that I recognize there is a good deal of controversy with reference to this bill, but I feel confident the gentleman from Colorado [Mr. TAYLOR], chairman of the subcommittee having the bill in charge, will be willing to allow a reasonable amount of debate before moving the previous question on the conference report.

Mr. RICH. Does the gentleman from Alabama think 1 hour is enough time in which to consider the spending of $1,000,000,000 of the taxpayers' money?

Mr. BANKHEAD. I may say to the gentleman from Pennsylvania probably that is not sufficient time, but it is not a matter within my discretion, because I am not acquainted with all the details included in the bill. I may say to the gentleman further that I am sure there will be no disposition to prevent adequate debate on the merits of the conference report.

Mr. RICH. We shall look forward with interest to seeing what the gentleman thinks is adequate time for debate.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the three special orders for yesterday be made in order today. Is there objection?

There was no objection.

CALENDAR WEDNESDAY

Mr. BANKHEAD. Mr. Speaker, in order that we may take up the conference report to which the gentleman from Pennsylvania referred, I ask unanimous consent that business in order on Calendar Wednesday may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

CONFERENCE REPORT—VETERANS' ADMINISTRATION

Mr. MEAD submitted a conference report on the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration.

HUMAN RIGHTS COME FIRST UNDER NEW DEAL

Mr. WHITE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to include therein a speech by the First Assistant Secretary of the Interior for which I have an estimate.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. WHITE. Mr. Speaker, I ask unanimous consent to have printed in the RECORD a speech delivered by Hon. T. A. Walters, Assistant Secretary of the Interior, at the Democratic convention in Lewiston, Idaho, May 6, 1936, entitled "Human Rights Come First Under the New Deal."

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

[From the Lewiston (Idaho) Morning Tribune, May 7, 1936]

HUMAN RIGHTS COME FIRST UNDER NEW DEAL, ASSERTS T. A. WALTERS—ROOSEVELT TO SWEEP NATION AGAIN, AVERS DEMOCRATIC KEYNOTER—RECOVERY BELIES CARPERS—ASSISTANT SECRETARY OF INTERIOR FLAYS OLD GUARD CRITICS IN CONVENTION ADDRESS

(The text of the speech delivered before the Democratic State convention at the Temple Theater yesterday by T. A. Walters, First Assistant Secretary of the Interior, follows:)

Madam Chairman, delegates, ladies, and gentlemen, it is no formal expression forced by the arts of polite society when I say that it is a very real pleasure for me to be with you today. The honor and preferment is one that impels my deepest gratitude, and I take this, my earliest opportunity, to greet you with praise on my lips and grace in my heart. You are delegates at a time when the Democratic Party, both in the State and in the Nation, is making history that will be looked upon with pride and admiration by those who come after us. Our chosen leaders have not only felt and interpreted the demands of the masses, the average citizen, for a new, a better, a more humane, social, and economic structure, but have had the courage, in face of determined opposition, to propose and enact into law measures designed to make those demands a living fact.

About 4 years ago at Weiser—to be more exact, on the 10th day of June 1932—as chairman of the Democratic convention convened for the purpose of electing delegates to the Chicago convention, by resolution unanimously passed, I had the pleasure of sending a message to the Honorable James A. Farley advising him that the Democratic Party of Idaho, the second State in the Union so to do, had instructed its delegates to vote for Franklin Delano Roosevelt. Today I am privileged and more than honored in being requested to deliver to you and to the Democratic Party of Idaho expressions of gratitude, faith, and good will of our beloved President, Franklin Delano Roosevelt, and I may add with the utmost sincerity, the next President of the United States.

MANY CHANGES WROUGHT

A great many things political, social, and economic have happened since the Weiser convention. During the autumn of 1932 the Democratic Party united as never before behind its national and State leaders. We sent to the Senate of the United States the Hon. JAMES P. POPE, of Boise, who has, by ability and earnest application, become one of the most outstanding and respected of the younger Members of that distinguished body. He has the interest of Idaho at heart and is one of the Senate's most loyal and dependable supporters of the administration. For the first time in the history of our State we elected Democrats to the lower House of Congress—the Hon. COMPTON I. WHITE and the Hon. THOMAS C. COFFIN. The latter, to the sorrow and loss of Idaho and the Nation, has gone to that "undiscovered country from whose bourne no traveler ever returns." The second district elected to succeed him another young man of exceptional ability and integrity, the Hon. D. WORTH CLARK, who has already made his influence felt in the State and Nation. Our delegation in Congress—Senator POPE, Congressmen WHITE and CLARK—work as one man in the interest of Idaho and those measures advocated by the administration. Who of you but know of the untiring efforts of Congressman WHITE in the interest of the forgotten man? The mineral resources of the State, its agricultural wealth, and reclamation are his special concern. In gracious recognition of their work and loyalty the electorate of Idaho will, with an increased majority, at the November election return both of these men to Congress.

In the State of Idaho we have been fortunate in having in our chief executive leadership of the highest order. For business ability, for devotion to the pressing duties of public office, for a sense of humane values in Government, and for courage in putting progressive ideals into practice the State owes a debt of lasting gratitude to its devoted and respected Governor, C. Ben Ross.

ADMINISTRATION UNDER ATTACK

We are rapidly approaching another national campaign. Already the opposition is attacking the administration's program, its ideals and conception of the duties and functions of Government. The issues will be more clearly defined than in any Presidential election for the past quarter of a century. The opposition will be composed largely of those who belong to that school of thought who believe that the rules of government should be fixed, static, and not subject to change; that the social and economic structure should be made to conform to the rules laid down by dead hands. This group refuses to recognize the Democratic doctrine that the Government's concern with and for the welfare of its citizens has grown with our complicated, mechanized civilization of the twentieth century; that the greatest good to the greatest number should be the object of Government. We believe that the problems of

Government are not only to protect the lives and property of its people—important and essential as that is—but to bring them increased happiness, contentment, and security. A static government becomes stale, inefficient, and unresponsive to the needs of an intelligent and progressive people. The application of Government must ever be in gestation.

Our forefathers formed and fashioned a Government whose very end and purpose was the happiness and prosperity of those who brought it into existence. With a new philosophy of liberty they laid its foundation with stones quarried from the mountains of eternal truth. In the birth certificate they announced: "We hold these truths to be self-evident: That all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness." And the man who made equality, liberty, and the pursuit of happiness mean something to 4,000,000 human beings was set upon as a radical, and defamed for contravening the Constitution.

AMERICA'S DEVELOPMENT

We spent a century, from the War of 1812 to the beginning of the World War of 1914, in exploiting the great natural resources of a continent so rich that we vainly imagined that they were inexhaustible. We felled the forest, broke with our plowshares the virgin sod of the Great Plains, tunneled the mountains for precious metals. We spanned the continent with ribs of steel and ran upon them fast-moving trains to carry the products of mine, forest, and farm to the consumer, or down to the sea where ships waited to carry them to the four corners of the earth. Free land on the frontier of the ever-present West helped to relax and relieve the stress of recurring depressions.

We developed our institutional life under a Constitution and a political system born of agricultural civilization where the interests of its citizens were similar and scattered along the Atlantic coast. Under these social, economic, and industrial conditions we defined liberty and established it as a controlling principle of our social and political organization and action.

With the close of the nineteenth century, the agricultural era of American civilization had largely passed away. Large-scale business, which had not entered into the picture at the time of the adoption of our political and social institutions, now dominated the commercial world. A large percentage of our population was no longer attached to the soil nor interested in it from the standpoint of making a home upon it or cultivating it as a livelihood. Tenements and apartment houses became numerous in the great centers of population. The habits and customs of our people were largely changed. Distance, as it had been known, was annihilated. Methods of communication had been transformed. Mass production dominated the industrial world.

Our entrance into the World War for a time stilled the surging demand for the application of new social, political, and industrial principles. A great patriotic wave swept the country, and all thought and effort was focused on the one purpose of winning the war. At the conclusion of the war, artificial means were used to stimulate industry in order that those who had offered themselves on behalf of the Government might be reabsorbed into the body politic. Individualism, in its largest meaning, had full sway. An old political order, entrenched at Washington, attempted in a fumbling fashion to administer a new social order. It could see only the past. Its leaders were unable to see that the economic situation was loaded with dynamite which might at any time explode. In the closing months of 1929 it exploded.

WHEN THE DEPRESSION HIT

Business of all kinds was prostrate. The great fundamental industry of agriculture was unable to sell its produce for a sum that would equal the cost of production. Transportation was operated at enormous loss. Banks failed on every hand. Many communities were left without a single bank. The savings of millions of our people were lost overnight. Unemployment increased, schools closed, wages were decreased. Poverty reigned where affluence existed but a few months before. We were challenged by the paradoxical situation of having so much wheat, so much flour, so much corn, so much meat that millions of our citizens were compelled to go hungry. We had so much wool, so much cotton, so much fabrics, that millions of children were under the necessity of having insufficient wearing apparel to protect them against the inclemency of the weather. We had so much lumber, so much cement, so much steel, so much building material, so many railroads and transportation facilities that human beings were compelled to live in places unfit for human habitation. A shuddering fear clinched the citizen of the street, and he stood and wondered. Many even went so far as to question the integrity of the Government itself.

With no pleasure do I recall conditions as they existed on March 4, 1933. Were it not for the fact that men's memories are short, I would not undertake to do so. You will recall that there had come into our national life an ever-expanding spirit of fear and distress. Whatever the cause, the blighting effect was appalling. Industries vied with each other in reducing personnel, in reducing wages and salaries, and in postponing every possible repair and maintenance. The army of unemployed increased with each rising sun. People were helpless and rapidly becoming hopeless. The Nation was on the verge of hysteria. Men distrusted each other and, worse yet, they distrusted their Government. There was little difference in the mental attitude of the merchant, banker, farmer, or the so-called captains of industry. The man who had money in the bank wanted to get it out before the crash came. The owner of property wanted to sell it for cash without regard to its intrinsic value before the expected cataclysm.

A Republican administration in Washington did nothing to relieve the situation other than to advise that "prosperity was just around the corner."

REVOLUTION OF 1932

In the fall of 1932 we had a revolution—a truly democratic revolution—one decided by ballots and not by bullets—which resulted in giving us a President, Franklin Delano Roosevelt. With a courage seldom equaled he boldly undertook the task of restoring the Nation to a healthy and normal condition. Hope had a new birth in the hearts of men and women. They realized that courage, strength, vigor, and determination reigned in high places. From threatening, disorganized, and discouraged crowds of men and women emerged a self-reliant, courageous and optimistic nation. Under his guidance, the National Recovery Act became a law. He said, "Our citizens shall not starve." Money was made available to provide food, shelter, and raiment for the needy, most of whom, through no fault of their own, could look nowhere for needed relief but to the Federal Government. For the first time in the history of our country, human life and welfare was placed above property rights. First things were put first. Humanity was placed above things. The hungry must be fed. Profits were made subservient to service. Public works of sound social and economic value were undertaken, a portion of the cost of which will be repaid. Under the Public Works Administration hardly a city or community but which has been bettered, made more beautiful, more sanitary, a better place in which to live. The welfare of the citizen has become the concern of a great government. Was this wrong in principle? Does the Government owe no debt to its citizens? As so aptly put by my aggressive and capable superior, Secretary Ickes, "Are we merely to endure a purgatorial existence in anticipation of a beatific eternity after the grave closes on us?"

Under the conditions which existed on March 4, 1933, was there no occasion for the New Deal? Was there no occasion for the Government to meet the new social and industrial conditions which were the natural outgrowth of a century of progress? A government sensitive to the demands and needs of the governed must, if it is to be efficient, be modified in its application to meet the demands of the present and measure up to the possibilities of the future. Many of the critics of the administration now contend that recovery would have come about without the New Deal. Some, who by virtue of their integrity and capacity to see and know, admit that conditions have greatly improved but allege that it is all in spite of rather than on account of the New Deal. I admire their honesty and their ability to see but I am utterly unable to follow their reasoning. The statement that recovery would have come about without the efforts of the present administration is a statement easily made but more difficult of proof. The fact is that the New Deal came and recovery is following it. We might answer them by saying, as did one of old when his faith was challenged, and he replied: "Once I was blind, but now I can see."

REPUBLICANS TARGET OF COURT

The opposition, big and little, is making a great noise over the fact that the Supreme Court held the National Recovery Act unconstitutional. By the volume and heat of their criticism one might be led to the erroneous conclusion that this is the only time the Supreme Court has held an act passed by Congress and signed by a President to be in excess of constitutional authority. It should be remembered that President Coolidge had seven acts bearing his signature declared invalid. President Harding also had seven, and President Hoover had three administration acts declared by the Supreme Court to be unconstitutional.

The National Recovery Act was in effect for 2 years and in that time gave such an impetus to business as to carry us well on the road to recovery, which was the aim and purpose of the Democratic Party when it came into power. In the 2 years the National Recovery Act functioned it put hundreds of thousands of men to work, abolished child labor, cleared industry of disgraceful sweatshops, and established a code of ethics in business and rules of fair competition that not only lifted us out of the depths of depression, but created such a favorable public opinion that much of its good will be continued. It brought labor and industry into a more friendly relationship and created a better understanding of the problems of each by the other. Whatever may have been the weakness of the National Recovery Act and whatever your attitude may have been or is now relative to its being constitutional or otherwise, do not let us forget for a moment that it was the expression of a new hope, a new confidence, a new enthusiasm. Our people were beginning to come out of their lethargy. They were divesting themselves of discouragement and once more were facing the future with a feeling of security and hope. It is easy to criticize after the event has happened and to point out what might have been or could have been avoided. Regardless of any other considerations, there is no doubt but what the National Recovery Act served a great purpose. At a time when courage and hope were necessary to supplant the darkness of despair the National Recovery Act made the star of hope again shine over the unrisen morrow.

We can be proud that the Democratic Party has, and is, seeking to place the welfare of the masses above the classes—the welfare of the average citizen above individuals or groups. It has concerned itself with human life above property rights. It has announced to the world that human rights must be safeguarded and

has enacted a program of social legislation which has never been surpassed in importance or beneficial effects. The Federal Social Security Act is the most comprehensive and effective piece of social legislation ever enacted by our Government. It is the beginning of a program which will in the end secure the honest unemployed against poverty or alms and will provide the dependent aged with the comforts of life.

CONDITIONS THEN AND NOW

In answer to those who seriously or otherwise contend that the New Deal has failed, or, to use their own stock phrase, "that it has not primed the pump", permit me to call your attention to a few facts and figures. Let us see what the financial and industrial conditions are now as compared to what they were in March 1933. Between January 1, 1933, and January 1, 1936, industrial production advanced 51 percent; steel production advanced 257 percent; auto registration advanced 326 percent. Do not overlook the stock market, which is generally regarded as a barometer of financial and industrial conditions. It is very sensitive to any changes which affect finance or industry in any of its various phases. Stocks listed on the exchange advanced 34 percent from March 1933 to January 1936. The value of listed stocks during the same period increased more than $20,000,000,000. Listed bonds, during the same period, advanced 22 percent. I might add for the benefit of our utility friends, who have been so worried over the effect of legislation affecting that industry, that during the same period of time power production increased about 20 percent.

Under the "old deal", during the 3 years preceding March 1933, the picture was very different. During that time cotton declined 61 percent; wheat, 59 percent; corn, 73 percent; industrial production, 44 percent; and power production (notice particularly power production) declined 9 percent. The fact is that during that period the only thing that increased was unemployment, poverty, want, and despair.

A very different picture appears before the eyes in the 3 years following March 4, 1933. Banks, insurance companies, and other financial institutions are stronger than ever. Their deposits have increased. They have gained in assets and earnings. And, above all, and more important than all, they again have the full confidence of the people. The average citizen with his earnings in the bank can now go to sleep at night without the shuddering fear that tomorrow his life's savings may be lost. Bank failures since that time have practically disappeared. Depositors in the few institutions, small and inconsequential as they were, that have failed, had their money within 24 hours after the closing notices were posted. What would the insurance of bank deposits have meant to the people of the State of Idaho or to the Nation when the banks closed their doors prior to March 4, 1933? The question answers itself.

Permit me to use a few more figures which tell more forcefully than words the story of recovery under the present national administration. In January 1933 the production of steel was 861,000 gross tons. Last month it was 3,300,000 gross tons. Of 32 important industrial corporations 22 reported deficits in 1932. Only two in 1935. The total profits of the 10 that showed returns in 1932 were $38,000,000 for that year; in 1935 for the same corporations the total profits were $887,000,000. One of our greatest automobile companies made a profit in 1932 of $165,000; in 1935 it increased that profit just one thousandfold, to $167,000,000. Another automobile company had a profit of $34,000,000 in 1935 as against a deficit of $11,000,000 in 1932. The combined profits of 2,010 companies showed earnings for the year 1935 of $2,541,000,000, or an increase of 42 percent over those of 1934. Business for the first 6 months of the present year gives every indication that substantial gains in profits and volume will be shown over a similar period of last year. Do these sound like business is not getting better? Who, in the face of these facts, but those who, having eyes see not, and having ears hear not, will seriously contend that the New Deal is not succeeding?

IDAHO VASTLY BENEFITED

How have the policies of the administration affected Idaho? You men who tunnel mountains and wash the sands of ancient streams to rescue gold and silver from their hiding places—do you get any more for your find than you did preceding 1933? Are the products of the forest of less value? What about the income of our greatest industry, agriculture? All you men who till the soil or tend the flocks need do to answer that question is to compare the price of hogs, wheat, sheep, and cattle in 1933 with 1936.

Let us see what our State has received from some of the Federal agencies created by the present administration. The figures show that Idaho has received in rentals and benefit payments for acreage reduction and rentals under the Agricultural Adjustment Act, which aims to free glutted markets and better prices, from May 12, 1933, to January 1, 1936, the total sum of $12,138,628.81. This sum is divided as follows:

Wheat	$8,646,676.48
Corn-hogs	1,578,092.27
Sugar	1,913,860.06
Total	12,138,628.81

Up to January 1, 1936, there were 52 civilian conservation camps in the State, with a total enrollment of 10,400 men, and $22,182,259 has been invested in the conservation and development of our forests and range resources. Great advancement has been made in fire protection, forest-stand improvement, development of grazing lands, erosion control, game and fish conservation, control of plant disease and the eradication of noxious weeds and pests. Through the conservation policies of the administration, made more effective by the persistent and intelligent attitude of Secretary Ickes, our country has been made soil conscious. We have been made to realize as never before that the future prosperity of our country depends largely upon the conservation of our natural resources of soil, forest, and plain by proper use and the restoration thereof.

The Farm Credit Administration, through its various agencies, made loans in the State amounting to $48,558,829 up to February 29 of this year. These loans have lifted from the backs of many of our farmers loads which they could not bear. It has given them a chance that they otherwise would not have had. It has given them a farm and a home that would otherwise have been lost.

The Federal Emergency Relief Administration expended funds, up to January 1, 1936, in the amount of $15,432,164. No small amount of these funds was used for the purchase of surplus crops bought to feed the destitute. This not only removed the crop and made it useful but also helped to remove an oversupply from the market which would otherwise have depressed farm prices.

The Home Owners' Loan Corporation, up to April 2 of this year, made 4,556 loans to distressed home owners amounting to the sum of $7,946,254. These loans, together with the interest, are secured by the properties involved. Consequently, the funds so used will be repaid. These, like the farm loans, have saved the homes and firesides of a great number or our most respected citizens.

In the stimulation of employment the Public Works Administration made loans on Federal projects amounting to $13,813,987.

R. F. C. BRINGS RELIEF

The Reconstruction Finance Corporation was in full swing and well equipped to aid the New Deal in an efficient fashion. Perhaps its most vital function has been the loans made to banks, both closed and solvent, first to free frozen deposits which recovered the savings of millions of people and, second, to increase the capital of open banks widening the channels of credit which will hasten recovery. The amount lent to railroads in our State cannot be accurately determined. Prior to the creation of the Federal Emergency Relief Administration the Reconstruction Finance Corporation lent money to the State to care for the needy. This and other loans will eventually be paid back. The entire amount of loans in Idaho up to September 30, 1935, exclusive of that loaned to railroads, amounts to $11,198,562.01.

An outstanding index toward recovery in the State of Idaho has been provided by the recent release by the Bureau of Internal Revenue showing the revenue collected for the fiscal year of 1933 compared with the same period in 1935. The total revenue collected for the year 1933 was $692,781.10, while in 1935 it was $1,870,265.61, or an increase of 171 percent.

The banks in the city of Lewiston, one of the largest cities in the State, are largely representative of the banks in other communities. The increase in deposits marks the progress of recovery in any community. The total deposits of the banks in Lewiston for the year 1935 is $6,601,844, an increase of $1,185,568 over the preceding year.

The work-relief legislation has, and is, dealing the most serious blow to the depression. Administered by the President with the assistance of able advisers, it is giving impetus to business and industry. The benefits of this program are reaching every city, town, and hamlet in the broad expanse of our country. It is reflected in increased retail sales. The American people trust the wisdom of our President. The program is being administered through him impartially and sympathetically. He is earnestly alive to what its proper administration will accomplish in the way of the return of normal economic and social life.

BILLIONS BE REPAID

The opponents of the administration complain of the amount of money that the Government is spending. The serious question is not the amount of money the Government is spending but what is being accomplished by it. Since March 4, 1933, through 1936, there has been an increase of the national debt of approximately $9,000,000,000. About 50 percent or $4,500,000,000, is merely loaned by the Government and will be returned with interest. Making the justified assumption that this $4,500,000,000 will be returned, the Government will have actually expended during the first 4 years of the Roosevelt administration $4,500,000,000 more than it has received. After all, $4,500,000,000 is a small sum for the wealthiest Nation on the face of the earth. During the World War we spent more than twice that amount to send men to possible death. I am among the number who feel that we should be more eager to spend money to assist men to live than to furnish them an opportunity to die.

Confidence in the President has not been shaken, either by carping critics or a loathsome whispering campaign. The President is bringing order out of chaos and contentment out of misery. Members of the Old Guard would have you believe that he is seeking to destroy the Constitution and establish a dictatorship. When the Congress approves his recommendations and enacts them into law that body is denominated a "rubber-stamp Congress." When it amends or refuses to follow the President's recommendations then the Old Guard shouts, "The administration is turned down. The President is losing his control over Congress." My dear friends, the Constitution still exists. The administration is making the Republic a better place in which to live, a place where those who toil may be more secure in age, a place where failure of employment will not mean charity. The Government is secure.

ELECTORATE NOT DECEIVED

The electorate of the Nation is not deceived. The strength of the administration is increasing every day. Registrations in western Pennsylvania show that it is Democratic for the first time since the Civil War. The eastern portion of the State is showing similar gains. There was an increase of 50 percent in Democratic registrations in the State of California. The recent primary in the State of Illinois showed beyond doubt that that State is overwhelmingly in favor of the President. The average man, he who constitutes the strength, power, and dignity of our Nation, has faith that the Government in Washington is being administered with him in mind. He knows that the White House is occupied by the most loyal friend the people have ever had. I believe that Idaho will not be found wanting at the November election and will, by an increased majority, assist in the reelection of Franklin Delano Roosevelt to the Presidency of the United States.

There is a Danish myth to the effect that at one time there lived in Denmark a king who, by reason of his skill and prowess and the quality of the soldiery which he had assembled, was able to overcome any nation which might throw down the gage of battle. The place of his burial was unknown. Centuries hence the then reigning king gathered around him the strong men of his kingdom and trained them in the arts of war. One day as they were digging a trench through a rock cliff, as they plunged their huge instruments of steel into the rock, to their great surprise, a voice came forth, saying, "Who are you that disturbs the ancient king of the Danes?" They replied, "We are Danes." The voice said, "Nay; you are not Danes. They would not disturb the rest of the ancient king of the Danes." Upon the soldiers reassuring the voice that they were Danes, the ancient king came forth from his resting place and inspected the soldiers. He looked with pride upon their huge physiques, strong arms and limbs, and bent their heavy bows. Whereupon he said, "Yea; you are Danes, and with the defense of Denmark in the keeping of such as you, Denmark is safe and the ancient king may lie down in peace forever."

So today, if the Father of his Country could come from his resting place at Mount Vernon and view the President of the United States, together with those who serve him in his Cabinet, he would say, "Yea; you are Americans, and with America in the keeping of such as you, America is safe and I may lie down in peace forever."

CITY OF BUFFALO, N. Y.

Mr. BEITER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 4317) to authorize the Secretary of War to grant to the city of Buffalo, N. Y., the right and privilege to occupy and use for sewage-disposal facilities part of the lands forming the pier and dikes of the Black Rock Harbor improvement at Buffalo, N. Y.

The SPEAKER. The Members will understand that this is being done with the indulgence of the three gentlemen who are entitled to recognition at this time under the special orders.

The gentleman from New York asks unanimous consent for the immediate consideration of a Senate bill which the Clerk will report.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, as I understand from the gentleman from New York, this is a unanimous report and that there is no objection to it from any source.

Mr. BEITER. In addition, we have a favorable report from the War Department which I would like to include in the RECORD to complete the record.

Mr. DONDERO. Mr. Speaker, reserving the right to object, and I shall not object, is this the same as the bill which came before the Committee on Rivers and Harbors regarding the question of the disposal plant, and so forth?

Mr. BEITER. Yes; the bill as amended.

Mr. MEAD. Mr. Speaker, if the gentleman will yield, I may say that I have received a telegram endorsing this proposition which I would like to have inserted in the RECORD. I therefore ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. MEAD]?

There was no objection.

Mr. MEAD. Mr. Speaker, I have received the following telegram from the commissioner of parks of the city of Buffalo, endorsing H. R. 11504:

Without any qualification I am in favor of Bird Island pier bill permitting city of Buffalo or Buffalo Sewer Authority to use the pier for treatment works site. Plans of authority provide amply for beautifying property. Only 40 percent will be occupied by buildings.

FRANK A. COON,
Commissioner of Parks, City of Buffalo.

In explanation of the bill before us, let me say that the city of Buffalo, in 1913, was granted by the United States and by the State of New York the right to use Bird Island for park purposes; this bill simply provides that this grant be extended to include its use for a sewage-disposal plant.

From the standpoint of intercepting sewers, Bird Island is the most logical spot in the city for the collection of sewage. It is directly opposite the new Michigan-Masten and Bird Avenue storm-water relief drain and is also the ideal location for the collection of sewage from the main interceptors which run along the entire river front.

If the city of Buffalo is permitted to use it, it will save several hundred thousand dollars, perhaps as much as three-quarters of a million, which should be required to purchase and put into shape any other suitable property. In addition, it will save the expense of carrying the large intercepting sewers coming from the south farther north, which would be the case if any other property was used.

So far as the collection of sewage, sedimentation, and chlorination is concerned, it has been definitely established by the engineers that, leaving out of consideration the land cost, Bird Island is the natural and economical location. The city would, therefore, save not only the cost of the land but also the cost of carrying the large intercepting sewer from the south to any other site, which must necessarily be north of Bird Island; there is nothing available south of it.

At two hearings on the subject much was said about the money which has already been spent by the city in preparing Bird Island for a park. As a matter of fact, not a dollar of that money will be wasted. No buildings have been built on it and no landscaping done. To date there has been built a retaining wall along the riverside and some grading, all of which would be necessary for our purposes, in any event.

It is also contended that this action might deprive the children of Buffalo of a playground. As a practical proposition it would take more money than Buffalo will probably have available for many years to come to develop the island into a park. The commissioner of parks at the first hearing estimated this amount to be over half a million. Two weeks later he gave a revised estimate of $75,000. Whether or not his opinion had changed is not known, but that amount certainly would not build a retaining wall across the north and easterly sides, which now open into the river and canal.

As a matter of fact, if the public enjoyed the island after the plant is finished, about 40 percent of the land area will not be used above the surface. Structures that are placed on it above the surface will not interfere with anyone who wishes to come out there. No criticism is directed toward those who for many years have endeavored to have the island developed into a park. It has become a matter of sentiment to them, but as a practical proposition it will not be developed by the city for many years, and if it is, it will not be practical. This site is exactly what is needed for the sewage disposal plant, and its acquisition will save Buffalo a great deal of money.

In view of the above, I hope there will be no objection to the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BEITER]?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in addition to the grant made by the Secretary of War to the city of Buffalo pursuant to the act of Congress entitled "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes", approved February 27, 1911, for the purpose of establishing a public park and landing facilities on that part of the structure known as Bird Island Pier on Niagara River lying north of Albany Street extended, in the city of Buffalo, N. Y., and forming a part of Black Rock Harbor improvement and the lands of the United States under water on both sides of said pier to the established harbor lines, subject to the terms, conditions, and stipulations in said grant specified, the Secretary of War is authorized to grant to the city of Buffalo, N. Y., also the right and privilege of occupying said lands and lands under water, and also the lands owned by the United States on the west side of Black Rock Canal, described as follows: Beginning at a point where the northerly line of property formerly owned by William H. Slade, or that line extended, intersects the United States Government property line (formerly New York State blue line); thence easterly

parallel to the line forming the northeasterly boundary of lands heretofore granted to the city of Buffalo by the United States and known as Bird Island Pier until a point is reached in direct prolongation of the easterly boundary line of said last-mentioned lands; thence southwesterly in direct line with said easterly boundary of said lands to the northeasterly corner of said lands heretofore conveyed to the city of Buffalo by the United States; thence westerly along the northeasterly boundary of said Bird Island Pier lands to said United States Government property line; thence northeasterly along said last-mentioned line to the place of beginning, or so much thereof as may be necessary, for use either by the city of Buffalo or by the Buffalo Sewer Authority (created by chapter 349 of the Laws of the State of New York of 1935) for sewage-disposal facilities, on such terms, conditions, and stipulations as he may deem expedient and equitable and necessary for the protection of all the interests of the United States in and to said premises: *Provided, however,* That the city of Buffalo shall have secured the sanction and consent of the State of New York through its constituted agencies.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

TITLE OF UNITED STATES TO THE BIRD ISLAND PIER AND THE LANDS ADJACENT THERETO, FORMING PART OF THE SHIP CANAL AT BUFFALO, N. Y.—SENATE BILL 4317

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD and to include therein a letter from the Secretary of War approving the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Speaker, the so-called Black Rock Harbor was improved by private individuals as early as 1807. The first public work was by the State of New York under chapter 51 of the Laws of 1822 and chapter 99 of the Laws of 1923. The Bird Island Pier is a stone pier about 20 feet in width and was constructed by the State of New York under the above and subsequent legislative acts of the State. The improvement included the Bird Island Pier and a dam and lock downstream and was intended for the purpose of forming a harbor with water of a depth sufficient to accommodate boats drawing 8 feet of water. The pier was subsequently extended further up toward Lake Erie. This improvement was completed in about 1825. At various times prior to 1860 the Erie Canal was constructed and widened and improved and passes through Black Rock Harbor. A division wall was constructed separating the canal from Black Rock Harbor, and bridges were constructed across both the canal and Black Rock Harbor at Ferry Street to connect with the then existing and probable future ferries between the State of New York and the Dominion of Canada crossing Niagara River (see Annual Report of Thomas W. Symons, major, Corps of Engineers, U. S. Army, Appendix RR, Annual Report of the Chief of Engineers for 1901). The State of New York maintained the Black Rock Harbor and Erie Canal and continued to improve the same until the construction by the United States of a ship canal along the easterly shore of Niagara River and between Lake Erie and the lower Niagara River. The State of New York was the owner of the lands occupied by the Erie Canal, the Black Rock Harbor, the Bird Island Pier, and adjacent lands under the water of Niagara River.

Pursuant to chapter 373 of the Laws of 1904 of the State of New York, the State of New York, through its land board, conveyed to the United States the lands sought by the United States for the purpose of the construction of said ship canal. The act provided:

> The land board is authorized to convey to the United States such lands now owned by the State under the waters of Niagara River or in the vicinity of said river in the city of Buffalo, including such lands as are now used for canal purposes in the city of Buffalo and as may be deemed by the canal board as may be required by the United States in the construction of a ship canal from Lake Erie to the foot of Squaw Island in the city of Buffalo.

The land board of the State of New York authorized the conveyance and there was conveyed to the United States by letters patent dated July 25, 1905, and recorded in the office of the clerk of the county of Erie, State of New York, in liber 1018 of deeds, at page 315, January 11, 1906. The description in the deed is under paragraphs A, B, C, D, E, F.

> A. The structure known as Bird Island Pier with the strip of land owned by the State in continuation of the pier along the east shore of Squaw Island to the north end of said land near the present ship lock. (The then State ship lock was in the same location as the present United States ship lock.)
>
> B. The partition wall between the canal and Black Rock Harbor.
>
> C. All of the lands under Black Rock Harbor from the foot of Maryland Street extended to and including the then present ship lock, including also all of the lands owned by the State near the ship lock and within the limits of the proposed improvement (the United States ship canal).
>
> D. The lands under the water under the Erie Canal and the towpath from the foot of Vermont Street extended northerly to Amherst Street.
>
> E. The right-of-way across the city trunk sewer at the foot of Albany Street and over the city water intake at the city waterworks.
>
> F. The right-of-way across and through the site of the then present bridges over the Erie Canal and the Black Rock Harbor at the foot of Ferry Street.

The deed recites:

> Which lands are required by the United States in the construction of a ship canal from Lake Erie to the foot of Squaw Island.
>
> To have and to hold the said lands and structures unto the said United States of America so long as the United States constructs and maintains said ship canal.

Subsequently the United States took possession and did construct the ship canal and the same is now in operation.

The ship canal does not occupy any part of the lands occupied by the Bird Island Pier and only a part of the lands occupied by the Black Rock Harbor. The canal extends parallel to the shore line of the river and occupies the location of the old Erie Canal, leaving a considerable space between the ship canal and the Bird Island Pier. The Bird Island Pier is parallel with the shore line and with the ship canal and lies a considerable distance landward from the harbor line of Niagara River as fixed and established by the Secretary of War. The lands under water between the Bird Island Pier and the harbor line as so established were not conveyed to the United States.

The Bird Island Pier at the time of the conveyance in 1905 to the United States was in a most dilapidated condition, the cribbing had rotted away and the action of the water had broken down the pier. Citizens of the city of Buffalo were desirous of the formation of a park outside the ship canal and instituted the activity which finally resulted in the grant or permit to the city of Buffalo by the United States.

The State of New York by chapter 350 of the laws of 1911 consented to the use of the lands in question by the city of Buffalo, as follows:

> The consent of the State of New York is hereby given to the city of Buffalo to use, improve, and occupy, for the purposes of a public park and landing facilities, that part of the structure in said city known as Bird Island Pier, on Niagara River, lying north of Albany Street extended, and forming a part of the Black Rock Harbor improvement, and the lands and lands under water adjacent to said Bird Island Pier on both sides thereof to the established harbor lines.

Such grant to the city was by said act made subject to "such conditions, restrictions, and regulations as shall be prescribed for said city by the United States."

The Congress by act of February 27, 1911, being the rivers and harbors bill (vol. 36 of Statutes, p. 925, ch. 166, sec. 3, 61st Cong.) authorized the Secretary of War—

> To grant to the city of Buffalo, N. Y., the right and privilege of occupying and improving and using for the purpose of establishing a public park and landing facilities the part of the structure known as Bird Island Pier on Niagara River, lying north of Albany Street extended, in said city and forming part of the Black Rock Harbor improvement, and the lands of the United States under water along both sides of said pier to the established harbor lines, on such terms, conditions, and stipulations as he may deem expedient and equitable and necessary for the protection of all the interests of the United States in and to said premises.

Pursuant to said last act of Congress and pursuant to said act of the Legislature of the State of New York (chap. 350 of the laws of 1911), the Secretary of War granted to the city of Buffalo for the purposes mentioned in said acts the Bird Island Pier from Albany Street northerly to the

end thereof at Squaw Island and the lands under waters adjacent thereto to the harbor line established for the ship canal and the harbor line established for the Niagara River. Subsequently the city of Buffalo constructed a sea wall along the river side and a like wall along the ship canal side and has filled in the lands between the two walls. The lands occupied by the city are largely on the river side of the Bird Island Pier.

The bill now before Congress provides for the consent of the United States to an additional use of the lands covered by the prior grant to the city of Buffalo for sewage disposal purposes. There is also included an additional strip of land lying along the westerly line of the ship canal, and largely adjacent to lands owned by the city of Buffalo north of the Bird Island Pier, which is now unused for any purpose and which we anticipate that in the opinion of the Secretary of War that land also may be included. The bill is in practically the same language as the act of Congress above referred to of 1911, and the grant or permit, if made, will be made subject to such conditions as the Secretary of War may wish to insert for the protection of the properties of the United States.

WAR DEPARTMENT,
Washington, May 7, 1936.

Hon. J. J. MANSFIELD,
Chairman, Committee on Rivers and Harbors,
House of Representatives, Washington, D. C.

DEAR MR. MANSFIELD: Reference is made to this Department's report of April 13, 1936, on H. R. 11504, Seventy-fourth Congress, second session, entitled "A bill to authorize the Secretary of War to grant to the city of Buffalo, N. Y., the right and privilege to occupy and use for sewage-disposal facilities parts of the land forming the pier and dikes of the Black Rock Harbor improvement at Buffalo, N. Y."

That report recommended an amendment of the description and expressed the opinion that the bill merits the favorable consideration of Congress, if amended as indicated.

Congressman BEITER and representatives of the city of Buffalo recently called at this office and indicated that they desire to further amend the description of land as set forth in the bill so as to reduce the additional area of land to be occupied. A copy of the bill amended to conform to their expressed desire is herewith.

The Department is of the opinion that the bill merits the favorable consideration of Congress, if amended as indicated in red on the copy hereto attached.

The Director of the Bureau of the Budget has been consulted and states that the above report is not in conflict with the financial program of the President.

Sincerely yours,

HARRY H. WOODRING,
Acting Secretary of War.

PERMISSION TO ADDRESS THE HOUSE

Mr. DIMOND. Mr. Speaker, I ask unanimous consent that on Thursday of this week after the reading of the Journal and disposition of matters on the Speaker's table, I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alaska?

Mr. PATMAN. Mr. Speaker, reserving the right to object, did I understand the gentleman to ask unanimous consent to address the House for 30 minutes?

The SPEAKER. No; his request was for 15 minutes.

Mr. PATMAN. Mr. Speaker, I shall not object to this request, but I am inclined to object to any future requests to address the House at that time. I think there is some legislation coming up for the consideration of the House at that time, and I should not like to have anything interfere with its consideration.

Mr. SNELL. Mr. Speaker, reserving the right to object, what is the legislation that is coming up on Thursday that is so important? The House has not been informed as yet.

Mr. PATMAN. I am not sure about it, but it concerns a bill I am very much interested in, and I do not want anything to get in ahead of it if I can avoid it.

Mr. SNELL. The gentleman from New York [Mr. REED] desires to submit a unanimous-consent request to address the House for a few minutes at that time.

The SPEAKER. Is there objection to the request of the gentleman from Alaska?

There was no objection.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that on Thursday next, after the reading of the Journal, the disposition of matters on the Speaker's table, and the pending special order, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, may I say that it is getting rather late in the session for these speeches. We are going to have a tremendous amount of work to do. Two rules have been reported, one of which if taken up on Thursday will take all day. It is an important matter. It is rarely requested at this stage of the session to address the House. We have reached a point where somebody will have to object very soon if we want to complete the business we have to do before we adjourn on the 18th of July.

Mr. SNELL. Mr. Speaker, that matter was just as important 2 minutes ago when the gentleman from Alaska asked for time as now. I especially request that the gentleman from New York may be allowed to address the House.

Mr. O'CONNOR. Mr. Speaker, I do not intend to object to the request of the gentleman from New York [Mr. REED].

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

FRAZIER-LEMKE MORATORIUM CONSTITUTIONAL

Mr. LEMKE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a decision of the Fifth Circuit Court of Appeals sustaining the constitutionality of the farm moratorium.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

Mr. RICH. Mr. Speaker, reserving the right to object, may I inquire how much of the RECORD this will take?

Mr. LEMKE. Less than a column.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota [Mr. LEMKE]?

There was no objection.

Mr. LEMKE. Mr. Speaker, since some 14,000 farm families have been forced to take advantage of the Frazier-Lemke farm moratorium law, which was passed in the closing days of last session of Congress, and since the question of constitutionality has been raised, it gives me great pleasure to insert here a decision by Presiding Judge Hutcheson, of the Circuit Court of Appeals, Fifth Circuit. This decision appears on page 5 of the May 12 United States Law Week. You will note that the Dallas Joint Stock Land Bank is the plaintiff. This and other joint-stock land banks that are now in the process of liquidation have ruthlessly foreclosed and evicted from their homes hundreds and thousands of men, women, and children.

FRAZIER-LEMKE ACT OF 1935—CONSTITUTIONALITY

Frazier-Lemke Act of 1935 constitutes bankruptcy legislation within meaning of bankruptcy clause. Depriving mortgagee of right to collect debt by State court foreclosure, it does not take his property without due process of law in violation of fifth amendement.

C. C. A., FIFTH CIRCUIT (HUTCHESON, C. J.), DALLAS JOINT-STOCK LAND BANK OF DALLAS *v.* DAVIS, NO. 7966, MAY 5, 1936

(Digest-summary of the opinion)

The Frazier-Lemke Act of 1935 (sub. (s) of sec. 75 of the Bankruptcy Act) is not unconstitutional on the ground that it is not bankruptcy legislation within the meaning of the bankruptcy clause of the Federal Constitution.

"The authority of Congress to make uniform laws on the subject of bankruptcy is a broad one. It extends to and authorizes not merely ordinary bankruptcy laws, as they were understood and in existence at the time of the adoption of the Constitution, but insolvency laws in general. It extends to and authorizes all just laws having for their object the liquidation of indebtedness. It lawfully embraces in its scope and purpose not only the just protection of the creditor but the relief of the debtor. (*Louisville Bank* v. *Radford*, 295 U. S. 555; *In re Landquist*, 70 F. (2d) 729; *In re Chicago R. I. & Pac.*, 72 F. (2d) 443; *Local Loan Co.* v. *Hunt*, 292 U. S. 234; *Continental Bank* v. *C. R. I. & P.*, 294 U. S. 648; *Van Huffel* v. *Harkelrode*, 284 U. S. 225; *Hanover National Bank* v. *Motses*, 186 U. S. 181)."

In the exercise of its bankruptcy powers, Congress has lawfully provided for the complete abrogation of the personal obligation of debts, discharging the debtor therefrom; for the making of compositions; and for the marshalling of property of debtors and for the equitable distribution thereof among the secured creditors, to the extent even of authorizing a complete rearrangement and rewriting of the obligations. In the exercise of such powers, Congress may, also, make just provision for the exercise of judicial discretion in granting reasonable stays of liquidations in bankruptcy.

The act, insofar as it prevents a mortgagee from collecting its debt by State court foreclosure proceedings and provides for its collection through the bankruptcy court, does not deprive the mortgagee of substantial property rights in violation of the due process clause of the fifth amendment.

The defects in the original Frazier-Lemke Act pointed out by the Supreme Court of the United States in the *Radford case* (295 U. S. 555) were cured by the 1935 act. The new act was written so as to conform to the decision in the Radford case.

"On its face the act merely transfers the liquidation of the indebtedness from State courts to the court of bankruptcy. It remits to the judicial discretion of that court the administration of the property of a bankrupt, with the end in view to bring about, if a due regard for the property rights and interests of his creditors permits it, a gradual and therefore more just and equitable liquidation, in lieu of an unduly hasty and forced one."

The act authorizes a stay of collection for the maximum period of 3 years, during which time the debtor may remain in possession, "but the stay so granted is not an absolute one. It is one granted and continued in the judicial discretion of the court if, and only if, this may be done without deprivation of or injury to, and upon conditions looking to the preservation of, the creditor's security.

"Under its provisions the court must fix, and require the debtor to pay, a reasonable rental on the property, to be applied upon the debt"; and "may, and if in the exercise of a sound discretion the protection and preservation of the security demand it, must require additional payments on the principal sum due and owing"; and "may, upon a finding that the preservation of the security requires it, revoke the stay order and direct the sale of this property."

"These provisions of the act make it clear, we think, that the act grants no absolute stay, permits no arbitrary or unjust interference with creditors. It merely remits all questions regarding the collection of the debt to an informed judicial discretion, a discretion which, keeping the preservation of the security paramount, may yet, if circumstances permit, afford a means of relief to the debtor. They make it clear that the controlling, the dominant purpose and effect of the act as amended is not to deprive creditors of their security to give it to debtors, but to remit to judicial discretion in each case, whether the facts justify giving the debtor an equitable opportunity in an orderly way, to liquidate his indebtedness, provided always that the essential security of the creditor is not impaired but preserved. A law on the subject of bankruptcy having this purpose and effect is not, in our judgment, violative of the fifth amendment."

Affirmance of the order of the district court retaining jurisdiction of the proceeding under the act "is without prejudice to right of the appellant (mortgagee) to apply at any further stage of the proceedings for relief from actions or orders which it is advised have the effect of depriving it of any substantial rights."

In addition to the above, the following United States district courts have also held the Frazier-Lemke Moratorium Act constitutional:

In re Slaughter, northern district of Texas, October 12, 1935, Atwell, district judge.

In re Williams, middle district of Tennessee, November 1, 1935, Gore, district judge.

In re Reichert, western district of Kentucky, January 9, 1936, Hamilton, district judge.

In re Cole, southern district of Ohio, January 22, 1936, Nevin, district judge.

In re Bennett, western district of Missouri, January 24, 1936, Otis, district judge.

In re Allison, eastern district of Illinois, February 25, 1936, Wham, district judge.

In re McCune, western district of Pennsylvania, February 24, 1936, Schoonmaker, district judge.

There also have been some United States district courts and one United States circuit court that have held the act unconstitutional. The reasoning of some of these courts is so shallow and superficial that I feel they are not worthy of serious consideration. The circuit court of appeals just referred to held that section 77B of the Bankruptcy Act was constitutional and that the right to redeem was a property right. It took the property out of the hands of the receiver and placed it in the hands of the trustee in bankruptcy. A few months later that same court held that the Frazier-Lemke Act was unconstitutional for the reason that the right to redeem was not a property right. Therefore, it held the act took property without the due process of law. No wonder that some of the district courts in that circuit refuse to follow such an erroneous decision and have held the Frazier-Lemke Act constitutional.

I feel confident that the Supreme Court of the United States will hold the Frazier-Lemke moratorium constitutional and that these erroneous opinions of these creditor and corporation-minded courts will be corrected. I find no fault with our courts, but I maintain that a lawyer who is afraid to criticize an erroneous decision is a moral coward.

Our judges are human. They possess no divine wisdom and are not infallible and the way to improve the standard of our courts is to honestly and fearlessly criticize erroneous decisions. This Government does not belong to the courts, nor to Congress, nor to the President, but to the people. Public opinion alone will correct abuses, whether they exist in the judicial, legislative, or executive branches of the Government.

TOLL BRIDGE ACROSS MISSOURI RIVER AT OMAHA, NEBR.

Mr. McLAUGHLIN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 12056) authorizing the State of Iowa, acting through its State highway commission, and the State of Nebraska, acting through its department of roads and irrigation, to construct, maintain, and operate a free or toll bridge across the Missouri River at or near Dodge Street in the city of Omaha, Nebr.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the immediate consideration of the bill?

Mr. SNELL. Mr. Speaker, reserving the right to object, the gentleman just informed me this is an emergency proposition and has been unanimously reported. We are further informed that there is no objection to this bridge being constructed, therefore we have no objection.

The SPEAKER. Is there objection to the immediate consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the postal service, and provide for military and other purposes, the State of Iowa, acting through its State highway commission, and the State of Nebraska, acting through its department of roads and irrigation, are hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at a point suitable to the interest of navigation, at or near the east end of Dodge Street, in the city of Omaha, Nebr., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the said States all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said States are hereby authorized to operate such bridge free of tolls, or, at their discretion, to fix and charge tolls for transit over such bridge, and in case rates of toll are so fixed, such rates shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to liquidate, within a period of not to exceed 10 years from the date of completion of such bridge, all or any part of the bonds held by the United States and outstanding against the bridge constructed in accordance with section 4 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States", approved June 10, 1930. The said States may enter into an agreement or agreements with the United States or other interested parties for the liquidation of all or any part of such bonds held by the United States and the tolls authorized to be charged by this act shall be used only for the purpose of carrying out the provisions of any such agreement or agreements. When a fund sufficient to meet the requirements of any such agreement or agreements shall have been

provided, the bridge authorized to be constructed by this act shall thereafter be maintained and operated free of tolls. Said States may construct such bridge with the aid of any Federal funds appropriated and apportioned to said States for expenditure under the Federal Highway Act, as amended and supplemented, and the limitations of such act, as amended and supplemented, relating to the construction of toll bridges with Federal funds and the use of tolls collected for transit over bridges so constructed and operated shall not be applicable to the tolls authorized to be charged under the provisions of this act. If tolls are charged, an accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INSTITUTION OF SUIT AGAINST NORTHERN PACIFIC RAILWAY CO. ET AL.

Mr. DUFFY of New York. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 4594) to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. et al.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the immediate consideration of the bill?

Mr. MICHENER. Mr. Speaker, reserving the right to object, as I understand it, this bill has been unanimously reported by the Judiciary Committee, and I understand further that a Senate bill has been passed by the Senate and is now on the Speaker's table.

Mr. DUFFY of New York. That is correct.

Mr. MICHENER. The gentleman simply desires passage of the Senate bill?

Mr. DUFFY of New York. The gentleman is correct.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the suit entitled United States of America, plaintiff, against Northern Pacific Railway Co. et al., defendants, no. E-4389, instituted and pending in the District Court of the United States for the Eastern District of Washington, under the authority and direction of the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), now on reference to a special master for hearing under an order of said court entered in said suit on April 21, 1936, a direct review by the Supreme Court of the United States by appeal may be had by any party to said suit of any order or decree of said district court entered upon a review of the report of the master to be made pursuant to said order of April 21, 1936, and also of the order or decree of said district court entered in said suit on October 3, 1935, as amended by an order of January 29, 1936. Such direct review by the Supreme Court of either or both of the said orders or decrees may be had by appeal taken within 60 days from the date of the order or decree of the district court entered upon a review of the report of the master to be made pursuant to the said order of April 21, 1936. The right of review of any final judgment authorized by said act of June 25, 1929, shall continue in force and effect.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

SEVENTY-FIFTH ANNIVERSARY OF THE BATTLE OF ANTIETAM

Mr. LEWIS of Maryland. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 12168) to authorize the coinage of 50-cent pieces in commemoration of the seventy-fifth anniversary of the Battle of Antietam.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, a great many times, on the floor, I have expressed my opposition to bills of this character. I think it is a mistake that we have put through a great many of them during the present session, and I am not going to object to the request of my friend from Maryland, although I object to the entire policy we have adopted in this respect during the present session.

Mr. RICH. Mr. Speaker, reserving the right to object, I may say that there have been 15 or 20 bills similar to this passed at this session of the Congress. I do not know whether this is the Democrats' way of starting inflation or not, but we are certainly doing this to the queen's taste, and I think it ought to be stopped very shortly.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in commemoration of the seventy-fifth anniversary of the Battle of Antietam there shall be coined at a mint of the United States to be designated by the Director of the Mint not to exceed 5,000 silver 50-cent pieces of standard size, weight, and composition and of a special appropriate single design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, but the United States shall not be subject to the expense of making the necessary dies and other preparations for this coinage.

SEC. 2. The coins herein authorized shall bear the date 1937, irrespective of the year in which they are minted or issued, shall be legal tender in any payment to the amount of their face value, and shall be issued only upon the request of the Washington County Historical Society of Hagerstown, Md., upon payment by it of the par value of such coins, but not less than five thousand such coins shall be issued to it at any one time, and no such coins shall be issued after the expiration of 1 year after the date of enactment of this act. Such coins may be disposed of at par or at a premium by such Washington County Historical Society of Hagerstown, Md., and the net proceeds shall be used by it in defraying the expenses incidental and appropriate to the commemoration of such event.

SEC. 3. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, and for the transportation, distribution, and redemption of coins, for the prevention of debasement or counterfeiting, for the security of the coins, or for any other purposes, whether such laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein authorized.

With the following committee amendments:

Page 1, line 6, strike out "to exceed five" and insert "less than twenty-five."

Page 2, line 9, strike out the word "five" and insert "twenty-five."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

KEEPING FAITH WITH UNITED STATES

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on Puerto Rico.

The SPEAKER. Is there objection to the request of the gentleman from Puerto Rico?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, when the United States Army landed in Puerto Rico, July 28, 1898, to further the "cause of liberty, justice, and humanity", and "bearing the banner of freedom", in accordance with Maj Gen. Nelson A. Miles' proclamation, the island was converted into a part of the United States, and the monarchic and military autocratic government of Spain was ended.

The people of Puerto Rico received the American Army with open arms and cordial public receptions.

After the signing and ratification of the Treaty of Paris, President McKinley declared:

The people of Puerto Rico should be led and educated to become a State of the Union.

On April 12, 1900, Congress approved the Foraker Act, establishing a civil government for Puerto Rico. In the year 1906 President Theodore Roosevelt sent special messages to Congress specifically recommending American citizenship to the people of Puerto Rico, as a matter of right and justice. "They are loyal", he said, "and they are glad to be under our flag."

President Theodore Roosevelt went to Puerto Rico, and delegations representing agriculture, commerce, and industry met him. It was at this time that the Federation of Labor requested citizenship for the people of Puerto Rico, and handed him the following memorial:

Free Federation of Workingmen of Puerto Rico—Affiliated with the American Federation of Labor

Hon. THEODORE ROOSEVELT,
President of the United States,
San Juan, P. R.

ILLUSTRIOUS CITIZEN: The laboring class of Puerto Rico, represented by the "Federacion Libre", the branch of the American Federation of Labor in this island, desires to extend to you through this petition its heartiest and most cordial welcome to our shores, and the assurance of our love for the American people, of whom you are the honored and worthy representative.

The aims and purpose of our organization are the same as those of the trades unions of the United States. We are loyal and faithful adjunct of the American Federation of Labor, and our education, our efforts, and our ambitions are directed toward obtaining a higher moral, intellectual, and civic standard for the working class and the people of Puerto Rico in general.

With this object in view and as a means of its attainment, all the aspirations of our people, the strongest desire and longing of our hearts is that we may be made citizens of the United States in the highest and truest sense and interpretation of the term.

And though recognizing that our needs are more of an industrial than political nature, the laboring class and the people of Puerto Rico in general feel convinced that with the establishment of self-government in its truest significance that all would enjoy to its fullest extent the liberty and blessings of freedom symbolized by the Stars and Stripes.

Our dearest and fondest aspirations are these: Citizenship and self-government.

And while this legitimate request of the Puerto Rican people is being considered by the Government wisely directed by you, we beg that you will use your influence and good offices to impress upon the officials in Puerto Rico the opinion which has invariably been your guide when speaking of trade unions. In other words, that such unions are necessary to proper industrial development, to the progress of a country, and that the aid and approval given to labor institutions by all citizens is a demonstration of the love and affection felt for the advancement and growth of a people.

Anything you may do for us, honored sir, will forever be engraved on the heart and be cherished in the memory of this country, and on all occasions the laboring class of Puerto Rico will have an additional reason for congratulating itself on the outlook for the future, because its interests are safeguarded by the rulers of the American Nation.

And we ask you to tell the American people that their institutions are loved and wished for in Puerto Rico.

You, Mr. President, can always count on our sincere affection, and may God grant you a safe and happy return to your native shores and an eternal memory of this true and loyal island.

Respectfully,

EUGENIO SANCHEZ LOPEZ, *President.*
MANUEL ALDEA NAZARIO, *Secretary.*
RAFAEL ALONSO, *Organizer.*
MIGUEL SANCHEZ GOYTIA, *Organizer.*
JOSÉ VENTURA, *Organizer.*
JUAN GUERRA, *Treasurer.*

SAN JUAN, P. R., *November 21, 1906.*

In his annual message President Theodore Roosevelt made the following recommendations:

I earnestly advocate the adoption of legislation which will explicitly confer American citizenship on all citizens of Puerto Rico. There is, in my judgment, no excuse for failure to do this.

And under date of March 26, 1906, in the following letter, President Roosevelt manifested his deep interest in the subject and at the same time called attention in a forceful way to the injustice and embarrassment involved in the continuance of that status:

THE WHITE HOUSE,
Washington, March 26, 1906.

MY DEAR SENATOR FORAKER: As you know, Mr. Airrinaga had been appointed as one of the American delegates to the Pan American Congress at Brazil. It would be a real misfortune not to have the citizenship bill for Puerto Rico pass at this session prior to his going there. I cannot believe there will be an opposition to the bill, and I most earnestly hope that it will be put through as speedily as possible. I know how heartily you sympathize with it.

THEODORE ROOSEVELT.

In 1912 I wrote the following letter to President Taft:

WASHINGTON, D. C., *April 5, 1912.*

MR. PRESIDENT: As a representative of organized labor of Puerto Rico I have come to the United States to assist, insofar as I am able, in obtaining the passage of the bill now pending in the United States Senate providing American citizenship for Puerto Ricans.

While this is desired by all Puerto Ricans, it is especially desired by the laboring people, who feel that American citizenship will mean a great step forward for them, because, unless the American citizenship and the spirit that guides the American in such matters are extended to the islands, the laborers must continue with but little hope of uplift.

I have collected, with a view of having it printed, the various recommendations in Presidential messages and in reports of the Secretary of War and of the Governor of Puerto Rico, favoring the granting of American citizenship to Puerto Ricans. I have been unable to find in your message or elsewhere a statement specifically favoring the granting of American citizenship, though I understand fully that you have approved such recommendations of the Secretaries of War. May I ask, Mr. President, that you say a word specifically approving such legislation, that I may place it as a foreword in the little pamphlet.

Thanking you, with much respect, I am,

SANTIAGO IGLESIAS,
President of the Free Federation of Workingmen of Puerto Rico.

To this letter came the reply as follows:

THE WHITE HOUSE,
Washington, April 15, 1912.

SANTIAGO IGLESIAS, Esq.,
President of the Free Federation of the Workingmen of Puerto Rico,
Washington, D. C.

MY DEAR MR. IGLESIAS: I am in favor of granting citizenship to the people of Puerto Rico. The connection between Puerto Rico and the United States has been, from the beginning, regarded as permanent. Puerto Rico came to us with the hearty good will of both the American and Puerto Rican people, and I believe that both, as a matter of sentiment and practical justice, the Puerto Ricans should be made citizens. At the same time I believe that our duty to the island will be best discharged, and Puerto Rico's interests will be best subserved, by affording the largest opportunity for the development of local traditions and habits, which are very different from our own.

This means that as fast as the instinct and habit of self-government is acquired by the people at large, and no faster, the fullest possible measure of local and fiscal self-government should be granted. It is a happy sign of the realization of what should be the most fitting political aspiration of the island, as well as a recognition of the public opinion of the United States, that in the minds of neither people is the grant of citizenship associated with any thought of statehood.

Very truly yours, WM. H. TAFT.

The Committee on Insular Affairs, in House Report 341, Sixty-second Congress, stated that the bill was to definitely fix the civil and political status of the people of Puerto Rico, and at the same time to make those at present defined to be citizens of Puerto Rico and certain other natives citizens of the United States. The report adds:

It has long been a conceded fact that Puerto Rico has become a permanent territory of the United States. Its people have accepted this fact in good faith and have never sought, nor do they desire, a separate and independent political existence. Their loyalty to the United States under all circumstances has never been questioned.

What they most desire, and what they have long and earnestly endeavored to secure, is American citizenship, accompanied with the right to legislate for themselves in respect to all purely local affairs.

The Secretary of War, in his 1911 report, urged Congress to grant American citizenship to the people of Puerto Rico and, in part, said:

The demand for American citizenship on the part of the Puerto Rican people is genuine and well-nigh universal. * * * The connection between Puerto Rico and the United States is permanent and has been from the beginning regarded as permanent. * * *

A joint resolution was passed by the Legislative Assembly of Puerto Rico to commend the recommendations made to Congress by President Theodore Roosevelt. Besides, many labor and other associations and the majority of political parties of the island adopted resolutions time and again requesting the Presidents and Congress to grant American citizenship to the Puerto Rican people.

Secretaries of War from Stimson, Baker, Governors Winthorpe, Colton to Yeager, recommended the American citizenship for the people of Puerto Rico. Samuel Gompers, former president of the American Federation of Labor, urged self-government and citizenship for our people.

March 5, 1912, one of my predecessors, Resident Commissioner Luis Muñoz Rivera, founder of the Liberal and Unionist Parties of Puerto Rico, delivered a speech in the House of Representatives, in which he stated:

I must declare that the majority, the large majority, of Puerto Ricans are sincerely attached to the American Nation. And I must also declare that, should American citizenship be bestowed upon them, my countrymen will always feel grateful to the American Representatives who, through their action, would give them a proof of confidence in their loyalty, and that they would enthusiastically, bravely, and proudly uphold their citizenship, identifying themselves with the new country to which their historic destiny has united them, loving and respecting the flag that protects their homes, doing honor by their civic conduct to the national family that receives them, and finally endeavoring to be the worthy sons of the America of Washington and Lincoln, not only because so impelled by the natural feelings of their souls, jaded and mortified up to the present time by indifference and injustice.

Samuel Gompers, while president of the American Federation of Labor, made these remarkable recommendations to various conventions:

It is certainly evident that Puerto Rico is to be a permanent possession of the United States; and, inasmuch as her wage earners

manifest a strong disposition not only to organize but to make common cause with us for the principles and progress of our cause, we should encourage and make easy their complete fraternization with the organized labor movement of our continent.

The people of Puerto Rico are intensely sympathetic with the institutions of our Republic and universally desire the recognition of the principles of equality with the sovereign citizenship of the United States. These rights they are eminently qualified to exercise; these rights they are entitled to, and it should be our aim to aid in achieving them.

I strongly urge that every effort be made, not only by this convention but also by every union, union member, and sympathizer, to help to the very best of his ability the worthy working people of Puerto Rico to a realization of a better and brighter day.

Senators, Congressmen, and governmental authorities have agreed that Puerto Rico be and is a permanent territory of the United States, and all the Governors appointed to the island have striven to lead the people in that right direction.

So after 19 years of constant appeals to the Presidents and to Congress, with the aid of the press, the American Federation of Labor, and the sympathetic and friendly attitude of Woodrow Wilson, Congress granted the Puerto Ricans not only citizenship but a greater measure of democratic form of government, by which all classes and the masses of workers were given the opportunity to work out their own destiny by the means of organizing themselves and of having representation in the affairs of the island's administration in accordance with the new organic law, and to build up their political, economic, and social entities; to obtain more liberal and humanitarian laws, as is done in many States of the Union.

President Harding, in one of his addresses, termed Puerto Rico "our Caribbean State", and both President Coolidge and President Hoover mentioned Puerto Rico as an island where the people in good faith were making wonderful progress under the guidance of American institutions.

In answer to a specific question put by me as to whether the term "Territories" as used in Federal acts included Puerto Rico, the Department of Justice's reply was in the affirmative, and the reason was based upon several decisions of the Supreme Court, in which it was stated that Puerto Rico was a fully organized Territory of the United States, although not an incorporated one.

President Franklin D. Roosevelt, since the beginning of his administration, has recommended and decided to help the people of Puerto Rico in their economic problems. He extended to the island the benefits of his program of relief and rehabilitation. Many important Federal laws of financial assistance for education, public works, sanitation and agriculture to the States were extended to Puerto Rico.

In May 28, 1935, by Executive order, President Roosevelt appointed Ernest H. Gruening, of the Department of the Interior, administrator of the Puerto Rico Reconstruction Administration to initiate, formulate, administer, and supervise a program of approved projects for providing relief and work relief and for increasing employment in Puerto Rico. The President also gave the administrator authority to acquire, by purchase or by the power of eminent domain, any real property or any interest therein and improve, develop, grant, sell, lease, or otherwise disprove of any such property or interest therein.

Administrator Gruening appointed about 30 representatives of himself in the island for carrying out these enterprises, and unfortunately it happened that with the exception of three men the other 27 belonged to the opposition, Liberal Party, as against the majority coalition of the legislature and the insular government, ignoring, as it seems to me, the President's recommendation that all parties and interests be represented.

The Governor himself became a mere figurehead, and his actions were handicapped by a real supergovernment created in this way.

The formulation of plans in accordance with the intentions of President Roosevelt included changing the general economic conditions of the island. A plan of reconstruction providing for permanent improvement of the people of Puerto Rico was devised, having in mind to use practically the amount of income derived from the sugar processing tax and the allocations of money granted by the President, which would afford benefits for all people.

Puerto Rican workers claim the term "for the benefit of the general agriculture" weakened and completely submerged the phrase "that labor will be given protection in Puerto Rico."

The President's intention as expressed by him to me as Resident Commissioner of Puerto Rico regarding the machinery of the reconstruction program under the Emergency Relief Appropriation Act was to avoid overlapping discriminations and politics. At that time the President advocated the formation of a true coordinating committee of Federal and insular authorities, headed by the Governor as chairman, and members selected by him from the executive and legislative branches of the insular government. With his own hand the President also designated the president of the insular senate and speaker of the house as advisory members. In the formation of the machinery for the executive committee Dr. Gruening has appointed people who represent liberal professions and others, but there is not a single representative of labor.

While this work of reconstruction was going on in the island two political bills were unexpectedly introduced in the United States Senate, apparently recommended by the administrator, Dr. Ernest H. Gruening. One of the bills is an unwarranted intervention in the electoral rights of the people and the other bill, authorizing a plebiscite in the island for the year 1937 on the matter of independence was a tremendous mistake, being unwise and morally destructive.

Both bills have been vigorously protested by the people of Puerto Rico, except a very small minority.

Last week Governor Winship approved an electoral bill and is considering all proposed amendments which will go to make clean, honest elections.

Congress should not be influenced to legislate on local political matters of this character, based on the following objection which the vice president of the Puerto Rican Senate sent to me, as follows:

First. The bill of Senator TYDINGS on elections is substantially the same as bill—S. B. 20—passed by the Legislature of Puerto Rico last April.

Second. The provision of the bill that the list of registered voters shall be those of the persons appearing in the 1935–36 census is contrary to law, unconstitutional, and unfair, because—

(a) It annuls all registrations of voters made in Puerto Rico in accordance with the laws in force.

(b) It deprives thousands of legal voters of the rights acquired by them when they registered in accordance with the insular laws in force.

(c) It runs contrary to all precedents governing election matters, inasmuch as when the census was taken the political parties had no representation whatever in the taking of that census. These parties represent organized public opinion in Puerto Rico.

(d) It is claimed that thousands of voters who had acquired the right to vote under the provisions of our laws were left out of the census.

(e) It also is claimed that such census of 1935–36 was taken by men politically partial, as they were chosen from only one political party to the detriment of other organized parties.

(f) It was publicly asserted, and denounced, that the P. R. R. A., the reconstruction machinery, selected those men, and this agency is biased in favor of one political party.

(g) It is further contended that the approval of said measure would annul all the registrations already made, and would require starting the work all over again, doubling thereby the cost of election expenses to the Treasury of Puerto Rico.

In regard to the bill intended to hold a plebiscite for independence and the reasons and arguments proudly given by Dr. Gruening and others, I desire to assure you that the great majority of the people of Puerto Rico have always been for the permanent union with the United States, and I hope that it will be so in the future.

This bill represents a tremendous blow to the majority of all citizens of the United States in the island who for 38 years have been fighting a thousand battles to obtain American liberties, cultivating and maintaining with absolute convictions the principles and ideals of the democratic institutions of the United States of America.

The argument that there exists a group in Puerto Rico favoring independence is not a reason why it should jeopardize the rights of the great majority of the people who have maintained the sane and sincere doctrine of "permanent union of Puerto Rico with the United States."

It is, indeed, very deplorable and regrettable that without proper consultation with the majority of citizens of the United States in Puerto Rico, the Governor, the legislature, and other constituted authorities of the island, such a far-reaching measure should have been introduced.

We are very grateful to the President for what he has done in behalf of the poor, and also to the American Federation of Labor under President William Green that has for years helped to obtain freedom for the workers of Puerto Rico, the guaranty of public assembly, and the right to organize and better their economic and social conditions within the fold of our American institutions. The workers of the island are very grateful to them for all these.

I desire to repeat again that the people of Puerto Rico as a whole are no more responsible for the assassination of Colonel Riggs than the people of the United States for the assassination of the great Presidents Lincoln, Garfield, and McKinley.

The beautiful island of Puerto Rico, which has made wonderful progress in all directions during the American regime, is one of the first customers of the mainland, and has had over three thousand millions of dollars of commerce with the United States in the last 36 years, two-thirds of which has benefited business of the continent. The money sent for relief and reconstruction is practically a help and compensation to the people of the island, and of which money two-thirds reverted right back to the mainland again.

If the Tydings referendum bill or any other similar bill were to be approved, all civil and individual rights which have been gained for the workers in 40 years of struggle would be sacrificed.

I certainly am sorry that I have lived to see the day the great American Government would ask our people to commit suicide. That is what independence, as it has been offered, means.

All leaders of parties see by themselves that a new era of reconstruction has come to the island to perfect our democratic institutions dedicated to social, political, and economic rehabilitation. Free and guaranteed vote of the people makes the island more progressive and gives opportunity to acquire greater capacity and progress.

Our coalition parties in the legislature have won the most honest and clean elections of 1932 with this issue:

> That the influence of the people of the United States in the destiny of Puerto Rico has been, is, and will be civilizing, and the extension of the Constitution to Puerto Rico represents a positive guarantee of the public and political liberties convenient and favorable to the enjoyment of the individual rights.

We reject all forms of a colonial government; therefore, we proclaim the permanent union of the people of Puerto Rico with the people of the United States to maintain and consecrate socially, politically, and industrially a democratic community with the same rights and duties as any community of the United States. We want and are willing to be recognized as an integral part of the States of the Union and lead our future in that line.

Puerto Rico has a population over 1,700,000, or 500 inhabitants to the square mile, as compared with 55 per square mile on the mainland.

As all of you know, Puerto Rico stands literally at the crossroads of the world, at the entrance to the Caribbean region, and on a direct line between east and west, north and south. San Juan, the capital and chief port, is but 1,000 miles away from the Panama Canal, 1,300 miles from New York or Philadelphia, less than 1,000 miles away from Havana, and under 4,000 miles from the great European markets.

Puerto Rico is an integral part of the United States, under the supreme authority of Congress. The Treaty of Paris between the United States and Spain, 1899, in article II, provided that—

> The civil rights and political status of the native inhabitants of the Territories hereby ceded to the United States shall be determined by Congress.

The treaty contained no promise or declaration regarding the political status of the inhabitants of Puerto Rico affected by the cession, but left the matter entirely to be decided by Congress.

As an explanation of this provision, the American representatives at the peace negotiations, leading to the Treaty of Paris, in replying to the representatives of the Spanish Kingdom, said:

> The congress of a nation which never enacted a law oppressive or detrimental to the rights of residents within its dominion and whose laws guarantee the greatest liberty compatible with the conservation of property surely can be trusted not to depart from its well-established practice in dealing with the inhabitants of these islands.

LOSSES OF CERTAIN OFFICERS AND EMPLOYEES OF THE FOREIGN SERVICE OF THE UNITED STATES

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 267) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature, with House amendments, insist on the House amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. McREYNOLDS, BLOOM, and FISH.

CLELLIA S. IRVIN

Mr. TAYLOR of Tennessee. Mr. Speaker, the bill (H. R. 10298) granting a pension to Clellia S. Irvin was erroneously referred to the Committee on Pensions. I, therefore, ask unanimous consent that the Committee on Pensions be discharged from the further consideration of the bill and that the same be referred to the Committee on Invalid Pensions.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

REVENUE AND EXPENDITURES

The SPEAKER. Under special order of the House, the Chair recognizes the gentleman from Georgia [Mr. CASTELLOW] for 15 minutes.

Mr. CASTELLOW. Mr. Speaker, with governments, as with individuals, few have found it difficult to spend money, but its replacement presents a different story. My observation is that one of the easiest habits to form is that of extravagance. Even extravagance may not be definitely menacing so long as the spender remains conscious of his extravagance, just as the driver of an automobile may operate his car at a high rate of speed in safety so long as he realizes he is driving fast, for the realization will constrain him to observe caution. The hazard arises when to him a high rate of speed becomes a habit of which he is unconscious. Therein lies the danger. Even so, as long as we realize that our national expenditures are without peacetime parallel, and that billions of dollars represent much in human toil, we will at least exercise care and caution in the manner and purposes of its distribution. But let us take thought lest familiarity with stupendous figures destroy our sense of proportion and lull us as a Nation into an unwarranted sense of security while we indulge in reckless expenditures resulting finally in practical repudiation or in confiscation of the savings of the frugal and thrifty through the instrumentality of taxation. Little comfort could be derived from acceptance of either horn of such a dilemma. Is it not apparent to the thoughtful

that by legislative act the accomplishment of the former has been rendered simple in the event the latter becomes too unpopular?

The tax plan proposed by the bill which recently passed the House admittedly will discourage the accumulation by corporations of a reserve, absolutely essential to the successful operation of any business venture. [Applause.] If corporations are detrimental to our economic life, they should not be tolerated; if they perform any useful service, they should not be handicapped by unreasonable restrictions. It is difficult to conceive that any businessman would contend for a moment that a reasonable reserve for future contingencies is not helpful, if not, indeed, essential, to success. This being true, it occurs to me that while unreasonable hoarding should not be encouraged, it would be advisable to permit the accumulation of a surplus equaling a reasonable percentage of its capital structure without undue restriction. Operating capital, usually supplied from accumulated profits, is the very heart of all business; and before operating on this delicate organ, maturest deliberation should be exercised.

The necessity of "storing up" or providing a reserve in times of plenty to carry through in times of scarcity has been recognized not only by thoughtful men of all ages but taught by nature to the insects of the field and the denizens of the forest. Who would say to the bee, "Cease to provide stores against the approach of winter", or to the squirrel, "Gather not to provide for a time when there is nothing to gather"? Nature itself provided for the great State of Minnesota abundant lakes to render more uniform its moisture. Without vision to correctly judge the logical results of their acts, men have drained these great natural reservoirs and are now seeking relief from the consequences of their folly. Why has our Government built, and is still building, at the cost of uncounted millions, dams to restrict the natural flow of water in time of abundance except to render it more effective in power and afford more uniformity of supply for the arid lands of the West? The unparalleled prosperity and progress of our great country is largely due to recognition of the fact that money, representing energy, like water, to attain its greatest efficiency must be accumulated at times in abnormal quantity, and with due caution and judgment released when needed. Great dams have been constructed in the past. The more expert the builder, the higher the walls, the more secure the masonry; the more water it will detain, and the longer. The builder for a season claims ownership, and exercising dominion directs its use and proudly claims it as his own. At his bidding it may turn the wheels of commerce or cause to produce in abundance thousands of acres of otherwise barren land. Yet, with all this added productivity, the owner's individual capacity to consume is not increased, and so the multiplied production must necessarily enure ultimately to the benefit of others. Not only that, there never was a dam built so high, so thick, or so permanent, as to prevent indefinitely a single drop of water from returning to its true parent, the ocean. So a financier may construct in the stream of commerce an obstacle to the flow of dollars, restrain them for a season, direct their activities, and call them his own. The more efficient he may be, the more he may acquire and the longer retain, but there never was nor ever will be one with the ability to withhold indefinitely a single dollar from mankind, its true owner. In the first instance, would wisdom be manifested by hastily, with pick and shovel or devastating explosives, destroying the agency by which the accumulation and retention of the necessary supply of water is made possible? Or would you discourage from labor those persons, artificial or natural, who by their efforts are building financial reservoirs from which mankind may draw in time of need? The folly of him who killed the goose to more speedily secure an extra egg has often been repeated in the past, and I presume will be in the future, for observation discloses that human nature changes, if at all, very slowly.

It has been the custom of men through the ages to class, as among the enemies of mankind, those whose labors have seemingly been unduly rewarded, but to the overcritical I suggest that the real dead weight imposed upon society is the drone in this human hive who consumes more, whether rich or poor, than he contributes to its good by his own efforts. [Applause.] All that we possess, all that civilization now enjoys, represents the net profits from human effort plowed back in full into the reserve of the greatest of all corporations—that in which every human being on earth today is to some extent a stockholder, and the assets and liabilities of which future generations will inherit.

One justification for increasing old taxes or levying new is to bring the Government revenues nearer in line with expenditures. All must know that this is imperative, but could not the same result be accomplished by a reduction of expenditures, and would that not be the saner course to pursue? [Applause.] Let us not delude ourselves with the belief that by some magic power any Government can give more than it takes. If the giving is done with caution, the taking may be done with moderation and justice more nearly accorded to all.

Unquestionably taxes should be imposed in accordance with ability to pay. The tax bill now before the Senate, as originally reported to the House, would have rendered it most difficult, if not, indeed, impossible, for corporations now in financial difficulties to ever regain a sound footing. By those who sponsor Government ownership of industry this failure to prosper might have been advanced as a reason why the Government should assume direct control, and thus a failure due to Government planning could have been advanced as a reason for governmental ownership. This feature, however, was modified in the House by amendment.

As the levying of taxes so vitally and directly affects the individual citizen, our Constitution provides that all bills for the raising of revenue must originate in the lower branch of Congress, every Member of which must necessarily have been elected by the people within the preceding 2 years. To facilitate legislation, committees have been formed for special consideration of such legislative matters as come within the jurisdiction of each, respectively. The members of the Ways and Means Committee, to which is referred all tax legislation, on account of the importance of the committee, are elected by the membership of the House and are selected usually by reason of their long service, proven ability, and peculiar fitness. The revenue bill recently passed was reported to the House by this committee. It is reasonable to assume, and the facts disclose, that they gave mature consideration to the subject and if, under those conditions, their wisdom and patriotism cannot be relied upon, representative government is seriously threatened.

While entertaining some misgivings as to the wisdom of the proposed legislation, as indicated by the foregoing expressions of my observations and conclusions, I sincerely trust that the results of this legislation will not prove disappointing. [Applause.]

Mr. COX. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. COX. Mr. Speaker, my colleague has just completed what will probably be the last speech he will make on the floor of this House, as he voluntarily retires as a Member of this body at the expiration of his present term. When he goes I would like for him to go conscious of the fact that he leaves a membership that holds for him the very profoundest respect and whose fondest affection will follow him the remainder of his days. [Applause.]

The SPEAKER. The gentleman from Massachusetts [Mr. TREADWAY] is recognized under the special order for 20 minutes.

RUINOUS RECIPROCITY

Mr. TREADWAY. Mr. Speaker, some days ago the gentleman from Ohio [Mr. HARLAN] remarked that I seemed to be "mysteriously silent" recently on the subject of the administration's trade-treaty program, and indicated my silence showed that I was finally admitting that these unconstitutional treaties were a solution of our ills.

I beg to assure the gentleman that he is completely in error, for I personally feel more strongly every day against

these iniquitous reciprocal-tariff agreements, and as far as my effort to do away with them is concerned I have just begun to fight! [Applause.]

FURTHER SURRENDER OF DOMESTIC MARKET UNDER FRENCH TREATY

My purpose in speaking this morning is primarily to answer some of the recent statements made by the proponents of the trade-treaty program, both in and out of Congress, but first I wish to discuss for a few moments the trade treaty with France which has just been concluded, and which was made public last Wednesday. It is another outstanding example of surrendering our rich domestic market for illusory benefits in foreign markets.

According to the summary of the treaty issued by the State Department—and of course we had no knowledge of it whatsoever in advance, as all these treaties are star chamber procedures—this country granted to France reductions up to 50 percent on 71 separate items, and we received only 19 reductions, some of which even the State Department admitted were only nominal percentages. The major French concessions were not duty reductions at all, but simply a liberalization of quota restrictions. However, both in the case of the duty reductions and the quota liberalizations, the French Government reserves the right to increase the rates or modify the quotas. Even in according us most-favored-nation treatment, it makes a number of exceptions to the general rule.

You have heard comments made about horse trading, and now Professor Sayre informs us we ought not to indulge in horse trading. Well, we ought not to indulge in horse trading of that kind, I agree. In the country I came from, when we used to trade horses, when there were horses to be traded, there was an effort to get an even swap, which we never had in any of these things, and particularly we have not done so in this recent one with France.

REDUCTIONS LARGELY ON LUXURY ARTICLES

Here are just a few of the articles on which we have granted reductions which, in accordance with the usual practice, will be generalized in favor of all other countries:

Article and percentage by which existing duty is reduced

Bottled perfume	49
Cosmetics	40–50
Tinsel products	27–40
Roquefort cheese	28
Canned mushrooms	34
Brandy	50
Cordials and liquors	50
Champagne	50
Still wines (not over 14-percent alcohol)	40
Vermouth	50
Silk broadcloths	18–31
Silk-pile fabrics	17–29
Rayon-pile fabrics	21
Papeteries	25
Straw hats	43
Feathers and downs	33
Jewelry	25–41
Articles of adornment	25–41
Cotton lace	33–44
Silk lace	28
Cotton or silk wearing apparel with lace or embroidery	17
Clocked and embroidered cotton hose	20–33
Corsets	17–27
Elastic fabrics	33
Hand-seamed women's and children's gloves	31
Brierwood pipes	40
Cigarette paper	25

As you look over that list, it will be noted that many of them are luxuries. If there is one class of articles that ought to pay the duty, even though you believe in "tariff for revenue only", it is luxuries. Who can better afford to aid in support of our Government than a person who can purchase champagne to use on his table for himself or his friends? The same is true with regard to those who wish to use exclusive French perfumes. If some people must have the imported article, let them pay for it. We make good champagne and perfumes right here in this country, and there is no reason why we should encourage the use of the foreign articles. I could say the same thing for corsets and other articles on which the duty is reduced under the treaty.

What do our grape growers in New York State, in the area represented to a large extent by the gentleman from New York [Mr. TABER], think of a 40- to 50-percent reduction on wine and champagne? Our friends from California know something about how the tariff has benefited them in the past. Take brandy alone. If the tariff permitted, we would increase the consumption of the domestic product; so why reduce the tariff in order to allow the foreigner to ship his brandy into the United States in competition with that which can be produced in California? I think the answer to some of those questions will be very plainly made when the votes are counted in November.

FURTHER REDUCTION ON CHEESE

Take the question of cheese. The State Department, in its analysis of the treaty, says that this reduction "is in line with the reductions already made to Switzerland and the Netherlands on the cheese specialties of those countries." It might be said that Roquefort cheese could well be reduced in the tariff. Of course, the agriculturists here and our rural friends throughout the country realize that the more imported cheese is sold in this country and the lower price charged for it the less consumption there will be of home-manufactured domestic cheese. A further reduction in the tariff on Swiss cheese was made in the treaty with Finland, which was just announced today. This reduction of 2 cents per pound provided in the treaty seriously affects Wisconsin and other States, where our domestic Swiss cheese is a large dairy product. Oh, these Democratic reciprocal theorists are some "friends" of the farmer! There could not be anything more ridiculous in the way of argument than to try to tell our sensible agriculturists and rural population that these agreements, unconstitutionally entered into, are of benefit to them.

I see one of the distinguished Representatives from Maine interested in what I am saying. Only a few days ago Canada raised the tariff against Maine potatoes, although there had been an agreement entered into with our Secretary of State and his able assistants and theorists that the duty should be lowered on potatoes. Yet as soon as the agreement is made it is increased again, and at the same time they say it is of benefit to us here in this country.

AN ANSWER TO CHAIRMAN O'BRIEN, OF TARIFF COMMISSION

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. BANKHEAD. The gentleman seems to charge this entire reciprocal-tariff agreement is supported alone by the Democratic Party. What has the gentleman to say about the attitude of men like David Lawrence and the Chairman of the Tariff Commission, Mr. O'Brien, and a number of others?

Mr. TREADWAY. Would the gentleman like my opinion of the gentleman from Massachusetts, Mr. O'Brien, who alleges that he is a Republican, the Chairman of the Tariff Commission?

Mr. BANKHEAD. That is what I am asking the gentleman.

Mr. TREADWAY. Very well, allow me to give it to the gentleman. I have known Mr. O'Brien, to whom our distinguished floor leader refers, for a long period of years. There is no more delightful gentleman for an after-dinner speech or an after-dinner companion than Robert Lincoln O'Brien, but politically he is an enigma. He alleges that he is a Republican, but I do not want to belong to the party which advocates such principles as he seems to believe in, which are directly contrary to the well-defined and long-established principles of the Republican Party. Further than that, let me say that he has offered his unsolicited advice to the Republican convention, which will meet in about 3 weeks to select the next Republican candidate and next successful candidate for the Presidency, to the effect that it should endorse the administration's trade-treaty program. Mr. O'Brien's advice will not be heeded.

Let me give you two particularly outstanding illustrations of Mr. O'Brien's position. It is a matter of record before the Ways and Means Commitee that Mr. O'Brien testified that the reciprocal treaties would be so beneficial to the country

that the bill then before the committee ought to be passed unanimously. That is Democratic doctrine, pure and simple. I have never seen any Republican who advocated the passage of the reciprocal treaties or the bill under which they are unconstitutionally enacted.

Another angle to Mr. O'Brien's attitude appears in the hearings before a committee of another body when he was asked this question:

Senator HASTINGS. Well, is it or not true that the Tariff Commission exercises an independent judgment; or is it, as I think I saw where you stated before the House committee, wholly subject to and under the control of the President?

Listen to Mr. O'Brien's answer:

Mr. O'BRIEN. The President appoints the Tariff Commissioners. Most men in positions wish to retain them and be reappointed.

So his views, of course, were warped by his desire to continue in office. [Applause.] We may assume that this frank statement holds the key to his views respecting the trade treaties. It is interesting to note that he was rewarded by the President by being redesignated as chairman of the Tariff Commission, effective December 1, 1935. That kind of advice we do not want at any Republican convention. Aside from that, I have great admiration for the gentleman to whom the majority leader referred.

Mr. BANKHEAD. The gentleman has not quite finished, I hope. The gentleman made no reference, for instance, to the opinion of a great publicist, like Mr. David Lawrence, who is unequivocally in favor of this tariff, and the Young Republican organization of New York, and Mr. Ogden Mills. What has the gentleman to say about them?

Mr. TREADWAY. If the gentleman will withhold his interest until the Republican National Convention is held, when the Republican Party will state its principles, I do not think he will see that there are very many Republicans who believe in this monstrosity of so-called reciprocal tariffs which are not "reciprocal" in any sense. So reserve your interest until we get together the forces of the Republican Party of this country and tell you what we think about the tariff position of the Democratic Party today. Why did you not come in here with a straight, out-and-out tariff revision bill instead of going around the corner in this unconstitutional manner? I am sorry I do not have more time, because when I get on that subject my regular remarks are all thrown in the discard.

PRESERVATION OF WORLD PEACE NEW EXCUSE FOR TRADE-TREATY PROGRAM

I was very much amused the other day to read the speech made by the Secretary of State, Mr. Hull, before the United States Chamber of Commerce, in which he gave a new "excuse" for the administration's trade-treaty program.

Heretofore we have been given to understand that it was for the purpose of expanding our foreign markets. The act itself so states. But now the Secretary of State tells us it was for a higher and nobler purpose, namely, "the preservation of world peace." He reiterated this new purpose in a press release accompanying the announcement of the French treaty. The only reason I can see why he brings world peace into the tariff measure is that probably he was ashamed of the results of the agreements. Therefore he says they are a great help to world peace. I never heard of anything more ridiculous.

I am not surprised that the Secretary has been forced to look for some new argument to support his treaty program, because it has been a dismal failure insofar as expansion of our foreign markets is concerned; but why pick on world peace? He cannot be serious in thinking that a trade-treaty program will supplant the League of Nations, the Hague Tribunal, the World Peace Foundation, and such other agencies and organizations for keeping peace throughout the world. At least he has no grounds for hoping that his plan will be any more successful.

A certain Mediterranean country, which I need not mention, is known to have entered into some 35 bilateral trade treaties, but they apparently had little effect in restraining its military ambitions, which were culminated within the last few days. A certain oriental country is known to have at least seven bilateral trade treaties, but these do not seem to have had any effect in curbing its martial spirit.

I wonder if the Secretary of State thinks that free-trade tariff reductions or trade treaties would have kept Napoleon's armies at home? I wonder if he thinks that international tariff barriers were responsible for the military conquests of Caesar and Alexander the Great? I wonder if he blames the Norman Conquest on protective tariffs? The whole thing is worse than a ridiculous pipe dream. Why try to delude the American people with any such statements that this sort of giving away our home markets is going to aid world peace? It would be an expensive price at the best, but what does history say about it?

The Democratic Party was in control of Congress from 1913 on. Did it keep us out of the World War because the Underwood Free-Trade Tariff Act was passed? Why does not Mr. Hull recall the days he spent on this floor as a colleague of some of us and whom we greatly admired before he puts up any such bluff that world peace is involved in a reduction of tariff rates? If that had been true we certainly would never have lost the thousands of the flower of our manhood overseas fighting to make the world "safe for democracy." Now the Secretary of State wants our workingmen to give up their jobs and our farmers and manufacturers to surrender their home market to make the world safe from future wars. A beautiful dream; nothing more.

TREATY PROGRAM HAS FAILED TO EXPAND FOREIGN MARKETS

Now, let us forget a little of this theory that the gentleman has been telling us about and get down to actual brass tacks. What has been accomplished under this reciprocal treaty proposition which was instituted in 1934? Our favorable balance of merchandise trade declined from $478,000,000 in 1934 to $233,000,000 in 1935, a net loss of $243,000,000. This resulted from the fact that our imports increased $392,000,000 in 1935 as against an increase in exports of only $149,000,000.

While not all of the tremendous increase in imports was due to concessions made under the trade treaties, neither was the small increase in exports due entirely to concessions obtained from the few countries with whom treaties were negotiated. The gentleman from Ohio [Mr. HARLAN] is himself authority for the statement that only $23,000,000 of our increased export trade was with treaty countries, but even this amount cannot be attributed entirely to trade concessions, because our exports to the United Kingdom increased $50,000,000 in 1935 over 1934 without benefit of any trade treaty and without giving the United Kingdom any concessions in our market to get the increased business. Similarly, our trade with Canada increased $21,000,000 in 1935 over 1934 before the trade treaty with that country became effective. Many other similar instances could be cited.

FARM EXPORTS DECLINING

When the trade-treaty legislation was under consideration the farmers of the country were promised an increased foreign market for their products. Let us see to what extent the farmers' export market has been increased, whether by trade treaties or otherwise. Looking at the figures published by the Department of Agriculture we find that the exports of many major farm commodities are decreasing rather than increasing. Here are the figures:

Decline in exports of certain major agricultural commodities

Commodity		Exports	
		1934	1935
Wheat (including flour)	bushels	36,500,000	15,700,000
Leaf tobacco	pounds	419,000,000	281,200,000
Bacon, hams, and shoulders	do	83,700,000	61,700,000
Lard	do	341,200,000	96,400,000

And still our Democratic colleagues are always telling us what great friends they are of the farmers. That is the way they have "taken care" of the farmers.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

FARM IMPORTS INCREASING

Mr. TREADWAY. But that is not all the administration has done to the farmer. It has refused to protect the farmer in the domestic market. With imports pouring in from abroad, the administration has not only failed to increase agricultural tariffs where necessary, but has actually reduced many of the existing rates, including the duties on such important products as cattle, cream, cheese, and various vegetables and fruits. This was done in spite of the President's promise to the farmers not to reduce the duties on agricultural products.

As compared with the decline in agricultural exports, here is how some of our agricultural imports have increased since 1934:

Increase in imports of certain major agricultural commodities

Commodity		Imports	
		1934	1935
Live cattle	head	66,000	378,000
Canned beef	pounds	46,700,000	76,300,000
Wheat	bushels	7,700,000	27,400,000
Corn	do	3,000,000	43,200,000
Oats	do	5,600,000	10,100,000
Barley malt	pounds	193,700,000	320,600,000
Egg products	do	3,200,000	7,600,000

The decline in foreign markets and the increase of foreign competition in the domestic markets is not confined to agriculture. We find that exports of cotton cloth, for example, declined 18 percent in 1935, while imports increased 53 percent. It is bad enough for agriculture and industry to see their foreign markets disappear, but when this is coupled with increased competition in the domestic market it means disaster.

MANY REASONS FOR FAILURE OF TREATY PROGRAM

Many reasons could be advanced why the trade-treaty program has proved a failure. In the first place, it is based upon the false notion that by allowing foreign countries to sell us more of their goods we will necessarily benefit by being enabled to sell them more of our goods. Such has not been our experience. It is disproven by the fact that, although we increased our merchandise imports by 24 percent in 1935, our exports only increased 7 percent. When we include our gold and silver purchases, and take into consideration the so-called invisible trade balances, we find that foreign countries in 1934 had an excess purchasing power over the amount necessary to pay all balances in our favor amounting to $970,000,000. In 1935 this excess purchasing power was approximately $2,000,000,000. These tremendous balances in favor of foreign countries were not settled by the sale of additional American goods but by the transfer of stocks, bonds, and other securities.

When we reduce our tariff rates under the trade treaties, foreign countries are quick to take advantage of the opportunity to secure increased business in our rich domestic market, to the detriment of our own producers. It must be kept in mind that our reductions in rates are not confined to the country with whom a particular treaty is negotiated but are extended generally to all countries, Germany alone excepted. On the other hand, we receive concessions only from the country with whom we negotiate a particular treaty. Whether we sell that country any additional goods depends upon our ability to undersell the rest of the world. This throwing open of our market to the whole world, while we get in return concessions of doubtful value from particular countries, is another reason why the trade-treaty program is a failure, and is dangerous and ruinous to our trade.

TREATY NEGOTIATORS NOT SEEKING TRADE ADVANTAGES FOR OUR PRODUCERS

Another reason why the trade-treaty program is such a failure from the standpoint of increasing our foreign trade is that those in charge of the negotiations are more interested in trying to set an example for the world than they are in trying to gain any benefits for our own people. We have definite proof of this fact in the public utterances of these officials. The Assistant Secretary of State, Dr. Sayre, who is Secretary Hull's right-hand man in the trade-treaty negotiations, has this to say in his recent pamphlet, America Must Act, published by the World Peace Foundation—I quote:

> If the purpose for which the act was passed is to be attained our methods must be broader than mere "horse trading." We must make of the act an instrumentality for throwing the weight of American power and influence against the disastrous world movement toward economic nationalism.
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> * * * * * * *
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> What matters is not selfish trade advantages gained by individual nations over their competitors, but the gradual liberalization of world trade through the adoption of similar programs by other nations.

Now there is a frank statement of what these free-traders down in the State Department are trying to do. They are not seeking to gain advantages for our own farmers, manufacturers, or workingmen, but are tearing down our tariff in the pious hope that the world will follow our example. No country is going to be foolish enough to adopt this sort of program unless it is more interested in other countries than it is in its own. The rest of the nations of the world are out to get trade advantages, and are naturally glad to accept the generous concessions offered them by Secretary Hull and his "free-trade missionaries."

FOREIGN COUNTRIES OVERANXIOUS TO ENTER INTO TRADE TREATIES

In this connection, let me cite a statement made by Dr. Grady, Chief of the Trade Agreements Section of the Department of State, before the Committee on Appropriations on December 10, 1934. He was being interrogated by one of the members of the committee who asked him this question:

> With respect to the countries that you have made contacts with up to this time, * * * have you found a sympathetic interest manifested by them to go on?

Here is Dr. Grady's answer:

> Extremely so. As a matter of fact, we have had pressure from countries to proceed before we were ready for them.

Think of that—"pressure" from countries to enter into these agreements. I am not surprised. They have everything to gain and nothing to lose. They know we have the richest market in the world, and they know further that there is nothing binding about the treaties to make them buy anything from this country if they do not choose to do so.

TARIFF REDUCTIONS HAVE INJURED DOMESTIC PRODUCERS

In his recent Chamber of Commerce speech, to which I have already adverted, Secretary Hull made many statements which will be difficult for him to substantiate, but none any more so than the following:

> The general aim of our negotiators is * * * to grant the other country concessions with respect to commodities the possible increased importation of which would be beneficial to our country.

Never was a more absurd statement ever made. If that has been the aim of the negotiators, who do their work in secret star-chamber sessions, it must be that their aim is bad. Perhaps this is due to the lack of "light" upon the proceedings. I could go through the whole list of concessions made under the various trade treaties, which cover some 35 printed pages, and point out scores of items, the increased importation of which could not possibly be of any benefit to this country. Just consider a few of the agricultural items on which substantial reductions in duty have been made. How is it going to help our farmers by reducing the duties on cattle, cream, cheese, poultry, apples, cherries, blueberries, grapefruit, lima beans, peas, potatoes, tomatoes, sugar, tobacco, and other such items? The only beneficiary will be the foreign producer. Likewise the reductions in the duties on certain textiles, on watches, cement, structural iron and steel, plate glass, paper, and other manufactured products can only benefit the foreign producer and the foreign workingman.

CONSUMERS ARE ALSO PRODUCERS

"Yes", the free-trader says, "but what about the consumer? Is he not benefited?" My answer is simply this: If it is so good for the consumer to buy a few things abroad, why is it not good for him to buy everything abroad, since he can get it cheaper? There is a reason and a very good reason. The word "consumer" is a very indefinite term. A farmer is a consumer, but he is also a producer. The same is true of the workingman. We find that the terms "producer" and "consumer" generally identify the same person. If all consumers are benefited by the importation of cheap goods, then all producers must be adversely affected. In the end we would find that our so-called consumers would have nothing with which to buy the cheap foreign goods, because as producers they would have been put out of business by foreign competition.

The exponents of the trade-treaty program are very fond of saying that when some export industry is benefited under a trade treaty, this benefit is reflected in many directions and accrues to many more persons than those directly affected. However, the same is true with respect to the injury done to individual groups under the trade treaties through the granting of concessions to foreign countries. That injury is reflected throughout the whole country. We consume in this country 90 percent of what we produce and export 10 percent. If we increase the 10 percent at the expense of the 90 percent, nothing is gained. Moreover, it may be pointed out that it would take a 90-percent increase in the 10 percent exported to be the equivalent of a 10-percent increase in the 90 percent consumed at home.

DEMOCRATIC CRITICISM OF REPUBLICAN TARIFF NOT BORNE OUT BY FACTS

If I may refer again to Secretary Hull's recent chamber of commerce speech, I should like to call attention to his conception of what would happen if we repealed the trade-treaty legislation and abrogated the treaties made thereunder. Here is what he has to say on this point:

> We would automatically go back to the Smoot-Hawley tariff and face once more the vicious discrimination against our trade which it caused and the virtually suicidal effort at economic self-containment which it represented.

Now, let us analyze that statement for a moment. In the first place, let me say that the Hawley-Smoot tariff is still the law of the land after 3 years of Democratic control, except insofar as it has been modified by particular trade treaties. The Democratic platform of 1932 severely criticized the Hawley-Smoot tariff and promised the country a tariff "for revenue." If the 1930 act was such a bad law, I cannot for the life of me see why the Democrats have not repealed it. The late Speaker Rainey gave the probable reason back in 1932 when he declared on this floor:

> Lower the tariff drastically? You (Republicans) will not do it and we (Democrats) dare not do it with conditions as they are. We do not want this market flooded with the products of cheap labor in other countries.

Every revision of the rates made through the trade treaties is a downward revision, except where existing rates are "frozen" for a definite period. There are no tariff increases under the treaties—no element of protection for American agriculture, industry, and labor. The Republican tariff yardstick of equalizing foreign and domestic production costs has been thrown out entirely. The administration, in the words of Speaker Rainey, is now engaged in flooding the market "with the products of cheap labor in other countries."

To return to Secretary Hull's statement, to which I have made reference. He stated that the 1930 Tariff Act caused vicious discriminations against our foreign trade. Let me say that our trade was no more discriminated against than was that of any other country. When the world-wide depression began, each nation tried to protect its own market by raising tariff barriers, and we were not alone in that. When the bottom of the depression in this country was reached in 1932 and domestic conditions began to improve, our foreign trade likewise began to climb. Exports and imports in 1933 were both greater than in 1932.

FOREIGN TRADE ON INCREASE PRIOR TO TRADE TREATIES

From 1933 to 1934 our exports alone increased $458,000,000, which seems to have disproved the charges made by our Democratic friends that the Hawley-Smoot tariff would stifle our international trade.

The interesting thing is that the increase in export trade since the trade-treaty legislation became effective has been smaller than it was under the "iniquitous" Hawley-Smoot Act before it was modified by the trade treaties. As against the $458,000,000 increase in exports from 1933 to 1934, the increase from 1934 to 1935 was only $149,000,000. The import situation, however, was just the reverse. From 1933 to 1934 our imports increased only $205,000,000 as against an increase of $392,000,000 between 1934 and 1935.

I should like to point out that when the Fordney-McCumber Tariff Act of 1922 was passed, the Democrats charged that it, too, would stifle our foreign trade, but our exports and imports increased every year up to and including 1929, when we exported merchandise of the value of $5,240,000,000 as against imports of $4,400,000,000.

INCREASED IMPORTS THE RESULT RATHER THAN CAUSE OF DOMESTIC PROSPERITY

While large imports and prosperity go hand in hand, it is not true, as Secretary Hull and other free-traders attempt to make people believe, that imports are the cause of our prosperity. Rather, increased imports result from our prosperity. In good times we need more raw materials, and our people are able to afford more luxuries. If imports were the cause of prosperity, then it would necessarily follow that if we bought everything we needed abroad, we would reach the zenith of prosperity. Of course, any such notion is ridiculous, yet the whole trade-treaty program is founded on just such fallacious notions and theories as that.

Despite all the charges made by our Democratic brethren the Hawley-Smoot Tariff Act does not present an insurmountable barrier to foreign imports. Two-thirds of our imports on the basis of value now come in duty-free, which is more than can be said about the imports of most foreign countries, whose tariffs are purely arbitrary and do not represent an attempt merely to equalize foreign and domestic production costs.

I do not understand how Secretary Hull can characterize the 1930 tariff as a "suicidal effort at economic self-containment" in view of the fact that such a vast proportion of our imports are duty-free, and in view of the further fact that we have a tremendous importation of dutiable products, both agricultural and manufactured, in spite of the tariff duties which it imposes.

This reference to "self-containment" is just another argument used to attack the protective-tariff system and bolster support for the free-trade theories the administration is seeking to put into effect. I use the words "free trade" in a rather broad sense; but when rates are not protective, we might just as well have free trade. So far as I know, no one has ever proposed that we shut out all imports. It is recognized that there are many things which we do not produce which we must and will continue to buy abroad. Hence any effort to make people believe that the abandonment of the trade-treaty program means the erection of a Chinese wall around this country is just plain misrepresentation. The proponents of the program are so hard up for arguments that they have to set up "straw men" just to be able to knock them down again.

TARIFF WILL BE A LEADING ISSUE IN ELECTION

In the coming election campaign, there is no question but that the tariff will be one of the leading issues before the country. The people will have the opportunity to determine the clear-cut question of whether they wish the present policy of "ruinous reciprocity" continued, or go back to the long-established Republican policy of giving American agriculture, industry, and labor the first chance to supply the needs of the domestic market.

It is going to be difficult for the administration to explain the inconsistency of its position in telling our farmers on

the one hand to restrict their production while on the other hand taking no steps to stop the flooding of our market with foreign agricultural products. The farmer has seen his foreign market disappear, and now the administration is taking his domestic market away from him.

Likewise it is going to be difficult for the administration to explain the inconsistency of its position in telling our employers on the one hand to put men back to work, while on the other hand, tearing down our tariff and permitting foreign competition to drive these employers out of business.

The administration talks about raising the wage level, but even the present wage level cannot be maintained if our workers must compete on equal terms with the cheap labor of Europe and the Orient.

Free trade is not the key to prosperity. As the German economist, List, has said:

> Free trade is an idealism not to be engaged in until the people with whom you trade have the same living standards as your own, otherwise they will tear you down to their level.

Likewise, reduced tariffs are not the answer to the problem, since they also mean a lowering of the wage level and living standards. We must face the fact that our prosperity is based primarily on the home market. Our foreign trade is important, but incidental. It is to our interest to conserve the home market so far as possible for our own people. The Republican policy of protection is dedicated to that principle. The policy of the present Democratic administration, on the other hand, is to share that market with the world, notwithstanding the fact that two-thirds of our imports already come in duty-free. The people will determine next November which course they wish to follow in the future; and I have every confidence that they will reaffirm their belief in the Republican principle of protection as they have always done in the past after a short trial of Democratic free trade. [Applause.]

[Here the gavel fell.]

NATIONAL SAFETY AND ACCIDENT PREVENTION

Mr. O'NEAL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 11108) to advance a program of national safety and accident prevention.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of $50,000 to be expended under the direction of the Secretary of Commerce for the furtherance of the work of the accident-prevention conference. Money appropriated pursuant to this act shall be available upon vouchers approved by the Secretary of Commerce for fostering accident-prevention work on the part of organizations engaged in the promotion of safety and accident prevention; preparation and printing of material designed to enlighten the general public in matters of safety and accident prevention, such material to be disseminated through schools, newspapers, magazines, the radio, or any other means of intercourse or communication; the preparation and attempts to obtain enactment of uniform vehicle regulations in the several States; clerical assistance for the members of the general committee of the Accident Prevention Conference; travel expenses incurred by members of the general committee of the Accident Prevention Conference in the furtherance of the work of the said conference.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMPACT BETWEEN CERTAIN STATES

Mr. CITRON. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Joint Resolution 377, to enable the States of Maine, New Hampshire, New York, Vermont, Massachusetts, Rhode Island, and Connecticut to conserve and regulate the flow of and purify the waters of rivers and streams whose drainage basins lie within two or more of the said States.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the immediate consideration of the joint resolution?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the consent of the Congress of the United States is hereby given to the States of Maine, New York, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut, or any two or more of them, to negotiate and enter into agreements or compacts for conserving and regulating the flow, lessening flood damage, removing sources of pollution of the waters thereof, or making other public improvements on any rivers or streams whose drainage basins lie within any two or more of the said States.

SEC. 2. No such compact or agreement shall be binding or obligatory upon any State a party thereto unless and until it has been approved by the legislatures of each of the States whose assent is contemplated by the terms of the compact or agreement and by the Congress.

With the following committee amendments:

Page 1, line 5, strike out the word "and"; and on page 1, line 6, after the word "Connecticut", insert "Pennsylvania, West Virginia, Kentucky, Indiana, Illinois, Tennessee, and Ohio."

The committee amendments were agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title of the joint resolution was amended to read: "Joint resolution to enable the States of Maine, New Hampshire, New York, Vermont, Massachusetts, Rhode Island, Connecticut, Pennsylvania, West Virginia, Kentucky, Indiana, Illinois, Tennessee, and Ohio to conserve and regulate the flow of and purify the waters of rivers and streams whose drainage basins lie within two or more of the said States."

PERMISSION TO ADDRESS THE HOUSE

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent that on next Monday, immediately after the reading of the Journal and the disposition of business on the Speaker's table, I may be permitted to address the House for 30 minutes.

Mr. BANKHEAD. Mr. Speaker, reserving the right to object—I do not think I shall object—next Monday is District day.

I do not see a member of the District Committee here who might want to make an objection, but I hope Members hereafter will be very reasonable in their requests along this line.

Mr. ROBSION of Kentucky. I may say that I was granted this time some time back, but I was ill and could not take advantage of it. I have been here for years and have not made many of these requests.

Mr. BANKHEAD. I am not going to object.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

PRIVATE CALENDAR

The SPEAKER. The Clerk will report the first omnibus bill on the Private Calendar.

The Clerk called the first bill, H. R. 9054, for the relief of sundry claimants, and for other purposes.

The Clerk read as follows:

Title I—(H. R. 971. For the relief of the Tevis Motor Co.)

That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the United States Treasury not otherwise appropriated, the sum of $415 to the Tevis Motor Co., a corporation with its principal place of business at St. Louis, Mo., said sum representing money collected from the sale of one Ford Tudor sedan, owned by said Tevis Motor Co., seized by the United States customs officials in the State of Florida and subsequently sold under the forfeiture and sales provisions of the National Prohibition Act, the proceeds from said sale being paid into the United States Treasury.

With the following committee amendment:

Page 2, line 1, strike out "said sum representing" and insert "in full settlement of all claims against the United States for", and after line 8, insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or

agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

Mr. COSTELLO. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 1, line 3, strike out all of title I.

Mr. COSTELLO. Mr. Speaker, this bill provides that the Tevis Motor Co. shall be paid the sum of $415 for an automobile which was taken over by the prohibition agents and sold. This car had been sold by the Tevis Motor Co. on a conditional sales contract and was used in bootlegging. As a result it was confiscated by the Government. The court ordered that the car be sold, and in accordance with the court order it was sold and the sum of $415 was received from the sale.

The Tevis Motor Co. failed to protect its rights, and it was not until after the sale had taken place that the company applied to the court for an order to restrain the sale and protect their title to the car. As a result of the failure of the company to protect its own rights, I feel they are not entitled to relief at this late date, and for this reason I oppose the passage of the bill and recommend that the amendment which I have just offered be adopted.

The SPEAKER. The question is on the amendment offered by the gentleman from California [Mr. COSTELLO].

The amendment was agreed to.

The Clerk read as follows:

Title II—(H. R. 3559. For the relief of John L. Alcock.)

Whereas the Court of Claims of the United States, in the case of John L. Alcock, trading as John L. Alcock & Co., against United States (no. J 567), has ascertained and determined that John L. Alcock, having first obtained in January 1918 the authority and consent of the Spruce Production Division of the War Department and the necessary permits and releases from the War Department and the British Government, accepted in February 1918 foreign contracts or orders for the shipment and delivery from February 1918 to December 1918 of 6,000,000 feet of spruce and fir lumber to be exported for the use of the British Army for the prosecution of the war, and entered into contracts with the American mills for the production and shipment of said 6,000,000 feet of lumber; and

Whereas the said Court of Claims in said case has found that on April 6, 1918, the said Spruce Production Division of the War Department refused to permit any further shipments under the said contracts and foreign orders and on April 9, 1918, ordered the said contracts between the said Alcock and the American mills to be canceled; and

Whereas the said court has found that at the time of the promulgation of said order canceling the said contracts there was undelivered thereunder 5,290,363 feet of said lumber covered by said Alcock's foreign orders, and that had he been allowed to deliver the said lumber, Alcock would have received a profit of $195,230.62, being the difference between what he would have received from the foreign purchasers upon delivery of the lumber, less commissions and ocean and inland freight, and the amount which he had agreed to pay to the American mills free on board cars at mills; and

Whereas the said court has determined that the said Alcock, under the act of Congress approved May 28, 1928 (Private, No. 226, 70th Cong, S. 3308), entitled "An act to confer jurisdiction on the Court of Claims to hear and determine the claim of John L. Alcock", has no right of recovery for the loss or damage sustained by him growing out of the withdrawal of the right of shipment under his foreign orders and the cancelation of his domestic contracts and for the unfulfilled portion of his said foreign orders; and

Whereas it was the purpose of Congress to confer jurisdiction upon the Court of Claims to hear, determine, and award compensation for the claim of the said Alcock for losses and/or damages sustained by him by reason of the prevention by governmental agencies of the performance of all the said contracts, executed or executory, for the shipment and delivery of said lumber: Therefore

That (1) the Court of Claims of the United States be, and hereby is, given jurisdiction to hear and determine the claim of the said John L. Alcock, and to award him compensation for losses and/or damages, if any, sustained by him by reason of the action of the officers of the Signal Corps and/or the spruce-production division of the War Department in promulgating the order refusing to permit any further shipments under his said contracts and foreign orders and directing the canceling of the said contracts of the said Alcock with the said American mills; and to enter a decree or judgment against the United States for such losses and/or damages, with interest thereon at 6 percent from April 6, 1918, until paid, notwithstanding the executory character of such contracts and that there had been no delivery of title to him under his contracts with the American mills, such losses and/or damages to be measured by the difference between what he would have received from the foreign purchasers upon delivery of the lumber, free on board cars at mills, and the amount he had agreed to pay the American mills free on board cars at mills.

(2) The Court of Claims in the adjudication of the said claim is authorized in its discretion to use, in addition to any evidence that may be offered in any suit which may be brought under this act, the pleadings and evidence in the case of John L. Alcock & Co. against the United States (61 Ct. Cls. 312), and in the case of John L. Alcock & Co. against the United States (no. J–567), decided April 4, 1932.

(3) Suit hereunder may be instituted at any time within 4 months after the approval of this act, notwithstanding lapse of time or any statute of limitations, and proceedings therein shall be had as in the case of claims over which such court has jurisdiction under section 145 of the Judicial Code as amended.

With the following committee amendment:

Beginning on line 22, page 2, strike out all the preamble, and in line 12, on page 4, strike out "with interest thereon at 6 percent from April 6, 1918, until paid."

The committee amendment was agreed to.

The Clerk read as follows:

Title III—(H. R. 3575. For the relief of Mrs Lawrence Chlebeck)

That the Secretary of the Treasury be and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Lawrence Chlebeck the sum of $2,000 as compensation in full for injuries sustained in the United States customhouse building, St. Paul, Minn.

With the following committee amendment:

Page 6, line 2, strike out "$2,000 as compensation in full", and insert "$750, in full settlement of all claims against the United States" and in line 5, after the word "Minnesota" insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to, or received by, any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: On page 5, beginning with line 22, strike out all of title III.

Mr. HANCOCK of New York. Mr. Speaker, let me state the facts very briefly with reference to this claim. The claimant, Mrs. Chlebeck, says she fell in a post-office building because the steps were slippery. It seems the day on which this accident occurred was a wet day. There had been a light snowfall. People walked in and out of the building and the steps were necessarily made wet and somewhat slippery. Unfortunately this lady slipped and fell, either because the steps were wet or for some other reason.

In my humble judgment, there is no liability whatever. There would not be any liability on the part of a private owner of the building, in my opinion, and there is no liability on the part of the Government. It is just one of those unfortunate accidents. I find nothing in the record to indicate that the agents of the Government were guilty of any neglect or wrongdoing. I cannot see the theory on which the claim is based at all. We all know that snow is slippery, which, of course, cannot be helped. We know that people who walk in slippery places must be careful. The Government cannot insure people against falling down, and the Government is not responsible for the fact that it snows in the wintertime or that snow is slippery.

Mr. MAAS. Will the gentleman yield?

Mr. HANCOCK of New York. I yield to the gentleman from Minnesota.

Mr. MAAS. In St. Paul there is liability within buildings as well as without. This is clearly a case of negligence on the part of the Government. This snow had been tramped

into the building, and the accident occurred on a rather narrow, steep stairway that had been swept out once or twice, but then the janitor became negligent and left considerable snow there which had been tramped in. The steps became wet and slippery. This woman slipped and fell purely through the negligence of the Government. Had the accident occurred in a private building, I may say to the gentleman, the owners of the building would have been liable, and they would have had to pay a great deal more than the modest sum asked for in this bill.

Mr. Speaker, this woman has raised 14 children. Her earning capacity has been very materially reduced, if not practically destroyed. She has carried on the best way she possibly can. I may say we have constantly paid claims where a Government truck has backed into somebody, and I do not see any difference so far as this case is concerned.

Mr. HANCOCK of New York. Mr. Speaker, it is a question of opinion purely. There are many good lawyers here. I have no pride of opinion, but it seems to me in a case of this sort and under the circumstances there is no liability on the part of the Government. I think the Members fully understand the facts. People going in and out of a public building on wet, snowy days track snow in there and the steps become slippery. This woman fell under those circumstances, and that is all there is to the matter.

I simply say very modestly that in my opinion there would not be any liability on the part of a private owner. Other gentlemen may disagree with me, but I have stated the facts, and the House may reach its own conclusion.

Mr. MAAS. Is not that a pretty hard and cold-blooded attitude to take?

Mr. HANCOCK of New York. Well, it is very easy to be generous with Government funds. I do not think we have any right to make gratuity settlements with respect to claims against the Government based on facts which would not warrant a recovery in a private action.

Mr. MAAS. That is a question of fact. In Minnesota you could recover on the facts involved in this case if it were a private owner.

Mr. HANCOCK of New York. That is a question of opinion, too. I submit the matter to the judgment of the House.

Mr. EKWALL. Mr. Speaker, I rise in opposition to the amendment.

I investigated this claim. In years gone by I have sat in the trial of many personal-injury cases. I am positive from the facts adduced in the hearing on this bill that it is a case which in court would have gone to a jury and in which a recovery would have been had. The Government was clearly liable in that it failed to take the ordinary precaution of using sand or some similar substance to keep the stairway from being slippery. This lady, who is the mother of 14 children—of course, this has nothing to do with the question of liability—slipped and fell and broke her wrist and partially paralyzed her arm. The claim was reduced from $2,000 to $750. The committee went into the claim very carefully.

There are a number of lawyers on this committee who have had experience in this line and the report is a unanimous one to the effect that there is liability in the case, and I therefore believe the amendment should be voted down.

The SPEAKER pro tempore (Mr. DRIVER). The question is on the amendment offered by the gentleman from New York [Mr. HANCOCK].

The amendment was rejected.

The Clerk read as follows:

Title IV—(H. R. 3729. To confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, Laura B. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania)

That (1) the Court of Claims of the United States be, and it hereby is, given jurisdiction to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, Laura B. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania, and severally to award judgments covering compensation for losses and/or damages arising through the seizure, condemnation, and sale of those certain lands, theretofore belonging to them, more specifically described in the decree of the District Court of the United States for the Eastern District of Pennsylvania, on June 9, 1921, in a proceeding entitled "United States of America against Certain Tract of Land in Falls Township and borough of Tullytown, Bucks County, Pennsylvania", December term, 1918, no. 5860, notwithstanding the fact that said claimants executed and delivered deeds pursuant to the said decree of the court in the above-entitled matter, and, notwithstanding that said claimants were paid the respective amounts set forth in said decree, the said losses and/or damages to be awarded to be the difference between the entire amount paid by the Government for the whole tract and the amount for which the Government subsequently sold the tract, as the respective interests of the claimants may appear, together with interest thereon at the rate of 6 percent per annum from the date of the Government's entry upon the land, to wit, October 1, 1918, until paid.

(2) Suit hereunder may be instituted at any time within 4 months after the approval of this act, notwithstanding lapse of time or any statute of limitations, and proceedings herein shall be had as in the case of claims over which such court has jurisdiction under section 145 of the Judicial Code as amended.

Amend the title so as to read: "A bill to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania."

With the following committee amendments:

Page 7, line 4, strike out "Laura B. Margerum" and insert "estate of Harry B. C. Margerum."

Page 7, line 25, strike out "together with interest thereon at the rate of 6 percent per annum from the date of the Government's entry upon the land, to wit, October 1, 1918, until paid."

Amend the title.

The committee amendments were agreed to.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 6, line 18, strike out all of title IV.

Mr. COSTELLO. Mr. Speaker, this bill involves a tract of land taken over by the Government during the war to be used in connection with a munitions plant in Pennsylvania. The land was taken over on October 1, 1918, as a result of a condemnation suit. The owners were paid for this land in excess of the sum of $472,000. The Government kept the property until 1927, when the land was sold as being of no further use to the Government.

Prior to the sale of the ground the Government was offered a rather large sum for the property, due to the fact that underlying the soil there were valuable deposits of gravel and sand. Prior to the Government taking over the property it was used solely as agricultural land and at the time of the condemnation the owners of the property did not set up its value as gravel-bearing or sand-bearing soil, with an extremely high value; but it was taken over as agricultural land.

Now, as a result of the sale of this property by the Government and an increased value because of the nature of the soil, the former owners are attempting to come in here and get the right to go to the Court of Claims and recover the difference between the amount the court allowed them and the amount which the Government received; namely, $1,620,000.

Apparently the idea seems to be that the Government is not entitled to any profit upon any property of this sort, even though a period of years may have elapsed, and these people want to come in and reap the benefit of a subsequently discovered value in the property.

I do not believe the claimants are entitled to this relief. I think the Federal Government should be entitled to keep the $1,000,000 increase in the value of the property which they received as a result of its sale, and I recommend that the amendment which I have offered be adopted.

Mr. FREY. Mr. Speaker, I rise in opposition to the amendment. If the background of this bill were as stated by the gentleman from California [Mr. COSTELLO], I would probably agree with him. It is not the fact, however, that

the claimants did not know of the gravel and sand content of their land which was taken by the Government. They certainly did know that the land contained the finest gravel to be found near the Atlantic coast. What is more, the purchasers of the land from the Government had previously negotiated with the claimants, the owners of the land, for the purchase of their property because of the gravel and sand content.

Another reason I cannot agree with the gentleman from California is the fact that this land was not taken by the Government in October 1918. On the contrary, in the early part of 1918 the Government, by its agents, called upon the claimants and took leases for their farms upon the representation that they were necessary for governmental purposes, to wit, to build an arsenal. These leases ran for a period of 6 months and contained an option to buy. Of course, the Government had the right at the expiration of the leases to remove all its personal property. Before the expiration of the leases, agents of the Government called upon the claimants and told them they would not be paid any more rent as the Government proposed to condemn the property and build a permanent arsenal, and that there had been a contract entered into between the Government and the Foundation Co. of America for the construction of a bag-loading plant. Work started in May, and on the date of the armistice and the end of the war, November 11, 1918, it was in a partial state of completion.

This partially completed contract was suspended on November 12, 1918. Up until that time there had been no factory erected upon the acreage, the buildings consisting principally of houses for the personnel. Notwithstanding the war was over, and notwithstanding the contract for the erection of the arsenal and bag-loading plant had been suspended, the United States, on January 7, 1919, filed a petition for condemnation in the United States District Court for the Eastern District of Pennsylvania to condemn the lands of these claimants.

On January 14, 1919, 7 days after this petition was filed, the contract was canceled and no more work was done or money expended by the Government. The fact that all work was suspended and the contract definitely canceled was withheld from the court in which the condemnation proceedings had been begun. The matter then proceeded in a leisurely fashion, and the jury of view filed its report on May 6, 1921, over 2 years after the beginning of the action. The Government again failed to disclose to the court these facts, when, on June 9, 1929, a final decree of condemnation was obtained.

In deciding upon your vote, I ask you to remember that the condemnation proceedings were begun in January 1919; that the claimants—the owners—did know of the gravel and sand content of their land; that they had refused to enter into negotiations for the purchase and sale of their land before the war, as well as the further facts that the contract for the construction of the loading plant was definitely canceled on January 14, 1919, and that no work had been done by the Government or money expended upon the land after the signing of the armistice on November 11, 1918.

In December 1927, after the sale and removal by the Government of the personal property, the land was sold for almost five times the amount of money the Government had paid the claimants. This increase in the sale price is admitted to have been due to the gravel and sand content of the land, known to the claimants at the time the Government condemned the property, known to the Government officials themselves, and certainly known to the purchasers of the property.

All the claimants ask is that the Government return to them the money received from the purchasers for the claimants' land which had been taken from them upon the representation that the land was to be used for the manufacture of munitions for war.

Mr. KENNEDY of Maryland. Will the gentleman yield?

Mr. FREY. I yield.

Mr. KENNEDY of Maryland. All they ask is to go into the Court of Claims and have the same rights that they had at the time of the negotiations.

Mr. FREY. Yes. We are not asking for any appropriation; we are asking to be heard in the Court of Claims.

Mr. LAMNECK. Will the gentleman yield?

Mr. FREY. Yes.

Mr. LAMNECK. What was the date the Government paid for this property?

Mr. FREY. On or about June 25, 1921, the Government deposited the money in the registry of the court at Philadelphia.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from California.

The question was taken and the amendment was rejected.

The Clerk read as follows:

Title V—(H. R. 3907. For the relief of James L. Park)

That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to James L. Park, of Philadelphia, Pa., the sum of $2,000. Such sum represents the amount of two Liberty bonds of the face value of $2,000 deposited by the said James L. Park with the United States District Court for the Southern District of Florida to secure the appearance in such court of Charles Park and Ned Shaw.

With the following committee amendments:

Page 8, line 15, after the figures, insert "in full settlement of all claims against the United States."

Page 9, line 1, strike out the period, insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The Clerk read, as follows:

Title VI—(H. R. 4841. For the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department)

Mr. KENNEDY of Maryland. Mr. Speaker, a similar Senate bill has already been passed. Therefore, I move to strike out title 6 of the bill.

The motion was agreed to.

The Clerk read as follows:

Title VII—(S. 537. For the relief of C. O. Meyer)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to C. O. Meyer the sum of $297.86. Such sum represents the amount paid to C. O. Meyer as substitute carrier while he was postmaster at Meyers Mill, S. C., and which amount was charged by the Department to the account of C. O. Meyer: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 22, line 12, after the figures, insert "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The Clerk read as follows:

Title VIII—(S. 560. For the relief of the Western Electric Co., Inc.)

That the Secretary of the Treasury be, and he is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Western Electric Co., Inc., the sum of $7,192.35, in full satisfaction for services and materials furnished the War Department in connection with a contract dated June 5, 1920, and for completing certain work in connection with subaqueous sound-ranging equipment for seacoast defenses: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact,

collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Title IX—(S. 760. For the relief of Harry P. Hollidge)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Harry P. Hollidge, the sum of $903.70, in full settlement of all claims against the Government for damages to his automobile as the result of a collision with a Packard truck belonging to the War Department, said collision occurring on the evening of March 27, 1919, on the Baltimore-Washington Pike: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Title X—(S. 920. For the relief of Ruth J. Barnes)

That the Chief of Finance of the Army shall cause to be paid to Ruth J. Barnes, wife of Joseph A. Barnes, late of the Air Corps Reserve, Air Service, United States Army, who was killed while engaged in flying at the Brooks Field, Tex., on October 12, 1932, an amount equal to 6 months' pay at the rate the said Joseph B. Barnes was receiving at the date of his death. Such amount shall be paid from funds appropriated for pay of the Army.

Title XI—(S. 1360. For the relief of Teresa de Prevost)

That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Teresa de Prevost the sum of $25,000, in full satisfaction of her claim against the United States for losses sustained by reason of alleged irregularities in the distribution through the State Department to claimants under the so-called Alsop award of July 4, 1911, made by the King of Great Britain as arbitrator: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. COSTELLO. Mr. Speaker, I offer the following amendments which I send to the desk and ask to have read.

The Clerk read as follows:

Amendments offered by Mr. COSTELLO: Page 25, line 10, after the word "of", insert "estate of."

The SPEAKER pro tempore. The question is on agreeing to the amendment offered by the gentleman from California.

The amendment was agreed to.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 25, line 14, after the word "to", insert "the estate of."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question now is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendment of the House to the amendment of the Senate no. 26, disagrees to the amendment of the House to the amendment of the Senate no. 49, further insists upon its amendments nos. 48 and 52 to the bill (H. R. 10919) entitled "An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1937, and for other purposes", asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GLASS, Mr. MCKELLAR, Mr. HAYDEN, Mr. STEIWER, and Mr. NORBECK to be the conferees on the part of the Senate.

CALL OF THE HOUSE

Mr. RICH. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER pro tempore. Evidently there is no quorum present.

Mr. COOPER of Tennessee. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 99]

Adair	Eaton	Lee, Okla.	Romjue
Andrew, Mass.	Ellenbogen	Lehlbach	Russell
Andrews, N. Y.	Fenerty	Lemke	Sabath
Barden	Ferguson	Lesinski	Sadowski
Berlin	Fitzpatrick	Lundeen	Sanders, La.
Bolton	Gambrill	McGroarty	Sandlin
Brennan	Gassaway	McKeough	Schaefer
Brewster	Gifford	McLean	Schuetz
Brooks	Gingery	McSwain	Sears
Buckler, Minn.	Gray, Pa.	Maloney	Seger
Buckley, N. Y.	Green	Marcantonio	Sisson
Bulwinkle	Greenway	Meeks	Smith, W. Va.
Caldwell	Greenwood	Miller	Snyder, Pa.
Cartwright	Gwinne	Mitchell, Tenn.	Starnes
Cary	Hamlin	Montague	Steagall
Casey	Hancock, N. C.	Montet	Stewart
Cavicchia	Harter	Moran	Taber
Chapman	Hartley	Nelson	Taylor, Colo.
Claiborne	Hess	Nichols	Utterback
Clark, Idaho	Hill, Samuel B.	Norton	Wearin
Connery	Hoeppel	O'Day	Weaver
Cummings	Hollister	Palmisano	Wigglesworth
Dear	Hook	Parks	Wilcox
Dempsey	Hope	Perkins	Williams
DeRouen	Kee	Peterson, Fla.	Wilson, La.
Dietrich	Keller	Pierce	Withrow
Dingell	Kerr	Rabaut	Wolfenden
Dirksen	Kleberg	Ransley	Wolverton
Eagle	Lea, Calif.	Risk	Zioncheck

The SPEAKER pro tempore. Three hundred and nine Members have answered to their names. A quorum is present.

Without objection, further proceedings under the call were dispensed with.

UNIFORM SYSTEM OF BANKRUPTCY

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the communication received from the Senate with regard to the bill H. R. 8940 be laid before the House.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The SPEAKER pro tempore. The Chair lays before the House the request of the Senate referred to by the gentleman from Texas, which the Clerk will report.

The Clerk read as follows:

THE SENATE OF THE UNITED STATES,
May 12 (calendar day, May 18), 1936.

Ordered, That the Secretary be directed to request the House to return to the Senate the bill H. R. 8940, an act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, with the Senate amendments and all papers pertaining thereto.

The SPEAKER pro tempore. Without objection, the request of the Senate will be acceded to.

There was no objection.

PRIVATE CALENDAR

The Clerk will call the next omnibus bill on the Private Calendar.

The Clerk called the next bill, H. R. 9112, for the relief of sundry claimants, and for other purposes.

The Clerk read as follows:

Title I—(H. R. 237. For the relief of the Rowesville Oil Co.)

That the statutes of limitation so far as they bar the linters claim of the Rowesville Oil Co., now owned by the estate of W. C. Fairey, against the United States of America, arising out of contract had with the Government, expiring July 31, 1919, be, and the same are hereby, waived and revoked.

SEC. 2. That said claimant is hereby authorized to file and have said claim adjudicated by the Court of Claims of the United States.

Title II—(H. R. 254. For the relief of the Farmers' Storage & Fertilizer Co., of Aiken, S. C.)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay the Farmers' Storage & Fertilizer Co., of Aiken, S. C., out of any money in the Treasury not otherwise appropriated, the sum of $4,967.97, which represents the balance due and unpaid on 123 bales of linters purchased under contract by the United States Government through its agents on December 31, 1918.

With the following committee amendment:

Strike out all of lines 7 to 14, both inclusive, on page 2, and insert: "That the statutes of limitation, so far as they bar the linters' claim of the Farmers' Storage & Fertilizer Co., of Aiken, S. C., now owned by Wesley Johnson, against the United States of America, arising out of contract had with the Government, expiring January 1, 19 , be, and the same are hereby, waived and revoked."

Mr. BEITER. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. BEITER: Page 2, line 19, after "January 1", strike out "19 " and insert in lieu thereof "1918."

The amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

The Clerk read as follows:

Title III—(H. R. 3790. For the relief of Walter W. Johnston)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Walter W. Johnston, out of any money in the Treasury not otherwise appropriated, the sum of $5,495 as full compensation to him, the said Walter W. Johnston, for personal services rendered to the United States Shipping Board Emergency Fleet Corporation and the use of appliances personally owned and operated by him in connection with the launching of ships for the United States Shipping Board Emergency Fleet Corporation for carrying on the war. The ships were launched at the shipyards of the fourth and other districts during the year 1918 and subsequent thereto, said work being done by order of and under the direction of the district supervisor of the United States Shipping Board Emergency Fleet Corporation, and for which services and use of his devices the claimant has not been fully compensated by the United States Shipping Board Emergency Fleet Corporation or the United States.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 2, line 21, strike out all of title III.

Mr. COSTELLO. Mr. Speaker, this bill provides for the payment of $5,495 to Walter W. Johnston, who had developed during the war a method for the launching of ships. In order to obtain recovery Johnston took his case to the Court of Claims and was given judgment. As a part of the judgment, the sum of $5,495, which was paid by private shipbuilding companies to him as salary and expenses, was alleged by the Government as not to be due him from the Government, and that that amount should therefore be deducted from the $20,000 which Johnston recovered in this judgment in the Court of Claims. Johnston alleges that this sum of $5,495 was not salary but was only his expense money. He, therefore, contends that it should not be deducted from the judgment of $20,000, whereas the Government takes the opposite attitude. The Government also feels that the decision of the court should be final and that it should not be reopened by Congress going behind the decision and making payment of this sum of money. In my opinion, the motion to strike out the title should be adopted and the sum of $5,495 should not be paid to Walter W. Johnston.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. COSTELLO. I yield.

Mr. RICH. As I understand, the gentleman has asked that the sum of $5,495 be reduced in this claim? Is that it?

Mr. COSTELLO. My motion is to strike out the entire title.

Mr. RICH. I think if the membership will read the statement put in the RECORD yesterday by the gentleman from Missouri [Mr. COCHRAN], giving the reasons why the claim should be rejected, they will agree with the gentleman.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from California [Mr. COSTELLO].

The amendment was agreed to.

The Clerk read as follows:

Title IV—(H. R. 1618. For the relief of Anna McDonald)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any funds in the Treasury not otherwise appropriated, the sum of $422.50, with interest, to Anna McDonald, being in full settlement of all claims against the Government in the name of her deceased husband, James McDonald, who served in the Civil War, said claim having been approved by the Court of Claims, February 6, 1905.

With the following committee amendment:

On page 3, line 20, strike out the figures "$422.50" and insert in lieu thereof "$422.45."

The committee amendment was agreed to.

The Clerk read as follows:

Title V—(H. R. 4059. For the relief of Ella B. Kimball, daughter and only heir of Jeremiah Simonson)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Ella B. Kimball, daughter and only heir of Jeremiah Simonson, the sum of $16,441.81, being the amount found due by the Court of Claims, as reported to Congress in Senate Document No. 320, Fifty-ninth Congress, second session, and also contained in Court of Claims Congressional Cases, volume 16, page 703.

Title VI—(H. R. 6356. To carry out the findings of the Court of Claims in the case of Joseph G. Grissom)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Joseph G. Grissom, widow of Joseph G. Grissom, late a second lieutenant, Company H, One Hundred and Thirtieth Regiment Indiana Volunteer Infantry, $1,208.19, being for 12½ months' extra pay proper of his grade in the Volunteer service, due him at the time of his honorable discharge.

With the following committee amendment:

Page 4, line 21, strike out "$1,208.19" and insert in lieu thereof "$1,153.43."

The committee amendment was agreed to.

Title VII—(H. R. 7727. To confer jurisdiction on the Court of Claims to hear and determine the claim of George B. Marx, Inc.)

That the Court of Claims of the United States be, and it is hereby, given jurisdiction to hear and determine the claims, legal or equitable, of George B. Marx, Inc., a New York corporation, and assignee or successor of George B. Marx, growing out of or arising under or from the suspension and cancelation of a certain contract no. 4241, dated August 6, 1918 (order no. 110016), which claims are for reimbursement and payment for services performed and goods furnished under said contract and order, for goods manufactured or in process of manufacture, and for materials and equipment bought, contracted, or committed for by George B. Marx under the said contract, which contract was made by the United States with the said George B. Marx for the construction of a quantity of carts for carrying wire for the use of the Signal Corps, United States Army; and to enter decree or judgment upon said claims, notwithstanding the bars or defenses of any settlement, release, or adjustment heretofore made or of any assignment of said claims, by George B. Marx to George B. Marx, Inc., or of laches, lapse of time, or of any statute of limitations: *Provided, however,* That the United States shall be given credit for any sum heretofore paid the said George B. Marx on said claims.

SEC. 2. The record, or any part of the record, of the proceedings and hearings had before the Committee on War Claims of the House of Representatives on H. R. 1611 in the second session of the Seventy-first Congress and the third session of the Seventy-first Congress, together with any and all exhibits, affidavits, or inventories presented to or filed with the said War Claims Committee of the House of Representatives in connection with said act, and together with any and all Government reports, statements, inventories, and other documents, on file in the War Department or any other department of the Government or elsewhere, having a bearing upon the claim embodied in said act, may be introduced before the Court of Claims with the full force of depositions, subject to objections as to materiality and relevancy.

SEC. 3. Such claims may be instituted at any time within 4 months from the approval of this act. Proceedings in any suit brought in the Court of Claims under this act, appeals therefrom, and payment of any judgment therein shall be had as in the case of claims over which such court has jurisdiction under section 145 of the Judicial Code, as amended.

Title VIII—(S. 2520. For the relief of T. D. Randall & Co.)

That the claim of T. D. Randall & Co. growing out of losses and/or damages suffered under purchase orders nos. 1904, and 1914 to 1919, both inclusive, for furnishing hay to the Army during the late war, is hereby referred to the United States Court of Claims,

with jurisdiction to hear the same to judgment and to adjudicate the same upon the basis of the losses and/or damages suffered due to car shortage and/or other war conditions: *Provided*, That suit on such claim may be instituted at any time within 4 months after the date of enactment of this act, notwithstanding the lapse of time or any statute of limitations.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The Clerk called the next bill, H. R. 9195, for the relief of sundry claimants, and for other purposes.

The Clerk read as follows:

Title I—(S. 1186. For the relief of Frank P. Ross)

That jurisdiction is hereby conferred upon the Court of Claims to hear, determine, and render judgment upon the claim of Frank P. Ross, of Tacoma, Wash., against the United States, for damages arising out of the patenting to another person of lands in Pacific County, Wash., which had been selected or entered by said Frank P. Ross under the homestead laws, and for damages arising out of the subsequent cutting of timber from such lands.

SEC. 2. Suit upon such claim may be instituted at any time within 1 year after the date of enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceedings for the determination of such claim, and appeals from and payment of any judgment thereon, shall be in the same manner as in the case of claims over which said court has jurisdiction under section 145 of the Judicial Code, as amended.

Title II—(S. 1490. For the relief of Earl A. Ross)

That jurisdiction is hereby conferred upon the Court of Claims to hear, determine, and render judgment upon the claim of Earl A. Ross, of Chicago, Ill., for damages arising out of the patenting to another person of lands in Pacific County, Wash., which had been selected or entered by said Earl A. Ross, under the homestead laws, and for damages arising out of the subsequent cutting of timber from such lands.

SEC. 2. Suit upon such claim may be instituted at any time within 1 year after date of enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceedings for the determination of such claim, and appeals from and payment of any judgment thereon, shall be in the same manner as in the case of claims over which said court has jurisdiction under section 145 of the Judicial Code, as amended.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. RICH. Mr. Speaker, we are passing important legislation today, and I make the point of order there is not a quorum present. The Members should be here to know what is going on.

The SPEAKER pro tempore. The Chair will count. [After counting.] Evidently there is not a quorum present.

Mr. COSTELLO. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 100]

Adair	Dempsey	Hartley	Mansfield
Andresen	DeRouen	Healey	Marcantonio
Andrew, Mass.	Dietrich	Hennings	Marshall
Andrews, N. Y.	Dingell	Hess	Mead
Ayers	Dirksen	Hill, Ala.	Meeks
Bacharach	Ditter	Hill, Samuel B.	Mitchell, Tenn.
Barden	Driscoll	Hoeppel	Montague
Beam	Dunn, Miss.	Hoffman	Montet
Berlin	Eagle	Hollister	Moran
Bolton	Eaton	Hook	Nelson
Boykin	Eckert	Hope	Nichols
Brennan	Fenerty	Johnson, W. Va.	Norton
Brooks	Ferguson	Kee	O'Day
Buckley, N. Y.	Fernandez	Keller	Oliver
Bulwinkle	Fish	Kelly	O'Malley
Burdick	Fitzpatrick	Kenney	Owen
Caldwell	Flannagan	Kerr	Palmisano
Carmichael	Ford, Calif.	Kleberg	Parks
Carey	Fuller	Kopplemann	Perkins
Casey	Gambrill	Lea, Calif.	Peterson, Fla.
Cavicchia	Gassaway	Lee, Okla.	Powers
Celler	Gehrmann	Lehlbach	Rabaut
Chapman	Gifford	Lesinski	Randolph
Claiborne	Gillette	Lord	Ransley
Clark, Idaho	Goldsborough	Lucas	Rayburn
Cole, Md.	Green	Ludlow	Risk
Collins	Greenway	Lundeen	Russell
Connery	Greenwood	McGroarty	Ryan
Corning	Gwynne	McKeough	Sabath
Cross, Tex.	Hamlin	McLean	Sadowski
Cummings	Hancock, N. C.	McLeod	Sanders, La.
Dear	Harter	Maloney	Sandlin
Schaefer	Smith, W. Va.	Taylor, Colo.	Withrow
Schneider, Wis.	Starnes	Utterback	Wolverton
Schuetz	Steagall	Wearin	Wood
Sears	Stewart	Weaver	Zioncheck
Seger	Sullivan	West	
Shannon	Sumners, Tex.	Wigglesworth	
Sisson	Taber	Wilcox	

The SPEAKER pro tempore. Two hundred and seventy-two Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PRIVATE CALENDAR

The SPEAKER pro tempore. The Clerk will call the next omnibus claims bill.

The Clerk called the next bill, H. R. 11214, for the relief of sundry claimants, and for other purposes.

The Clerk read as follows:

Title I—(H. R. 1105. For the relief of Lucy Jane Ayer.) By Mr. HOLLISTER

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Lucy Jane Ayer, out of any money in the Treasury not otherwise appropriated, the sum of $10,000 as compensation for personal injuries caused as a result of an accident involving an Army vehicle near Dodsonville, Ohio, on September 24, 1933.

With the following committee amendments:

Page 1, line 8, strike out "$10,000 as compensation" and insert in lieu thereof "$4,000 in full settlement of all claims against the United States for personal injuries."

At the end of the bill add a new proviso, as follows: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 1, line 3, strike out "title I."

Mr. COSTELLO. Mr. Speaker, in explanation of this amendment I may say that the bill provides for the payment of $4,000 to a woman who was injured as the result of an accident on a highway in Ohio. The claimant's husband had parked their car upon the highway in order to change a tire. As a result of the car being so parked on the highway, two Army trucks had difficulty in passing, and the second truck in passing caused a soldier to be thrown from the truck, who struck the claimant. She sustained various injuries.

Mr. Speaker, I am opposed to the passage of the bill because of the fact the claimant parked the car upon the highway in the line of travel of vehicles, that the car being so parked was an act of negligence.

Mr. Speaker, I hope the amendment will be favorably considered.

Mr. EKWALL. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, I think this is a most meritorious claim. The claimant and her husband were in a place where they had a perfect right to be. The Government truck was operated in a very negligent manner, and the claimant was seriously injured. This claim was gone into very thoroughly and, as I remember, there was a unanimous report from the Claims Committee.

I do not think there can be any question as to the legal liability of the Government, and I am of the opinion the amendment should be voted down.

The SPEAKER. The question is on the amendment of the gentleman from California.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 23, noes 56.

Mr. BLANTON. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and thirty-five Members are present, not a quorum. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 50, nays 227, answered "present" 1, not voting 148, as follows:

[Roll No. 101]

YEAS—50

Amlie	Duffey, Ohio	Imhoff	Michener
Blanton	Duffy, N. Y.	Jacobsen	Patterson
Boehne	Duncan	Jones	Pearson
Brown, Mich.	Faddis	Kloeb	Polk
Carter	Farley	Kniffin	Rankin
Castellow	Fletcher	Larrabee	Rich
Cochran	Ford, Miss.	Luckey	Taylor, S. C.
Colden	Fulmer	Ludlow	Turner
Colmer	Gray, Ind.	McFarlane	Warren
Cooper, Tenn.	Gray, Pa.	McGrath	Whittington
Costello	Hancock, N. Y.	Mahon	Wolcott
Dies	Hobbs	Mapes	
Doxey	Huddleston	May	

NAYS—227

Allen	Dobbins	Kramer	Rogers, Okla.
Arends	Dondero	Kvale	Romjue
Ashbrook	Dorsey	Lambertson	Sanders, Tex.
Ayers	Doughton	Lambeth	Sandlin
Bacharach	Drewry	Lamneck	Sauthoff
Bacon	Driver	Lanham	Scott
Bankhead	Dunn, Pa.	Lemke	Scrugham
Barry	Eckert	Lewis, Colo.	Secrest
Beiter	Edmiston	Lucas	Shanley
Bell	Eicher	McAndrews	Short
Binderup	Ekwall	McClellan	Sirovich
Blackney	Ellenbogen	McCormack	Smith, Conn.
Bland	Engel	McGehee	Smith, Va.
Bloom	Englebright	McLaughlin	Smith, Wash.
Boileau	Evans	McMillan	Snell
Boland	Fiesinger	McReynolds	Snyder, Pa.
Boykin	Fish	Maas	Somers, N. Y.
Boylan	Flannagan	Main	South
Brennan	Focht	Martin, Colo.	Spence
Brewster	Frey	Martin, Mass.	Stack
Brooks	Fuller	Mason	Stefan
Brown, Ga.	Gavagan	Massingale	Stubbs
Buck	Gearhart	Maverick	Sullivan
Buckler, Minn.	Gilchrist	Merritt, Conn.	Sutphin
Burch	Gildea	Merritt, N. Y.	Tarver
Burdick	Gillette	Millard	Taylor, Tenn.
Cannon, Mo.	Gingery	Miller	Terry
Carlson	Goodwin	Mitchell, Ill.	Thom
Carpenter	Granfield	Monaghan	Thomason
Cartwright	Greenwood	Moritz	Thompson
Celler	Greever	Mott	Thurston
Chandler	Gregory	O'Brien	Tinkham
Christianson	Griswold	O'Connell	Tobey
Church	Guyer	O'Connor	Tolan
Citron	Haines	O'Leary	Tonry
Clark, N. C.	Halleck	O'Neal	Treadway
Cole, N. Y.	Harlan	Owen	Turpin
Cooley	Hart	Parsons	Umstead
Cooper, Ohio	Hennings	Patman	Vinson, Ga.
Corning	Higgins, Conn.	Peterson, Ga.	Vinson, Ky.
Cox	Higgins, Mass.	Pettengill	Wallgren
Cravens	Hildebrandt	Pfeifer	Walter
Crawford	Hill, Knute	Pittenger	Welch
Crosby	Holmes	Plumley	Werner
Crosser, Ohio	Houston	Ramsay	Whelchel
Crowe	Hull	Ramspeck	White
Culkin	Jenckes, Ind.	Randolph	Williams
Cullen	Jenkins, Ohio	Reece	Wilson, La.
Curley	Johnson, Okla.	Reed, Ill.	Wilson, Pa.
Daly	Johnson, Tex.	Reed, N. Y.	Withrow
Darden	Kahn	Reilly	Wolfenden
Darrow	Kennedy, Md.	Richards	Wood
Deen	Kennedy, N. Y.	Richardson	Woodruff
Delaney	Kenney	Robertson	Woodrum
Dickstein	Kinzer	Robinson, Utah	Young
Disney	Knutson	Rogers, Mass.	Zimmerman
Ditter	Kocialkowski	Rogers, N. H.	

ANSWERED "PRESENT"—1

Biermann

NOT VOTING—148

Adair	Cary	Dempsey	Ford, Calif.
Andresen	Casey	DeRouen	Gambrill
Andrew, Mass.	Cavicchia	Dietrich	Gasque
Andrews, N. Y.	Chapman	Dingell	Gassaway
Barden	Claiborne	Dirksen	Gehrmann
Beam	Clark, Idaho	Dockweiler	Gifford
Berlin	Coffee	Doutrich	Goldsborough
Bolton	Cole, Md.	Driscoll	Green
Buchanan	Collins	Dunn, Miss.	Greenway
Buckley, N. Y.	Connery	Eagle	Gwynne
Bulwinkle	Creal	Eaton	Hamlin
Burnham	Cross, Tex.	Fenerty	Hancock, N. C.
Caldwell	Crowther	Ferguson	Harter
Cannon, Wis.	Cummings	Fernandez	Hartley
Carmichael	Dear	Fitzpatrick	Healey
Hess	McGroarty	Palmisano	Schulte
Hill, Ala.	McKeough	Parks	Sears
Hill, Samuel B.	McLean	Patton	Seger
Hoeppel	McLeod	Perkins	Shannon
Hoffman	McSwain	Peterson, Fla.	Sisson
Hollister	Maloney	Peyser	Smith, W. Va.
Hook	Mansfield	Pierce	Starnes
Hope	Marcantonio	Powers	Steagall
Johnson, W. Va.	Marshall	Quinn	Stewart
Kee	Mead	Rabaut	Sumners, Tex.
Keller	Meeks	Ransley	Sweeney
Kelly	Mitchell, Tenn.	Rayburn	Taber
Kerr	Montague	Risk	Taylor, Colo.
Kleberg	Montet	Robsion, Ky.	Utterback
Kopplemann	Moran	Russell	Wadsworth
Lea, Calif.	Murdock	Ryan	Wearin
Lee, Okla.	Nelson	Sabath	Weaver
Lehlbach	Nichols	Sadowski	West
Lesinski	Norton	Sanders, La.	Wigglesworth
Lewis, Md.	O'Day	Schaefer	Wilcox
Lord	Oliver	Schneider, Wis.	Wolverton
Lundeen	O'Malley	Schuetz	Zioncheck

So the amendment was rejected.

The Clerk announced the following pairs:

General pairs:

Mr. Sears with Mr. Wadsworth.
Mr. Mead with Mr. Ransley.
Mr. Weaver with Mr. Lehlbach.
Mr. Beam with Mr. Dirksen.
Mr. Schulte with Mr. Bolton.
Mr. Fernandez with Mr. Hartley.
Mr. Gasque with Mr. Lord.
Mr. Mansfield with Mr. Andrew of Massachusetts.
Mr. Taylor of Colorado with Mr. Burnham.
Mr. Hancock of North Carolina with Mr. Eaton.
Mr. Lea of California with Mr. Hollister.
Mr. Kelly with Mr. McLean.
Mr. Buchanan with Mr. Taber.
Mr. Steagall with Mr. Wolverton.
Mr. Kleberg with Mr. Perkins.
Mr. McSwain with Mr. Andresen.
Mr. Cary with Mr. Gwynne.
Mr. Dingell with Mr. McLeod.
Mr. Fitzpatrick with Mr. Risk.
Mr. Chapman with Mr. Wigglesworth.
Mr. Wilcox with Mr. Powers.
Mr. Maloney with Mr. Hess.
Mr. Green with Mr. Seger.
Mr. Connery with Mr. Andrews of New York.
Mr. Montague with Mr. Cavicchia.
Mr. Kerr with Mr. Doutrich.
Mr. Bulwinkle with Mr. Hoffman.
Mr. Rayburn with Mr. Robsion of Kentucky.
Mr. Patton with Mr. Stewart.
Mr. Gambrill with Mr. Marshall.
Mr. Cole of Maryland with Mr. Hope.
Mrs. Norton with Mr. Crowder.
Mr. Meeks with Mr. Fenerty.
Mr. Wearin with Mr. Collins.
Mr. Johnson of West Virginia with Mr. Marcantonio.
Mr. Nelson with Mr. Gehrmann.
Mr. Sabath with Mr. Lundeen.
Mr. Rabaut with Mr. Schneider of Wisconsin.
Mr. Schuetz with Mr. Russell.
Mr. Dear with Mr. Adair.
Mr. Hook with Mr. Caldwell.
Mr. Kee with Mr. Shannon.
Mr. Quinn with Mr. Peyser.
Mr. Gassaway with Mr. Dockweiler.
Mr. Peterson of Florida with Mr. Murdock.
Mr. Brown of Georgia with Mr. Sweeney.
Mr. Schaefer with Mr. Ferguson.
Mr. Cummings with Mr. Lewis of Maryland.
Mr. Creal with Mrs. O'Day.
Mr. Barden with Mr. Hamlin.
Mr. Harter with Mr. Sisson.
Mr. Coffee with Mr. Claiborne.
Mr. Starnes with Mr. Montet.
Mr. McKeough with Mr. Moran.
Mr. Driscoll with Mr. Lee of Oklahoma.
Mr. Smith of West Virginia with Mr. Buckley.
Mr. Carmichael with Mr. Dietrich.
Mr. DeRouen with Mr. Clark of Idaho.
Mr. Nichols with Mr. Samuel B. Hill.
Mr. Ryan with Mr. Sanders of Louisiana.
Mr. Hill of Alabama with Mr. Utterback.
Mr. Healey with Mr. Parks.
Mr. Zioncheck with Mr. Berlin.
Mrs. Rogers of New Hampshire with Mr. Oliver.
Mr. Dunn of Mississippi with Mrs. Greenway.
Mr. Eagle with Mr. McGroarty.

Mr. DARROW, Mr. GILCHRIST, Mr. LAMNECK, Mr. CURLEY, Mr. CULLEN, and Mr. SNYDER of Pennsylvania changed their vote from "yea" to "nay."

The doors were opened.

The result of the vote was announced as above recorded.

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BANKHEAD. Mr. Speaker, I am in no sense a mentor for the action of any Member for staying here when we have up for consideration the omnibus private claims bill. The truth is there are a great many Members here who are very vitally interested in items included in these various omnibus bills. For a great many years we have had difficulty in securing for the Members an opportunity for the real consideration of the merits of many of these private bills. We are operating at this session of the Congress under a new rule.

Mr. Speaker, we are approaching what we hope is the end of the session. There is great pressure being brought on the leadership of the House to try to get the program disposed of. I occupy a rather unique position in that I have been here for 20 years, yet I have never had a bill on the Private Claims Calendar. However, I realize there are a great many Members—probably every Member of the House—who may be interested in this Private Calendar. Of course, if a quorum does not remain present, roll calls will be necessary if a point of order is made. If it is at all possible for the Members to remain here for an hour or two longer, I am assured by the chairman of the committee that substantial progress can be made in disposing of a good many of the bills that are now pending. As a matter of fair dealing, I request the Members to stay. It may be a little inconvenient for some of you to stay away from your office, but I want you to remember that you, yourself, have had bills on this calendar that you were anxious to have disposed of. I think it is a fair request to ask the Members to remain here for the remainder of the session today in order to transact this public business.

Mr. SNELL. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from New York.

Mr. SNELL. I am wondering if the gentleman can tell us how near the end of the session we are.

Mr. BANKHEAD. As I stated some days ago when that question was put, I am neither a crystal gazer nor a clairvoyant; but we indulge the reasonable hope, I may say to the gentleman from New York, if the Senate is as expeditious in disposing of the matters now remaining as the House can be, we may be able to adjourn this session of Congress not later than the 5th of June, for the reason we want to give the gentleman from New York ample opportunity to prepare that great speech that he will make as the permanent chairman of the Republican convention [applause], if they decide to hold the convention. [Laughter.]

Mr. SNELL. We think now we will hold the convention.

Mr. BANKHEAD. And I want to congratulate the gentleman from New York upon the honor that has been conferred upon him.

Mr. SNELL. I thank the gentleman.

Mr. BANKHEAD. May I say the temporary chairman of that convention is going to have a great deal of trouble with reference to whether or not he shall view with alarm or point with pride to the actions of the present administration, having voted for about as many New Deal proposals as he voted against; but not so with the gentleman from New York [Mr. SNELL]. He is a persistent, consistent, and perpetual standpatter and will have no trouble. [Laughter and applause.]

Mr. COSTELLO. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 1, line 8, after the words "sum of", to strike out "$4,000" and insert "$2,000."

Mr. COSTELLO. Mr. Speaker, this amendment simply reduces the amount of the claim from $4,000 to $2,000. The original bill as introduced in the House called for the sum of $10,000, which the committee has seen fit to reduce to $4,000. It is noted that the hospital bills in this case amount to a total of only $750, and it appears to me that a balance of $1,250 would be adequate compensation to the claimant involved in this bill, especially in view of the fact I am personally of the opinion that she herself was in part responsible for the injuries which she sustained.

Mr. EKWALL. Mr. Speaker, I rise in opposition to the amendment.

The gentleman from California [Mr. COSTELLO] makes the statement that in his opinion $2,000 is ample compensation for the claimant involved in this bill. This claimant has hospital bills and medical bills totaling more than $750. She has also sustained loss in wages to an amount of $1,300 or over. These two items total over $2,000. In addition, she has sustained permanent injury, including a badly fractured ankle, and will be crippled to some extent for the balance of her life. I am sure if the gentleman from California [Mr. COSTELLO] sustained a similar injury he would be requesting damages of fifteen or twenty thousand dollars.

Mr. Speaker, this amendment should be voted down. The committee reduced the claim to $4,000 after a thorough investigation and made this reduction from $10,000, as called for in the original bill.

The SPEAKER. The question is on the amendment offered by the gentleman from California [Mr. COSTELLO].

The amendment was rejected.

The Clerk read as follows:

Title II—(H. R. 2479. For the relief of Charles G. Johnson, State treasurer of the State of California.) By Mr. ENGLEBRIGHT

That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Charles G. Johnson, State treasurer of the State of California, the sum of $17,500. Such sum represents the value of 10 coupons from 3½-percent Treasury notes, series C–1930–32, nos. 3512B, 3513C, 3514D, 4361A, 4362B, 4363C, 4364D, 4365E, 4366F, and 4367H, of the $100,000 denomination, which coupons were payable on December 15, 1929, and were lost or destroyed in the office of the State treasurer of California: *Provided*, That none of said coupons shall have been presented to the Treasury for payment and that Charles G. Johnson shall first file in the Treasury Department a bond in the penal sum of double the amount of the sum payable pursuant to the provisions of this act, in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury, to indemnify and save harmless the United States from any loss on account of such lost or destroyed coupons.

Title III—(H. R. 3943. For the relief of D. E. Wooldridge.) By Mr. SPENCE

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to D. E. Wooldridge the sum of $5,900 for injuries received by the said D. E. Wooldridge through the negligence and carelessness of Charles Campbell, employed by, and acting at that time as an investigator for the Bureau of Industrial Alcohol and in the discharge of his duties, the said injuries being caused by the said Campbell throwing a keg filled with moonshine whisky from the upstairs window of a building and striking the said Wooldridge on the head and face.

With the following committee amendment:

Page 3, line 17, after the word "of" strike out the remainder of the line and down to and including line 24, and insert in lieu thereof: "$1,000 in full settlement of all claims against the United States for injuries received by him when struck on the head and face by a keg filled with moonshine whisky and dropped by Charles Campbell, an investigator of the Alcohol Beverage Unit, during a raid at La Grange, Oldham County, Ky., on January 28, 1934: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Beginning on page 3, line 12, strike out all of title III.

Mr. COSTELLO. Mr. Speaker, this amendment would strike out this particular title of the bill. The title provides for the payment of $1,000 to D. E. Wooldridge, for injuries which he received when a keg of moonshine liquor was thrown from an upstairs window and struck the claimant.

The claimant was not in the employ of the Government, but was a civilian who, with two others, went out to assist Federal agents in destroying this liquor. The Federal agents had warned these civilians to keep away from the building because of the manner in which they were handling these kegs of liquor, namely, throwing them out of the second-floor window to the ground below. They would then roll the kegs down the hill. The claimant states he did not hear these warnings, although the Federal agents very definitely state the warnings were given frequently. The work was being carried on in the night so it was dark, yet it is my contention that the injury was due entirely to the carelessness and negligence of the claimant under this title that he sustained these injuries, and therefore the Government should not be held liable even in the sum of $1,000.

I recommend the adoption of the amendment.

Mr. HOUSTON. Mr. Speaker, I rise in opposition to the amendment.

I reported on this bill some weeks ago, and, as I recall, this accident happened at about 2:30 o'clock in the morning. The agents of the Department of Justice allowed, if they did not encourage, the county attorney to go with them to raid the house containing the liquor. They went out there at this hour of the morning and turned their automobile lights on the house, and the Federal agents went upstairs and began to throw the liquor, which was in kegs, out of the window. They claim that they cautioned this man to keep out the way, but he states he did not hear them, and I do not think he would deliberately have run up there and let one of these kegs hit him and permanently injure one of his eyes.

The bill originally was for $5,900 and the committee has reduced the amount to $1,000. He had $658 of doctors' bills and his anticipated doctors' bills amount to $350. Therefore we made the amount $1,000 to cover all expenses, and we think the claimant is entitled to this amount of money, and I hope the amendment is voted down.

The amendment was rejected.

The Clerk read as follows:

Title IV—(H. R. 4256. For the relief of Anna Caporaso.) By Mr. BOYLAN

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 to Anna Caporaso for injuries sustained as a result of being struck by a Government-owned truck of the Post Office Department, New York City, N. Y., on October 29, 1928.

With the following committee amendment:

Page 4, line 22, strike out "$5,000" and insert "$1,000", and after the word "Caporaso" insert "in full settlement of all claims against the United States."

Page 5, line 2, after "1928", insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The Clerk read as follows:

Title V—(H. R. 4364. For the relief of Andrew Johnson.) By Mr. BUCK

The the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,500 to Andrew Johnson, of Sacramento, Calif., in full settlement of all claims against the Government of the United States for damage and injuries sustained when his car was struck by a Civilian Conservation Corps truck on October 31, 1933: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 5, line 19, strike out "$2,500" and insert "$1,500."

The committee amendment was agreed to.

The Clerk read as follows:

Title VI—(H. R. 4373. For the relief of Albert Gonzales.) By Mr. DEMPSEY

That the United States Employees' Compensation Commission be, and it is hereby, directed to apply and extend the provisions, benefits, and privileges of the act entitled "An act to provide compensation for employees of the United States suffering injuries in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, to the case of Albert Gonzales on account of injuries suffered by him on July 28, 1929, while a student at the citizens' military training camp at Fort Bliss, Tex., effective from said July 28, 1929: *Provided*, That, for the purposes of this act, the pay and allowances of said Albert Gonzales at the time of his said injuries shall be considered as having been $150 per month.

With the following committee amendment:

Strike out all of title 6 and insert the following: "That the United States Employees' Compensation Commission is authorized and directed to receive the claim of Albert Gonzales for disability suffered by him on July 28, 1929, while a student at the citizens' military training camp, Fort Bliss, Tex., and to extend to him the provisions, benefits, and privileges of the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties and for other purposes', approved September 7, 1916, as amended: *Provided*, That for the purposes of this act, the pay and allowances of said Albert Gonzales at the time of his said disability shall be considered as having been $150 per month: *Provided further*, That no benefits shall accrue prior to the approval of this act."

The committee amendment was agreed to.

Mr. HANCOCK of New York. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 6, line 12, strike out all of title 6.

Mr. HANCOCK of New York. Mr. Speaker, when the law creating citizens' military training camps was passed, provision was made to give hospitalization to all young men at camps for any injuries received there or while going to and returning from camp. There was nothing put in the law which authorized compensation for any injury in camp.

Cases of this kind frequently arise where young men are injured. So far as I know no bill granting the benefits of Federal Employees' Compensation Act to a C. M. T. C. boy has been passed, although it may have escaped my attention.

The circumstances of this case were as follows: The boy was in swimming and when diving from a high stand struck on his face and severely injured his eyes. It is a pitiful case, but the question involved here is whether we shall invite a flood of legislation of this kind if the bill is passed. There probably have been hundreds of injuries at camps and why should we pick out one for compensation and not take them all? I think the Committee on Military Affairs should consider the question of passing a general law on the subject. I see the gentleman from Georgia [Mr. TARVER] on his feet; he has had several bills for parties injuried at citizens' military training camps and he can bear me out.

Mr. TARVER. Mr. Speaker, I will say that one of my bills has been passed, and there are other bills to which the gentleman objected under the old rule requiring unanimous consent. They have not been passed. But let me say that I can conceive of no more reasonable thing than extending the benefits of the compensation law under certain circumstances. I think we should extend the benefits of the compensation law to young men injured in these citizens' military training camps in cases deserving such consideration.

Mr. HANCOCK of New York. I think the matter should be taken up by the proper committee and general legislation enacted. This particular bill provides that this young man shall be considered as having earned $150 a month in computing compensation. Some gentlemen may think that it should be $300 and others that it should be $100 when drafting similar bills. It seems to me that it is quite liberal to pay $150 a month to a young man 17 years old.

Mr. TARVER. Let me say that I have no interest in the matter. I do not know who introduced the bill, but it seems to me that the gentleman's objection is not well founded and the bill should be given the consideration that it deserves. There is no general law on the subject, but this should not keep Congress from doing justice in individual cases called to its attention.

Mr. HANCOCK of New York. What I object to is the method of doing business. I do not see why we should single out one unfortunate young man and not take care of them all. I do not think this is the proper way of doing business.

Mr. KENNEDY of Maryland. Mr. Speaker, will the gentleman yield?

Mr. HANCOCK of New York. Yes.

Mr. KENNEDY of Maryland. The gentleman understands, of course, that the War Department favors this bill?

Mr. HANCOCK of New York. Yes; but it is our responsibility.

Mr. KENNEDY of Maryland. They state in their report they favor it because of the unusual circumstances surrounding this particular accident, and, further, because of the absence of any general legislation which they say should be passed, and that this particular claimant should not be harmed because of the delay in passing general legislation. As to the $150, we must arrive at some amount, and it seems to me that $150 is a small amount to pay for one who is totally blind. As to precedent, there are plenty of precedents set forth in the report of the War Department. This bill is a bill introduced by the gentleman from New Mexico [Mr. DEMPSEY], and I am not thoroughly familiar with all of the details.

Mr. COLDEN. Mr. Speaker, I rise in opposition to the amendment. Although Mr. DEMPSEY, of New Mexico, introduced the bill, I am informed that this young man lives in Los Angeles, in my district in southern California. Here is a young man who has lost both eyes. He is permanently blind. This bill proposes to pay him $150 per month. I cannot agree with the gentleman from New York in the suggestion that $150 a month is too much to pay for this injury. I think it is a small amount. Who would surrender his eyesight for such a pittance?

Mr. RAMSPECK. Mr. Speaker, will the gentleman yield?

Mr. COLDEN. Yes.

Mr. RAMSPECK. The beneficiary will get only $100 a month. He gets two-thirds of the amount of his salary.

Mr. COLDEN. I thank the gentleman for the correction. The War Department has recommended this bill for the reason the gentleman from New York suggested, namely, that there is no law or provision to cover a case of this kind. This young man was in the citizens' military training camp at Fort Bliss, Tex. While in the service he lost both of his eyes. He was not only treated at the hospital at Fort Bliss but was brought to Walter Reed Hospital in Washington. Under the circumstances, since there is no general law—and I wholly agree with the suggestion of the gentleman from New York that there should be such a law—there is only one way to relieve this young man. Because there are exceptions, Congress considers private claims. Must he wait around stumbling in his blindness for years, perhaps, before Congress really passes a bill to cover such an emergency as this? I ask the Members of the House, in view of the recommendation of the committee and the recommendation of the War Department, to vote down the amendment offered by the gentleman from New York.

The SPEAKER. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

The Clerk read as follows:

Title VII—(H. R. 4829. For the relief of Weymouth Kirkland and Robert N. Golding.) By Mr. KENNEDY of Maryland

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Weymouth Kirkland and Robert N. Golding the sum of $5,155.70, for legal services rendered to the Railroad Labor Board under the direction and approval of the Department of Justice: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 7, line 23, after the word "Kirkland", strike out the comma and "Robert N. Golding, the sum of $5,155.70" and insert "the sum of $2,000, and to Robert N. Golding, the sum of $3,155.70; in all, $5,155.70, in full settlement of all claims against the United States."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

Title VIII—(H. R. 5078. For the relief of Mrs. Charles F. Eikenberg.) By Mr. DOCKWEILER

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Charles F. Eikenberg, the sum of $4,186. Such sum shall be in full settlement of all claims against the United States on account of injuries sustained by the said Mrs. Charles F. Eikenberg on or about the 1st day of October 1933 as result of collision with a Government truck no. C. C. C. 65.

With the following committee amendment:

Page 9, at the end of the bill, strike out the period, insert a colon, and the following: *"Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. COSTELLO. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 8, line 22, after the words "sum of ", strike out "$4,186" and insert in lieu thereof "$3,186".

The SPEAKER. The question is on agreeing to the amendment.

The amendment was rejected.

The Clerk read as follows:

Title IX—(H. R. 5150. For the relief of Alexander E. Kovner.) By Mr. ZIONCHECK

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Alexander E. Kovner, of Seattle, Wash., the sum of $10,000, being full compensation for cost of hospital and medical care, pain and suffering, and permanent disability, resulting from the said Alexander E. Kovner being struck by a truck belonging to the Third Brigade of the United States Marines, in the city of Tientsin, China, of May 14, 1928, such accident being primarily due to the negligence of the driver of the said truck.

With the following committee amendments:

Page 9, line 19, strike out "$10,000, being full compensation" and insert in lieu thereof "$5,000, in full settlement of all claims against the United States."

Page 10, at the end of the bill, strike out the period, insert a colon and the following: *"Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The SPEAKER. The question is on agreeing to the amendments.

The amendments were agreed to.

Mr. HANCOCK of New York. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: Page 9, line 14, strike out all of title IX.

The SPEAKER. The question is on agreeing to the amendment.

Mr. HANCOCK of New York. Mr. Speaker, the House seems to be in quite a generous mood today, and I have no doubt that it will vote down my amendment. Briefly, these are the facts: A young Russian was riding a bicycle in Tientsin, China. He collided with a truck operated by one of our marines. The young Russian was badly injured. He comes here now and asks for $5,000. I quote briefly from the report made by the Secretary of the Navy in connection with this bill:

It will be noted therefrom that the board found that the claimant "was not keeping a sharp lookout, but was riding with his head down" and that he "rode his bicycle into the left side of the said gas tanker, his bicycle striking the heavier vehicle at about a point above the left rear wheel." As the result of its investigation the board expressed the opinion "that the responsibility for the accident rests solely with the said Alexander Kovner, in that he did not exercise due care and caution while riding his bicycle in heavy traffic."

I maintain that to make an award of $5,000 under such circumstances is unjustified.

Mr. KENNEDY of Maryland. Mr. Speaker, I rise in opposition to the amendment. There is not any question about liability in this case. As a matter of fact, the driver admitted it. Because of some unusual traffic regulations in China, it seems that you drive on a different side of the road than in this country. This man has already expended some $6,000 in medical treatment for his son, and the committee feels that $5,000 is the minimum amount that should be allowed in this particular case. For that reason we reduced it from $10,000 to $5,000.

I hope the amendment will be voted down.

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. HANCOCK].

The question was taken; and there were on a division (demanded by Mr. RICH)—ayes 24, noes 53.

Mr. RICH. Mr. Speaker, I object to the vote on the ground there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 68, nays 198, answered "present" 1, not voting 159, as follows:

[Roll No. 102]

YEAS—68

Allen	Farley	Larrabee	Rich
Arends	Fletcher	Ludlow	Robertson
Ashbrook	Ford, Miss.	McFarlane	Secrest
Bacon	Gillette	Mahon	Short
Blackney	Gray, Ind.	Main	Snell
Blanton	Gray, Pa.	Mapes	Tarver
Carter	Halleck	Marshall	Taylor, S. C.
Castellow	Hancock, N. Y.	Martin, Mass.	Thomason
Church	Harlan	Merritt, Conn.	Thurston
Cochran	Imhoff	Millard	Tinkham
Costello	Jenckes, Ind.	O'Connell	Welch
Crawford	Johnson, Okla.	Patterson	Whittington
Cross, Tex.	Johnson, Tex.	Pettengill	Wilson, Pa.
Darrow	Kinzer	Pierce	Wolcott
Doxey	Kloeb	Polk	Wolfenden
Engel	Kniffin	Rankin	Woodruff
Faddis	Knutson	Reed, Ill.	Young

NAYS—198

Amlie	Boykin	Celler	Cooper, Ohio
Ayers	Boylan	Chandler	Cooper, Tenn.
Barry	Brewster	Christianson	Corning
Beiter	Brown, Ga.	Citron	Cox
Bell	Brown, Mich.	Clark, N. C.	Cravens
Bland	Buchanan	Coffee	Crosser, Ohio
Bloom	Buck	Colden	Crowe
Boehne	Burch	Cole, Md.	Cullen
Bolleau	Cannon, Mo.	Cole, N. Y.	Curley
Boland	Cartwright	Cooley	Daly
Darden	Guyer	McSwain	Sauthoff
Deen	Haines	Maas	Schneider, Wis.
Delaney	Hart	Martin, Colo.	Schuetz
Dickstein	Hennings	Massingale	Scott
Dies	Higgins, Conn.	Maverick	Shanley
Disney	Higgins, Mass.	May	Sirovich
Dobbins	Hildebrandt	Mead	Smith, Conn.
Dockweiler	Hill, Knute	Merritt, N. Y.	Smith, Va.
Dondero	Hobbs	Michener	Snyder, Pa.
Dorsey	Holmes	Miller	Somers, N. Y.
Doughton	Houston	Mitchell, Ill.	South
Drewry	Huddleston	Monaghan	Spence
Driver	Hull	O'Brien	Stack
Duffy, N. Y.	Jacobsen	O'Connor	Stefan
Duncan	Jenkins, Ohio	O'Leary	Stubbs
Dunn, Pa.	Johnson, W. Va.	Owen	Sullivan
Eckert	Jones	Parsons	Sutphin
Edmiston	Kahn	Patman	Taylor, Tenn.
Eicher	Kennedy, Md.	Pearson	Terry
Ekwall	Kennedy, N. Y.	Peterson, Ga.	Thom
Ellenbogen	Kenney	Peyser	Thompson
Englebright	Kocialkowski	Pfeifer	Tonry
Evans	Kramer	Pittenger	Treadway
Fernandez	Kvale	Plumley	Turner
Fiesinger	Lambertson	Ramsay	Turpin
Flannagan	Lambeth	Ramspeck	Umstead
Focht	Lamneck	Randolph	Vinson, Ga.
Frey	Lanham	Ransley	Vinson, Ky.
Fuller	Lemke	Rayburn	Wallgren
Gasque	Lewis, Colo.	Reece	Walter
Gavagan	Lucas	Reed, N. Y.	Warren
Gearhart	Luckey	Reilly	Whelchel
Gehrmann	McAndrews	Richards	White
Gilchrist	McClellan	Robinson, Utah	Williams
Gildea	McCormack	Robsion, Ky.	Wilson, La.
Goodwin	McGehee	Rogers, Mass.	Wood
Granfield	McGrath	Rogers, N. H.	Woodrum
Greenwood	McLaughlin	Romjue	Zimmerman
Gregory	McMillan	Sanders, Tex.	
Griswold	McReynolds	Sandlin	

ANSWERED "PRESENT"—1

Biermann

NOT VOTING—159

Adair	Dietrich	Kelly	Quinn
Andresen	Dingell	Kerr	Rabaut
Andrew, Mass.	Dirksen	Kleberg	Richardson
Andrews, N. Y.	Ditter	Kopplemann	Risk
Bacharach	Doutrich	Lea, Calif.	Rogers, Okla.
Bankhead	Driscoll	Lee, Okla.	Russell
Barden	Duffey, Ohio	Lehlbach	Ryan
Beam	Dunn, Miss.	Lesinski	Sabath
Berlin	Eagle	Lewis, Md.	Sadowski
Binderup	Eaton	Lord	Sanders, La.
Bolton	Fenerty	Lundeen	Schaefer
Brennan	Ferguson	McGroarty	Schulte
Brooks	Fish	McKeough	Scrugham
Buckler, Minn.	Fitzpatrick	McLean	Sears
Buckley, N. Y.	Ford, Calif.	McLeod	Seger
Bulwinkle	Fulmer	Maloney	Shannon
Burdick	Gambrill	Mansfield	Sisson
Burnham	Gassaway	Marcantonio	Smith, Wash.
Caldwell	Gifford	Mason	Smith, W. Va.
Cannon, Wis.	Gingery	Meeks	Starnes
Carlson	Goldsborough	Mitchell, Tenn.	Steagall
Carmichael	Green	Montague	Stewart
Carpenter	Greenway	Montet	Sumners, Tex.
Cary	Greever	Moran	Sweeney
Casey	Gwynne	Moritz	Taber
Cavicchia	Hamlin	Mott	Taylor, Colo.
Chapman	Hancock, N. C.	Murdock	Tobey
Claiborne	Harter	Nelson	Tolan
Clark, Idaho	Hartley	Nichols	Utterback
Collins	Healey	Norton	Wadsworth
Colmer	Hess	O'Day	Wearin
Connery	Hill, Ala.	Oliver	Weaver
Creal	Hill, Samuel B.	O'Malley	Werner
Crosby	Hoeppel	O'Neal	West
Crowther	Hoffman	Palmisano	Wigglesworth
Culkin	Hollister	Parks	Wilcox
Cummings	Hook	Patton	Withrow
Dear	Hope	Perkins	Wolverton
Dempsey	Kee	Peterson, Fla.	Zioncheck
DeRouen	Keller	Powers	

So the amendment was rejected.

The Clerk announced the following additional pairs:

Mr. Bankhead with Mr. Taber.
Mr. Sumners of Texas with Mr. [illegible]harach.
Mr. Fulmer with Mr. Culkin.
Mr. Rabaut with Mr. Hope.
Mr. Mitchell of Tennessee with [illegible] Tobey.
Mr. Nelson with Mr. Andresen.
Mr. Gambrill with Mr. Ditter.
Mr. Warner with Mr. Gifford.
Mr. Goldsborough with Mr. Mot[illegible]
Mr. Rogers of Oklahoma with Mr. [illegible]arlson.
Mr. Palmisano with Mr. Fish.
Mr. Sweeney with Mr. Hartley.
Mr. West with Mr. Lord.
Mr. Cannon of Wisconsin with [illegible] Withrow.
Mr. Claiborne with Mr. Burdick.
Mr. Ford of California with Mr. [illegible]uckler.

Mr. Richardson with Mr. Tolan
Mr. Keller with Mr. Kopplemann.
Mr. Moritz with Mr. O'Neal.
Mr. Binderup with Mr. Mason.
Mr. Scrugham with Mr. Smith of Washington.
Mr. Dempsey with Mr. O'Malley.
Mr. Casey with Mr. Quinn.
Mr. Russell with Mr. Colmer.
Mr. Greever with Mr. Gassaway.
Mr. Crosby with Mr. Carpenter.
Mr. Gingery with Mr. Duffey of Ohio.
Mr. Oliver with Mr. Brooks.

Mr. CRAWFORD changed his vote from "no" to "aye."

The result of the vote was announced as above recorded.

The doors were opened.

The Clerk read as follows:

Title X—(H. R. 5635. For the relief of the mayor and aldermen of Jersey City, Hudson County, N. J., a municipal corporation.)
By Mr. HART

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and there is hereby appropriated for such payment, to the mayor and aldermen of Jersey City, the sum of $62,340.65 for water actually used by the Erie Railroad Co., of Jersey City, during the period when said railroad was under the jurisdiction and control of the United States Railroad Administration: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 10, strike out, beginning with line 18, all of the balance of page 10 and all of page 11 down to and including line 14 and insert the following:

"That jurisdiction is hereby conferred upon the Court of Claims to hear, determine, and render judgment on the claim of the mayor and aldermen of Jersey City, Hudson County, N. J., a municipal corporation, for water actually used by the Erie Railroad Co., of Jersey City, during the period when said railroad was under the jurisdiction and control of the United States Railroad Administration. Suit hereunder may be instituted at any time within 1 year after the approval of this act, and proceedings in such suit and payment of any judgment therein shall be had as in the case of claims over which such court has jurisdiction by virtue of section 145 of the Judicial Code, as amended."

Amend the title so as to read: "A bill conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the mayor and aldermen of Jersey City, Hudson County, N. J., a municipal corporation."

The committee amendments were agreed to.

The Clerk read as follows:

Title XI—(S. 925. To carry into effect the findings of the Court of Claims in the case of William W. Danenhower)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to William W. Danenhower, out of any money in the Treasury not otherwise appropriated, the sum of $34,260 for damages caused by the depreciation in value of his property situate in square 737 in the city of Washington, D. C., which said damages were caused by the elimination of the grade crossings of railroads in pursuance to the act of Congress approved February 12, 1901 (31 Stat. L. 774), and acts supplemental thereto, as found by the Court of Claims and reported in Senate Document No. 2, Sixty-seventh Congress, first session: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

Page 12, after the word "to" in line 8, insert "Sallie M. Danenhower, executrix of the estate of"; page 12, line 11, after the figures, insert "in full settlement of all claims against the United States"; page 12, line 12, strike out the word "his" and insert "said William W. Danenhower's."

The committee amendments were agreed to.

The Clerk read as follows:

Title XII—(S. 952. For the relief of Zelma Halverson)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $50 per month in an amount not to exceed $5,000 to Zelma Halverson to compensate her for the death of her husband, Harry Halverson, who lost his life August 21, 1933, while fighting a forest fire in Montana: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 13, line 12, strike out title XII.

Mr. COSTELLO. Mr. Speaker, this bill provides that monthly payments shall be made to the widow of Harry Halverson, who was killed fighting a forest fire. The fire took place in the State of Montana. Halverson was employed by a private company to fight this forest fire. At no time during the fighting of this fire was he actually engaged by the Federal Government. After he had been fighting the fire and directing a crew of some C. C. C. men for 2 days, the foreman of this private company and the man in charge of the C. C. C. camp entered into a discussion and suggested that Halverson should be put upon the Government pay roll. A memorandum to that effect was forwarded to the officer in charge of the C. C. C. camp, Mr. McKnight. This memorandum to that effect did not reach Mr. McKnight, in charge of the camp, until August 25. Halverson died on August 21. So that even though it was the intention, possibly, to put Halverson upon the Federal pay roll in the fighting of this fire, the fact is that he was never a Federal employee. Therefore there is absolutely no justification for the Federal Government being called upon to make this monthly payment to his widow.

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. COSTELLO. I yield.

Mr. WOODRUFF. The gentleman referred to was in the Federal service when he lost his life, was he not?

Mr. COSTELLO. He was at no time in the Federal service.

Mr. WOODRUFF. Was he working for the Federal Government?

Mr. COSTELLO. No. The fire was not actually upon any Government property. He was in the employ of a private company, and he was simply directing, as a private employee of this company, the work of these C. C. C. enrollees.

Mr. WOODRUFF. In other words, he was directing employees of the Federal Government, was he not?

Mr. COSTELLO. In fighting the fire; yes.

Mr. WOODRUFF. Then he was in the service of the United States Government, and I see no reason in the world why this man should not be paid.

Mr. COSTELLO. On the contrary, he was not in the service of the Federal Government. He was actually in the employ of a private concern. He was being paid by them. In order to carry on effectively the fighting of the fire, some of the C. C. C. enrollees were put under his supervision to carry on this work of fighting the fire, but he was in no sense a Government employee on the pay roll of the Government. The recommendation, which is the only basis on which this claim is given any semblance of validity, had not been forwarded to the officer in charge of the C. C. C. camp, and hence could not be acted upon, prior to the death of Halverson.

I recommend that the amendment to strike out this title be acted on favorably.

Mr. AYERS. Mr. Speaker, I rise in opposition to the amendment which would kill this bill in its entirety.

Mr. Speaker, this is a meritorious case. The real facts are that Halverson was employed by the Sieben Livestock Co. and early in August of 1933, had been assigned to fighting forest fire which threatened the Sieben and other private property. Later on, about August 16, proper Government authority was given to a C. C. C. camp, under Superintendent McKnight, to assist in fighting this fire. Then the fire went on to endanger national forest property, and the forest supervisor, Mr. Templer, got on the ground and he and C. C. C. Superintendent McKnight realized the necessity of having experienced men at the head of the fire-fighting crews, and consulted with Mr. Sheriff of the Sieben Livestock Co., who suggested to them that they put Halverson on as a straw boss to direct the C. C. C. boys and civilian fire fighters. At this time the Forestry Department and the C. C. C. Service had taken over control of operations against the fire which was continually becoming more serious. On August 19, Forest Supervisor Templer sent to C. C. C. Superintendent McKnight a written memorandum as follows:

Would suggest that you put Halverson on your pay roll beginning this morning (meaning Aug. 19), if his services are needed as straw boss or foreman classification.

This message was sent by Sheriff, but in fact was not delivered until August 25; however, it is a fact that on the morning of August 19, Sheriff met Templer in Helena, some 25 miles distant from the fire, and told him that he had arranged to take Halverson over to the fire camp, and wanted to know if that was satisfactory and that if he did so would Halverson's time commence with Forestry Department on that day regardless of the delivery of the letter. Templer assured him that it would be satisfactory, and that they needed Halverson, and that he was (indicating right now) employed as a straw boss. The instructions from Templer were in a Government, official sealed envelope of the Forestry Department, and had been left in the office on the 19th, but on account of the fact that it was not delivered in the post office until 2 or 3 days later, it was really not delivered until August 25.

Remember, Mr. Speaker, that this fire was raging in the mountains and these arrangements were made both out at the camp and in Helena, and each other's words were taken for what they were. According to the arrangements and the exigencies of the situation, Halverson was dispatched to the fire on the forenoon of August 20. He led the men and fought the fire all that day and all that night, and at about 6 o'clock in the morning of August 21, he suffered injuries in action which resulted in his death.

Now, the Forest Service comes along and puts up the claim that since Halverson did not answer formal questionnaires of the Forest Service and since he was not actually sworn in as a Government officer he was in fact not such, and his widow and children are not entitled to compensation for his death in service. They go on to tell us that it was their intention to hire him if they thought his services were needed, but that no hiring arrangements had been effected prior to the date of his death.

This is the height of a technicality. Halverson's services were sought by the Government. He actually entered upon the service and was actually directing Government men for a day and a night before his death occurred, and let it be remembered that his death occurred at his post of duty and that his duty was in discharging Government instructions.

Mr. Speaker, if this is not to be construed as an employment by the Government then a far different method of construction of actual facts is used than I have ever been acquainted with heretofore.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. AYERS. I yield to my friend from Minnesota.

Mr. KNUTSON. Was Halverson doing Government work?

Mr. AYERS. He was actually doing Government work on Government land, and was protecting Government property when he was killed.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. AYERS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Then, the objection is being raised on merely a technicality.

Mr. AYERS. The height of technicality.

Mr. McCORMACK. He was actually in the Government employ.

Mr. AYERS. He was actually employed by the Government, and was actually discharging his duties as such employee.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. AYERS. I gladly yield to the majority leader.

Mr. BANKHEAD. If this man, of course, was in the Government service, he was entitled to consideration; but, as a matter of fact, was he commissioned by the Government to fight this fire?

Mr. AYERS. He was commissioned verbally by the superintendent of the C. C. C. camp, Mr. McKnight, and by Mr. Templer of the Forest Service, both of whom had charge of the fire fighting and both of whom had charge of the operations and the assembling of men therefor; but, as stated before, he had not gone through the formality of taking an oath or having a formal commission.

Mr. BANKHEAD. Under the law, did this superintendent of the C. C. C. camp have authority to deputize men for purposes of this sort?

Mr. AYERS. He did, and he assumed command of the fighting operations. Halverson was directed to fight that fire as a boss and he died in line of duty. Now, I hope that his widow and children may be recompensed by this bill. They have no formal commission to frame and hang in the parlor, but they do have the satisfaction of knowing that the husband and father died in the discharge of his duty for his Government.

The SPEAKER. The question is on the amendment.

The amendment was rejected.

The Clerk read as follows:

Title XIII—(S. 1073. For the relief of Louis Finger)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Louis Finger, of Cleveland, Ohio, the sum of $1,347.48 in full settlement of all claims against the Government for expenses incurred in the treatment of his minor daughter, Elsie Finger, who was injured in an accident involving a United States mail truck August 13, 1930: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 14, line 17, strike out "$1,347.48" and insert "$347.48."

The amendment was agreed to.

The Clerk read as follows:

Title XIV—(S. 1328. For the relief of the Snare & Triest Co., now Frederick Snare Corporation)

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Snare & Triest Co., now Frederick Snare Corporation, the sum of $83,978.05, in full settlement of all claims against the Government of the United States for damages for delay in carrying out its contract with the Navy Department, no. 3762, and agreements supplemental thereto for waterfront improvements, piers, and breakwater at the submarine base, Key West, Fla., as reported January 13, 1925, by a board of which Rear Admiral H. H. Rousseau, Civil Engineer Corps, United States Navy, was senior member: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

Page 16, line 10, strike out the figure "10" and insert the figure "20."

Page 16, line 16, strike out the figure "10" and insert the figure "20."

Mr. RICH. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, the long-established practice of the House has been to limit attorneys' fees to 10 percent, yet in this instance the committee would authorize an attorney's fee of 20 percent on a claim that has been twice tried before the Court of Claims and which is not recommended by the Secretary of the Navy.

The report shows that the claimant in this case was awarded $2,274.80 after an investigation was made. The claimant now comes in and asks for $83,928.05 in addition, and it is proposed to increase the attorney's fees from 10 percent to 20 percent, directly contrary to the long-established precedent of the House to limit attorneys' fees to 10 percent.

Mr. KENNEDY of Maryland. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield.

Mr. KENNEDY of Maryland. I may say that the motivating cause behind the amendment is the practice and custom in the Court of Claims to allow attorneys a fee of 20 percent.

Mr. RICH. Why, when the Court of Claims has denied this case twice should they ask the Congress to do something not recommended by the Secretary of the Navy, Mr. Swanson? I read an excerpt from a letter from the Secretary of the Navy addressed to the chairman of the Committee on Claims dated December 8, 1933:

> The cost of the proposed legislation is indeterminate depending on the amount allowed, if any, by the Court of Claims should the legislation be enacted.
>
> In view of the foregoing, the Navy Department will interpose no objections to the enactment of the bill S. 1760, should the Congress see fit to authorize the readjudication of the case as proposed, but invites attention to the fact that the claimant has already two trials before the Court of Claims, the tribunal named in the bill to consider the claim.

Why is this bill brought in here in an effort to get $83,978.05? I cannot understand it.

Mr. COCHRAN. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from Missouri.

Mr. COCHRAN. This is not to send the case to the Court of Claims. It calls for the payment of the money out of the Treasury of the United States.

Mr. RICH. I understand that, and the Court of Claims has refused to pay it.

Mr. COCHRAN. Is the gentleman's amendment to strike the item entirely?

Mr. RICH. No; but I will offer an amendment to strike out the title. I thought I would have to get recognition now. Why the committee is now asking for 20 percent attorney's fees I cannot understand.

[Here the gavel fell.]

The SPEAKER. The question is on the committee amendment.

The committee amendment was rejected.

Mr. RICH. Mr. Speaker, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 15, line 14, strike out title XIV.

Mr. RICH. Mr. Speaker, the statement I made a moment ago stands now. Why the membership of the House of Representatives is going over the Court of Claims, when that court has twice tried this case and rejected the claim, I cannot understand. I do not know why a proposition of this kind should be offered, and I hope my amendment will be agreed to.

The SPEAKER. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. RICH].

The question was taken; and on a division (demanded by Mr. RICH) there were—ayes 40, noes 50.

Mr. BLANTON. Mr. Speaker, I object to the vote on the ground there is not a quorum present. We are not going to take $80,000 out of the Treasury.

The SPEAKER. Evidently there is not a quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 117, nays 128, not voting 181, as follows:

[Roll No. 103]

YEAS—117

Allen	Crawford	Jenckes, Ind.	Reed, Ill.
Andresen	Crosser, Ohio	Jenkins, Ohio	Reed, N. Y.
Andrews, N. Y.	Crowe	Johnson, Okla.	Reilly
Arends	Darrow	Johnson, Tex.	Rich
Ashbrook	Dies	Kinzer	Robertson
Bacon	Disney	Kloeb	Rogers, Mass.
Biermann	Dondero	Kniffin	Rogers, N. H.
Blackney	Doxey	Lambertson	Scrugham
Bland	Drewry	Lambeth	Short
Blanton	Eckert	Larrabee	Smith, Conn.
Boehne	Eicher	Ludlow	Snell
Brewster	Ellenbogen	McFarlane	Stubbs
Buckler, Minn.	Engel	McGrath	Taylor, S. C.
Cannon, Mo.	Englebright	McLeod	Taylor, Tenn.
Carpenter	Fletcher	McReynolds	Thurston
Carter	Ford, Calif.	Mahon	Tinkham
Cartwright	Ford, Miss.	Main	Tobey
Castellow	Gearhart	Mapes	Treadway
Christianson	Gilchrist	Martin, Mass.	Turner
Church	Goodwin	Massingale	Turpin
Citron	Gray, Ind.	Michener	Welch
Cochran	Guyer	Miller	Whittington
Colden	Halleck	Mott	Wilson, Pa.
Cole, N. Y.	Hancock, N. Y.	Patterson	Wolcott
Collins	Higgins, Conn.	Pearson	Wolfenden
Colmer	Hill, Knute	Pettengill	Woodruff
Cooper, Ohio	Holmes	Plumley	Young
Cooper, Tenn.	Huddleston	Polk	
Costello	Imhoff	Rankin	
Cravens	Jacobsen	Ransley	

NAYS—128

Amlie	Duncan	Lewis, Colo.	Ryan
Ayers	Dunn, Pa.	McAndrews	Sanders, Tex.
Bankhead	Edmiston	McClellan	Sandlin
Barry	Ekwall	McCormack	Sauthoff
Bell	Evans	McGehee	Schneider, Wis.
Bloom	Faddis	McLaughlin	Schulte
Bolleau	Farley	McMillan	Scott
Boland	Fernandez	McSwain	Secrest
Boykin	Focht	Maas	Shanley
Boylan	Frey	Martin, Colo.	Sirovich
Brown, Ga.	Gavagan	Maverick	Smith, Va.
Carlson	Gehrmann	Merritt, N. Y.	Snyder, Pa.
Celler	Gildea	Mitchell, Ill.	Somers, N. Y.
Chandler	Gingery	Monaghan	South
Clark, N. C.	Granfield	O'Brien	Spence
Cooley	Gregory	O'Connell	Stack
Corning	Griswold	O'Connor	Stefan
Cox	Haines	O'Leary	Sutphin
Creal	Hart	Owen	Tarver
Crosby	Higgins, Mass.	Parsons	Terry
Cullen	Hildebrandt	Patman	Thompson
Curley	Hobbs	Peterson, Ga.	Tonry
Daly	Houston	Peyser	Umstead
Darden	Hull	Pfeifer	Vinson, Ga.
Deen	Jones	Pittenger	Vinson, Ky.
Delaney	Kahn	Ramsay	Wallgren
Dickstein	Kennedy, Md.	Ramspeck	Walter
Dockweiler	Knutson	Rayburn	Warren
Dorsey	Kocialkowski	Reece	Whelchel
Doughton	Kvale	Richards	White
Driver	Lamneck	Richardson	Williams
Duffy, N. Y.	Lanham	Romjue	Zimmerman

NOT VOTING—181

Adair	Cary	Driscoll	Greenwood
Andrew, Mass.	Casey	Duffey, Ohio	Greever
Bacharach	Cavicchia	Dunn, Miss.	Gwynne
Barden	Chapman	Eagle	Hamlin
Beam	Claiborne	Eaton	Hancock, N. C.
Beiter	Clark, Idaho	Fenerty	Harlan
Berlin	Coffee	Ferguson	Harter
Binderup	Cole, Md.	Fiesinger	Hartley
Bolton	Connery	Fish	Healey
Brennan	Cross, Tex.	Fitzpatrick	Hennings
Brooks	Crowther	Flannagan	Hess
Brown, Mich.	Culkin	Fuller	Hill, Ala.
Buchanan	Cummings	Fulmer	Hill, Samuel B.
Buck	Dear	Gambrill	Hoeppel
Buckley, N. Y.	Dempsey	Gasque	Hoffman
Bulwinkle	DeRouen	Gassaway	Hollister
Burch	Dietrich	Gifford	Hook
Burdick	Dingell	Gillette	Hope
Burnham	Dirksen	Goldsborough	Johnson, W. Va.
Caldwell	Ditter	Gray, Pa.	Kee
Cannon, Wis.	Dobbins	Green	Keller
Carmichael	Doutrich	Greenway	Kelly

Kennedy, N. Y.	May	Powers	Sumners, Tex.
Kenney	Mead	Quinn	Sweeney
Kerr	Meeks	Rabaut	Taber
Kleberg	Merritt, Conn.	Randolph	Taylor, Colo.
Kopplemann	Millard	Risk	Thom
Kramer	Mitchell, Tenn.	Robinson, Utah	Thomason
Lea, Calif.	Montague	Robsion, Ky.	Tolan
Lee, Okla.	Montet	Rogers, Okla.	Utterback
Lehlbach	Moran	Russell	Wadsworth
Lemke	Moritz	Sabath	Wearin
Lesinski	Murdock	Sadowski	Weaver
Lewis, Md.	Nelson	Sanders, La.	Werner
Lord	Nichols	Schaefer	West
Lucas	Norton	Schuetz	Wigglesworth
Luckey	O'Day	Sears	Wilcox
Lundeen	Oliver	Seger	Wilson, La.
McGroarty	O'Malley	Shannon	Withrow
McKeough	O'Neal	Sisson	Wolverton
McLean	Palmisano	Smith, Wash.	Wood
Maloney	Parks	Smith, W. Va.	Woodrum
Mansfield	Patton	Starnes	Zioncheck
Marcantonio	Perkins	Steagall	
Marshall	Peterson, Fla.	Stewart	
Mason	Pierce	Sullivan	

So the amendment was rejected.

The Clerk announced the following pairs:

Additional general pairs:

Mr. Woodrum with Mr. Bolton.
Mr. Mitchell of Tennessee with Mr. Merritt of Connecticut.
Mr. Buchanan with Mr. Taber.
Mr. Thomason with Mr. Marshall.
Mr. Mead with Mr. Robsion of Kentucky.
Mr. Burch with Mr. Millard.
Mr. Sullivan with Mr. Lemke.
Mr. Goldsborough with Mr. Luckey.
Mr. Dingell with Mr. Russell.
Mr. Wearin with Mr. Beiter.
Mr. Fuller with Mr. Pierce.
Mr. Kramer with Mr. Gillette.
Mr. Greenwood with Mrs. O'Day.
Mr. Lucas with Mr. Tolan.
Mr. Fiesinger with Mr. Buck.
Mr. May with Mr. Randolph.
Mr. Gray of Pennsylvania with Mr. Wood.
Mr. Sadowski with Mr. Harlan.
Mr. Coffee with Mr. Nelson.
Mr. Schuetz with Mr. Kennedy of New York.
Mr. Connery with Mr. Smith of Washington.
Mr. Thom with Mr. Hennings.
Mr. Brown of Michigan with Mr. Cole of Maryland.
Mr. Robinson of Utah with Mr. Kenney.
Mr. Gasque with Mr. Gingery.
Mr. Wilson of Louisiana with Mr. Cross of Texas.
Mr. Flannagan with Mr. Brennan.
Mr. Dobbins with Mr. Sanders of Louisiana.

Mr. KNUTSON, Mr. FARLEY, Mr. MCCORMACK, Mr. FADDIS, Mr. DOCKWEILER and Mrs. KAHN changed their vote from "yea" to "nay."

Mr. COOPER of Ohio and Mr. BUCKLER of Minnesota changed the vote from "nay" to "yea."

The doors were opened.

The result of the vote was announced as above recorded.

The Clerk read as follows:

Title XV—(S. 1431. For the relief of the Collier Manufacturing Co., of Barnesville, Ga.)

That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Collier Manufacturing Co., of Barnesville, Ga., the sum of $48,719.70 in full settlement of all claims against the Government for losses sustained by said Collier Manufacturing Co. on account of the manufacture of undershirts for the United States Army in the year 1918: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HENRY W. BIBUS ET AL.

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2734) to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania, a similar House bill having been passed by the House today.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Court of Claims of the United States be, and it is hereby, given jurisdiction to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania, and severally to award judgments covering compensation for losses and/or damages arising through the seizure, condemnation, and sale of those certain lands, theretofore belonging to them, more specifically described in the decree of the District Court of the United States for the Eastern District of Pennsylvania, on June 9, 1921, in a proceeding entitled "United States of America against Certain Tract of Land in Falls Township and borough of Tullytown, Bucks County, Pa.", December term, 1918, no. 5860, notwithstanding the fact that said claimants executed and delivered deeds pursuant to the said decree of the court in the above-entitled matter, and, notwithstanding that said claimants were paid the respective amounts set forth in said decree, the said losses and/or damages to be awarded to be the difference between the entire amount paid for the purchase by the Government of the whole tract and the amount for which the Government subsequently sold the tract, said total difference to be distributed to the respective claimants herein, prorated in accordance with the number of acres taken by the Government.

SEC. 2. Suit hereunder may be instituted at any time within 4 months after the approval of this act, notwithstanding lapse of time or any statute of limitations, and proceedings herein shall be had as in the case of claims over which such court has jurisdiction under section 145 of the Judicial Code as amended.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. Without objection, the proceedings by which a similar House bill was passed will be vacated.

There was no objection.

R. O. T. C. AT THE CITADEL, THE MILITARY COLLEGE OF SOUTH CAROLINA

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the R. O. T. C. as an educational factor and to include therein brief extracts from a prize-winning essay, written by Cadet Thorpe, of the Military Academy of South Carolina.

Mr. RICH. Mr. Speaker, reserving the right to object, I dislike very much to object to anything that a Member wants to put in the RECORD, but the RECORD is supposed to portray the proceedings of Congress, and whenever we go into the field of including articles by students in educational institutions, who have probably written good articles, I think we subject ourselves to criticism. I do not think the CONGRESSIONAL RECORD is the place to print such articles, and, therefore, I shall have to object.

Mr. McSWAIN. If the gentleman will permit an explanation, these are my own remarks with some brief extracts from the prize-winning essay referred to.

Mr. RICH. I beg the gentleman's pardon. I thought the gentleman was asking to include the essay.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, we South Carolina people are naturally and properly proud of The Citadel, situated at Charleston, S. C., officially known as the "Military College of South Carolina", over which Gen. Charles P. Summerall presides. We know him to be a gentleman whom young men would do well to imitate and to emulate his example of upright, honorable living. His career as a soldier, and especially as a field commander of a division and next of an Army corps, in the thick of the worst fighting during the World War, is a source of pride to all Americans.

Last year, in order to stimulate thinking along the lines of sound and sane national defense, I offered, through General Summerall and The Citadel authorities, to present a set

of books dealing with national-defense questions to that student of The Citadel who would prepare and submit the best essay on the subject, "The Place of the R. O. T. C. in a Proper Program of National Defense." I am advised that a number of students submitted essays in this contest, and that, in addition to the winner, several young men received honorable mention. I am advised that the winner in this contest was Cadet James E. Thorpe, Jr., and that the following cadets are worthy of honorable mention by reason of the high quality of their essays: R. N. Walden, E. D. McCrackin, R. N. Hobbs, L. W. Smith, and G. C. Jones.

Mr. Speaker, it gives me very great pleasure to submit for printing as a part of my remarks on this subject the essay prepared by Cadet Thorpe. I congratulate him and I congratulate his family and friends upon his success. I also congratulate the cadets who received honorable mention. In like manner, I congratulate all who entered the contest, because effort always brings its own reward of development and improvement, whether or not the immediate prize be won.

I am at a loss to understand why there is opposition to R. O. T. C. in some quarters. In my humble judgment, it is the most economical, the most sane and the most practical way of keeping a sufficient number of our citizens adequately trained to be leaders in a national emergency. These young men are not jingoists; they are not professional militarists; they are not agitating to bring on war. But they are prepared if any sort of emergency should arise needing armed forces, to lead the raw, untrained civilians in order to protect and defend our Nation against invasion and to defend our constitutional Government against the forcible and violent assaults of any lawless groups that may arise within our own population. These are contingencies that history warns us to be prepared to meet. The mere fact that we are prepared may avert their coming.

Mr. Speaker, here are extracts from the essay above referred to:

THE PLACE OF THE R. O. T. C. IN A PROPER PROGRAM OF NATIONAL DEFENSE

War is declared! The dire news is emblazoned in every newspaper in the country, published by every mouth, pondered by every mind. Anxiety, patriotism, fear, courage, love, and hatred are so commingled that the country is beset by near hysteria. What shall we do? Frantically begins the preparation for a struggle which the people have been assured will never occur and which is now rudely thrust on a nation long lulled into a feeling of false security. Thus has it always been in our short history of military endeavors; thus have we always spent $5 in immediate war preparation where $1 should have sufficed; thus have we ever placed ourselves at the mercy of an armed enemy.

* * * * * * *

In spite of the magnificent gestures of many treaties and the noble attempts of peace pacts to outlaw war, stark reality insists that the civilizations of the world have not yet attained a culture sufficiently high to obviate the recurrence of international strife. Open conflict is possible and imminent throughout the world today. We owe it to ourselves to maintain a program of national defense which will at all times assure us security. Any defense less will be an invitation to conquest by hostile arms; any defense more will amount to burdensome militarism. A proper program of national defense must include instantly available armed forces strong enough to repel an invader in case of a national emergency. But can we be assured that such a program will not infringe on our liberty?

* * * * * * *

In an army, as in all institutions, leadership is probably the most important element. Ordinary soldiers can be trained well in a short period of time to fulfill their duties, but officers should undergo a more extensive preparation in order that they may have a broader comprehension and more sympathetic understanding of the general scope of their work. It is foolish to expect that men can be taken from civilian life and metamorphosed into officers within 90 days. At the outbreak of the World War, we had 9,000 active officers, but 200,000 officers were actually in our Army during the war. Where did the other 95 percent come from? The majority were products of training camps designed to turn out officers as rapidly as possible. They had little more than a superficial knowledge of the duties which they might be called upon to fulfill. Now the situation is different—in case of war, 90 percent of the officers of the Army would come from the Reserves, and the flowing spring which feeds this most valuable and active component of our wartime Army is the R. O. T. C.

Although military training in colleges had its inception in the Morrill Act of July 2, 1862, the R. O. T. C. was first authorized by the National Defense Act of 1916. Its present form is the one designed by the National Defense Act of 1920. The officers which it produces will command the platoons, companies, battalions, and often regiments and larger units which actively engage in war. The few Regular Army officers will be detailed largely for staff duty and the training of raw recruits. Thus the men who today constitute the R. O. T. C. may one day be called upon to bear the brunt of leading our Army—on them will rest to a large extent the actual success or failure of a nation at war. These are intelligent men who must graduate from one of the 115 selected colleges giving an intensive course in military subjects (which includes attendance at a 6 weeks' summer camp) under the direction of the War Department in order to be considered for commissions. Its little brother, the Junior R. O. T. C., operates in the same manner in 139 secondary schools of similar qualifications. These embryonic reserve officers realize that every citizen is obligated to defend his Nation when it is attacked and that it is the duty of the educated to be prepared as leaders in time of national emergency. And this realization is so strong that it impels them to create an attitude of suitable patriotism throughout the country for a proper national defense against foreign aggression. And by the same token it arms us against subversive internal elements which may struggle for supremacy. Just as no knight armed with a broomstick would attack another his equal who had a sword that he could unsheathe on provocation, no nation will attack another of comparable size and resources when the latter has a potential army such as one made possible by the graduates of the R. O. T. C.

Many people object to the R. O. T. C. on the ground that it will bring about a militaristic attitude in our youth. On the contrary, cadets are made aware that war is futile. They constitute a large percentage of the rising generation; their constant efforts to prevent useless strife will go far in bringing about a saner attitude toward the entire political and economic organization. It is they who have pledged their services (and made these services valuable) in the effort to maintain peace and national integrity, yet it is they who have the most to lose in war. In preparing themselves for the worst, they prepare themselves at the same time for the best. Military training changes youths into men by giving responsibilities which will mold characters for civil life—characters long imbued with the ideals of truth, justice, and love of native land.

Others claim that the R. O. T. C. is economically burdensome. Since its inception less than $55,000,000—the price of two good-sized battleships—has been expended on it. In that time, 528,140 students have been enrolled in the senior R. O. T. C. and 76,201 have graduated. And 53,202 are at present enrolled in the junior R. O. T. C. This expenditure on the youth of the Nation is a sounder investment and bears greater interest returns than any other which could be made with the money.

Thus we see that the R. O. T. C. is a stabilizing influence in the ever-changing panorama of American life. The devising of this agency has opened a broad new boulevard whereby our country can reach the necessary and worthy goal of a proper national defense without traveling the bumpy roads of militarism. This is the potential place of our R. O. T. C. in a proper program of national defense. Unfortunately, the student training corps has not yet been allowed to assume its true proportions, but we can work to gain it recognition fortified by the knowledge that this R. O. T. C.—our national safeguard—will ever uphold the finest of democracies.

ORDER OF BUSINESS

Mr. KVALE. Mr. Speaker, I rise at this time to propound a parliamentary inquiry. May I ask whether the Speaker or the majority floor leader or the chairman of the Claims Committee is able at this time to tell the House whether or not there will be another day upon which omnibus private bills, as yet uncalled, may be considered?

The SPEAKER. Speaking for himself, the Chair is unable to inform the gentleman from Minnesota.

A LEGISLATIVE REPORT TO MY CONSTITUENTS

Mr. SCOTT. Mr. Speaker, I have been asked by my colleague the gentleman from California [Mr. HOEPPEL] to ask unanimous consent that he may extend his remarks in the RECORD and include therein three short quotations—one from the late Senator La Follette, one from the Democratic platform, and one from the Secretary of Labor, Mme. Perkins. I understand the whole thing will be about 15 lines in length.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, as it will be physically impossible for me to meet all of my constituents during the ensuing campaign, and as I consider that they should have a complete record of my service as their representative, I submit the following résumé of my activities as Representative of the Twelfth Congressional District of California since 1932.

On August 25 my constituents will have the opportunity of registering, by their vote in the primaries on that date, their

approval or disapproval of my record as their Representative in the Congress of the United States, and on November 3 they will be called upon to choose their Representative in the Congress for the next 2 years. It is only on a basis of actual facts, which I am pleased to present, that they can decide whether or not I have "kept the faith" and am entitled to a continuance of their support.

It is impossible, of course, to condense a report of my 4 years' activities into a few pages, but this I have endeavored to do as well as possible, in the accompanying résumé of my record, which I have indexed both alphabetically, according to subjects considered, and by subheads, so that anyone may readily ascertain how I stood on any certain question. The facts which I present may be confirmed by the CONGRESSIONAL RECORD, bound copies of which I have placed in the leading libraries of my district.

It is necessary that I fortify my remarks by the official RECORD, since I found in my last campaign that so many individuals, seeking office, are prone to contort the public record of an individual and to use tactics commonly termed "mud slinging" in an effort to further their own interests. I have always endeavored to conduct a clean campaign, and I reaffirm my pledge that I shall not resort to unfair tactics of any kind against any opponent. I am more than willing to rest my case with the people on a basis of my actual record in the Congress in their interests.

MY SERVICE REWARDED WITH CHAIRMANSHIP

During my 4 years as Representative of the Twelfth Congressional District I have taken an active, aggressive part in support of legislation to bring about the reemployment of our unfortunate unemployed at living wages, and to restore to them the opportunities which they have a right to expect in a democracy. I have been guided at all times by my earnest desire to advance the interests of the people whom I have the honor to represent, and of the Nation generally, and I have steadfastly refused to be intimidated or coerced into voting against my honest convictions.

In recognition of my service, when I was reelected in 1934 my colleagues honored me with the chairmanship of an important committee of the Congress, the only major chairmanship held by a California Member of Congress, in fact, by any Congressman west of the Rockies. This position, naturally, has increased my sphere of influence and opportunity for service to my constituents.

A REPRESENTATIVE SHOULD BE FREE TO REPRESENT HIS CONSTITUENTS

My conception of a Representative is an individual who will conduct a clean campaign, free from alliances with selfish interests or special groups, and who will hold himself subservient only to the people whom he represents, not to polished and astute politicians who work behind closed doors to attain their objectives. Unless I can win reelection on the basis of my past endeavors, with my entire record open for public inspection, for criticism and praise where merited, I do not wish reelection.

ELECTED AND REELECTED WITHOUT HELP OF POLITICAL MACHINE

I was elected in 1932 and reelected in 1934 as Representative of the Twelfth Congressional District of California without the assistance of any political machine or political faction, and have thus been in a position to act independently at all times in the interest of the people who sent me here.

Under no circumstances will I aline myself with so-called political machines which, not only in California but elsewhere, have been the very agencies which have brought about corruption in politics to such an extent that the Congress of the United States itself is commonly termed a "rubber stamp" Congress.

"FOLLOW THE PRESIDENT" IS NO PROPER DEMAND IN A DEMOCRATIC GOVERNMENT

I have been criticized by some few individuals because I failed to follow the President on every proposal which he submitted to the Congress, even though such proposals were not incorporated in or even remotely a part of the Democratic platform of 1932, and, in some instances, were diametrically opposed to it. My public record will show that I have followed the Democratic platform throughout, and as a candidate for reelection this year on the Democratic ticket I will again support the platform, but I will not promise or pledge myself in advance to support any proposals from a new Democratic administration unless such proposals are incorporated in the Democratic platform or are in accordance with the wishes of the majority of the voters of my district. I will not pledge myself in advance to follow any individual or group of individuals, since it is self-evident that we may as well dissolve our legislative body if representatives of the people are to be without an independent voice. I, for one, refuse to be herded and coerced into voting for measures submitted as so-called "must" legislation. If the free and independent voice of the people's representatives is thus silenced, our liberties as a people are correspondingly threatened. After my own conscientious study of measures proposed, I will always vote for what I consider to be the best interest of the entire people and in accordance with the wishes of my constituents. I, for one, have more confidence in the judgment, based on due deliberation, of the 435 Representatives in Congress than I have in the suggestions of any one individual, regardless of whom he may be.

That great liberal and progressive, Senator Robert La Follette, Sr., voiced my convictions in this connection in his speech in the Senate on April 4, 1917, in which he opposed the entrance of the United States into the World War and answered his critics who berated him because he refused to follow the President on that important issue. At that time he stated:

> Mr. President, I had supposed until recently that it was the duty of Senators and Representatives in Congress to vote and act according to their convictions on all public matters that came before them for consideration and decision.
>
> Quite another doctrine has recently been promulgated by certain newspapers, which unfortunately seems to have found considerable support elsewhere, and that is the doctrine of standing back of the President, without inquiring whether the President is right or wrong. For myself, I have never subscribed to that doctrine and never shall. I shall support the President in the measures he proposes when I believe them to be right. I shall oppose measures proposed by the President when I believe them to be wrong.

For his steadfast refusal to be intimidated or swerved from his convictions he was insulted by his colleagues and branded by his enemies as disloyal to his country, but he is today acclaimed as one of our great Americans, and liberal and conservative alike pay him homage for his sincerity of purpose and the dauntless courage with which he defended principle above party.

THE INTEREST OF THE PEOPLE CONTROLS MY VOTE

In order to protect the savings of depositors, I did "follow the President" when he submitted his first recommendation to the Congress authorizing the printing of $2,000,000,000 of fiat money to turn over to the banks, even though the financial interests we were thus salvaging were responsible, in large measure, for our depression.

OPPOSED LEGISLATION AGAINST VETERANS AND FEDERAL EMPLOYEES

I did not "follow the President" when he proposed the Economy Act, which struck so unfairly at our disabled veterans and all Federal employees. This act, which brought such an aftermath of suffering among our disabled veterans and their dependents, was passed by the House of Representatives after only 20 minutes of discussion, without the right of amendment or even an opportunity for individuals, like myself, who were interested in a square deal, to discuss the measure, and was enacted into law within 15 days after the President assumed office. I would not be stampeded into becoming a "rubber stamp" to vote discriminations against the veterans of our wars and all Federal employees under the administration whip, and I am proud to state that I voted against the President on this question on every occasion. That I was justified in my stand was clearly shown by the subsequent action of Congress and the President himself whereby the unfair and discriminatory provisions of the Economy Act were repealed. Even before the first session of the New Deal Congress was concluded the Congress and the President back-tracked and corrected some of the injustices of the Economy Act, but not all of them.

In the second session many further corrections were made by the Congress and the President, and the Veterans' Administrator advises me that since the economy bill became a law there have been 11 different enactments of the Congress itself to correct discriminations resulting from this measure. In addition, the President has issued 12 Executive orders, with 29 amendments to these Executive orders, making a total of 41 Executive orders issued by the President as a result of the Economy Act. In addition, the Veterans' Administration has rendered 261 Administrator's decisions in reference to the act, and there have been revised wholly or in part 815 paragraphs of regulatory material used by the Veterans' Administration in carrying on its activities.

For my opposition to the Economy Act and my loyalty to principle above party I was severely censured at the time, but I have been clearly vindicated in my stand, as I have explained above.

PENALIZING DISABLED VETERANS WHILE WE WASTE PUBLIC FUNDS BOONDOGGLING

Notwithstanding that the administration was so insistent on economy at the expense of our disabled veterans and Federal employees under the Economy Act, millions were wasted under the C. W. A. on boondoggling projects, all of which must be repaid twofold under our present system of paying for such expenditures through the issuance of tax-exempt bonds.

Later the President requested that he be given a check for $4,800,000,000 for work-relief purposes, without any restrictions whatever by the Congress as to its expenditure. Think of it—appropriating $4,800,000,000 of your money, without your Representatives knowing what was to be done with the money! This bill, after its disposition in 20 minutes in the House, was held up in the Senate for almost 3 months. Finally, after the merest semblance of earmarking the huge appropriation, it was enacted into law. I voted for this bill, not because I approved of the method proposed but there was no other alternative, inasmuch as the administration leadership would not permit amendment, and I could not be a party to any procedure which would deny our millions of unemployed and heads of families any opportunity to earn a subsistence—even as obnoxious to me as was the manner of handling this appropriation.

THE PAUPER WAGE SCALE IS UN-AMERICAN

I mention "pauper wage scale" because of the fact that the relief bill, as enacted, provided for a "security wage" of from $19 to $95 per month, which I consider to be an unfair wage standard for the American worker. I opposed this "security" or so-called "pauper wage", and urged that prevailing wages be paid to the unemployed. Those of my critics who denounce me for not following the President throughout by their very criticism make themselves sponsors of this "starvation wage", which millions of our unfortunate unemployed have been forced to accept or have nothing.

Although theoretically the friends of labor lost in their efforts to embody the "prevailing wage" provision in the law, in actual administration of the relief funds the prevailing wage was paid in many places where the pressure of labor groups was strong enough to secure this consideration. Moreover, the $1,500,000,000 relief appropriation measure enacted in this session specifically provided for the payment of prevailing wages to relief workers, and W. P. A. Administrator Hopkins himself appeared before the Senate committee in support of such a provision. Thus have the administration, and particularly Administrator Hopkins, by their reversal of attitude on this question, vindicated and upheld me in my opposition to the "pauper wage scale."

FOLLOW THE PRESIDENT OR FIGHT FOR A LIVING WAGE FOR OUR UNEMPLOYED—WHICH?

Those who are "with the President 100 percent" must approve of the President's "security wage scale", which approximated $55 per month for the worthy unemployed in California. As I mentioned before, I opposed the President on this point, and if reelected will oppose him again, as I believe in a living wage and not a pauper's wage for our American workers.

In this same connection I opposed the $30 per month which is paid to the men and boys in the C. C. C. camps and cooperated with the Honorable WILLIAM P. CONNERY, chairman of the Committee on Labor, who proposed a wage scale of $80 per month. The record will show that I offered an amendment to provide $50 per month for the men and boys in the C. C. C. camps.

WHY LET ALIENS TAKE OUR JOBS?

I introduced and advocated legislation providing for the deportation of aliens who decline to become citizens, thus making available more jobs to American citizens. At the same time I favor closing the doors for the present to all foreign immigration, or at least restricting immigration to relatives of American citizens where family welfare would be more humanely considered by permitting their entry, and I would favor even this restricted immigration in limited numbers only.

WHY GRANT ADDITIONAL BENEFITS TO A PRIVILEGED CLASS WHILE MILLIONS STARVE?

I opposed the officers' promotion bill, sponsored by the administration, which increased the rank and pay of 9,000 well-paid and well-fed Army officers, while millions of our citizens were unemployed and in want. Over 9,000 officers are receiving from $379 to $500 per month, plus free housing, subsistence, medical, and other substantial allowances, while at the same time, as I have indicated, the administration provides as low as $19 per month for our unemployed citizens on W. P. A. projects. Fighting alone on the floor throughout the entire day, although I was unable to defeat this measure, I did succeed in securing an amendment to the bill deferring its effective date for a period of 30 days, thus saving the taxpayers approximately $100,000. This bill also provided retirement at $149 per month for able-bodied 37-year-old Army officers, many of whom immediately after retirement take Government jobs, thus entering into competition with civilians and drawing two pay checks from the Government.

The President was apparently so much in favor of granting this increase to these already overpaid officers that the bill, when passed by the Congress, was rushed to the White House within half an hour and signed immediately, which is contrary to all precedent. The reason for this haste was that if the bill had gone to the President in regular course of procedure the benefits provided would have been delayed for another month, thus saving the taxpayers an additional $100,000.

THE OLD PEOPLE HAVE EARNED THE RIGHT TO REAL SECURITY

I also voted against the President's so-called security bill, which authorized a pauper's pension of $30 per month to our aged citizens. I am not in favor of requiring a pauper's oath from any aged citizen who is so unfortunate as to be without adequate means of support in his old age. I was the first Member of Congress ever to speak on the floor of the Congress in behalf of the Townsend old-age pension, and I am surprised indeed to find my Democratic opponents opposing me on an "all the way with Roosevelt" platform and at the same time promising to work for the Townsend pension plan, knowing, as they must, that the President is unalterably opposed to the Townsend old-age pension. This is inconsistency personified! How can anyone be for Roosevelt "all the way" and at the same time work for the enactment of the Townsend pension, to which he is absolutely opposed? I believe my constitutents are too sensible to swallow the political bait of those who thus attempt to carry water on both shoulders.

THE TOWNSEND PENSION IS A PRINCIPLE WITH ME, NOT MERELY A POLITICAL PROMISE

I fought for the Townsend plan when to advocate such pension meant ridicule on the floor of Congress. Notwithstanding this, I fought incessantly for this measure, and now many are rallying around the standard of Dr. Townsend, hoping to garner votes for themselves. It is easy for a candidate to promise support when the ground has been broken and the foundation laid. I feel confident that those who are in favor of the Townsend plan will realize that one who has made good and who has demonstrated his sincerity by ac-

tually fighting for the plan is more to be considered for support than an individual who is offering a mere promise in order to obtain votes. We know the record of a man who has fought a valiant fight in office, whereas we can never be sure of the mere promises of politicians, so easily made and so much more easily forgotten, once election has been attained. My record in behalf of the Townsend plan speaks for itself. Why trade horses when the steed you are riding has proven faithful and able to carry the load?

THE GOVERNMENT SHOULD CONTROL THE LIQUOR INDUSTRY IN THE PEOPLE'S INTERESTS

The present system of the manufacture and sale of intoxicating liquors has proven a travesty on regulation or control in the people's interests. In my speech advocating substantial pensions for our aged citizens I urged that the Government take over the manufacture and distribution of intoxicating liquors and that the profit from this industry be applied wholly to guarantee economic security to all citizens beyond the age of 60 years and the disabled under this age. As long as we permit the profits to remain in the hands of the private manufacturer and distributor the seeds of political corruption will remain in the liquor industry, it will be more difficult to combat crime and lawlessness, and the honest endeavor of the Government to inculcate sobriety and temperance in the citizenry will be increasingly difficult. Other nations of the world have been taking over monopolies, even in such commodities as salt, tobacco, and so forth, but the huge profits accruing to these governments through such monopolies are as nothing compared to the moral values to be derived for the people from Government control of the liquor industry.

I HAVE ALWAYS SUPPORTED AND WORKED FOR EDUCATIONAL PROGRESS

I deplored the procedure under the C. W. A., and later under the W. P. A., whereby our educated men and women, out of a job, were compelled to engage in manual labor, in some instances ditch digging, in order to obtain a subsistence wage.

I introduced legislation to provide substantial but not exorbitant research fellowships to individuals holding degrees in the sciences, medicine, dentistry, and so forth. It is my contention that if we had given a reasonable rate of pay to the unemployed scientist, physicist, chemist, and others in the fields of higher learning, the benefits which would have accrued to our Nation as a result of their researches would have more than compensated for the small additional outlay which the Government would have had to make to place these highly trained and outstanding citizens at work on useful projects in their own fields rather than at manual labor.

I also advocated a distinct increase in appropriations for the Bureau of Standards so that this valuable department of Government could expand its activities and research in the interest of adding to our industrial and economic welfare.

I supported legislation in the interest of rural education and have consistently worked and voted in the interests of our public schools and institutions of higher learning.

I also favor an adequate compensation to those in the teaching fraternity and strenuously insist upon their right to retirement at a substantial annuity, upon their own application, on attaining the age of 60 years or, if disabled, prior to attaining that age. The teaching profession is sadly underpaid. Salaries should be greatly increased in order that we may maintain the highest possible standard for the personnel in this profession.

The Nation progresses in more or less direct proportion to its advancement in education and its attainments in the various sciences, and I am convinced, therefore, that funds intelligently expended in these fields will bring to our people a substantial return on such investments.

MY STAND IN OPPOSITION TO THE PRESIDENT WAS FOR PRACTICAL MORTGAGE RELIEF

I voted against the first bill providing mortgage relief for home owners and our distressed farmers, recognizing at the time that these measures were unfair to the mortgagees because the principal of the bonds was not guaranteed, and as a result thereof little relief, if any, could be expected through this means for our distressed home owners. The records will prove that practically no mortgage relief was given to any of our distressed home owners or farmers until, in the next session, these acts were amended to guarantee the principal of the bonds. I then suported these measures and they have been helpful to a great degree, although not wholly satisfactory.

I FOUGHT FOR LOWER INTEREST RATES TO THE FARMER AND HOME OWNER

In a subsequent session I endeavored to secure a reduction in the interest rate which the distressed home owner is compelled to pay, but was unsuccessful. Later, however, my ideas were incorporated in a provision for lower interest rates for the farmers, but as yet the interest rate which the city home owner is compelled to pay has not been reduced. I am hopeful that in the next session of Congress the interest rate under the H. O. L. C. will be radically reduced, since the $50,000,000 which the H. O. L. C. is contemplating as profit is nothing other than tribute which the distressed mortgagee is being called upon to pay through the exaction of 5-percent interest on moneys which the Government itself borrows from the bankers at 2¾ percent or less.

I am not in favor of this type of chiseling at the expense of the distressed American home owner or farmer. Those of my opponents who criticize me for not following the President blindly are thus approving of these high interest rates which I sought to have reduced in the interest of a square deal to the distressed citizen. Would my constituents have me go along with the President all the way and vote to continue the high interest rates provided in the administration measures, or would they have me continue my fight for lower interest rates in the interest of the people?

I WORKED PARTICULARLY TO RELIEVE THE DISTRESS OF CALIFORNIA HOME OWNERS

I cooperated with the late Montaville Flowers, who visited Washington in the interest of protecting the California home owner from property and other losses due to assessments under the Mattoon Act. I regret to state that thus far, however, our objectives have not been attained, although legislation is now pending designed to relieve home owners from exorbitant interest rates and at the same time give them a breathing spell from the assessment burden.

WHO CAN DEFEND THE A. A. A. CROP-DESTRUCTION POLICIES WHILE MILLIONS OF OUR PEOPLE STARVE?

I voted against the A. A. A. and every amendment thereto, as I considered this bill to be not only unconstitutional but an indirect sales tax on foodstuffs which bore most heavily upon the unemployed, thus adding to their distress by an increase in living costs. We all recall the high prices we were forced to pay for pork and other meats following the enactment of the A. A. A. I am not an apostle of increased prices to the consumer through a program of scarcity. I am opposed to the destruction of God's products through the plowing under of cotton, the burning of wheat and other foodstuffs in the field, and the slaughter of pigs and other livestock under the fallacious theory that the less you have the more prosperous you will become. In Gillette, Wyo., in 1934, I met Government agents who had instructions to wantonly slaughter 200,000 head of sheep in that State alone! The A. A. A. Act was declared unconstitutional by the Supreme Court and its principles discredited, thus vindicating my opposition to its enactment.

PROTECTION AND ENCOURAGEMENT BUT NOT SUBSIDIES TO THE FARMERS

I favor legislation which will protect the American agriculturalist against the exploitation of the stock market and the middleman, and I also favor such tariff legislation as will adequately protect American agriculture from the competition of cheap foreign labor. I believe in every measure of governmental support and encouragement to the various agricultural groups, through marketing agreements and other assistance, which will assure to them the cost of production plus a reasonable profit.

THE FRAZIER-LEMKE BILL WOULD BRING REAL MORTGAGE RELIEF TO DISTRESSED FARMERS

I was one of the earliest signers of the petition to bring the Frazier-Lemke farm refinancing bill before the Congress for consideration. I was pleased to lend my support throughout to this measure, which represented the people's interest versus the bankers, and I was one of the 142 Congressmen who voted for its passage. Unfortunately, due to administration pressure, this bill was defeated, and as a result our distressed farmers will continue to pay high interest rates on credit extended to them by the bankers, which credit is virtually the credit of the people themselves, and all the bankers do is to extend this credit through the medium of a fountain pen.

If the Frazier-Lemke farm refinancing bill had been enacted, it would have brought real mortgage relief to the distressed farmers without one cent of cost to the taxpayer, and, at the same time, it would have returned a net profit to the Government of several billion dollars through the interest payments which would accrue to the Government.

THE RECIPROCAL TARIFF ACT MUST BE AMENDED TO PROVIDE PROTECTION TO OUR HOME PRODUCERS

I voted for the reciprocal tariff, which was included in our Democratic platform and which was advocated by the President. Our experience has already demonstrated, however, the necessity of amending the law to more adequately protect American agriculturalists and at the same time retain the benefits which it has brought to some of our American manufacturers. This necessity arises from the fact that it has been found that in important instances the favored-nation clause in existing tariff treaties permits the importation of foreign products from certain nations which buy very little, if any, of our products in return. In these instances it is a one-sided agreement to the advantage of the foreign producer and detrimental to American agriculturalists and manufacturers.

I believe we should follow the slogan "America first", since it is self-evident that it is unfair to the American taxpayer to pay the American farmer to reduce his crops and remain idle while, at the same time, we permit increased importations of competitive foreign agricultural products.

I PROTECTED THE INTERESTS OF CALIFORNIA CITRUS GROWERS

The official record of committees and the Congress will show that I protected the interests of the avocado and orange growers of my district. The Florida delegation in Congress appeared before the Committee on Interstate Commerce protesting against the present law, which requires that oranges, colored artificially, have an imprint on each orange, "Color added", and urging that such requirement be abolished. I was the only Member of Congress from California to appear before the committee to insist upon the continuance of this requirement in the interest of our California growers, whose product is of such a high quality that they do not resort to artificial coloring to increase its attractiveness. Working in collaboration with officials of the Department of Agriculture, I showed conclusively to the committee that the natural color of California oranges makes artificial coloring unnecessary, and that unless the imprint "Color added" is required where such coloring is used the California growers will suffer unfair competition from Florida growers.

I am pleased to report that my efforts have been successful thus far in the interest of the California growers, although the Congressmen from Florida, candidates for reelection, are pledging that they will have this restriction on Florida growers removed, which would be detrimental, of course, to the interests of our California growers.

I also worked with the Secretary of State and a delegation from California and Florida to protect the interest of the avocado growers in the reciprocal tariff arrangement which our Government concluded with Cuba.

I mention these facts as an evidence of my activities in behalf of our California fruit industry, and as a Member of Congress with 4 years' experience, and also as chairman of a committee in Congress—of which there are only 31 in the entire Congress—I feel that I have more influence in the Congress than would any newcomer without my background of experience and prestige as chairman of a committee.

THE POULTRY INDUSTRY SHOULD BE PROTECTED

I urged and fought for the enactment of the Knutson and Lea bills, which would protect the poultry and egg business of California from the competition of the cheap products of oriental poultrymen. I believe in protecting not only the poultry industry but any other American industry able to produce our entire domestic requirements as long as the prices of American products are kept within a reasonable price limit. I have always supported, and will continue to support, any legislation which will protect American industry, agricultural or industrial, from cutthroat competition from foreign nations whose labor standards are so palpably inferior to our own.

THE HEALTH AS WELL AS THE POCKETBOOK OF THE CITIZEN MUST BE PROTECTED

I favor the enactment of a pure food and drug bill which would protect the health as well as the pocketbook of the American citizen. In the Department of Agriculture Building in Washington is a room appropriately termed the "Chamber of Horrors", which exhibits hundreds of fake medicines and devices sold to the unsuspecting public by scheming quacks and fakers, only to take a staggering toll of human lives, not to mention the needless suffering occasioned thereby. Many of these poisons and instruments of torture are still on the market, and the Government is powerless to control them. I want to see our foods pure and unadulterated and up to definite standards of quantity and quality. I want to see our drugs and cosmetics effective and not injurious to health. I want to see truthful advertising, truthful labeling of foods and drugs, and speedy justice and firm penalties to offenders of our food and drug laws.

THE FARCE OF THE TOBACCO AND POTATO CONTROL ACTS

I voted against the administration-sponsored tobacco and potato control bills, which latter was so ridiculous that the Secretary of Agriculture himself failed to follow the law on this subject. Both of these bills were later recognized as unconstitutional and the President recommended their repeal, vindicating my stand in opposition to their enactment.

I VOTED FOR EMPLOYMENT RELIEF, BUT OPPOSED THE PRINCIPLE OF N. R. A.

I voted for the N. R. A., not because I believed the bill to be a sound recovery measure—in fact, an examination of the CONGRESSIONAL RECORD will show where I stated in voting for this bill that I did so with my fingers crossed—but I voted for it because it contained a section authorizing $3,300,000,000 to provide work for the unemployed. I had no other alternative than to vote for the measure if I wanted to assist the unemployed, even though I recognized that the N. R. A. itself was a form of regimentation alien to our principles of liberty and democracy, and I doubted its constitutionality. I further feared that such regimentation would squeeze out and eliminate the small businessman, and the results of the administration of this act justified my apprehensions. This act was declared unconstitutional, thus confirming my judgment and justifying my expressions of disapproval of the measure when I voted for it in order to give employment to our unfortunate unemployed.

THE INDEPENDENT MERCHANT MUST BE PROTECTED AGAINST CHAIN-STORE MONOPOLIES

I favor the enactment of the Robinson-Patman bill, which is aimed at monopolies and price discriminations, all of which operate against the small merchant, and I am hopeful that this bill will be enacted into law.

COERCION IN LEGISLATION IS A THREAT TO DEMOCRACY

I have observed that many Representatives receive instructions from machine politicians at home as to how to vote on pending legislation. An attempt was made in the last session to exert such influence on me through my vote on the utility bill, but I am not that type of Representative and never will

be. I was even indirectly approached by a high ranking official of the Relief Administration and told that California relief funds might be reduced unless I voted for the death clause in the utility bill.

I AM OPPOSED TO THE UTILITY HOLDING COMPANIES

I am opposed to the utility holding companies, as any other honest citizen must be, where it is shown that corruption or illegal practices exist. Our platform, however, calls for regulation of utility holding companies, but not for their extermination without due process of law. I voted in accordance with our Democratic platform, which, to be specific, enunciates our Democratic policy on this question as follows:

Regulation to the full extent of Federal power of—
(a) Holding companies which sell securities in interstate commerce.

I am not an opponent of wealth in any category, but I oppose wealth where it is used to the disadvantage of the worker and the citizen. Regulation of utility companies through the sensible system of taxation of the interlocking and pyramided companies would have protected the investments of the stockholders and controlled the utility companies through orderly constitutional means, while arbitrary dissolution would have caused chaos to the investors and thus further unbalanced our economic order. The issue was not the guilt or innocence of the offender but of the method of correction of the acknowledged evil, and the fact that I supported the constitutional means cannot, under any circumstances, be interpreted as approval of or even acquiescence in the policies and practices of the big utility companies. Such an assumption would be as unreasonable as to accuse a judge of condoning crime because he does not mete out the exact punishment requested by the prosecuting attorney.

Those of us who sincerely wish to curb and control the utility holding companies render a greater service to the public by advocating and supporting legislation which will pass constitutional tests than do those who propose radical legislation which cannot be administered because of constitutional limitations. Our experience with the N. R. A. and the A. A. A. has demonstrated that we can attain our objectives and bring relief more expeditiously by enacting sensible legislation within constitutional limitations than by radical experimentation which not only upsets business but which reacts against itself when submitted to the Supreme Court.

It is problematical whether or not the modified utility act will survive the Supreme Court. It has already been declared unconstitutional by a court of appeals and is now pending before the Supreme Court for a decision.

I am convinced that the regulation of the utility holding companies, as provided in our Democratic platform, through the medium of taxation, would pass the test of constitutionality and would bring about the desired result—that is, lower utility rates to the consumer through a constitutional and orderly process.

ELECTRICITY AND WATER RATES SHOULD BE LOWERED

I voted for the T. V. A. and am in favor of Government ownership or control of every natural resource in the interest of the citizen and ultimate consumer. The Tennessee Valley Authority has already brought about, through comparison, a reduction in electric rates, and if the Government would continue such projects as Boulder Dam, the Grand Coulee Dam, the Columbia River project, and so forth, along the lines of conservation and flood control, we would not only conserve our resources but at the same time, through the building of required dams and check dams in the smaller tributaries, we would save the enormous losses recurring from time to time due to floodwaters.

As I have so often indicated, wherever the Government, through the development of any natural resource, enters into competition with private business, such as private power plants, and so forth, I consider that it is the duty of the Government to properly recompense the investors of such companies where they suffer loss due to Government competition.

PATRONAGE IS UNECONOMICAL, INEFFICIENT, AND TENDS TO CORRUPTION

In the establishment of the various alphabetical agencies of the New Deal I opposed the employment of such personnel through the patronage system. I voted every time to provide that such employees be taken from civil-service lists, because I knew such employees would be generally more competent, less subject to political corruption and intimidation from the bosses, and, in the aggregate, more economical, as the civil service pay classification standards do not provide the abnormally high salaries which so many incompetent political appointees are receiving in many of these alphabetical agencies.

I am opposed to the patronage system and introduced a constitutional amendment to provide that all Government employment be under civil service. Early in 1935 I also appeared before the Committee on Military Affairs urging that West Point and Annapolis appointments be strictly civil service. I have always advocated that postmasterships be taken entirely out of politics and that post-office employees be promoted to such positions, and have introduced legislation to that effect.

Patronage is rarely efficient in its disposition of employment; it is highly uneconomical and permits political bosses to dominate elections, directly or indirectly, thus frustrating good government based on the election of worthy Representatives.

A REPRESENTATIVE SHOULD HOLD PRINCIPLE ABOVE PARTY AND POSSIBLE PATRONAGE

As a Representative in Congress I feel that I owe every obligation to the people of my district, and even though I was told that I would receive patronage jobs if I voted for certain measures, I held the welfare of my constituents of more importance than the possible opportunity to recommend a few individuals for patronage jobs, and I refused to sacrifice my principles for such consideration.

I am only sorry that my limited time prevents going into detail on this subject. God help our country unless we elect to the next Congress men who will vote for the interest of their constituents, and who are not concerned with the will-o'-the-wisp of patronage, rather than Representatives who will vote for their own selfish interests, and who feel that they are successful as legislators if they are enabled to load their political friends, in lucrative Government positions, on the backs of the taxpayers.

THE UPTURN WE ARE WITNESSING IN BUSINESS IS NOT MATERIALLY AFFECTING OUR UNEMPLOYMENT PROBLEM

On my return to California in 1935 I predicted an upturn in business, which prediction is now an actuality. I feel satisfied that the payment of the bonus not later than July, plus continued Government expenditures, will result in further business improvements but if past experience is any criterion of what the future holds in store, I doubt whether any substantial reduction in unemployment will result.

WHO WILL PAY THE PIPER?

I was elected in 1932 on the platform of "lower taxes and jobs", and I regret to say that thus far the New Deal legislation has not brought about any substantial decrease in unemployment, except through the medium of approximately $12,000,000,000 of Government expenditures, obtained through the issuance of tax-exempt securities. It should be borne in mind that no effort has been made to pay the principal of this increase in our national debt. We have increased Federal taxes to almost the breaking point, and I fear the result when an honest effort is eventually made to pay both principal and interest on our present inordinate debt burden. We enjoyed the music of public expenditures through the W. P. A., the P. W. A., the C. W. A., and other alphabetical agencies, but have made no effort whatever to pay the piper.

WORK RELIEF SHOULD BE IN THE HANDS OF THE PEOPLE THEMSELVES

I visualized the graft, the inefficiency, and the political chicanery which inevitably follow the expenditure of billions of dollars through a centralized control at Washington. I am in favor of the fullest measure of assistance to the unemployed, and proposed a measure which would have taken

relief out of the hands of the incompetent political bureaucrats and placed such relief more directly in the hands of the citizens themselves.

To date we have spent almost $12,000,000,000 on relief, direct or indirect, which will be repaid by our children and our children's children to the tune of approximately $24,000,000,000 or more through the issuance of high-interest-bearing, tax-exempt bonds.

A PROPOSAL WHICH I MADE FOR RELIEF

I proposed a measure to lend $10,000,000,000 to the municipalities, counties, States, churches, schools, established businesses, home owners, and other definite entities at an interest rate of not to exceed 1 percent. Had this been done the responsibility for the expenditure of such loans would have been entirely in the hands of the borrowers, and the problem of unemployment would have been directly a State, county, municipal, or private affair, thus guaranteeing a more efficient expenditure of the funds and the absolute elimination of control on the part of politicians. Even though many of the States, political subdivisions, and other borrowers defaulted in such borrowings, nevertheless the expenditures would have been made at less overhead, there would have been a broader distribution of purchasing power for the unemployed, and the loss to the Nation, even though such defalcations were numerous, would not have been as great as that incurred under our P. W. A. "gift" system. Under the P. W. A., 45 percent of the cost of projects was an out-and-out gift from the Government. On this basis 45 percent of loans such as I proposed could have gone in default, and even at that the Government would not have suffered any greater loss than the taxpayers are now suffering through the grant of 45 percent of the cost of projects.

Under the method I proposed the more impoverished school districts, municipalities, and other subdivisions would have had equality in borrowing advantages, whereas under the P. W. A. loans were extended primarily to the more prosperous communities which, through bond issues or otherwise, could produce the necessary 55 percent of the cost of their projects. It may be well to note here that under the P. W. A. policy, where 45 percent was a governmental grant, the total interest paid by the borrower averages 2.2 percent. By comparison consider the 5 percent which the distressed home owner, who should be the first to be favored, must pay to the H. O. L. C. on his mortgage indebtedness.

I CANNOT CONDONE PROFITEERING ON DISTRESS

I am also opposed to the provisions of title 1 of the F. H. A., through which the citizen is forced to pay 9.72-percent interest on loans, which the Government guarantees, for the purpose of repair or modernization of his home. This high interest rate has proved prohibitive in many cases where advantage would otherwise have been taken of the opportunity afforded to make needed repairs, and thus it has operated to withhold employment from carpenters, plumbers, painters, and others in the building trades. The Government is lending funds at 2-percent interest for the development of electrical power on the farm, through which the utilities are profiting in the sale of power and light. I feel that the distressed home owner and farmer should be accorded equal consideration at least with large corporations and political subdivisions when it comes to the question of borrowing from the Government.

LET US FACE THE FACTS

I believe the people are entitled to facts, and that criticism in generalities is not only unfair to the person "under fire" but an affront to the intelligence of thinking people. Such criticism has been the ammunition of my political enemies, who have broadcast their accusation that I did not "follow the President throughout." Far from being fair criticism of my services as a representative of the people, however, I believe that this criticism, in the light of the actual facts, will be recognized as an unwitting acknowledgment of my conscientious representation and loyalty to those who sent me here. In reply to accusations in generalities I am proud to submit the following analysis or résumé of the major issues on which I did not "follow the President", and I ask all who are sincerely interested to examine it and honestly answer the question:

HOW WOULD YOU HAVE STOOD ON THESE MAJOR ISSUES?

THE ECONOMY ACT

One of the first acts of the present administration was to present to the Congress for enactment the so-called economy measure. It was an administration "must" bill and the utmost pressure was used to break down any opposition to its enactment. I fought this measure throughout. In the name of economy it took pensions from our disabled veterans, threw them out of hospitals, and denied to them and to their dependents the protection which they had a right to expect from a just and appreciative Government. I foresaw that it would result in indescribable suffering and that, at the same time, it would greatly add to the burden of the taxpayers, who would be required to provide for our disabled veterans and their dependents ruthlessly thrown on "relief." I was severely censured for not "following the President" in support of this infamous measure. It was enacted by the "yes men" of the Congress by an overwhelming vote after only 20 minutes of debate, and was a law within 15 days after the President assumed office.

WHERE ARE MY ACCUSERS?

The tragic suffering which followed the enactment of the Economy Act, the discriminations and injustices with which it was honeycombed, brought forth a storm of protest from all over the Nation. Disabled veterans and their dependents were thrown on relief in such numbers that local agencies were unable to provide for them. Suicides followed in alarming numbers among our disabled veterans, and the ingratitude of a nation to its defenders, exemplified in the so-called Economy Act, became a national disgrace. Almost immediately after its enactment, administration efforts at correction began. Since the economy bill became a law the President has issued 12 Executive orders, with 29 amendments to these Executive orders, making a total of 41 Executive orders issued by the President as a result of the Economy Act. The Veterans' Administration has rendered 261 Administrator's decisions in reference to the act, and there have been revised, wholly or in part, 815 paragraphs of regulatory material used by the Veterans' Administration in carrying on its activities. In addition, a contrite Congress enacted 11 public acts in an effort to correct discriminations resulting from the Economy Act.

Thus, those who had most severely criticized me for my opposition to the President in this instance in effect acknowledged the justice of my position and absolutely vindicated me.

THE PAUPER WAGE SCALE

I opposed the President's pauper wage scale for our unemployed, ranging from $19 to $95 per month, and approximating $55 monthly for our worthy unemployed in California. Such a wage scale, as low as $19 monthly, in my opinion, was absolutely un-American and an injustice to our unfortunate unemployed. I supported a move in the Congress to provide for the payment of prevailing wages to the unemployed, but under administration pressure the pauper wage scale was enacted into law.

DO THE FACTS SUPPORT MY CRITICS?

Although the move to provide prevailing wages for our unfortunate unemployed was defeated, Mr. Hopkins, Works Relief Administrator, did give discretionary power in the matter to certain of his administrators, with the result that prevailing wages were actually paid to W. P. A. workers in certain sections. The bill providing $1,500,000,000 additional work-relief funds, enacted in the present session, carried a provision for paying prevailing wages to all workers under W. P. A., and Mr. Hopkins himself appeared before the Senate committee, advocating the prevailing-wage scale in W. P. A. employment, thus reversing himself and expressing my point of view on this important issue.

MORTGAGE RELIEF

I voted against the first bill sponsored by the administration to provide mortgage relief to home owners, because I

recognized that until the principal of the bonds was guaranteed the measure provided for little more than a relief mirage.

WAS I RIGHT IN MY JUDGMENT?

In the next session of the Congress this act was amended to guarantee the principal of the bonds, as it had been demonstrated that it was practically valueless in its original form. I then supported it.

THE A. A. A.

I opposed the A. A. A. and its destruction of foodstuffs while our suffering millions faced starvation. I considered this measure unconstitutional and an indirect sales tax on foodstuffs which would bear most heavily on the unemployed.

THE FACTS SPEAK FOR THEMSELVES

Prices of certain foodstuffs skyrocketed under the artificial stimulus of the A. A. A. scarcity program. Belated reports from the A. A. A. revealed the fact that huge payments, amounting to $1,000,000 or more, were paid to individuals or corporations for their mere failure to plant certain crops—an extravagant procedure paid for out of the taxpayers' funds. The Supreme Court declared the A. A. A. unconstitutional.

THE TOBACCO AND POTATO CONTROL ACTS

I opposed the Tobacco and Potato Control Acts in the face of administration pressure for their enactment. I recognized that they were unconstitutional and an indefensible attempt at regimentation of our individual farmers.

WERE THE "YES MEN" WHO ENACTED THESE BILLS RIGHT?

The potato-control bill was so ridiculous that even the Secretary of Agriculture declined to carry out its provisions, and both these bills were so flagrantly unconstitutional that the President himself recommended their repeal.

THE DEATH CLAUSE OF THE UTILITY BILL

I opposed the death clause of the utility bill, urged by the administration, because it was not only contrary to our Democratic platform declaration but I believed it to be unconstitutional, and in its enactment I foresaw the defeat of practical, constitutional, orderly methods of accomplishing the desired result—that is, the elimination of the nefarious practices of the big holding companies and the reduction of utility rates to the consumer.

THE PUBLIC IS THE GOAT

The Utility Act has already been declared unconstitutional by a court of appeals and action is pending in the Supreme Court. In the meantime orderly, constitutional, practical, regulatory legislation having been defeated by the enactment of legislation of dubious constitutionality, the big utility companies are still free to gouge the consumers and continue their monopolistic control.

THE GUFFEY COAL BILL

I opposed the Guffey coal bill, although the President himself urged its passage, regardless of doubts as to its constitutionality. I voted against it, even though it had some provisions in respect to labor of which I approved, because I believed it to be unconstitutional and a betrayal of labor's hope for sound legislation.

WHO IS BENEFITED BY THE ENACTMENT OF UNCONSTITUTIONAL LEGISLATION?

The Supreme Court of the United States declared the Guffey Coal Act unconstitutional and thus relegated this measure to the scrap heap.

MY PROPOSALS FOR RECOVERY INCLUDE MONETARY REFORM, NATIONALIZATION OR SOCIALIZATION OF BANKING, CONTROL OF MASS-PRODUCTION MACHINERY, AND SO FORTH

No one can deny that we have made some progress in the New Deal, but thus far we have acted somewhat like a cat toying with a mouse. We have kept the depression more or less under control by the issuance of billions of tax-exempt bonds—through which the money changers, who are still established in the temple, are the principal profiteers—but as yet we have failed to apply the knock-out which has been wholly within the power of the Democratic administration for the past 4 years. Like the cat playing with the mouse, we have struck at the depression with one paw, then another, but it still persists, and, in my opinion, it will continue to persist as long as we permit the international bankers, through the medium of the Federal Reserve System, to coin money and extend credit with a fountain pen.

The first act of our administration was to rehabilitate the banking structure through the issuance of $2,000,000,000 of fiat money, whereas if the President had applied the knock-out by taking over the ownership or the control of banks at that time, we would have long ago been on the road to permanent prosperity.

CONGRESS SHOULD ASSERT ITS RIGHTS UNDER THE CONSTITUTION

The Constitution provides that the Congress has the right to coin money and regulate the value thereof, but after 4 years we Democrats have failed to follow the precepts of the Constitution in this respect. We continue to pay high interest rates to the banker for Federal Reserve notes which the Bureau of Printing and Engraving grinds out voluminously and distributes to the banker at a cost of 30 cents per $1,000.

THE GOLD REVALUATION ACT HAS PROVED TO BE A GIFT TO THE BRITISH

I supported the President in the matter of gold revaluation, not so much for the benefits that may accrue from this act but on a basis of the principle that gold and silver are not necessary in the conduct of business. I have repeatedly stated that the world could get along without either gold or silver and that a commodity dollar would insure a more stable purchasing power than the fluctuating value in gold and silver.

What have we accomplished under the Gold Revaluation Act? We made it possible for England, which produces at least 70 percent of the gold of the world, to buy from American manufacturers and agriculturalists at 60 cents on the dollar. In other words, we are giving the British 100 percent of American labor for every 60 cents worth of gold at the price of gold prior to its revaluation.

Aside from the standpoint of economics, from the standpoint of common sense, it seems, indeed, quite stupid that we as a nation should place a 40-percent premium on British gold which is produced by virtually coolie labor from virgin ore in the Transvaal, then import this gold to our country, giving in value $1 worth of labor for each 60 cents worth of gold, and as soon as it is received here immediately transport it to Kentucky or Colorado, where we bury it in huge pits dug into the ground!

Assuming that we eventually get the entire gold of the world, of what utility will it be if it is buried deep in the ground from whence it came and if the nations with whom we wish to carry on business repudiate gold as a medium of exchange? This is hypothetical, but nevertheless is cited as a situation which could eventuate in our stupid quest for gold, gold, gold!

WHY NOT REVALUE SILVER ALSO IN OUR OWN INTEREST?

If we are to have revaluation of metals which we use as money, why revalue gold only, the most of which is in the hands of the international bankers and produced by the British? Why not revalue silver, of which the United States and the Americas produce 75 percent or more of the world's production, thus adding to our own basic virgin wealth, rather than to the value of the gold possessed by the international bankers and the British producers? Inasmuch as 80 percent of the people of the world have always used silver as their monetary standard, if we revalued silver as we did gold, the value of the silver produced by our own people would be increased, and at the same time the purchasing power of 80 percent of the world's population would be increased in like proportion. They would then be in a position to buy our products and our foreign trade would be reestablished.

The bankers, however, and the Congress of the United States seem to worship at the altar of gold, and until this fetish of gold worship is abolished there can be no assured economic recovery with any degree of permanency. Of what utility is gold that, as soon as it is received from the miner, passes quickly through international exchange to the deep pits of Kentucky or Colorado, unless we print circulating gold

certificates for each dollar in value so buried? This we have failed to do. We did, however, print gold certificates in value as high as $100,000 each, which safely recline in the vaults of the private Federal Reserve System and circulate only among the money changers. In other words, we have taken the so-called wealth of the nations and, like the man whose story we read in the Bible, we have buried these talents. Here again I must point out that the bankers apparently control Congress, which will not approve of printing a gold certificate for every dollar of gold that is buried. The bankers and their representatives in Congress will not permit a sufficient amount of money to circulate to do the business of the United States.

The crux of the entire problem is this—the bankers control the volume of money in circulation. This should be directly under the control of Congress and not in the hands of the privately owned Federal Reserve System.

THE AMERICAN PEOPLE ARE BEING BLED BY A FALSE MONETARY SYSTEM

In my speech of January 30, 1935, in favor of the Townsend old-age pension I cited figures to prove that the American people pay to the monied crowd each year on public and private debts at least $12,000,000,000. Think of it—this huge amount in interest paid annually by American citizens to entrenched private wealth.

THE NATIONALIZATION AND EVENTUAL SOCIALIZATION OF BANKING IS THE FOUNDATION FOR REAL RECOVERY

In the nationalization, or Government control, of banking and the subsequent socialization, or Government ownership, of banking, interest profits would accrue to our Government, and if the interest rate were maintained at the present figure, the national revenue would be so great that taxes could be abolished.

Interest, regardless to whom paid, is a handicap to future progress. The rich man's son who inherits $1,000,000 in tax-exempt bonds pays absolutely no tax and is assured of an income for the balance of his life without the exertion of an ounce of energy. On the other hand, other American young people who do not inherit unearned wealth are taxed for the balance of their lives to maintain the idle bondholder, who, in many instances, migrates to a foreign country and lives the "life of Riley", clipping coupons paid by the fruit of the labor of honest, hard-working American citizens.

MONEY SHOULD BE AVAILABLE TO THE CITIZEN AT COST

In the socialization of banking I would propose the gradual elimination of all interest so that the citizen, on a basis of proper collateral, could obtain money from the Government at cost. This can be more readily understood by a comparison with our present interest-payment plan. If the American citizens could be freed from paying the $12,000,000,000 to $13,000,000,000 which is exacted from them annually in interest, this huge amount of money would remain in their pockets, thus adding to their purchasing power.

It is self-evident to any economist that interest and taxes, brought to the oppressive stage as they are today, are bound to choke out the lifeblood of commerce until we arrive at ultimate stagnation. While under the Constitution all citizens are recognized as equal and as having certain inalienable rights, nevertheless the exaction of interest from one citizen by another is a form of bondage or slavery which should be removed entirely or, as I have just suggested, reduced to the mere cost entailed in making loans.

TAX-EXEMPT BONDS ARE AN UNWARRANTED BURDEN ON THE PEOPLE

The Democratic administration is wholly responsible for the continued issuance of tax-exempt bonds. No citizen of honesty and intelligence would have the temerity to assert that, if the question of tax-exempt bonds were submitted to the people, they would not be forever abolished. Therefore it will be necessary, in my opinion, for those who believe in truly representative government and the freedom of the American people from bondage, especially the youth of our land, to elect to Congress only individuals who are pledged to support a constitutional amendment forever outlawing tax-exempt securities and breaking, once and for all, the chains with which the money lenders have bound us.

At present 17 cents out of every dollar which the taxpayer pays for direct Federal tax goes to the banker and the other bondholders who own the Government debt. In addition we are called upon to pay an equal, if not a larger, amount to the bankers and bondholders for municipal, county, and State indebtedness. Just think of this huge loss to the American people, which is nothing other than a direct subsidy to entrenched wealth. I do not include in these figures the actual cost of the maintenance of government. The figures I submit show the degree of bondage to which we have descended. If we continue in this way it will not be long before the banker and bondholder will be taking the entire Federal taxes as interest. There is absolutely no reason, in my opinion, why the Government or any political subdivision should be forced to pay interest on its legitimate expenditures, guaranteed as these expenditures are by the wealth of the entire Nation.

THE PROFITS OF BANKING RIGHTFULLY BELONG TO THE PEOPLE

I am sorry my limited time prevents going into detail on monetary and banking reform. I may say here that it is my contention that no Representative can truly represent the people's interest if he acquiesces in our present banking system, and I believe that it is the duty of the electorate to remove from the halls of Congress those who believe in the divine right of the private banker to issue money and extend credit with a fountain pen.

THE COMMODITY DOLLAR IS OPPOSED BY THE SELFISH INTERESTS

The most of the farm groups of America are in favor of the commodity dollar which would give a stabilized purchasing power to the American citizen and prevent the losses which we have suffered and will continue to suffer as long as our monetary system is anchored to the golden ark of the international banker. Gold and silver have a fluctuating value and will continue to have a fluctuating value as long as the determination of such value remains in the hands of private bankers. This responsibility should rest entirely in the hands of the Congress, the body directly charged with the obligation of representing the interests of the people.

AN APPEAL TO AMERICAN YOUTH

Mr. Taussig, advisory chairman of the National Youth Administration, recently warned that 5,000,000 idle youth spells trouble. He is a "new dealer" with the intelligence to recognize that we owe a duty to the young men and women of our Nation. I am especially interested in our young men and women and have consistently fought in Congress for legislation in their behalf. Because in some instances I opposed the administration in the interest of our young people, the downtrodden, and the unemployed, my patronage was taken from me and I was given no consideration by the administration, but was told to "march in line." I will "march in line" for the youth of our country, for the unemployed, and the downtrodden, but I will not "march in line", sheeplike, behind any so-called leader. I consider that it is my responsibility as a representative of the people to know where I am going and to know that such destination will be in the people's interest.

I refer further to a statement credited to Harry L. Hopkins, Relief Administrator, to the effect that, even after we attain recovery, we will have 5,000,000 or more unemployed. I refer also to a statement made by Mme. Perkins, Secretary of Labor, who was recently quoted in the weekly labor paper, Labor, to the effect that if the country recovers to the 1926 level, the heyday of our prosperity, we will still have more than 6,500,000 able-bodied American unemployed. This is indeed a dismal picture to be painted for the American people by those to whom they have looked hopefully for national recovery.

I do not believe anyone, especially anyone in public life, elected or appointed, should criticize unless they have something to offer to correct what they criticize. Mr. Taussig, Mr. Hopkins, and Mme. Perkins apparently have no suggestion to offer to correct this distressing condition of unemployment which, they aver, will continue, even though we attain recovery. In my opinion, the thought of 6,500,000

able-bodied unemployed Americans is absolutely irreconcilable with any sane idea of national recovery.

Any of us may be included in the large numbers doomed to permanent unemployment under the Hopkins-Perkins theory. I am asking you, candidly, Are you satisfied with such an attitude of resignation and acceptance of widespread unemployment, with its accompanying suffering and unrest, as inevitable? I, for one, am not satisfied with such an attitude, and I will not accept the assertions of administration leaders that our unemployment distress is permanent and inevitable.

Mme. Perkins is quoted as saying:

> The fly in the ointment, however, is the desire and the ability of industry to produce more with fewer workers and smaller pay rolls.

She offers no remedy but points the finger to what she believes to be the cause of the millions that will be unemployed, even after so-called recovery.

THE 30-HOUR-WEEK BILL AFFORDS A PRACTICAL MEANS OF CARRYING OUT THE PRESIDENT'S PROPOSAL

We have had before the Congress a bill known as the 30-hour-week bill, which could have been passed in the House of Representatives in 5 minutes if the President had approved it. I was on the floor on several occasions when the chairman of the Committee on Labor endeavored to obtain action on the 30-hour-week bill, but he was frustrated in his endeavors each time by parliamentary maneuvers of administration leaders in the House. The President is quoted recently as stating that the hours of labor should be reduced. The Black 30-hour-week bill offers a practical means to that end.

THE MACHINE WAS MADE FOR MAN—NOT MAN FOR THE MACHINE

I proposed to the Congress on numerous occasions a plan which would absolutely abolish unemployment if adopted in connection with Government control of money and credit. I refer to the control of mass-production machinery. Under the present system of government and economics the average citizen is a slave to the money power and a potential victim of the rapid inroads of the labor-saving machine.

No sensible individual would abolish modern labor-saving machinery; but, on the other hand, no sensible citizen should approve of the monopoly of mass-production machinery in the hands of the financiers or big business to the utter enslavement of the worker. The machine should serve man and not enslave him by throwing him out of employment and causing him and his family to become impoverished objects of charity, and, what is even more dangerous, making it necessary for the Government to vote billions of dollars (which they secure through the pernicious practice of issuing tax-exempt bonds) to provide for him a pauper wage of from $19 to $95 per month!

I repeat: The machine should be the servant of man and not his master. My limited time prevents going into detail on this subject, but as an example of the menace of the uncontrolled machine, consider the fact that statistics show that 13,000 individuals are employed today in the manufacture of business machines which, in the offices of our country, have displaced 1,000,000 white-collar workers whom the taxpayers are today subsisting. The cotton-picking machine, with which 2 men can do the work of 100 cotton pickers, is another striking example of human-labor displacement by the mass-production machine. Tugwell is quoted as proposing that the Government acquire control of this recently patented machine. It would be the height of folly for the Government to obtain the control of mass-production machinery and at the same time to permit the control of money to rest in the hands of the private banker.

THE ADMINISTRATION RECOGNIZES MY PROPOSAL FOR THE CONTROL OF MASS-PRODUCTION MACHINERY

According to the records, I was the first Member of Congress to speak on the displacement of human labor by the machine, and I advocated and introduced legislation to provide for a small appropriation to study this question with a view to determining the best means of procedure to restore employment to those thus unemployed.

I also submitted this question to the W. P. A. and am pleased to report to my constituents that $12,000,000 was set aside by Mr. Hopkins, the W. P. A. Administrator, for a national survey of the displacement of human labor by mass-production machinery. This survey is now being conducted, and I feel confident that the results will be such as to confirm my views that much of our unemployment is due to the labor displacement of the machine and that a means of correction can be found whereby the machine can be made the servant, instead of the master, of our workers.

THE MACHINE HAS BECOME A FRANKENSTEIN THREATENING THE WELFARE OF OUR WORKERS

Not only has the mass-production machine created havoc among the American workers directly, but the greedy manufacturers of these machines have exported them to other nations, and as a result these foreign nations no longer buy the materials from us which they were compelled to purchase heretofore. We have given the foreigner our mass-production machinery, and, with low-paid labor and low standards of living, he is able to use it to manufacture materials for his own consumption and, in addition, a surplus, which he imports to our country and sells in cutthroat competition with our own domestic materials, thus reducing the market for American-made goods and adding to our unemployment in a dual manner.

I propose that the mass-production machine be made the servant of the entire people of our country through a system of taxation of the products of the machine or a limitation of the hours which such machine may be manipulated by one man, thus shortening the workday of the worker and providing more jobs. Moreover, I believe that wherever the foreigner is in a position to use our mass-production machinery to undersell the American producer in our own markets, our American producer should be protected by an adequate tariff to guarantee at least a job at a living wage to the American worker, plus a reasonable profit to the manufacturer and thus prevent the flooding of our markets with foreign goods produced by low-paid labor—in many instances child labor—whose standard of living does not approach our own.

I AM OPPOSED TO CHILD LABOR

I favor legislation which will prevent child labor in our country, but I am not in favor of turning the control of the child over to any Federal bureaucrats, except under strict and definite limitations as to employment.

MY VOTE HAS BEEN CONSISTENTLY IN LABOR'S INTERESTS

I supported the Labor Relations Act and have consistently voted in the interest of labor. I believe in the fullest measure of cooperation between labor and capital, as both are necessary in our present capitalistic set-up.

RAILROAD RETIREMENT ACT

It was a pleasure to me to support the Railroad Retirement Act, which I believe to be constitutional, inasmuch as it pertains to individuals employed in interstate business. An amended bill on this subject is now pending in the courts to determine its constitutionality.

A SQUARE DEAL TO CAPITAL AND LABOR

I am not in favor of destroying wealth but advocate the creation of wealth within limitations. Inasmuch as capital would not exist and could not be maintained except through labor, I feel that labor is entitled to a saving wage and the fullest measure of protection against arbitrary action on the part of the employer. At the same time I feel that the employer is entitled to protection, within the law, from acts of lawlessness and intimidation on the part of any groups.

WE SHOULD HAVE A SENSIBLE REDISTRIBUTION OF WEALTH

I am in favor of reducing or entirely eliminating the consumption taxes which fall most heavily upon the poor man, and I would substitute therefor a graduated and progressive increase within the income-tax brackets, beginning with incomes of $5,000 or more. It seems stupid, indeed, to permit incomes of $1,000,000 or more per annum to one individual while millions of our citizens are unemployed through no

fault of their own—in fact, the most of them are unemployed because of the monopoly in banking, credit, and in mass-production machinery which individuals in the larger income brackets control.

CONGRESS IS RESPONSIBLE FOR NATIONAL PEACE AND SHOULD ACCEPT ITS RESPONSIBILITY

It was a pleasure indeed to me to support neutrality legislation, but I believe that the legislation enacted could and should have been strengthened. I believe in neutrality laws which will be fair to all nations and which will be predicated upon direct, specific instructions of the Congress, and I do not approve of vesting the authority for administering neutrality legislation in the hands of any individual. Congress, which under the Constitution is authorized to declare war and make peace, should likewise retain to itself the right to legislate specifically on the issue of neutrality.

WAR PROFITS ARE DISTRESS PROFITS AND SHOULD BE OUTLAWED

I supported legislation in the interest of eliminating the profits of war, and I am in accord with the recommendations of the Munitions Committee that those engaged in the munition or other industries which derive their principal profits from war should be taxed to the utmost. If the soldier can be forced to give his life in time of war at $30 per month compensation, I feel that the warmongers should at least make material sacrifices during such emergencies.

THE PEOPLE HAVE A RIGHT TO DECIDE WHETHER THEY WILL ENGAGE IN COMBAT ON FOREIGN SOIL

I supported the constitutional amendment proposing a referendum before our Nation would engage in war on foreign soil, and I am heartily in accord with any proposal which will give the American people the right to determine for themselves whether they desire to engage in conflict outside of the confines of our own country. Certainly no one can legitimately object to the American people arising en masse to protect themselves from threatened invasion.

WE MUST HAVE OUR DOMESTIC HOUSE IN ORDER

I favor a policy of peace. I am, however, more concerned at the present time in economic and social peace in America, the fullest measure of security to the aged, and every encouragement and assistance to youth than I am in the threatening aspects of foreign horizons, for I believe that economic and social harmony at home is a prerequisite to amicable international relations and a safeguard against entangling alliances, which are costly, indeed, if one may judge from the tax burdens we now carry due to the World War.

As I have said, I am in favor of world peace, and in the furtherance of this objective I advocate the fullest measure of disarmament and Government ownership or control of munition plants through the taxing process.

THE SECURITY-CONTROL BILL SHOULD BE AMENDED TO PROTECT THE PUBLIC ALSO FROM THOSE WHO GAMBLE IN THE NECESSITIES OF LIFE

I voted for the President's security-control bill, which is an honest endeavor to protect the American investor from wildcat promotors and stock manipulators. This act, however, should be amended to provide a tax adequate to protect the American public from those who gamble in the necessities of life and thus increase the cost of living to the consumer. As it is today, the stock-market manipulator and the middleman make a much greater profit on agricultural supplies than does the original producer.

POSTAL SAVINGS BANKS

In each session I have introduced and advocated legislation to expand the facilities of the United States postal savings in the interest of the people, to free them from the dictation of the international bankers. H. R. 3030, which I introduced in the last session, and on which I was granted a hearing by the committee, failed of enactment because there are too many servants of the bankers in the halls of Congress.

PRODUCTION FOR USE

My opponents who criticize me for not following the President and who are advocating production for use must know that, thus far, the President has opposed this proposal. Even the W. P. A. would not grant funds which were requested by California for this experimental purpose. I cannot understand the logic of my opponents who publicly announce they will "follow the President" 100 percent and who, at the same time, advocate production for use, which the President opposes. Would they, if elected, "follow the President" and continue the wasteful spending under the C. W. A. or the W. P. A., or would they actually insist upon production for use which they advocate now so vociferously?

I have proposed that the Congress assert its constitutional prerogative to coin money and regulate the value thereof, and to extend credit to the citizen, on the basis of proper collateral, at the lowest possible rate of interest—or at cost. If the Congress would permit a sufficient amount of money to remain in circulation, the problems of production and distribution could be more adequately controlled by the expansion or contraction of the volume of purchasing power in circulation, and the necessary revenues for government could be obtained by a progressive income tax which would have for its objective the reduction of the incomes of those in the higher brackets (beyond a certain predetermined maximum) in order to keep the Budget in balance. At the same time, progressive income-tax rates would provide funds for the employment of employable citizens at a good living wage, which should equal the prevailing wage rate in similar occupations in private industry. Until we go to the root of the problem and establish our monetary system on a sound basis of justice to the people themselves, we are merely compromising with injustice in our attempts at reform, perpetuating, through "relief" measures, a system which is in itself a denial of the inherent rights of the people whom we seek to save.

CIVIL LIBERTIES

The CONGRESSIONAL RECORD will show that I opposed legislation of a repressive character, including the so-called peacetime sedition and military disaffection bills, which are directed at free speech, a free press, and free assembly. I am opposed to the monopoly of the radio, and will oppose any monopolies which are in violation of the constitutional guaranties of free speech, a free press, and free assembly, vouchsafed to us in the Constitution. Unless the people are free to express themselves on any issue, such issues cannot be properly met, and the result will be the type of dictatorship which we see in European countries where parliaments have been abolished, where the press is subservient to the ruler, and where elections are a mockery. If I am to err, I would rather err on the side of a bit too unbridled freedom of speech than on the side of repression and restriction.

We should all feel proud of the progress our country has made from its birth, and we can maintain this advantage and make further progress as we honestly and sincerely discuss our problems and work for their solution through the exercise of the ballot rather than through any form of lawlessness or violence.

EQUAL RIGHTS TO ALL

I favor the enactment of the Ludlow amendment to the Constitution providing equal rights to all citizens, regardless of sex. To this amendment I would like to add specific provision for equality to all citizens, regardless of color or creed.

THE PEOPLE ALONE HAVE THE RIGHT TO AMEND THE CONSTITUTION

In taking the oath of office I swore to uphold the Constitution of the United States, and I am inclined to believe that if the Congress lived up to that provision of the Constitution regarding the issuance of money and the determination of the value thereof, there would be no reason for constitutional meddling. I am, however, not averse to amendment of the Constitution, as the Constitution is not greater than the people; but I do say without equivocation that the Constitution is greater than the President or the Congress. If the President or the Congress objects to the limitations of the Constitution and the decisions of the Supreme Court based thereon, it seems only honorable that they should propose liberalizing amendments to the Constitution and let the people decide the issue. I am not in favor of chiseling or whittling at our Constitution through the means of legislation of dubious constitutionality—or admitted unconstitutionality. We should have every faith and

confidence in the people, and if, in the opinion of Congress, there are constitutional limitations which prevent national recovery, the question of constitutional amendment to remove the alleged obstruction to progress should be submitted to the people in order that we may have what Lincoln stressed in his Gettysburg address—"government of the people, by the people, and for the people"—instead of a government by a subservient Congress which sells its birthright for a mess of patronage.

EVERY AMERICAN CITIZEN HAS A RIGHT TO A JOB AND TO SECURITY IN HIS OLD AGE

The principles which I have enunciated here, in my opinion, would bring our country from the present slough of depression in which it has become engulfed and would end our unemployment problem. In a country as vast as ours and as rich in natural resources there is no reason why any worthy citizen who desires employment should not have the opportunity to earn an honest living. He should be protected in this right during his working days, and when he is no longer able to work the wealth which he has created in the years of his productivity should be the basis of guaranteeing to him ample security in his old age, free from the specter of want, and the old-age pension granted to him should carry with it no implication that the annuitant is a pauper.

These proposals of mine are not impractical dreams. They are easy of attainment, provided the citizens of our country will elect independent individuals to Congress who pledge themselves to vote in the interest of the people rather than in the furtherance of any selfish interest. The issue is up to the people themselves; and I have every confidence in their ability to discern their own interest and to act accordingly. We must move forward to a better day when taxes will be reduced to a minimum and there will be jobs and security for all!

MY DECLARATION OF ALLEGIANCE

Critical as my remarks may seem of many aspects of our Democratic administration, they are prompted by my loyalty to our Jeffersonian party principles and my earnest hope that our party will prove itself, in actual demonstration, the real friend of the countless millions who look hopefully to it for relief from their distress. Democracy, as I understand it—and as I try to live it—means the people's voice in their own government through their duly elected representatives, and I believe that the chosen representatives of the people have a distinct obligation to them to reflect their views and to work for their welfare through legislation. These principles I have faithfully followed in the past and shall continue to follow as long as I am in public office.

I appeal to the voters of my district to judge me on my record of performance as their Congressman and compare my record with the vague promises of my rubber-stamp opponents.

STATEMENT OF PRINCIPLES

I pledge myself to support the President 100 percent on the provisions of our Democratic platform. Proposals which he submits which are not incorporated in our platform will receive my honest, sincere analysis, and if I consider them constitutional, for the best interests of the people, and predicated upon a square deal to labor and capital, I will gladly support them.

I fought with the liberals and progressives in Congress for substantial recovery legislation and have been persecuted because of my activities in behalf of the common people. If reelected I will continue my efforts to bring about, as expeditiously as possible, the fullest measure of relief to our people, and I will support such legislation as will insure jobs at good wages to our citizens and a square deal to all.

NATIONAL SAFETY AND ACCIDENT PREVENTION

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill H. R. 11108 and to include therein a short letter from Mr. Sullivan, of Boston, regarding national safety. The letter is very short.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I am delighted that the bill bearing my name, H. R. 11108, calling for an appropriation of $50,000 to advance a program of national safety and accident prevention passed the House of Representatives today.

For many, many months I have been deeply interested in the accident situation in this country, particularly from the standpoint of highway safety. In this Congress I introduced another measure authorizing the Secretary of Agriculture to investigate and report on traffic conditions, with recommendations for corrective legislation. I hope that this bill will pass also.

The general public in the United States is becoming more and more accident conscious. Accidents, their causes, and possible remedies, have become a topic of general and serious conversation on every hand. The newspapers, radio systems, motion-picture groups, local and national organizations, all have come to show great interest in the movement.

The bill which passed today provides an appropriation of $50,000 to meet current expenses, mostly of a clerical nature, of the Accident Prevention Conference, a group of patriotic citizens who are volunteering their time in behalf of accident prevention. This group was formed as a result of the conference called together by the President to consider ways and means of making life safer on land and sea and in the air. The conference was headed by the Honorable Daniel C. Roper, the Secretary of Commerce.

It was not the sense of the conference to attempt to set up another large Government department to combat the accident problem. Committees of patriotic men and women were formed as a clearing house for accident-prevention ideas. Their time was given without remuneration, and committees were formed to study each phase of accident. These committees and subcommittees are even now carrying on the work, but they have been handicapped because of lack of funds for clerical help, printing, and so forth.

The conference agreed that it should not seek to displace any of the activities of existing safety bodies but rather augment and encourage their activities. Among the national groups which have pledged their help are included the Automobile Manufacturers' Association, the American Automobile Association, the United States Junior Chamber of Commerce, the American Red Cross, the National Association of Credit Men, the American Legion, the National Highway Users' Conference, the National Safety Council, the National Education Association, the Boy Scouts of America, the Girl Scouts, Inc., the National Association of Mutual Insurance Companies, and other organizations of national prominence.

The committees are seeking to meet immediate problems with educational material. Accident-prevention methods which have been used successfully are being emphasized, rather than to resort to prolonged research and thus delay much-needed results.

Safety studies are being introduced in the schools of the country on a broad scale, and the importance of safety as a part of the curriculum of all schools is being emphasized. In some parts of the country wonderful progress has been made in schools teaching safety. The young mind has proved to be more receptive to safety teaching than the the adult, and I hope that the efforts of the conference to have safety education, dealing with all types of accidents on land and sea and in the air, included in all schools will meet with success.

The high point in the conference program which appeals to me is that of attempting to obtain uniform vehicle regulations throughout the United States. During the past year or more I have spoken many times both on the floor of the House and over the radio, of the serious importance of such uniformity. While the official figures of traffic fatalities for the year 1935 are not yet available, it is estimated that

36,400 persons lost their lives last year as a direct result of traffic accidents. That terrible loss of life must be reduced. The work of the conference special committee on uniform traffic regulations will help to do so. It is headed by my able colleague, the Honorable EMMET O'NEAL, of Kentucky. He is intensely interested in the subject, and his choice as chairman of the committee is most fortunate.

To show the widespread interest in the movement, I am inserting just one of the many letters which I have received from all over the country. It is written by the supervisor of health education in the Boston public schools:

BOSTON PUBLIC SCHOOLS,
CHAIRMAN OF SCHOOL COMMITTEE,
Boston, May 18, 1936.

The Honorable EDITH NOURSE ROGERS,
The House of Representatives, Washington, D. C.

MY DEAR MRS. ROGERS: I am greatly interested in your sponsorship of the $50,000 antiaccident project to be conducted by the Secretary of Commerce.

You are to be complimented in assuming the leadership in promoting the modern safety movement. As a firm advocate of such a meritorious national movement I am writing you to volunteer my services, which are based on 10 years of safety supervisory experience in the Boston public schools, the first large school system to incorporate safety into its regular school program.

We have seen the Boston program grow in importance and effectiveness through the years. Attention is drawn to the fact that fatal motor-vehicle accidents among Boston children decreased from 59 in 1924 to 22 in 1935. For the past 4 years Boston has continued to have the best record among cities of its size in number of motor-vehicle fatalities for school children.

As a leader of safety education in Massachusetts, I would feel it a real honor to serve on a committee designed to coordinate the safety movement on a national scale. For your information I am enclosing my recent leaflet on safety education.

Very truly yours,

JOHN P. SULLIVAN,
Supervisor of Health Education.

THE MACE

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article written about the mace. I may say I had this inserted in the RECORD about 8 years ago and had copies printed and given to the Sergeant at Arms to send out in answer to the many requests he received. The supply has been exhausted and I am asking to have the article reprinted.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BOYLAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article which was written about the mace of the House a number of years ago by Mr. Will P. Kennedy:

The mace has been the symbol of authority in the House for nearly a century and a half (since 1789). The mace now in use, a beautiful silver-and-ebony weapon, which has an official position at the right of the Speaker's desk whenever the House is in session, has been in office 95 years—having first been installed in 1841. It is the duty of the Sergeant at Arms to preserve order on the floor, and the mace is his official symbol of authority and weapon of enforcement.

When the House is called to order each day an Assistant Sergeant at Arms places the mace on a cylindrical pedestal of polished green marble at the right of the Speaker's desk. When the House adjourns he removes it to the office of the Sergeant at Arms for safekeeping until the House meets again.

Never once in the history of the Republic has the mace failed. Usually when a Member becomes unruly contentious, he can be calmed simply by the Sergeant at Arms touching him on the shoulder or standing beside his chair—without the mace. In the memory of veterans at the Capitol, dating back 50 to 60 years, the mace has been called out not more than a dozen times.

REPRESENTS AUTHORITY

The mace is of very ancient and honorable origin. In the old Roman Republic the magistrates, proceeding on foot from one place to another, set up their little court where they administered justice, tried public offenders, and imposed penalties and punishments. Each of these magistrates was attended by a small body of men, known as lictors, whose duty it was to make way for the officers of the law, preserve order, make arrests, and inflict punishment on condemned citizens. Each of these lictors carried with him a bunch of rods fastened together with thongs and having an ax bound to the outside. These rods were used for scourging, and the ax for beheading.

The mace in the House of Representatives is made in facsimile of the bundle of rods carried by the lictors. These bundles of rods were known as fasces and came to be recognized as symbols of authority which every citizen had to respect. As the magistrates proceeded along the thoroughfares, the lictors, bearing the fasces, preceded them while the citizens made way. When there was any disorder the fasces were brought forward, and quiet and peace were restored. So it is today in the House where the mace as a symbol of authority demands and is accorded instant recognition by the most belligerent Members.

The Romans when they conquered Britain brought with them the fasces as an emblem of authority, which, like many other Roman customs, remained with the British people and subsequently introduced into American institutions. While no longer used for inflicting punishment, the fasces continued as a symbol of the early English magistrates.

The great councils of the early Saxons developed into one general body, which in the fourteenth century became known as the House of Commons, and the fasces, which preserved order in the earlier councils, then became known as the mace, which has since remained as the emblem of legislative authority.

Some 300 years ago Oliver Cromwell perpetrated the most flagrant and audacious affront to legislative authority when in the House of Commons he pointed to the golden mace, shouting: "Take away that bauble." Cromwell has gone, but that beautiful solid silver-gilt mace still preserves authority in the House of Commons, although there was another brazen challenge on July 18, 1930, when one John Beckett, a frenzied Labor member, during bitter debate over India, seized the mace from the Speaker's table, hoisted it over his shoulder and started to march out of the chamber, yelling, "It's a damned disgrace."

This mace of the House of Commons is 4 feet 10½ inches long. The shaft is carved with roses, thistles, fleurs-de-lis, laurel, and harps. A royal crown, the globe, a cross, the royal arms, and, of course, the lion and unicorn are all included in the design of the head. The shaft was made by Thomas Maundy in 1649. The original head was replaced 11 years later with the regal symbols of the Restoration.

PRESENT MACE MADE IN 1842

As the House of Representatives of the United States was modeled closely after the House of Commons by the framers of our Constitution, the use of the mace was borrowed from this English custom, which harked back to the ancient Roman Republic.

The first mace adopted by the House was destroyed by fire when the British burned the Capitol in 1814. From that date until 1842 a mace of painted wood did service, but in 1842 the present mace was made in reproduction of the original mace. It is a little over 3 feet in height and consists of a bundle of ebony rods, representing the States of the Union, bound together with a band of silver in imitation of the thongs which bound the fasces. From the center of this bundle of rods protrudes a silver stem on which is a silver globe nearly 5 inches in diameter. This globe is surmounted by an eagle of solid silver with outspread wings.

Whenever, as seldom happens, the House or an individual Member becomes turbulent and seems beyond the Speaker's control, the Sergeant at Arms lifts the mace from its pedestal and walks up and down the aisles of the hall. Order is promptly restored and absolute silence prevails, so great is the respect for the mace as a symbol of legislative authority. Thus the Members of the House, who are themselves lawmakers, very properly set an example for the whole country of respect for law and authority.

In 1880 the Speaker undertook to quell an incipient fight between two Representatives, William A. J. Sparks, of Illinois, and J. B. Weaver, of Iowa, when they used such menacing words and threatening actions toward each other that many Members arose to separate them. Whereupon the Sergeant at Arms moved about the House with his mace of office and order was restored. Never in its existence has the House of Representatives allowed abusive and nipping words or belligerent actions to go unrebuked.

Another blustery scene was on February 17, 1885, when John D. White, of Kentucky, while speaking from the floor of the House, was called to order by the Speaker and told to sit down. Mr. White disregarded the order and kept on talking. The Speaker then directed the Sergeant to see that the order was obeyed. The officer first approached Mr. White without the mace. He took hold of the indignant Member's arm, but he still refused to take his seat. The Sergeant then brought out the mace. Mr. White immediately took his seat. Mr. White claimed that he had been arrested without due cause, but the Speaker said he had disregarded the Chair and brought this extreme penalty upon himself.

Section 2 of rule IV provides that the mace is the symbol of the office of Sergeant at Arms, and is borne by that officer while enforcing order on the floor. This rule dates from 1789. It was originally proposed, following the parliamentary usage, that the mace should be placed on the Clerk's table during the sitting of the House and under it when the House should be in committee, but the House recommitted the proposition, and it was not carried. The mace, during the sessions of the House, is kept in an upright position on a marble pedestal at the right of the Speaker's chair. It is not taken down during a recess, but it is taken down, however, when the House resolves into Committee of the Whole, and is replaced in position when the Speaker resumes the chair.

Among historic solid-silver maces of the eighteenth century are some fragments of the mace of 1753 of the Virginia House of Burgesses, which are now preserved at Norfolk as relics, and the mace of the House of Representatives of South Carolina which was

made in London in 1756 for 90 guineas. This solid-silver gold-burnished antique is said to be the only mace now in use in the United States which antedates the Revolution. On it are engraved the royal arms of Great Britain, the arms of the House of Hanover, and other ancient insignia, along with the arms of the Province of South Carolina.

The South Carolina mace was stolen during the Revolution by British sympathizers and offered for sale to the House of Assembly of the Bahama Islands. The proposed transaction is shrouded in mystery, and legends have grown up about both the Nassau and the South Carolina maces. Some people still believe that the Nassau mace is really the old South Carolina mace, but this is not true, for it has been ascertained that the former was made in 1799—43 years after the Carolina mace was made—and the latter was found and brought back to the South Carolina Legislature. Historians now claim that this mace has not been outside the United States since it was brought to this country from London.

The South Carolina mace has also inherited some of the "Cromwell bauble" legends, and for a long time some people have claimed that it was the original "Cromwell bauble", but the present golden mace of the House of Commons, so recently desecrated by Mr. Beckett, is really the mace to which Cromwell referred.

ORIGINALLY WEAPON OF OFFENSE

The mace was originally a weapon of offense made of iron or steel capable of breaking through very strong armor. The mace was carried in battle by medieval bishops (Odo of Bayeaux is represented on the Bayeaux tapestry as wielding one) instead of the sword, so as to conform to the canonical rule which forbade priests to shed blood.

As a weapon of war the mace was used in Europe, chiefly among the cavalry, as late as the sixteenth century, and is still used among savage tribes. It consists merely as a staff about 5 feet long, with a knob at the end made of iron or some other heavy substance. The knob was sometimes covered with spikes.

The earliest ceremonial maces, as they afterward became, though at first intended to protect the king's person, were those borne by the sergeants at arms, a royal bodyguard established in France by Philip II and in England probably by Richard I. By the fourteenth century a tendency toward a more decorative sergeant's mace, encased with precious metals, is noticeable. The history of the civic mace (carried by the sergeants at mace) begins about the middle of the thirteenth century, though no examples of that period are in existence today.

There are two maces in the House of Lords, the earliest dating from the reign of William III. There are eight large and massive silver-gilt maces of the sergeant at arms kept in the jewel house at the tower of London.

The remarkable mace or scepter of the lord mayor of London is of crystal and gold set with pearls. The head dates from the fifteenth century, while the mounts of the shaft are early medieval. A mace of an unusual form is that of the Tower ward of London which has a head resembling the White Tower in the Tower of London and which was made in the reign of Charles II. The beautiful mace of the Cork Gilds, made by Robert Goble, of Cork, in 1696 for the associated gilds, of which he had been master, is in the Victoria and Albert Museum, where there is also a large silver mace of the middle of the eighteenth century, with the arms of Pope Benedict XIV, which is said to have been used at the coronation of Napoleon as King of Italy at Milan in 1805.

GREAT HOUSING CAMPAIGN WOULD PUT CRIMP IN DEPRESSION—WAGNER-ELLENBOGEN BILL IS O. K.

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

DEPRESSION PARTLY TRACED TO LAG IN BUILDING

Mr. MAVERICK. Mr. Speaker, one of the most important bills in Congress is the Wagner-Ellenbogen housing bill, and in its general form I favor it. We should do everything that might assist in reviving the building trades and industry, which is 85 percent off. This applies to slum clearance, small houses in cities, farm homes—in fact, building of all kinds. Much of the lag of business and employment today can be traced directly to the lack of building, as it concerns every other trade or occupation.

Hence, I have been interested in housing ever since I have been in Congress and have favored the H. O. L. C. and the F. H. A. and similar measures, but they are by no means enough. There is no use in talking about how many millions are living in houses below a decent standard—the probabilities are that one-third of the dwellings in America are of such class.

CONGRESS SHOULD ADOPT HOUSING BILL

On January 15, 1936, I introduced House Resolution 395, which provides for a thorough investigation of the question of housing and conservation in the United States. This resolution would authorize this investigation to be done by Congressmen themselves, and would include the power of Congressmen going to Europe to make a studious investigation of the problem. Many of us fear criticism for taking "junketing trips."

As far as I am concerned, I make no bones about the fact I would like to be on the Housing Committee and go to England and see their really successful campaign, and also to the Scandinavian countries. This might be a "trip to Europe", but if valuable information is obtained it would be of incalculable worth to the American people.

I consider it perfectly disgraceful that of the civilized countries the United States appears to lag behind all the rest of them in building. England has done much to break her depression with a building campaign and we should do the same. I believe that a revival of the building trades would increase employment by two or three million men.

REVIVE BUSINESS—PUT PEOPLE TO WORK

Mr. Speaker, we should pass the Wagner-Ellenbogen housing bill this session of Congress, as well as other housing bills. This will provide the necessary decent standard of housing, revive business, and put people to work.

LYNCHING, THE BLACKEST CRIME IN AMERICA TODAY

Mr. MITCHELL of Illinois. Mr. Speaker, I ask unanimous consent to place in the RECORD a speech I made in Ohio a few days ago on the subject of lynching and to include therein a telegram I sent to the Governor of Georgia.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MITCHELL of Illinois. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by me in Ohio a few days ago on the subject of lynching and also a telegram sent by me to the Governor of Georgia:

[Telegram]

MAY 5, 1936.

GOV. EUGENE TALMADGE,
Executive Mansion, Atlanta, Ga.

DEAR GOVERNOR: Because of the prevalence of the mob spirit in the State of Georgia at least three Negroes in your State have been the victims of these mobs and have had their lives snuffed out during the past 60 days. So far as I have been able to learn you have uttered no word of condemnation of these mobs. Do you not think that these colored people are entitled to the protection of the law and that as Governor of the State you should at least condemn the atrocities of the bloody mobs that are spreading so much fear and havoc in the minds and souls of law-abiding colored people? Law-abiding citizens throughout our country are wondering what part the Georgia Woman's World has played in fanning the flames of race hatred into such a conflagration. Do you condone that?

ARTHUR W. MITCHELL,
Congressman, First Illinois District.

My friends, I was delighted when I received the invitation from the Grover Cleveland Democratic Club, through Mr. Benjamin Fisher, to deliver an address in Toledo on the subject of lynching. Although this is without doubt the blackest crime in American history today, it is the one crime for which the perpetrators have gone practically unpunished. Authentic records show that during the past 45 years more than 5,000 human lives have been snuffed out by bloodthirsty mobs in this country. I have no statistics before me which will show the number of lynchers who have been taken before the bar of justice and punished, but I venture to say that not one out of a thousand has been called upon to answer to the law of the country for this atrocious crime.

While more than 5,000 victims of the mob have cried out for justice, it is reasonable to surmise that at least 200,000 (murderers) lynchers have been permitted to go unpunished because there has not been sufficient sentiment in the States to bring lynchers into court. Thousands of them are free members of society today.

Negroes have been the greatest sufferers from the commission of this crime; I think fully nine-tenths of the victims of the mobs have been colored men and women. Because of the failure of the States to punish lynchers, well-meaning colored men and women, together with a large group of white citizens, began an agitation a quarter of a century ago for the passage of a Federal anti-lynching law.

Fourteen years ago Congressman Dyer, the Representative of the Eleventh District of the State of Missouri, introduced an anti-lynching bill, which was sponsored by many of the leading citizens of the country, and was passed by the House of Representatives, but defeated in the United States Senate. Since 1930 about

two score antilynching bills have been introduced either in the House or in the Senate. There is today before the Judiciary Committee of the House, 30 antilynching bills. One of these bills is known as the Mitchell antilynching bill (H. R. 4457) introduced by me within 3 weeks after I took oath of office. While there is considerable sentiment among the Members of the House in favor of passing an antilynching bill, there is very stiff opposition from certain sources, men who say they are not in favor of lynching and would like very much to see the crime blotted out. They object to the passage of the law on two grounds: One, its alleged unconstitutionality, and two, its infringement upon the rights of States. For my part I am unqualifiedly in favor of the passage of a Federal antilynching bill. I have discussed the matter with the President of the United States, and while I am not authorized to speak for him, he expressed strong approval of the passage of an antilynching bill. You will recall that in 1933, immediately after the horrible lynching in California, when Governor Rolph of that State gave his endorsement to lynching, the President of the United States spoke out against this crime, and characterized it as collective murder.

I should like to say here what I have said on many occasions: I am not one of those who believes that the crime can wholly be solved by the passage of an antilynching bill, and I do not wish to be misunderstood in this matter. I have introduced a Federal antilynching bill, and I shall work for its passage, and shall do all in my power to secure sufficient votes to pass the bill in the House, and shall use whatever influence I have with Members of the United States Senate to pass the bill in the Senate; but I am not unconscious of the fact that there is work to be done aside from the passage of the bill. I believe, as I have expressed many times before, that the real solution of this crime will be found in education, Christian training, and the promotion of civic righteousness throughout the various States and communities.

I should like to remind you that the supporters of temperance in this country thought that the enactment of the eighteenth amendment into our basic law would solve the aggravating question of intemperance; you know how miserably this failed. The mistake, as I see it in that connection, was this, the temperance workers of the country worked night and day to pass the eighteenth amendment, believing that once it passed temperance would be a reality. The result is that immediately after the passage of the eighteenth amendment temperance societies ceased to operate and intemperance in the face of, and in violation of, the eighteenth amendment swept the country and invaded homes by the thousands that before the passage of the eighteenth amendment were regarded as being citadels of temperance.

It is my hope that after we pass the antilynching bill, as I believe we shall surely do, that the inter-racial commission, the churches, the schools, and the societies and organizations, which have played such a large part in making sentiment against lynching, should not cease in their activities. There must be sentiment back of the law in order to get the results for which we are hoping and praying.

I have received many inquiries from people recently who ask me this question: "Why do certain officials of the National Association for the Advancement of Colored People try to impress the country that you are not strong for the passage of this legislation?" I think there is no better place to answer this inquiry that has come to me from many sources than here in Toledo. To begin with, I wish to say that my record in Congress and out of Congress, covering a period of 30 years, much of which time was spent in the South, shows that I have always spoken out in strong terms against the mob and against lynching. To be honest, I think the difference between these men, who have sought to impress the country otherwise, and myself, is due to the fact that when I came to Congress I introduced my own antilynching bill, which I regarded, and still regard, as being the best bill before the Judiciary Committee in the House. Other than this, I know no reason why these wild and false rumors should be spread by anyone.

Since I have been in Congress, I have made many speeches in the South, and I have made speeches on the floor of the House, and on every occasion I have spoken in strong terms in denunciation of lynching and the mob. No one has been more outspoken on the floor of the House or elsewhere against this crime, but there has been a difference between myself and others as to the best method to proceed in order to pass an antilynching bill. There is nothing strange or unnatural about this. In this connection I should like to read you a letter which Mr. Walter White wrote me March 14, and my answer to this letter:

"MY DEAR CONGRESSMAN MITCHELL: I am glad to have had that long talk with you in your office yesterday, even though we obviously do not agree on certain matters.

"After leaving you I talked with a good many people in position to know the attitude of Senator JAMES F. BYRNES, of South Carolina. I sought this information in the light of your statement to me that the N. A. A. C. P., and other supporters of Federal antilynching legislation, should not proceed with securing of the signatures to the petition to the leaders of the Democratic caucus asking for a special rule to bring the 15 identical Democratic bills in the House of Representatives directly to the floor of the House of Representatives for a vote, but instead, should try to bring pressure from white women in South Carolina upon Senator BYRNES to persuade him to change his attitude on the Van Nuys resolution.

"The persons with whom I have talked who are close to Senator BYRNES are unanimous in feeling that while pressure upon Senator BYRNES, who not only is opposed to the Van Nuys resolution, but refuses even to call a meeting of the Audit and Control Committee to consider it, may be helpful, it is not likely to be sufficiently helpful to get him to change his attitude at any time soon. These individuals also feel that the time it would take to bring such pressure on Mr. BYRNES would be precious time lost, in view of the announced intention of the leaders of Congress to adjourn by May 1. This would mean, they fear, that if any action is taken on the Van Nuys resolution at all, it would be so late in the session that Senators would be dispersing to their homes and would, therefore, not give very serious consideration to the Van Nuys resolution.

"In the meantime, with the approach of warm weather, and with the general belief in certain sections of the country and among certain types of people that Federal antilynching legislation is dead, we shall have a resumption of lynching which may exceed even last year's terrible record of 25 authenticated lynchings and 102 cases of narrowly averted lynchings, which, according to The Mob Still Rides, just published by the Commission on Interracial Cooperation in Atlanta, are fundamentally as serious as consummated lynchings, since they show the presence of the potential lynching spirit.

"Will you permit me to add, in all frankness, that I am most disappointed that the one Negro Member of Congress was the sole Representative who declined or deferred signing the petition to the leader of the Democratic caucus? Several others with whom I talked told me that they would have been very much disappointed had I not asked them to sign the petition because of their deep interest in stopping lynchings.

"I would appreciate your advising me if after thinking over our conversation yesterday you are still of the opinion that you do not care to sign the petition. So desperate is the situation and so implacable is the hostility to any action against lynching among certain Senators and Congressmen, there is strong feeling that no step should be left not taken to secure definite action by the present Congress on the subject of lynching. Certain southern Congressmen and Senators and their undercover and vicious efforts against both the Costigan-Wagner bill and the Van Nuys resolution in the Senate and against the antilynching bills in the House are trying to give the run-around to Negro and white Americans that the Negro vote helped to put the President and the administration in power and will be a potent factor in the 1936 election. Nor do they seem to appreciate that they as Members of Congress will have their present power and prestige only so long as the Democratic administration is in power.

"Forthright and uncompromising action is absolutely essential, and therefore I hope you will see fit not only to join with other Members of the House of Representatives in signing the petition but in working vigorously and uncompromisingly in the caucus and on the floor of the House for passage by this Congress of an unemasculated antilynching bill.

"Very sincerely,

"WALTER WHITE, *Secretary.*"

MARCH 16, 1936.

MY DEAR MR. WHITE: I have received your letter of March 14, and have read the same with a great deal of interest. To begin with, I wish to repeat what I said to you in our conversation, namely, that I take second place to no person in the United States in expressing my uncompromising opposition to lynching and shall forever do so in the most effective manner possible. I think, in our opposition to this terrible crime, we are one and the same. It might be that we differ as to the best approach in bringing about the passage of a Federal antilynching bill, but if I understand you correctly, there can be no difference in our desire to accomplish this. I was a little surprised, however, when reading the petition you presented the other day, to find that you failed to include my own antilynching bill, introduced a year ago, and which I think is by far the best bill now pending before the House. I think, if you mean to be fair, you must agree that from our conversation you gathered the fact that I have done considerable in the House in an effort to make sentiment favorable to the passage of an antilynching bill. I remember how greatly surprised you were when I explained to you that I had talked with many of the southern Members and named some of them, including Mr. MAVERICK, of TEXAS, who have already pledged me their support of an antilynching bill whenever it can be brought before the House.

If I am to believe your statement that the only thing that keeps the Van Nuys resolution from being passed in the Senate is the opposition of Senator BYRNES, I can't help but conclude that the quickest way to get effective Federal action against lynching is to push that resolution, putting the proper pressure upon Senator BYRNES, not only through white women voters from the State of South Carolina, but through the President of the United States and others who have influence with him. You will recall that this was my suggestion in our conversation. I have thought over this most seriously since I talked with you and I can see no occasion to change my viewpoint on this. Nothing that you say in this letter does more than confirm this as being, in my estimation, the best approach at this time.

I am at a loss to understand why, in the fifth paragraph of your letter, you make the statement that I am the only Representative who did not sign your petition to call a caucus of the House at the time when the petition was presented to us last week. I am sure you do not mean to make a false statement, and yet it is difficult for me to reach any other conclusion in view of the fact that immediately after leaving you and going upon the floor of the House last Friday, a distinguished Congress-

man from the State of Indiana, whose name is familiar to you, called me before I took my seat and told me that on the previous day you had brought the petition to him and that he refused to sign, and that he had a long conversation with you in which he expressed the same view that I express—that it was not the proper procedure in the House at this time. This gentleman has introduced an antilynching bill in the House which is now before the Judiciary Committee of the House. Not only was I approached by him, but by others who told me that you had talked with them and had presented your petition to them and that they doubted the wisdom of such procedure, and because of that doubt they refused to sign at that time. What can be the purpose of such a statement as you make in this letter?

I wish to suggest that at your earliest convenience you make another trip to Washington. I shall be glad to call a conference of the leaders of the House for the purpose of having you present the petition to them and to me. In this conference I should like to have the Speaker; Hon. JOHN O'CONNOR; Hon. EDWARD T. TAYLOR of Colorado; Hon. PATRICK BOLAND, Democratic Whip of the House; yourself; and any other Congressmen you wish to suggest. I feel that the passage of a Federal anti-lynching bill is of such extreme importance that it should not be toyed with or handled in such way as to make its ultimate passage impossible. This is what seems to have happened in the Senate a year ago.

I am in position to say that with the work that I have done in the House in the way of making sentiment favorable to such a bill, it is entirely too valuable and means too much to my race for me to permit myself to be used in any way that to my mind would jeopardize the ultimate passage of this legislation. I came to Congress pledged not only to introduce an antilynching bill but to work unceasingly and uncompromisingly for its passage until such a time as this bill passes the House. This I propose to do, but I do not promise to adopt the tactics of some other person who has made a miserable failure covering a period of practically 15 years. This within itself should put us on guard that to pass the legislation we are so deeply interested in and which is so necessary to the safety and welfare of the Negro in the South that we must approach the subject with great care, thought, and deliberation. This is why I propose the conference mentioned. Please let me know what your reaction is toward this conference, and name the date that you plan to be in Washington, so that you and I might discuss it more fully before making the call for such conference.

Hoping that you are well and looking to hear from you by return mail and assuring you not only of my deep interest but of my heartiest cooperation in pushing this legislation through the House at the earliest possible moment, I am,

Very cordially and sincerely yours,

(Signed) ARTHUR W. MITCHELL.

Please note that in my answer to Mr. White I sought to cooperate with him in what I regard as being the best method in passing this legislation. I should like to call attention to the fact that not a single one of the suggestions I made in this connection was looked upon favorably by Mr. White nor were any of these suggestions acted upon. Notwithstanding this I wish to make it plain that I am in favor of passing an antilynching bill, I care not who is the author of the bill. I think the passage of important legislation like this is not to be quibbled over, and I wish to assure you and to assure this country that whatever antilynching bill is brought on the floor of the House I shall vote for its passage. Not only shall I vote for the passage but I shall work for its passage.

There is a method by which bills of this kind can be taken from the consideration of recalcitrant committees by complying with section 4 of rule 27 of the House Manual. This rule provides that a petition to lift legislation from the consideration of a committee and to bring it immediately before the House may be filed on the Speaker's desk, and when such petition shall have been signed by 218 Members of the House the bill will then be brought before the House. This is the procedure that has been resorted to in the Frazier-Lemke bill.

You will be interested to know that the Honorable JOSEPH A. GAVAGAN, of the Twenty-first District of New York, introduced an antilynching bill January 3, 1935, which bill is known as H. R. 5, and is about to be brought before the House. On the 8th day of April of 1936 Mr. GAVAGAN placed a petition on the Speaker's desk asking that this particular bill be taken from the consideration of the House Judiciary Committee and be brought before the House for immediate action. I was in Chicago engaged in the primary campaign when this petition was placed on the Speaker's desk. I returned to Washington April 17, 9 days later, and the first thing I did was to go to the Speaker's desk and to sign this petition.

I am number 36 among the signers of the petition. This petition now has almost 100 signers. I have personally used my influence to have practically every Democrat from my State to sign this petition. I expect to continue to use whatever influence I have until the required number is secured, and may I say to you that regardless of the wild rumors that come to you as to the method of bringing legislation before the House, which committee is requested to report, this is the only method by which it can be done. No caucus or group of individuals can take legislation from the consideration of committee in any manner except as I have already explained. I think what I have said is sufficient to acquaint you with the actual work that is going on in the House today.

Now, my job has been that of making favorable sentiment to the passage of this legislation. You will understand that in the House, the full membership is 435; to pass any bill, a majority of those present is required. To pass a bill so highly controversial as is this bill, much serious work must be done in order to make favorable sentiment. I regard this work as being of far more importance than the mere introduction of a bill, and I am frank to say to you, my friends, and I say it without the slightest purpose of being egotistic, I think I have, through my conduct and manipulation among the Members of the House, made at least 100 converts for the passage of this legislation.

I should like to say here that when I was seeking to be elected to Congress, I made certain very definite promises to the people in Chicago, as to what I would do if elected to Congress. I have taken the pains to bring along the very statement that I made, which is as follows:

"The most dangerous element in our country today is that of enforced idleness, brought about largely by the cessation of work. I shall be in favor of any program which tends to furnish work for the people, even though such program incurs governmental expense, thus increasing taxation. I believe that idleness is a breeder of crime, which threatens the destruction not only of our institutions, but of the Government itself. And no monetary price to wipe out idleness and bring back prosperity, is too great.

"2. I am in favor of wiping out racial discriminations, which serve only one purpose—to breed hatred, prejudice, and injustice, thus making it impossible to prosper in the largest sense.

"3. I believe that the colored American citizens should continue to enjoy the same wholesome benefits to be derived from the higher standards of living, increased wages, and better housing conditions in the national program that are enjoyed by other racial groups.

"4. I believe that discriminations in governmental departments and in civil-service departments in Washington, should be eliminated. I shall work to eliminate the practice of our Civil Service Commission requiring applicants to submit their photographs with their applications and shall advocate the fingerprint system instead.

"5. I believe that the colored people should have their just proportion of the jobs and positions created under the emergency acts through which our New Deal is being put forth.

"6. I shall work incessantly to have the Congress pass an antilynching bill such as was introduced in last Congress.

"7. I shall work to reenfranchise the colored people of the South and to wipe out all racial discriminations in voting privileges of the citizens of the South.

"8. I believe in making America first. This seems to be a national slogan, but it means nothing in our national life if we refuse or fail to make American citizens first. I contend that in the matter of employment whether in public or private enterprises and businesses, those born under our flag and those who have sworn allegiance to our flag should have preference. No American citizen who wishes to work should be forced to remain idle while a citizen of some foreign country is given work which an American could do and wishes to do. Any other course on the part of our citizens in business shows the basest kind of hypocrisy."

From this statement you will see that I pledged my constituents when I sought their vote that I would work for certain specific things in addition to working for the general program of the Democratic Party. I stand here to tell you, my friends, that I have kept that promise; my record bears me out in this statement. I should like also to call your attention to the fact that immediately after my election I gave a statement to the press as to what I expected to do in Congress, and with your permission I wish to read this statement, which should go some distance in clearing up other false rumors that have been spread by designing persons and agencies:

"I interpret my election to Congress as being a desire on the part of my constituents to have intelligent, courageous, honest, and capable representation in the Halls of Congress, which I contend the first district has not had during the past 6 years. I think the people are tired of bombast, ballyhoo, and noise, where we should have constructive thought, honest action, and real statesmanship.

"I accept the mandate of the people and look upon the same as a desire fully expressed, by white as well as by colored people, for new leadership under the New Deal. I am 100 percent in agreement with the President's program. I realize that in many instances the execution of the program is not handled as it should be, and because of this mishandling of the program different groups are made to suffer, but these are errors which can, and will be, corrected.

"I shall address myself first to looking after the interests of the people of the First Congressional District of Illinois who elected me to office. I shall always endeavor to be on the alert and use all the power that resides in me to protect the interests of my group. I shall welcome constructive criticisms from the people of the country, both colored and white, and shall endeavor to do my full duty without fear or favor of man, but trusting in God as my leader to whom I shall be responsible for my acts."

In closing this speech I wish to bring to your attention the progress that has been made through the spread of education, Christianity, civic training, and the agencies for racial good will during the past 40 years in wiping out the crime of lynching. I know you must be disturbed and alarmed as most of us are because of the frequent lynchings in the South during the last 4 months. I am exhibiting here a copy of a newspaper known as the Georgia Woman's World. This paper is published by a group of women in Atlanta, Ga. I have read many of the issues and

regard it as being the most dangerous and inflammatory journal it has ever been my privilege to read. The purpose of it seems to be to create and stir up race hatred. I firmly believe that the large number of lynchings that we have recently had in the South has been in a measure due to the circulation of this paper, and the influence it is having upon the ignorant white people who read it and believe it is their duty to engage in violence against any Negro who can be conveniently seized.

The high peak in lynching was reached in 1892, when the population of the country was 65,665,810. There were 226 lynchings, or 1 person was lynched out of every 290,000 citizens of the country, or 3.4 persons were lynched out of every million of our population. Over against this I wish to call attention to the number of persons lynched in 1932, 40 years later, at which time the population had increased to 124,822,000. There were 8 lynchings, as compared with 226 in 1892. Instead of there being 1 person lynched out of every 290,000 citizens, there was 1 person lynched out of every 15,603,000. The ratio per million had been reduced from 3.4 to 0.07 of a person.

Although mob violence in certain sections of the South seems to be on the increase, I am not discouraged; I believe that we are making progress. If in 40 years the number of lynchings could be reduced from 226 to 8, I believe that we can eventually reduce this crime to a minimum, if we are not able to wipe it out wholly, and I believe the passage of an antilynching law will do much good in making sentiment and in helping stamp out the crime.

I account it a pleasure to make these observations for your benefit and to thank you and the people of this section of the country for the support you have given and are giving, which will result in the passage of this legislation eventually and, we trust, in wiping out the crime completely. My final word: May God bless these brave justice-loving people in every part of this land who are coming forward and demanding equal protection of life, liberty, and the pursuit of happiness of all our citizens, be they rich or poor, white or black, and whether they live in the North or South.

LIBRARY OF CONGRESS TRUST FUND BOARD

Mr. SECREST. Mr. Speaker, I ask unanimous consent to file a supplemental report on the bill (H. R. 12353) to amend an act entitled "An act to create a Library of Congress Trust Fund Board, and for other purposes", approved March 3, 1925.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

UNITED STATES HARVARD UNIVERSITY TERCENTENARY COMMISSION

The SPEAKER. Pursuant to the provisions of Public Resolution No. 88, Seventy-fourth Congress, the Chair appoints as members of the United States Harvard University Tercentenary Commission to serve with himself the following Members of the House of Representatives:

Mr. O'CONNOR, of New York; Mr. RUSSELL, of Massachusetts; Mr. BACON, of New York; Mr. WIGGLESWORTH, of Massachusetts.

LEAVE OF ABSENCE

By unanimous consent, the following leave of absence was granted as follows:

To Mr. CHANDLER, for 3 days, on account of official business.

To Mr. SHANNON, for 2 days, on account of death in family.

To Mr. ZIMMERMAN, for 1 week, on account of illness in family.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 3486. An act to repeal the act entitled "An act relating to Philippine currency reserves on deposit in the United States"; to the Committee on Insular Affairs.

S. 3841. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

S. 4457. An act authorizing the appointment of an additional circuit judge for the third circuit; to the Committee on the Judiciary.

S. 4609. An act to correct the description of certain land granted to the University of Utah; to the Committee on Military Affairs.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 2982. An act for the relief of Sarah Shelton;

H. R. 7110. An act to authorize the President to bestow the Navy Cross upon Brig. Gen. Robert H. Dunlap, United States Marine Corps, deceased;

H. R. 8262. An act for the relief of Tom Rogers and the heirs of W. A. Bell, Israel Walker, Henry Shaw, Thomas Bailey, and Joseph Watson;

H. R. 8287. An act to establish an assessed valuation real property tax in the Virgin Islands of the United States;

H. R. 8372. An act to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station and to authorize the construction and installation of a naval air station thereon;

H. R. 8431. An act to provide for the establishment of the Fort Frederica National Monument, at St. Simon Island, Ga., and for other purposes;

H. R. 8784. An act to authorize withholding compensation due Government personnel;

H. R. 9995. An act to grant a renewal of patent no. 59560, relating to the emblem of the Disabled American Veterans of the World War;

H. R. 10194. An act granting a renewal of patent no. 40029, relating to the badge of the Holy Name Society;

H. R. 10267. An act to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car contruction, chief clerks, assistant chief clerks, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service to correspond to the rates established by the Classification Act of 1923, as amended; and

H. R. 10934. An act to authorize the transfer of the customhouse at Salem, Mass., from the jurisdiction of the Treasury Department to the Department of the Interior.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3483. An act to provide for rural electrification, and for other purposes.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 12 minutes p. m.) the House adjourned until tomorrow, Wednesday, May 20, 1936, at 12 o'clock meridian.

EXECUTIVE COMMUNICATIONS, ETC.

838. Under clause 2 of rule XXIV, a letter from the Comptroller of the Near East Relief, transmitting the annual report of the Near East Relief, was taken from the Speaker's table and referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WHITE: Committee on Irrigation and Reclamation. H. R. 12663. A bill to provide for studies and plans for the development of a hydroelectric power project at Cabinet Gorge, on the Clark Fork of the Columbia River, and a reclamation project for the Rathdrum Prairie area, and for other purposes; without amendment (Rept. No. 2675). Referred to the Committee of the Whole House on the state of the Union.

Mr. KRAMER: Committee on Immigration and Naturalization. H. R. 12325. A bill to protect for American actors, vocal musicians, operatic singers, and orchestral conductors the artistic and earning opportunities in the United States, and for other purposes; with amendment (Rept. No. 2677). Referred to the Committee of the Whole House on the state of the Union.

Mr. McFARLANE: Committee on Naval Affairs. H. R. 10356. A bill authorizing the Secretary of the Navy to convey a right-of-way over certain lands situated in Solano

County, Calif., to the State of California for State highway purposes; with amendment (Rept. No. 2678). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATMAN: Special Committee Investigating American Retail Federation. House Report 2679. Report of the Special Congressional Committee Investigating the American Retail Federation on that part of the resolution in regard to big-scale buying and selling, pursuant to House Resolution 239 (74th Cong.). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. House Report 2680. Report on the War Department investigation, pursuant to House Resolution 59 (74th Cong.). Referred to the Committee of the Whole House on the state of the Union.

Mr. FIESINGER: Committee on Rivers and Harbors. H. R. 11916. A bill to authorize the transfer of a certain piece of land in Muhlenberg County, Ky., to the State of Kentucky; without amendment (Rept. No. 2681). Referred to the Committee of the Whole House on the state of the Union.

Mr. CONNERY: Committee on Labor. House Resolution 49. Resolution requesting the Secretary of Labor to compile a list of the labor-saving devices, and for other purposes; with amendment (Rept. No. 2685). Referred to the Committee of the Whole House on the state of the Union.

Mr. FREY: Committee on Foreign Affairs. S. 1896. An act to provide for interest payments on American Embassy drafts; without amendment (Rept. No. 2686). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. Senate Joint Resolution 226. Joint resolution authorizing the President to invite foreign countries to participate in the San Francisco Bay Exposition of 1939 at San Francisco, Calif.; with amendment (Rept. No. 2687). Referred to the House Calendar.

Mr. MILLER: Committee on the Judiciary. S. 3907. An act for the relief of the State of Nevada; without amendment (Rept. No. 2688). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. S. 4432. An act authorizing and directing the Secretary of War to lease land on the Fort Moultrie (S. C.) Military Reservation to the owners of certain cottages thereon; without amendment (Rept. No. 2691). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SMITH of Connecticut: Committee on Military Affairs. House Joint Resolution 570. Joint resolution authorizing the President of the United States to award posthumously a Distinguished Service Medal to Maj. Gen. Clarence Ransom Edwards; without amendment (Rept. No. 2682). Referred to the Committee of the Whole House.

Mr. MAAS: Committee on Naval Affairs. S. 3369. An act providing for the posthumous appointment of Ernest E. Dailey as a warrant radio electrician, United States Navy; without amendment (Rept. No. 2683). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. Senate Joint Resolution 209. Joint resolution authorizing the presentation of silver medals to the personnel of the Second Byrd Antarctic Expedition; without amendment (Rept. No. 2684). Referred to the Committee of the Whole House.

Mr. DARDEN: Committee on Naval Affairs. H. R. 11984. A bill for the relief of Oda Herbert Plowman; without amendment (Rept. No. 2689). Referred to the Committee of the Whole House.

Mr. BEITER: Committee on War Claims. H. R. 12772. A bill for the relief of sundry claimants, and for other purposes; without amendment (Rept. No. 2690). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 12358) granting an increase of pension to Melissa F. Proctor; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 12382) granting a pension to Jesse L. Fisher; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 12571) granting a pension to Caleb J. Ledford; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCKLER of Minnesota: A bill (H. R. 12743) to establish a Red Lake Chippewa fund from the present fund of Chippewa Indians of Minnesota; to the Committee on Indian Affairs;

Also, a bill (H. R. 12744) to amend section 101 (12) of the Revenue Act of 1934; to the Committee on Ways and Means.

By Mr. CARMICHAEL: A bill (H. R. 12745) to aid the several States in making certain toll bridges on the system of Federal-aid highways free bridges, and for other purposes; to the Committee on Roads.

By Mr. CELLER: A bill (H. R. 12746) granting the consent of Congress to agreements of compacts between any two or more States, with respect to the duplication and evasion of State and local tax laws; to the Committee on the Judiciary.

By Mr. COLDEN: A bill (H. R. 12747) to provide for the production for use for the unemployed of the United States under the direction of the Department of Agriculture by the establishment of a Civilian Cooperative Production Agency in order that all citizens of the United States may enjoy economic independence, life, liberty, and the pursuit of happiness; to the Committee on Agriculture.

By Mr. LORD: A bill (H. R. 12748) authorizing the Interstate Bridge Commission of the State of New York and the Commonwealth of Pennsylvania to reconstruct, maintain, and operate a free highway bridge across the West Branch of the Delaware River between a point in the vicinity of the village of Hancock, Delaware County, N. Y., and a point in the town of Buckingham, Wayne County, Pa., and a highway bridge across the Delaware River between points in the village of Barryville, Sullivan County, N. Y., and the village of Shohola, Pike County, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. McMILLAN: A bill (H. R. 12749) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

By Mr. McSWAIN: A bill (H. R. 12750) to provide for the administration of the United States Soldiers' Home; to the Committee on Military Affairs.

By Mr. BOEHNE: A bill (H. R. 12751) to make movement in interstate or foreign commerce with intent to avoid obligations to support certain persons an offense against the United States; to the Committee on the Judiciary.

Also, a bill (H. R. 12752) making it a Federal offense for any person to move in interstate or foreign commerce with intent to avoid his obligation to support his children; to the Committee on the Judiciary.

By Mr. DARDEN: A bill (H. R. 12753) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the original Norfolk (Va.) land grant and the two hundredth anniversary of the establishment of the city of Norfolk, Va., as a borough; to the Committee on Coinage, Weights, and Measures.

By Mr. McFARLANE: A bill (H. R. 12754) to authorize the acquisition of lands in the vicinity of Galveston, Tex., as a site for a naval air station and to authorize the construction of a naval air station thereon; to the Committee on Naval Affairs.

By Mr. CRAWFORD: A bill (H. R. 12755) to further the development and maintenance of an adequate and well-balanced American merchant marine, to promote the commerce of the United States, to aid in the national defense, to repeal certain former legislation, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CROWTHER: A bill (H. R. 12756) to authorize the coinage of 50-cent pieces in commemoration of the memory of the late Dr. Charles P. Steinmetz; to the Committee on Coinage, Weights, and Measures.

By Mr. KNUTSON (by request): A bill (H. R. 12757) to amend the Social Security Act with respect to old-age benefits, and in other respects; to the Committee on Ways and Means.

By Mr. GASQUE: A bill (H. R. 12758) to increase the pension to certain veterans of the Regular Establishment on the rolls March 19, 1933; to the Committee on Pensions.

By Mr. McCORMACK: A bill (H. R. 12759) to expedite the despatch of vessels from certain ports of call; to the Committee on Merchant Marine and Fisheries.

By Mr. TERRY: A bill (H. R. 12760) authorizing a preliminary examination and survey of the Fourche La Fave River, in Perry, Yell, and Scott Counties, Ark., with a view to the construction of a flood-control reservoir dam in the vicinity of what is commonly known as The Narrows on said stream in Scott County; to the Committee on Flood Control.

By Mrs. O'DAY: A bill (H. R. 12761) to extend the definition of an alien veteran for naturalization purposes only, so as to include certain alien enemies and nationals of Turkey and Bulgaria who rendered active service in United States armed forces with personal record of loyalty to the United States, and for other purposes; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 12762) to extend the definition of an alien veteran for naturalization purposes only, so as to include certain alien enemies and nationals of Turkey and Bulgaria who rendered active service in the United States armed forces with personal record of loyalty to the United States, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SAUTHOFF: A bill (H. R. 12763) to provide for the general welfare by enabling the several States to make more adequate provision for the operation of open-air health camps for children of indigent families; to the Committee on Interstate and Foreign Commerce.

By Mr. VINSON of Kentucky: A bill (H. R. 12764) to create a Division of Stream Pollution Control in the Bureau of Public Health Service, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MEAD: A bill (H. R. 12765) to provide for the transportation and distribution of mails on motor-vehicle routes; to the Committee on the Post Office and Post Roads.

By Mr. PATTERSON: A bill (H. R. 12766) to amend section 207 of the act approved February 28, 1925, as amended, to promote Parcel Post Service; to the Committee on the Post Office and Post Roads.

By Mr. PIERCE: A bill (H. R. 12767) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. GASQUE: A bill (H. R. 12768) granting double pensions for disability from aviation, submarine, or diving duty; to the Committee on Pensions.

Also, a bill (H. R. 12769) to liberalize the provisions of Public Law No. 484, Seventy-third Congress, providing pensions to widows and other dependents of deceased service-connected disabled World War veterans; to the Committee on World War Veterans' Legislation.

By Mr. MITCHELL of Illinois: A bill (H. R. 12770) to provide for the organization and maintenance of two battalions of combat infantry of colored troops as a part of the National Guard of the State of Pennsylvania and appropriating $100,000 for its equipment by the War Department; to the Committee on Military Affairs.

By Mr. O'LEARY: A bill (H. R. 12771) to afford protection against unauthorized use of the ensign, emblems, badges, designating marks, and certificates of the United States Power Squadrons, Inc.; to the Committee on the Judiciary.

By Mr. BEITER: A bill (H. R. 12772) for the relief of sundry claimants, and for other purposes; to the Committee on Claims.

By Mr. COCHRAN: Resolution (H. Res. 518) to provide for clerk to stenographers to committees; to the Committee on Accounts.

By Mr. BEITER: Joint resolution (H. J. Res. 591) to enable the Reconstruction Finance Corporation to finance additional projects of the Federal Emergency Administration of Public Works; to the Committee on Banking and Currency.

By Mr. SIROVICH: Concurrent resolution (H. Con. Res. 49) creating a joint committee of the Senate and House to determine the practicability of a union between the United States and Canada, and for other purposes; to the Committee on Rules.

By Mr. VINSON of Georgia: Concurrent resolution (H. Con. Res. 50) expressing the appreciation of Congress for a bequest of a collection of naval and other medals from the late Dr. Malcolm Storer, of Boston, Mass.; to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Michigan: A bill (H. R. 12773) for the relief of Mary Way; to the Committee on Claims.

By Mr. DOUGHTON: A bill (H. R. 12774) granting an increase of pension to Alfred L. Gross; to the Committee on Pensions.

By Mr. FLETCHER: A bill (H. R. 12775) granting an increase of pension to Keturah O. Donnels; to the Committee on Invalid Pensions.

By Mr. KRAMER: A bill (H. R. 12776) granting a pension to Clara E. Huffman; to the Committee on Invalid Pensions.

By Mr. McCORMACK: A bill (H. R. 12777) for the relief of Ralph W. Sears; to the Committee on Military Affairs.

By Mr. MONAGHAN: A bill (H. R. 12778) granting compensation to Joseph C. Eastland; to the Committee on Claims.

Also, a bill (H. R. 12779) to settle certain claims against the United States in connection with fire-fighting work of the Forest Service in Montana; to the Committee on Claims.

Also, a bill (H. R. 12780) for the relief of Benjamin Stewart; to the Committee on Claims.

Also, a bill (H. R. 12781) for the relief of Wade R. Parks; to the Committee on Claims.

By Mr. RANDOLPH: A bill (H. R. 12782) to provide compensation for Walter L. Helbig for injuries received at the Navy Yard in Washington, D. C.; to the Committee on Claims.

By Mr. REECE: A bill (H. R. 12783) for the relief of Harry W. Dubiske; to the Committee on Claims.

By Mr. SANDERS of Texas: A bill (H. R. 12784) for the relief of C. A. Jones; to the Committee on Claims.

Also, a bill (H. R. 12785) for the relief of Elbert Gentry; to the Committee on Claims.

By Mr. WHITE: A bill (H. R. 12786) granting a pension to Marion M. Luther; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12787) granting a pension to Leona J. Strickland; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10902. By Mr. ANDREW of Massachusetts: Petition of the General Court of Massachusetts, memorializing the President and Congress of the United States in favor of the permanency of the Civilian Conservation Corps; to the Committee on Appropriations.

10903. Also, petition memorializing Congress relative to affording the privilege of entry into this country to those persons who are being discriminated against and persecuted in Germany; to the Committee on Immigration and Naturalization.

10904. By Mr. CONNERY: Petition of the Cambridge Housing Authority, of Cambridge, Mass., protesting against poor housing and slum conditions, and urging passage of Wagner-Ellenbogen housing bill; to the Committee on Banking and Currency.

10905. Also, petition of the Workers' Education Council of Greater Boston, Mass., endorsing and urging the enactment of the Ellenbogen national textile bill (H. R. 12285); to the Committee on Banking and Currency.

10906. Also, petition of the Artists Union of Massachusetts, urging the enactment of the Frazier-Lundeen workers' social insurance bill, introduced in the Senate as Senate bill 3475 and in the House of Representatives as House bill 9608; to the Committee on Labor.

10907. By Mr. CULLEN: Petition of the New York Clothing Cutters Union, A. C. W. of A., New York City, urging the enactment of legislation for the creation of a court of appeals for civil-service employees; to the Committee on the Civil Service.

10908. By Mr. HIGGINS of Massachusetts: Resolutions of the Massachusetts Legislature; to the Committee on Appropriations.

10909. Also, resolution of the Massachusetts Legislature, memorializing Congress relative to affording the privilege of entry into this country to those persons who are being persecuted and discriminated against in Germany; to the Committee on Immigration and Naturalization.

10910. By Mr. McCORMACK: Memorial of the General Court of Massachusetts, memorializing Congress relative to affording the privilege of entry into this country of those persons who are being persecuted and discriminated against in Germany; to the Committee on Immigration and Naturalization.

10911. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, favoring making the Civilian Conservation Corps a permanent institution; to the Committee on Appropriations.

10912. Also, memorial of the General Court of Massachusetts, advocating the privilege of entry into the United States of persons persecuted or discriminated against in Germany; to the Committee on Immigration and Naturalization.

10913. By Mr. PFEIFER: Petition of the New York Clothing Cutters' Union, New York City, endorsing the Pearson bill (H. R. 9258) establishing a Civil Service Court of Appeals; to the Committee on the Civil Service.

10914. By Mr. RICH: Petition of citizens of Wellsboro, Pa.; to the Committee on Agriculture.

10915. Also, petition of the Enterprise Council, No. 136, Sons and Daughters of Liberty, of Muncy, Pa., favoring the passage of Senate bill 4011 and House bill 11172; to the Committee on Immigration and Naturalization.

10916. By Mrs. ROGERS of Massachusetts: Petition of the General Court of the Commonwealth of Massachusetts, relative to affording the privilege of entry into this country to those persons who are being persecuted and discriminated against in Germany; to the Committee on Foreign Affairs.

10917. Also, petition of the General Court of the Commonwealth of Massachusetts, favoring the permanency of the Civilian Conservation Corps; to the Committee on Appropriations.

10918. By Mr. KRAMER: Resolution of the Los Angeles District Council of Carpenters, relative to endorsing the Townsend old-age-pension plan and the McGroarty bill, no. 7154; to the Committee on Ways and Means.

SENATE

WEDNESDAY, MAY 20, 1936

(Legislative day of Tuesday, May 12, 1936)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, May 19, 1936, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Keyes	Pittman
Ashurst	Copeland	King	Pope
Bachman	Couzens	La Follette	Robinson
Bailey	Davis	Lewis	Russell
Barbour	Dieterich	Logan	Schwellenbach
Barkley	Donahey	Lonergan	Sheppard
Benson	Fletcher	Long	Shipstead
Bilbo	Frazier	McAdoo	Smith
Black	George	McGill	Steiwer
Bone	Gerry	McNary	Thomas, Okla.
Borah	Gibson	Maloney	Townsend
Brown	Glass	Metcalf	Truman
Bulkley	Guffey	Moore	Vandenberg
Bulow	Hale	Murphy	Van Nuys
Burke	Harrison	Murray	Wagner
Byrd	Hastings	Neely	Walsh
Capper	Hatch	Norris	Wheeler
Caraway	Hayden	Nye	White
Chavez	Holt	O'Mahoney	
Clark	Johnson	Overton	

Mr. ROBINSON. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. MCCARRAN] are absent because of illness; that the Senator from South Carolina [Mr. BYRNES], the Senator from Oklahoma [Mr. GORE], the Senator from Tennessee [Mr. MCKELLAR], the junior Senator from Maryland [Mr. RADCLIFFE], and the senior Senator from Maryland [Mr. TYDINGS] are unavoidably detained; and that the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Wisconsin [Mr. DUFFY], the Senator from Indiana [Mr. MINTON], and the Senator from Utah [Mr. THOMAS] are absent in connection with their duties as members of the Board of Visitors to the Military Academy at West Point.

I further announce that the Senator from North Carolina [Mr. REYNOLDS] is absent because of a death in his family.

Mr. MCNARY. I announce that the Senator from Vermont [Mr. AUSTIN] and the Senator from Iowa [Mr. DICKINSON] are necessarily absent, and that the Senator from Wyoming [Mr. CAREY] is absent in the performance of his duty as a member of the Board of Visitors to the United States Military Academy.

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 560. An act for the relief of the Western Electric Co., Inc.;

S. 760. An act for the relief of Harry P. Hollidge;

S. 920. An act for the relief of Ruth J. Barnes;

S. 952. An act for the relief of Zelma Halverson;

S. 1186. An act for the relief of Frank P. Ross;

S. 1328. An act for the relief of the Snare & Triest Co., now Frederick Snare Corporation;

S. 1431. An act for the relief of the Collier Manufacturing Co. of Barnesville, Ga.;

S. 1490. An act for the relief of Earl A. Ross;

S. 2520. An act for the relief of T. D. Randall & Co.; and

S. 2734. An act to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania.

The message also announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 537. An act for the relief of C. O. Meyer; and

S. 1073. An act for the relief of Louis Finger.

The message further announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 925. An act to carry into effect the findings of the Court of Claims in the case of William W. Danenhower; and

S. 1360. An act for the relief of Teresa de Prevost.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 237. An act for the relief of the Rowesville Oil Co.;

H. R. 254. An act for the relief of the Farmers' Storage & Fertilizer Co., of Aiken, S. C.;

H. R. 1105. An act for the relief of Lucy Jane Ayer;

H. R. 1618. An act for the relief of Anna McDonald;

H. R. 2479. An act for the relief of Charles G. Johnson, State treasurer of the State of California;

H. R. 3559. An act for the relief of John L. Alcock;

H. R. 3575. An act for the relief of Mrs. Lawrence Chlebeck;

H. R. 3907. An act for the relief of James L. Park;

H. R. 3943. An act for the relief of D. E. Wooldridge;

H. R. 4059. An act for the relief of Ella B. Kimball, daughter and only heir of Jeremiah Simonson;

H. R. 4256. An act for the relief of Anna Caporaso;

H. R. 4364. An act for the relief of Andrew Johnson;

H. R. 4373. An act for the relief of Albert Gonzales;

H. R. 4829. An act for the relief of Weymouth Kirkland and Robert N. Golding;

H. R. 5078. An act for the relief of Mrs. Charles F. Eikenberg;

H. R. 5150. An act for the relief of Alexander E. Kovner;

H. R. 5635. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the mayor and aldermen of Jersey City, Hudson County, N. J., a municipal corporation;

H. R. 6356. An act to carry out the findings of the Court of Claims in the case of Joseph G. Grissom;

H. R. 7727. An act to confer jurisdiction on the Court of Claims to hear and determine the claim of George B. Marx, Inc.;

H. R. 11108. An act to advance a program of national safety and accident prevention;

H. R. 12056. An act authorizing the State of Iowa, acting through its State highway commission, and the State of Nebraska, acting through its department of roads and irrigation, to construct, maintain, and operate a free or toll bridge across the Missouri River at or near Dodge Street in the city of Omaha, Nebr.;

H. R. 12168. An act to authorize the coinage of 50-cent pieces in commemoration of the seventy-fifth anniversary of the Battle of Antietam; and

H. J. Res. 377. Joint resolution to enable the States of Maine, New Hampshire, New York, Vermont, Massachusetts, Rhode Island, Connecticut, Pennsylvania, West Virginia, Kentucky, Indiana, Illinois, Tennessee, and Ohio to conserve and regulate the flow of and purify the waters of rivers and streams whose drainage basins lie within two or more of the said States.

SUPPLEMENTAL ESTIMATES, DEPARTMENT OF STATE (S. DOC. NO. 239)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, supplemental estimates of appropriations for the Department of State, fiscal years 1936 and 1937, amounting to $22,100, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY (S. DOC. NO. 240)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, estimates of appropriations submitted by certain executive departments to pay claims for damages to privately owned property, amounting to $1,461.50, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, SMITHSONIAN INSTITUTION (S. DOC. NO. 238)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the Smithsonian Institution (Astrophysical Observatory) for the fiscal year 1937, amounting to $200,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate 11 letters from the Archivist of the United States, reporting, pursuant to law, that there are accumulations of documents and papers on the files of certain departments and independent offices of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and transmitting lists of such papers, which, with the accompanying papers, were referred to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. NORBECK members of the committee on the part of the Senate.

PETITION

Mr. WALSH presented resolutions adopted by the General Court of Massachusetts, favoring the enactment of legislation to make the Civilian Conservation Corps a permanent corps, which were referred to the Committee on Agriculture and Forestry.

(See resolutions printed in full when laid before the Senate by the Vice President on the 19th instant, p. 7453, CONGRESSIONAL RECORD.)

FRAZIER-LEMKE FARM REFINANCING BILL

Mr. FRAZIER. I ask unanimous consent to have printed in the RECORD and to lie on the table a resolution which I have received from Stamford, Conn., regarding the so-called Frazier-Lemke bill.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

We, citizens of Stamford, Conn., in mass meeting assembled at the Town Hall Plaza, resent the un-American and undemocratic methods which have recently been revealed in efforts to block and defeat proposed national legislation designated as the Frazier-Lemke bill. We are not here endorsing or opposing the economic features of the Frazier-Lemke bill, but we are publicly protesting against the political treacheries and conspiracies practiced in the Congress by congressional representatives who are the political puppets of racketeers of high finance.

We condemn William S. Green, president of the American Federation of Labor, for injecting the name of organized labor into the fight against the Frazier-Lemke bill, as we contend that there is no justification for Mr. Green's claiming that the great mass of organized labor was behind him and those actions of his which resulted in his placing before the Congress a letter signed by himself condemning the Frazier-Lemke bil and expressing the alleged feelings of organized labor.

We realize that Senator LYNN J. FRAZIER and Representative WILLIAM LEMKE have for many years in public office been the consistent champions of the working people of America, and we here commend them for the splendid records that they have made.

We condemn the Representatives to Congress from the State of Connecticut who voted against the Frazier-Lemke bill and who supported the un-American tactics applied by political and financial gangdom for the defeat of the Frazier-Lemke bill. We believe that all of the Connecticut Representatives to Congress should be defeated for reelection this year.

We approve of the proposal to convene a convention for the purpose of affording open expression of all independent voters in the Fourth Congressional District of the State of Connecticut. It is the wish of us citizens here assembled that the proposed independent voters' convention select candidates for Congress whose principles and practices will warrant the support of loyal Americans. We propose that two candidates for Congress from the Fourth Congressional District be selected, one to be entered in the Republican primaries and one to be entered in the Democratic primaries in order to insure the election to Congress of a Representative who is truly the choice of the citizens and who will represent them properly in the Congress.

We request the chairman of this meeting to offer a copy of this resolution to the press and to send a copy to the Honorable LYNN J. FRAZIER, United States Senator, with the request that he present it for publication in the CONGRESSIONAL RECORD.

REPORTS OF COMMITTEES

Mr. HATCH, from the Committee on the Judiciary, to which was referred the bill (S. 3822) to amend the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890, reported it without amendment and submitted a report (No. 2053) thereon.

Mr. PITTMAN, from the Committee on Foreign Relations, to which were referred the following bill and joint resolution, reported them each without amendment and submitted reports thereon:

S. 4667. A bill to prohibit the commercial use of the coat of arms of the Swiss Confederation pursuant to the obligation of the Government of the United States under article 28 of the Red Cross Convention signed at Geneva July 27, 1929 (Rept. No. 2054); and

H. J. Res. 499. Joint resolution authorizing and requesting the President to extend to the Government of Sweden and individuals an invitation to join the Government and people of the United States in the observance of the three hundredth anniversary of the first permanent settlement in the Delaware River Valley, and for other purposes (Rept. No. 2055).

Mr. WHITE, from the Committee on Commerce, to which was referred the bill (S. 4619) to amend the Communications Act of 1934, approved June 19, 1934, for the purpose of promoting safety of life and property through the use of wire and radio communications, and for other purposes, reported it without amendment and submitted a report (No. 2060) thereon.

Mr. COPELAND, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 4648. A bill to promote safety at sea in the neighborhood of ice and derelicts, and for other purposes (Rept. No. 2058);

S. 4654. A bill to amend an act entitled "An act to distribute the commissioned line and engineer officers of the Coast Guard in grades, and for other purposes", approved January 12, 1923 (Rept. No. 2056); and

S. 4655. A bill relative to limitation of shipowners' liability (Rept. No. 2061).

Mr. COPELAND also, from the Committee on Commerce, to which was referred the bill (H. R. 8597) to amend section 13 of the act of March 4, 1915, entitled "An act to promote the welfare of American seamen in the merchant marine of the United States, to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto, and to promote safety at sea", to maintain discipline on shipboard, and for other purposes, reported it with an amendment and submitted a report (No. 2059) thereon.

He also, from the same committee, to which was referred the bill (H. R. 11915) to amend the Coastwise Load Line Act, 1935, reported it with amendments and submitted a report (No. 2057) thereon.

ADDITIONAL REPORT ON "MORRO CASTLE" AND "MOHAWK" DISASTERS (PT. 3, S. REPT. NO. 776)

Mr. COPELAND. Mr. President, I ask consent to submit from the Committee on Commerce an additional preliminary report of the Safety at Sea Subcommittee of the Commerce Committee, pursuant to Senate Resolution 7 (74th Cong., 1st sess.), relating to the investigations of the steamships *Morro Castle* and *Mohawk* disasters and the adequacy of methods and practices for the safety of life at sea, with particular reference to that portion of the resolution requiring "recommendations for necessary legislation." I ask that the report be printed.

The VICE PRESIDENT. Without objection, the report will be received and printed.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

(Mr. GUFFEY introduced Senate bill 4668, which was referred to the Committee on Interstate Commerce and appears under a separate heading.)

By Mr. LOGAN:

A bill (S. 4669) authorizing the Veterans' Administration of the United States to accept 500 acres of land in Campbell County, Ky., for the purpose of establishing a home for dependent widows and orphans of World War veterans; to the Committee on Military Affairs.

By Mr. GLASS:

A bill (S. 4670) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the original Norfolk (Va.) land grant and the two hundredth anniversary of the establishment of the city of Norfolk, Va., as a borough; to the Committee on Banking and Currency.

By Mr. WALSH:

A joint resolution (S. J. Res. 269) to authorize the Secretary of War to lend to Charles Scoville Wishard for use of the national assembly of the Oxford Group, to be held at and near Stockbridge, Mass., May 29, 1936, to June 8, 1936, both inclusive, certain camp equipment of the United States Army hereinafter designated; to the Committee on Military Affairs.

REGULATION OF INTERSTATE COMMERCE IN BITUMINOUS COAL

Mr. GUFFEY. Mr. President, I ask consent to introduce a bill to regulate interstate commerce in bituminous coal, and for other purposes. This bill is a substitute for the Bituminous Coal Conservation Act of 1935, certain provisions of which were recently declared unconstitutional by the Supreme Court of the United States, and makes such changes in the Bituminous Coal Conservation Act of 1935 as are necessary to meet the views of the majority of the Court.

It will be recalled that four members of the Court held that the price-fixing provisions of the act of 1935 were valid. The majority of the Court held that the price-fixing provisions of the act could not be considered apart from the labor regulations, and that since the labor provisions of the act of 1935 were beyond the power of Congress the act would have to fall.

In the bill I am now introducing, the labor provisions of the act of 1935 have been wholly eliminated, and the power of Congress to be exercised under this bill is its undisputed power under the Constitution to regulate interstate commerce.

I further ask that the bill be referred to the Committee on Interstate Commerce.

The VICE PRESIDENT. Without objection, the bill will be received and referred as requested by the Senator from Pennsylvania.

The bill (S. 4668) to regulate interstate commerce in bituminous coal, and for other purposes, was read twice by its title and referred to the Committee on Interstate Commerce.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred, or ordered to be placed on the calendar, as indicated below:

H. R. 237. An act for the relief of the Rowesville Oil Co.;

H. R. 254. An act for the relief of the Farmers' Storage & Fertilizer Co., of Aiken, S. C.;

H. R. 1105. An act for the relief of Lucy Jane Ayer;

H. R. 1618. An act for the relief of Anna McDonald;

H. R. 3559. An act for the relief of John L. Alcock;

H. R. 3575. An act for the relief of Mrs. Lawrence Chlebeck;

H. R. 3907. An act for the relief of James L. Park;

H. R. 3943. An act for the relief of D. E. Wooldridge;

H. R. 4059. An act for the relief of Ella B. Kimball, daughter and only heir of Jeremiah Simonson;

H. R. 4256. An act for the relief of Anna Caporaso;

H. R. 4364. An act for the relief of Andrew Johnson;

H. R. 4373. An act for the relief of Albert Gonzales;

H. R. 4829. An act for the relief of Weymouth Kirkland and Robert N. Golding;

H. R. 5078. An act for the relief of Mrs. Charles F. Eikenberg;

H. R. 5150. An act for the relief of Alexander E. Kovner;

H. R. 5635. An act conferring jurisdiction upon the Court of Claims, to hear, determine, and render judgment upon the claim of the mayor and aldermen of Jersey City, Hudson County, N. J., a municipal corporation;

H. R. 6356. An act to carry out the findings of the Court of Claims in the case of Joseph G. Grissom; and

H. R. 7727. An act to confer jurisdiction on the Court of Claims to hear and determine the claim of George B. Marx, Inc.; to the Committee on Claims.

H. R. 2479. An act for the relief of Charles G. Johnson, State treasurer of the State of California; to the calendar.

H. R. 11108. An act to advance a program of national safety and accident prevention; to the Committee on Interstate Commerce.

H. R. 12056. An act authorizing the State of Iowa, acting through its State highway commission, and the State of Nebraska, acting through its department of roads and irrigation, to construct, maintain, and operate a free or toll bridge across the Missouri River at or near Dodge Street in the city of Omaha, Nebr.; to the Committee on Commerce.

H. R. 12168. An act to authorize the coinage of 50-cent pieces in commemoration of the seventy-fifth anniversary of the Battle of Antietam; to the Committee on Banking and Currency.

H. J. Res. 377. Joint resolution to enable the States of Maine, New Hampshire, New York, Vermont, Massachusetts, Rhode Island, Connecticut, Pennsylvania, West Virginia, Kentucky, Indiana, Illinois, Tennessee, and Ohio to conserve and regulate the flow of and purify the waters of rivers and streams whose drainage basins lie within two or more of the said States; to the Committee on the Judiciary.

NATIONAL FLOOD CONTROL—AMENDMENTS

Mr. GUFFEY, Mr. LOGAN, and Mr. SHEPPARD each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, which were severally referred to the Committee on Commerce and ordered to be printed.

OFFICES UNDER THE W. P. A.—AMENDMENT TO FIRST DEFICIENCY BILL

Mr. BILBO. Mr. President, I submit an amendment intended to be proposed by me to House bill 12624, the first deficiency bill. I ask that the amendment be printed and referred to the Committee on Appropriations.

I also present for publication in the RECORD General Letter No. 2, sent to the State administrators of the W. P. A. by Harry L. Hopkins. I am asking to have this letter printed in the RECORD at this juncture in connection with the amendment, which I also ask to have printed in the RECORD, because it is in confirmation of the general order issued by Mr. Hopkins. I am offering the amendment in response to the many observations made by our friends on the other side of the Chamber and to save them any anticipated trouble in the future.

The VICE PRESIDENT. Without objection, the amendment will be received, referred to the Committee on Appropriations, and printed, and the amendment and letter will be printed in the RECORD as requested.

The proposed amendment and letter are as follows:

Amendment intended to be proposed by Mr. BILBO to House bill 12624, the first deficiency appropriation bill, 1936: On page 26, after line 7, to insert the following paragraph:

"No person who is a candidate for any State, district, county, or municipal office in any primary, general, or special election, or is serving as a campaign manager or assistant thereto for any such candidate, or is a member of any campaign committee organized to promote the political interest of any candidate for such office, or holds, either by appointment or election, any such office, shall be employed or continued in employment on administration staffs of the Works Progress Administration: *Provided further*, That this prohibition or ineligibility shall apply to any person employed or seeking employment on nonrelief supervisory personnel on works projects as well as on State, district, and field representative staffs."

WORKS PROGRESS ADMINISTRATION,
Washington, D. C., February 21, 1936.

General Letter No. 2.
To: All State Works Progress administrators.
Subject: Supervisory personnel holding elective offices.

The question has arisen as to the policy of this Administration with respect to individuals holding elective offices and having W. P. A. employment simultaneously.

For your information, persons who are candidates for or hold elective offices shall not be employed on administrative staffs of the Works Progress Administration. This ruling applies to nonrelief supervisory personnel on work projects as well as to State, district, and field administrative staffs.

HARRY L. HOPKINS, *Administrator.*

TEXTBOOKS ON HISTORY OF THE FEDERAL GOVERNMENT

Mr. LOGAN submitted the following resolution (S. Res. 301), which was referred to the Committee on Education and Labor:

Resolved, That a special committee composed of five Senators be appointed by the President of the Senate to consider the feasibility, necessity, and practicability of the printing and distribution, at the expense of the Federal Government, of a textbook, or textbooks, for use in all public, parochial, and private schools in the United States and its Territories and possessions, on the history of our Government, the administration thereof, its essential principles, and the rights and duties of the citizens under the Constitution of the United States; such publication, if undertaken, to be for use in grammar and high schools, and the distribution to be made to the States, Territories, District of Columbia, and possessions of the United States; the distribution among the schools to be made by the States, Territories, District of Columbia, or possessions of the United States, and only upon the request of such State, Territory, district, or possession.

PRINTING OF COURT OPINION ON CONSTITUTIONALITY OF EMERGENCY RELIEF APPROPRIATION ACT, 1935

Mr. STEIWER submitted the following resolution (S. Res. 302), which was referred to the Committee on Printing:

Resolved, That the Opinion of the United States Court of Appeals for the District of Columbia, No. 6619, in the case of the township of Franklin, etc., et al., appellants, against Rexford G. Tugwell, Administrator, Resettlement Administration, et al., appellees, involving the constitutionality of the Emergency Relief Appropriation Act of 1935, approved April 8, 1935, as abridging the reserved rights of the States, be printed as a document, and that 1,000 additional copies be printed for the use of the Senate document room.

COLLECTION OF REVENUE FROM INTOXICATING LIQUORS

Mr. HARRISON. Yesterday the Senate passed, with amendments, the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes.

I now move that the Senate insist on its amendments to the bill, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. KING, Mr. BARKLEY, and Mr. CAPPER conferees on the part of the Senate.

OPINION OF SUPREME COURT IN THE CUTTEN CASE

Mr. POPE. Mr. President, some weeks ago I addressed the Senate on the commodities-exchange bill and referred to the case of Arthur W. Cutten, which had been heard before the circuit court of appeals and was then on appeal to the Supreme Court of the United States. A few days ago the Supreme Court affirmed the decision of the circuit court of appeals, in effect holding that past offenses under the Grain Futures Act were not a basis for an order by the Secretary of Agriculture, depriving a member of his rights on the board of trade. I ask that the opinion of the Supreme Court be printed in the RECORD as a part of my remarks.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

[From the United States Law Week of May 19, 1936]

Henry A. Wallace, Secretary, etc., et al. v. *Arthur W. Cutten.* Supreme Court of the United States. No. 747. On writ of certiorari to the Circuit Court of Appeals for the Seventh Circuit

Wendellberge (Stanley Reed, Solicitor General, John Dickinson, Assistant Attorney General, Hugh B. Cox, Leo F. Tierney, and Kenneth L. Kimble with him on the brief) for petitioners; Francis X. Busch, Orville J. Taylor, and James J. Magner submitted brief for respondent.

SYLLABUS BY EDITORIAL STAFF

Grain Futures Act—Trading privileges on contract markets—Power of Commission to suspend trader for past violations of reporting requirements: Findings of the Commission created under the Grain Futures Act that a member of the Chicago Board of Trade had in 1930 and 1931 violated a reporting regulation made pursuant to the act cannot support an order of the Commission directing that all contract markets refuse trading privileges thereon to such trader for a period of 2 years from March 1, 1935, where the complaint against the trader for the violations in 1930 and 1931 was filed in 1934, in view of section 6 (b) of the Grain Futures Act, which authorizes the Commission to make such order only if a trader "is violating" any of its provisions or "is attempting" to manipulate the market price of grain.

OPINION OF THE COURT

Mr. Justice Brandeis delivered the opinion of the Court:

Section 6 (b) of the Grain Futures Act, September 21, 1922 (ch. 369, 42 Stat. 998, 1001), provides that if the Secretary of Agriculture has reason to believe that any person "is violating" any provision of the act, or any rules and regulations made pursuant thereto, or "is attempting" to manipulate the market price of grain in violation of the provisions of the act, the Secretary may serve upon the person a complaint stating his charge in that respect and requiring him "to show cause why an order should not be made directing that all contract markets until further notice of the said Commission refuse all trading privileges thereon to such person." The Commission referred to is a board "composed of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General", before whom the hearing on the complaint is had.

The case is here to review a decree of the United States Circuit Court of Appeals for the Seventh Circuit which set aside an order entered by the Commission under that section. Certiorari was granted (297 U. S. —) on account of the novelty and importance of the question presented.

April 11, 1934, the Secretary of Agriculture caused such a complaint to be served upon Arthur W. Cutten. It recited that during the years 1930 and 1931 he was, and since had been, continuously a member of the Chicago Board of Trade, and that by its regulations made pursuant to the Grain Futures Act he was required "to report to the Grain Futures Administration his net position in futures owned or controlled by him, long or short, by grain and by future, when he had net open commitments in any one future equal to or in excess of 500,000 bushels * * *." And also "daily trades made by him on the board of trade in futures in which he owned or controlled open commitments equal to or in excess of 500,000 bushels."

The complaint alleged further that "during the years 1930 and 1931 (he) conspired and colluded with various persons and grain firms of the board of trade to conceal his trading and position in the market from the Grain Futures Administration. In furtherance of said conspiracy respondent made inaccurate, incorrect, and false reports of his position in the market to the Grain Futures Administration and refused to report accurately and correctly his position in the market and trades made by him", etc.

Then followed, in 44 numbered paragraphs, specifications of Cutten's alleged violations of the regulations and the act on dates between March 6, 1930, and December 31, 1931.

A referee was appointed to take the evidence. The hearings before him began on May 14, 1934. Upon the opening of those proceedings Cutten moved to quash the complaint on the ground that section 6 (b) empowered the Commission to act only against persons who are presently committing offenses; and that, consequently, it had no authority to deny to him trading privileges for violations committed more than 2 years prior to the institution of the proceedings against him.

The referee, without passing upon the motion to quash, proceeded to take the evidence; the hearings before him were concluded May 24, 1934; then the Commission heard the complaint on briefs and oral argument; and before it the motion to quash was renewed.

On February 12, 1935, the Commission overruled the motion, made findings of fact on the evidence, concluded that Cutten's conduct constitutes a violation of the Grain Futures Act and the rules and regulations made pursuant thereto, and ordered that "all contract markets refuse all trading privileges thereon to Arthur W. Cutten for a period of 2 years from March 1, 1935."

This suit was brought to set aside that order. The circuit court of appeals held that the power conferred by section 6 (b) is remedial, not punitive; that it is limited to suspending a trader who "is violating any of the provisions of this act or is attempting to manipulate the market price of any grain"; in other words, one who is presently committing an offense; that at the time of the filing of the complaint there was no wrong existing to be remedied, the latest wrongdoing complained of having occurred more than 2 years before the filing of the complaint by the Secretary of Agriculture; that, therefore, the Commission was without authority to entertain the complaint and should have granted the motion to quash (F. (2d.)).

The Government argues that since violations of the reporting requirements by their very nature cannot be detected during the course of commission, the literal construction thus given to section 6 (b) renders it impractical and ineffective as a means of dealing with those persons who violate any of the provisions of the act or attempt to manipulate the market price of grain. Incidents in the history of the legislation are cited to support the Government's contention.

In reply it is argued that ample remedy is afforded by other provisions of the act; that these confer broad power over boards of trade; and that the boards of trade may control their own members. It is urged that for the construction given to section 6 (b) by the lower court support may be found in the different language employed in section 6 (a).

For it authorizes the Commission to suspend "or to revoke the designation of a board of trade as a 'contract market' upon a showing that such board of trade has failed or is failing to comply" with the requirements prescribed. Attention is also called to the penalty provisions of section 9.

It would be inappropriate for us to discuss these and other arguments presented. The language of section 6 (b) is clear; and, on the face of the statute, there can be no doubt concerning the intention of Congress. As was said in *Iselin* v. *United States* (270 U. S. 245, 250–251), "the statute was evidently drawn with care. Its language is plain and unambiguous. What the Government asks is not a construction of a statute but, in effect, an enlargement of it by the court, so that what was omitted, presumably (possibly) by inadvertence, may be included within its scope. To supply omissions transcends the judicial function." A fortiori, it may not be done for the purpose of making punishable action which, on the face of the statute, is merely to be prevented. Compare *United States* v. *Weitzel* (246 U. S. 533, 542–543.)

Affirmed.

THE FARM CREDIT PROGRAM—ADDRESS BY SENATOR BURKE

Mr. BROWN. Mr. President, I ask unanimous consent to have printed in the RECORD an illuminating address delivered by the junior Senator from Nebraska [Mr BURKE] over a Nation-wide hook-up on the 19th instant.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

We have a farm problem. Without a satisfactory solution of that problem there can be no real nor permanent foundation upon which prosperity can rest. For it is recognized by all parties and by those holding all manner of opinions that agriculture is a basic industry. Unless the farmer be reasonably prosperous, there cannot long be prosperity anywhere in the land.

There are many phases of the farm problem. The alarming increase of farm tenantry is one. The plight of the share-cropper demands attention. Protection of the land itself from erosion, depletion, and waste looms large. All of these matters are interrelated. In broad outline they may be grouped under two heads. First, an adequate return to the farmer for his toil. Here we have the perplexing question of surplus crops, the direct bearing of the tariff, the preservation and development of the home market, and kindred subjects. The second major phase of the farm problem has to do with farm credits. It touches mortgage indebtedness, interest rates, short-term production credits, and long-term financing. It is to this branch of the subject, so vital to the farmers' welfare, and in turn to the entire country, that I invite your attention tonight.

The Democratic Party has long been committed to the doctrine that the farmer should be placed upon a footing of equality with those engaged in manufacture, commerce, and trade in securing the necessary capital to carry on his vitally important enterprise. It has consistently favored a program that would accomplish this purpose in the largest possible measure through cooperative borrowing managed and controlled by the farmers themselves.

The progress that has been made along this line reads like a romance. It should be familiar to every citizen. The accomplished fact of a soundly conceived and smoothly functioning system of farmer-controlled credits is an achievement second to none.

Since the Farm Credit Administration was organized in 1933 more than 800,000 farm-mortgage loans have been made. In addition, approximately 300,000 short-term loans have been financed through production-credit associations. Beyond that, more than 1,000,000 farmers with the help of this Federal agency have organized themselves into some 1,200 farmer buying and selling cooperatives and secured loans from the banks for cooperatives set up 3 years ago. More than $3,000,000,000 is now outstanding and in use as a result of this farmers' cooperative-credit system.

May we take a moment to recall the pledges of the Democratic Party in the matter of farm credits, the fulfillment of which has brought about these immeasurable benefits. In its national platform adopted in 1912, the Democratic Party said:

"Of equal importance with the question of currency reform is the question of rural credits or agricultural finance. Therefore, we recommend that an investigation of agricultural credit societies in foreign countries be made, so that it may be ascertained whether a system of rural credits may be devised suitable to conditions in the United States; and we also favor legislation permitting national banks to loan a reasonable proportion of their funds on real-estate security."

Four years later, in 1916, the Democratic Party was able to point with pride to certain definite accomplishments in the matter of farm credits, and to renew its pledge to further efforts. I quote:

"We favor the vigorous prosecution of investigations and plans to render agriculture more profitable and country life more healthful, comfortable, and attractive, and we believe that this should be a dominant aim of the Nation as well as of the States. With all its recent improvement, farming still lags behind other occupations in development as a business, and the advantages of an advancing civilization have not accrued to rural communities in a fair proportion. Much has been accomplished in this field under the present administration. * * * In the Federal Reserve Act of the last Congress and the Rural Credits Act of the present Congress the machinery has been created which will make credit available to the farmer constantly and readily, placing him at last upon a footing of equality with the merchant and the manufacturer in securing the capital necessary to carry on his enterprises. * * * We approve the Democratic administration for having emphatically directed attention for the first time to the essential interests of agriculture involved in farm marketing and finance, for creating the Office of Markets and Rural Organization in connection with the Department of Agriculture, and for extending the cooperative machinery necessary for conveying information to farmers by means of demonstrations. We favor continued liberal provision not only for the benefit of productions but also for the study and solution of problems of farm marketing and finance and for the extension of existing agencies for improving country life."

It will be worth our while to note what the Democratic Party had to say when it met in 1920, at the close of 8 years of Democratic rule:

"To the great agricultural interests of the country the Democratic Party does not find it necessary to make promises. It already is rich in its record of things actually accomplished. * * * In the first term of this Democratic administration the National Bank Act was so altered as to authorize loans of 5 years' maturity on improved farm lands. Later was established a system of farm-loan banks, from which the borrowings already exceed $300,000,000 and under which the interest rate to farmers has been so materially reduced as to drive out of business the farm-loan sharks who formerly subsisted by extortion upon the great agricultural interests of the country. Thus it was a Democratic Congress in the administration of a Democratic President which enabled the farmers of America for the first time to obtain credit upon reasonable terms and insured their opportunity for the future development of the Nation's agricultural resources. * * * We pledge prompt and consistent support of sound and effective measures to sustain, amplify, and perfect the rural credits statutes and thus to check and reduce the growth and course of farm tenancy."

In 1924 and again in 1928 the Democratic Party pledged itself "to stimulate by every proper governmental activity the progress of the cooperative marketing movement" and to build upon the foundation already laid by a Democratic administration an adequate rural credits structure.

In its last platform in 1932 the Democratic Party pledged itself to an "extension and development of the farm cooperative movement" and "to better financing of farm mortgages through recognized farm-bank agencies at low rates of interest on an amortization plan, giving preference to credits for the redemption of farms and homes sold under foreclosure."

When the Democratic Party returned to power in 1933, the plight of the American farmer was distressing beyond the power of description. It is estimated that a million farmers were in danger of losing their homes through foreclosure. Prices of farm commodities were at the lowest level of all time. Farm income was less than half of what it had been in 1929. In relation to income, interest charges were twice as high as before the World War. Mortgage loans made for short periods fell due and there was practically no opportunity for renewal. Approximately 40 percent of all the banks in the country had failed. In every group of 1,000 farms over the land 38.8 were under foreclosure. Farmers were approaching open revolt over the threatened loss of their homes through conditions over which they had no control. It was in this crisis that the Farm Credit Administration was established. It deliberately set itself to the task of staying every farm foreclosure where the farmer had any equity and was willing to do his part to try to work out the problem.

The officers and employees of the Farm Credit Administration worked night and day to handle the situation. From a mere 200 appraisers there was built up a well-trained corps of more than 5,000. In 1932 the Federal land banks were loaning $2,000,000 a month. By 1934 under the Farm Credit Administration this had been increased so that for every month in that year more than a hundred million dollars went forth to save the farms of the country; yes, to save the Nation itself. As an example of the tremendous task imposed upon the Farm Credit Administration, let me say that in my home district at Omaha, Nebr., which is one of the 12 districts established in the country, in a period of 32 months there were received twice as many applications for loans as in the entire 17 years that preceded.

A word as to what has been accomplished. Whereas in 1932 there had been 38.8 foreclosures for every 1,000 farms in the country, by 1935 this had been reduced to 19. Two billion dollars in land bank and land-bank commissioner loans have been made since May 1, 1933. In making these loans there was a scale-down of the mortgage debts of approximately $200,000,000, a saving to the farmers of that amount. As a result of debt reduction and lowered interest charges for the year ending June 30, 1936, the farmers of the country will have saved in interest charges during this 1 year almost $75,000,000. In 1932 it required nearly 10 percent of the gross farm income to pay interest on the farm-mortgage debt. In 1935 the corresponding figure was 4.5 percent. Whereas on December 31, 1933, approximately 47 percent of all Federal land-bank borrowers were delinquent, 2 years later the percentage was reduced to 27.

One great benefit that has followed the establishment of the Farm Credit Administration is that it has concentrated the whole problem of rural credits in one integrated organization. Prior to 1933 the Federal Farm Board was engaged in a limited way in loaning funds to cooperatives for various purposes. Another agency, the Federal farm loan board, had general supervision over the Federal land banks and the joint-stock land banks. Emergency crop, seed, and fertilizer loans were being handled by the Department of Agriculture. Regional agricultural credit corporations were under the Reconstruction Finance Corporation. When a farmer found it necessary to seek credit, he was subjected to great delay, inconvenience, and expense in the effort to find the particular agency to which he should make application.

The first step in remedying this situation was to centralize in the Farm Credit Administration the supervision of all the Federal agencies concerned with farm credit. In order to obtain centralized administration and coordination of activities in each of the 12 Federal land-bank districts, the law was broadened so that the board of directors of each Federal land bank should serve also as directors for the Federal intermediate credit bank, the production credit corporation, and the bank for cooperatives, all located in the same city. It has been the constant aim of the Farm Credit Administration so to readjust the local county units where farmers apply for loans that at one place the entire transaction could be handled, whether it was an application for long-term farm-mortgage credit, short-term production credit, or credit for a cooperative organization.

It is now recognized that the emergency job of refinancing farm mortgages has been completed. With what a full measure of satisfaction that particular emergency problem has been met, I have already sketchily indicated. There remains the normal problem that will continue as long as the present organization of society lasts; that is to say, the furnishing of credit to farmers on satisfactory terms, both as to repayment and interest rate. The Farm Credit Administration is prepared to render that service in a complete and satisfactory manner. Its four coordinate branches cover the entire field of normal rural credits. The Federal land banks are adequately financed and properly officered to meet all the ordinary long-term credit requirements of the farmers of the country on terms at least as favorable as the credit offered to other enterprises.

The production credit corporation makes possible the establishment of a permanent cooperative short-term credit system to function in its field in like manner as the land banks in their long-term loaning field. More than 500 local associations have been set up with officers elected by the borrowers and the initial stock bought by the Government. Nearly 300,000 farmers have now purchased stock in these associations and borrowed from them. The Government does not furnish the money that is loaned. The associations discount farmers' notes with the intermediate-credit banks, which is the third of these four coordinate agencies. In a sense these banks constitute the farmer's Federal reserve system. They accept from the local associations the endorsed farmers' notes and other security given for short-term loans and on the strength of these securities sell short-term bonds to the investing public.

The farmer is now getting production credit at 5 percent per annum, which is by far the lowest rate at which farmers as a class have ever been able to secure credit of this kind. The farmer is not charged for a day's interest beyond the time that he actually has the money. The association agrees to loan a farmer a certain total sum to be advanced as needed. The farmer then withdraws from the association such portion of the total from time to time as he needs, and pays interest only for the time he holds the money.

The fourth agency, the bank of cooperatives, as the name implies, makes loans on proper security to the various farmer cooperatives which are rendering such a great service to producers in marketing their products to the best advantage.

In addition to these various forms of cooperative credit, the Farm Credit Administration has charge of the emergency short-term crop and feed loans to farmers who are unable to obtain credit elsewhere. More than 600,000 of these loans were made in 1933, and more than 400,000 during 1934, and a like number in 1935. After some unfortunate delay, loans of this nature are again being made for the current season.

The pledges which the Democratic Party has made to the farmers of the country to provide an adequate system of rural credits have been kept. The farmer now stands in a position at least of equality with other producers in the matter of his access to credit. A new day has dawned for the farmer. Other phases of the farm problem remain to be settled. In the matter of credit the farmer needs only to hold to what he has, to support those who believe in maintaining the Farm Credit Administration in its present effective form, to meet new credit problems as they arise in the same spirit that the Farm Credit Administration arose to the great emergency that confronted the country in the years that have just passed.

ADDRESS BY SENATOR STEIWER BEFORE THE QUEENS COUNTY (N. Y.) REPUBLICAN CLUB

Mr. HALE. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the junior Senator from Oregon [Mr. STEIWER] before the Queens County Republican Club at Jamaica, Long Island, N. Y., on May 2, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

If you can imagine intricacies made wholly inscrutable and contradiction confounded with confusion, that is the New Deal. In its many ramifications it has been ingrafted upon the Democratic Party, but it is a thing separate and apart from that party. The New Deal truly is made up from the discards of all the old deals. In the space of one political rally I shall not attempt further to define it. We know that its administration presents problems of greatest complexity and involved issues almost beyond human comprehension. Monetary questions, war debts, foreign trade, tariff, and numerous other important subjects confront us. I will not attempt tonight to discuss these great questions but will speak of matters which are currently before the Congress for attention; questions which you will find are close to you and generally vital to the citizens of the American Republic.

Depression causes unemployment. In January 1935 the number of unemployed was 13,000,000. Today the number is in excess of 12,000,000. In January 1935 the President stated that there were 5,000,000 families and unattached persons on relief. Recently his estimate was 5,300,000. The Federal program for employment for these unfortunate fellow citizens and for relief for those who are destitute costs in excess of $3,000,000,000 per year. It unbalances the Federal Budget. It insures a continuous deficit. It adds in serious amounts to the public debt. Last year the President asked for and received $4,880,000,000 for relief and work relief. This year he has asked for $1,500,000,00 in addition, and everyone who knows the situation assumes the Congress must appropriate this amount and probably an equal amount more next January. It is supposed that in normal times approximately 50,000,000 people are gainfully employed in this country. At this time about 40,000,000 who are gainfully employed, through the payment of direct taxes and the payment of indirect taxes concealed in the cost of living, are supporting the 10,000,000 unemployed. I ask a serious question: "What are we going to do to solve this problem and to relieve ourselves of this burden?"

The New Deal attempted to meet it with the N. R. A. Against N. R. A. maladministration the people were almost in open rebellion. Finally it was stricken down by the Supreme Court, and since that time there has been some improvement in employment and increases in wages. Since the N. R. A. has been inoperative the New Deal has been without a program save its program of relief and work relief. Moreover, the New Deal seems incapable of formulating a program. It has degenerated from bad administration of the N. R. A. to bad thinking with respect to present economic objectives. This is illustrated by the President's recent speech in New York in which he said:

"Wages ought to and must go up with prices."

He also said:

"Higher wages for workers, more income for farmers means more goods produced, more and better food eaten, fewer unemployed and lower taxes."

And then he added:

"That is my economic and social philosophy, and, incidentally, my political philosophy as well."

Let us examine these statements of the President's economic, social, and political philosophy. Have wages gone up with prices? It is reliably estimated that while wages were increasing 8 percent the cost of living has increased approximately 20 percent. The President asserted that we are "on our way" to attainment of his objective; but if his objective is to increase real wages, the further we go "on our way", the greater will be the disparity between wages and living costs.

In the second statement quoted the President coupled higher wages for workers with more income for farmers. Both are desirable; but the increased income for farmers, if accomplished by a program of scarcity or by a processing tax, means higher living costs for the consumer and a decrease in real wages for those who work in the cities. He stands for eating more and better food, but more and better food will not be eaten unless more and better food is produced, and the wishful hope that the unemployed will be fewer in number is entirely quixotic if production in agriculture and industry is curtailed by governmental action.

The crowning glory of the President's philosophy as quoted is his declaration for lower taxes. How can there be a hope for lower taxes when we confront a steadily mounting cost of government? How can taxes be lowered when the number of Federal employees is increasing and when the administration actually boasts that it plans a deficit. Lower taxes result from thrift and economy and not from recklessness and spending. You need not expect lower taxes when the White House calls upon Congress at each session to enact a new tax bill rapidly broadening the tax base and inserting the arm of the Federal Treasury deeper and deeper into the pocket of the citizen. Let no one be deceived. These additional taxes will not come from the rich. The volume of Federal spending has already passed beyond the power of the rich to pay. If the Government should confiscate the entire income of the rich, the amount obtained would be insufficient. This burden will be placed upon the people. It fastens itself upon producer and consumer alike. The burden of supporting Federal extravagance is added to the cost of living and becomes a charge upon every man, every woman, and every child, including the "under privileged", the "average man", and even the "forgotten man."

If one would seek the underlying reason for the inefficiency and improvidence of the Federal Government, he need not look beyond the abstruse confusion reflected in this quoted philosophy of the leader of the New Deal.

I have pointed out that our cost of living is up 20 percent. This is not accident. He "planned it that way." Living costs are governed in part by natural economic laws like supply and demand. They are governed in other respects by governmental interference. One factor is the monetary standard. The President reduced the gold content of the dollar. It buys less. Necessities of life cost more. Another factor is governmental interference with production. Curtailment is a full partner with the hurricane and the drought. The consumers of America cannot blame the Republican Party for the new taxes which lie concealed in the cost of living. The responsibility rests on one doorstep and that is the doorstep of the White House.

We go back to the President's philosophy. I quote again his statement regarding wages:

"Wages ought to and must go up with prices."

But wages will not go up with prices when prices are elevated by governmental interference and when profits of industry are insufficient to pay higher wages. The President's asserted philosophy, in the light of the facts, is no philosophy at all. It is an unsupported campaign utterance employed for political purposes.

I now invite your attention to the subject of relief. Work relief, of course, provides temporary employment on made jobs. It is subject to the objection that it is costly, and to the further objection that the administration, in most instances, refuses to pay the prevailing rate of wages in the communities where public-works projects are carried on. This tends to undermine the entire wage structure and is difficult to defend.

The system which is employed lends itself to political abuses which I will not undertake to discuss. A most serious objection to the present program is that whenever the Works Relief Administration does attempt a useful undertaking in contradistinction to its useless, boondoggling projects it finds itself squarely in competition with private industry. To that extent it deprives private industry of an opportunity which it would otherwise enjoy, and in such cases it operates to increase and not to decrease permanent unemployment.

One significant fact stands out, and that is the expenditure of billions of the taxpayers' money under the direction of the President and his aides has failed to reduce in a substantial way the number of unemployed, and the relief load has actually been increased.

Republicans in Congress would like to correct this situation. Some of us fought strenuously against the writing of the $5,000,000,000 blank check to the President in the last session of Congress. We sought to retain control over the public purse by prescribing the purposes for which the money should be spent and defining definitely the methods of making the expenditure. On most points we were defeated by administration influence. We now renew this fight in connection with the billion-and-a-half appropriation bill now pending before the House of Representatives. The Republican Party does not propose to repudiate the obligation to feed the hungry; but we do propose, as far as it lies in our power, to take politics out of relief. We propose, moreover, to liquidate the Works Progress Administration and to turn over the responsibility for distribution of relief to the States and local agencies. We stand for this principle on the theory that the administration of relief can best be superintended by those who know the local situations. Local interest will police the distribution of the money.

We are standing for State supervision through nonpolitical boards, and I hope we will unite on a proposition that each State must contribute a certain amount to match the contribution of the Federal Government, thus giving the local agencies a real

share in relief and insuring that they accept their responsibility and see to it that the money provided for relief is equitably distributed.

We hope to put an end to the unjust disparity now existing. We especially denounce a system which permits relief in one State to be administered on a basis of less than $200 per family per year and in other States in amounts which vary from a minimum of $200 to a maximum of more than $1,300 per family per year.

Last year I believed—and it is still my belief—that a blank check of $5,000,000,000 or any other like sum in favor of the Executive is bad legislation. Discretionary authority to expend this money, almost without restraint, is subject to most serious abuses and should never have been delegated to any President, New Deal or Old Deal. We hear of political corruption in the administration of relief in Pennsylvania, of scandals throughout almost the entire area of West Virginia, of indictments in Maine, of unlawful collection of campaign funds in Washington, and of the use of relief money for political purposes almost everywhere throughout the United States. I have seen the comments of your own Victor Ridder in the city of New York. I have read some of the stories published in the New York Sun. These all indicate to me that the situation in your own State is not what it ought to be.

The Republican Party has a right to ask the American people whether they approve the evils of the existing program. We have a right to denounce the wickedness of playing politics with human misery. Let us make our purpose perfectly clear. We will not repudiate the destitute nor starve those who are in need, but we must courageously take our position that public money voted for relief of the destitute shall be employed to feed hungry mouths and not to feed hungry political manipulators working under the direction of Mr. Farley.

This administration was pledged by the 1932 platform to reduce the expenditures of the Federal Government by 25 percent. If you want to calculate the extent to which this pledge remains unfulfilled, look up the recent statement of the Secretary of the Treasury that the deficit for the fiscal year ending June 30, 1936, will be approximately $6,000,000,000.

Instead of keeping the pledge to reduce expenditures, the expenses of government have been steadily increased and are still being increased by the Federal administration. A feature of this situation which affects you is that the administration has demanded new and additional taxes during each year of its existence. There is pending before the Senate at this time a tax bill containing more than 250 pages made up of technical and complicated provisions. I will not describe this bill except to say its chief effect, if not its purpose, is to place a severe penalty on the retention by corporations of any substantial part of their future earnings. The administration has picked up a stray idea that business institutions no longer should create new reserves.

Somebody evidently thinks thrift is not a virtue and the public interest will be served by compelling corporations to pay out their net earnings year by year. The apparent object is to require that profits should be turned into circulation through the payment of dividends to stockholders and that finally all such profits when so paid should be subject to increased taxation, either through the penalty tax on earnings not paid out or through the income taxes of individual stockholders from whom the exemption of the normal tax has been lifted.

Time does not permit discussion in detail of this strange program. It is very clear that a big corporation which already has established a great surplus will not be definitely injured by the requirement to convert its net profits into dividends. An infant industry or a new corporation which has not had time to build reserves will find it can build reserves only by meeting the severe penalties of the law. In this administration the New Deal advocates have talked much of its friendliness to the little fellow. And yet they sponsor legislation which favors the established corporations at the expense of those not yet established. It is useless to argue that it is prudent to build up a reasonable reserve to provide for the necessities which may arise in times of depression.

The average man would regard a reasonable reserve as a necessary part of sound business administration. President Roosevelt's administration is unrestrained by any consideration of this kind. Moreover, the administration seems to have forgotten some pertinent figures. It has been estimated that during the present depression the corporations of this country paid out in the form of wages, salaries, interest, and dividends from their accumulated surpluses a sum in the neighborhood of $28,000,000,000 in excess of their receipts. This is approximately equal to the staggering cost of the New Deal up to this date. It is industry's contribution to the welfare of its stockholders and its employees. The possession of these great accumulations contributed to the strength of our system. It aided our people in meeting the strain of hard times. A like surplus would serve us again in another emergency, but the New Deal theorists, under a false guise of social justice and a mistaken belief that they are advancing a humanitarian program, will place obstacles in the road of further accumulations.

As I contemplate these facts, there is only one conclusion, and that is that the untrained and immature manipulators of the New Deal administration are not competent to administer the governmental affairs of the American people.

In the President's speech made in New York a week ago he defends what he calls "the current costs of rebuilding America." There is a serious question whether the New Deal is rebuilding America or ruthlessly tearing it to pieces, but I pass this question. In his attempt to explain away the staggering burden of cost, the President states that the deficit of the Government this year is—I quote—"about $3,000,000,000." The Secretary of the Treasury says it is $6,000,000,000. I have not noticed that anyone has regarded a difference of $3,000,000,000 between the President and his Secretary of the Treasury as being a matter worthy of any comment. If the President's estimate is correct, the Secretary of the Treasury is 50 percent wrong; and if the estimate of the Secretary of the Treasury is correct, the President is 100 percent wrong. These differences need not be resolved. The Federal deficits each year are not caused by deficiencies in Federal revenues. The revenues are substantially greater than they were prior to the New Deal. The deficits come from a spirit of free and happy spending. The President in his New York speech said:

"I can come here to the city of New York and talk about the cotton problem of Georgia, the corn and hog problem of Iowa, and the wheat problem of the Dakotas, etc."

Permit me also to talk to you about the farms of America. The New Deal appropriations are nearly equivalent to the value of all the farms of the United States. The 4-year cost, direct and indirect, of the Roosevelt administration is reliably estimated as being in excess of $30,000,000,000. The 1935 value of all the farm land and farm buildings in the United States was between $32,000,000,000 and $33,000,000,000. If the American farmers had sold all their farms in 1935 and handed over to the Federal Treasury the proceeds of the sale, less a reasonable commission, the amount paid the Treasury would have been approximately equal to the Federal appropriations under the New Deal. It has been calculated that after the farmers, by this means, had paid the 4-year cost of Government, every farmer would have left on the average about $27 for his own use; $27 but no farm.

Now, let us consider that the farmers, to which the President has made reference, had kept their farms and had turned over their gross income in payment of Federal expenses. In that case the entire gross income of all the farms during a 4-year period would not have furnished enough funds to finance the expenditures of the Federal Treasury. The gross income of all farms for 1933, 1934, 1935, and 1936 is estimated between $29,000,000,000 and $30,000,000,000. It seems they would have lacked about $1,000,000,000, which is only one-third of the amount in disagreement between the President and his Secretary of Treasury.

The facts which I have recited merely illustrate the general situation. The complete story of extravagance and inefficiency will never be related in full. America, standing aghast at the revelations already made, must determine upon its course of action. Most numerous remedies will be suggested. A Budget balance is imperatively needed, but equally important is restoration of sanity in Government. The American people have a right to expect a sense of responsibility in all Government officials. We must insist upon efficiency in governmental administration. We must go back to the civil service. We will go forward to a new understanding of our practical problems; and if I estimate correctly the temper of the American people, we will reestablish in this Nation government by law in lieu of the present system of personal government, based on executive discretion. We will unfetter the American economic system. We will employ again the matchless capabilities of the American people, and we will set our hands and minds to the task of reconstruction in a way which will bring a real social security to the men, women, and children who make up our great Republic.

ADDRESS BY HON. JAMES A. FARLEY AT THE HARTFORD (CONN.) CLUB

Mr. MALONEY. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. James A. Farley, chairman of the Democratic National Committee, at a meeting held under the auspices of the Democratic State Central Committee of Connecticut at the Hartford Club, in the city of Hartford, Conn., on May 6, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

As my purpose tonight is to make a common-sense talk, it is particularly gratifying that I address a Connecticut audience. There are fewer isms, I believe, in this State than in any of our sisterhood of Commonwealths. You are fundamentalists in your political views. By that I mean that however the political tide runs you remain true to your conceptions of the basic principles of democratic government—that is, government founded on the thought that the welfare of the whole people must be the ruling impulse of our system. It was so in the infancy of your great State and it remains so.

I know it is customary on such occasions as this for a speaker to congratulate the people on their good fortune in having fine men to direct the affairs of the State. Let me depart a little from that procedure and congratulate Governor Cross, Senators LONERGAN and MALONEY, Congressmen CITRON, KOPPLEMANN, SMITH, and SHANLEY, and the rest of the officials you have chosen as your high officers and representatives on having such a level-headed constituency to work for and to work with.

Under our form of government you have a dual allegiance—to your country and to your State—and my hat is off to you for your

loyalty to both. The fine part of it is that there is no conflict in your twin allegiance. You have too much wisdom, experience, and wit to believe either that the National Government has any thought to give Connecticut the worst of it, or that Connecticut is entitled to any advantage that would be to the detriment of national well-being and prosperity. You are jealous of your rights and your natural advantages and those that have come through the skill and industry of your citizens—and properly so. You are equally concerned that the National Government, which has to look out for the well-being of all the States, should do its job.

Oh, I know that in this period of political excitement and activity you are being bombarded with hectic oratory from the spokesmen of the minority party, telling you that the administration in Washington is bent on encroaching on State rights; that it is the fiendish purpose of the President to reduce the United States to a dictatorship; to junk the Constitution and to have all business, and, in fact, all individuals goose-step to the music of a regimental band.

Well, you know the President of the United States. He was your next-door neighbor and was always stepping across the border to your hospitable territory. Do you remember anything during his two terms as Governor of New York that suggested a bent toward dictatorship, or toward socialism or communism; for he has been accused by those who seek to regain control of the Government of all of these things? A large number of the people who live here are New Yorkers in business. Every morning and every evening the suburban trains are crowded with folks from my State going to and coming from their shops and offices. The roads are jammed with automobiles carrying people bent on the same mission. In fact, many of the friends I have in New York City have their homes over here, and the way they boast of the beauties of your hills and valleys and beaches tells why they live in Connecticut.

Have you heard any one of these complain that Franklin D. Roosevelt as Governor hurt business in any way? Indeed, I doubt if the whole history of my State shows more successful administrations than the two when Roosevelt was in Albany.

Do you think that your neighbor is a different person, with a different personality and a revolutionized character, because he was moved from Albany to Washington? Isn't it a fact that it was because he had shown himself a great Governor the people of the United States translated him from the house on the Hudson to the house on the Potomac with the idea that he was peculiarly fitted for the bigger post? And hasn't he lived up to specifications and done a job in Washington that the whole world admires—at least, the whole world except those people who want to get another Herbert Hoover into the White House and to undo what he has done? By that I mean that our political adversaries would have us return to the same system that brought us into the gravest economic trouble we ever had, not that they wish to give up the profits they are making now for the losses they were experiencing 3 years ago.

The figures of our trade, commerce, and industry are cold, definite indexes of the existing condition of business. Nobody can dispute them. They present the picture of a headlong dive to the depths of distress, despair, and disaster contrasted with an upward swing. Our progress toward complete recovery is not so abrupt as was the descent, but it has been steady, substantial, and sound. The only thing that could interrupt it would be the rejection of the methods that have brought it about. This is as good a place as any to assure you that there is going to be no such interruption. The President is going to be endorsed in the election next November more decisively than he was voted into office in 1932, and the verdict of the people is going to be confirmed as thoroughly as it was in the congressional elections of 1934. And it is with a full heart that I name Connecticut as one of the States that will contribute to the reelection of Franklin D. Roosevelt.

The criticisms of the tories of 1936 are mere abstractions. They charge him with seeking dictatorial powers. What Presidential functions has he strained? They charge him with making Congress a rubber stamp to register his orders. There is not an enactment which he has recommended that Congress has accepted unless it conformed with the views of a majority. And the most important of the laws passed under the present administration were put on the statute books with the help of Congressmen of opposite political faith from the President. Even those two measures which failed to come within the limitations declared by the Supreme Court were voted for by many Republican Members of the House and Senate—some of them from this State. It is my recollection that practically half the Republican membership voted for one or the other of those bills.

They say this is an administration of dreamers. Well, the men and women who founded this great city 300 years ago were dreamers, too. They dreamed of release from the burdensome laws of another colony and made their own government. Their dream came true, which is why Hartford is today the beautiful, rich community we see around us.

They say he wants to wreck the Constitution. He has been in office for 3 years and the Constitution seems to be standing up fairly well. Incidentally the Hartford founding fathers adopted a constitution suitable doubtless to things as they were then, and conditions as they foresaw them. What sort of a State would Connecticut be today if that constitution was still in force? They say he wants to destroy the Supreme Court! I have yet to hear it suggested that President Roosevelt should appoint enough new members of the Court to give a majority that would validate what the present Court has declared invalid. Yet that has been done in the past. It was a Republican President who did it. Moreover, there has been hardly a President under whose administration laws have not been passed that the Supreme Court declared unconstitutional. When those things happen there is nothing for the President to do but to propose new measures that will meet the high tribunal's objections. It might be of service to observe that whatever laws President Roosevelt recommended were laws intended to help the people; none of them were for his own advantage or enhancement. Incidentally, it must be recorded that even those enactments which turned out to be unconstitutional helped get things started, and did their part in pulling us out of a dreary hole.

Our adversaries are prone to forget what they said and what they felt a few years ago in regard to the very policies they so emphatically denounce now. Perhaps I might remind you, "lest we forget."

You are fortunate in having in your community a great newspaper. I am sorry that journal does not like this administration, but its news columns, at least, are to be relied on for accurate information. I might, in passing, remark that the Hartford Courant printed a 58-page paper on Sunday, March 5, 1933—when Franklin Roosevelt had just come into the White House. This year its Sunday issue newspaper of March 8 had jumped to 82 pages to accommodate a lot more advertising than it had in the depression time. I congratulate that newspaper, for a prosperous newspaper means a prosperous community. Its progress should give us a fair yardstick with which to estimate the difference the New Deal has made between then and now.

I only cite this particular newspaper because you are naturally familiar with it. The same sort of comparison could be made in almost any city.

For the same reason I wish to call your attention to certain headlines that illustrate the progress business of every kind has made. For example:

In the early months of 1932 your newspaper told you "New construction in State declines sharply in year. Off 65 percent", etc.

"Business at lowest ebb as depression year ends."

"Southern New England Telephone Co. reports decrease of 30,000 telephones over previous year."

"One hundred thirty-one million five hundred thousand dollars loss felt in steel trade."

I could read similar bulletins on the prostrated state of business for an hour, but you undoubtedly remember without further headlines how things were in Connecticut as well as throughout the country when the present administration came into power.

Your newspaper phrased it this way, editorially:

"The hope when 1931 ended that the new year would see recovery well advanced has not been realized, and still another new year opens with the clouds of anxiety undispersed."

But within 3 months after the openings of the next year your newspaper saw signs and hope and hailed the New Deal in this fashion:

"No proposed reform, whether temporary or permanent, but is likely to bring protests from some individuals and from some classes whose personal interests may be affected. Their complaints should not be permitted to impede, much less to halt, the measures designed for the benefit of the great majority. The present is not a time for quibbling over petty details or for disputing over fine points. The President has assumed command of a nation ready to follow him. Willful objectors in the ranks, whether in Congress or out, should be firmly ordered to the rear for the duration of the coming siege."

Now, let us jump to this year. I find during last month such headlines as "A million dollars' worth of tobacco sold here"; "Mutual Life assets gain $78,529,913"; "U. S. Rubber net best since 1927"; "General Motors February is 7 years' peak."

Still your newspaper refuses to be happy over the administration that has brought about the changes that it so dramatically records in its business headlines and that is reflected in its own prosperity. It is sarcastic in its references to the President's efforts and jeers at the idea that he has sought economy and that the delay in approaching a balanced Budget is due in any part to huge increases in Government obligations involved in enactments due to unforeseen commitments made in spite of him. It is enthusiastic over President Hoover's generalities voiced in speeches in which he is bidding for another nomination, and it concluded a recent editorial in this language:

"The New Deal does not take kindly to any suggestions emanating from Mr. Hoover, but it could immensely profit itself by the things he said in his Colorado speech. A Republican platform built on the solid foundations of that speech ought to appeal to the country."

That is quite all right—if your newspaper believes that Mr. Hoover was a competent and successful President, and that his policies were better and are better—for he has not changed—than the policies which have changed red entries to black on the ledgers of industry.

Let me repeat that I cite one of your home newspapers only because you are familiar with it. I could quote practically every antiadministration newspaper in every large city in the same way. Those headlines, or headlines of the same import, were published in Boston, New York, Chicago, San Francisco, and other big communities, and the conflict between them and the editorial pages was perhaps even greater in these other centers of population.

It is not my job, of course, to edit the newspapers of the country, but I may, I hope, point out that the cold facts of business are of vastly greater significance than the views of some publishers.

Now, the Manufacturers Association of Connecticut can hardly be accused of undue partiality toward the Roosevelt administration, but in its survey of Connecticut industry last month it had to record that factory employment declined by less than the usual seasonal amount; that "freight carloadings showed a further increase on top of the substantial gain made in December"; that "bank debits due individual accounts were 19 percent over the corresponding month last year"; that "the number of new corporations formed and the total capital stock involved showed increases of 29 and 33 percent"; and that "real-estate sales numbered 50 percent more than last year." Over the entire New Haven Railroad this business report shows an advance of more than 50 percent in the loading of building material.

Let us glance for a moment at the business situation right here in Connecticut as reflected in the comparative values of your life- and fire-insurance securities as of today and 1932. The Hartford Courant of January 2, 1933, listed the value of life-insurance stocks at $124,750,000 and fire-insurance stocks at $119,300,000, with a total valuation for both stocks at $244,000,000. On January 6, 1936, the value of these same insurance securities was published again in the Hartford Courant. These figures show the value of the life-insurance stocks at $247,000,000 and the fire-insurance stocks at $266,160,000, giving a total valuation of the securities as of that date of $513,160,000, as against the $244,000,000 listed on January 2, 1933. In other words, during the past 3 years and under the Roosevelt administration the value of your life- and fire-insurance securities has shown an increase in excess of 100 percent.

I guess that these figures will suffice to emphasize the point I am making. I am no fonder of statistics than I suppose you are, but I do notice in the publication called Business Week that the machine-tool business of New England has been breaking records and that the shoe industry closed one of the best years in its history.

I observe that a great many of the attacks on the administration made in this section of the country refer to the farm legislation, with the implication that the West has been favored over the East. You will perhaps be interested to learn that the shipments of manufactured products from the industrial East to the agricultural States have increased enormously under the present administration. The waybills of all the great railroads record huge figures for this business. Two years after the Roosevelt administration had come in they showed that Connecticut was shipping out manufactured products to the West and South half as big again as they had shipped in 1933. I am not going to bore you with more figures; but you, with your wise Yankee perception, will realize that this increase in your manufacturing business would have been impossible except that the purchasing power of the farmer had been restored to a considerable extent.

It may seem scandalous to those who have not analyzed the situation that a farmer in Nebraska should have been paid something for abstaining from planting his whole acreage to wheat or corn, but when you figure that what he got came to you for the things your factories supply it may not seem so monstrous after all. When the restored purchasing power of the farmer increased the output of your factories 50 percent or more, you must realize that there is really nothing regional in the emergency measures that have taken the whole country out of the red.

Incidentally, your own State of Connecticut received last year nearly a million and a half of the rental and benefit payments under the agricultural bill and nine and a half million dollars was spent on emergency conservation work in the 18 Civilian Conservation camps here, which went largely toward fire protection, forest improvement, soil-erosion control, game and fish conservation, and things of that sort. Your farmers, through the Farm Credit Administration, were enabled to borrow $9,000,000, and your home owners, through their loan corporation, something over $44,000,000, and your banks were aided to the extent of nearly $24,000,000.

These were loans, not gifts. They are secured by the properties involved, just like any other loans and are being paid back in the most satisfactory fashion. As a matter of fact, the Reconstruction Finance Corporation is taking in repayments a whole lot more than it is sending out. I don't know what the exact figures are just now, but the last report I saw on the subject showed that this chief lending agency of the Government had an operating profit of $126,000,000, which would be a pretty good showing for any corporation.

You have recently been subjected to a flood disaster. It is to prevent or at least minimize the horrors of floods such as this that much of the public-works program is planned to accomplish. Incidentally, many of the small dikes in the headwaters of the rivers are among the projects that our adversaries have classed as among the useless, money-and-time-consuming enterprises that the Works Progress people have undertaken. When the projects against soil erosion and for river control are complete, you will find that these little dams are a vital element in making you safe from a repetition of your recent affliction.

The part played by the C. C. C. boys and other Government agencies in rescues and repairs you know better than I.

We cannot expect anybody to be very enthusiastic over paying more taxes, but in the case of Connecticut the $6,000,000 increase in the income taxes paid means, to calculate roughly, that some people in Connecticut had an aggregate of perhaps $125,000,000 more income in 1935 than they had in 1933.

Proportionately, the figures run about the same in all sections of the country, and very naturally the people of the whole Nation are as happy over these conditions as you are here in Hartford. Obviously this cheerful change from what we were going through when Franklin D. Roosevelt came to the White House is not the result of luck or chance or magic. It was the result of deliberate planning by the administration, which inherited a terrific state of national distress and which felt it to be its job to cure that condition.

President Roosevelt began his term with what was perhaps the most courageous act of any administration since the beginning of our history. If you remember, he shut up all the banks. Perhaps the country gasped a bit, but it had faith in him and took the temporary inconvenience with a smile and a cheer. Such was its great relief that somebody had come along with a plan and sufficient backbone to put that plan into effect. In the few years previous to the advent of Roosevelt to the White House there had been 5,000 bank failures. Since he straightened out the banking situation, as I read in a recent speech delivered in Congress, there have been just five Federal bank failures; and, thanks to the Bank Insurance Act, which was part of the program, practically all of these failures were unaccompanied by loss to the depositors.

Our history is full of examples of Yankee courage. The way you New Englanders met the hardships of the recent flood and the cheerfulness with which you remedied the damage is an incident of that proverbial courage. Brave people love brave men. I think that the trait in our President that most appeals to my audience of today is the calm fortitude with which he has met every situation that has arisen since he tackled as tough a problem as ever confronted a President of the United States. He was not flustered when the whole Nation acclaimed him. Nobody has ever seen him rattled because a certain element of our population, greedy for special favors, denounced him as an anarchist and Socialist, and a dictator, and prophesied that not welfare but disaster must result from what he has been doing. He has taken the hurdles as he came to them. Perhaps he has not been successful in every detail of his program. Nobody, not even a great President, can score a hundred percent in performance, but if he scores a hundred percent in intention and turns out to be right 90 percent of the time, he has made his mark in history and in the gratitude of the people.

Sift the criticisms that are being made by the so-called Liberty League and its collateral branches that are seeking to break down the Roosevelt policies and what do they amount to? Absurd generalities, such as that he is seeking to Bolshevize the Government, to destroy business, and other tommyrot of that sort. Undoubtedly, it is very probable that in the distribution of emergency relief to the extent of billions of dollars some small soul got $4 worth of groceries for nothing when he could have paid for them. Undoubtedly an occasional idler has not performed a full day's work for his relief pay. What of it? Work had to be provided for men and women incapable of digging ditches or driving trucks, but just as subject to hunger and other suffering as the sturdiest among us. Work within their capacity had to be provided, and hence the stories of boondoggling that make up so large a part of the literature and oratory of the administration's enemies. What, I ask you, could be done with a manicure girl out of work, a music teacher without pay and without pupils, an artist with no market for his pictures, an actor or actress unemployed, and thousands of other individuals quite capable of supporting themselves in normal times but destitute of a market for their services in such times as we have been going through? They were given such work as they were accustomed to, and other unfortunates were served by them.

But, as I say, what do these fly specks on the fair canvas on which a statesman has inscribed a wonderful recovery for a shaken people amount to anyway?

The Nation itself knows what has been done. The Nation appreciates that the unceasing effort of its President has brought about these results, and next November you will find that the States of our Union will vote the reelection of Franklin D. Roosevelt, and that among these States will be your own Connecticut.

WORK OF HOME OWNERS' LOAN CORPORATION

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter written by Mr. John H. Fahey, Chairman of the Federal Home Loan Bank Board, addressed to Mr. Henry P. Fletcher, chairman of the Republican National Committee. The letter written by Mr. Fahey is a very complete, persuasive, and convincing reply to a statement made yesterday by Mr. Fletcher.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

It is evident that the statements in your press release relative to the work of the Home Owners' Loan Corporation are based upon information conveyed to you which is both incomplete and inaccurate. The result is a series of unfortunate implications which, in the interest of millions of our citizens, as well as thousands of financial institutions, call for correction.

In criticizing the Federal Government for coming to the relief of urban home owners and saving more than a million families from the loss of their homes and eviction, your informant is apparently unaware that the first attempt to do this important work was

undertaken by the Seventy-second Congress with the approval of former President Hoover. The Federal home-loan bank bill, signed July 22, 1932, provided, with the President's approval, for making direct loans to home owners to save their homes. The Federal home-loan banks authorized by this act were not organized, however, until October 15, 1932, and proved wholly inadequate to meet the chaotic conditions which had developed in the urban mortgage field.

The regulations made by the Bank Board to provide for these direct loans to home owners were so onerous they could not be taken advantage of. They allowed advances of but 30 percent of the then depression value of the property in most cases and but 40 percent of that value if the loan could be paid in full in 8 years. Forty-one thousand five hundred and eighty applications were filed for loans under the act. In the entire country but three loans, amounting to a total of but $9,000, were made, while the cost of handling the applications was $136,591, or over 15 times the amount of the loans actually made. Two of the three loans made were subsequently taken over by the Home Owners' Loan Corporation and but one is still outstanding.

In the face of this failure foreclosures of mortgages against urban homes meanwhile reached record-breaking heights. They were mounting at the rate of 1,000 a day when President Roosevelt recommended the organization of the Home Owners' Loan Corporation to meet the emergency. The Corporation, under the terms of the Home Owners' Loan Act, signed by the President on June 13, 1933, is administered by the Federal Home Loan Bank Board, a bipartisan board consisting of three Democrats and two Republicans; and in the granting of, as well as the servicing of, loans there has been no discrimination between applicants on the basis of politics, race, or creed. The act was passed by the overwhelming votes of both the Senate and the House, including Republicans and Democrats. In the Senate the act was approved without record of a single dissenting vote. In the House the vote was 383 yeas and but 4 nays. But one dissenting Republican vote was recorded.

Your statement says that "not even Comptroller General McCarl, who supervises the expenditures of all regularly constituted agencies of the Federal Government, has access to these books. He cannot audit a single account." This is not the fact. The work of the Corporation has been carried on within the letter and the spirit of the law. The Comptroller General has full access to all records and accounts of the Corporation. On its own initiative the Corporation enlisted the cooperation and advice of the Comptroller General's office in setting up its forms and machinery for accounting, thus obtaining invaluable aid in providing for easier auditing of the books of account. The Office of the Comptroller General receives our regular statistical reports, is empowered to audit regularly the accounts of the Corporation, and is entirely familiar with our accounting records and procedure. The Corporation submits monthly financial reports and frequent special reports to the Treasury Department and the Bureau of the Budget. It makes regular financial and statistical reports to the Emergency Council for the information of the President. An Executive order of August 5, 1935, provided for a review of all the Corporation's operations and control by the Bureau of the Budget.

Your statement raises the question as to whether our loans have been made to deserving persons—to those clearly in danger of losing their homes. May I say, as to this, that the regular procedure of the Corporation provided that the application of a mortgagor should be supported by a statement of the mortgagee that he was unwilling to renew the loan and felt obliged to foreclose. Under the requirements of the Corporation, the loan file also had to contain evidence that the loan could not be refinanced elsewhere. The truth is that the thousands of savings banks, life-insurance companies, building and loan associations, commercial banks, and other institutions whose mortgages this Corporation took over felt that as trustee institutions they could not under the conditions which existed continue to carry these loans. The fact that more than 800,000 of the applications filed have been rejected by the Corporation, while hundreds of thousands of additional applications obviously ineligible were not even accepted, is conclusive evidence that the Corporation exercised every reasonable precaution to eliminate loans which were not eligible under the law. Not only were competent loan committees set up in every State to pass upon these applications, but in every important center special representatives of the Board from Washington participated in checking of the work of these committees.

As your own statement indicates, it is obvious that private lending institutions would not surrender to this Corporation mortgages which they consider prime loans and which they desired to carry. More than 1,000,000 home owners who have been benefited by the operations of this Corporation are today meeting their obligations on a basis fairly comparable to that of borrowers from private institutions because of the extraordinary improvement in the economic condition of the country and increased employment. Their ability to meet these payments is also influenced by the fact that under the terms of the Home Owners' Loan Act their payments are spread out over a period of 15 years and at an interest rate of 5 percent. This is the most liberal loan on urban homes ever made by any institution in the history of the country.

Your press release further says that you view "the mortgage on the national wealth of the Nation as a 'ball and chain' on every family of the land" and that "these tax-exempt bonds attach to each American household a contingent debt that is variously estimated at figures from $180 to $400." The fact is, first, that in refinancing these loans the Corporation obtained reductions on the claims as filed amounting to over $200,000,000 and that while when the act was passed it was anticipated that the Government might suffer some loss through the enactment of this relief measure, the prospect is that no losses will ensue.

Might I also point out that if these loans had not been made real-estate values would have continued to decline and the remaining mortgages in the portfolios of our lending institutions, representing the savings of millions of our people, would have declined further in value with most serious consequences. May I also remind you that the Corporation took hundreds of millions of defaulted mortgages out of the closed banks of the country and aided in the distribution of cash to some millions of depositors who were in grave financial difficulties?

You suggest that the Corporation misrepresents the facts in reporting collections on its mortgages. You state that it reports payments of principal and interest "for the month of January 1936 as 90.1 percent of the total amount due" and later admits that as "of February 29 that the total payments of principal and interest received by the Corporation from its borrowers amounted to $246,735,297, or approximately 73.4 percent of the $335,669,010 total due.'" The report to which you refer for the month of January 1936 was issued on February 26, 1936; it stated: "Total receipts of the Corporation from its borrowers amount to $18,082,000, which is 90.1 percent of the total sum maturing in January on principal and interest accounts and exceeds by nearly $900,000 the largest amount collected by the Corporation on its loans in any previous month."

You will observe that this statement refers only to the amount of cash received within that particular month compared with the amount which matured for the month. The same statement made it quite clear that the above quotation did not refer to all collections, for it was further explained that "total principal and interest payments due the H. O. L. C. from the time it was created in June 1933 to January 31, 1936, aggregate $315,244,011, on which approximately 73 percent has been paid, indicating marked improvement over total cumulative receipts from borrowers as of December 31, 1935, when 68 percent of all principal and interest due, since the Corporation's establishment, had been paid." Certainly these are clear statements, referring first to a single month and then to the entire period of operations, which should not have been misunderstood by your informant. We report regularly each month the receipts for the preceding month as turned over to the United States Treasury in cash and also the cumulative receipts from the beginning of collections to the date reported. These figures are made public immediately.

The Home Owners' Loan Corporation was created at a time of great financial distress under the leadership of a Democratic President, but with the overwhelming approval of both Republicans and Democrats. It has dealt with a problem absolutely new to any Federal institution, but it is gratifying to report that with the hearty cooperation and support of the majority of our citizens the Federal Government has turned into order and security what threatened to be disastrous confusion and insecurity not only for individual home owners in distress but for a host of other citizens the safety of whose savings was bound up in mortgage investments through many thousands of our financial institutions.

NATIONAL FLOOD CONTROL

The Senate resumed consideration of the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes.

Mr. COPELAND. Mr. President, in preparing the omnibus flood-control bill for presentation to the Senate, the committee undertook to define a policy and formulate a declaration of policy with regard to the control of destructive floods upon the rivers of the United States. I shall refer to this again in a moment, but before doing so I invite attention to the fact that in the projects which are recommended for consideration by the Senate not one is included which has not received the full endorsement of the Board of Army Engineers. Every project enumerated in the bill has been surveyed and given full approval.

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Kentucky?

Mr. COPELAND. I yield.

Mr. LOGAN. Does it include all the projects which have been approved by the Board of Engineers of the War Department?

Mr. COPELAND. It does not include all projects which have been surveyed by the Board of Engineers and excludes a good many projects where power and other benefits are involved, but which for flood control alone have not been considered meritorious.

Mr. LOGAN. The city of Catlettsburg, in my State, has been very seriously affected by the banks of the river falling in. The district board of Army Engineers have just completed their report which has been sent to headquarters and is probably now in the office of the Board of Engineers. It

recommends, I am informed, $78,000 to do the necessary work on the banks of the river there to prevent further falling in.

May I ask the Senator if it is possible to have included in the bill a project in the situation in which this one now is, so that it may go to conference? Of course, if it were not approved by the Budget Director and the Board of Engineers it would have to go out. This project has been recommended and the necessity for it is very pressing.

Mr. COPELAND. I said the other day in the Senate that when I got through with this bill I would not have a friend left on the floor, and if I have to lose some friends I do not want to lose the friendship of the Senator from Kentucky [Mr. LOGAN]. However, the fact is we have stood against inclusion in the bill of any project which has not received the full approval of the Board of Army Engineers.

There are many projects which have received the approval of district boards, which are on the way to complete approval, but which have not as yet been passed upon by the board. I am sorry to say to the Senator from Kentucky, and I know he will realize I am sincere in saying I am sorry, that as chairman of the committee I could not consent to the inclusion of the project to which he refers, even though it may be meritorious, unless it has received the favorable consideration and approval of the Board of Army Engineers.

I may say to the Senator that if at some time before the session ends the project is passed upon favorably by the Board of Army Engineers I shall be glad to join the Senator in an effort to have legislation enacted to cover it. If perchance it does not receive such approval before the end of the session, then as soon as it is ready I shall be glad to help him, but I must say for the committee that we cannot accept it at this time.

Mr. LOGAN. Catlettsburg is a city of 5,000 or 6,000 people. In the recent flood about 75 acres of land, and perhaps some houses, fell into the river. One more flood would perhaps take a good part of the city. I know the humanitarian philosophy of the Senator from New York. I had been hopeful that we could get some provision in this particular bill. Then if the Board of Engineers do not approve the project it can go out in conference. That is the only thing I have in mind. I am sure it will be approved by the Board of Army Engineers, as it has been recommended for immediate consideration.

Mr. BARKLEY. Mr. President, will the Senator from New York yield?

Mr. COPELAND. I yield.

Mr. BARKLEY. I wish to say to the Senator from New York in confirmation of what my colleague has said that the situation at Catlettsburg is peculiar. Due to a very sharp bend in the river, the flood waters coming down and beating against one bank have washed away the land, and the situation is such that about one more flood will cut through and destroy an enormous amount of property. That might happen between now and the next session of Congress.

As my colleague has said, the project has been approved by all except the Board of Army Engineers in Washington, and it may now be before them. If the Board of Army Engineers should give its approval to the project before the bill shall have been completed, would the Senator from New York then oppose including the project in the bill?

Mr. COPELAND. I may say to my friends the Senators from Kentucky that it has been my disagreeable duty to object to the inclusion of a project urged upon us by our leader, the senior Senator from Arkansas [Mr. ROBINSON], for Faulkner County, Ark. I have no doubt at all that it would be desirable to give protection to that particular territory, but the project does not receive the support of the Board of Engineers, and they give good reasons for their conclusion.

In the same way the project covering the Big Sandy River in Kentucky has not as yet been passed upon, and I beg Senators not to urge us to ruin the bill by the inclusion in it of projects which are not fully approved. Let us for once have just one bill where we can stand on the platform next fall, if we stand on a platform, and say, "There is no pork in this bill. There is nothing in this bill which has not gone through the regular procedure. There is nothing in this measure which has not been passed upon by the experts who have been working since the foundation of our Government to protect our country—the Board of Army Engineers."

Mr. BARKLEY. I appreciate the Senator's attitude and am certainly not one who would ruin the bill in the manner suggested. I favor the bill and desire to see it enacted into law. The question I propounded was, If the Board of Army Engineers' report can be obtained before consideration of the bill shall have been concluded, so the report would be official, would there then be any reason for objecting to the inclusion of the project?

Mr. COPELAND. What does the Senator mean by "concluded"? Does he mean if the report comes in tomorrow or next day?

Mr. BARKLEY. I do not know how long consideration of the bill may take, but if the report should come in before the bill is finally voted on, would the Senator then object to the inclusion of the project?

Mr. COPELAND. Before this bill is finally voted on?

Mr. BARKLEY. Yes.

Mr. COPELAND. Certainly if the report should come in with full approval of the project before the bill is finally voted on, I should be glad to have the project included.

Mr. BARKLEY. I thank the Senator. I do not know whether that is probable, but I think it is entirely possible.

Mr. NEELY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from West Virginia?

Mr. COPELAND. I yield.

Mr. NEELY. One might infer from a statement made by the Senator from New York a moment ago that he thinks the proposal to protect West Virginia and Kentucky against the flood tides of the Big Sandy River deserves to be dishonorably designated as "pork." Let me assure the able Senator that the project to which the amendment of the Senator from Kentucky refers is worthy in every respect, and that the people of West Virginia and Kentucky who live near the mouth of the Big Sandy are unquestionably entitled to the protection which the amendment, if adopted, will require the Government to provide them.

Mr. COPELAND. I was giving the category of the charges which might be made, but I certainly did not apply the term "pork" to this particular item.

Mr. President, each Senator will find on his desk a number of committee amendments. In beginning the study of the bill I ask Senators to take committee amendment numbered 1, which they will find on their desks, instead of the bill itself.

The declaration of policy is found on page 54 of the bill. Since the bill was prepared and reported to the Senate there have been conferences between the White House and Senators. The fact has been brought home to those of us who were working on the bill that it is very desirable that not alone should surveys be made of the rivers but also of the watersheds, with a view to the ultimate control and prevention of soil erosion and for the preservation of the forests.

I should like to perfect the declaration of policy as set forth on page 54 of the bill by including, in line 12, after the word "waterways", by inserting the words "including watersheds thereof", and in line 15, after the word "tributaries", by inserting the words "including watersheds thereof."

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 54, in the committee amendment, in line 12, after the word "waterways", it is proposed to insert the words "including watersheds thereof", and in line 15, after the word "tributaries", to insert the words "including watersheds thereof", so as to make the section read:

SECTION 1. It is hereby recognized that destructive floods upon the rivers of the United States, upsetting orderly processes and causing loss of life and property, including the erosion of lands, and impairing and obstructing navigation, highways, railroads, and other channels of commerce between the States, constitute a menace to national welfare; that it is the sense of Congress

that flood control on navigable waters or their tributaries is a proper activity of the Federal Government in cooperation with States, their political subdivisions, and localities thereof; that investigations and improvements of rivers and other waterways, including watersheds thereof, for flood-control purposes are in the interest of the general welfare; that the Federal Government should improve or participate in the improvement of navigable waters or their tributaries, including watersheds thereof, for flood-control purposes if the benefits to whomsoever they may accrue are in excess of the estimated costs, and if the lives and social security of people are otherwise adversely affected.

The amendment to the amendment was agreed to.

Mr. COPELAND. On page 54, section 2, line 24, after the word "Engineers", I move to insert "and Federal investigations of watersheds and measures for run-off and water-flow retardation and soil erosion prevention on watersheds shall be under the jurisdiction of and shall be prosecuted by the Department of Agriculture under the direction of the Secretary of Agriculture and supervision of the Chief of the Soil Conservation Service; in line 25, after the word "in", I move to strike out "his" and insert "their"; and on page 55, line 1, after the words "Chief of Engineers", I move to insert "and the Secretary of Agriculture", so as to make the section read:

SEC. 2. That hereafter Federal investigations and improvements of rivers and other waterways for flood control and other purposes shall be under the jurisdiction of and shall be prosecuted by the War Department under the direction of the Secretary of War and supervision of the Chief of Engineers, and Federal investigations of watersheds and measures for run-off and water flow retardation and soil-erosion prevention on watersheds shall be under the jurisdiction of and shall be prosecuted by the Department of Agriculture under the direction of the Secretary of Agriculture and supervision of the Chief of the Soil Conservation Service, except as otherwise specifically provided by act of Congress; and that in their reports upon examinations and surveys the Chief of Engineers and the Secretary of Agriculture shall be guided as to flood-control measures by the principles set forth in section 1 in the determination of the Federal interests involved.

The amendment was agreed to.

Mr. COPELAND. Mr. President, section 3 is a controversial section, and I ask that we pass that over for the moment, until those who are interested in the changes may have time to appear.

The PRESIDENT pro tempore. Without objection, section 3 will be passed over temporarily.

Mr. COPELAND. Mr. President, if the Senate will now consider committee amendment no. 2, it relates to page 57 of the bill, the Flood Control Act of 1936. The new language is underlined in the committee amendment as Senators will find it on their desks. Committee amendment no. 2 will read, when perfected, if it is perfected:

On page 57, beginning with line 17, strike out all down to and including line 3 on page 58 and insert in lieu thereof the following:

"SEC. 5. That pursuant to the policy outlined in sections 1 and 3, the following works of improvement, for the benefit of navigation and the control of destructive flood waters and other purposes, are hereby adopted and authorized to be prosecuted, in order of their emergency"—

And this is the new material—

as may be designated by the President—

In short, that the priority of the works to be undertaken in the next fiscal year shall be as may be designated by the President. The remainder of the section is—

under the direction of the Secretary of War and supervision of the Chief of Engineers in accordance with the plans in the respective reports and records hereinafter designated: *Provided*, That penstocks or other similar facilities adapted to possible future use in the development of adequate electric power may be installed in any dam herein authorized when approved by the Secretary of War upon the recommendation of the Chief of Engineers.

Mr. VANDENBERG. Mr. President——

Mr. COPELAND. I yield to the Senator from Michigan.

Mr. VANDENBERG. Why is the authority to establish priorities taken away from the Board of Rivers and Harbors Engineers, where it has always been, traditionally and historically, and placed in the hands of the President? What can be said by way of justification for the substitution in respect to this purely technical, engineering expert problem?

Mr. COPELAND. Mr. President, the Senator from Kentucky referred to the fact that I am soft-hearted. Somebody has to be soft-hearted enough to determine which ones of these projects are most meritorious, which are most pressing, which have the greatest human interest. Somebody has to make the decision. I do not think this provision is different from that of the present law, because, according to the practice in the past, the Army Engineers have proceeded, under the direction of the Secretary of War, to establish priorities. The Secretary of War is a member of the President's Cabinet, and I assume that if the President had in his mind any priority he would feel free to say so to the Secretary of War; so I do not think there will be any practical difference whether this language is or is not adopted.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. CLARK. The policy of the Government in its whole development of rivers and harbors, which is very closely analogous to the subject of flood control, has been to put the determination of the technical details and the technical priorities in the hands of the Corps of Engineers of the United States Army, subject, of course, to the action of Congress in enacting legislation, and to the action of the President in signing it.

This amendment, as I see it, is designed to change that salutary process. There are today in existence a number of different agencies, some of them technical and some of them nontechnical, some of them responsible to Congress and some of them not responsible to Congress, which are making recommendations on various schemes and various plans for handling the natural resources of the United States, and protecting the citizens of the United States against such plagues as floods.

The theory on which the Committee on Commerce started to draft this bill, as I think the chairman of the committee will agree, was to put the technical questions of priority in the hands of the body constituted by law with adequate technical knowledge and experience to advise Congress about these matters. It seems to me this provision is a complete change of that policy.

So far as the Corps of Engineers of the Army are concerned, I do not think anyone has ever questioned their technical competence, their honesty, or their general efficiency. I myself have very violently disagreed at times with the recommendations of the Army Engineers, notably their recommendations as to the St. Lawrence waterway; but so far as supplying technical knowledge is concerned and so far as opinions on emergency matters are concerned I think there is no one in the United States comparable to the Army Engineers.

As I see the amendment, it simply amounts to divorcing the Army Engineers from their present legal responsibility to make to Congress recommendations on priorities and emergency matters and on the feasibility of various projects, and putting it in the hands of some commission or several commissions which may be now in existence under general provisions of law, or under general authority granted to the President in emergency acts making appropriations, or otherwise. Some of these organizations are voluntary ones. The amendment divorces the Army Engineers from a function which they now perform for Congress and the President, and which I believe to be a very important function.

From my own standpoint, I have no hesitation in saying that if this amendment should be adopted, instead of the bill accomplishing the purposes which we hope it will accomplish, I have no doubt that the $50,000,000 which is the subject of a limitation in a later section of the so-called Hayden amendment will be almost exclusively devoted to the States of New York and Pennsylvania, and that the other portions of the country, some of which are visited with two or three floods a year, will, in the order of urgency and emergency, be subordinated to the sections which recently suffered an unprecedented flood, and in which, as one witness testified before the Commerce Committee, it was possible to dramatize the flood situation.

Therefore, so far as I am concerned, I am opposed to the amendment.

Mr. OVERTON. Mr. President, I entertain for the Army Engineers the same admiration expressed by the Senator from Missouri. I think they have a magnificent, an unexcelled, and perhaps an unparalleled record of service to the Federal Government. When, however, we come to consider this bill, it is to be borne in mind that the Chief of Army Engineers has been consulted with reference to every project. As stated by the chairman of the committee, not a single project is incorporated in the bill that has not received the approval of the Army engineers. Therefore the bill undertakes to authorize the projects which have been expressly recommended by the Army Engineers; but the bill is something more than that.

After we have had the benefit of the advice and recommendations of the Army Engineers, the bill also undertakes to provide for emergency projects. Someone should have authority to determine the order of priority in the selection of projects which have already been recommended by the Army Engineers and to determine which ones of those projects shall first go forward.

It seems to me that it would be proper to leave to the President of the United States the question of the determination of emergencies; and when we do so we do not divorce the Army Engineers from their historic relation toward navigable waters. On the contrary, the bill follows the recommendations of the Army Engineers; but it is more than a flood-control-project bill. It is an emergency bill, considered in a period of emergency; and the determination of emergency is a power that is properly lodged with the President, perhaps more so than with the Army Engineers.

Mr. CLARK. Mr. President, will the Senator from New York yield to me for the purpose of offering an amendment to the committee amendment?

Mr. COPELAND. I yield.

Mr. CLARK. I move that the committee amendment be amended by striking out in lines 8 and 9 of the committee print the words "as may be designated by the President", which will leave the amendment to read:

> That pursuant to the policy outlined in sections 1 and 3, the following works of improvement, for the benefit of navigation and the control of destructive flood waters and other purposes, are hereby adopted and authorized to be prosecuted, in order of their emergency, under the direction of the Secretary of War and supervision of the Chief of Engineers in accordance with the plans in the respective reports and records hereinafter designated—

And so forth. Mr. President, the effect of the amendment would simply be to leave the primary authority in the body, which, as I said a moment ago, is now constituted by law for the purpose of advising Congress about these matters, namely, the Corps of Engineers of the United States Army.

I do not delude myself, and never have deluded myself, on the proposition that the President of the United States, if he so desires, may always be able to obtain from the War Department or from any other Department of the Government any report which he may wish. That was the reason that I was never willing to accept fully the figures of the engineers on the St. Lawrence proposition. The only effect of my amendment would be to leave the primary responsibility where it now rests, in the Corps of Engineers of the United States Army, to create a presumption, so to speak, in favor of their recommendation. This is the technical arm of the United States Government so far as these matters are concerned.

It should be remembered that the bill before us is in the form of an organic act, for the first time in our history defining the policy as to flood control on anything else except the Mississippi River, the Sacramento River, and a lake down in Florida. It is proposed to put into this organic measure machinery exactly comparable to that which for many years has been very happily and very successfully reposed in the Corps of Army Engineers under the River and Harbor Act.

I cannot for the life of me understand any argument which has been advanced in behalf of the principle of transferring this authority as a primary proposition from the Corps of Army Engineers. No one can question that the placing of this authority in the Corps of Army Engineers has worked most successfully and most economically for the Government in the case of rivers and harbors. Nobody has yet stood on this floor or anywhere else publicly and questioned the efficiency of the Corps of Army Engineers. Yet this proposal is brought in for the purpose of sidetracking the recommendations of the Corps of Army Engineers and putting the authority into the hands of some sort of a commission or board, nobody knows how constituted or of whom composed. I cannot see any argument for any such measure.

Mr. VANDENBERG. Mr. President, I completely concur in the statement made by the Senator from Missouri [Mr. CLARK]. When we got away from the old "pork barrel" method of making river and harbor appropriations, the very essence of the lump-sum appropriation was the commitment to the Board of Rivers and Harbors Engineers of the determination of priorities and allocations, because under the new procedure the necessity for an independent, nonpolitical, unprejudiced decision as to priorities is the primary essential of the entire system. That system has demonstrated its vitality and its virtue year after year after year, and no one ever heard a suspicion or a remote challenge against the type of decision made by the Board of Army Engineers in respect to priorities.

It is now proposed to transfer the power to determine priorities from an expert arm of the Government to a political arm of the Government, which would be a direct step back in the direction of "pork barrel" legislation in connection with appropriations of this character.

I most emphatically support the amendment submitted by the Senator from Missouri.

Mr. GUFFEY. Mr. President, I am for the amendment as originally reported by the committee, and I am sorry I cannot agree with the position taken by the senior Senator from Missouri [Mr. CLARK]. I am for the committee amendment on account of the historic record of the Corps of Army Engineers, and at the outset I want to bear witness to the honesty and integrity of the Engineer Corps. Two hundred and eighteen years ago the construction of levees to take care of flood waters after the waters reached the streams was inaugurated. Never from that time until last year did the Corps of Army Engineers ever try to provide a means of taking care of the flood waters before they got into the streams, and during that time 50,000,000 acres of our best soil have been washed into the Gulf of Mexico, and 50,000,000 acres of soil are well on the way out. Therefore I think it is time that we have someone else to sit in and help the Engineer Corps in this work.

Mr. CLARK. Mr. President, the Senator undoubtedly knows that for years the Army Engineers have been advocating a system of reservoirs on the headwaters of the various streams tributary to the main stream of the Mississippi for the purpose of preventing floods. The Senator undoubtedly is familiar with the fact that in the recent disastrous and unprecedented flood, particularly with regard to the Connecticut River, the reservoirs which had been constructed in the last few years up toward the heads of the tributary streams flowing into the Connecticut River, according to all accounts, tremendously minimized and cut down to a small percentage the damages which would have occurred without the works recommended by the Army Engineers.

Mr. GUFFEY. I am sorry I cannot agree with the Senator from Missouri in his statement of the historic facts.

Mr. CLARK. The works are in existence, are they not?

Mr. GUFFEY. Where are they? What public works, what dams relating to flood control, built by the Army Engineers, are in existence?

Mr. CLARK. There are a good many works toward the headwaters of the rivers.

Mr. GUFFEY. Will the Senator name some?

Mr. CLARK. I am not familiar with the names or the locations. Universally the testimony before the Committee

on Commerce, as far as I can recall—and if I am in error I should be glad to have the Senator point out my mistake—has been to the effect that the reservoirs built under the supervision of the Army Engineers, particularly in the Connecticut Valley, tremendously minimized the damages due to the last disastrous flood.

Mr. GUFFEY. I agree that they minimize the floods, but all the surveys which have been made, all the surveys in western Pennsylvania and of the waters of the Ohio River, have been made on the request of Congress, and not at the instance of anybody else. We spent over $100,000 in having the surveys made. My point is that the Army Engineers never yet have advocated a policy or done anything to formulate a policy of flood control or of taking care of the flood waters before they reach the rivers, and I think it is time that soil erosion and reforestation should be taken into consideration in connection with formulating a policy of flood control.

Mr. CLARK. Mr. President, no sane man, I assume, minimizes the importance of the subject of soil erosion and deforestation, and the other intimately connected problems, and their effect on the flood-control problem. It is only fair to say that, so far as the last disastrous flood, an unprecedented flood, which is relied on to dramatize the pending bill as an emergency measure, is concerned, the testimony before the Committee on Commerce was to the effect that no amount of soil-erosion protection or of protection against deforestation would have served to prevent that particular flood, because the condition of the ground was such—the ground had been frozen to such an unprecedented depth—that there was no chance for the water to permeate the ground, and therefore it necessarily had to run off.

In response to what the Senator from Pennsylvania has said, I desire to emphasize the fact that the Corps of Army Engineers has for many years urged a comprehensive scheme of a combination of reservoirs and levees as a protection against floods. To be sure, when it comes to the question of the lower Mississippi River, the main stem of that river and the main stems of certain other rivers in the United States, when a flood starts it is too late to do anything by reservoir control, and it is absolutely necessary to establish either levees or floodways, such as were provided for in the last Flood Control Act. But in defense of the Corps of Army Engineers, let me say that their responsible heads for years have advocated reservoirs adjacent to the headwaters of the tributary streams and of the main streams for the purpose of diminishing as far as possible the volume of water which at any particular time comes into the channel of the main stream. They have also recognized, and properly recognized, that when the water had actually come into the channel of the main stream, it would be necessary to have levees or floodways or other protection.

I believe it is not fair to say simply because the question of soil erosion, the question of deforestation, and other questions may properly enter into the general consideration of the subject of flood control, that in an emergency matter of this sort—and the only justification for the passage of the bill at this time is that it deals with an emergency matter—the determination of priorities and the determination of degrees of emergency should be removed from the technical arm of the Government constituted particularly for the purpose of passing on those matters and be put into the hands of some unknown agency, of whose composition no one in this body at this moment has any knowledge.

Mr. McNARY. Mr. President, I share the view of the distinguished Senator from Michigan [Mr. VANDENBERG] and the senior Senator from Missouri [Mr. CLARK] in opposition to the committee amendment. I desire to ask the Senator from Pennsylvania [Mr. GUFFEY] where he would at present go to obtain information if he did not go to the Board of Army Engineers? What is the avenue of access upon which he can predicate an opinion, unless it be the data from the Board of Army Engineers, obtained after a careful survey? If that be the case, why transfer the power to the President?

The truth of the matter is that one of the great mistakes, which, in my judgment, history will record in matters of government, is the transfer of too many powers to the President. It is not humanly possible for him or anyone who may follow him to exercise the responsibilities which have been imposed upon him. It is not fair to the President, and I doubt, if he were consulted, that he would agree with this committee amendment.

There is only one agency of government which has the ability, the experience, and the facilities to determine emergency in matters of this kind, and that is the Board of Army Engineers. I ask the Senator from Pennsylvania, who is responsible for the amendment, if he will answer the simple question, What is the purpose of transferring this responsibility to the President, when he does not know a thing in the world about a flood-control situation, or of the rivers which probably ought to be harnessed so that they will not destroy life and property? I pose that question to the Senator from Pennsylvania.

Mr. GUFFEY. As a result of the work done by the Soil Conservation Service and the Reforestation Service, they have available records and data which apparently the Board of Army Engineers does not use. I shall consult those two Services. I find their report on the Mississippi Valley reforestation and conservation is the best report I have ever seen published by any branch of the Federal Government.

Mr. McNARY. Mr. President, that is a new agency recently created by an Executive order, based probably upon a statute of Congress, and that agency does not have anything of a substantial nature in its possession. In any event, whatever views it may have, it must obtain the information on which to base them from the Army Engineers.

I wish to say to the distinguished Senator from Pennsylvania that, in my judgment, he is doing his party and the leader of his party an injustice by imposing upon him a responsibility which he cannot carry, which he should not share, and which, in my opinion, he does not want. I think it would be a great error in a matter of this kind, after the careful consideration that has been given to flood control by the Army Engineers, to attempt through the President or any board to say what are the streams which should be first controlled and harnessed. That is a matter which must be determined after the most careful consideration of facts, inspection, and study; and there is only one agency prepared to do that.

Consider the great work, Mr. President, which the Board of Army Engineers has done with respect to the improvement of our rivers and harbors. Has the President ever desired that responsibility? Has the Congress ever decided that it should thrust on the Executive the responsibility to determine how the money should be expended, and what harbors and what rivers should first be improved? It is not even a delightful thought or pleasant dream. I say to the Senator proposing this amendment that if it shall be agreed to it will, in my judgment, result in a maladministration of the purpose of the act; it will be unjust to the President, and therefore it should not be considered favorably by this body.

Mr. HAYDEN. Mr. President, I am perhaps in a measure responsible for the suggestion contained in the amendment, and it was made in consideration of the fact that flood-control projects from now on are to be examined by two departments of the Government. The watersheds above the dams to be built are to be examined and reported upon by the Department of Agriculture. Everyone knows that the Department of Agriculture is best equipped with bureaus which can furnish the Congress with proper and adequate information in respect to the prevention by various methods and means of floods upon the watersheds.

There is in the Department of Agriculture the Soil Conservation Service that can go anywhere, to any part of a watershed, and make an examination. Its activities are not confined merely to Federal lands or other reserves. The preliminary studies undoubtedly should be made by the Soil Conservation Service, but if it shall be determined that upon a given watershed reforestation is the proper method to prevent floods, the Forest Service would naturally be called upon to give advice and actually to attend to the planting of trees or other vegetative cover.

In connection with any structures where lake levels are disturbed or where reservoirs are to be built the wildlife in the area must be considered. There is in the Department of Agriculture the Biological Survey which can be consulted with respect to the effect upon wildlife by reason of the changes that are to be made in the watershed. The same thing is true of other bureaus of that great Department in respect to different matters in the drainage area above any dam to be built in any stream.

Every Senator, I am sure, will agree that if it is found impossible to retain the rainfall on the watersheds by reforestation, by the planting of grasses, or by any other method which the Soil Conservation Service or the Forest Service can devise, and that in order to protect life and property lower down it is ultimately necessary to build dams, then the proper authority to build such structures for flood control is the Corps of Engineers in the War Department.

So this bill, if it shall pass in the form in which I think it ought to be enacted, will properly divide those two functions. The Secretary of Agriculture will report to Congress upon what shall be done upon the watersheds of streams to retain the rainfall, and the Secretary of War, using the Board of Army Engineers as the source of his information, will report to Congress as to what should be done with respect to the construction of dams or levees or floodways or whatever is necessary to remove the menace of destructive floods.

I now desire to lay down the premise which I think makes it sound for the pending legislation to require the President finally to pass upon the question of what work shall be done and in what order. Two departments of the Government make their reports. The reports come in separately and may not give to Congress a proper, coordinated view of the problem. The Chief Executive is head of all the departments. He is the Commander in Chief of the Army. He appoints the Secretary of Agriculture, and the Secretary of Agriculture is responsible to him. If a great project is to be undertaken to control the floods in an extensive watershed, is it anything but reasonable to say that these two departments, having studied the problem and having arrived at their independent conclusions, should not both of them submit the entire matter to the President and let him transmit the information to Congress with such further suggestions as he may deem it proper to make?

Title II of the bill provides for the creation of a National Resources Board, which is to be a general staff for the study of all the problems relating to the wisest and best use of our national resources. That board would act as advisers to the President in cases of this kind.

The provisions of title II have been very carefully drawn. The National Resources Board will not actually undertake any work and should not, any more than would the General Staff of the Army, send out one of its officers to take command of a regiment in an action. If the bill shall become law, the President will have advisers to whom he may refer recommendations relating to flood control that come up from the Departments of War and Agriculture to see how they fit into a broad policy of developing and conserving our natural resources.

That being the case, and flood control being no longer something to be cared for by just one department, and in just one way, it seems to me perfectly proper for the bill to provide that the President shall have something to say about the recommendations to Congress as to what shall be done and when it shall be done.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. VANDENBERG. May I call the Senator's attention to the fact that it seems to me his observations are not pertinent to the immediate amendment pending? I cordially agree with him that it has been wise to add this enlarged consideration in connection with the determination of what the technical answer ought to be for the flood challenge when it is once identified. I agree also that if recommendations are to be transmitted to Congress, and that is what the Senator is constantly referring to, necessarily they must head up somewhere before they come to Congress when they are coming from two separate sources. However, I call the Senator's attention to the fact that the amendment relates solely to the question of who is to determine the priority of the emergency. It has not anything to do with the determination of what the answer is to be. It has solely to do with the question of who is to say that $50,000,000 shall be spent this year in actual work upon $300,000,000 or $400,000,000 worth of authorizations. The Senator from Missouri and myself are asserting that that has nothing whatever to do with the argument which the Senator has been presenting, and relates solely to an independent, unprejudiced expert decision as to relative emergency in respect to the flood situation itself.

Mr. HAYDEN. Let us see if there is any greater difference than that between tweedledum and tweedledee.

Mr. VANDENBERG. I think there is a tremendous difference.

Mr. HAYDEN. Very well. This bill carries authorizations, if I remember correctly, for some $315,000,000 worth of work to be done; projects totaling that sum are authorized to be constructed by this bill. Nobody proposes that the entire $315,000,000 shall be appropriated by the Congress at this session or any other one session. So the total must be broken down; and the proposal is to appropriate money for $50,000,000 of the authorizations in 1 year. How in any normal situation does Congress operate where a broad authorization has been provided and we intend to appropriate only a part of it? The President exercises his discretion by sending up Budget estimates for the part of the work he thinks should be done out of the total authorization.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. VANDENBERG. Does the Senator mean to say that under the existing procedure in the designation of river and harbor projects the Board of Rivers and Harbors Engineers do not determine the priority?

Mr. HAYDEN. I say that there will be no money appropriated by Congress under the authorizations contained in this bill except for projects that come to the Congress in the form of a Budget estimate. That is certain.

Mr. VANDENBERG. Well, the Budget estimate is not conclusive as to projects included within it.

Mr. HAYDEN. That may be true.

Mr. VANDENBERG. Who makes the determination? Is it not the Board of Rivers and Harbors Engineers?

Mr. HAYDEN. The Corps of Engineers will submit to the Budget certain estimates as they will submit recommendations to the President, in the event that this bill becomes a law. It is just as broad as it is long, and it does not make a particle of difference which way the Army Engineers go about it.

Mr. VANDENBERG. If the Senator is indifferent, why change the procedure?

Mr. HAYDEN. I say that, after all, the President of the United States, being responsible for his Budget, will transmit to Congress estimates for $50,000,000 out of the authorization of some $315,000,000, and Congress will have to pass upon the Budget estimates which the President submits. If Congress is to establish the principle that hereafter the President shall be consulted about flood-control projects, why object to putting that same principle into effect now? Why take away from the President the power to make any decision whatsoever as to what ought to be done under an act of Congress of this character which he helps to make a law by his final approval?

It seems to me that there is no material difference as to method of approach, whether the Congress shall say that the President shall designate the projects formally in one kind of report or whether he shall make his designations through his Budget estimate. The whole question is, Is it right and proper for the President of the United States, being responsible for his Budget, to have anything to say about a flood-control project?

It is provided in the bill elsewhere that more than one department is to pass upon these projects, and the Senator agrees with me that, in that situation, the recommendation should be headed up by the President. I do not believe that we are putting any burden upon the President of the United States that he does not want, nor do I think that Congress is conferring upon him any authority that he should not have. It is his responsibility, as the guardian of the finances of the United States, to see that proper estimates are submitted to Congress which will accomplish adequate and substantial results. How can the President carry out that responsibility if it is provided by law that somebody may come around by the back door and select projects that the President knows nothing about, and that if he sends up a Budget estimate the Congress shall not pay any attention to it? That would not be a consistent policy. If we are going to adopt in this bill the proposal that the President of the United States shall obtain information from two departments and from any other source he deems desirable with respect to flood control, in order that the problem may be considered in its relation to all of our natural resources, why hesitate now to give that discretion to the President?

Mr. OVERTON. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from Louisiana?

Mr. HAYDEN. I yield.

Mr. OVERTON. The Senator from Michigan states that this amendment will convert this bill from a regular flood-control bill into a "pork barrel" bill because the President will have authority to select the order of precedence in which the projects shall be executed. The Senator contends that this order of precedence should be determined by the Board of Rivers and Harbors Engineers.

Let me call the attention of the Senator from Arizona to a provision in the bill. In the first place, there is not a single project that has not already received the sanction of the Army Engineers. How, then, under the theory of the Senator from Michigan, can it be said to be a "pork barrel" bill, or how can it be converted into a "pork barrel" bill when every single project in the bill has already received the sanction of the Army Engineers?

Mr. HAYDEN. Mr. President, if the Senator will yield, I will say that is what I thought was the great strength of the report made by the Senator from New York. As chairman of the Committee on Commerce, the Senator from New York insisted and the Committee on Commerce insisted that no project be included in this bill that had not been thoroughly investigated and approved by the Corps of Engineers.

Mr. OVERTON. I think that was a wise conclusion. Then, the execution of the projects is still left to the Secretary of War and the Army engineers. They are not divorced from this flood-control work in any sense.

Mr. HAYDEN. And should not be.

Mr. OVERTON. They have come before the committee and, in effect, perfected the bill; and when it shall become enacted into law, they are going to execute the projects. The only question to be determined by this amendment is in this period of emergency, when we can devote only a certain portion of the contemplated appropriation to carry out all these projects, is it not wise and proper that someone in authority should be selected—to do what? Not to select the projects that go into the bill, not to execute them, but to determine the order in which they shall be constructed. That is all this amendment means.

Mr. HAYDEN. It seems to me that it is but the part of common sense that what the Senator from Louisiana has suggested should be carried out.

Mr. FLETCHER. Mr. President, may I suggest that the bill includes something more than river and harbor improvements? It involves another question, namely, flood control, which has relation to erosion, conservation, and other matters which the Senator has not mentioned.

Mr. HAYDEN. Those are important factors which the Senate should consider.

This is the first time in the history of any Congress that legislation has been proposed to control floods on nonnavigable streams; this is the first time that there has been a distinct legislative recognition that the Federal Government has an obligation to perform in saving lives and property where commerce is not the essential element. In other words, Congress takes into consideration not only great streams which near their mouths are navigable but also consider their tributaries, because of a sound realization that the watersheds above are actually the source of the floods that do the damage farther down.

Having recognized a new principle, why not start out on that basis and proceed in the right way by getting all the properly considered and coordinated information that can be acquired and have it sent to Congress to be properly evaluated? I think it was wise to designate two executive departments—the Department of Agriculture and the Department of War—because those departments are the best-qualified agencies of the Government to make a fair and comprehensive study of a problem of this kind. But if in the circumstances of any case it is necessary to go outside either one of the two departments and get further information as to what should be done, should the Congress be denied access to all of the facts by not permitting the President to seek further information where he may see fit and to transmit his findings to the Senate and the House of Representatives? There must be unity of command in order to win the great battle against floods which menace the lives and the property of hundreds of thousands of the American people.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. CLARK. Would the Senator desire an amendment adopted to the present permanent Rivers and Harbors Act which would transfer that activity also from the Corps of Army Engineers and put it in the discretion of some board that the President may appoint, with or without authority of law?

Mr. HAYDEN. No.

Mr. CLARK. Certainly, the subject of flood control is much more vital and comes much nearer the daily lives of our citizens than does the matter of river and harbors, important as that is.

Mr. HAYDEN. That is just the reason why it is not necessary to adopt any new system with respect to rivers and harbors, because, after all, that work is a minor matter as compared to the broad problem of flood control.

Mr. CLARK. Of course, the whole proposal of the Senator from Arizona is entirely novel. It was not thought of by my distinguished friend from New York [Mr. COPELAND], the chairman of the committee, or by my distinguished friend from Louisiana [Mr. OVERTON], who has just spoken in favor of it, during the lengthy and extended consideration of this measure before the Senate Committee on Commerce. It was apparently never thought of until last Saturday morning at 11 o'clock, when the Senator from Arizona, my good friend, appeared and pulled out of his pocket a printed amendment which nobody on the committee had ever before seen.

Mr. HAYDEN. I beg the Senator's pardon. The amendment was not printed until after the chairman of the Committee on Commerce had had ample opportunity to examine it.

Mr. CLARK. I have no disposition to criticize the printing of the amendment. The point I desire to emphasize was that the bill had been reported out of the committee some 2 weeks before, and nobody had ever seen this new model scheme until the Senator from Arizona appeared with it last Saturday morning at 11 o'clock, and then and there it was suggested as a new panacea for all ills.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. CLARK. The Senator from Arizona has the floor. The amendment was reported out of the committee that morning on the statement of the Senator from Arizona.

Mr. ROBINSON. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield the floor.

Mr. ROBINSON. I will take the floor myself unless the Senator from Missouri wants it.

Mr. CLARK. I have no desire to occupy the floor. I shall be glad to have the Senator from Arkansas take it.

Mr. NORRIS. When other Senators are through with it, I will take it.

Mr. ROBINSON. Mr. President, I should like to reply to something the Senator from Missouri [Mr. CLARK] has just said. He will recall, I am sure, that early in the consideration of the bill I appeared before the committee and discussed certain features of the bill and certain amendments, and also in a general way the substance of the amendment which the Senator from Arizona [Mr. HAYDEN] has submitted.

I think it is fair to say that at my request the Senator from Arizona actively interested himself in the subject matter of an amendment which included not only the pending provision but a number of other amendments having relationship to the conservation of soil and of forests and the development of power. The subject was mentioned in a radiogram I received from the President and to which I made reference during the course of my remarks before the committee. Therefore, it is not a new proposition at all in the sense the Senator from Missouri inferred. It is a subject which has required some little time for collaboration and consideration.

On the point of the amendment immediately under consideration, the President after all is the Chief Executive of the Nation. As the Senator from Arizona [Mr. HAYDEN] and the Senator from Louisiana [Mr. OVERTON] have clearly pointed out, he has a large measure of responsibility. The officers constituting the Board of Engineers and the Chief of Engineers himself are subordinate. It has been our custom, where discretion is imposed in legislation, to vest that discretion in the President, in order that we might have the advantage of the services of all the subordinate departments, bureaus, and agencies which might be concerned in the carrying out of the legislation. We have not vested the Board of Engineers with discretion, as a rule, to determine the priority of projects. They have made surveys of all the projects in the bill and of a large number of projects which are not in the bill. There is no reason, in my judgment, that can be urged for vesting in a subordinate discretion as to priority.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. CLARK. On the same principle just enunciated by the Senator, there is no justification for entrusting $1,500,000,000 in the hands of the W. P. A. rather than in the hands of the President of the United States, is there? The head of the W. P. A. is a subordinate.

Mr. ROBINSON. What we actually do is to make the appropriation allotable at the discretion of the President. When we passed the $4,800,000,000 bill——

Mr. CLARK. But I am not speaking of that measure. I am speaking of the pending measure.

Mr. ROBINSON. We have not passed the relief measure as yet. As a matter of fact, it has not been reported by the Appropriations Committee.

When we passed the $4,800,000,000 appropriation, we did vest authority in the President. We did not vest it in the head of the Relief Administration or in the head of the Public Works Administration. I respectfully submit that it is sound policy, where discretion on large national matters is involved, to vest it in the Chief Executive rather than in a subordinate.

Mr. CLARK. Will the Senator adhere to that policy when the relief appropriation bill comes before the Senate?

Mr. ROBINSON. The Senator from Arkansas will not preclude himself as to future legislation.

Mr. CLARK. Will the Senator be kind enough to answer my question directly? Will the Senator from Arkansas be willing, assuming the Senate committee should adopt the policy of the House of Representatives as set forth in the measure, to follow that policy and vest the authority in the hands of the President of the United States rather than in the hands of the director of the W. P. A.?

Mr. ROBINSON. I have stated the general principle. I do not preclude myself from taking any action respecting future legislation that I believe to be helpful and just to the country. I see no reason for departing from the rule which we established last year when we passed the very large appropriation bill and gave the President the power to make allotments out of the appropriations thus made.

The Senator from Missouri, I assume, would not wish to bind me to vote in a particular way touching a bill which has not as yet been reported to the Senate, merely in an effort to embarrass me with respect to an argument he is otherwise unable to answer. When the bill comes before the Senate, I shall do what I think is right. My preference is to vest discretion as to the allotment of appropriations in the Chief Executive rather than in a subordinate.

Mr. CLARK. Mr. President, my distinguished and particular friend from Arkansas, the majority leader in this body, is trying today to pursue a policy in which he is very adept, that of holding with the hare and running with the hounds. In other words, he declines to state whether he believes the policy which he just enunciated with regard to flood control should be followed with regard to relief.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. CLARK. I shall be very glad to yield to the Senator. I shall accord him a courtesy which he did not accord to me. I shall not interrupt him while he is answering my question or asking his own.

Mr. ROBINSON. The Senator may interrupt me, of course. Does the Senator think that statement is borne out by the facts? The Senator endeavored to commit me as to how I would vote on a certain proposition when it came before the Senate. I stated as frankly and clearly as I am capable of doing that my purpose is to vest discretion in the Chief Executive rather than in a subordinate. I must ask the Senator not to undertake to have me swear that I am going to vote a particular way when a bill comes before the Senate.

Mr. CLARK. I have no desire on earth to embarrass my friend from Arkansas. He stated with great particularity and great force a general principle. Then, when I asked whether he would apply that general principle to the most important bill which will probably come before the Senate at this session of Congress, he began to quibble and say the bill had not been reported from the committee, intimated that he did not know what was in the House bill, and declined to be committed and said I was trying to embarrass him.

Mr. ROBINSON. Mr. President, will the Senator let me ask another question at that point?

Mr. CLARK. I am glad to yield to the Senator from Arkansas.

Mr. ROBINSON. The Senator from Missouri does recognize then, as to the bill to which he last referred, the relief-appropriation bill, the principle which I announced in connection with the flood-control bill, namely, that the discretion ought to be vested, if vested at all, not in an inferior officer, but in the Chief Executive; so the Senator is blowing hot and cold on the proposition. I announced the general principle and my readiness to adhere to it, and now he announces a general principle as to one bill and seeks to repudiate it as to the bill now pending before the Senate.

Mr. CLARK. I recognize no such things. As a matter of fact——

Mr. ROBINSON. Mr. President, will the Senator yield to a further question?

Mr. CLARK. I shall be glad to answer the Senator's questions one at a time. I should like to answer the question already propounded before he asks another one. However, I yield.

Mr. ROBINSON. The Senator can answer both questions at the same time. Does not the Senator think he has disclosed a considerable talent for "adeptness" touching the proposition pertaining to legislation?

Mr. CLARK. The proposition is very simple. The question of whether Congress in granting lump-sum appropriations of a purely emergency character, ostensibly for relief,

is one proposition. The question of granting appropriations for public works for the purpose of preventing such recurrent scourges as the destructive floods which have taken place in this country is an entirely different one. A lump-sum appropriation this year is a proposition which I very much deplore, because I had hoped that after 3 years of lump-sum emergency appropriations the time might have come when appropriations such as are necessary for relief and other public works might be handled on an ordinary budgetary basis; but if there is to be a lump-sum appropriation made this year, as I am certain there is to be, then I assert that discretion should be in the hands of the President and not of any subordinate temporary official. The officials either by statutory appointment or designation who handle these matters have been temporary officials. On the other hand, I assert that such matters as flood control or the improvement of rivers and harbors, whether of an immediate character or an ultimate character, are of such permanent importance to the United States that they should be handled on a permanently established system and not left to the discretion of the President or anybody else.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. CLARK. I shall be glad to yield to the Senator from Arkansas.

Mr. ROBINSON. The Senator, as I understand him, justifies his support of vesting discretion in the President as to relief on the ground that it involves questions of emergency.

Mr. CLARK. As the Senator well knows, the relief situation is an extraordinary one. The appropriation for it is not carried in the ordinary Budget, to which the President is about to confine us in the matter of flood control but is carried outside the ordinary Budget on the old principle of the fellow who said, "Well, we will take another little drink and not count it." [Laughter.]

Mr. ROBINSON. Does not the Senator recognize the fact that this amendment relates exclusively to the subject matter of emergency? The Senator would vest discretion in the Executive because an emergency is involved with respect to relief, and deny it to the Chief Executive because an emergency is involved with respect to certain projects relating to flood control.

Mr. CLARK. Of course, I decline to let the Senator from Arkansas put in my mouth words which I did not use. The test of the situation is whether we are going to sign blank checks, to grant lump-sum appropriations, as is being done in the case of the $1,500,000,000, as was done in the case of the $4,800,000,000, and before that with the $3,300,000,000, or whether Congress is going to specify the objects for which the money shall be spent, and set up definite rules for preference and priority in its expenditure. That is the whole question.

As I say, I very deeply deplore the fact that we are again called on to make a lump-sum appropriation of $1,500,000,000. I had hoped that after 3 years of that sort of expenditure the time might have passed when it would be necessary; that the time might have arrived when the President and his various agencies, especially the Bureau of the Budget, would be able to estimate for what the expenditures should be made. But that is a very different and essentially divergent proposition from that of saying that Congress will authorize the appropriation of three hundred and so many million dollars for vitally needed flood-control projects, that we will pledge ourselves in advance not to appropriate more than $50,000,000, and that we will leave in the hands of the President the determination of the expenditure of the $50,000,000.

Before taking my seat I desire to say further than I am totally opposed to the limitation of $50,000,000 for flood control contained in the subsequent part of this amendment. I say that at a time when the United States Government has spent more than a million dollars for building a village up in Maine for housing the employees of a chimerical power project, when the cost of the residences built at Government expense for the executives of that project averages more than $18,000 per house, I am totally unwilling to limit to $50,000,000 the expenditure in behalf of measures which would save more in 1 year than the total expenditures authorized under the act.

Mr. President, I represent a constituency in which a very large section in my State has floods every year, not only every year but two or three times every year, in which the annual loss is more than the whole expenditure authorized in this bill for its protection. I have great sympathy with the Senator from Pennsylvania [Mr. GUFFEY] in the unprecedented flood that happened in his State this year. I know that there was greater losses in the Ohio Valley, particularly around Pittsburgh, this year of our Lord 1936, than the entire cost of the improvements necessary to prevent such floods in the future would have been. I know that there are many other situations in this country in which the expenditure of a certain amount now would save, not in perpetuity, not in accumulation, but every year, or every year in which there is a flood, the total amount of the expenditure necessary to prevent such floods. I am not willing to vote to put a limitation of $50,000,000 on a needed and meritorious measure in order to have more money to spend on such projects as the Passamaquoddy power development, the Florida canal, or any other such boondoggling project. We could not possibly justify such a proposition to our constituents.

Mr. SHIPSTEAD. Mr. President, I think there is merit in the contention of both sides regarding this amendment. When the question of flood control is coupled up with the question of conservation of soil and the prevention of erosion, we have other factors entering into the problem in addition to the matters which the engineers have heretofore handled, namely, rivers and harbors and navigation.

The question of flood control as it affects the question of soil conservation, I think, is as important as the question of flood control as it affects damage to property. It is a question in my mind whether more damage to property has not been done by lack of control of erosion than has been done by floods. I am convinced that the lack of the kind of flood control that would have protected the soil from erosion has been the cause of as many floods and of as much damage to property as has been recorded in the history of the country.

I think there is something radically wrong with our policy of flood control, because it has been a policy which has attempted, not to prevent floods but to take care of the flood waters after the flood had started. So far as I know, nothing has been done in the policy of this Government to prevent floods.

If this authority is retained in the hands of the Army Engineers, there arises in my mind the question whether or not the Army Engineers should have anything to do with the matter of soil erosion, with the protection or conservation of the soil as it is tied in with flood control as heretofore handled by the Army Engineers. A question of agricultural lands is involved here. A question of forestry is involved. Questions are involved of the control of erosion, with which I cannot see that the Army Engineers have anything to do.

I wish to pay my respects to the Army Engineers as constructors of river and harbor projects. I should not wish to see the control of navigation taken out of their hands under any circumstances. I should not wish to see anyone else have anything to do with that, because the Army Engineers have done it efficiently.

Early in the session I made a remark on the floor of the Senate—at least, the RECORD so shows—which, if I made it, I desire to retract. The RECORD shows that I had expressed disappointment in the accuracy of the estimates of cost by the Army Engineers. If I made that statement, it was made inadvertently. I think the subject came up as I appeared on the floor of the Senate and made a short statement, and there came to my mind the fact that in the past 3 years the cost of public works had so greatly increased over the estimates made in 1928 and 1929. The estimates made under

the high prices of 1928 and 1929 had been very much increased in the past 3 years, and I rose to protest about that; but I do not blame the Army Engineers for that, because they could not control the cost of material, and under the monopolistic price fixing of steel and cement in the basic industries they could not control the price of material.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Minnesota yield to the Senator from Missouri?

Mr. SHIPSTEAD. Yes; I yield.

Mr. CLARK. As a matter of fact, in connection with the consideration of the estimates of the Army Engineers, the Senator, of course, takes into consideration the fact that Congress itself, by its affirmative act in agreeing to certain N. R. A. codes, had unreasonably boosted the price of some of those commodities.

Mr. SHIPSTEAD. I am aware of that.

It seems to me that so far as soil erosion is concerned and the control of flood waters on the tributaries, which is so intimately connected with the work of conservation of the soil, the Department of Agriculture should have something to do with it.

The Senator from Missouri pointed out that the President is at the head of all the departments and is Commander in Chief of the Army. He appoints the Secretary of Agriculture; he appoints all the heads of the various executive departments of the Government; and it seems to me that he should and he can call upon all of them for information.

A policy is now enunciated by the Congress for the first time, and when it comes to determining a policy I am of the opinion that Congress should always enunciate it, promulgate it, and enact laws to carry it out.

Mr. KING. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. KING. Does the Senator think he is quite accurate in that statement? I refer the Senator to the action of Congress in 1917 and 1918, when a bill was drawn and fathered by Senator Newlands, a great statesman, who had devoted perhaps more attention to the consideration of flood control and protection of the country against floods than any other man in public life. He offered a measure, which was passed, as I recall, creating a commission for the purpose of taking control of rivers and harbors and the building of reservoirs, the development of reclamation projects, and so forth, and put the whole matter in the hands of the commission.

We did not function under that—I have forgotten why—but, as I recall, the law was passed. I talked with President Wilson with regard to it, and he was very much in favor of a policy which would make for the conservation of our natural resources, and particularly a policy which would prevent floods.

As I recall, when that bill was being discussed in the House of Representatives, and likewise in the Senate, a great deal of attention was devoted to the discussion of the headwaters of the Missouri and the Mississippi and the other important streams of the United States, and the importance of reforestation in the prevention of soil erosion. So that the whole scheme was developed in that bill, and envisioned in the policy of President Wilson.

Mr. SHIPSTEAD. Mr. President, that policy may have been the correct one, but it was approved by Congress. I wanted to point out to the Senate in as short a statement as possible the importance of the new policy which is now tied up with the question of flood control.

I do not know how many Members of the Senate have seen these charts on the wall. I merely desire to show the enormity of the losses which have been due to erosion, and what is going on now in the destruction of the foundation of every asset we have in the United States.

On the first chart is indicated the soil of the United States as it was found in 1492, when Columbus came to our shores. Each one of the blocks on this chart represents 135,000,000 acres. The soil was created through untold centuries by nature and was protected by the normal growth of grasses and timber, and there was not any erosion. Out of that soil has come all the wealth that has sustained the population and the industries of the United States, with the exception of what was produced in the mines and the sea.

Out of that soil have come the crops which have resulted in our billions of dollars of balance of trade, out of which we have made payments to the banking houses in foreign countries and also in this country, but particularly in foreign countries, in settlement of the debts we owed for the development of the country, the development of railroads and buildings, and all kinds of investments that were made here.

Our only new crop of wealth each year comes out of this soil. When that soil is gone this country will go. When this soil is gone and cannot produce the food to sustain the population of the country and maintain the population working in industry the country will be gone. Out of this soil comes the original wealth each year to pay the gradually increasing indebtedness of this country; and when this soil is gone, this country is going, too, and this soil is going, and a great deal of it has already gone.

This chart is based upon an investigation by the National Resources Board, and it shows the extent in 1935 to which the soil was eroded and destroyed and was passing away, what is threatened, and how much is left. Senators will see that less than half of the soil is left unimpaired.

A hundred million acres have already been destroyed beyond the possibility of rehabilitation, and that hundred million acres would cover a territory as large as Illinois, Ohio, Maryland, and North Carolina together. That is beyond rehabilitation.

Another 125,000,000 acres are going, and another 100,000,000 acres of the best farm lands in the United States are very seriously threatened.

It is estimated that on account of lack of proper flood control, such as that proposed in the pending bill, 400,000,000 tons of soil a year are washed from the various tributaries of the Mississippi and the banks of the Mississippi into the Gulf of Mexico. During one dust storm one day of 1934 those who were here will remember the clouds of dust were so great that we had to light the lights in the daytime, and it was estimated that 300,000,000 tons of soil from the grain fields of the Middle West moved at that time.

This soil has been destroyed in several ways and by several agencies. Some of it is washed out by water, some of it is moved back and forth by wind, and that only happens when the soil is so dry that the wind can carry it away. Whenever there is plenty of moisture, or enough to keep the soil surcharged with moisture, dust storms do not occur.

There is another way in which the soil is destroyed, and I have here a very crude illustration to demonstrate it. We have here a chart showing the state of nature where there are grasses and forests to protect and hold the topsoil. The roots of the grass and the trees help to hold the soil in place, and the debris of leaves and twigs, which finally decay and create the humus that is so important, holds the water so that it gradually seeps down slowly into the runway. When that humus is destroyed there is a condition such as that portrayed here. When there is cultivation the topsoil gradually washes away and fills the channel, and here we have the other picture.

This is not the ultimate, the conclusion, because after that comes another stage, when land is destroyed by other methods than those already described.

If there had been no river, if this chart showed a valley here without a river, the topsoil would have been washed down into the valley. Some people think that valley lands are valuable because the topsoil comes from the hillsides down into the valley and makes the soil heavy.

Let us see what happens when that process continues. Suppose there were all this soil, as shown on this chart, and it had not been carried away by the water, but was in a line about like that shown here. The volume of erosion would

continue and the subsoil of yellow clay or blue clay would continue to wash down and bury the good soil; there would be subsoil on top of everything, and it would be impossible to raise anything, and nothing would rehabilitate that piece of ground. Much of the good soil in this country is buried by the erosion of the soil, and unless an efficient and comprehensive policy is carried out the chances are, if we permit the present conditions to continue and the present program to continue, that this soil will be entirely carried away in time, and then as a nation we will be through. When the topsoil is gone there is only one thing that remains, and that is the subsoil, and then there is a desert.

The Valley of the Euphrates in Mesopotamia was at one time the most fertile valley in the world. Now it is a desert. The same is true, as has been stated by those who have examined into the archeological history, of the Gobi Desert and the Sahara Desert. Instead of those being deserts in bygone days they were very fertile, and if we are to conserve the foundation upon which all the assets of this country are based, it is necessary to carry out the kind of a program proposed.

I now exhibit a chart to illustrate the comparative productivity of the soil as erosion continues. Where no erosion occurs the productivity is shown. Where partial erosion has taken place, productivity decreases to the point shown. Where there is very little topsoil left, productivity is very small.

This illustration is based upon reports from 10 agricultural experimental colleges in various parts of the country.

On the chart each ear of corn represents 5 bushels of corn. Where there is no erosion the production is 35 bushels to the acre, as indicated by the seven ears of corn. Where the soil is half gone the production is 15 bushels to the acre. So Senators can see what great capacity for production of wealth is being gradually washed away by the waters as the result of lack of a program to conserve the greatest asset we have. We can spend untold millions upon fertilizing the soil of this country in order to make three blades of grass grow where only one grew before, but it does not make any difference how much fertilizer is put on soil of the character shown in the second and third sections of the chart, or how much money is spent upon it. When the topsoil is gone, the soil which it has taken centuries to produce, and when the humus is gone, then there are lacking those conditions which will make crops.

I read a scientific article a short time ago. I do not pretend to be an expert and able to discuss the article. The Senator from New York [Mr. COPELAND] is here and may have read the article or heard of it. The article said that many diseases are due to the absence of minerals in food. After investigation by responsible scientists who have examined into the subject the statement was made that the soil has been so deprived, by constant cropping, of the minerals which nature has put into the soil for the food of the people that the soil no longer contains the necessary minerals to sustain the human body and, therefore, we now have many diseases which were not known in pioneer days, when the soil was virgin and produced the elements in the food necessary for the sustenance of human life, those vitamins and minerals which are necessary to human sustenance. Those elements are no longer produced and there is danger to our people in that respect also.

History in every country shows that wherever the topsoil is lost the vegetation is lost, and there are lost the elements necessary for sustenance of human life; that rainfall is lost, and as a result the land becomes desert.

I now desire to show Senators a chart prepared at my request as a result of investigation made by the National Resources Board. The chart shows the comparative progress of loss and of soil destruction by different kinds of cultivation. The first illustration shows the normal condition of grass. Erosion in that case is negligible. The growing of wheat does not cause much erosion. Each cartload on the graph represents 10 tons of soil eroded per acre. This chart is also based upon investigation made by 10 agricultural stations in 10 different parts of the United States. I make that statement so Senators may estimate the accuracy of the chart.

The figures are not mine. Each cartload represents 10 tons of soil eroded per acre. The estimate is made that in the average State where there is cultivation of wheat there will be lost of the topsoil each year 10 tons per acre if nothing is done to prevent the continuation of the process of erosion. The production of corn wastes four times as much soil. When we come to fallow ground which is plowed, and upon which there is no crop at all, Senators will see that the amount of erosion increases.

Mr. COPELAND. The wind carries some soil away.

Mr. SHIPSTEAD. The wind carries some away as well as water.

I have other charts to show Senators, but before I show them I wish to exhibit a chart which was prepared 3 years ago. I requested the National Resources Board to make some investigation as to the cause of prolonged periods of drought in the interior of the country.

In combination with the Weather Bureau and some other departments of the Government—I do not remember how many departments joined in that survey—a study was made to determine if possible what effect soil erosion had upon rainfall and what effect deforestation of the land or the draining of land had upon rainfall.

In northern Minnesota, as in many places, we drained the swamps and the muskegs. We denuded the forests. Those swamps and muskegs were millions of acres in extent. In those swamps the moss would be very thick. The condition was such that one could hardly wallow through them. Snow would lie in the forests of Minnesota until the middle of May or the first of June, but when the forests were cut and the swamps and muskegs were drained the first showers in the spring would melt the snows and the water would run into the ditches instead of going into the muskegs and being absorbed in the moss as it did before we did that ditching and drainage. In those days there would not be the heavy floods we now have in the spring. There was then a natural storage of water which the white man in his greed to get more land to cultivate has destroyed. We have destroyed that natural storage by which to keep the water back and to keep the floods from doing great damage. We had a natural storage there which kept a year's supply of moisture, even though only light rainfalls occurred. The lakes and the creeks would have their supply from the trickling of the water through the swamps and from the snows which melted in the forests, and we always had an adequate supply of water.

Now the water is shot out into the Mississippi River, and as quickly as it can flow to the Gulf of Mexico it is shot out of the country and treated as a public enemy instead of as a great national asset.

As a result, we have had in the last 25 years a gradual reduction in the rainfall in the Mississippi Valley. For that reason I asked the commission in question to make a study to see if possible whether our system of flood control could have caused this lack of rain and lack of water supply. As a result, they made the chart I now show Senators, showing where our water supply comes from, and what becomes of that water supply.

On the chart it is shown here as coming from various sources. It comes from the rivers and the ocean and the lakes, as will be seen. Through evaporation it comes over the interior of the Mississippi Valley and falls in the form of rain. It is interesting to see where the commission has found how much goes to the ground and runs away in the run-off, carrying soil with it into the rivers and the lakes and the ocean, how much again evaporates and does not run away, how much can be restored to the soil, and how much goes into the ground storage which furnishes the supply to the lakes and the creeks, and partly joins in the final run-off. In the first illustration in the chart we have the supply in the clouds. We have it from the lakes, the rivers, and the ocean. That is the first source of supply. Then it goes out in the form of rain. Some of it goes on the grass

and in the trees. Again, instead of falling to the ground, it evaporates. A good deal of it, how much we do not know, evaporates in the process of falling and returns to the clouds. That does not touch the ground at all. Then another part of the rainfall soaks into the ground through the leaves.

If there are leaves and brush and roots of grass and trees, the flow-off will be checked, and the water is permitted to saturate the soil. Some goes back into the trees, and other parts of it goes to the roots of the trees and out through the tops and is again evaporated. That which is not saturated in the soil, which is not picked up and held by the soil in storage, is infiltrated into the subsoil and goes to the ground-water storage and into the discharge to be again run off, most of it, to the surface and in the rivers. It is estimated that if there be a normal storage under conditions of that kind, which preserves a state of nature, of natural storage—that is, the muskegs, the forests, the pot holes, swamps, the lakes, and the rivers—that under normal conditions in that part of the country the rain, coming in from the sea in the first place in the form of clouds, should drop and evaporate and drop again five times before finally it runs out. So if that is correct, it may to some extent be the explanation for the great areas of drought that we have in the interior part of the country.

Before this survey was taken the State of Minnesota decided, at public expense, to fill the ditches that had been dug in northern Minnesota in order to drain its swamps and its muskegs. It decided to fill them up and return the land to the fish, the muskrat, and the beaver. That, of course, will be incidental, but mainly for the purpose of storing the natural flow of water and holding it back until it can fulfill the function that nature intended it should.

Under our system of flood control it seems to me we have carried on a policy that is the same as though a man who found his kitchen floor flooded with water should make culverts and ditches to carry it away instead of going to the sink, shutting off the faucet, and holding it back until he needed it, until he could use it. So, as the result of that policy, we have found that our lakes have gone down, our rivers have dried up. Take, for instance, the Rum River in Minnesota, which used to carry log drives and on which steamboats used to run. Two years ago one could not paddle a birch-bark canoe or any other kind of a boat on the Rum River.

As an illustration of what the natural storage will do, let me say that on the farm on which I live there is a lake about 3 miles long and 2 miles across. It is the headwater of a long chain of lakes which finally supply water for the Chippewa River. With the coming of the drought the water level dropped until many of the lakes disappeared, but as for the lake in front of my house, one would not notice there had been a drought by looking at the water. Becoming curious about that, I had a geologist examine it in the effort to explain why that lake should remain filled when the water in all the other lakes had either half disappeared or was disappearing. He solved it very quickly. He found there was a tamarack swamp on the north shore of the lake that extended back in broken patches for a distance of 50 miles. I walked through a part of it myself; in many places the moss is that thick [indicating], and it does not make any difference how dry the summer is, one always will get his feet wet walking there, because there is no evaporation. There is a certain thickness on top that is dry, but underneath it is soggy with water. That swamp has fed that lake and kept it at practically the same level throughout the whole dry period we have experienced during the last 4 or 5 years. I think that, as an illustration, bears out the general thesis.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. WALSH. When I traveled through the Senator's State last summer I was very much impressed with the large number of lakes, the level of which had very substantially dropped. I should like to inquire whether that condition is of recent origin, or has the reduction in the level of these lakes gone on for a long period?

Mr. SHIPSTEAD. It has proceeded slowly but progressively faster. It has been going on for some years.

Mr. WALSH. But to a greater extent recently?

Mr. SHIPSTEAD. Yes; it has proceeded more rapidly during the last few years.

Mr. WALSH. Some lakes which were once used as pleasure resorts, and on the shores of which people built cottages and institutions were located, have practically passed out of sight.

Mr. SHIPSTEAD. That is true. That process has been going on for the past, I should say, 30 or 35 years, since drainage, deforestation, and cultivation became so intense.

Mr. WALSH. Has not the Senator's State given that problem a good deal of attention?

Mr. SHIPSTEAD. We have done so for several years. We are filling in the muskeg and the ditches and are trying to reverse the policy of drainage that was first sponsored and very energetically pursued in the effort to get rid of the water, to get the water out of the country so that the farmers could plow up the soil and raise crops. However, when they got rid of the water they found they did not raise such good crops.

Mr. WALSH. Is the Senator of the opinion that the cultivation of the soil is, in large part, responsible for the dropping of the water level in these lakes?

Mr. SHIPSTEAD. I think it is due to drainage, to deforestation, and to destruction of the natural reservoirs which Nature provided in lakes and sloughs and swamps and muskegs and forests. Take, for instance, the fact that the forests were denuded. The lumber companies would leave the slashings, which would become dry and constitute a fire hazard. They would burn, and in turn burn whatever topsoil there was, so that nothing would grow. Then there was nothing left to hold the water, and, as a consequence, erosion took place. The natural water storage has to a large extent been destroyed by the advancement of civilization. Every farmer who had a pot hole, every neighborhood that had what is called a slough, every community which might have a lake, thought that if they could drain that lake and get the water into the Mississippi—get rid of it, send it down to New Orleans—the farms would be improved. There was a period of several years when all a man who wanted to drain the swamps for 30 or 40 or 50 or 60 miles had to do was to go to a district judge and get an order, and the farmers would be helpless. On the farm which my brother occupied, a drainage ditch cost him some $2,000, and he told me many times since he would have been very much better off if he had given them $5,000 to let him alone, let him keep in their natural condition the land and meadows that he had before the ditch was dug. As a matter of fact, it practically ruined the farm. That is the history of drainage throughout Minnesota.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. CLARK. Just along that line, there is one situation with which I am very familiar which is possibly the most acute flood-control situation in the United States. I refer to the St. Francis River, which parallels the Mississippi about 50 miles away for nearly 300 miles of longitude. Because of the drainage of water from the swamps and catch basins for agricultural purposes, which turned out not to be worth anything for agricultural purposes after being drained——

Mr. SHIPSTEAD. That is the usual case.

Mr. CLARK. The Army Engineers figure, I think, and certainly the other engineers figure, that the floods now go down in twice as great volume and three times as often as they did before the drainage of those catch basins, affecting seriously the agricultural possibilities of the whole region, but creating an intolerable condition for the rich productive agricultural lands of the lower St. Francis Basin.

Mr. SHIPSTEAD. If we can inaugurate a system or policy under the program established by this bill to hold back the waters and prolong the run-off over the summer instead of shooting that water down in the month of April into the Ohio Valley, the Tennessee Valley, the Missouri Valley, and in fact the entire Mississippi Valley, conditions will be vastly

improved. As it is the water is shot down to the lower Mississippi and nature cannot take care of it. I do not care how much money may be spent by the Federal Government for levees, in my opinion not enough money can be spent to take care of the floodwater if the policy we have followed shall be continued.

Mr. FLETCHER. May I inquire of the Senator with reference to the region of which he has been speaking, were the floods experienced there before the drainage took place, before the deforestation and the forest fires? I think fires have had a great deal to do with the situation, but before they occurred did the State suffer from floods?

Mr. SHIPSTEAD. I have lived there for 55 years. I had a meadow that used to be flooded to some extent in the spring, but the flood did no damage. I remember very well, though, that from the hillsides the soil would come down into the valley which left the tops of the hills bare of topsoil and ruined the hillsides.

Mr. President, an inquiry was made a while ago as to how long the water level had continued to fall in the section of the country to which I am referring. I do not know whether it is typical of the entire country, but for that section it is typical. Here [indicating] is a survey made to determine the drop of the water level. That line [indicating on chart], representing the top of the ground storage, is called the "water level." This chart deals with the western half of Minnesota and the eastern half of North Dakota, known as the Red River Valley, which is the most fertile valley in the world, with the possible exception of the Nile Valley. In former times the valley of this river was a lake bed. The land was rich, as it naturally would be, having formerly been a lake bed, and the topsoil was very heavy, but the land was very low, and if there was a heavy rain during the summer, much of the crop would be destroyed. So a very extensive system of drainage was inaugurated about, I should say, 35 or 40 years ago. Everybody wanted to get rid of the water. It was considered an enemy. Get it out of the country! Here [indicating] is shown the division of the flow of the water. From the south there is the Minnesota River running south and the Red River of the North running north.

The National Resources Board, at my request, made a survey to determine if there was any comparison or connection between the drop of the water level and the diminution in rainfall over a period of years. They learned there has been a great reduction in the water level; it has gradually gone down to the point where people have to lower their wells from time to time, going deeper and deeper, in order to get water for the stock and to supply their houses. In some places that normal water level has dropped as much as 30 feet from the former level, showing a gradual drainage, a gradual loss of the normal water storage in the soil, the supply, whatever did not run off, coming from the soil. On account of the drainage and the destruction of normal conditions causing a retardation of the flow, enough water could not come through the soil, but it ran off because of drainage ditches, and it could not come down. There was nothing on the surface to hold it; there were ditches to drain it off, so it did not penetrate or infiltrate the soil and form the natural ground storage of water. So last summer and the summer before, people had in some places to transport water; it was even sold for drinking purposes at so much a glass. The study is still continuing, but I thought their findings were so fair and so satisfactory that they were worth being called to the attention of the Senate and those Senators who have not seen it.

Here is a question of policy to be pursued. As I said, how far should this policy continue?

On the wall I have placed a map of the United States. The red dots show where the W. P. A., the P. W. A., and the E. R. A. conducted certain works for control of water on tributaries with the idea and view of conserving the soil. However, I am informed these projects were undertaken not where they were the most necessary, but where there was the most unemployment, not where they would be most effective, but wherever labor could be furnished at the capital cost figure which had been fixed by Mr. Hopkins. I think we should bear in mind that it was done especially for the purpose of giving employment, and the direct aim was not at all a comprehensive program of soil conservation to prevent erosion and to control floods.

I cannot anticipate that this kind of program will continue. There should be a comprehensive program, with a well-directed force at the head of it, for the entire country. Of course, it might be handled by various organizations and by the various States. Whether it should be under the Department of Agriculture, the Bureau of Forestry, or the Board of Engineers, I find it very difficult for me to decide. So far as flood control in the lower valley and the rivers and harbors, and control of navigation are concerned, I do not think it should by any means be taken out of the hands of the Board of Army Engineers.

Mr. President, I do not know that I have anything further to submit to the Senate at this time, except to say that I think the policy is intended to be a permanent policy, no matter in whose charge we place the responsibility. There is danger in putting it in the hands of the President, and that does not mean any reflection on the man who now occupies that office. Presidents come and go, but if we are to save the topsoil of the country and control the floods, we must have a permanent policy. Certainly it is of enough importance to be worthy of the most careful consideration by Congress when we come to determine who shall carry out the policy inaugurated in the bill.

I hope the bill will pass. I voted against the flood-control bill last year because I considered it was a "pork barrel" measure. I am not enough of an expert to determine whether the works on the lower Mississippi and the various rivers which have been sponsored by the Board of Army Engineers are effective or not, but the soil-erosion policy which is inaugurated here and the control of flood waters on tributaries in the great basins of the rivers of the country, I think, contemplate a policy which should have been adopted a century ago.

Mr. COPELAND. Mr. President, I desire to thank the Senator from Minnesota [Mr. SHIPSTEAD]. I think he has made one of the most illuminating and useful contributions to the knowledge of the Senate that I have listened to since I have been here. I think a notable addition to the valuable resources of the country was made in his presentation of the matter today.

Mr. DAVIS. Mr. President, I have listened with a great deal of interest to the remarks of the distinguished senior Senator from Minnesota [Mr. SHIPSTEAD.] Much that he has stated has been our experience in Pennsylvania.

Mr. President, I believe flood-protection projects should be accepted as a Federal responsibility. Those who assert that half of the burden should be carried by local agencies do not specify how these agencies can meet the responsibility. Take Pittsburgh as an example. While we have a few rich corporations and some handsome business buildings there, a general tax on all of the property owners of the city would work a tremendous hardship on the many without assessing the proportionate share of responsibility on those best able to sustain it.

Plans for local cooperation will further delay this necessary program, which should be started at once. The years may move on again without anything tangible accomplished, and each year may witness additional flood loss. The Federal Government, through its power to tax, can best meet this need and distribute the responsibility with greater equity than could be achieved through dependence on local agencies. The local units of government should play their part in administrative responsibility, but the machinery of tax collection requires the authority of the Central Government.

For these reasons, I shall support the amendment offered by the distinguished junior Senator from Mississippi [Mr. BILBO], although I had intended to offer an amendment of similar import.

Mr. President, the appropriation for flood-control projects in Pennsylvania is much less than our need for aid had led us to expect, and is conditioned in such a way as

to delay work at the present time, when work projects of a substantial nature are so greatly needed. I must confess I am disappointed that a larger sum to be used for a flood-protection program has not been designated in the tri-State valley area where the need is apparently the greatest.

In view of the relief appropriation legislation now pending in Congress, I am convinced that an allocation of the necessary sums for permanent flood-relief projects should be made a part of this appropriation and earmarked so that they would be available for administration by the Army Engineers. If such action is not now taken, I am confident the voters will make this an issue in the coming election, and will be justified in doing so. An administration which continues to seek appropriations for the Passamaquoddy moon-harnessing project and the Florida ship canal, over which there is divided opinion, when flood-control projects which have the unanimous endorsement of voters and taxpayers go begging, will be held strictly accountable on election day. Millions of dollars have been spent upon activities whose value is highly questionable, while the plans of Army Engineers for effective flood-control projects have been steadfastly ignored.

Mr. President, when these things can be said, and can be substantiated by documentary proofs which are matters of Government record, the ghastly fact is revealed that what happened along the raging rivers and their turbulent tributaries throughout the watersheds of Pennsylvania in March 1936 was not an unavoidable accident. It was, in reality, one of the worst instances of governmental neglect in American history, wherein a death toll of more than 200 men, women, and children was taken, and losses sustained, tangible and intangible, which in the aggregate will far exceed $500,000,000—all, or nearly all, of which could have been averted by the expenditures of but a small fraction of the sums which have been boondoggled away.

The Army Engineers in their official findings estimate that for a maximum construction cost of $35,175,700 plus an outside figure of $35,350,100 for land and damages—or an entire outlay of $70,525,800—every important community along the Susquehanna River and its tributaries and along the Allegheny and Monongahela Rivers and their tributaries—the two sections of the State where all the losses of life and property occurred—could have been put under the protection of completely planned flood control. These completed plans of the Army Engineers, dating back to 1932, include 9 reservoirs upon the principal tributaries of the Allegheny and Monongahela, including the Conemaugh, which almost destroyed Johnstown; and a system of levees and retarding dams to protect life and property in 19 cities and towns along the Susquehanna River and its tributaries. More than 80 percent of the total construction costs will go for the employment of labor, and of the balance only 5 percent will be necessary for administration, the remainder going for materials.

Mr. President, the report of the Pennsylvania Protective Union shows that in Pennsylvania there has been expended for relief purposes from September 1932 to April 1, 1936, a total of $742,794,490. This is 10 times the amount required to give Pennsylvania and a large part of the Nation adequate flood control. The Works Progress Administration alone, according to this report, has spent as much as the $70,000,000 requisite for this vital need of our people.

Mr. President, I am not unaware of the fact that before W. P. A. had been operating a month in Pennsylvania more than $5,000,000 had been allotted for this type of work—much of it wholly unnecessary, and a great deal of it indefensible waste. After the floods had wrought their havoc of death and destruction, Administrator Hopkins announced that he could immediately put 250,000 men into the work of repairing the damage. When General Hagood protested the waste of Federal funds in this way, he was made to feel the displeasure of the administration.

So far as Pennsylvania is concerned, the issue now uppermost in the minds of the people is sharply defined. The question arises whether the administration believes that the people of the heavily populated area of the industrial East will be content with gestures of flood relief at a time when permanent flood-control projects are ignored. The people of this area are thoroughly flood-control conscious, and will not be satisfied with flood-relief measures when all evidence points indisputably to the urgent need for flood control.

There is pressing need of getting these flood-relief projects under way as soon as possible. The annual loss through floods in western Pennsylvania and the upper Ohio, due to the fact that there has not been adequate flood control, makes it unwise to delay this matter further. The loss suffered in Pittsburgh alone this spring would exceed many times over the amount which is now being appropriated for flood control for the entire Nation.

The conservation of river water for industrial purposes is equally as important as flood control in western Pennsylvania. Some people have too much water and some not enough, and yet we are rapidly getting together on the question of proper distribution for the welfare of all. The Pymatuning Dam at Greenville, Pa., proved this spring that its broad surfaces could serve the double purpose of holding back the water in floodtime and distributing it according to need in other seasons. This dam almost paid for itself in a single season through the protection it offered this spring. I deeply regret that an auxiliary dam has not been provided above Sharpsville. I trust that next year the recommendations of the Army Engineers will include this worthy project.

Mr. President, I wish to emphasize the benefit which will extend to far-reaching adjacent areas through flood-control reservoirs and levees on the upper Ohio and its tributaries. I believe it is the consensus of opinion that this is a strategic point of great need not only at which to combat local flood conditions but also to interpose flood protection for large areas to the south. Although we have now become flood-conscious as a nation, due to recent catastrophes, we should realize that the average loss year by year is greater than will be met by the appropriation this year for flood-control projects for the Nation as a whole. Moreover, the appropriations now made will not be entirely spent within a year, but will be made to extend over a considerable period of time. We cannot afford to continue to suffer this average annual flood loss.

I am confident that a study of the reports of the Army Engineers, together with studies prepared by the Mississippi Valley Committee of the Public Work Administration and the Water Planning Commission of the National Resources Board and the Flood Commission of Pittsburgh, will show that there is indisputable need for flood-control projects, reservoirs, and levees on the upper Ohio, the Monongahela, the Allegheny, and the Susquehanna Rivers. These are outstanding needs, and there is no longer sufficient reason for delaying protective measures for this densely populated section of the Nation.

Mr. President, I ask that the statement made by me before the Senate Commerce Committee on this subject on March 25 be inserted in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. POPE in the chair). Without objection, it is so ordered.

The statement is as follows:

In addition to these reservoirs I wish to join with my colleague in asking immediate consideration of Senate bill 4331, calling for appropriations for the construction of levees on the Susquehanna River at a number of places, including Harrisburg, York, Williamsport, Lock Haven, Plymouth, Wilkes-Barre, and other cities where levees are greatly needed. Their location and cost are specified in the bill.

The Pittsburgh Flood Commission has estimated that tangible benefits more than exceed dollar for dollar the cost of construction and that, if intangible benefits are included, the social and economic returns are double the cost of this construction. To this should be added the necessity of giving employment to thousands of workers living in this area. If the work is to be accomplished at a maximum of efficiency, standard rates of wages should be paid. This is a point which is very important in the face of our present need to build up purchasing power in the hands of the workers.

It is unthinkable that in the face of these conditions Congress should refuse to take adequate measures for the protection of the life and property of our citizens. Construction of reservoirs and levees have proven to be successful in coping with these problems. The only alternative to flood control as suggested would

be for the Government to buy up the land adjoining the uncontrolled rivers, move the present residents to higher land, and abandon the flood areas to the mercy of the angry waters. If this method is adopted, it will prove far more costly than to follow the dictates of science and common sense and build the needed reservoirs and levees.

I can think of no better use which the Government can make of taxpayers' money than to use it in the construction of permanent flood-control projects, which assure flood protection to the entire Nation and promise to provide work for thousands of the unemployed at standard rates of wages when they are so desperately in need of work.

Mr. RUSSELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Keyes	Pittman
Ashurst	Copeland	King	Pope
Bachman	Couzens	La Follette	Robinson
Bailey	Davis	Lewis	Russell
Barbour	Dieterich	Logan	Schwellenbach
Barkley	Donahey	Lonergan	Sheppard
Benson	Fletcher	Long	Shipstead
Bilbo	Frazier	McAdoo	Smith
Black	George	McGill	Steiwer
Bone	Gerry	McNary	Thomas, Okla.
Borah	Gibson	Maloney	Townsend
Brown	Glass	Metcalf	Truman
Bulkley	Guffey	Moore	Vandenberg
Bulow	Hale	Murphy	Van Nuys
Burke	Harrison	Murray	Wagner
Byrd	Hastings	Neely	Walsh
Capper	Hatch	Norris	Wheeler
Caraway	Hayden	Nye	White
Chavez	Holt	O'Mahoney	
Clark	Johnson	Overton	

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. COPELAND. Mr. President, it seems to me that if we had needed any argument in favor of this amendment, the speech made by the Senator from Minnesota [Mr. SHIPSTEAD] would be ample reason to leave the priority to the President.

There is not in this body any warmer friend of the Army Engineers than am I; but we have in this bill, if we include soil erosion and the examination of the various affairs related to flood control, a greater problem than flood control alone. It becomes a problem which ought to be dealt with comprehensively and in all its parts. Therefore, I hope the amendment suggested by the Senator from Missouri [Mr. CLARK] will fail.

Mr. CLARK. Mr. President, I do not desire to detain the Senate before a vote; but let me say that the proposal embodied in the comprehensive amendment offered by the Senator from Arizona [Mr. HAYDEN] to the flood-control bill amounts to the same thing as if a man should come along and see a house burning down, and say, "Well, I will retire and get up a comprehensive scheme for preventing fires in the future. Of course your house may have to burn down; but after I have taken the matter under consideration I shall be prepared, in a year or 5 years or 10 years, to bring in a scheme for preventing such fires in the future."

Mr. President, the object of a flood-control bill is to take care of a situation where floods constantly and persistently recur. To divert the authority for determining priority away from the Army Engineers, who have had years of experience with it, to a new and unknown and untried board for the purpose of setting up a coordination with soil erosion and reforestation, objectives with which I am very much in sympathy, is simply to postpone action on an emergency matter, a known flood situation, and relegate it to the limbo of an ultimate report from some unknown committee.

I believe if we are to have any justification for the bill at all that the determination of priority should be in the hands of the body which has always been familiar with that situation rather than with an unknown body. I particularly warn my friends on this floor from sections of the country where there is a permanent flood menace against the adoption of an amendment which, it is my prediction, will mean the expenditure of the $50,000,000 actually authorized in the bill only in the Susquehanna Valley in New York and in Pennsylvania.

Mr. NORRIS. Mr. President, I desire to make an inquiry about the parliamentary situation before I proceed. Has the Senator from Missouri offered an amendment to the amendment offered by the committee?

The PRESIDING OFFICER. The Senator from Missouri has offered an amendment to strike out certain words in lines 8 and 9 of page 1 of the committee amendment.

Mr. NORRIS. I desire to inquire whether that is not an amendment in the third degree. Is not the committee amendment already an amendment to an amendment?

The PRESIDING OFFICER. The Chair is advised by the parliamentarian that under rule XVIII the amendment of the Senator from Missouri is not an amendment in the third degree.

Mr. NORRIS. I would not care to enforce the rule, even if it were an amendment in the third degree, because I am perfectly willing to take it as it stands; but I was of the opinion that technically the amendment of the Senator from Missouri was not in order at this time.

Mr. President, I believe no Senator has a greater respect for the Army Engineers than have I, and the fact that I favor the amendment offered by the committee I do not want under any circumstances to be taken as an indication that I have any idea of casting any reflection upon the Army Engineers or their ability.

I am considerably disappointed in the pending bill. I was under the impression we were to have a bill before us that would be an emergency measure, that we would not try to legislate on the general subject of flood control until there was available more information, which we could not possibly get at this session of Congress, and that we would content ourselves at this session by taking care of only the emergency situation.

Before the bill passes I expect to have something further to say on that subject, but at the present time I mention it only because the Senate is conscious, as I think the country is conscious, of the fact that flood control is not only a national problem but that Congress should consider all of the various navigation and flood-control questions as part of one great problem affecting the entire country. This brings me to the pending amendment.

We have already agreed to an amendment providing that soil erosion and certain other activities shall be considered by the Department of Agriculture and shall be under the domain of the Department of Agriculture. The President now has all sorts of committees at work, which have been at work for a year or two, in a study of erosion, forest control, and all sorts of integrated questions which apply to all the streams of the United States, navigable and unnavigable.

That is a wonderful undertaking, which in its scope goes further than the imagination will carry one. Yet I believe that the country realizes, as we realize, that we must study the flood-control question with all those things in view, having in mind dams built on the small tributaries of the streams of the country, all sorts of methods and means to be used to hold back the water, whether they are immediately in the vicinity of a large stream or not, because eventually all the water gets into the larger streams, the main streams, and so far as flood damage is concerned the damage occurs not altogether but mostly along the larger streams.

But the damage, so far as erosion is concerned, so far as forest control is concerned, occurs away back from the main stream. The proper utilization of the soil in some places, particularly in the semiarid sections of the country, and also where there is too much rain, the proper planting of the right kind of crops, grasses, trees, shrubs—all these things have their integrated place in a study of the great question of flood control, which affects the entire United States. Committees appointed by the President, to which he has allocated certain funds which we appropriated to him, are proceeding now to study these problems all over the country.

The Army Engineers are experts in their line, and we have an efficient corp of Army Engineers. They know how to build a dam. To some extent the other questions have been

placed in their hands, though not all of them have been. The Army Engineers are doing a great work.

All the improvements cannot be made at once, and when the time comes for a decision as to whether a particular improvement should be made this year or this month, the Army Engineers would look at the conditions through their own eyes. If the other students of the question, studying erosion away back in the country, trying to find what kind of grasses or shrubs or trees should be planted, and what kind of miniature dams should be constructed to control a stream which may be a stream only immediately after a heavy rainfall, pass on the question as to where the money should be spent, what dams should be built, they might reach a different conclusion from that of the Army Engineers.

The Department of Agriculture, proceeding under the present law, and under the amendment we have already adopted to the bill, would have a different viewpoint possibly. I have listened with a great deal of interest to the two Senators from Kentucky today seeking the construction of a particular project. They described it. In my mind's eye I could see just what it was. I have personally investigated many such projects.

A flood might occur tomorrow, or this afternoon, which would wipe a city or a town or a beautiful, fertile valley out of existence, a condition which probably could be obviated by the application of some of the funds appropriated by the pending bill to preventive measures that would hold back flood waters and thus save the town or the city or the rural settlement. If the men engaged in the study of that problem had to pass on the question of priority between projects they might reach a different conclusion from that reached by the Department of Agriculture.

Somebody has to pass on the question of priority. It does not have to be an engineer, as I see it, but the one passing on it must have a broad mind. He must have in view the general scope of the United States. He must have knowledge of what we are trying to do—something which it will take a hundred years to complete, knowing that we have to go slowly on account of lack of funds; that we cannot do it all at once or in 1 year or in 10 years. It is not necessary for the one charged with responsibility to have technical knowledge, to know how to construct a dam on the Mississippi River. He may not have such technical knowledge. He must, however, have a broad mind. He must be able to see the picture of the future and the damage which is likely to come tomorrow or the next day.

Someone must decide which course shall be pursued tomorrow in order to use the appropriation that may be available this year. Although I do not question the honesty or the ability of those in the bureaus or investigating committees, I believe it would not be fair to let one of the bureaus or one of the large number of investigating committees decide between two conflicting projects, both of which might be meritorious. It seems to me the decision should rest with some one outside any of the bureaus. It should rest with some head. Therefore it seems to me the amendment which proposes to submit such questions of dispute to the President is the best solution of this problem.

The President is too busy to look over the projects personally. He will not be able to make a personal physical examination of them. He will, however, select men in whom he has confidence to give him the general picture and to give him specific information. Having in his mind the general scope and a picture of what can best be done with the $50,000,000 which is to be divided up among these projects, he will get all possible information concerning them. He will undoubtedly consult the Army Engineers. They probably will be the first men with whom he will discuss the matter.

The President will consult the experts in the Department of Agriculture. He will consult the local agencies which have lived with these conditions for 40 years, right in the places where damage has occurred, where there has been a washing away of soil for many years. I personally know of certain places on some of the rivers in the United States where another flood would wipe out a town which is 40 or 50 years old. A flood may not come soon. It may be another 50 years before another serious flood will come. Of course, it may never come. However, it may come tomorrow. God only knows if and when it will come. The only thing to do is to be ready when it shall come with as many completed projects as possible.

If a dam be constructed on one of the rivers in whose watershed is the best alluvial soil in the world, it will be only a few years, speaking in an historical sense—perhaps a hundred, perhaps 200, perhaps only 50 years—until that reservoir will be filled with silt. Many of our great dams are now filling up. The history of civilization tells us of many such dams, constructed years ago, which were eventually filled up with silt that came down from the fertile plains, that washed into the river, and was held there by the dam. I do not mean to say that the construction of such a dam was a mistake. I do not wish to say that by any means. The construction of the dam was necessary. But in connection with it, to preserve the reservoir, to continue its benefits for the saving of the soil, it was necessary to construct hundreds of other dams, to provide for the planting of trees and shrubs and grasses, and to see that they were protected when they were planted; to build miniature dams, as it were. So it all works out as one perfected whole when the work is completed.

I think the man to decide that problem, the man who is best equipped to obtain the essential information, is the President of the United States. Not often will any controversy arise. Probably not once in 50 times will there be a disagreement. There will not be sufficient interference to be noticed with the work of the Army Engineers or with that of the other experts. When they get together, they can reach their own conclusions. In most cases there will be no dispute to go to the President.

The problem will work itself out. However, in case there is a dispute, someone ought to be at the head to decide the question. There should be at the head some unprejudiced official, some official with a broad view as to just what we are trying to accomplish by flood control in America. It is necessary that it be so.

Mr. President, there are countries in the world which are now desert but which once were fertile. Although in many of those countries large dams were constructed, the construction of little dams was not considered. Attention was not given to erosion. The people continued to cut the trees, and they continued to cultivate soil which never should have been touched with a plow. In many cases they overpastured the grasses that grew according to nature's command, and left them in such shape that erosion occurred and the soil was carried away. All those questions are involved in this matter.

While I do not agree with some Senators as to the importance of the pending amendment as a practical proposition, yet I believe it will add to the general conception of the viewpoint which I think all of us should have when we come to legislate on this question, one of the greatest questions that confronts us now or which ever will confront us.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. CLARK] to the amendment of the committee.

Mr. COPELAND. If no other Senator cares to speak on the amendment, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Burke	George	La Follette
Ashurst	Byrd	Gerry	Lewis
Bachman	Capper	Gibson	Logan
Bailey	Caraway	Glass	Lonergan
Barbour	Chavez	Guffey	Long
Barkley	Clark	Hale	McAdoo
Benson	Connally	Harrison	McGill
Bilbo	Copeland	Hastings	McNary
Black	Couzens	Hatch	Maloney
Bone	Davis	Hayden	Metcalf
Borah	Dieterich	Holt	Moore
Brown	Donahey	Johnson	Murphy
Bulkley	Fletcher	Keyes	Murray
Bulow	Frazier	King	Neely

Norris	Robinson	Steiwer	Wagner
Nye	Russell	Thomas, Okla.	Walsh
O'Mahoney	Schwellenbach	Townsend	Wheeler
Overton	Sheppard	Truman	White
Pittman	Shipstead	Vandenberg	
Pope	Smith	Van Nuys	

The PRESIDING OFFICER. Seventy-eight Senators have answered to their names. A quorum is present.

Mr. COPELAND. Mr. President, the question on which the Senate is about to vote is the proposal of the Senator from Missouri [Mr. CLARK] to strike from committee amendment no. 2 the words, on lines 8 and 9, "as may be designated by the President."

The purpose of the committee amendment is to permit the President to determine priority. The purpose of the Senator from Missouri in moving to strike out the words mentioned is to leave decision with the Board of Army Engineers as at present.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Missouri [Mr. CLARK] to the amendment reported by the committee.

Mr. CLARK. On that question I ask for the yeas and nays.

The yeas and nays were ordered, and the roll was called.

Mr. BILBO. I have a pair with the Senator from Iowa [Mr. DICKINSON]. I am not advised as to how he would vote if present. I, therefore, transfer that pair to the Senator from Alabama [Mr. BANKHEAD] and vote "yea."

Mr. BULKLEY. I have a general pair with the senior Senator from Wyoming [Mr. CAREY], who is absent from the city on official business. Not knowing how he would vote, I transfer my pair with him to the junior Senator from Utah [Mr. THOMAS] and vote "yea."

Mr. ROBINSON. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. MCCARRAN] are detained from the Senate on account of illness.

The Senator from North Carolina [Mr. REYNOLDS] is detained on account of a death in his family.

The Senator from Arizona [Mr. ASHURST], the Senator from Nebraska [Mr. BURKE], the Senator from California [Mr. MCADOO], and the Senator from South Carolina [Mr. SMITH] are attending committee meetings.

The Senator from South Carolina [Mr. BYRNES], the Senator from Oklahoma [Mr. GORE], the Senator from Illinois [Mr. LEWIS], the Senator from Tennessee [Mr. MCKELLAR], and the Senators from Maryland [Mr. RADCLIFFE and Mr. TYDINGS] are unavoidably detained.

The Senator from Massachusetts [Mr. COOLIDGE], the Senator from Wisconsin [Mr. DUFFY], the Senator from Indiana [Mr. MINTON], and the Senator from Utah [Mr. THOMAS] are absent on official duty as members of the Board of Visitors to the United States Military Academy at West Point.

Mr. MCNARY. I announce the following general pairs:

The Senator from Delaware [Mr. TOWNSEND] with the Senator from Tennessee [Mr. MCKELLAR];

The Senator from Vermont [Mr. AUSTIN] with the Senator from South Carolina [Mr. BYRNES]; and

The Senator from Maine [Mr. WHITE] with the Senator from Maryland [Mr. RADCLIFFE].

The Senator from Delaware [Mr. TOWNSEND], the Senator from Maine [Mr. WHITE], the Senator from Vermont [Mr. AUSTIN], and the Senator from Wyoming [Mr. CAREY] are detained from the Senate on official business.

The result was announced—yeas 31, nays 40, as follows:

YEAS—31

Bachman	Couzens	Hastings	Nye
Barbour	Davis	Johnson	Shipstead
Bilbo	Donahey	Keyes	Steiwer
Borah	Frazier	King	Truman
Bulkley	Gerry	Lonergan	Vandenberg
Byrd	Gibson	McNary	Van Nuys
Capper	Glass	Metcalf	Walsh
Clark	Hale	Murphy	

NAYS—40

Adams	Bone	Connally	Guffey
Bailey	Brown	Copeland	Harrison
Barkley	Bulow	Dieterich	Hatch
Benson	Caraway	Fletcher	Hayden
Black	Chavez	George	Holt
La Follette	Moore	Overton	Schwellenbach
Logan	Murray	Pittman	Sheppard
Long	Neely	Pope	Thomas, Okla.
McGill	Norris	Robinson	Wagner
Maloney	O'Mahoney	Russell	Wheeler

NOT VOTING—24

Ashurst	Coolidge	McAdoo	Reynolds
Austin	Costigan	McCarran	Smith
Bankhead	Dickinson	McKellar	Thomas, Utah
Burke	Duffy	Minton	Townsend
Byrnes	Gore	Norbeck	Tydings
Carey	Lewis	Radcliffe	White

So Mr. CLARK's amendment to the amendment of the committee was rejected.

Mr. COPELAND obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator from New York yield to me for a moment, as I am obliged to return to the Finance Committee?

Mr. COPELAND. I yield.

Mr. BARKLEY. On page 110, line 10, in the committee amendment the language of the bill is:

Salyersville River, Magoffin County, Ky.

It should read:

Licking River, near Salyersville, Magoffin County, Ky.

I ask that that amendment be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kentucky to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. CLARK. Mr. President, will the Senator from New York yield to me, because I have to go back to the Finance Committee?

Mr. COPELAND. I yield.

Mr. CLARK. I do not desire to detain the Senate by asking for another roll call on the principle of the amendment. I think the question has been determined by the last record vote. I do desire, however, to say for the RECORD that I hope that Members of the Senate from the States which are actively, year after year, concerned with the problem of floods, having cast the votes which they have cast on the last roll call and determined by their own act to put the matter absolutely in the hands and the discretion of the President, will not go back to their States and express surprise when their States do not get any money for flood control from the passage of this bill.

I predict again, Mr. President, as I did a while ago, that the great bulk of the $50,000,000, the limitation authorized by this bill, will be expended in New York and Pennsylvania, and that the States and localities that year after year and sometimes two or three times a year face a very vital and desperate flood-control problem, will get little or nothing as a result of the passage of this measure.

Mr. KING. Mr. President, I am compelled to return to the Committee on Finance which is considering the tax bill. I shall have no opportunity, as I had hoped, to discuss this bill. I rise only for the purpose of stating that I am opposed to the bill, and if I were present I should vote against it. I am opposed also to amendment numbered 6, creating a National Resources Board. I have not time to elaborate the reasons for my opposition to that amendment any more than I have time to elaborate my objections to the bill. As it is, I can only say——

Mr. COPELAND. Mr. President, will the Senator yield for a moment?

Mr. KING. Yes.

Mr. COPELAND. If the Senator wishes to speak on title II, I desire to suggest that there are a number of members of the Finance Committee who are interested, as is the Senator, in that title, and we have a good deal to do yet before we reach title II. I think it is safe to say, if it is agreeable to the leaders, that so far as title II is concerned, we might let it go over until tomorrow. Would that please the Senator?

Mr. KING. That will be entirely agreeable to me.

Mr. COPELAND. Mr. President, the Senator from Montana [Mr. WHEELER] is obliged to leave the Chamber. He desires to offer an amendment at this time; and because of

the necessity for him to leave, I am willing that his amendment may be now considered. I should not like to interfere with the orderly process of the passage of the bill, but the Senator has obligations about which he has told me, and I am willing to have his amendment presented at this time.

The VICE PRESIDENT. An amendment to the committee amendment is now pending which has not been disposed of.

Mr. COPELAND. Very well; let us first dispose of that.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from New York to the amendment of the committee on page 57.

The amendment to the amendment was agreed to.

Mr. WHEELER. I offer the amendment which I send to the desk and to which the Senator from New York referred a moment ago.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place in the bill the following:

Big Horn River, Mont.: For construction of works on the Big Horn River about 36 miles southwest of Hardin, in Big Horn County, Mont., for flood control, $15,000,000.

Mr. WHEELER. Mr. President, this project has been urged for many years in connection with flood control on the Missouri and Mississippi Rivers. The Army Engineers have made a study of its purpose, which is silt control. The Mississippi Valley Association, which is interested in flood control on the Mississippi River, and the Missouri River Valley Association, which is interested in flood control and navigation on the upper Missouri River, have both gone on record definitely for a long period of time in favor of the amendment.

According to the report of the Engineers, the dam would be 550 feet high and would impound 1,500,000 acre-feet of water. No valuable land would be flooded. The land which would be flooded by reason of the construction of the dam is all either Government owned or a part of the Indian lands in the State. The water could be used to irrigate 300,000 acres of land, but I am not asking for that. Of the land in question 138,000 acres would be on the Crow Reservation. There would be no delay in the construction of the dam because the Army Engineers have already investigated the project and know all that is to be known with reference to where the dam should be located and constructed.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Oregon?

Mr. WHEELER. I yield.

Mr. McNARY. Has the preliminary survey heretofore authorized by Congress been made by the engineers?

Mr. WHEELER. My understanding is that the preliminary survey has been made by the Army Engineers.

Mr. McNARY. Was the report favorable as made by the district and regional engineers, and does the project now have the sanction of the Board of Army Engineers?

Mr. WHEELER. In this particular bill?

Mr. McNARY. Yes.

Mr. WHEELER. No. I am frank to say they have not recommended that it be included in this bill.

Mr. McNARY. The report, then, can be construed as being adverse to the project?

Mr. WHEELER. I do not think it could be construed as being adverse to the project, because the Army Engineers have pointed out its value with reference to the control of silt and likewise its value in flood control on the upper Missouri and Mississippi Rivers.

Mr. McNARY. I do not want the Senator to assume that I am opposing the project. I am asking for information. The first step always is authorization by the Congress of a preliminary survey. That is made by the district engineers. The matter then goes to the regional engineers and from there to the Board of Army Engineers. Those projects which were acceptable to the Board of Army Engineers have been placed in the pending bill. What I should like to know is how far the project has gone with respect to surveys and reports of the engineers?

Mr. WHEELER. In the report which was made is a letter from the Secretary transmitting, pursuant to section 1 of the Rivers and Harbors Act of January 21, 1927, and section 10 of the Flood Control Act, approved May 15, 1928, a letter from the Chief of Engineers of the Army dated February 9, 1934, submitting a report. He speaks of the investigation which has been made with reference to this project and the control of silt and flood control.

Mr. McNARY. The Senator has the record before him. Did the district engineers who made the survey report favorably to the regional engineers?

Mr. WHEELER. I do not think they reported either favorably or unfavorably.

Mr. McNARY. Then, there has not been any report in any of the preliminary phases with respect to any survey that has been made, has there?

Mr. WHEELER. A report was submitted of the investigation which was made, but I find nothing in the report which either suggests that the dam be built or that it be not built. The engineers simply point out from an engineering standpoint exactly what its features would be.

Mr. McNARY. To whose report does the Senator refer?

Mr. WHEELER. I am referring to a report of the Army Engineers contained in House Document No. 256, containing a letter from the Secretary of War.

Mr. McNARY. What do the engineers say about the project?

Mr. WHEELER. I am going to call attention to that in just a moment.

Mr. O'MAHONEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Wyoming?

Mr. WHEELER. I yield.

Mr. O'MAHONEY. May I ask whether the project involves any land in the State of Wyoming?

Mr. WHEELER. It involves some land in the State of Wyoming, back of the dam. As I understand from the report which I have read, it involves the flooding of no land except public lands and Indian lands. The late Senator Kendrick, of Wyoming, always endorsed this particular project and favored it in correspondence and other recommendations which have been made.

Mr. O'MAHONEY. A report was recently made to me that if the dam contemplated were constructed, it might result in flooding lands which are now occupied by a town. I have not had an opportunity to look into that matter. I should like to do so before the Senator calls for a vote on his amendment.

Mr. WHEELER. All the information I have is to the contrary. One of the engineers making report on the project states that it would not flood any lands, except public lands and some Indian lands.

Mr. O'MAHONEY. Doubtless the engineers' report would indicate what land would be covered by the lake, so it would be a simple matter to determine. I shall make an investigation immediately. In the meantime I hope the Senator will not ask for a vote until I get that information.

Mr. COPELAND. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. Certainly.

Mr. COPELAND. Perhaps when the Senator from Montana concludes I can give all the information the Senator from Wyoming needs to enable him to vote intelligently.

Mr. O'MAHONEY. I have no doubt the Senator can do so.

Mr. WHEELER. Mr. President, I desire to call attention to a letter which was addressed to the Secretary of the Interior, attention of Colonel Waite, by A. W. Koch, who was the chief engineer for the Big Horn Canyon organization. It is in part as follows:

DEAR SIR: I wish to call your attention to a few facts about the proposed Big Horn Canyon project of Montana.

It seems that two proposals have been studied, one for a dam 410 feet high and one 465 feet high, which were to develop 582,000 and 830,000 acre-feet storage, respectively. These correspond to water levels, reservoir full, of 3,570 and 3,710, and will require dams 440 and 480 feet high, respectively, instead of the heights indicated, to

allow 15-foot freeboard (i. e., the distance the dam will project above water level with reservoir full).

If the study had been continued to include a dam 550 feet high corresponding to water level of 3,680, reservoir full, the storage would be 1,700,000 acre-feet.

Mr. Koch speaks of the location; and I wish to call attention particularly to what he says with respect to silting. He says:

As previously stated, the reservoir created by a dam 550 feet high would hold the silt of the Big Horn River for a period of 40 years without impairing its efficiency in controlling the discharge of the river completely, based on the average for the years 1904 to 1915, inclusive. There is no good reason why this period of 100-percent flood control cannot be extended much longer if desired. It is quite possible to dredge the reservoir or sluice it out through the dam and onto the benchlands below. The cost of dredging would evidently be higher than the costs of dredging on the lower Mississippi; but the quantities to be dredged would likewise be perhaps less than one-third of what the floods of the Big Horn cause to be precipitated into the lower Mississippi if left uncontrolled. Besides, it would be worth while to consider the damage these periodic floods cause along the 3,000 miles of river channels between the canyon of the Big Horn and the lower Mississippi.

It has been recognized for many years that one of the chief causes of the floods, not only in the Yellowstone River below the Big Horn but likewise in the upper Missouri and Mississippi Rivers, was the silt coming down from the Big Horn River and lodging in these particular rivers. Only a few years ago a very serious flood occurred near Forsyth, Mont., and Miles City, Mont., and all through that section along the Yellowstone.

As a matter of fact, the only reason why there is flood-control agitation in the East is because a flood recently occurred here. I presume Congress will not again take cognizance of the situation which exists on this particular river and on the upper Missouri River and the upper Mississippi River until another flood takes place in that particular area; but it seems to me the time to correct the situation is before the flood takes place, and not afterward.

If we really seriously desire to prevent floods along the upper Missouri and along parts of the Mississippi River, the way to do it is to build dams back in the mountain areas to control the floodwaters in that particular section. Every engineer who has ever studied the situation in that section of the country has contended that the best way to control the floods in parts of the Missouri River and parts of the Mississippi River is by building dams in these areas.

I have been perfectly amazed to find that in this bill no attention whatever has been paid to flood control of the tributaries of the Missouri River. As most persons know, the Missouri River, which is the largest branch of the Mississippi River, is made up of the Gallatin and Jefferson and Madison Rivers, which originate in Yellowstone Park and in a section of Montana. Then there comes in the Big Horn River, which flows into the Yellowstone River and finally joints another tributary of the Missouri River, making what is known as the upper Missouri River.

In the spring of the year the melting snows come down from these mountains and cause floods. They not only cause floods in the upper Missouri but they likewise cause floods in the Yellowstone Valley area. There are irrigation projects along the Yellowstone River which have been repeatedly destroyed, and had to be rebuilt, by reason of the flood waters coming down from the Big Horn River. That is the reason why the Mississippi Valley Association and the Missouri Valley Association have repeatedly gone on record in favor of this particular project.

Looking at the question from the silt-control standpoint alone, every year the Mississippi River and the Missouri River have to be dredged, at large expense to the Government of the United States. Some of the engineers who have worked on this project have estimated that the cost of building this dam will be saved simply because it will obviate the necessity of dredging the silt that comes down from the Big Horn River.

In addition to that, while I have made no provision for it in the amendment, there are in the neighborhood of 138,000 acres of land in the Crow Indian Reservation. We are constantly appropriating money to help these Indians become self-supporting. If this dam should be built, the whole Crow Reservation could be irrigated at practically no expense, and then those particular Indians would become self-supporting. I mention that only as an incidental matter.

It has been shown that power can be developed at this particular project; and the statement has been made, which is true, that at the present time there is not any demand for the power. I am not urging the construction of this dam as a power project; however, I am urging it as a flood-control project, and solely as a flood-control project.

The engineer who worked upon this project said:

It will completely control the floodwaters and the silt of the Big Horn River, which furnishes at times 36 percent of the silt entering the Mississippi from the Missouri River.

The engineers estimate that 36 percent of the silt going from the Missouri River into the Mississippi River comes from the Big Horn Canyon. If we wish to pass a flood-control bill that is really going to be of benefit to the Missouri River, if we wish to pass legislation that is going to be of benefit to the Mississippi River, if we desire to refrain from having constantly to dredge out those rivers, if we wish to stop soil erosion along the Missouri River and help navigation along the Missouri River, here is an opportunity to do it at a cost of approximately $15,000,000.

I appreciate the fact that the Army Engineers have not recommended the project. Why they have not recommended it I do not know, because I do know that they found the figures with reference to silt to be substantially as I said. The only adverse statement which has been made by them, so far as I know, is that it is principally a power project, and that a power project should not be put in at this time because there is not a market for the power.

I am not asking for the construction of the dam as a power project. I am not at all interested in it from that standpoint. I am interested in it from the standpoint of saving the Government of the United States money with reference to flood control, and for the purpose of protecting the residents of Forsyth, Mont., and all down the Yellowstone River, from the floods which they now have every few years.

Nothing has been done to prevent floods in that area. As I say, the town of Forsyth was under water just a few years ago. Serious damage has been done to these irrigation projects, but not a single thing has been done by way of prevention. The only reason why we are doing anything with reference to flood control in the eastern part of the United States and elsewhere is because a big flood occurred here. Apparently we are going to wait until we have another great flood along the upper Missouri before we do anything substantial along the line of flood prevention in that area. If there had been a flood out there which had washed away a lot of property within recent times, I presume there would not have been any hesitation at all about including this project in the bill at the present time, but nothing has been done about it.

I read from a memorandum furnished me by a competent engineer:

On page 165 of House Document No. 256, above mentioned, there appears the information that the average silt content of the Big Horn River passing Hardin, Mont., has been found by careful analysis to be 21,200,000 tons per annum, or 19,400 acre-feet. This 21,200,000 tons of silt (19,400 acre-feet) would have sufficient bulk to form a bar 400 feet wide, 1 foot deep, and 400 miles long.

This silt follows the course of the Big Horn River to its junction with the Yellowstone, thence to the Missouri, and on to the Mississippi. En route it may form bars, banks, or drifts, and a portion of it may enter irrigation works or other improvements along the streams; a menace, an aggrevation, and a damage. It is always present once it has entered the stream until it has been disposed of or has passed into the Gulf of Mexico.

Another serious consequence of this silting is the building up of stream channels and particularly that of the (slower velocity) Mississippi River. This constant action materially decreases the available depth of flood channels and tends to minimize the effect of levee construction, materially increasing flood hazards. This action is continuous, and over a period of years the result is tremendous.

Direct removal of silt from the stream bed requires machinery, power, and a place for its disposal. A conservative estimate for this expense is at least 10 cents per ton. To remove the entire

21,200,000 tons would cost annually at least $2,120,000, a sum twice as great as that required to prevent its continuous movement downstream.

Not only is the direct removal of the silt more expensive, but it does not remove the cause of the evil. Each year new silt takes the place of that removed, and the damage, the annoyance, the contribution to flood hazard, and the menace are ever present.

Construction of the dam provides a means of eliminating the silt at or near its source. It removes the cause of the trouble, and at half the expense of mechanical removal.

So, if we take the figures furnished me by this competent engineer, merely from the standpoint of silt control, the Government would save money if it should build this dam at a cost of approximately $15,000,000. I read further from this memorandum:

The regulation of the stream flow—another decided benefit—will mean much to navigation on all streams below the dam. During the period of low water, especially July and August, the extra water may be used to great advantage. River navigation is gaining favor more and more. Its many economies for the moving of large quantities of slow freight are being recognized.

Two hundred thousand acre-feet of water could be used to great advantage during the low-flow months mentioned. Even 2,000 acre-feet per day (1,000 cubic feet per second of time) would provide a stream 200 feet wide, 5 feet deep, and with a velocity of 1 foot per second.

A barge 20 feet wide, 60 feet long, and drawing 4 feet of water could carry at least 250,000 pounds of cargo. That is three large freight-car loads.

The project would provide an immense amount of direct and indirect labor and assist operations of basic industries. Its effects would be far reaching.

As I pointed out a moment ago, this dam would pay for itself, from silt control alone, in less than 10 years, according to figures furnished me by a very competent engineer.

This project was investigated by Mr. Hugh Cooper, who is one of the most noted engineers in the United States. It was likewise investigated by General Goethals, also one of the most illustrious engineers in this country. It was approved by both Mr. Cooper and General Goethals from every standpoint.

I have here a memorandum on the subject. Mr. Koch says:

My original estimate on the project of the Big Horn Canyon Irrigation & Power Co. included railroad, irrigation canals, and transmission line and checked within about 5 percent of the estimate made on the same project and based on the same survey data, by George M. Wells of the firm of the late Gen. George W. Goethals.

He also makes the statement that the project was investigated by Hugh Cooper.

Mr. President, I sincerely hope the amendment may be adopted. I appreciate, of course, when I ask the Senate to adopt the amendment, that it has not the direct approval of the War Department at this time for inclusion in the particular bill now pending. But I submit that there is not another project in the western section of the country which has been investigated from an engineering standpoint as this Big Horn project has been investigated. There is not another project along the Missouri River or along the upper Mississippi River that has received the favorable report from noted engineers the Big Horn project has received. It was under investigation during the war in the administration of President Wilson, with the idea of the erection of a dam there to make possible the manufacture of nitrates. It was investigated at that time with reference to the erection of a dam compared with that at Muscle Shoals, but the officials finally decided to go to Muscle Shoals. So that as a matter of fact every feature of the dam has been investigated. Every engineer who has made a careful report upon it has stated that from the standpoint of the control of silt it would save the Government of the United States millions of dollars every year. Everyone who has investigated it from the standpoint of aiding in the navigability of the Missouri River and the Mississippi River has recommended it, and has said that it would be of tremendous assistance. Everyone who has investigated it from any standpoint has reported favorably upon it.

I appreciate the fact that the Army Engineers perhaps did not go into the matter as thoroughly as have some other investigators, but there has been tremendous agitation for this project and tremendous interest in it as a flood-control project not merely this year but for the past 20 years.

The late Senator Kendrick, of Wyoming, was in favor of the improvement. He spoke to me of it repeatedly and was the first one to get me interested in the matter. He stated it was a project which ought to be built because of the tremendous good it would do. My late colleague, Senator Walsh, also advocated it and worked for it and desired to have it completed because of the flood-control feature. Just a few years ago, as I have said, when there was a flood along the Yellowstone River, irrigation projects were filled up with silt, and various sections in the southeastern part of the State were flooded.

For 2 years, because there has not been a flood in that particular area, there has been no particular agitation for this improvement. But it will be only a short time when there will be a large amount of snow in those mountains, and there will be another flood on the Yellowstone River; there will be damage to irrigation projects which are owned by the Government of the United States; towns along the Yellowstone River will be damaged, and here we have an opportunity to provide flood control in those immediate localities.

I would not be here asking that this amendment be adopted if it affected only one or two towns, but I say without fear of contradiction that there is not another project included in the pending bill which can be of greater benefit, taken as a whole, than the building of this particular project.

Some of the opposition to the project, of course, has always been because the power interests did not want to see it built on account of the fact that they were afraid that if it were built, power would be generated there, and that eventually cheap power would be furnished. But we are not asking for that. They have opposed it, they have been against it because of that fact, but I say that we are not asking for the improvement on the power basis at all. A statement has been made that it would develop 160,000 horsepower at a minimum, 384,000 horsepower at a maximum, under a 60-percent load factor. That is the information which has been furnished to me. But I am not asking for it upon that basis. I say that if it were desired to develop power, if there were a market for it, we could furnish cheap power and pay for the building of the dam from that source. But let us eliminate that, and consider the matter from the standpoint of the benefit to the farmers who are located upon the irrigation projects along the Yellowstone River; look at it from the standpoint of the people who are located in the towns along the Yellowstone River which have been repeatedly flooded; look at it from the standpoint of irrigating the lands of the Indians, who are wards of the Government of the United States. We are taking thousands of dollars out of the Treasury every year for the purpose of feeding those Indians and taking care of them.

The project may be made self-supporting.

Look at it from the standpoint of the silt which comes from the river, the millions of cubic feet of silt going into the Missouri River, and finally into the Mississippi River, which has to be dredged out, and it may be seen that by building the dam in question the Government will be saved considerable money in a period of 10 years' time, according to the report which I have received from the engineers.

Look at the project from the standpoint of erosion caused all along the Missouri River, where the floodwaters come down in the spring and carry away hundreds of acres of the most fertile lands along the Missouri River.

I challenge anyone to point to a project in the bill which, as a whole and from an economic standpoint, will do one-half the good the provision in question will accomplish.

When it is considered that the waters come down to the Missouri River and eat the heart out of hundreds of acres of land along the Missouri River, it will be realized that by the construction of the dam in question the farmers of the section will be spared the loss of that fertile land.

Look at the project from the standpoint of silt. The stream in question is the largest producer of silt of any stream in the

country. It produces about 36 percent of the silt which goes out of the Missouri River into the Mississippi River.

I hesitated to urge that the provision in question be incorporated in the bill because of the fact that the Army Engineers had not specifically recommended it. However, why should we be bound because the Army engineers have not specifically recommended it?

I appreciate the position in which the Senator from New York finds himself. He does not wish to have such a project as this in the bill because he feels that many other projects might be injected into the bill which should not be in it. I submit to the Senate, however, that no one can bring figures showing from an economic standpoint that any other project could accomplish more than could be accomplished by spending the amount of money involved in the pending amendment.

I know what I shall be told: "Let the Army Engineers go out there and make an investigation, and come back and make another report." They are supposed to have made their investigation. They have been out there; and if they have not completed the job, it is the fault of the Army Engineers. They should have made the report a long time ago. Other engineers have made their reports upon projects contained in the bill.

I challenge any Senator upon the floor to dispute the facts and figures which have been furnished by the most prominent engineers in the United States, including Hugh Cooper, who made an investigation of the project, and who is generally recognized as one of the outstanding engineers of this country, and by an engineer of General Goethals' firm, who made an investigation of the project a good many years ago, and by Mr. Koch, who also made an investigation of it, and by the Army Engineers, who made an investigation of it. The reason why they do not recommend the inclusion of this provision in the pending bill is because they say there is no market for power at the present time in that State at that particular place. Let us eliminate power.

Mr. NYE. No, Mr. President.

Mr. WHEELER. I think it should be included, but I say that for the purpose of this particular bill at this time I am perfectly willing to eliminate power. Let it be developed when the time comes when there shall be a market for it, as there will be a market for it. There will be a market for some of the power to pump water upon the lands close by in the State of Wyoming and in the State of Montana, and particularly upon the Indian lands.

When a project is presented on which engineers have brought out the facts, when the Army Engineers themselves have investigated it, when they have agreed with reference to the damage being done by the silt in the upper Mississippi and the Missouri Rivers, when no Senator can stand on the floor of the Senate and deny the fact that there have been floods all along the Yellowstone River, of which the stream in question is a branch, caused in the spring of the year from the floodwaters coming down from the Big Horn Canyon, what excuse can there be for excluding that project, while including in the bill many projects in various other sections of the United States which are not one-tenth so meritorious as is this particular project, except that the Army Engineers have said there is not a market for the power?

Mr. President, we are not proposing to build the project as a power project. We are proposing to build it for flood control. Incidentally, out of that flood control there will come some benefit to a great many Indians who are starving upon dry-land farms. We can provide some benefit to them and irrigate 138,000 acres of land upon which are living Indians who are now poverty-stricken, who are starving to death, except in those instances where they are given doles by the United States. Is there any reason why we should not try to save the farmers in the irrigated districts whose ditches are filled up with the silt from this river simply because the Army Engineers say there is not any market for the power? Is there any reason why we should not go ahead with this project simply because the Army Engineers say there is not any market for the power, when it is undisputed in the testimony that 36 percent of the silt coming into the Mississippi River from the Missouri comes out of the Big Horn Canyon?

I am not offering the amendment for the purpose of home consumption, as some may think. I am intensely interested in the project, because I have given a great deal of thought to it. The late Senator Kendrick first interested me in the matter. He was thoroughly familiar with it, and knew more about it at that time than I did, by reason of the fact that he had holdings in that particular vicinity, and was entirely familiar with that section of the country.

Likewise, my late colleague from the State of Montana, [Senator Walsh], had made a study of the problem. I became interested in the project because of the floods which occurred. I became interested in it from the standpoint of the Indians who are located below this point, and some of whose lands become flooded. I am interested in it also because both the Mississippi Valley Association and the Missouri Valley Association recommended it as a part of their program in their last annual convention, which they held in the city of Washington, if I am not mistaken. They realized the benefits which will come to the upper Missouri and to the Mississippi Valley through the control of the waters, holding them back in flood season, and then letting them out gradually in the low-water time, so as to benefit navigation both upon the upper Missouri and upon the Mississippi Rivers.

Mr. COPELAND. Mr. President, I would not be a judge for a million dollars a year; and I certainly ought not to be a judge in the jurisdiction of the Senator from Montana, because, if I were, I should yield at once to his importunities and say, "On this occasion certainly you are right, and we must be governed accordingly."

As a matter of fact, Mr. President, all the Senator says about the project in its completed form is true. The whole statement is true. If there were a market for the power there could be constructed in this canyon a tremendous dam, 500 or 600 feet high, where electricity could be generated on a large scale. But there is no demand there for electricity. It could not be sold. It would simply mean a waste of money at the present time.

In the matter of the combination of power and flood control, I remind the Senator that we cannot have our cake and eat it, too. A reservoir which is intended to control floods, to catch flood waters, is one thing. It is expected that such a reservoir will be empty before the flood comes. A reservoir which is intended to develop power or irrigation must be a reservoir which is filled most of the time. In writing this bill we have tried to make it possible to develop a project for power purposes in the future if it shall be demonstrated that a given project is worthy of development for power purposes. We have sought to make such development possible by including a pen stock in every dam which is built in order that the water may be drawn from it in the future if the dam shall be raised for power purposes.

The particular project referred to so eloquently by the Senator from Montana, however, is, in the last analysis, valuable as a power project. As a flood-control project, I am sorry to say that the Army Engineers have reported that it has very little value so far as economic merit is concerned.

To prepare this reservoir for flood-control purposes would cost $23,934,000, practically $24,000,000. The total capitalized benefit would only be $1,000,000. In other words, economically there would be $1 of investment to 4 or 5 cents of return.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. WALSH. I should like to inquire of the Senator about the general construction of the bill rather than as to the proposition presented by the Senator from Montana.

As I understand, this bill has two main features relating to flood control. First, there are proposals for surveys and studies by the Army Engineers of a large number of rivers where there may be a flood-control problem.

Secondly, there is an authorization of an appropriation by the committee in cases where surveys have been made

and the Army Engineers have recommended the expenditure of money to carry out the plan for flood control which they have perfected.

Mr. COPELAND. The Senator is correct.

Mr. WALSH. May I ask if it is customary to accept amendments or to have amendments offered from the floor to provide for surveys by the Army Engineers independent of the recommendation of the committee?

Mr. COPELAND. Yes; we will be glad to receive such amendments.

Mr. WALSH. May I ask if the committee itself reports or recommends or inserts in the bill appropriations for flood-control purposes in instances where the Army Engineers have not made a recommendation?

Mr. COPELAND. No, sir.

Mr. WALSH. And in cases where the Army Engineers have made unfavorable recommendations, what is, then, the situation?

Mr. COPELAND. There is in this bill no project which has not been approved by the Army Engineers.

Mr. WALSH. There are proposals in the bill presented by Members of the House and Senate for surveys and studies?

Mr. COPELAND. That is very true. We also provide in the bill an appropriation of $5,000,000 to carry out such surveys and studies.

Mr. WALSH. The Senator has answered my inquiries and has supported the idea which I already entertained as to the method of constructing a bill of this kind.

Mr. COPELAND. Mr. President, just one word more, not alone because of the high regard we have for the Senator from Montana but because he has made touching reference this afternoon to two former colleagues of ours, the late Senator Kendrick, of Wyoming, and the late Senator Walsh, of Montana. Theirs are names to conjure with in this body, names of men greatly beloved and highly respected. I know of the interest they had in this matter because as a long-time member of the Commerce Committee I myself have heard of this project for many years, for at least a dozen years, and when the time comes that there is demand for power, when the time comes that irrigation as well as flood control may be promoted by this project, the Senate, I feel confident, will not be found wanting.

The Senator has spoken about silt. He must not forget the fact that a dam or reservoir which will retain silt will itself become filled up in time, so that whatever value it might have through the early years of its life by way of preventing the silting of the Missouri River must eventually be lost, because the reservoir itself will fill with silt.

I am sorry, Mr. President, that the committee cannot approve the project of the Senator from Montana.

Mr. VANDENBERG. Mr. President, this is the first amendment to the bill that has come from the floor, and we might as well face now the question which must be continuously faced if the door is to be opened to amendments of this character which do not enjoy the recommendation of the Board of Rivers and Harbors Engineers.

It makes no difference what the inherent merit of the proposal may be, unless we are going to follow a fixed rule in respect to a bill of this nature it is inevitably going to become a monstrosity. I do not mean by that statement that the Senator's project would make it a monstrosity or anything of the sort, but if we once lower the bars to projects from the floor which do not have a conclusive recommendation from the Board of Rivers and Harbors Engineers, by the time this bill shall be finally written, instead of being a $300,000,000 bill, it will be a $3,000,000,000 bill.

On the desk of the chairman of the committee is a volume of projects already surveyed, the cost of which would total $8,000,000,000. In addition to the projects in that book, there are projects involving the expenditure of literally billions upon billions of dollars which have not as yet reached the book. If we are going to open the door in connection with this bill to the entry of projects which do not fall within the definite and specific rule of the committee upon which the bill is written, we will not close the door again until we have put about half of that book into the bill, and beyond that heaven only knows how much more.

Legislation of this character is always under the suspicion of being "pork barrel" legislation in its ultimate complexion. The Commerce Committee, under the able direction and insistence of the senior Senator from New York [Mr. COPELAND], has undertaken to hold this bill, for a change, within definite and specific and absolutely justifiable limitations. The project submitted by the Senator from Montana may not fall appropriately within any stricture whatsoever of the nature I have been indicating, except the single stricture that it violates the rule upon which the bill is written; but if the Senate once starts, in open session, to decide the eligibility of a project for this bill, instead of depending upon the conclusive recommendations of the Board of Rivers and Harbors Engineers, we are "sunk without trace", and so is the taxpayer.

Somewhere, sometime, somehow, somebody has got to remember that these bills must one day be paid. It is simply impossible for the Congress to continue to appropriate and appropriate and appropriate without giving any thought whatsoever to closing the breach between income and outgo. We have already passed one $270,000,000 flood-control bill at this session of the Senate. This bill, as drawn, includes $350,000,000 more.

How much further can we go in these steps in the face of a yawning Treasury, in the face of the fact that we are still paying out $2 for every dollar we take in, in the face of the situation that the public credit even of such an opulent old gentleman as Uncle Sam, cannot indefinitely stand the strain. We seem to have lost all sense of money responsibility. There must be some continence some time in respect to this sort of a proposition. Unless we confine, Mr. President, the flood-control bill to the general rule of conduct faithfully pursued by the Committee on Commerce in presenting the recommendation now at the bar of the Senate, when we are through, this bill, I repeat, will be a legislative monstrosity. I say again that that may not apply to the merits of the proposition submitted by the Senator from Montana at all except to the extent that his proposition falls outside the rule. But that is enough. I submit we dare not consider the proposition submitted by the Senator from Montana upon its intrinsic merit. We dare, in the face of this situation, consider it only as a precedent which may ultimately wreck the entire legislation. I think the amendment must be rejected.

Mr. WHEELER. Mr. President, I have never been afraid to have amendments submitted on the floor of the Senate. If the Senate does not have the courage to stand up and vote for projects which it thinks are good and to vote down projects which it thinks are bad, then the Senate is in a pretty bad way. I have more confidence in the Senate of the United States and in the Members of the Senate than has my esteemed colleague from Michigan [Mr. VANDENBERG].

After all, we do not vote ordinarily on projects of this kind in this way. We have a river and harbor bill every year, and the Senate adopts amendments offered on the floor when in its judgment and wisdom it thinks proper that they should be adopted. But why say to a Senator, "You cannot have a project considered, because it was not put in the bill by some committee", regardless of how meritorious the project may be? Has it come to pass that we may not offer an amendment on the floor of the Senate, or, if offered, it must be rejected, because some committee did not put it in the bill? Is the Senate going to be controlled by a committee? Is it going to be said, "You cannot offer an amendment on the floor of the Senate no matter how meritorious it may be"?

If such a rule were to apply, where would the minority be in the Senate? Where would the minority in the Senate, whether Republican or Democratic, find itself if it could not come to the floor of the Senate and have meritorious amendments considered? Are we going to set up an oligarchy of committees in the Senate? When a bill is reported from the Interstate Commerce Committee, I am always delighted to have a Senator rise and offer an amendment which he may

think is meritorious and have it considered upon its merits on the floor of the Senate. I am surprised that the Senator from Michigan should say that, no matter how meritorious it may be, it should not be acted upon by the Senate, because the rule must not be broken down.

Let Senators examine the bill and see where the money is going to be spent. I assert without much fear of contradiction that there are few, if any, projects contained in the bill which have the merit, from an economic standpoint and from a beneficial standpoint, that has the project which I have proposed. Yet the Senate is asked to turn it down for fear someone else might rise and offer another amendment and the Senate might adopt it. I am to be refused my project because some committee has said, "We will include only these projects and you must take these or you must take nothing."

Mr. President, because a number of Senators have projects in the bill I presume I am to be denied. I presume denial is to be offered to the Mississippi Valley Association, which is in favor of the bill, which has made a study of the particular project and advocated it for years and passed upon it in national convention and pronounced it beneficial, not to Montana alone, but beneficial to the Missouri River because it will help to stop soil erosion. Denial is to be offered the Missouri Valley Association which for years has been giving study to the project and has pronounced it beneficial not only from the standpoint of flood control but because it involves silt control.

Let me call attention again to the statement which has been furnished me. The engineer who first made report upon this project was A. W. F. Koch, a local civil engineer. His work was subsequently checked and approved by Hugh L. Cooper, noted water-power engineer, not by some promoter, not by somebody looking to the sale or the promotion of the sale of some land. There is no land-promotion scheme involved in the matter at all. My information is the flooded area would take only Government lands or Indian lands. This report was checked by Gen. George W. Goethals and by several other engineers.

Does the Senator from Michigan think that any other project has behind it such a distinguished array of engineers and such a distinguished array of organizations asking for its construction, not because it is for the benefit of Montana but because of the general good and general welfare of the Mississippi and Missouri Valleys?

The report further says:

> During the World War the Government considered this project in connection with the domestic manufacture of nitrate, but the Muscle Shoals, Ala., site was eventually chosen.

Mr. President, I have always found the Senator from New York [Mr. COPELAND] interested in and willing to help projects of benefit to Montana and the West. He has been most generous in voting for legislation which was beneficial to the western section of the country, notwithstanding the fact that he comes from New York. I appreciate and compliment him upon his generosity. I appreciate the position he takes in this matter, because he is fearful that if this project should be adopted other Senators might ask to have other projects included. However, when he speaks of irrigation I am sure he is talking about a subject with which he is not very familiar. That is apparent from his statement made a moment ago. When we contemplate an irrigation project we plan to keep the floodwaters back in the spring of the year and then gradually let the waters down on the land in periods of dry season.

I have noticed the Senator from New York has always been interested in the Indians and in their welfare. I think no one on the floor of the Senate, particularly from the eastern part of the United States, has evinced more interest in various Indian problems than has the Senator from New York. There are 138,000 acres of land upon the Crow Indian Reservation that could be irrigated, and this project, if constructed, would tend to help make those Indians self-supporting. That would be only an incident to the project.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from New York?

Mr. WHEELER. Certainly.

Mr. COPELAND. The Senator is entirely right in stating that what I know about irrigation is very little. However, I have here the report of the Army Engineers about irrigation. I dislike to say it, because it will not make the Senator from Montana very happy; but let me read just one brief paragraph appearing in this report:

> Studies indicate that it is possible to combine irrigation with the development of power at the Big Horn Canyon site. The Big Horn irrigation project would involve the reclamation of 50,100 acres of land through a distribution system drawing its water supply from the proposed Big Horn Reservoir.
>
> The estimated cost of the diversion work, without any charge for the storage and diversion of water, would be about $100 per acre. This cost would indicate annual payments of about $11 per acre under private financing, or about $4 per acre under Government construction. The lowest of these is in excess of the maximum of $3.50 per acre, which it is estimated that the land could probably carry. The studies, therefore, show that the power development would have to carry the cost of storage, and probably a part of the cost of the distribution system; that the irrigation development itself would probably pay nothing toward the cost of the dam. Furthermore, the use of water for irrigation would reduce the value of the total output of the power development, and appears to lack economic justification at the present time.

Mr. WHEELER. Mr. President, the Senator would be entirely right, and the Engineers would be entirely right, if it were proposed to build this dam as an irrigation project; for if we should provide that the entire cost of building the dam should be borne by these fifty or sixty or one hundred thousand acres of Indian land, of course it would not be feasible as an irrigation project. The bill, however, carries a total of how many million dollars?

Mr. COPELAND. Three hundred million dollars.

Mr. WHEELER. How much of that money does the Senator expect the Government to get back?

Mr. COPELAND. Of the $300,000,000? Not any.

Mr. WHEELER. The Senator does not expect to get any of it back?

Mr. COPELAND. No.

Mr. WHEELER. The bill carries $300,000,000, and the chairman of the committee does not expect that one 5-cent piece of it will come back to the Government. What I am saying is that out of the $15,000,000 that it would be necessary to spend for this dam for flood control, it is estimated that there could be irrigated anywhere from 30,000 to as high as 150,000 acres of land. When we provide for the irrigation of from 30,000 to 150,000 acres of land what are we doing? We are adding to the capital assets of our Nation; and not only are we doing that, but we are making it possible for a group of persons who are now dependent upon the Government for their livelihood to become self-supporting.

If it were proposed to build this dam as an irrigation project, of course, I should say that it was not feasible for that purpose alone, but when we are spending $300,000,000 that it is admitted we shall never get back—in fact, we never intend to get a dollar of it back—I say that there is a project from which, if we spend $15,000,000 on it, we shall get back part of the cost from irrigation. We shall be able to build a power project, if we desire to do so, and get back part of our money. In addition to that, we shall be saving the farmers from floods; we shall be saving the Government irrigation ditches all down the valley from being flooded, and not only that, but we shall be adding to flood control and navigation upon the Missouri and the Mississippi Rivers.

I desire to call the attention of the Senator from Louisiana [Mr. OVERTON] to the fact that the Engineers state in the report that 36 percent of the sediment flowing from the Missouri River into the Mississippi River comes from the Big Horn Canyon, and that the expense of buying the necessary machinery and dredging that sediment amounts to millions of dollars every year. Of course, I appreciate that the Senator may not be interested in the amendment, but if he will look at the figures which have been furnished to me, and which I have put in the RECORD, with reference to the

sediment that goes into the Missouri River from this particular river, I am sure he will agree that his people will be interested in the amendment, because the Mississippi Valley Association, which has studied the problem, has gone definitely on record in regard to it, and the Missouri Valley Association has gone definitely on record in favor of the project, not because of irrigation, not because of power, but because of flood control, and because it will help navigation on the Missouri and the Mississippi Rivers.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. OVERTON. I wish to say that we in the lower Mississippi Valley are interested in the project referred to by the Senator from Montana, and in similar projects. We look upon these reservoirs as additional factors of safety. We feel that they afford additional protection to us; that the more that are built the less danger we encounter in the valley and the less necessity there is for the use of the floodways that have to be constructed in the valley.

It must be apparent to the Senator from Montana, however, that these projects are highly technical in their nature; and in the perfection of the bill the members of the Commerce Committee had to depend very largely, and, in fact, exclusively, upon the recommendations of the Army Engineers. I personally should have liked to have included in the present omnibus bill many projects in Louisiana that are divorced from the flood-control problem of the Mississippi River proper; but so long as I could not obtain the recommendation of the Army Engineers, I concluded not to urge them either before the committee or upon the floor of the Senate.

I will say to the Senator from Montana that in the event his project should be adopted, there is no reason why we should not consider many other projects scattered throughout the Nation from the Atlantic to the Pacific and from the Dominion of Canada to the Gulf of Mexico. It is utterly impracticable for us to do that upon the floor; and I will go further and say that I think it is rather impracticable for the Commerce Committee, which had the bill under consideration, to consider those problems independently of the recommendations of the Army Engineers and against their report.

Mr. WHEELER. I appreciate the position which the Senator from Louisiana has taken; but I repeat what I said a moment ago: There are many other projects in my State which of course I should like to see incorporated in the bill, but no other project has been proposed on the floor of the Senate or before the Commerce Committee which has had the investigation which this project has had. I challenge any Senator to show another project which has had the engineers' reports which this project has had. Mr. Hugh L. Cooper—who, as I said a moment ago, is a well-recognized engineer—reported on the project a long time ago. An engineer of General Goethals' firm reported upon the project. The Army Engineers have made an investigation of it; and the only reason why they say it should not be included in the bill is because they say there is not any market for the power.

I am not asking that the project be constructed as a power project; but let me ask here, Why should the Senate refuse to consider projects simply because the Army Engineers do not recommend them, when we have before us the facts and figures regarding the projects?

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. WHEELER. I yield to the Senator from Georgia.

Mr. RUSSELL. I heartily agree with the Senator from Montana in that suggestion. I see no reason on earth why a worth-while, meritorious project should be proscribed by some rule of the committee because it has not been recommended by the Army Engineers. I am all the more interested to know the source from which the rule emanates. Now, at a time when charges are being made that Congress has abdicated its constitutional responsibility and is delegating its legislative powers, and is, in fact, a mere rubber stamp, we hear it stated that Congress has no right whatever to legislate on a matter unless it is approved by the Board of Army Engineers. Therefore in its last analysis it would delegate to them the sole right to write this bill and the sole power of determining as to what is or what is not a meritorious project.

Mr. WHEELER. Of course, if we are to do that, there is no reason why we should not be branded as mere rubber stamps.

Mr. RUSSELL. Of course not.

Mr. WHEELER. If we are simply to let some Army engineer come here and say, "You can put this in the bill, but if we do not recommend it, you cannot put it in on the floor of the Senate"; if that is to be the rule of some committee, if we have not the courage and the intelligence to stand here on the floor of the Senate and write legislation, if it is meritorious, and adopt it if it is meritorious, regardless of some Army engineer's report, then we ought to be branded as rubber stamps.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from Montana yield to the Senator from New York?

Mr. WHEELER. I yield.

Mr. COPELAND. Mr. President, the Army Engineers brought us their findings, and it did not take a Philadelphia lawyer to determine whether or not this project was economically justifiable. Assuming that the Army Engineers have told me the truth as to the facts, and leaving it to my own brain to formulate a conclusion, I can determine for myself that this project which is being so ably presented by the Senator from Montana is not economically feasible. I have no doubt that if the galleries were to vote they would vote the Senator 100-percent right; they would vote with the Senator. But I intend to vote once in a while with the taxpayers.

What right have we to expend $23,934,000 when the benefit which would be derived would be $1,000,000? I do not have to have an Army engineer to tell me that that is a bad investment. I have made enough bad investments myself to recognize one when I see it, and I would say that it would be an unwise investment to spend $24,000,000 in order to get a million dollars return a year. I know that much about bad investments.

Mr. WHEELER. Mr. President, let me say to the Senator that he has just stated that we will be spending $300,000,000 as a result of the pending bill, and do not expect to get a 5-cent piece back.

Mr. COPELAND. Mr. President, will the Senator yield to me further?

Mr. WHEELER. I yield.

Mr. COPELAND. We will spend $300,000,000 under the pending bill. In the "Golden Triangle" of Pittsburgh alone the last flood cost the people $200,000,000. In my State the flood cost the people $40,000,000. We are not going to get this money back, but in the savings to the people, in the saving of lives of our citizens, there is going to be a great annual return. But there is no economic justification in the case eloquently presented by the Senator from Montana. Every one of his constituents must know he has properly represented them, and if there is any doubt about it, when he runs again, I will go out to his State and tell the people how the Senator tried to get these millions of dollars for them. There is, however, no economic justification for the project at this time. We could find many projects—and they are listed in the book I hold in my hand to the amount of $8,000,000,000—which have been surveyed by the Army Engineers, and on about five or six billions dollars' worth of those projects the returns would be about 8 cents for $1 invested. On the project the Senator is advocating the return would be lower than that. So I hope the Senator will not press the matter, since it is utterly beyond the bounds of reason that the Senate should adopt the amendment, because if this amendment were agreed to the junior Senator from Ohio [Mr. DONAHEY] would have a right to present amendments covering several projects in his State, and I

could name a hundred projects, from my memory, which ought to go into the bill if we agreed to this amendment. But we have no right to invest millions of dollars of the taxpayers of the United States where the return would be 3 or 4 cents on the dollar invested.

Mr. WHEELER. Mr. President, I am utterly amazed at the statement that there would be a return of only 3 or 4 cents on the dollar. I thought I had made the matter quite clear to the Senator, and I challenge the Army Engineers who advised him to make that statement in writing to me or to anybody else that there would be only that return. They are talking about irrigation. The Senator is saying that $300,000,000 is to be spent under the bill, and that the Government will not get one cent of return on that investment, but he says there will be a saving of millions of dollars to the people of Pennsylvania, to the people of New York, to the people of Mississippi, to the people of Arkansas, and to the people of other States, and I agree with him. But I say to the Senator that floods have occurred on this river in Montana, and the Mississippi Valley Association, the Missouri Valley Association, and all who have examined into the matter, have said that regardless of the question of power, regardless of irrigation, this improvement ought to be completed as a flood-control proposition. There can be no dispute about that. There is not a question of a doubt about it, and in my judgment, the Army Engineers will not dispute my statement. When they investigated the matter they investigated it from the standpoint of a power project, and they reported upon it from the standpoint of irrigation and power.

Of course, if this were to be built as an irrigation project, and it was expected that the owners of thirty or forty thousand acres of land would pay back to the Government of the United States the $15,000,000, I would not be foolish enough to stand on the floor of the Senate and say that could be economically justified. That is not the idea. But I call attention again to the fact that the Big Horn River is the greatest silt producer in the entire Missouri River Valley. It discharges at Hardin, Mont., 42 miles below the site of the proposed dam, 12,900 acre-feet of sediment annually. By way of comparison, the sediment flow of the upper Missouri River at the site of the Fort Peck Dam, now under construction, is 2,225 acre-feet, about one-sixth as much.

The Yellowstone River furnishes 61 percent of the waters carried by the Missouri River after its junction with the Yellowstone. The Big Horn River discharges approximately as much water as does the Yellowstone in a year, but at the time of the heavy spring discharge most of the silt is carried down. Of the silt discharged by the Yellowstone into the Missouri approximately four-fifths comes from the Big Horn.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. COPELAND. I do not desire to prolong the debate, but I want an effective answer made in order that the historian of the future may know that there was an answer.

This is what we learn about the silting of reservoirs: The Yellowstone River is, as the Senator has argued, a heavy contributor to the burden of silt carried by the Missouri River, and the Big Horn contributes about one-half of the silt load of the Yellowstone. We are in full agreement on that.

Investigations of the silt burden of the Big Horn have indicated that the average annual discharge of silt passing Hardin, Mont., is about 21,200,000 tons. Based on these estimates it was found that the ultimate silting of the Big Horn Reservoir of 830,000 acre-feet capacity would occur in approximately 64 years, and its capacity would be seriously impaired in a shorter time if no desilting works were in operation.

It also appears that the value of retaining this silt in the Big Horn Canyon Reservoir and preventing its deposit in the lower Yellowstone and Missouri Rivers would not be large, and that this benefit would be more than offset by the decrease in value of the reservoir itself due to progressive silting.

The Senator knows I am not an authority on irrigation, nor is the Senator from Montana an authority on silting, but those who are authorities say that the silting argument which the Senator is presenting to us is worth just 4 cents on the dollar, and no more.

Mr. WHEELER. The Senator is speaking now merely of silting.

Mr. COPELAND. I make the same argument about everything else.

Mr. WHEELER. The Senator is saying 4 cents as to silt, and 4 cents as to something else, and 4 cents as to something else. I give due credit to the Army Engineers, but I say to the Senate that in their statement they disagreed with other engineers, according to the information given to me, with reference to the silting.

I now read as follows from a report made by an engineer:

> The Big Horn and Yellowstone Rivers furnish 61 percent of the water carried by the Missouri River after its junction with the Yellowstone. The Big Horn River discharges as much water as the Yellowstone, approximately, in a year, but at the time of the heavy spring discharge is when most of the silt is carried down. Of the silt discharged by the Yellowstone into the Missouri approximately four-fifths comes from the Big Horn. Stoppage of floodwater means stoppage of silt. The proposed dam would check this menace to the people of the Missouri and Mississippi Valleys close to its source. The cost of pumping the sediment chargeable to the uncurbed flow of the Big Horn when it has reached the mouth of the Missouri (estimated at 72,240 acre-feet) amounts, at 4 cents per ton, to $4,677,463.

That is where the Senator from New York gets his figure of 4 cents, I assume.

> If this silt were removed at its source it could be done at an estimated cost of only $1,169,365, or at an annual saving of $3,508,098. This cost could be still further reduced by use of power from the dam at peak periods. This saving alone represents big interest on the investment.

Will the Senator dispute those figures? I am sure the figures which the Senator from New York quoted do not show the amount saved. The engineer who prepared this report agrees with the Army Engineers as to the amount of silt, but he states that the cost of taking out the silt at the mouth of the Missouri would be about 4 cents per ton, which would equal $4,677,000, and if the silt were disposed of at the dam it would cost $1,169,365, or an annual saving of $3,508,098 on an investment of approximately $15,000,000.

I am not going to take up further time of the Senate with reference to the amendment, but I sincerely hope it will be adopted. I say that not a valid argument has been presented against it. No reason has been shown why it should not be adopted in this program for flood control. When it is said that there will be no interest return upon the investment if $15,000,000 shall be invested in the project, and that none of the money expended upon the project will be returned, I say that not only are the lives of people going to be saved, as well as land, and an important step will be taken in flood control of the Mississippi and the Missouri Rivers, but the United States Government will get back money expended upon this project, while it is admitted that there will be no return of much of the $300,000,000 which is to be spent upon other projects.

Mr. O'MAHONEY. Mr. President, I offer a perfecting amendment, which I ask to have stated.

The PRESIDING OFFICER (Mr. MURPHY in the chair). The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to add the following proviso to Mr. WHEELER's amendment:

> *Provided*, That any dam to be constructed out of this appropriation shall be so located as not to include privately owned lands within the boundaries of the reservoir.

Mr. WHEELER. I accept that amendment.

In conclusion, let me say that I hope the Senate will adopt my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana [Mr. WHEELER], as modified, to the amendment of the committee.

Mr. CLARK. Mr. President, I do not desire to delay the vote on the amendment of the Senator from Montana for longer than a moment. The subject happens to be one in which everyone who lives in the lower Missouri Valley or the lower Mississippi Valley is as much interested as is a citizen of Montana.

In company with the Senator from Nebraska [Mr. NORRIS], the Senator from Montana [Mr. WHEELER], and five or six other Senators, I was one of those who went to the White House a couple of years ago to urge the construction of the Fort Peck Dam in Montana, not because I was particularly interested in a construction in Montana but because, both from the standpoint of navigation and from the standpoint of flood control on the Missouri River, I regarded that as a project which concerned us as much as it did the citizens of Montana.

The Senator from Montana has debated the subject so ably this afternoon that I do not feel it necessary to repeat what he has said, except to bear witness, as a Senator from a State which the Missouri River traverses for its whole width and which forms one-third of its western boundary, that the Big Horn Reservoir which the Senator from Montana has been advocating concerns the States of Iowa, Nebraska, Kansas, Missouri, and all the States which border the lower Mississippi, to the same extent that it concerns Montana.

I believe, in accordance with the views frequently expressed by the President, that one of the great preventives of floods is an intelligently planned and constructed system of reservoirs on the larger tributaries of the major streams. I am certain, from reading the reports of the engineers, that the construction of the dam advocated by the Senator from Montana would not only be of great advantage to his own State but would be of great advantage to every State through which the Missouri and the lower Mississippi flow.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Montana to the committee amendment.

Mr. COUZENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	King	Pope
Bachman	Couzens	La Follette	Radcliffe
Bailey	Davis	Logan	Robinson
Barbour	Dieterich	Lonergan	Russell
Barkley	Donahey	Long	Schwellenbach
Benson	Fletcher	McAdoo	Sheppard
Bilbo	Frazier	McGill	Shipstead
Black	George	McNary	Smith
Bone	Gerry	Maloney	Steiwer
Borah	Gibson	Metcalf	Thomas, Okla.
Brown	Glass	Moore	Townsend
Bulkley	Guffey	Murphy	Truman
Bulow	Hale	Murray	Vandenberg
Byrd	Harrison	Neely	Van Nuys
Capper	Hastings	Norris	Wagner
Caraway	Hatch	Nye	Walsh
Chavez	Hayden	O'Mahoney	Wheeler
Clark	Johnson	Overton	White
Connally	Keyes	Pittman	

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present. The question is on agreeing to the modified amendment of the Senator from Montana [Mr. WHEELER] to the committee amendment in the nature of a substitute.

Mr. COPELAND. Mr. President, I call the attention of the Senate to the fact that we had a flood-control bill before the Senate at the last session, and we did what is now proposed to be done: We started and let one project go in that had not been approved by the Army Engineers; and when we got through we had $770,000,000 worth of projects in the bill. Of course, after the speech of the Senator from Maryland [Mr. TYDINGS] we were all ashamed; and the bill was recommitted, with the understanding that when it came out again it should come out in proper form.

Mr. President, the committee has stood for weeks and for months against the inclusion in this bill of any project which has not been approved by the Army Engineers. As meritorious as this project is, in the future, when the time comes with the growth of population in Montana that the power can be used, there will be constructed in that canyon a great dam; but at the present moment, according to the report of the Army Engineers, the project is without merit, and is economically indefensible.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. CLARK. I will say to the chairman of the committee of which I am proud to be a member that he is entirely correct in saying that we started out in the preparation of the bill to follow the recommendations of the Army Engineers. Today, however, by a vote of 40 to 31, the Senate pitched the Army Engineers out of the window by the scurff of the neck and the slack of the breeches. Having offered that committee amendment, it seems to me it is rather late in the day for the chairman of the committee to be coming back and talking about the recommendations of the Army Engineers.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from Kentucky.

Mr. BARKLEY. What the Senate did today was simply to allow the President to exercise his discretion with respect to projects which the Army Engineers had approved. We did not kick the Army Engineers out of the window. We simply reinforced them by the discretion we gave to the President.

Mr. COPELAND. Mr. President, if by any mischance the Senate should adopt this amendment, I shall have no excuse, as chairman of the committee, for resisting the inclusion in the bill of any amendment which may be offered, regardless of whether or not the project has been approved by the Army Engineers; and by this time tomorrow we shall have a bill like the one which was sent back to the committee last year after the speech of the Senator from Maryland.

I sincerely trust that the amendment offered by the Senator from Montana will be rejected.

Mr. WHEELER. Mr. President, when the Senator from New York says that the Army Engineers have reported adversely on this project and say that it is economically unsound and unfeasible, I submit that there is no statement to that effect in the record.

When the Army Engineers examined the project they examined it with reference to power as a power project. As such they said that there was not sufficient market for the power. I am not asking for its inclusion in the bill as a power project. Furthermore, as the Senator from Missouri [Mr. CLARK] says, this is not a Montana project. Every Senator and every Representative from States along the Missouri and the Mississippi Rivers ought to be interested in the project, because both the Mississippi Valley Association and the Missouri Valley Association, which have investigated the project and had engineers investigate it, have approved it as a flood-control project for the control of silt and for the control of the flood waters of the upper Mississippi, and the President of the United States, in speeches in my State and at other places, has said that the proper place to control the floods of these rivers is in the upper tributaries.

In view of the fact that the project has been approved by many engineers, including some of the most noted engineers in the country—they have passed upon it and checked it and approved it—I think it is unfortunate that the chairman of the committee should take the position that if the project is included in the bill he will throw down the bars and let in every project throughout the United States. This is not a Montana project. It is a project which affects the whole interior country along the Missouri and the Mississippi Rivers. As the Senator from Missouri said, the matter was called to my attention by the Missouri Valley Association. It was called to my attention by the Mississippi Valley Association. The late Senator Kendrick was interested in it. My late colleague, Senator Walsh, was vitally interested in it for years. It is a flood-control project. That is all we are asking for. Incidentally, a few Indians will obtain

some benefit from it, if we wish to have that done. We do not have to do it, but we can irrigate the Indian land, as I pointed out, and save the Government some money by making the Indians self-supporting, at very little cost.

It has been stated that the project will cost too much. If we should put upon the Indians the full burden of paying back to $15,000,000, of course, we could not construct this dam as an irrigation project; but in this bill we are providing for the expenditure of $300,000,000, of which we are not going to get back a dollar. I am asking that we spend $15,000,000, not for the benefit of my State, but for the benefit of the States bordering upon the Missouri and the Mississippi Rivers. Every one of them, and every association connected with the navigation of the rivers, and every association connected with flood control along the rivers is in favor of the amendment and has recommended it.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WHEELER. Yes.

Mr. CLARK. Is not the project advocated by the Senator exactly the same as that exemplified in the case of the Connecticut Valley, where the construction of reservoirs in New Hampshire and Vermont will redound to the benefit of the people of Massachusetts and Connecticut; also the project contained in the bill for building reservoirs in the State of New York for the purpose of benefiting the people of Pennsylvania and the lower Susquehanna Valley?

Mr. WHEELER. Of course it is.

Mr. CLARK. In other words, the location of the dam or the reservoir has not necessarily anything to do with the benefits to be derived from it, because they may be derived in some other State, on a much lower stage of the river.

Mr. WHEELER. Of course. As I said awhile ago, the power interests of the country have been opposed to the project, because they have said some cheap power might be developed there; and the Army Engineers investigated the proposal from the standpoint of power. One of the great railroad systems of the country investigated it a few years ago, and planned to build the dam for the purpose of obtaining cheap power for the electrification of their railroad. I desire to say here and now that they would have built the dam if it had not been for the fact that they found some cheap coal in that vicinity which they could shovel out. It is going to be only a question of time, however, before the power will be used; and if we build a dam—I am not asking that it be done now—some of the transcontinental railroads which desire to electrify their lines will buy the power for that purpose from the Government of the United States, and in the long run the dam will not cost the Government one 5-cent piece.

As I pointed out, the construction of this dam will not only help the State of Missouri and the State of Iowa and all the States along the Mississippi and the Missouri Rivers, but a few years ago we had floods along the Yellowstone River that flooded out the town of Forsyth; we had floods there that flooded out the irrigation ditches of the farmers along the Yellowstone River; and, notwithstanding anything that has been stated on the floor of the Senate, I say there is not a flood-control project that could be built that is more meritorious or that would help more people in more States of the Union than the construction of this dam at a cost of approximately $15,000,000. Why? Because it is to be built in a very deep canyon, and, incidentally, one of the most gorgeous canyons in the Northwest outside of the Yellowstone. It is to be built in a very deep canyon, a very long canyon, and the dam will flood only public lands and some Indian lands; so that there will be no cost to the Government of the United States for the lands flooded. I hope the amendment will be adopted.

Mr. MALONEY. Mr. President, I dislike very much at this late hour to take the time of the Senate on this amendment; but the Senator from Missouri [Mr. CLARK] stated that this situation is in some way comparable to the situation in the Connecticut Valley.

I am among those who hope the amendment will be defeated. During the last session of the Congress, while the Connecticut Valley was considered in the omnibus flood-control bill, there was, with malicious forethought—and I joined in the effort—a successful attempt made to defeat the then pending flood-control bill. I quite agree with the statement of the chairman of the committee and with the remark of the Senator from Michigan that the adoption of this amendment will defeat the bill this year. It is not being done with malice aforethought this time. It is being done because of the patriotic spirit of the Senator from Montana; and I do not think there is a question in the mind of any member of the Commerce Committee about the merits of this particular proposal.

Together with the Army Engineers, we considered proposals from every part of the country. No State was overlooked. Members of the House of Representatives came before us in very great numbers on more than one occasion. We felt the need of a restraining influence, because we had continuously in our minds the experience of last year, the criticism of the country, the criticism in the Senate of the proposal made at that time.

I wish to add my humble and feeble plea to what was said by the Senator from New York [Mr. COPELAND] and the Senator from Michigan [Mr. VANDENBERG]. Although the amendment has merit, if it should be agreed to I do not think there would be a chance to turn down any of the other proposals which would follow.

Mr. President, let me take just sufficient time to answer the reference made to the Connecticut Valley. We do not think we have received sufficient consideration. Ours was one of the dramatic flood areas of the recent disastrous inundation. The Army Engineers, after making a survey of the Connecticut Valley, recommended 39 reservoirs. The pending bill provides for only 10.

Despite the loss of millions and millions of dollars as a result of the flood in the Connecticut Valley, and despite the great loss of life, the appropriation to protect us against a future flood amounts to only $13,000,000, and we are very cheerfully, willingly, and anxiously making plans to pay our share of the cost.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. CLARK. The Senator will recall that when the matter was before the Senate Committee on Commerce the Senator from Connecticut himself proposed that there be a different rule established as to local contributions, that areas which had been dramatically damaged during the recent flood should not this year be required to pay any portion of the cost of permanent works but that that should not be taken as a precedent, and that in the future those not dramatically included in this dramatic incident this year should be required to pay their local contributions. Does the Senator still adhere to that view?

Mr. MALONEY. No; I do not adhere to that view; and while the Senator from Missouri is partially correct, I am sure that other members of the committee will remember that, while I did express the thought that it probably would be wise to handle the matter in that way, I qualified my statement and said that I felt that under certain circumstances I should vote differently; and subsequently I did vote differently in the committee.

I quite disagree with the Senator from Missouri, who makes a difference between what is now described as a dramatic flood condition and a chronic flood situation, the latter applicable to the neighborhood in which he lives.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. MALONEY. I yield.

Mr. CLARK. Let me say that that distinction is not mine. The distinction was introduced in the Commerce Committee, as the Senator will well remember, by representatives from areas which have not hitherto in many years been affected by floods. The distinction between the dramatic, unprecedented, unusual floods of this year and the habitual, usual floods of other years is not my distinction. It was introduced in the committee by other Senators than myself and, as a matter of fact, by the Army Engineers themselves.

Mr. MALONEY. Mr. President, I have no desire to prolong the debate with the Senator. I should like merely to emphasize the fact that, in my opinion, the adoption of the pending amendment would spell ruin to flood-control legislation during the present session of the Congress.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Montana [Mr. WHEELER], as modified, to the amendment of the committee in the nature of a substitute.

The amendment to the amendment, as modified, was rejected.

Mr. COPELAND. Mr. President, I ask the adoption of the next amendment presented on behalf of the committee.

The PRESIDING OFFICER. The clerk will state the amendment to the amendment.

The LEGISLATIVE CLERK. In the committee amendment, on page 107, beginning with line 15, it is proposed to strike out:

SEC. 6. The Secretary of War is hereby authorized and directed to cause preliminary examinations and surveys for flood control at the following-named localities; the cost thereof to be paid from appropriations heretofore or hereafter made for such purposes: *Provided*, That no preliminary examination, survey, project, or estimate for new works other than those designated in this or some prior act or joint resolution shall be made: *Provided further*, That after the regular or formal reports made as required by law on any examination, survey, project, or work under way or proposed are submitted, no supplemental or additional report or estimate shall be made unless authorized by law or by resolution of the Committee on Flood Control of the House of Representatives or the Committee on Commerce of the Senate: *And provided further*, That the Government shall not be deemed to have entered upon any project for the improvement of any waterway mentioned in this act until the project for the proposed work shall have been adopted by law.

And in lieu thereof to insert:

SEC. 6. The Secretary of War is hereby authorized and directed to cause preliminary examinations and surveys for flood control at the following-named localities, and the Secretary of Agriculture is authorized and directed to cause preliminary examinations and surveys for run-off and water-flow retardation and soil-erosion prevention on the watersheds of such localities; the cost thereof to be paid from appropriations heretofore or hereafter made for such purchases: *Provided*, That no preliminary examination, survey, project, or estimate for new works other than those designated in this or some prior act or joint resolution shall be made: *Provided further*, That after the regular or formal reports made as hereby authorized on any examination, survey, project, or work under way or proposed are submitted to Congress, no supplemental or additional report or estimate shall be made unless authorized by law or by resolution of the Committee on Flood Control of the House of Representatives or the Committee on Commerce of the Senate: *And provided further*, That the Government shall not be deemed to have entered upon any project for the improvement of any waterway mentioned in this act until the project for the proposed work shall have been adopted by law.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment to the amendment.

The LEGISLATIVE CLERK. In the committee amendment on page 115, beginning with line 18, it is proposed to strike out:

SEC. 8. Nothing in this act shall be construed as repealing or amending any provision of the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, or any provision of any law amendatory thereof.

And in lieu thereof to insert:

SEC. 8. Nothing in this act shall be construed as repealing or amending any provision of the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, or any provision of any law amendatory thereof. The authority conferred by this act and any funds appropriated pursuant hereto for expenditure are supplemental to all other authority and appropriations relating to the departments or agencies concerned, and nothing in this act shall be construed to limit or retard any department or agency in carrying out similar and related activities heretofore or hereafter authorized, or to limit the exercise of powers conferred on any department or agency by other provisions of law in carrying out similar and related activities.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment to the amendment.

The LEGISLATIVE CLERK. In the committee amendment on page 115, beginning with line 23, it is proposed to strike out:

SEC. 9. The sum of $315,000,000 is authorized for carrying out the improvements authorized herein and any examinations and surveys provided for in this act and other acts of Congress.

And in lieu thereof to insert:

SEC. 9. The sum of $310,000,000 is authorized for carrying out the improvements herein and the sum of $10,000,000 is authorized to be expended in equal amounts by the Departments of War and Agriculture for carrying out any examinations and surveys provided for in this act and other acts of Congress: *Provided*, That not more than $50,000,000 of such sum shall be expended during the fiscal year ending June 30, 1937: *Provided further*, That for the relief of unemployment, in addition to the regular appropriation, persons may be employed on such works of improvement and the compensation of said persons when so employed shall be paid from the funds, and available to the Works Progress Administration for the continuance of relief and work relief on useful projects.

The amendment to the amendment was agreed to.

Mr. COPELAND. The next amendment, amendment no. 6, I will be glad to have go over until tomorrow.

There are some amendments with reference to surveys to be added on page 108 and following pages, and, with the exception of those, I have nothing more to add.

Mr. McNARY. Mr. President, I ask that those matters go over until tomorrow.

Mr. COPELAND. I am perfectly willing that that should be done.

Mrs. CARAWAY. Mr. President, I have an amendment which I desire to offer on behalf of myself and my colleague the senior Senator from Arkansas [Mr. ROBINSON]. I send the amendment to the desk and ask to have it read.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 72, after line 7, it is proposed to insert:

From North Little Rock, Ark., to Gillette, Ark., on the north bank of the Arkansas River: Levees to protect agricultural lands and communities; House Document No. 308, Seventy-fourth Congress, first session; estimated cost, $2,424,400.

Mr. COPELAND. Mr. President, the amendment contemplates the construction of levees on the north bank to the same grade as existing backwater levees on south bank. Their construction would jeopardize south levees, and extensive and valuable territory protected thereby, without compensatory advantages to less valuable area which would be afforded protection. A levee constructed with grade 3 feet lower than the south bank levee would provide protection against all but extreme floods, and is economically justified.

Therefore, with the cost of construction estimated at $2,424,400, the amendment will be accepted, so far as the committee is concerned.

Mr. McNARY. Mr. President, has the report of the engineers been favorable and has it been filed with the Committee on Commerce?

Mr. COPELAND. It has been.

Mr. McNARY. Why was not the item included in the bill?

Mr. COPELAND. Because, in the first place, it came to us at an estimated cost of $5,302,800. It was sent back to the Army Engineers, and the Army Engineers during the past week or two have made a restudy, and have given approval to the project at an estimated cost of $2,424,400.

Mr. ROBINSON. Mr. President, the amendment as now presented constitutes a modification of the original project. The project as originally presented by my colleague and myself was not approved by the engineers, but the proposal was modified to conform to the amendment presented by my colleague and approved by the engineers.

The VICE PRESIDENT. The question is on agreeing to the amendment presented by the junior Senator from Arkansas [Mrs. CARAWAY] to the amendment of the committee in the nature of a substitute.

The amendment to the amendment was agreed to.

Mr. CLARK. Mr. President, I desire to offer an amendment, and I may say I do not know why it has not been printed.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. McNARY. I think there was an understanding that as soon as the Senate disposed of the amendment just offered by the junior Senator from Arkansas a recess would be taken.

Mr. CLARK. I do not wish to interfere with the agreement, but this is an amendment which has been twice adopted by the Committee on Commerce.

Mr. McNARY. Will not the Senator offer it tomorrow at 12 o'clock, when the Senate meets?

Mr. CLARK. If the Senator insists, of course I will have to let it go over.

EXECUTIVE SESSION

Mr. ROBINSON. Mr. President, if the Senator from New York is willing to suspend now, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of SAMUEL B. HILL, of Washington, to be a member of the Board of Tax Appeals for a term of 12 years from June 2, 1936.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nominations of several officers for appointment in the Diplomatic and Foreign Service.

He also, from the same committee, reported favorably Executive G, Seventy-fourth Congress, second session, being a supplementary extradition convention between the United States and Denmark, signed at Washington on May 6, 1936, and submitted a report (Exec. Rept. No. 3) thereon.

Mr. HAYDEN (for Mr. McKELLAR), from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 18 minutes p. m.) the Senate took a recess until tomorrow, Thursday, May 21, 1936, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 20 (legislative day of May 12), 1936

APPOINTMENT IN THE REGULAR ARMY

TO BE ASSISTANT TO THE QUARTERMASTER GENERAL, WITH THE RANK OF BRIGADIER GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE, WITH RANK FROM AUGUST 1, 1936

Col. Richard Henry Jordan, Quartermaster Corps, vice Brig. Gen. William R. Gibson, assistant to the Quartermaster General, to be retired July 31, 1936.

POSTMASTERS

ARKANSAS

Fred Smith to be postmaster at Stephens, Ark., in place of W. H. Hogg. Incumbent's commission expired February 5, 1936.

CALIFORNIA

Jeremiah P. Shields to be postmaster at Bakersfield, Calif., in place of L. G. Pauly. Incumbent's commission expired March 10, 1936.

Edith Irvin to be postmaster at Clearwater, Calif., in place of J. A. Collins. Incumbent's commission expired January 9, 1936.

Cortez B. Combs to be postmaster at McFarland, Calif., in place of C. D. Richardson. Incumbent's commission expired January 26, 1936.

Clarence N. Hamblet to be postmaster at Oildale, Calif., in place of W. S. Buchner. Incumbent's commission expired March 17, 1936.

Alva Millard Smith to be postmaster at Parker Dam, Calif. Office became Presidential April 1, 1936.

George F. Erwin to be postmaster at Sanitarium, Calif., in place of E. R. Rhymes. Incumbent's commission expired April 27, 1936.

Elizabeth C. Bavier to be postmaster at Truckee, Calif., in place of M. S. Rutherford. Incumbent's commission expired March 29, 1936.

COLORADO

Henery C. Showalter to be postmaster at Olathe, Colo., in place of M. H. Foster. Incumbent's commission expired April 27, 1936.

DELAWARE

James B. Thompson, Jr., to be postmaster at Clayton, Del., in place of W. B. Cullen. Incumbent's commission expired February 25, 1935.

IDAHO

Robert J. Wood to be postmaster at Weiser, Idaho, in place of O. A. West. Incumbent's commission expired January 26, 1936.

ILLINOIS

Paul Zimmerman to be postmaster at Earlville, Ill., in place of R. R. Remick. Incumbent's commission expired January 7, 1936.

Wilbur C. Gerke to be postmaster at Edwardsville, Ill., in place of E. M. Tuxhorn. Incumbent's commission expired January 7, 1936.

Albert H. Winter to be postmaster at Highland, Ill., in place of L. M. Stoecklin. Incumbent's commission expires June 1, 1936.

Walter D. Hayes to be postmaster at Minonk, Ill., in place of J. W. Meierhofer. Incumbent's commission expired January 7, 1936.

Joseph L. Langan to be postmaster at Odell, Ill., in place of L. P. Ready. Incumbent's commission expired January 7, 1936.

George S. Thornton to be postmaster at Oquawka, Ill., in place of R. R. Banta. Incumbent's commission expired February 9, 1936.

Mary M. Spurgeon to be postmaster at Prairie City, Ill., in place of A. G. Dunbar. Incumbent's commission expired January 7, 1936.

Charles W. McDonald to be postmaster at Wheaton, Ill., in place of W. W. Renton, retired.

Ralph M. Short to be postmaster at Witt, Ill., in place of H. L. Dean. Incumbent's commission expired April 27, 1936.

INDIANA

Jack Dolan to be postmaster at Hartford City, Ind., in place of P. H. Hawthorne. Incumbent's commission expired May 19, 1936.

Fred Porter Rensberger to be postmaster at Lakeville, Ind., in place of D. B. Henderson. Incumbent's commission expired February 5, 1936.

Vance E. Worrell to be postmaster at Orleans, Ind., in place of Oscar Standeford. Incumbent's commission expired April 27, 1936.

Ivan Dale Watson to be postmaster at Russiaville, Ind., in place of G. H. Newby. Incumbent's commission expired April 27, 1936.

IOWA

Charles J. Cash, Jr., to be postmaster at Anamosa, Iowa, in place of A. L. Remley. Incumbent's commission expired January 12, 1936.

Albert C. Peterson to be postmaster at Corning, Iowa, in place of E. F. McClelland. Incumbent's commission expired January 12, 1936.

Frank Howard Garrett to be postmaster at Council Bluffs, Iowa, in place of F. M. Williams. Incumbent's commission expired January 12, 1936.

John L. McLaughlin to be postmaster at Guthrie Center, Iowa, in place of H. B. Gillespie. Incumbent's commission expired April 12, 1936.

Harold E. Maffett to be postmaster at Murray, Iowa, in place of L. R. Valentine. Incumbent commission expires June 1, 1936.

John H. Gribben to be postmaster at Newton, Iowa, in place of R. H. Bailey. Incumbent's commission expired January 12, 1936.

Ruth M. Pedersen to be postmaster at Pierson, Iowa, in place of M. E. Barkley. Incumbent's commission expired January 12, 1936.

Charles E. Hudson to be postmaster at Pomeroy, Iowa, in place of F. T. Best. Incumbent's commission expired April 12, 1936.

Henry J. Kelley to be postmaster at Shannon City, Iowa, in place of P. B. Wilson. Incumbent's commission expired March 17, 1936.

Walter L. Hurd to be postmaster at Stanhope, Iowa, in place of E. M. Miller. Incumbent's commission expired January 12, 1936.

George W. Trowbridge to be postmaster at Stuart, Iowa, in place of J. D. Herriott. Incumbent's commission expired January 12, 1936.

Ella M. Hames to be postmaster at Williams, Iowa, in place of R. R. Fear. Incumbent's commission expires June 23, 1936.

KANSAS

Raymond R. Staab to be postmaster at Satanta, Kans., in place of Bessie Custer. Incumbent's commission expired April 27, 1936.

James P. Kelley to be postmaster at White Cloud, Kans. Office becomes Presidential July 1, 1936.

LOUISIANA

Jeannette Clarkson to be postmaster at Clarks, La., in place of Jeannette Clarkson. Incumbent's commission expired January 9, 1936.

Eugene Dumez to be postmaster at Houma, La., in place of C. H. Wallis. Incumbent's commission expired April 27, 1936.

Sidney L. Voorhies to be postmaster at Lafayette, La., in place of E. A. O'Brien. Incumbent's commission expired March 10, 1936.

Homer L. Jolley to be postmaster at Morgan City, La., in place of M. P. Palmer. Incumbent's commission expired April 5, 1936.

Jessie M. Murphy to be postmaster at Simsboro, La. Office becomes Presidential July 1, 1936.

MAINE

William G. Chamberlain to be postmaster at Fort Fairfield, Maine, in place of H. W. Perry. Incumbent's commission expired April 14, 1936.

Bess M. Clark to be postmaster at Milo, Maine, in place of F. G. Thompson. Incumbent's commission expired April 12, 1936.

Harry V. Smith to be postmaster at Springfield, Maine, in place of E. C. Butterfield. Incumbent's commission expired January 22, 1936.

Roy E. Swaney to be postmaster at Vanceboro, Maine, in place of Marjorie Gatcomb. Incumbent's commission expired February 17, 1936.

MARYLAND

Edgar R. Twilley to be postmaster at East New Market, Md., in place of W. J. Crowe. Incumbent's commission expires June 1, 1936.

Ellwood E. Matthews to be postmaster at Pocomoke City, Md., in place of R. L. Hall. Incumbent's commission expired April 27, 1936.

Elliott W. Marshall to be postmaster at Snow Hill, Md., in place of H. W. Mason. Incumbent's commission expired January 11, 1936.

George R. Bromley to be postmaster at Stockton, Md., in place of W. E. Tull. Incumbent's commission expired January 11, 1936.

MASSACHUSETTS

John Joseph Mackin, Jr., to be postmaster at Millers Falls, Mass., in place of R. H. Gould. Incumbent's commission expires May 23, 1936.

Raymond L. Soule to be postmaster at West Boylston, Mass., in place of R. L. Soule. Incumbent's commission expires May 23, 1936.

Michael E. Troy to be postmaster at West Stockbridge, Mass., in place of M. A. Fallon. Incumbent's commission expired January 27, 1936.

MICHIGAN

Regina W. Cleary to be postmaster at Escanaba, Mich., in place of G. G. Geniesse. Incumbent's commission expired March 18, 1934.

MINNESOTA

Calvin R. Bouvette to be postmaster at Hallock, Minn., in place of Theresa Jondahl. Incumbent's commission expires June 11, 1936.

Cornelius W. Vahle to be postmaster at Tracy, Minn., in place of A. H. Rowland. Incumbent's commission expired February 24, 1936.

Emma C. Nuernberg to be postmaster at Young America, Minn., in place of J. J. Thomas. Incumbent's commission expired April 12, 1936.

MISSISSIPPI

Fannie L. Lowry to be postmaster at Houston, Miss., in place of W. D. Woods. Incumbent's commission expired January 10, 1935.

MISSOURI

James G. Skidmore to be postmaster at Barnard, Mo., in place of M. E. Ryan. Incumbent's commission expired April 14, 1936.

Benjamin F. Coleman to be postmaster at Center, Mo., in place of R. D. Gardner. Incumbent's commission expired April 27, 1936.

H. Sam Jones to be postmaster at Senath, Mo., in place of O. H. Storey. Incumbent's commission expired March 29, 1936.

NEBRASKA

Gotthilf I. Pfeiffer to be postmaster at Arlington, Nebr., in place of H. C. McClellan. Incumbent's commission expired April 12, 1936.

William C. Rhea to be postmaster at Chester, Nebr., in place of C. G. Struble. Incumbent's commission expires May 23, 1936.

Frank J. Srb to be postmaster at Dodge, Nebr., in place of O. A. Steinkraus. Incumbent's commission expires May 23, 1936.

Floyd S. Worthing to be postmaster at Elm Creek, Nebr., in place of E. J. Fitzgerald. Incumbent's commission expired February 24, 1936.

Weaver Jennings Holliday to be postmaster at Stuart, Nebr., in place of M. M. Stuart, resigned.

NEVADA

Olive V. Corbiere to be postmaster at Sparks, Nev., in place of D. E. Richards. Incumbent's commission expires June 23, 1936.

NEW HAMPSHIRE

George F. Garneau to be postmaster at Franklin, N. H., in place of C. H. Bean. Incumbent's commission expired February 4, 1935.

Hugh F. Waling to be postmaster at Keene, N. H., in place of B. O. Aldrich. Incumbent's commission expired December 16, 1933.

NEW JERSEY

Walter K. Bittle to be postmaster at Berlin, N. J., in place of W. M. Matthews. Incumbent's commission expired May 2, 1932.

David A. Skelley to be postmaster at Fort Lee, N. J., in place of W. J. Hart. Incumbent's commission expired February 28, 1933.

Joseph F. Kour to be postmaster at Little Ferry, N. J., in place of Andrew Bauer. Incumbent's commission expired February 9, 1936.

Ethel B. Leisy to be postmaster at Mantua, N. J., in place of W. L. Smith. Incumbent's commission expired January 9, 1936.

John H. Traynor to be postmaster at Westfield, N. J., in place of B. M. Prugh. Incumbent's commission expired May 10, 1936.

NEW YORK

Henrietta Fairbanks to be postmaster at Bainbridge, N. Y., in place of H. L. Payne. (Removed without prejudice.)

Michael L. Sullivan to be postmaster at Binghamton, N. Y., in place of H. B. Mulford. Incumbent's commission expired February 17, 1936.

Clifford C. Wenzel to be postmaster at Deferiet, N. Y., in place of C. C. Wenzel. Incumbent's commission expired April 29, 1936.

Hannah Pearce to be postmaster at Ocean Beach, N. Y., in place of H. A. Pearce, deceased.

NORTH CAROLINA

Robert A. Watson, Sr., to be postmaster at Jonesboro, N. C., in place of C. M. Rosser. Incumbent's commission expires June 15, 1936.

Robert Boyd Patterson to be postmaster at Littleton, N. C., in place of J. W. Wood. Incumbent's commission expired April 4, 1936.

John Locke Milholland to be postmaster at Statesville, N. C., in place of C. M. Adams. Incumbent's commission expires July 7, 1936.

NORTH DAKOTA

Eureka H. McDougall to be postmaster at Cleveland, N. Dak., in place of J. E. Cusator. Incumbent's commission expired February 17, 1936.

Lloyd Lapic to be postmaster at Lankin, N. Dak., in place of C. L. Erickson. Incumbent's commission expired April 27, 1936.

Mary J. Dunbar to be postmaster at Souris, N. Dak., in place of J. G. Acheson. Incumbent's commission expired March 22, 1936. (Removed without prejudice.)

OHIO

Samuel R. McGuire to be postmaster at Bowerston, Ohio, in place of C. A. Bower. Incumbent's commission expired February 5, 1936.

Marguerite E. Martin to be postmaster at Monroeville, Ohio, in place of E. W. Armstrong. Incumbent's commission expired January 7, 1936.

Aaron G. Shealy to be postmaster at New Washington, Ohio, in place of A. S. Nye. Incumbent's commission expired January 7, 1936.

Loretta H. Duswald to be postmaster at Scio, Ohio, in place of J. A. Downs. Incumbent's commission expired February 5, 1936.

OKLAHOMA

Lewis B. Rogers to be postmaster at Fort Gibson, Okla., in place of Hubbard Ross. Incumbent's commission expired May 3, 1936.

Howard R. Wynn to be postmaster at Fort Towson, Okla., in place of C. P. Keil. Incumbent's commission expired May 3, 1936.

Hope C. McGinty to be postmaster at Kiefer, Okla., in place of W. H. Jones. Incumbent's commission expired May 3, 1936.

Carlos E. Shepherd to be postmaster at Stigler, Okla., in place of I. J. Trout. Incumbent's commission expired February 1, 1936.

OREGON

Emil L. Mueller to be postmaster at Clatskanie, Oreg., in place of E. J. Dear. Incumbent's commission expired March 23, 1936.

Eldon A. Rush to be postmaster at Elgin, Oreg., in place of O. C. Maxwell. Incumbent's commission expired January 26, 1936.

Lora C. Coykendall to be postmaster at Oak Grove, Oreg., in place of E. D. Davenport. Incumbent's commission expired January 22, 1936.

Louis Earl Hammer to be postmaster at Tillamook, Oreg., in place of W. C. Foster. Incumbent's commission expired April 27, 1936.

PENNSYLVANIA

John F. Erdly to be postmaster at Beaver Springs, Pa., in place of M. K. Schambach. Incumbent's commission expires June 28, 1936.

Leslie H. Lockerman to be postmaster at Cheswick, Pa., in place of F. U. Armstrong. Incumbent's commission expired February 10, 1936.

Mary Dessie Blayney to be postmaster at Claysville, Pa., in place of H. O. Campsey. Incumbent's commission expired February 10, 1936.

Harry Tarbotton, Sr., to be postmaster at Darby, Pa., in place of John Standring, deceased.

Ewing D. Minerd to be postmaster at Dunbar, Pa., in place of E. D. Scott. Incumbent's commission expired January 5, 1933.

Harry D. Farnen to be postmaster at East Butler, Pa., in place of G. V. Glenn. Incumbent's commission expired February 10, 1936.

William Scott Rinedollar to be postmaster at Everett, Pa., in place of J. C. Chamberlain. Incumbent's commission expired February 24, 1936.

Mildred E. Wagner to be postmaster at Freemansburg, Pa., in place of M. E. Wagner. Incumbent's commission expired May 19, 1936.

Eugene M. Burke to be postmaster at Karns City, Pa., in place of E. P. Corts. Incumbent's commission expired February 20, 1935.

Earle Phillips Robbins to be postmaster at Knoxville, Pa., in place of L. W. Stevens. Incumbent's commission expires June 1, 1936.

Brian W. Kauffman to be postmaster at Middleburg, Pa., in place of M. G. Wetzel. Incumbent's commission expired February 10, 1936.

Arthur O. Shafer to be postmaster at Montoursville, Pa., in place of J. W. Klepper, removed.

Margaret A. Mash to be postmaster at Nanty Glo, Pa., in place of A. J. Cornely, removed.

Robert E. Walley, Sr., to be postmaster at Spring City, Pa., in place of H. E. Rogers. Incumbent's commission expired January 13, 1936.

Randall H. Weaver to be postmaster at Worthington, Pa., in place of R. H. Weaver. Incumbent's commission expired March 17, 1936.

Edgar S. Abel to be postmaster at Wrightsville, Pa., in place of A. L. Smith. Incumbent's commission expired February 27, 1935.

PUERTO RICO

Adela Delpin to be postmaster at Fajardo, P. R., in place of R. P. Robert. Incumbent's commission expired February 20, 1935.

Irma E. Kryzanowsky to be postmaster at Ponce, P. R., in place of Roque Rodriguez, deceased.

SOUTH CAROLINA

Wiley W. McTeer, Jr., to be postmaster at Ridgeland, S. C., in place of H. F. Glasser. Incumbent's commission expires June 15, 1936.

SOUTH DAKOTA

Violet Ellefson to be postmaster at Castlewood, S. Dak., in place of W. W. Sour. Incumbent's commission expired January 26, 1936.

Thomas H. Ryan to be postmaster at Elk Point, S. Dak., in place of J. W. Coverdale. Incumbent's commission expires June 15, 1936.

Lucy I. Wright to be postmaster at Hoven, S. Dak., in place of L. I. Wright. Incumbent's commission expires June 15, 1936.

Ralph H. Lemon to be postmaster at Lake Norden, S. Dak., in place of P. E. Koistinen. Incumbent's commission expired January 25, 1936.

Michael F. McGrath to be postmaster at Morristown, S. Dak., in place of W. R. Amoo. Incumbent's commission expired April 27, 1936.

TENNESSEE

George N. Fuller to be postmaster at Collegedale, Tenn., in place of W. B. Clark, resigned.

John O. Bennett to be postmaster at Troy, Tenn., in place of R. O. Greene. Incumbent's commission expired January 22, 1935.

TEXAS

Louise W. Fisher to be postmaster at Burton, Tex., in place of H. D. F. Nienstedt. Incumbent's commission expired April 14, 1936.

Andrew F. Hester to be postmaster at Donna, Tex., in place of F. O. Drake. Incumbent's commission expired April 4, 1936.

Arthur B. Hobbs to be postmaster at Edgewood, Tex., in place of F. C. Elam. Incumbent's commission expired April 14, 1936.

John Richard Folkes to be postmaster at Giddings, Tex., in place of J. P. Hewitt. Incumbent's commission expired January 8, 1936.

Norman Charles Schlemmer to be postmaster at Kyle, Tex., in place of H. C. Wallace. Incumbent's commission expired January 8, 1936.

Andrew B. Johnson to be postmaster at Marlin, Tex., in place of D. R. Emerson. Incumbent's commission expired April 14, 1936.

Rudolph J. Marak to be postmaster at West, Tex., in place of H. M. Fowler. Incumbent's commission expired April 14, 1936.

UTAH

Ray K. Bohne to be postmaster at Mount Pleasant, Utah, in place of H. C. Jacobs. Incumbent's commission expired January 7, 1936.

VIRGINIA

S. Thomas Nottingham to be postmaster at Cape Charles, Va., in place of F. C. Fitzhugh. Incumbent's commission expired March 10, 1936.

Archa Vaughan to be postmaster at Floyd, Va., in place of T. T. Weddle. Incumbent's commission expired April 12, 1936.

WASHINGTON

Clarence E. West to be postmaster at Auburn, Wash., in place of Walbert Tonstad. Incumbent's commission expired January 8, 1936.

William H. Ross to be postmaster at Richmond Highlands, Wash., in place of M. J. Rood. Incumbent's commission expired January 22, 1935.

Daisy M. McDowell to be postmaster at Toledo, Wash., in place of Julia Enger. Incumbent's commission expired April 27, 1936.

WEST VIRGINIA

Rupert B. Mapel to be postmaster at Farmington, W. Va., in place of Howe Stidger. Incumbent's commission expired February 9, 1936.

Carroll Miller to be postmaster at Gauley Bridge, W. Va., in place of Thelma Taylor. Incumbent's commission expired February 9, 1936.

WISCONSIN

Frank S. Dhooge to be postmaster at Ashland, Wis., in place of J. C. Chapple. Incumbent's commission expired May 3, 1936.

Leslie E. Sawyer to be postmaster at College Camp, Wis., in place of E. T. Bentsen. Incumbent's commission expired February 25, 1935.

Harold P. Van Buren to be postmaster at Hartland, Wis., in place of W. D. Zeirke. Incumbent's commission expired February 10, 1936.

Charles V. Porter to be postmaster at Menomonie, Wis., in place of E. C. Quilling. Incumbent's commission expired April 12, 1936.

Lawrence E. Astin to be postmaster at Milton Junction, Wis., in place of G. B. Keith, resigned.

John W. Schnettler to be postmaster at St. Nazianz, Wis., in place of C. P. Shea. Incumbent's commission expired February 25, 1935.

William H. Shay to be postmaster at Somerset, Wis., in place of H. J. LaGrandeur. Incumbent's commission expired February 10, 1936.

Julius G. Behm to be postmaster at Woodville, Wis., in place of H. C. Gralow. Incumbent's commission expired March 29, 1936.

WYOMING

Hazel E. Moore to be postmaster at Edgerton, Wyo., in place of E. L. Murphy. Incumbent's commission expired April 27, 1936.

Francis R. Peck to be postmaster at Glenrock, Wyo., in place of F. W. Smith. Incumbent's commission expired March 10, 1936.

George W. Nance to be postmaster at Midwest, Wyo., in place of A. V. Lancaster. Incumbent's commission expired December 16, 1933.

Daniel D. Spani to be postmaster at Rock Springs, Wyo., in place of J. A. Stafford. Incumbent's commission expired March 10, 1936.

Bertha I. Frolander to be postmaster at Sundance, Wyo., in place of H. C. Hurtt. Incumbent's commission expired January 9, 1936.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 20 (legislative day of May 12), 1936

POSTMASTERS

ALASKA

Mrs. Owen E. Meals, Valdez.

NEW YORK

Kingsley D. Maloy, Clyde.
Henry A. Stecking, East Northport.
Sarah K. Gibbs, Glenfield.
William C. McRorie, Milford.
Kittie M. Lundergun, North Rose.
John V. Lynch, Pearl River.
Emma J. Claffey, Port Leyden.
William A. Flanagan, Seneca Falls.
Amy B. Earley, Speculator.
Edward J. Fitzgerald, Troy.
Mabel E. Fausette, Trumansburg.
Howard Bell, Woodstock.
George M. Allen, Worcester.
Mary Scesny, Yaphank.

VERMONT

Thomas H. Barry, Waterbury.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 20, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We thank Thee, our Father in Heaven, that we are permitted to bow at the altar of prayer. For at Thy mercy seat burdens are rolled away; at Thy touch we have gone on our way rejoicing. In all our problems we need Him who taught us the spirit of good will and how to make beautiful the thresholds of home, school, and church. We thank Thee for the providential blessings of happy firesides, for social delights, for friendships, and for all those satisfactions and joys of a just and worthy life. We praise Thee for this radiant day. O, happy is he who looks up through the fluttering leaves and sees God's love, who sees the bright depths of the deep blue sky and feels that it is a canopy of blessing; may we look deeper and feel that an infinite God is at the heart of all. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9185. An act to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. KING, Mr. BARKLEY, and Mr. CAPPER to be the conferees on the part of the Senate.

PERMISSION TO ADDRESS THE HOUSE

Mr. CROSS of Texas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CROSS of Texas. Mr. Speaker, far to the southwest on this side of the Rio Grande is a vast empire called Texas. The Colorado and Brazos, the two main rivers of that region, rise in New Mexico and find their way to the Gulf through the great central agricultural basin of the State. The Brazos in crossing Texas traverses some 900 miles before reaching the Gulf, while the Colorado does approximately the same. The drainage area of the Brazos is 44,600 square miles, while that of the Colorado is 41,500, the two together being an area more than twice as large as the State of Ohio. And within their watersheds is 40 percent of the population of the State, or some 2,400,000 people. The valleys that flank these streams are unsurpassed in fertility. They are dotted with many thousands of farms, and upon which depends the prosperity of hundreds of towns and cities. These streams on an average of every 5 years are subject to devastating floods, submerging between three and five million acres of land and causing the loss of many lives, as well as the destruction of untold millions of dollars in livestock and crops, to say nothing of the enormous damage resulting from erosion and soil depletion.

For many years not only the people, the cities and towns that depend upon the products of these rich valleys for support, but all Texas has looked to the day when these floods would be controlled and the frightful loss of life and property brought to an end. Before applying to governmental agencies for a loan to construct the necessary dams to control these floods so destructive of life and property, the State, in order to show its good faith and to demonstrate beyond any question that these projects would be self-liquidating, in the case of the Brazos project passed an act setting aside the taxes to accrue from 10 counties over a period of 20 years to be added to the money to be obtained from the sale of hydroelectric energy to be generated at these dams, while an act was also passed by the legislature in the interest of the Colorado project. With such showings, both applications were promptly approved.

Texas was thrilled by this good news, for it was not only to result in the employment of thousands whose families were in dire need of food and clothing but it also meant the coming true of a dream long and devoutly wished. But this exaltation was fated to turn into the gall of bitter disappointment through the greed-impelled, selfish activities of a great monopolistic holding company domiciled at 2 Rector Street, New York, in ordering its puppet officials of the power companies in Texas to hie themselves 2,000 miles away to the city of Washington and to file in the Federal court of this district an injunction suit to restrain and prevent the governmental agencies from making these loans on the ground that it would result in hydro-electric energy generated at these flood-control dams coming in competition with their unconscionable monopolistic rates, contrary, as they claim, to the due process of law clause of the Constitution, and prayed that the court issue an injunction and thus permit these floods to continue uncontrolled to destroy the lives and property of the people in order that this monopolistic holding company might continue to enrich itself by collecting exorbitant tribute from the users of electricity.

Mr. Speaker, the lamented Will Rogers, the great philosopher-humorist, who constanly spoke as one inspired, declared: "A holding company is jus like a fence that holds the stolen booty while the actual thieves escape from the law."

Mr. Speaker, in other words, a holding company is a corporate pirate devised by high-financiering buccaneers that neither produces, distributes, nor performs any necessary service, but under our dual system of government furnishes an ideal device for the monopolization of public utilities, enabling a few men with but little investment, by interlocking directors and manipulating through a chain of so-called holding companies to control and milk producing companies, and in so doing collect exorbitant tribute from the people. And this money, though sorely needed to do the money work in the communities where the power plant operates, is daily transported to some distant city where the holding company and its brood of alias subholding companies are domiciled.

Mr. Speaker, the Federal Trade Commission, after several years of delving into the mysteries of these holding and subholding companies, has revealed the fact that almost without exception the master minds that control and manipulate these devices are those great captains of finance, the Morgans and Mellons, the Du Ponts, and Rockefellers.

Since the Texas Power & Light Co. which operates in my district is non-hydraulic and the rates charged by it are comparable to those charged by other power companies controlled by holding companies throughout the Nation, I am going to use this company to illustrate to you what the power companies that operate in your districts are doing to your constituents.

That superholding company, the Electric Bond & Share with its four monster sub-holding companies, the American & Foreign Power & Light, the American Power & Light, the National Power & Light, and the Electric Light & Power Corporation, are all domiciled at 2 Rector Street, New York, and are controlled and manipulated by the house of Morgan. The first named operates in foreign countries, while the three latter confine their activities exclusively to this country, controlling power or producing companies in 36 of the States.

These sub-holding companies are only so many corporate aliases for Electric Bond & Share, by meahs of which it juggles water into controlling stock and fictitious loans into mortgage bonds in order to build up a stupendous, fraudulent rate base.

So in presenting the Texas Power & Light Co. as a typical example of what happens when a holding company controls a power or producing company, and in order to simplify and

avoid confusion wherever the Electric Bond & Share holding company acts through an alias sub-holding company, I shall use the name of the holding company, the Electric Bond & Share.

The thriving and prosperous cities of Temple, Waco, Hillsboro, Waxahachie, Cleburne, Sherman, and Bonham are located in seven of the State's banner agricultural blackland counties. In the latter part of 1911 the Electric Bond & Share Co. purchased the power plants in these cities and in the early part of 1912 organized and secured a charter from the State for the Texas Power & Light Co. The Electric Bond & Share holding company paid for these seven properties as shown by the records furnished to the Federal Trade Commission $2,065,000. The Electric Bond & Share further claimed that including certain moneys it had advanced, together with the cost of the options and the securing of the Texas Power & Light Co.'s charter, it was out an additional $325,000, making these properties cost it all told $2,390,000.

The Electric Bond & Share then conveyed these properties to its creature, the Texas Power & Light Co., and had its Punch and Judy officers and directors to pay for them by issuing not $2,390,000 in stock, but $1,500,000 in debentures or promissory lien notes, drawing 6 percent; 1,000 non-voting shares, $100 par value, totaling $1,000,000; 1,610,000 common or voting shares, $5 a share no par value, totaling $8,050,000, or a grand total of $10,550,000. And so, not $2,390,000, but $10,550,000, was entered upon the books of the Texas Power & Light Co. as the cost of these properties and formed the base upon which to fix the rates that consumers of electricity were to pay, instead of $2,390,000.

The Electric Bond & Share Co. then sold to the people of Texas this $1,000,000 of 7-percent preferred stock and also disposed of the $1,500,000 of 6-percent debentures—making $2,500,000—and so got back the $2,390,000 that it had paid out, and had plus a bonus of $110,000, plus $8,050,000 of common stock carrying complete control of the Texas Power & Light Co. that had cost the Electric Bond & Share Co. $110,000 less than nothing.

The Electric Bond & Share Co. then had its puppet officials of the Texas Power & Light Co. to execute a so-called service contract, whereby the Electric Bond & Share Co. is to employ for the Texas Power & Light Co. all bookkeepers, adjusters, accountants, and engineers. That provides that the Texas Power & Light Co. is to pay to these employees such sums for their services as the Electric Bond & Share sees fit to designate. It further provides that in the case of all sums paid by the Texas Power & Light Co. to bookkeepers, adjusters, and accountants, the Texas Power & Light Co. is to pay 50 percent of that sum, or one-half of that amount, to the Electric Bond & Share Co. And that in the case of all sums paid out for engineering service, 90 percent over and above that must be paid to the Electric Bond & Share. So that if the Texas Power & Light Co. pays $20,000 to bookkeepers, adjusters, and accountants, it must then pay $10,000 to the Electric Bond & Share Co., making this service cost the Texas Power & Light Co. $30,000. If the Texas Power & Light Co. pays out the sum of $20,000 to employees for engineering services, the Texas Power & Light must pay $18,000 to the Electric Bond & Share, making this service cost the Texas Power & Light Co. $38,000. And these sums are entered upon the books of the Texas Power & Light Co. as operating cost and go into the rate base. So that the more the Electric Bond & Share Co. requires the Texas Power & Light Co. to pay these employees, the more the Electric Bond & Share Co. gets from this source out of the Texas Power & Light, and the higher the rate base of the Texas Power & Light Co. is inflated.

This so-called service contract further provides that the Texas Power & Light Co. is to turn over to the Electric Bond & Share Co. 1½ percent of its gross revenues monthly. And this is entered on the books of the Texas Power & Light Co. as operating expense.

And then this holding company, the Electric Bond & Share, organized the Texas Construction Co., domiciled in its offices at 2 Rector Street, New York, the stock of which is exclusively owned by the Electric Bond & Share, and to which all contracts for improvements and extensions by the Texas Power & Light Co. are to be let without competition, and with no other check except the tender conscience of the Electric Bond & Share. And however exorbitant these charges may be, they go on the books of the Texas Power & Light Co. as capital invested and inflate the rate base.

Mr. Speaker, the sole purpose of holding companies in the field of public utilities is to monopolize and by controlling producing companies to enrich themselves by forcing the consumers of electricity to pay exorbitant rates. This is done first by increasing the rate base through inflating the capital structure of the producing companies with watered stock and, second, by giving fictitious values through write-ups to their physical properties.

In this company I am using as a typical example, the Texas Power & Light Co., and in which the first big swindle took place immediately after it was organized by the Electric Bond & Share, when there was a write-up from $2,390,000 to $10,550,000. These write-ups have been continued from time to time, and markedly so whenever the Electric Bond & Share had additional plants under its control transferred to this producing company. So that these original properties, together with the additions, as a result of these write-ups, are valued at more than $80,000,000. And as these producing companies under the control of the Electric Bond & Share holding company were transferred to the Texas Power & Light Co., a sufficient amount of non-voting preferred stock was sold to the people of Texas to reimburse the holding company, the Electric Bond & Share, whatever sums it had been out plus a block of vote-carrying common stock as a bonus. As a result the people in Texas have invested $6,500,000 in 7-percent preferred stock and $6,878,600 of 6-percent preferred stock, making $13,378,600, and which is destined to be wiped out by the foreclosure of the fictitious bonded indebtedness. To anyone who is familiar with the properties of this company and their actual value, it is patent that the people in Texas who put up this $13,378,600, through the purchase of preferred stock, have furnished every dollar that has actually gone into them and that no benefit accrued to the Texas Power & Light Co. as a result of this bonded indebtedness, but that it enriched the coffers of the Electric Bond & Share holding company to the detriment of the preferred stockholders and the consumers of electricity.

Now, in order to make the assets comparable to the liabilities—that is, to the capital stock of $33,443,976, more than $20,000,000 of which was manufactured out of water, carrying 100-percent control in the hands of the holding company, and the bonded indebtedness of $45,405,000 as well as other indebtedness—a number of sky-high write-ups of the physical properties of this company had to be made, until the company's statement in December 1934 shows its physical properties valued at $86,104,472. And this enormous sum resting on fictitious values becomes the rate base on the theory that it represents capital invested and upon which the courts hold the company is entitled to a reasonable return.

The only period for which the Securities and Exchange Commission has data showing the amount of dividends paid on common and preferred stock covers the 6 years from 1929 to 1934, inclusive, which were depression years. And for that 6-year period the holding company received as dividends on its common water bonus stock $8,400,000, while the holders of the preferred stock, who paid for it their good hard-earned money, only received $4,734,349.

Thus the holding company, the Electric Bond & Share, receives practically twice as much in dividends on its water-bonus stock as the preferred-stock holders who put up their hard-earned money. Then add to the holding company's watered stock dividends its exorbitant profits accruing from the Texas Construction Co., plus its so-called service-contract profits, plus interest on many millions of pretended loans, and you have a concrete example of holding-company high financiering. This is one of the smaller of the many, many producing companies controlled by the Electric Bond

& Share holding company and used by it as a tribute collector from the consumers of electricity.

While comparisons may be odious, I am going to give you one which at least furnishes food for thought. The little town of Garland, with some 1,500 population, in Congressman SUMNER's district, has a small municipal plant and ships its fuel several hundred miles, from Oklahoma. This fact, in addition to its being a one-unit plant, makes its overhead extremely high. It is true that this little plant is not assessed for taxes, but it is also true that it furnishes to the city in services several times what the taxes would amount to, for it not only pumps the water that supplies the city free but in addition furnishes all municipal and street lights free, and it is known as the best lighted town of its size in Texas. This little plant clears, as shown by data furnished by the city secretary, between four and five thousand dollars a year. The following is a comparison of the rates charged by this little municipal plant to the citizens in Garland with the rates charged the citizens of Killeen, a town of similar size, by the Texas Power & Light Co.:

ELECTRIC RATE SURVEY—TEXAS

TABLE 1—*Typical net monthly bills, residential service, Jan. 1, 1935*

Line	Community	Population	Name of company or municipal utility serving community: (I) indicates independent operating company; (C) company controlled by a utility holding company or other operating utility; (M) municipally owned and operated utility)	Lighting and small appliances					Lighting, small appliances, and refrigeration		Lighting, refrigeration, cooking, etc., 240 kilowatt-hours	Lighting, refrigeration, cooking, water heating, etc., 500 kilowatt-hours	Average charge per kilowatt-hour				Line
				Minimum bill		15 kilowatt-hours	25 kilowatt-hours	40 kilowatt-hours	100 kilowatt-hours	150 kilowatt-hours			25 kilowatt-hours	100 kilowatt-hours	250 kilowatt-hours	500 kilowatt-hours	
				Amount	Kilowatt-hours included												
													Ct.	*Ct.*	*Ct.*	*Ct.*	
1	Garland	1,584	Garland Light & Power Co. (M)	$1.00	10	$1.15	$1.74	$2.25	$3.61	$4.68	$6.80	$11.26	6.96	3.61	2.72	2.25	1
47	Killeen	1,200	Texas Power & Light Co. (C)	1.50	7	2.00	2.60	3.35	5.95	7.45	8.75	13.75	10.40	5.95	3.50	2.75	47

And this in spite of the fact that the Texas Power & Light Co.'s overhead is reduced to a minimum, distributing from a central generating plant located at its own fuel mine, to say nothing of the advantages in reduced prices of equipment that accrue to it as a result of buying in large quantities.

The money spent by the consumers of electricity in Garland remains in the community to do the money work of the community, while the money spent for electricity by the people of Killeen is exported more than 2,000 miles away to 2 Rector Street, New York.

If the Electric Bond & Share holding company had not gotten control of these properties and they had been controlled and managed by those who put the money in them, not only could their dividends and the wages of their employees been greatly increased, but the rates to the consumers of electricity reduced practically 50 percent, and the millions that are now annually exported to 2 Rector Street, New York, would remain in Texas. As it is the sum now taken out of Texas by the Electric Bond & Share through its three subholding companies, the American Power & Light, the National Power & Light, and the Electric Light & Power Corporation, over a period of 5 years, amounts approximately to what an entire year's cotton crop of the State will sell for.

Last year, during the consideration of the Wheeler-Rayburn or holding-company bill, propaganda reached an all-time high—with the holding companies pouring out millions, providing a heyday of golden prosperity for lobbyists. Washington swarmed with them of every hue and type, the friendship lobbyist, the social lobbyist, the political threatening lobbyist. Night after night men and women, posing as heads of high-sounding, memberless, fake organizations, repeated parrotlike, over a Nation-wide radio hook-up, speeches prepared by the $60,000-a-year publicity agent of the holding companies, appealing to their victims upon whom they had unloaded so-called preferred stock to come to see, to write, or wire their Senators and Congressmen to vote against the bill or be ruined. You remember how we were swamped and flooded with telegrams identical in form, tens of thousands of which were shown by the Senate Committee on Lobbying to be forgeries; the evidence disclosing that some of the officials of the producing companies, the creatures of the holding companies, had instructed their employees to take city directories and to forge all the names in them to telegrams and send them to Senators and Congressmen. It was developed later by the Senate Committee to Investigate Lobbying that instead of being against it, practically all of the people whose names were forged to these telegrams were ardently in favor of the bill. Under the Constitution, which specifically provides that our constituents shall have the right to petition us expressing their views on legislation, in committing these forgeries, the officials of these holding companies, acting through their puppet officials of producing companies, were committing forgeries in the very shadow of treason. While then as now we heard their hypocritical wails that if Congress passed this bill and choked them loose from their victim it would be a violation of the Constitution. And many members of the legal profession, who put pelf above patriotism and "crook the pregnant hinges of the knee where thrift might follow fauning", joined in the wail.

As a result of the investigations of the Federal Trade Commission, of the House and Senate Lobby Investigating Committees, as well as the hearings on the Wheeler-Rayburn bill before the Interstate and Foreign Commerce Committee, which was so ably assisted by their attorney, Dr. Splawn, we now know what methods these holding companies have pursued in so long throttling any laws being enacted that would materially interfere with their carrying on this Nation-wide racket of rackets. We now know it was the result of carefully fostered powerful political influences, for these hearings reveal the fact that they not only managed to get much of the preferred stock into the hands of prominent influential men, including outstanding ministers of the gospel, but also wherever possible they would unload a block of it upon some organization that might be used in putting pressure upon legislative bodies to defeat any bill that would tend to prevent their hijacking manipulations, as was done by the Texas Power & Light Co. when it unloaded such a block on the Texas Federation of Women's Clubs. We know now how the press was to be kept friendly by instructions sent out to the puppet officials of producing companies to run extended ads in all the local papers, and, as stated in the instructions, that it was not for the purpose of selling electricity, but to silence and keep down criticism.

While a fearless independent press is the food upon which liberty feeds and grows, a subsidized press is to it a most deadly poison.

And we know, too, from these lobbying investigations the tactics their speakers were instructed to use in addressing chambers of commerce, luncheon clubs, and other organizations. And then in rounding out their political set-up how zealous they are to place on their dummy boards of directors

men of outstanding political influence, such as the head of some great denominational institution. When such a man will permit himself to be used in this way to serve their purpose, the holding company sees to it that his picture appears on the front page of every newspaper in the section where that company operates, advertising it in box-car letters, to be paid for by the consumers of electricity, that he had been placed upon their board of directors. And though he is as ignorant of the power industry as the holding company is of God's plan of salvation, it tickles the one's vanity while strengthening the political set-up of the other.

But it was reserved for that super-holding company, the Electric Bond & Share, to conceive and promulgate that master plot of treachery that must have made angels weep and demons rejoice. The Lobby Investigation Committee of the Senate performed a glorious service for their country when they exposed this diabolical plan. Yes; it happened here, and is happening here today. Listen to the plan:

First, set up a militant organization of the security owners of America, with a "war chest" of something like $200,000,000 for the purpose of destroying the New Deal. Second, "employ the services of the most astute political publicists and lobbyists to be found in the country." * * * Third, demand "a congressional investigation of the 'brain trust' * * * designed to expose it to public contempt." Fourth, start "a whispering campaign designed to create popular suspicion that the New Dealer in Chief is insane, discrediting him." Fifth, "liquidate the Federal Trade and Interstate Commerce Commissions." Sixth, set up a "program by private industry, acting through the United States Chamber of Commerce." Seventh, "engage outstanding national figures, such as Nicholas Murray Butler, Edwin S. Kemmerer, Newton D. Baker, and others, to act as mouthpieces and release publicity * * * upon the middle-class citizenry." Seventh, "support in 1936 political campaign for President and congressional candidates, regardless of party, who pledge themselves to support the program of the security owners' organization."

And then incorporated in this plan is the declaration that there is nothing which would better serve the interest of the holding companies than the "putting over" of this program; and surely none will question that statement, as it would guarantee to them the economic and political dictatorship of the Nation, with the United States Chamber of Commerce playing the fiddle, while they collect tribute from some hundred and twenty-five millions of subjects.

This infamous program closes with these significant words: "The company as a company dare not be identified with the activity."

There you have their plan of battle and the objectives for which they have begun to fight, running in method and manner true to the plan. They have set up the militant organization, the Liberty League, with its affiliates, the Sentinels of the Republic, the Crusaders, the Farmers Independent Council, the Southern Committee to Uphold the Constitution, the Women Investors of America, and others—smokescreens from behind which their paid hirelings are now howling. From the editorial and syndicated columns in the great metropolitan press it is evident that, as proposed, they have already employed the services of those "most astute publicists and propagandists" and ordered them into action.

And it is equally plain that from the harangues reeking with malicious exaggerations and concocted falsehoods coming nightly over the radio that their "outstanding national figures to be used as mouthpieces to release publicity upon the middle-class citizenry" have also "gotten theirs" and been ordered into action.

A whispering campaign, a contemptible, sneaking campaign of hell-born lies that our President was hopelessly insane in the vain hope that the people would be thrown into such a state of confusion and despair that they might work upon them their will and encompass his defeat. A whispering campaign to destroy the man who had saved them from the guillotine in having saved the country from revolution. "Ingratitude, thou marble-hearted fiend", of all the devils men should hate thee most. But this den of Satan-inspired whispering serpents had hardly begun to hiss when the President's great heart-throbbing brain thrilled through the radio on the air and their foul whisperings abruptly ended.

How, too, in keeping with this whispering campaign as well as all of their undercover hidden manipulations is their closing admonition at the end of the plan: "Our company as a company dare not be identified with the activity."

That is the language of the master mind of racketeers, of an Al Capone, who stays under cover while others carry out his plans. And you, my colleagues, who voted for the conference report on the Wheeler-Rayburn bill are to be put on the spot on election day. Your political death is decreed in the holding company's program in this language: "Support in 1936 political campaign for President and congressional candidates, regardless of party, who pledge themselves to support the program of the security owners' organization." Your local utility officials may be loud in their protestations that they are for you while condemning your opponent, and in turn having him to denounce and excoriate holding companies, and so, by this double-crossing process, enable him to split a vote that would otherwise be yours, while getting theirs a hundred percent. But do not be deceived, my colleagues, for you are marked for slaughter, and if money can defeat you, you will be defeated.

It was indeed an evil day for you, my friends of the minority, when Du Pont and his "gang" set up the Liberty League and its satellites to act as holding companies for your party, for its embrace means death. And so you will find this Liberty League is not only a holding company, with all the knavery that word implies, but that it is also a political undertaker which is even now digging a grave wide and deep for the Republican elephant, a grave of shame and dishonor, over which is to be erected in November a monument with this brief epitaph carved upon it: "Here lies the last remains of the G. O. P., another sad victim of holding companies." And as you, in your political rags, biannually gather about it with heavy hearts and in your anguish cry out, "When, oh, when will his resurrection come?" Perched on that monument a croaking raven, the Liberty Leagues' evil spirit, will respond, "Never, never more."

PRINTING OF RULES AND MANUAL OF HOUSE OF REPRESENTATIVES

Mr. LAMBETH. Mr. Speaker, I offer a privileged resolution, House Resolution 519, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 519

Resolved, That the Rules and Manual of the House of Representatives for the Seventy-fifth Congress be printed as a House document and that 1,600 additional copies shall be printed and bound for the use of the House of Representatives, of which 700 copies shall be bound in leather with thumb index and delivered as may be directed by the Parliamentarian of the House for distribution to officers and Members of Congress.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

IMPORTATION OF TEXTILES FROM JAPAN

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a letter from Mr. Russell Fisher, of the National Association of Cotton Manufacturers.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

The letter referred to is as follows:

THE NATIONAL ASSOCIATION OF COTTON MANUFACTURERS,
Boston, Mass., May 19, 1936.

Hon. EDITH NOURSE ROGERS,
House of Representatives, Washington, D. C.

DEAR MRS. ROGERS: The flood of Japanese cotton goods increases month by month, making it very obvious that the "gentlemen's agreement" effected by the State Department is wholly inadequate. March figures, now available, show an increase of nearly one-third over February, and bring the total for the first quarter to 21,530,436 square yards compared to a total of 12,769,579 square yards for the same period in 1935.

If the imports continue to increase, and apparently nothing is being done to stop them, by the end of the year the volume will be more than double the figure for 1935.

For comparison it should be pointed out that imports from Japan for the first quarter of 1936 are more than 20 times the annual average for the years 1930 to 1933. It would seem that official Washington might well give some attention to the unemployment this is creating, particularly now that the cost of relief is mounting to such staggering figures.

Yours very truly,

(Signed) RUSSELL T. FISHER.

Mrs. ROGERS of Massachusetts. Mr. Speaker, this letter shows the tremendous increase of cotton-textile imports from Japan in March as compared with February of this year. It shows 20 times the cotton-textile imports into this country at the present time over what they were in 1930–33.

Mr. Speaker, many of us have been taking up the matter with the Department of State, in view of the very alarming situation. I have been in almost daily communication with the Department about it. Only yesterday I received the following letter from Secretary of State Hull, which shows just how weak our position is:

DEPARTMENT OF STATE,
Washington, May 19, 1936.

MY DEAR MRS. ROGERS: I am returning herewith telegrams addressed to you by the Waterhead Mills, Inc., and Boott Mills, both of Lowell, Mass., with reference to imports of cotton textiles from Japan. These telegrams have been referred to me by the President with the request that I communicate directly with you.

As you know, this Government has been giving careful attention to the problem of imports of Japanese cotton textiles for some months. In accordance with the recommendations made last year by the Cabinet committee on the cotton-textile industry, an effort was made to secure a voluntary undertaking by Japanese exporters to limit shipments of cotton cloth to the United States to reasonable amounts. Such an assurance was transmitted to this Government through the Japanese Ambassador on December 21, 1935. It was the opinion of the Japanese Government, in view of this assurance, that there was little likelihood of such abnormal increase in exports of cotton textiles to the United States as had occurred during the first 6 months of 1935.

When the statistics of imports for the first months of 1936 became available, it appeared that these expectations had not been well-founded, inasmuch as imports showed a considerable increase. This Department promptly brought the facts to the attention of the Japanese Ambassador as soon as the January figures were available.

Conversations have been continued, with the approval of the President, and there is now expectation that a more definite, adequate, and satisfactory undertaking for the voluntary limitation of cotton-textile exports from Japan to the United States may be received. A few minor details remain to be clarified, but I expect that it may be possible to announce the conclusion of these negotiations in the very near future.

I also understand that the Tariff Commission is proceeding with an investigation of cotton velveteens under its general powers as provided in section 322 of the tariff act. When completed, this report should give a complete picture of the situation with regard to this particular product.

Sincerely yours,

CORDELL HULL.

Just another "gentleman's agreement" with Japan! The previous one was nothing but a farce, and to date we have nothing but promises and expectations. Japan looks upon us as spineless jellyfish, and obviously they think that because we do not show resentment they can do as they please.

The time has passed for playing with gentleman's agreements. We must have something binding, something that will protect our workers. We are tired of promises that are never fulfilled. It is the old cry of "mañana, mañana", but tomorrow never comes.

The SPEAKER. The time of the gentlewoman from Massachusetts has expired.

PASSAGE OF THE WAGNER-ELLENBOGEN HOUSING BILL IS NECESSARY TO PROMOTE FURTHER RECOVERY, REDUCE UNEMPLOYMENT, AND SECURE DECENT HOUSING

Mr. DRISCOLL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address made by my colleague, Mr. ELLENBOGEN, of Pennsylvania, over the radio last evening.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DRISCOLL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered by Congressman HENRY ELLENBOGEN, of Pittsburgh, Pa., over National Broadcasting System (Blue Network) Tuesday, May 19, 1936:

Nearly 6,000,000 people have been reemployed in the United States since March 1933, but about 10,000,000 people are still unemployed. How does this come about and what can we do to reduce substantially the number of jobless?

ALL BRANCHES OF INDUSTRY EXCEPT BUILDING HAVE HAD SUBSTANTIAL RECOVERY

The consumer-goods industries—industries which manufacture goods for immediate consumption—have had extensive recovery. The automobile industry is operating near capacity and turning out almost as many millions of cars as it did during the boom days. Even the heavy- and durable-goods industries have made substantial recovery and seem to be progressing rapidly. Steel, for instance, is now operating at about 70 percent of its theoretical capacity.

THE BUILDING INDUSTRY IS STILL IN THE DEPTH OF THE DEPRESSION

One industry is lagging behind—lagging behind so far that it cannot even be seen in the recovery parade. That industry is the building industry. If you consider the fact that nearly 5,000,000 people are directly and indirectly depending on the building industry, and if you further consider the deplorable low state of operations in that industry, you will find the most important reason why we still have 10,000,000 unemployed.

Taking only 257 cities—not the whole country, but only 257 large cities—we find that from 1923 to 1928, inclusive, total building operations in the United States amounted to between three and one-half and four billion dollars every year. But in 1935 they amounted to only $655,213,410, or about 20 percent of normal operations. If we consider only the building of homes in these 257 cities, we find normal building operations varying between two and two and one-half billion dollars every year from 1923 to 1928, whereas in 1935 they amounted to $211,987,850, or only a little over 10 percent of normal.

EIGHTY PERCENT OF THE BUILDING TRADES WORKERS ARE UNEMPLOYED

A few weeks ago, Mr. William Green, president of the American Federation of Labor, appearing before the Senate Committee on Education and Labor, on behalf of the Wagner-Ellenbogen housing bill testified that in 1929 there were 2,091,000 gainfully employed workers in the construction industry of which about 11 percent were unemployed in that year, but that throughout 1935 out of these 2,000,000 workers 1,732,383 or about 85 percent were unemployed. From 1930 to 1936 unemployment in the building-trade industry fluctuated from 70 to 85 percent. Just think of it! Here is an industry upon which 5,000,000 people depend directly and indirectly for employment—an industry which still has an unemployment record of about 80 percent. These figures tell the story.

HOUSING SHORTAGE—10,000,000 NEW HOMES NEEDED IN THE NEXT 10 YEARS

Recovery cannot advance any further unless we have substantial recovery in the building industry; and there can be no revival of the building industry unless we engage upon a large-scale program of the construction of homes.

There is today an acute shortage of decent housing. Consider the fact that we have annually an increase of 500,000 new families, consider the obsolescence of existing buildings, the normal demand for replacement, the destruction of buildings by fire and other factors. The best estimate available is that we must build during the next 10 years at least 10,000,000 new homes in the United States.

PASSAGE OF THE WAGNER-ELLENBOGEN HOUSING BILL NECESSARY

The bill introduced in the United States Senate by Senator ROBERT F. WAGNER, and in the United States House of Representatives by myself is the answer to the twin problem of unemployment and the shortage of decent, sanitary homes.

Of course, we do not contend that subsidized housing provided for in the bill will construct all the necessary homes. We feel that the construction of homes for families of low income, subsidized in part by the Government, will stimulate the private construction industry as it did in England.

I feel that the Wagner-Ellenbogen bill will remove the tragedy of need amidst plenty, the tragedy which exists when millions of decent homes are needed, while the building-trades workers who would build these homes are available but must live, or rather exist, in enforced idleness.

Carpenters, bricklayers, electricians, mechanics, and other skilled workers look for jobs in vain. Several million people depend directly and indirectly on the building industry for employment. Warehouses and lumber yards are bulging with needed material. Industrial plants, which could supply other needed building materials, are lying idle. At the same time millions of families are forced to live in slums or blighted areas which shut them off from light, sunshine, and hope. But nothing is done. Nothing is done to give employment, to stimulate construction activities, and to provide safe and sanitary homes that are so greatly needed. And I say to you that nothing will be done unless the Congress of the United States passes the Wagner-Ellenbogen housing bill.

The passage of that bill would supply the spark that would launch a gigantic construction program, that would begin a permanent revival of the building industry, and that would start our Nation toward still further recovery on a permanent basis.

THE FIGHT FOR DECENT HOUSING BEGAN IN 1900

The efforts of enlightened citizens to improve the housing conditions of our people goes back to the beginning of the century. In 1900 the first tenement law was passed in the State of New York. Ever since then the fight for good housing, for better housing, for decent, safe, and sanitary homes for families of low income has been carried on.

SLUMS BREED CRIME AND DISEASE

The United States has gradually awakened to the fact that slums and blighted areas are the breeders of crime and disease and that they are a tremendous burden upon the municipalities in the United States.

Mr. Ernest J. Bohn, member of the Cleveland city council and president of the National Association of Housing Officials, testified before the same Senate committee that an investigation by the city of Cleveland of a slum area which covered only 2½ percent of the population of the city showed that in that slum area 21 percent of the murders were committed, 26 percent of the houses of prostitution were located, 6.8 percent of all boy delinquencies arose in this area, 12½ percent of tubercular deaths occurred in it.

SLUMS ARE A BURDEN UPON CITY TREASURIES

The investigation by the city of Cleveland further showed that the total tax assessment against this area amounted to $225,035—most of which was uncollectible—whereas the expenditure of the city for police, fire, health, school, and other municipal services amounted to $1,971,000. Therefore, the city, even if it collected all taxes in that slum area, would have an annual loss of about $1,746,000, a loss which must be borne by the home owners living in the other sections of the city every year. Similar conditions exist in hundreds of other cities in the United States.

In the city of New York the number of deaths from tuberculosis in the lower tenement houses is 220 percent higher than the deaths in the newer tenement houses. At the same time, deaths from spinal meningitis is 247 percent higher in the old tenement houses than in the new ones. Deaths from all causes is 87 percent higher in the old tenement houses than in the new ones. Juvenile delinquency is 100 percent higher in the slum areas than in the nonslum areas.

Why should we hold community and family welfare drives and permit the continuance of slum conditions which make such drives necessary? Why hold drives against the dreaded disease of tuberculosis when we force families of low income to live in homes where sunlight is shut out?

HOUSING EFFORTS OF THE ADMINISTRATION

Realizing the need for the stimulation of employment in the building industry, the need for the abolition of slums and blighted areas, and the demand for new housing, the Federal Government, under Secretary Harold L. Ickes, P. W. A. Administrator, and his housing division, undertook 57 developments, providing about 26,000 dwelling units, with an allotment of $141,000,000. Similarly, the suburban resettlement division was allotted $31,000,000 with which it undertook to construct four low-cost-housing community developments.

PERMANENT POLICY AND PERMANENT AGENCY ARE NECESSARY

We now have the benefit of the tremendous amount of experience gathered and accumulated in the housing division of the P. W. A. and in the suburban resettlement division. We also know that low-cost housing cannot be undertaken under a temporary housing policy and a temporary housing agency. We must have a definite, a permanent housing policy and a permanent housing agency if we want to build low-rent housing in the United States.

THE WAGNER-ELLENBOGEN BILL IS THE RESULT OF LONG STUDY

As a result of the experience accumulated by these Government agencies and as a result of other experimentation, surveys, and thought on the part of all groups and individuals interested in finding some solution for the housing problem, we presented the Wagner-Ellenbogen housing bill to the Congress and to the people of the United States. We have moved slowly, because the problems involved are so serious and complex that no hasty or partial solution will do.

THIS BILL HAS WIDESPREAD SUPPORT

The Wagner-Ellenbogen housing bill has the support and endorsement of the National Public Housing Conference; of the National Association of Housing Officials; of the churches. This bill has the unanimous support and determined backing of the American Federation of Labor. Indeed, it has the unanimous support of all persons and individuals who have interested themselves in the problem of slum abatement and decent homes for families of low incomes.

The Wagner-Ellenbogen bill has been endorsed by large and small communities alike. It has been endorsed by the cities of New York, Chicago, Los Angeles, Cleveland, Boston, Philadelphia, Pittsburgh, and other large cities. It has also been endorsed by hundreds of smaller communities like Kittanning, Pa.; Bethlehem, Pa.; Greenville, N. C.; and El Paso, Tex., and by many hundreds of small cities. There has never been a bill before the Congress of the United States which has received more widespread support among all classes and among all kinds of communities than the Wagner-Ellenbogen housing bill.

BILL PROTECTS PRIVATE INDUSTRY AGAINST GOVERNMENT COMPETITION

This bill protects private industry against competition from the Government, and at the same time provides subsidized housing with Federal aid for families of low incomes. It has received the acclaim not only of liberal and progressive newspapers, like the chain of Scripps-Howard newspapers, but it also has been approved by leading conservative newspapers throughout the country.

THIS BILL IS NONPARTISAN LEGISLATION

In its very essence this bill is nonpartisan legislation. The need for low-cost housing was recognized in Mr. Hoover's administration. The committee on large-scale operations of Mr. Hoover's Conference on Home Building and Home Ownership reported that "the houses of the country constitute our largest mass of obsolete and discredited equipment." They pointed out that "new houses of acceptable standard of living are too expensive for two-thirds of the population", and they showed that "the present break-down in the financing, construction, and distribution of homes is more than a temporary or emergency situation" and therefore requires more than emergency measures for its solution.

The awakened local interest in the housing problem today knows no party line. What other issue can you find in which local governmental officials, both Democratic and Republican, social agencies, labor, consumer organizations, and the capital-goods industries are all united in seeking public action?

HOUSING SHOULD BE CROWNING ACHIEVEMENT OF ROOSEVELT ADMINISTRATION

The adoption of a sound national housing policy would be the crowning point of the first 4 years of the Roosevelt administration. Talk and experiment can now be translated into concrete achievement. The President has said, "We are working toward the ultimate objective of making it possible for American families to live as Americans should." Here is an economical, efficient, and comprehensive method of taking one real step in this direction.

How can we speak of an American standard of living when we find that millions of our people must live in slums and blighted areas, in crowded rooms without proper sanitary facilities, without adequate light and air, and without space for the children to play? How can we speak about a more abundant life if we refuse to provide the prime necessity of life—decent shelter?

EUROPE DID IT

From November 1918 to September 1935 England has built 1,231,992 homes with Government aid. At the same time a far larger and ever-increasing number of homes were built by private enterprise.

Holland rehoused about one-fifth of her population. Vienna did just as much. Germany before the advent of the Nazis erected more than 2,000,000 dwellings with Government aid. If we add up the housing achievements of several European countries with a combined population about equalling that of the United States, we find that they have built nearly 5,000,000 homes with government aid, with high standards of decency and comfort, and at prices and rentals available to low-income families.

Surely, what was done in Europe can be done in the United States.

A CRISIS HAS BEEN REACHED

Ladies and gentlemen, a crisis in the movement to revive the construction industry and to provide decent homes at low rentals has been reached in the Nation's Capital at Washington. Let me remind you that there is only one bill before the Congress which provides for housing, and that bill is the Wagner-Ellenbogen bill—a bill which contains the results of the effort, thought, and study which has been accumulated over a period of 35 years in the United States, a bill which contains the lessons which have been learned by the housing division of the P. W. A. and by the suburban resettlement division, lessons acquired at a cost of $172,000,000.

LOW-COST HOUSING IS ENDED UNLESS THIS BILL PASSES

No further appropriation of funds for low-rent housing, no further construction of homes with Federal cooperation will be undertaken unless the Wagner-Ellenbogen housing bill is passed at this session of Congress. The housing movement in the United States, which seemed so near success, will be dead unless the Wagner-Ellenbogen housing bill becomes a law at this session of Congress. The housing division of the P. W. A. will fold up and the building of homes for families of low income will definitely end unless this bill is passed in substantially the form in which it has been introduced by Senator WAGNER and myself. Unless this bill is passed, the slums and blighted areas will remain with us and

will further increase. Millions of families of low incomes will continue to live miserably and the drain upon the treasuries of our cities will become unbearable.

SENATE EXPECTED TO PASS BILL

Senator WAGNER confidently expects the Senate Committee on Education and Labor to favorably report this bill to the Senate in the next few days, but the Committee on Banking and Currency of the House of Representatives, which has charge of the bill in the House, has so far refused to hold hearings on the bill.

The Members of Congress are your representatives. They are your servants. Ladies and gentlemen, if you want to give health and well-being to the coming generation, do your part for the passage of this bill. If you want to provide the necessary push for further and complete recovery, if you want to aid in the clearance of slums and the elimination of crime and disease, if you want to establish a cleaner and more healthy atmosphere for the mothers of America to watch over their children, you will aid in the passage of the Wagner-Ellenbogen housing bill.

The passage of the Wagner-Ellenbogen housing bill will give to the children of America the opportunity to grow up to a better life and to a more promising maturity, and it will permit the parents in America to live in decency and comfort amidst sanitary and healthy homes full of light and sunshine.

DEPARTMENT OF THE INTERIOR APPROPRIATION BILL, 1937—CONFERENCE REPORT

Mr. TAYLOR of Colorado. Mr. Speaker, I call up the conference report on the bill (H. R. 10630) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1937, and for other purposes, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

CALL OF THE HOUSE

Mr. SHORT. Mr. Speaker, a point of order. Since practically the appropriation on every item in this bill has been increased on the insistence of the managers on the part of the Senate, I think the membership of the House should be present to hear the gentleman from New York [Mr. TABER]. I therefore make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Evidently there is not a quorum present.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 104]

Adair	Dempsey	Kee	Petengill
Allen	Dietrich	Keller	Powers
Andrew, Mass.	Dingell	Kelly	Quinn
Andrews, N. Y.	Dirksen	Kennedy, Md.	Rabaut
Beam	Dorsey	Kerr	Reilly
Berlin	Doutrich	Kopplemann	Richardson
Binderup	Duncan	Lee, Okla.	Risk
Brennan	Eagle	Lehlbach	Rogers, N. H.
Brooks	Eaton	Lesinski	Rogers, Okla.
Brown, Mich.	Fenerty	Lewis, Md.	Russell
Buckley, N. Y.	Ferguson	Lord	Ryan
Bulwinkle	Gambrill	Lundeen	Sadowski
Caldwell	Gasque	McGroarty	Sanders, La.
Cartwright	Gifford	McKeough	Sandlin
Cary	Goldsborough	McLean	Schaefer
Casey	Goodwin	Maloney	Sears
Cavicchia	Gray, Pa.	Meeks	Seger
Chandler	Green	Mitchell, Tenn.	Starnes
Chapman	Gwynne	Montet	Steagall
Claiborne	Hancock, N. C.	Moritz	Stewart
Clark, N. C.	Harter	Nelson	Sweeney
Connery	Hartley	Norton	Turpin
Cooley	Hill, Ala.	Oliver	Utterback
Creal	Hoeppel	O'Malley	Wearin
Crosby	Hook	Palmisano	Wilcox
Crowther	Hope	Perkins	Zioncheck
Dear	Kahn	Peterson, Fla.	

The SPEAKER pro tempore (Mr. COLMER). Three hundred and nineteen Members are present, a quorum.

On motion of Mr. BANKHEAD, further proceedings under the call were dispensed with.

INTERIOR DEPARTMENT APPROPRIATION BILL, 1937

The SPEAKER pro tempore. The Clerk will read the statement of the managers on the part of the House.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10630) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1937, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 15, 16, 17, 19, 21, 26, 27, 40, 51, 60, 64, 79, 90, and 91.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 6, 12, 13, 20, 22, 23, 25, 28, 29, 30, 34, 37, 38, 41, 42, 43, 44, 45, 47, 48, 49, 55, 58, 59, 61, 62, 63, 65, 66, 67, 68, 69, 70, 73, 74, 75, 76, 77, 78, 81, 82, 84, 85, 86, 88, and 89, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows: ": *Provided*, That no part of this appropriation shall be expended for work on any figure, in addition to the four figures authorized by law, upon which work has not commenced as of the date of enactment of this Act", and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$587,700", and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$77,500", and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$160,000", and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$75,000", and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "$159,200, of which amount $10,000 shall be immediately available", and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$260,000", and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$356,000", and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "$2,375,000, of which amount $10,000 shall be immediately available", and the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$140,000", and the Senate agree to the same.

Amendment numbered 71: That the House recede from its disagreement to the amendment of the Senate numbered 71, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$75,000", and the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$2,807,817", and the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$2,093,200", and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 7, 24, 31, 32, 33, 35, 39, 46, 50, 52, 53, 54, 56, 83, and 87.

EDWARD T. TAYLOR,
B. M. JACOBSEN,
JED JOHNSON,
W. P. LAMBERTSON,
Managers on the part of the House.

CARL HAYDEN,
KENNETH MCKELLAR,
ELMER THOMAS,
FREDERICK STEIWER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the

Senate to the bill (H. R. 10630) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1937, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On no. 2: Provides a salary of $5 per diem and for the payment of necessary travel expenses, exclusive of subsistence, for members of advisory committees of local stockmen, in connection with the administration of the Grazing Control Act, as proposed by the Senate, instead of $5 per diem while actually employed in lieu of subsistence and 5 cents per mile for travel, as proposed by the House.

On nos. 3 and 4, relating to the Mount Rushmore National Memorial Commission: Makes $30,000 immediately available, as proposed by the Senate, instead of $50,000, as proposed by the House, and accepts the House prohibition against the expenditure of funds on any figure on which work has not been commenced with the further provision that no funds shall be expended on any additional figure not authorized by law.

GENERAL LAND OFFICE

On no. 5: Appropriates $587,700 for salaries in the Office of the Commissioner of the General Land Office, instead of $577,700, as proposed by the House, and $600,000, as proposed by the Senate.

On no. 6: Appropriates $700,000, as proposed by the Senate, instead of $600,000, as proposed by the House, for surveying public lands.

On no. 8: Appropriates $77,500 for salaries of registers of district land offices instead of $75,000, as proposed by the House, and $80,000, as proposed by the Senate.

On no. 9: Appropriates $160,000 for contingent expenses of land offices instead of $150,000, as proposed by the House, and $175,000, as proposed by the Senate.

BUREAU OF INDIAN AFFAIRS

On no. 10: Appropriates $75,000 for the suppression of the traffic in intoxicating liquors among Indians instead of $55,880, as proposed by the House, and $100,000, as proposed by the Senate.

On no. 11: Appropriates $159,200 for lease, purchase, and repair of agency buildings instead of $144,200, as proposed by the House, and $164,200, as proposed by the Senate, and provides that $10,000 of such sum shall be immediately available, instead of $20,000, as proposed by the Senate.

On no. 12: Eliminates proviso proposed by the House limiting the amount payable to attorneys serving in connection with claims of the Sioux Indians to 5 percent of the total recovery.

On no. 13: Provides that no part of the funds made available for the purchase of lands under the act of June 18, 1934, shall be available for the acquisition of lands outside the boundaries of existing Indian reservations in the State of New Mexico, as proposed by the Senate.

On no. 14: Appropriates $260,000 for the preservation of timber on Indian reservations instead of $255,000, as proposed by the House, and $280,000, as proposed by the Senate.

On no. 15: Eliminates the provision inserted by the Senate making $12,500 of funds for emergency conservation work on Indian reservations available for defraying the expenses of the Quetico-Superior committee.

On nos. 16, 17, 19, and 21: Eliminates the provisions, inserted by the Senate, providing for the establishment and prosecution of tribal enterprises, including a consequent reduction of $75,000.

On no. 18: Corrects a total.

On no. 20: Appropriates $6,000 for industrial assistance of the Spokane Indians, Washington, as proposed by the Senate.

On no. 22: Makes $65,000 available of the appropriation for personal services in the District of Columbia and in the field, in connection with the administration of the revolving loan fund under the Indian Reorganization Act, as proposed by the Senate, instead of $50,000, as proposed by the House.

On no. 23: Makes $18,000 available for personal services in the District of Columbia in connection with the development of Indian arts and crafts, as proposed by the Senate, instead of $15,000, as proposed by the House.

On no. 25: Appropriates $5,379,820, as proposed by the Senate, instead of $5,304,820, as proposed by the House, for the education of Indian children.

On nos. 26 and 27: Appropriates $345,000 for the lease, purchase, and repair of buildings at Indian schools, as proposed by the House, instead of $420,000, which might also be used for construction purposes, as proposed by the Senate.

On no. 28: Makes $1,000 for the operation and maintenance of the Pierre, S. Dak., nonreservation boarding school available for the purchase of lands adjacent to the school, as proposed by the Senate.

On nos. 29, 30, and 32, relating to the education of natives in Alaska: Appropriates $25,000 for relief of destitution, corrects the total of the appropriation and provides that a report shall be made to Congress covering expenditures for the relief of destitution, all as proposed by the Senate.

On no. 34: Appropriates $20,000 for clinical surveys and general medical research in connection with tuberculosis, trachoma, and venereal and other disease conditions among Indians, as proposed by the Senate, in lieu of $15,000, as proposed by the House.

On no. 36: Appropriates $2,375,000, of which $10,000 shall be immediately available, for general support of Indians, in lieu of an appropriation of $2,360,000, as proposed by the House, and $2,385,000, or which $25,000 would have been made immediately available, as proposed by the Senate.

On no. 37: Appropriates $800 for the Rocky Boy Indians of Montana for general support and administration, as proposed by the Senate.

On no. 38: Appropriates $25,000 for the Cherokee Indians of North Carolina for general support and administration, as proposed by the Senate, instead of $18,000, as proposed by the House.

On no. 40: Eliminates $1,200 for fees and expenses of attorneys for the Yankton Indians of South Dakota, proposed by the Senate.

On nos. 41, 42, 43, 44, and 45, relating to the support of Indians in the State of Washington: Appropriates $20,000, as proposed by the Senate, instead of $12,500, as proposed by the House, for the Taholah Indians; appropriates $26,000 for the Neah Bay Indians, of which $3,500 shall be available for development of a cemetery site, as proposed by the Senate, instead of $22,500, as proposed by the House; appropriates $500 for the Hoh Indians, as proposed by the Senate, and corrects the total of the items in the paragraph.

On nos. 47, 48, and 49, relating to expenses of tribal officers, Five Civilized Tribes, Oklahoma: Eliminates the Creek Indians from the purposes provided in the paragraph with the exception of $600 for the salary of the chief of the Creek Nation, as proposed by the Senate, and provides a salary of $3,000, as proposed by the Senate, for the mining trustee for the Choctaw and Chickasaw Nations, instead of $4,000, as proposed by the House.

On no. 51: Appropriates $50,000 for traveling and other expenses of tribal councils, as proposed by the House, in lieu of $75,000, as proposed by the Senate.

BUREAU OF RECLAMATION

On no. 55: Limits the amount which may be expended for personal services in the District of Columbia, in connection with the Boulder Canyon project, to not to exceed $25,000, as proposed by the Senate.

GEOLOGICAL SURVEY

On no. 57: Appropriates $140,000 for personal services in the office of the Director, instead of $128,060, as proposed by the House, and $150,000, as proposed by the Senate.

On nos. 58, 59, and 60, relating to topographic surveys: Appropriates $650,000, as proposed by the Senate, in lieu of $440,000, as proposed by the House, of which $250,000 may be expended for personal services in the District of Columbia, as proposed by the Senate, instead of $175,000, as proposed by the House, and eliminates the proviso inserted by the Senate requiring the Secretary of the Interior to submit to Congress at the next session a program for expediting topographic mapping and the cost of same.

On nos. 61, 62, and 63, relating to geologic surveys: Appropriates $500,000, as proposed by the Senate, in lieu of $488,000, as proposed by the House, of which $315,000 shall be available for personal services in the District of Columbia, as proposed by the Senate, in lieu of $300,000, as proposed by the House, and provides that such portion of $10,000 as may be necessary shall be available for a survey of the occurrence and uses of granite in the Northeastern States, as proposed by the Senate, instead of requiring that not less than $10,000 be expended for such purpose, as proposed by the House.

On nos. 64 and 65, relating to mineral resources of Alaska: Appropriates $60,000, as proposed by the House, in lieu of $70,000, as proposed by the Senate, and provides that $34,000 of this sum shall be available for personal services in the District of Columbia, as proposed by the Senate, instead of $20,000, as proposed by the House.

On nos. 66 and 67, relating to gaging streams: Appropriates $791,317, as proposed by the Senate, instead of $660,000, as proposed by the House, and provides that $589,317 shall be available only for cooperative work with States or municipalities, as proposed by the Senate, in lieu of $458,000, as proposed by the House.

On no. 68: Makes an addition to a statute reference by inserting the words "as amended", as proposed by the Senate.

On nos. 69, 70, and 71, relating to mineral leasing: Appropriates $315,000, of which $30,000 shall be immediately available, as proposed by the Senate, in lieu of $225,000, as proposed by the House, and makes $75,000 available for personal services in the District of Columbia, instead of $56,000, as proposed by the House, and $120,000, as proposed by the Senate.

On no. 72: Corrects a total.

BUREAU OF MINES

On no. 73: Appropriates $609,365, as proposed by the Senate, in lieu of $583,215, as proposed by the House, for operating mine-rescue cars and stations and investigation of mine accidents.

On no. 74: Appropriates $185,400, as proposed by the Senate, in lieu of $165,400, as proposed by the House, for testing fuel.

On no. 75: Appropriates $265,866, as proposed by the Senate, instead of $250,366, as proposed by the House, for oil and gas investigations.

On nos. 76 and 77, relating to economics of mineral industries: Appropriates $339,990, as proposed by the Senate, instead of $300,490, as proposed by the House, and makes $255,700 available for personal services in the District of Columbia, as proposed by the Senate, instead of $220,000, as proposed by the House.

On no. 78: Eliminates proviso permitting the sale of helium by the Bureau of Mines to the medical profession, as proposed by the Senate.

On no. 79: Eliminates the item appropriating $20,000 for repair of a gas well on the helium property of the Bureau of Mines near Amarillo, Tex., inserted by the Senate.

On no. 80: Corrects a total.

NATIONAL PARK SERVICE

On nos. 81 and 82, relating to the Shenandoah National Park, Va.: Corrects the title and eliminates proviso prohibiting the use of funds made available in the paragraph for administration, protection, and maintenance in advance of title to the minimum acreage required in the basic act establishing the park having been conveyed to and accepted by the Federal Government, as proposed by the Senate.

On no. 84: Provides that appropriations for the Department of the Interior shall be available for the purchase, maintenance, and operation of quarter-ton or half-ton trucks, and that such purchase need not be charged to the limitation in the various appropriation items for the purchase, etc., of passenger-carrying vehicles, as proposed by the Senate.

OFFICE OF EDUCATION

On no. 85: Appropriates $262,980, as proposed by the Senate, instead of $261,180, as proposed by the House, for personal services in the office of the Commissioner of Education.

On no. 86: Appropriates $20,000, as proposed by the Senate, instead of $17,700, as proposed by the House, for general expenses.

PUERTO RICAN HURRICANE RELIEF

On no. 88: Makes available $25,000 from unobligated balances of appropriations for continuation of the work of collecting moneys due the United States, as proposed by the Senate, in lieu of $17,740, as proposed by the House.

ST. ELIZABETHS HOSPITAL

On no. 89: Eliminates reference to the disbursing agent, as proposed by the Senate.

On nos. 90 and 91: Provides $250,000 for the construction and equipment of one continuous-treatment building, as proposed by the House, instead of two such buildings, at a total cost of $500,000, as proposed by the Senate.

AMENDMENTS IN DISAGREEMENT

The committee of conference report in disagreement the following amendments of the Senate:

On no. 1: Relating to payment for the cost of transporting personal effects of employees of the Division of Grazing Control.

On no. 7: Relating to the use of $750,000 of moneys appropriated to carry out the provisions of title II of the National Industrial Recovery Act for the purpose of surveying public lands.

On no. 24: Relating to the construction, repair, and rehabilitation of irrigation systems on Indian reservations.

On no. 31: Providing that funds appropriated for the education of natives in Alaska shall remain available until June 30, 1938.

On no. 32: Requiring that a report shall be made to Congress regarding expenditures in Alaska for relief of destitution.

On no. 33: Reappropriation of an unexpended balance in connection with construction of the Sioux Sanatorium, South Dakota.

On no. 35: Providing that funds appropriated for medical relief in Alaska shall be available until June 30, 1938.

On nos. 39 and 46: Relating to an appropriation for traveling expenses of tribal council of Klamath Indians and to the establishment of a revolving fund to cover burial of said Indians. The total of the item General support, tribal funds, is also involved.

On no. 50: Relating to the acquisition of Tuskahoma Council House, in Pushmataha County, Okla.

On no. 52: Relating to a per-capita payment to enrolled members of the Menominee Tribe, Wisconsin.

On nos. 53 and 54: Relating to the authorization and appropriations for various reclamation projects.

On no. 56: Exempting from the civil-service laws and the Classification Act of 1923 employees engaged in connection with the all-American Canal.

On no. 83: Relating to the Appomattox Courthouse National Historical Monument, Va.

On no. 87: Relating to an appropriation for a survey of school library service by the office of education.

EDWARD T. TAYLOR,
B. M. JACOBSEN,
JED JOHNSON,
W. P. LAMBERTSON,
Managers on the part of the House.

Mr. TAYLOR of Colorado. Mr. Speaker, I hope the report of the committee of conference may be adopted.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. TABER. I understand the gentleman from Kansas [Mr. LAMBERTSON] desires to be heard on the conference report.

Mr. TAYLOR of Colorado. As I understand it, we shall have ample time on these amendments as they come up. I am perfectly willing, of course, to yield the gentleman all the time he wants.

Mr. TABER. I understood the gentleman from Kansas [Mr. LAMBERTSON] desired time on the conference report.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. SNELL. Mr. Speaker, I think we ought to have some explanation of the conference report, to see how much it has been increased and to get a general idea of it.

Mr. WIGGLESWORTH. Mr. Speaker, if the gentleman will yield, I would like to have a few minutes.

Mr. TAYLOR of Colorado. How much time do you gentlemen suggest?

Mr. LAMBERTSON. I would suggest an hour on the conference report, 2 hours on amendments nos. 53 and 54, and probably an hour on the rest of the amendments in disagreement; in all, a maximum of 4 hours.

Mr. TAYLOR of Colorado. Why not adopt the conference report first and then take up the amendments in disagreement? I am perfectly willing for the gentleman to have all the time he wants.

Mr. LAMBERTSON. I would like to have a little time on the conference report itself.

Mr. BUCHANAN. Mr. Speaker, will the gentleman from Colorado yield?

Mr. TAYLOR of Colorado. I yield.

Mr. BUCHANAN. May I suggest to the gentleman from Kansas that the amendments in disagreement will have to be voted on as they involve very, very complicated questions. When we are approaching the question of fixing the policy of Congress for future years I think we ought to have plenty of time. I would suggest, therefore, that we devote the day to the consideration of the conference report and the Senate amendments.

Mr. TABER. That is all right, Mr. Speaker, if we can do it. I think we ought first to dispose of the conference report. It will not take a great while, so far as I can see. Speaking for myself, I do not want more than 2 or 3 minutes, but I think we ought to have a few minutes on the conference report. Then we can proceed to amendment no. 24 and take it up by itself. Each one of the important amendments should be given consideration as it is reached.

Mr. TAYLOR of Colorado. Mr. Speaker, I may say to the gentleman from New York that I am perfectly willing, if necessary, to take all day, but I do not see the necessity for extended debate on the conference report. I can state the comparative figures for last year and this year, what the Senate did and what the House did, in 3 minutes.

Mr. TABER. I think that should be done. Then I would like 2 or 3 minutes on the conference report, and I think the gentleman from Kansas [Mr. LAMBERTSON] desires a few minutes.

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 3 minutes to the gentleman from New York.

Mr. SNELL. Mr. Speaker, I think the gentleman should first explain the report. Let us know what is in it.

Mr. TAYLOR of Colorado. Mr. Speaker, the first item I think the House will be concerned about is that the regular and supplemental estimates were $147,652,441.75, and the amount that is being recommended by the conferees to the House is $143,503,957.05.

Mr. Speaker, this bill as it appears before us today is $4,148,000 under the Budget, and I may say that I am dealing in round figures only. The reason the bill carries more this year than it did last year is because last year we had no construction whatever in the bill. Last year the bill carried $77,000,000. This year it carries $143,500,000. This increase is represented by construction, which was not in the bill last year.

The 1937 bill, as it passed the Senate, carried $143,978,000. The bill as it passed the House carried $81,221,000. In other words, the net amount that was added to the House bill by the Senate is $62,757,000—as I say, speaking in round numbers.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. MAY. In what way are the additions made by the Senate calculated to commit us to a policy with respect to general improvements, if it does effect any policy, and what

might be the ultimate expenditure on them over the years to come?

Mr. TAYLOR of Colorado. There are about 16 amendments in disagreement, and we will take them up seriatum and discuss them. As we reach them we shall be able to answer all these questions.

I may say that the House recessions in conference amounted to $62,287,267, and the Senate recessions amounted to $469,800.

That is the principal part of the sum total.

Mr. SNELL. Will the gentleman yield for a question?

Mr. TAYLOR of Colorado. I yield to the gentleman from New York.

Mr. SNELL. How much is the increase over the House bill that the conferees have agreed to? What is the amount of the increase?

Mr. TAYLOR of Colorado. I may say that the Senate bill is $3,673,000 under the Budget. The House bill was $1,721,000 under the Budget.

Mr. SNELL. The gentleman misunderstood the question. I intended to ask the gentleman how much is carried in the Senate bill over the House bill that has been agreed to? This does not include the amendments in disagreement.

Mr. BANKHEAD. The amount involved in the conference report?

Mr. SNELL. Yes; the amount involved in the conference report proper.

Mr. TABER. If the gentleman will yield, I think I can answer the question.

Mr. BANKHEAD. I understand it is the contention of the gentleman from New York [Mr. SNELL] and the gentleman from Massachusetts that the increase involved in the conference report is approximately $800,000.

Mr. TABER. I think I can clear this up if the gentleman will yield.

Mr. TAYLOR of Colorado. I yield to the gentleman from New York [Mr. TABER].

Mr. TABER. As I understand it, the bill as passed by the House covered $81,221,330.

Mr. TAYLOR of Colorado. Yes.

Mr. TABER. This included something like $26,350,000, as shown on page 83 of the Budget estimate. The increases with reference to those items, as I understand it, amounted to $1,200,000, as put on by the Senate. The conference report, the vote on which is now pending, increases those items $800,000.

Mr. SNELL. What are the items included in that increase of $800,000?

Mr. TAYLOR of Colorado. I do not have those items right at hand, but they will be brought out and discussed later in debate.

Mr. AYERS. Will the gentleman yield for a question?

Mr. TAYLOR of Colorado. I yield to the gentleman from Montana.

Mr. AYERS. The adoption of the gentleman's motion to agree to the conference report does not in any way affect the consideration by the Members of the House of the matters in disagreement?

Mr. TAYLOR of Colorado. Oh, no.

Mr. AYERS. Which includes amendments 1, 7, 24, and so forth?

Mr. TAYLOR of Colorado. No. We will have to dicusss each one of those amendments in disagreement.

Mr. AYERS. The adoption of the gentleman's motion does not affect the amendments in disagreement?

Mr. TAYLOR of Colorado. No.

Mr. Speaker, I yield the gentleman from Kansas [Mr. LAMBERTSON] 10 minutes.

Mr. LAMBERTSON. Mr. Speaker and Members of the House, this is an important day. The House bill recommended eighty-one million to the Interior Department for the next fiscal year. The Senate amended it by putting in sixty-three million more—over 70 percent increase. Amendments 24, 53, and 54 deal with the big increases in the form of loans for the extension of irrigation projects in the Mountain States.

The crux of this situation is contained in amendment 53, where we are asked to authorize seven gigantic irrigation projects in seven separate States. It has been the policy of this subcommittee, in the 3 years I have been a member of it, to carefully refrain from recommending appropriations for any new irrigation projects. The reason we gave was that the Government was extending itself on a policy of curtailment of surpluses in agricultural products. Now suddenly, out of an almost clear sky, we are asked to authorize these seven great projects and appropriate many millions immediately for their extension. This ought to be a serious day. We are asking those of you who agree with us to lay aside party prejudices and have the courage to vote your honest convictions. It will take from $600,000,000 to $1,500,000,000 to complete the projects asked for in these amendments. Yes; the Budget has O. K.'d six of these seven projects in amendment 53, and to some of you that may seem to dignify and to justify it. This was all done suddenly by the Director of the Budget just this last January. To me it is the most gigantic and indefensible pork barrel which has come upon this Congress in some time; seven States approaching us at the same time on the reversal of a policy. The Washington State project did not need authorization but was put into this fifty-third amendment to help the pork barrel. One of the most asinine features of these big projects is that a great deal of money has been spent by the P. W. A. and the W. P. A. under allotments by the President where we are now and finally asked for authorization. This gets thoroughly under my hide. There ought to be a righteous reaction with everyone here. Here is required legislative authority for the expenditure of money before these projects can be completed, yet money has been spent by the Executive, and now at last the policy of whether these projects should have ever been started are asked, necessarily, from the Congress. Another Florida canal. Is it not a mess? And this is my Government and yours. We of the Mississippi Valley, in particular, who in the old days favored the McNary-Haugen bill, and who in this administration went along with the Chief Executive on the theory that there was an overproduction and that we had to curtail if we are to have American prices for our agricultural products consumed in America. Generally we voted for the A. A. A., and only this winter for its substitute on soil conservation, taking land out of production; and now, amazing as it may seem, still in this second session of the Seventy-fourth Congress, we are asked to help all the Pacific States to make two blades of grass grow where only one grew before, in spite of all the fancied arguments which will be offered here today about this extra production not being in competition with anything else; do not you believe it. Whenever they raise more, it is just that much more. It may not come back in the direct manner, but it comes back; food products may be in cereals or on hoof. The extension of reclamation and curtailment under soil erosion are diametrically opposed.

This is too expensive. The Government could put its money to better use in the extension of road construction than to loan up to $200 and more per acre for agricultural production. If the Government will loan this money, these great projects will be accomplished, people will be attracted to these places, and that is its purpose, to build up these States in population beyond their natural and normal quotas, and naturally at the expense of other agricultural lands in the country.

Furthermore, it is proposed here to loan this money for a term of 40 years without interest. I wonder if William Green will think this is not inflation. A great deal was said here the other day about the inequality in the Frazier-Lemke bill, that it was so unfair to loan money to farmers up to 80 percent of the assessed value of the land at 1½ percent on about an equal number of years. But here you propose to loan it without any interest at all—up to $200 per acre. Certainly, these values are not even as secure as other lands, for the water may run out or it may sink away.

All in all, colleagues, I think we should oppose these three reclamation amendments which the Senate has added to this bill. We should swat this pork barrel, we should accept the

policy of curtailment until it is abandoned at least, and, above all, we should resent the practice of inaugurating, under the disguise of relief, far-reaching projects where first there should have been an authorization by Congress. I do not wish the Western States any bad luck, but this is an unfair advantage to a section in agriculture, and the whole thing is a conglomeration and a mess, and we should defeat these amendments and postpone it until we take time for a sober second thought.

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Speaker, I rise in opposition to approval of the conference report. In this connection I want to emphasize the extent to which the total appropriation carried by this bill has increased in recent years.

For the fiscal year 1934 the bill carried $43,000,000 or thereabouts. For the next fiscal year the figure rose to $47,000,000. For the present year, with deficiency items included, it went to $77,000,000. When the bill for the next fiscal year passed the House this year it carried a total of about $81,000,000. The House will recall that a motion to recommit, reducing this figure to last year's figure, offered by the gentleman from New York [Mr. TABER], was defeated in the House.

The bill went to the Senate. It returns to us today carrying a total of over $143,000,000, more than $62,000,000 more than was carried by the bill when it passed the House and over $100,000,000 more than the bill carried 3 years ago. Furthermore, this does not include about $780,000 representing reappropriation of unexpended balances, assuming that the House approves of amendments 7 and 33 when we reach them in the course of this discussion.

Of course, a large amount of the increase is in dispute. Reference has already been made to the $3,700,000 item carried in amendment no. 24 for Indian irrigation projects. Reference has also been made to amendments 53 and 54, providing for a gigantic reclamation program calling for $57,000,000 or thereabouts now and running into the hundreds of millions, if not billions, of dollars ultimately.

There are 16 items in dispute which, of course, must be voted on separately by the House, but over and above this is the conference report itself. The first vote in the House will be taken on the conference report. It is the report which is before the House at this time. The report reflects an increase of $837,127 over and above what was approved by the House a month or two ago. I regret that illness prevented me from attending the conference on this bill. I did not sign the conference report. I cannot support the conference report this morning. Reading the additions which have been made in the light of the evidence offered in the Senate hearings and in the supplemental House hearings, it seems to me that concessions have been made to the Senate conferees all along the line—concessions which are not warranted by the facts.

The total, as I say, amounts to $837,127. Time does not permit going into details. I can only say that in my judgment unjustifiable increases have been made in conference amounting to several hundred thousand dollars. I am therefore compelled, Mr. Speaker, to vote against the conference report.

Mr. MOTT. Will the gentleman yield me 3 minutes?

Mr. TAYLOR of Colorado. I yield to the gentleman from Oregon 3 minutes.

Mr. MOTT. Mr. Speaker, I desire to call the attention of the House to amendment no. 2, on page 2 of the conference report. Under the Taylor grazing bill, provision was made to pay members of the advisory board a per diem of $5 and 5 cents a mile travel when in actual attendance or at work.

The Senate amendment, according to the conference report, proposes to pay those members of that advisory board a straight salary of $5 a day throughout the year.

Mr. GREEVER. Will the gentleman yield?

Mr. MOTT. I yield.

Mr. GREEVER. Does not the Senate amendment provide that they shall only receive $5 a day when actually employed? That is what the conference report reads.

Mr. MOTT. I do not interpret it that way. The amendment provides that they shall receive $5 a day, according to the conference report. The printed bill with the Senate amendments has not yet been made available to Members. Perhaps the report does not correctly state the amendment.

Mrs. GREENWAY. Will the gentleman yield?

Mr. MOTT. I yield to the lady from Arizona.

Mrs. GREENWAY. Does not the gentleman think that it is a good thing that local citizens are now included and allowed a voice in their own affairs with an expense account to make it practical and just?

Mr. MOTT. That provision I think is proper, but that was not the point of my objection. I interpret the statement in the conference report as meaning that the Senate amendment permits payment of a regular salary of $5. If the amendment does not provide that, I have no objection to it.

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 2 minutes to the gentleman from Nevada [Mr. SCRUGHAM].

Mr. SCRUGHAM. Mr. Speaker, the Senate amendment provides a uniform remuneration of $5 per diem while actually employed as a district board. That will probably be only a comparatively few days out of every year.

Mr. TAYLOR of Colorado. It expressly says it is only while they are on duty. There are only 482 in the whole United States to regulate grazing on the public domain of 80,000,000 acres.

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Speaker, just for fear some confusion exists in the minds of some of my colleagues relative to this conference report, let me state there can be no possible objection to the adoption of this conference report as agreed to by the conferees and presented to the House. The House conferees yielded about seven or eight hundred thousand dollars of increases of the Senate in the bill as it passed the House. That is close enough. You cannot expect them not to yield anything. So the conference report ought to be adopted. The amendments which follow the adoption of the conference report will be before the House, and the House ought to further insist on some of them, and you will hear the reasons for that when we come to it, but this report should be adopted.

[Here the gavel fell.]

Mr. RICH. Mr. Speaker, will the gentleman yield me 5 minutes?

Mr. TAYLOR of Colorado. Let me repeat what the gentleman from Texas [Mr. BUCHANAN] just said. We reach all these things when we come to them. Why should we thrash it out in advance?

Mr. RICH. I would like to say for about a week I have been trying to find out when this was coming on the floor. The majority leader said we would have plenty of time to discuss it.

Mr. TAYLOR of Colorado. Very well. I yield the gentleman 5 minutes right now.

Mr. RICH. Mr. Speaker, I have no doubt but that the gentleman from Texas and these other conferees have been trying to keep this appropriation down to the limit, but I want to call attention to the fact that in the appropriation bill they have $26,350,000 additional over what it was last year for public works. The amount of the Interior Department appropriation bill last year was over $77,000,000. When it left the House this year it was over $81,000,000, but if we add the things which the Senate wants to put in in these 16 items which are in dispute, they are asking for $64,710,000, and that includes $2,500,000 for administration expenses. When you finally complete all these projects which they want you to approve in item 54 alone, you will have over a billion dollars of expenses that will be saddled onto the taxpayers of the country in the future. You must have somebody to operate these projects and add to our

national burden. It will be an additional expense to the children who are coming on in this country, and I say to you Members of Congress now that you are simply stealing the savings of future generations. This Congress in the past 2 years has been doing things which it never should do. In the first place, you gave the President of the United States $4,880,000,000. You gave up your rights. You have all stood up here in the House this year and condemned that very thing. Then you gave the President $1,500,000,000 more in the deficiency bill to do some more. They are not satisfied with that wrong way of doing things. They come in here and ask for these 16 projects to be approved, and before you get through with them you will have to spend over a billion dollars more.

Look at the statement of the Federal Treasury at the present time—thirty-three billions in debt and going in the red at the rate of six hundred thousand per hour. It is nice for us to come here and say nice things about ourselves and pat each other on the back and say, "Oh, we are a bunch of good fellows." I would like to do it if I could, but I think we are a bunch of boobs when we take everything that the Senate sends over here for us to approve and agree to this legislation, and then mortgage the children of the future for these follies. We do not have any common sense. Where are these projects? They are out in the Northwest. Look at the members on this conference committee from the Senate. They are mostly from the Northwest, and they want these projects for their own States at the expense of our taxpayers. They will bring in over 3,000,000 acres of agricultural ground. What for? To raise more produce, when you are trying to get the farmers of this country to stop producing, when you are buying submarginal lands to put them out of cultivation. We just do not use good judgment. We just do not use common sense in doing these things. Plug up one hole and make another. Here we are asked to bring in 3,000,000 acres of irrigated ground when we should be protecting the farmers, who are now requested to curtail production because they have no markets for their farm products.

Mr. THURSTON. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield.

Mr. THURSTON. A vote against the conference report will be a vote against these projects which will cost about a billion and a half dollars.

Mr. RICH. The gentleman is correct.

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. TABER) there were ayes 87 and noes 22.

So the conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment No. 1: Page 4, line 22, "payments for the cost of packing, crating, and transportation (including drayage) of personal effects of employees upon permanent change of station, under regulations to be prescribed by the Secretary of the Interior."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 7: Page 14, line 16, after the word "deposit", insert: "*Provided further*, That of the unexpended balance of moneys appropriated to carry out the provisions of title II of the National Industrial Recovery Act of June 16, 1933, such amount, not exceeding $750,000, as the Federal Emergency Administrator of Public Works may deem necessary is hereby made available for surveys and resurveys of public lands during the fiscal years 1936 and 1937, to be expended under the supervision of the Commissioner of the General Land Office in accordance with regulations prescribed by the Federal Emergency Administrator of Public Works."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 24: Page 41, after line 6, insert: "For the construction, repair, and rehabilitation of irrigation systems on Indian reservations; for the purchase or rental of equipment, tools, and appliances; for the acquisition of rights-of-way, and payment of damages in connection with such irrigation systems; for the development of domestic and stock water and water for subsistence gardens; for the purchase of water rights, ditches, and lands needed for such projects; and for drainage and protection of irrigable lands from damage by floods or loss of water rights, as follows:

"Arizona: Colorado River, as authorized by section 2 of the Rivers and Harbors Act, approved August 30, 1935, $1,000,000; Havasupai, $5,000; Hopi, $50,000; Navajo, $70,000; Ak Chin, $3,000; Navajo and Hopi (domestic and stock water), $45,000; Chiu Chui, $5,000; Papago (domestic and stock water), $26,400; San Xavier, $30,000; Salt River, $55,000; San Carlos, $25,000; Fort Apache, $10,000;

"Colorado: Consolidated Ute, $65,000, reimbursable; Pine River, $1,000,000, reimbursable;

"Montana: Crow, $100,000, reimbursable; Fort Belknap, $12,000; Fort Peck, $125,000, reimbursable.

"Nevada: Fort McDermitt, $2,000; Moapa, $5,000; Summit Lake, $5,000; Walker River, $5,000; miscellaneous (garden tracts), $5,000.

"New Mexico: Navajo, $89,500; Pueblo, $240,100; Jicarilla, $13,000; Navajo and Pueblo (domestic and stock water), $60,000.

"North Dakota: Miscellaneous (domestic and stock water and garden tracts), $15,000.

"Oklahoma: Miscellaneous (garden tracts), $16,000.

"Oregon: Warm Springs, $10,000; miscellaneous (garden tracts), $5,000.

"South Dakota: Miscellaneous (domestic and stock water), $10,000.

"Utah: Uncompahgre, $10,000; Ojeto and Montezuma Creeks, $3,500; miscellaneous (garden tracts), $5,000.

"Washington: Lummi, $20,000; Makah (dikes and flood gates), $5,000; Wapato, $100,000, reimbursable; Klickitat, $50,000; miscellaneous (domestic and stock water and garden tracts), $20,000.

"Wisconsin: Miscellaneous (garden tracts), $5,000.

"Wyoming: Wind River, $105,000, reimbursable.

"For miscellaneous small irrigation developments, $200,000.

"For administrative expenses, including personal services in the District of Columbia and elsewhere, $100,000.

"In all, $3,710,500, to be immediately available: *Provided*, That the foregoing amounts may be used interchangeably, in the discretion of the Secretary of the Interior, but not more than 10 percent of any specific amount shall be transferred to any other amount, and no appropriation shall be increased by more than 15 percent: *Provided further*, That when necessary the foregoing amounts may be used for subjugating lands for which irrigation facilities are being developed."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment with the following amendment.

The Clerk read as follows:

Mr. TAYLOR of Colorado moves that the House recede from its disagreement to the amendment of the Senate no. 24, with an amendment, as follows:

"In line 10, the first line of the second paragraph of said amendment, after the word 'by' insert the following: 'and in accordance with.'"

Mr. BUCHANAN. Mr. Speaker, I move that the House further insist on its disagreement to the amendment of the Senate no. 24.

Mr. Speaker, I realize that the motion to recede and concur is a preferential motion. I ask a division of the motion to recede and concur.

The SPEAKER. The gentleman is entitled to a division of the motion. The question is, Will the House recede from its disagreement to the amendment of the Senate?

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, this is an item involving $3,710,500 for the continuation and the beginning of certain reclamation projects, all of which are supposed to cost $70,000,000. Something like $10,000,000 has been spent on some of them, or allocated to some of them, out of relief funds. As I understand it—I am not sure, but I give you the best information I can get—the acreage increase is 444,000. This would make the cost $160 per acre. Just

think of the enormity and ridiculousness of our appropriating $70,000,000 more money to bring land under cultivation at a time when we are appropriating and spending millions of dollars to take land out of cultivation. Is it not time to stop?

You will be told that this is to be taken out of Indian funds, or supposed to be reimbursable. Have we any less responsibility to use common sense in making our appropriations here in the House because it is perhaps out of Indian funds or supposed to be reimbursable? But what does "reimbursable" mean? I asked the Chief of the Reclamation Service. It seems to mean that you let them have the money without interest, and it is supposed to be repaid in 40 or 50 years. It means an outright gift from the Treasury of the United States of 50 percent of the whole amount.

I hope the Members of the House of Representatives today will stand up and be counted on this first part of a tremendous irrigation program that is going to be presented to you and which will cost the Treasury of the United States in all before we get through with it, if once we start it, $1,500,000,000; and I will give you the total when we reach item no. 53.

Mr. WHITE. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. WHITE. Is it not a fact that when this money is invested and these communities established, and new places built, that the taxes coming to the Government will more than repay the Government for any interest they might lose on the money?

Mr. TABER. No; that is not the fact. The fact is that the Goverment continues to spend money on these projects; and the further we get into it the longer the depression will last.

Mr. Speaker, I hope the House will vote down the motion to recede in this matter and thus make a start, and make it on this particular item.

Mr. WHITE. Is it not a matter of fact that the gentleman's State depends on the development of new communities and the bringing in of new land?

Mr. TABER. It is a fact that the gentleman's own communities are hurt by every such development at times when there is no market for the agricultural products. It is a fact that the gentleman is hurting himself and cutting his own throat by the development of these irrigation projects.

Mr. WHITE. I do not believe the gentleman realizes the facts, or he would not make such a statement.

Mr. TABER. I am familiar with the facts.

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Speaker, I want to say a few words for the integrity of our Budget system, for the integrity of our appropriation system, and for the reputation of Congress in conducting the public affairs in a businesslike manner.

The pending amendment carries a number of projects too numerous to count. I think there are about 42; not a single one of them was recommended by the Budget.

Not a single one was ever submitted to the Budget by the Department for consideration. Can we stand for that?

I am not speaking of the merits or demerits of any of these projects. No Member upon this floor can discuss the merits or demerits of the projects intelligently, because the hearings are not complete enough to do that. It is merely the case of one man getting up and stating a few conclusions of his own about the different projects. Remember, not a single one was ever submitted by the Department to the Budget for consideration. None of these projects were included in the bill as it passed the House. The bill went to the Senate, and they summoned the Secretary of the Interior before them and asked him: "Is there not something we can do for these people out there?" Mr. Speaker, I repeat, these were never considered by the Budget, nor even submitted to the Budget by the Secretary of the Interior. An appropriation is included in here of $3,710,500. Does this cover just one project? Is that all we are obligated to give them? If so, for God's sake, let us give it to them and get through with this matter. But that is not all. They take the $3,710,500 and scatter it over about 42 projects, a little here and a little there. The work is commenced in some instances. These projects will involve obligations of from $26,900,000 to $50,000,000 in order to complete them.

Mr. Speaker, is that business? What in the name of common sense have we a Budget for?

Mr. MAY. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Kentucky.

Mr. MAY. Can the gentleman tell from the hearings, or has he any information otherwise, as to the probable cost of all of these projects?

Mr. BUCHANAN. I made the statement that these projects will involve future obligations of from $26,900,000 to $50,000,000. This innocent little $3,710,500, which has been included by the Senate committee, has been scattered around over 42 projects and in order to complete them it will take from $26,900,000 to $50,000,000. Even the advocate of this proposition in the Senate admitted it would take $32,000,000 to complete them.

Mr. Speaker, I just wanted to present these facts to the membership. This $3,710,500 covers Indian projects. I want to show the membership just where we are going. Formerly, when we made improvements for the Indians—and this includes irrigation projects—they were required to pay the actual cost of construction. Finally they failed to pay the principal, and then we passed a law which provided that wherever it was evident or could be established or proved that the Indians could not pay—and I may say white people were mixed up with them and got the benefit of these improvements—proof of that fact could be filed with the Congress by the Secretary of the Interior, and if Congress did not reject the recommendation of the Secretary within 60 days the entire amount was canceled and, in effect, donated to the Indians. Under this particular law we have already donated over $12,000,000, a large part of which has gone into the construction of these various irrigation projects.

Mr. Speaker, these things will go on and on. The particular projects involved in this item were not considered by the Budget and were not thought of by the Department until summoned before the Senate committee.

Let us have these things done in an orderly manner. Let us have them submitted to the Budget and then sent over here to the Congress. Let them be investigated by both branches of the Congress and not by just one branch alone.

Mr. RICH. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Pennsylvania.

Mr. RICH. Why were not these particular projects brought into the gentleman's committee so that the proposals could be considered?

Mr. BUCHANAN. They were not even submitted to the Budget. They did not come to my committee, and they did not go to the Budget.

Mr. RICH. I want to say that I admire the gentleman in his stand, and I hope the Members of the House will back him up.

Mr. BUCHANAN. I do not know about that, but I feel it is my duty to state the facts to the membership. The interest and integrity of the Congress, as well as the application of business principles in connection with the administration of the Government, demand that we refuse to recede and concur in the Senate amendment.

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 10 minutes to the gentleman from Nevada [Mr. SCRUGHAM].

Mr. SCRUGHAM. Mr. Speaker, there appears to be some confusion as to what question the membership is preparing to vote. This question applies to amendment 24, page 41 of the bill, and relates solely to the construction and repair of irrigation systems on Indian reservations. It has nothing

whatever to do with the main program of reclamation and irrigation as included in amendments 53 and 54.

Mr. Speaker, the question involved here is one of moral responsibility to the Indian race. These Indians have been largely settled in the arid lands of the West. They are a poor people, in many cases a forgotten people. They have to eat, they have to live, and the proposal in this amendment properly provides a place for the Indians of the United States, who are wards of the Government, where they can make a living and feed themselves. It is the only issue involved.

Mr. Speaker, I have spent most of my life in the far West, and I know the desperate poverty and the destitution which exist among many Indians. It is the policy of this Government and the policy of the present administration to make the Indian self-supporting.

First let us take up a typical project, the Colorado River project in Arizona.

The Colorado River project, Arizona, proposed by the Indian Irrigation Service, involves the construction of a diversion dam in the Colorado River and the necessary canal system to irrigate a total of approximately 100,000 acres of Indian land. This is undoubtedly the most economical, undeveloped irrigation project remaining in the United States today. The complete irrigation system, including a diversion dam, can be constructed for approximately $65 per acre, and the annual operation and maintenance charge after the full area is developed will probably not exceed $1.50 per acre. The land is all in Government ownership and, with the exception of about 7,000 acres now being irrigated from a pumping plant, is unallotted and available for the establishment of any Indians residing within the Colorado River watershed. This would include the Navajo, Walapai, Papago, Yuma, and other Indians. The project as designed is ideal from the standpoint of development in that after the diversion dam is constructed, the project can be developed at any speed desired; that is, the development can be prosecuted on the basis of 10,000 acres per year for 10 years, 5,000 acres per year for 20 years, and so forth.

The Indian Office plan is not only to build an irrigation system for supplying water to the land but to actually clear, level, and subjugate the area in order that any Indians assigned land under the project might be able to raise a crop immediately. This scheme will assure the success of the Indians to whom this land is assigned and will materially assist the Indian Bureau in working out the economic independence of a large group of Indians. In addition to the justification for this project from the economic side, it is also very necessary to begin construction immediately in order to put this amount of water from the Colorado River to beneficial use within the United States. The asset of the Colorado River will be very much depreciated within a few years unless steps are immediately taken to use the water beneficially and not permit it to flow into Mexico.

Next let us consider the Pine River Storage Dam in Colorado.

The proposed Pine River Storage Dam is located on Pine River, in the southeastern part of Colorado, about 18 miles above the town of Bayfield. As planned by the Indian Irrigation Service, it will be a combined flood-control and irrigation structure and will cost approximately $3,000,000, $1,000,000 of which is proposed to be expended this year and $1,000,000 each during the fiscal years 1938 and 1939. Preliminary designs were completed several years ago, and the final design is now being prepared under an allotment of $50,000 made available by the Public Works Administration. The final design will be completed within a few months.

The reservoir created by this dam will have a capacity of 100,000 acre-feet and will reduce the flood hazard on this stream, which has caused property damage from $25,000 to $200,000 per year, as well as make available approximately 54,000 acre-feet of stored water per year for use on about 52,000 acres, 35,000 acres of which are white-owned lands and 17,000 acres Indian-owned lands. It is proposed to charge one-half of the cost of this dam to flood control, and one-half will be reimbursed by the lands benefited.

By Federal court decree of October 25, 1930, a priority as of July 25, 1868, was granted to the Indian lands for 213 second-feet diversion from Pine River for use on approximately 17,000 acres. During the summer months, when water is needed most for irrigation purposes, the normal flow of Pine River is sometimes as little as 85 second-feet. This amount is wholly inadequate for the proper irrigation of the Indian lands alone and means simply that without storage the 35,000 acres of white-owned lands along the stream will have to be abandoned. Efforts have been made by both the Indian Office and the Representative from Colorado [Mr. TAYLOR] to secure funds for the construction of this dam for a great number of years. The conditions as to water shortage have been accentuated during the past few years on account of erosion and more rapid run-off, so that the problem of protecting the homes and the property of both the Indians and whites is now very serious.

The mean annual discharge of Pine River is approximately 290,000 acre-feet, and a study of the hydrography indicates that without this proposed storage the Indian lands alone would have an average annual shortage of about 9,400 acre-feet and that the 35,000 acres of white-owned lands would have an average annual shortage of about 45,000 acre-feet. The construction of this dam as proposed will eliminate these shortages and protect the investment of the farmers, as well as prevent further erosion and flood damage downstream. The repayment of 50 percent of the cost of the structure will be made by the lands benefited. The amount chargeable to the white-owned lands will be repaid without interest, and a water users' association has already been formed, with which a repayment contract will be negotiated before construction is started. The costs chargeable to these white-owned lands will not be excessive, being only approximately $30 per acre. Payments will be spread over a period of 40 years, making the annual charge something less than $1 per acre.

Mr. TAYLOR of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. SCRUGHAM. Yes.

Mr. TAYLOR of Tennessee. What explanation has the gentleman for the fact that these projects were not submitted to the Bureau of the Budget?

Mr. SCRUGHAM. I shall refer to that a little later on.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. SCRUGHAM. Let me finish my statement and then I shall yield. Probably the gentleman's question will be answered in my statement.

Senator HAYDEN, chairman of the subcommittee of the Senate Committee on Appropriations in charge of this appropriation bill, on February 5 wrote to the Secretary of the Interior as follows:

> I notice that the Interior Department appropriation bill for the next fiscal year, now before the Senate Committee on Appropriations, carries no Indian irrigation items except for maintenance. I should be glad to be advised as to the reason for this omission and also whether there are not some construction items which might be inserted in the bill by the Senate. If so, please let me have your proposals and also any suggestions as to changes in the bill, so that sufficient funds may be provided for necessary Indian irrigation projects without increasing the Budget estimates.

The answer to your question, I think, is found in the reply from the Secretary of the Interior to the chairman of the Subcommittee on Appropriations of the United States Senate which states that the estimate for the Indian Service for the fiscal year 1937 did not include new construction for the reason that they had expected to obtain the money from the P. W. A., and then it was found that these projects could not be undertaken at a figure of $1,145 per man-year of employment and consequently could not qualify under the requirements laid down for the allotment of the $4,800,000,000 appropriation. A full explanation is given in this letter of the Secretary.

Mr. BIERMANN. Mr. Speaker, will the gentleman yield?

Mr. SCRUGHAM. I yield.

Mr. BIERMANN. Why is it that this proposition was not considered by the House Appropriations Committee?

Mr. SCRUGHAM. The conference committee considered it.

Mr. BIERMANN. That does not answer my question. The House Appropriations Committee never considered this item.

Mr. SCRUGHAM. It was not submitted because they expected to get the money from the relief funds, and they found at a comparatively late date that it would cost more than $1,145 per man-year of employment, which is the limit set for the granting of such funds.

Mr. BIERMANN. I understood the gentleman from Texas [Mr. BUCHANAN] to say that if this $3,000,000 involved here were voted, it would ultimately result in a total expenditure of from $26,000,000 to $50,000,000.

Mr. SCRUGHAM. I think the gentleman is confusing that statement with a statement relative to the general program. I think the statement about the $26,000,000 or $50,000,000 possibly refers to that program.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. SCRUGHAM. I yield.

Mr. BUCHANAN. According to the figures of Senator HAYDEN, which he gave out this morning, if we make the appropriation for these projects, it will involve a total appropriation of $32,000,000 to finish them.

Let me ask my colleague a further question. Why cannot the Works Progress Administration make these expenditures out of the $1,400,000,000 appropriation?

Mr. SCRUGHAM. I cannot answer for the Works Progress Administration, but I understand that they have a limitation of $1,145 per man-year of employment, and my authority is the letter of the Secretary of the Interior to Senator HAYDEN under date of February 10, 1936.

Mr. BUCHANAN. The Secretary of the Interior does not run the Works Progress Administration, and I know that Mr. Hopkins looks favorably on projects where a necessity exists to do useful work.

Mr. SCRUGHAM. Let me complete my statement. The $32,589,000, which the gentleman from Texas states that Senator HAYDEN gave out, does not refer to this item. I have the figures here in detail, and they referred to the construction of the United States reclamation projects, such as Gila, Ariz.; Salt River, Ariz.; Grand Valley; Boise; and so forth. It is a long list and did not refer to this Indian item.

Mr. BUCHANAN. The statement referred to the Indian items, and the figures of my own clerk show it is over $26,000,000, while Senator HAYDEN said it will be $32,000,000, and the probability is it will be $50,000,000 before we finish it.

Mr. SCRUGHAM. That will be a question as to whether future Congresses wish to appropriate the money or not. The $32,000,000 figure prepared and submitted by Senator HAYDEN refers to costs of authorized projects under the regular reclamation program.

Mr. REILLY. If the project is started, will we not have to keep it up?

Mr. SCRUGHAM. The smaller projects are generally completed in a very few years, especially the Indian projects to which I am now referring.

Mr. WIGGLESWORTH. Will the gentleman yield?

Mr. SCRUGHAM. I yield.

Mr. WIGGLESWORTH. The gentleman has referred to the Colorado project and the Arizona project, which call for $2,000,000 at this time, and a total amounting to $13,000,000. The gentleman has referred to the amendment as providing repairs to various projects. It is a fact, is it not, that no work has actually been started on either of the two major projects carried by this amendment?

Mr. SCRUGHAM. I cannot give the exact status. These projects are for and upon Indian lands. If the Congress wishes to take proper care of the Indians, they should pass this legislation. [Applause.]

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 5 minutes to the gentleman from Montana [Mr. AYERS].

Mr. AYERS. Mr. Speaker, it humiliates me to disagree with the distinguished chairman of the Appropriations Committee [Mr. BUCHANAN]. But when he says that this bill is not a business measure I must take issue with him.

First, he contends that this matter was not submitted to the Bureau of the Budget, and, second, that it was not submitted to the Appropriations Committee. Answering these contentions, let me say that both of these objections lie at the door of the Indian Department. That Department never comes to the rescue of its wards in the way of constructive ideas, so I am not surprised that it did not appear in this meritorious case.

The efforts of the Indian Department, Mr. Speaker, is not to rehabilitate the Indians over the United States, but on the contrary, the Indian Department is trying to communize and retard the Indian in this country. From a humanitarian point of view and from a development and constructive point of view I firmly believe that the Indian Bureau is the biggest handicap we are confronted with in our public affairs today. During my 4 years in Congress this Bureau has been the surprise of my life. Its every effort is to take the Indian backward and not forward. The Bureau's only objective is to build up its own organization and its own personnel at the expense of the Indian whom it is supposed to help and advance.

In the last few months it has been trying to force codes upon the tribes throughout the country by having them adopt such codes, whereby they go back to old tribal customs and abandon all civil laws which have been enacted for them.

The Indians do not want to adopt these codes. They are anxious to advance and adopt the ways of modern civilization. But the Indian Bureau, by coercion of every kind, is trying to force its program upon them and retard every advancement which the Indian desires.

Knowing the attitude of the Indian Bureau, I am not surprised that it did not appear before the Bureau of the Budget or the Appropriations Committee to have these Indian irrigation projects rehabilitated. Now, Mr. Speaker, when I say "rehabilitated" I mean just exactly what I say, because that is the purpose of this bill. It is "for the construction, repair, and rehabilitation of irrigation systems on Indian reservations; for the purchase and rental of equipment, tools, and appliances; for the acquisition of rights-of-way and payment of damages in connection with such irrigation systems; for the development of domestic and stock water and water for subsistence gardens, and so forth", for Indian irrigation and reclamation systems now in existence in 12 of the western arid States where Indians have been confined and restricted upon and to reservations.

This appropriation is to rehabilitate and repair now-existing irrigation systems which the Indian Bureau, through its absolute negligence, has permitted to run down and deteriorate. The Bureau has done this purposely because it does not care to have the Indian advance. It would rather have a scheme and a system whereby the Indian would rent his lands for pasture purposes than to have him irrigate them and cultivate and harvest a crop from them which would make him self-sustaining. If the Indian should become self-sustaining—and he can do it by and through this system—then the Bureau would automatically go out of existence; but that is not the Bureau's intent. Its job is to continue in existence and to increase its own authority and its own personnel, 90 percent of which personnel is made up of people who never saw an Indian reservation and who never saw a State in which an Indian reservation is located.

Under the Indian Bureau's plan it would rather have the Indians rent their lands for livestock pasture for a mere pittance than to come before the Bureau of the Budget or before the Appropriations Committee and ask to have these irrigation systems rehabilitated so that the Indian would become self-sustaining.

Mr. Speaker, the Indian Bureau talks to you about Indian rights; but let me, as a persen who is informed, tell you that the only thing the Indian Bureau thinks about is its rights, which are always detrimental to the Indian.

This bill is to rehabilitate the Indian and to reconstruct the Indian irrigation projects which the Bureau has let go to

waste, and we do not find a single solitary man or woman from the Indian Bureau appearing before the committee or appearing before the Bureau of the Budget to help put over this constructive legislation; on the contrary, by their silence and by their absence they give this proposed legislation their disapproval.

The appropriations in this bill for the Indian irrigation projects in my own State, if granted, would soon put the three respective reservations involved on a self-sustaining basis. In two of them the projects are adjacent to sugar-beet factories and the lands under the projects are susceptible to sugar-beet raising, and each of them would be raising sugar beets now if the Indian Bureau had done its duty and kept up these irrigation systems; but, as stated before, the Bureau would rather have the lands rented at a pittance than to have them irrigated and cultivated at a profit. In other words, the Bureau desires to keep the Indian in the fullest state of wardship rather than develop him into a state of self-sustaining citizenship.

The Indian Bureau, in order to perpetuate its existence, would rather keep the Indian on a dole and on an allotment and on a ration program than to permit him to become self-sustaining. And let me remind you that he is against the Bureau on this proposition. He is anxious to become self-sustaining.

Now, Mr. Speaker, I yield to the chairman of the Appropriations Committee [Mr. BUCHANAN].

Mr. BUCHANAN. The gentleman said the reason it was not submitted to the Budget was because they expected to get an allotment of money. The Senate hearings started on this thing on February 15. They had sufficient time to submit it to the Budget after the Senate started these hearings. They could have submitted it to the Budget then on the merits, and we could have had estimates on which to base our appropriation, but they did not do it. The Secretary of the Interior had the allotment of these funds. He ought to have known whether they were going to get the money or not.

Mr. AYERS. Evidently the Secretary did not have the request from the Indian Department. The Indian Department wants to keep these Indians on doles and on rations, instead of making them self-sustaining. I know this from experience. I am speaking as a Member who has six Indian reservations in his district, four of which have this class of irrigation project on them. The same condition exists in the other western States involved.

Mr. Speaker, this is a proper business deal for the Government, and when the Indian Department and the Interior Department failed to do their duty, then the Senate came forward in a business way and put this amendment on the bill. I say to you that this is strictly and unqualifiedly a business deal. I do not care if the Budget or the Appropriations Committee ever saw it or not—it is still good business. It will put these Indians in a place where they can be self-sustaining instead of requiring annual doles, rations, or help.

The distinguished chairman of the Committee on Appropriations knows, because I have appeared before that committee in connection with the subject, that the Commissioner of Indian Affairs waits until the last minute and then comes in and asks for an appropriation to tide the Indians over instead of going about it in the ordinary, honest, decent, businesslike way, in order to make the Indians self-sustaining. The Commissioner's requests are always requests to "tide over", or to communize, and not requests for constructive, progressive, and building policies.

Mr. TAYLOR of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. AYERS. I yield.

Mr. TAYLOR of Tennessee. I know but very little about the Indians, but are there many Indians who know anything about practical farming?

Mr. AYERS. There are a great many; a large number, indeed.

The SPEAKER. The time of the gentleman from Montana [Mr. AYERS] has expired.

Mr. TAYLOR of Colorado. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. AYERS. I do know this, in answer to the question of the gentleman from Tennessee, that the younger generation of Indians do know about practical farming, and they do desire to become practical farmers and livestock raisers. The Government is sending them from my State to agricultural colleges in South Dakota, in California, and in Oregon, teaching them practical farming. They come back to the reservations and they want to take up farming and livestock raising. I can give you one instance of an Indian boy who graduated from an agricultural college and he wanted to go out and help repair irrigation ditches and build up ranch and farm lands. He applied for the job, but the Government man in charge told him to put on his blanket and go back to his tepee. In the meantime, a man from the East, who had never seen an irrigation ditch or a ranch, was given the job. Of course, that was not surprising, since more than 80 percent of the key men in the Indian Bureau come from non-Indian States. They just will not give an Indian a break. Yes; let me say to the gentleman from Tennessee the Indian is a practical farmer and stockman if he has a chance. The purpose of this bill is to give him a chance, and I hope the motion of the distinguished chairman of the Subcommittee on Appropriations [Mr. TAYLOR of Colorado] shall prevail. It is for the best interest of the Indians. I concur in everything that the gentleman from Nevada [Mr. SCRUGHAM] has said in that respect. This is an honest-to-God business deal. If the Government ever wanted honest business in the Indian Department, it will get it by adopting this amendment. [Applause.]

The SPEAKER. The time of the gentleman from Montana has again expired.

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Speaker, I rise in opposition to the Senate amendment. I simply want to emphasize in this connection what the distinguished and able chairman of the committee, the gentleman from Texas [Mr. BUCHANAN], has already dwelt upon. This amendment is in fact 42 amendments in a single amendment. It is in fact 42 irrigation items which this House is asked to vote up or down as a whole. Furthermore, it is 42 amendments without a single estimate from the Bureau of the Budget in respect to any one of the 42 items. We are asked to vote today for an initial expenditure, in the absence of any such estimate, amounting to over $3,700,000 as part of a program, according to my information, amounting to some $70,000,000, and contemplating an increase in acreage for cultivation amounting to over 440,000 acres.

Mr. Speaker, I am not satisfied with the urgency of all the items embodied in this amendment. I am not satisfied, for instance, in regard to the two major projects that have been referred to—projects which it is proposed to start work on for the first time now. I am not satisfied that there is urgent necessity to embark upon those projects at this time.

I am opposed, as a matter of procedure, to being called upon to vote in respect to 42 amendments embodied in a single amendment. I am opposed, as a matter of procedure, to being called upon to pass on large expenditures of this character without any estimate whatsoever on the part of the Bureau of the Budget. I cannot conscientiously vote to embark on a $70,000,000 irrigation program this afternoon under these conditions.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. CULKIN. The gentleman from Montana [Mr. AYERS] made a plea for the Indians. Is it not a fact that at the present time we are expending approximately $50,000,000 a year for the benefit of the various Indian tribes, aside from this proposal?

Mr. WIGGLESWORTH. I do not have the exact figure in mind; but it is a very substantial figure, of course.

Mr. CULKIN. So that the United States Government does not neglect the Indian. In fact, the Indian is best beloved in the States where he is, where it is said he is one of the chief sources of income.

Mr. HOLMES. Mr. Speaker, will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. HOLMES. I would like to make this observation: As a matter of fact, was not the Indian self-sustaining long before he had any contact whatsoever with the white man, and, as a matter of fact, his troubles have been since that time?

Mr. WIGGLESWORTH. I am afraid there is a great deal of truth in that statement.

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 3 minutes to the gentlewoman from Arizona [Mrs. GREENWAY].

Mrs. GREENWAY. Mr. Speaker, it has been my privilege to serve on the Committee on Indian Affairs and I am glad my colleague, the gentleman from New York, brought up the issue of the history of the unstable policy over many years and the extravagance of that Bureau. I think it should be carefully and finally abolished and the Indians should be given the privilege and opportunity of actual citizenship instead of subsidized isolation as a nation within a nation.

Mr. Speaker, I rise to advocate the reclamation projects carried in the Senate amendment pertaining to Indians as a first and absolutely necessary step toward creating the economy that will make possible abolishing of the Indian Bureau. I was going to say that it only cost us from its inception $2,000,000 up to $40,000,000, but I notice the gentleman put it at $50,000,000. Whatever it is, I think it would be cheaper to pension the old people, put the strong men on farms such as this particular project would supply in my State, and to underwrite the vocational education of the youth. I believe we would save money and incidentally we would treat the Indians fairly by making them self-supporting and self-respecting American citizens.

Mr. CULKIN. Mr. Speaker, will the gentlewoman yield?

Mrs. GREENWAY. I am sorry I cannot yield; I have but 3 minutes.

Mr. CULKIN. The gentlewoman referred to me. Will she not answer a very brief question?

Mrs. GREENWAY. Yes.

Mr. CULKIN. Does the gentlewoman from Arizona believe that it is possible to make a successful husbandman out of the noble red man?

Mrs. GREENWAY. I not only believe it, I know it and have proof of it in the Sacaton development among the Pima Indians of Arizona.

Mr. CULKIN. Are those purebloods?

Mrs. GREENWAY. They are so far as I know.

The Colorado River project in Arizona proposes to duplicate the Sacaton development where Indians were earning their living on individually owned 10-acre plots. It involves a development at the lowest cost of any reclamation project in the United States, $65 an acre, with a maintenance and operating charge of $1.50; and it can be developed at the will of Congress over 10 years with 10,000 acres or over 20 years with 5,000 acres. If you do not develop the Colorado River on the American side we shall be held responsible here in Congress for an enormous productive development in Mexico.

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 2 additional minutes to the gentlewoman from Arizona.

Mrs. GREENWAY. In this connection I may say that the projects in my State carried in this bill are self-liquidating. The Salt River Valley has never defaulted in its payments and in 1929 brought the farmers an income of approximately $26,000,000, and in the depression about $9,000,000. Under the Senate amendment to this bill they will receive $2,300,000 toward completing the project for which they received and spent last year $3,500,000 and which will need only $1,044,000 more to complete this particular unit.

The other project is the Gila project, which eventually will also be self-liquidating.

Construction of the Gila project at this time is imperative to preserve within the United States rights to the waters of the Colorado River. The project is feasible in every respect, having been found so by both Bureau of Reclamation and by an impartial board selected by the Secretary of the Interior. Its soil is good. Its production is needed in the West, where no agricultural increases can be made except by irrigation and where populations continue to grow. Its products, because of a warm, dry climate, are specialty crops that do not compete with those of any other section. Production of dates, long-staple cotton, and the like on our reclaimed deserts do not injure farmers in humid sections of this Nation. These things still appear on our list of imports.

The point I really wish to stress is that without this development of the Gila Valley the water of the Colorado River will be allowed to flow into Mexico, where it is available for use—a use which would establish a perpetual right to our water.

We have built Boulder Dam and spent millions in improving the Colorado River and in the conservation of its waters for the benefit of seven of our States that lie in its basin. Now, are we to permit this water, this life-giving water, the greatest resource of our arid West, to flow into Mexico, where it can be used, and where a right to continued use of it can and will be established? If not, we must put it on our land. That is what the Gila project will do. It will use in Arizona, one of the States of the Colorado River Basin, a part of the water for conservation of which we built Boulder Dam.

The Gila project will be constructed in a logical manner by the Bureau of Reclamation. This appropriation of $2,500,000 and the allotment of $2,000,000 made last year from emergency funds are to be used in construction of the first unit of the project. This unit is comprised of 150,000 acres of land, virtually all of which is Government land, and all of which is desert. The main canal to this unit will be constructed of sufficient size to permit the carriage of additional water for the entire project when it ultimately shall be completed. For that reason the cost of construction of the first unit is estimated at $20,500,000. A large portion of this cost will be allocated for repayment to other units when later they are developed. The total acreage of the ultimate project will be about 600,000.

Work is under way on a 17-mile section of the gravity main canal of the Gila project.

Arizona has a vital interest in completion of this project. Without use of the water that is available my State cannot grow or develop. More than two-thirds of the area of Arizona is owned by the Federal Government. The proportionately small amount that is on the State tax rolls must carry the burden of the entire State. Where it can be developed, the public land must be developed so that it, too, may become truly a part of Arizona.

To save our life-giving water, to create new opportunities, to produce noncompetitive crops, and to aid the development of Arizona, of which the Federal Government owns two-thirds, the Gila project must be completed.

These are the reclamation projects that do pay the United States the construction cost and interest charges. Here we sit voting billions of dollars that will never come back to us when we could be putting business projects into being in the United States that would pay; and in addition to that, it would enable us again to produce in the United States those things which will reclaim for the farmer his own domestic markets and stop some of these agricultural imports from all over the world. [Applause.]

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. BIERMANN].

Mr. BIERMANN. Mr. Speaker, I do not believe we ought to adopt this amendment at this time in this way. The RECORD shows that this proposition has never been considered by the Budget Bureau; it has never been considered by our Committee on Appropriations. The chairman of the Appropriations Committee is opposed to it. He has come in here and said that if we vote this three-million-and-odd dollars it is going to call for another expenditure of $26,000,000 and may cost as much as $50,000,000.

Nobody has denied that this is a proposal to bring into use more land for agricultural purposes. We have too much land in production now.

Mr. WHITE. Mr. Speaker, will the gentleman yield?

Mr. BIERMANN. I cannot yield. I have not the time.

We have too much agriculture now for the domestic market. The gentleman from Montana said that in his neighborhood they were going to use this land to raise sugar beets. We already have a quota on the raising of sugar beets in the United States which the sugar-beet men consider too small. We are not going to lose anything by letting this matter go over until we meet next year and then it can be properly considered. Then we can bring in our own bill instead of having the Senate write our appropriation bills.

The gentleman from Massachusetts directed attention to the fact that in this bill, if we vote for it as the Senate wants us to vote, it will involve an expenditure of $100,000,000 more than was appropriated 3 or 4 years ago. I do not want to do this sort of thing; and I hope the Members will defeat the motion to recede and concur in the Senate amendment.

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Speaker, I am very much in hopes the motion offered by the chairman of the subcommittee, the gentleman from Colorado [Mr. TAYLOR] will be agreed to.

The Indians are highly intelligent and many of them work hard and are making an honest effort to support themselves, just as the white people do. In my district there is one little project that will get about $15,000 out of this appropriation. I recommended this to the Indian Department when I came here, and I was under the impression it would be included in their general recommendations to the Appropriations Committee; however, they did not so recommend it and it had to come in by way of a Senate amendment on motion of Senator STEIWER. This amount should by all means be included.

I may say that the reservation involved is within 120 miles of Portland. Those Indians have a very beautiful tract of land, which includes a forest 40 miles by 30 miles, containing all virgin trees. They want to put in their own sawmill. They want to reservoir some water from the head of the creeks so that they may raise gardens to feed themselves. They want to get some cows. They want to live there. Now, why not give them this opportunity?

Mr. Speaker, this Congress a few days ago appropriated $102,000,000 to build two battleships which some boy may blow out of the ocean in about a minute with a bomb dropped from an airplane. Now, why fuss over a few thousand dollars which will make self-sustaining thousands of these Indians?

Mr. RICH. Will the gentleman yield?

Mr. PIERCE. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman just made the statement that he thought it was foolish to build two battleships and spend $102,000,000 thereon. Does not the gentleman also think we ought to stop spending a few hundred million dollars on some of these other projects?

Mr. PIERCE. But this is an appropriation which if made will be of great value and the money will come back into the Treasury.

Mr. AYERS. Will the gentleman yield?

Mr. PIERCE. I yield to the gentleman from Montana.

Mr. AYERS. Is it not a fact, as referred to by our friend, the gentleman from New York, that we are spending $50,000,000 at the present time in order to maintain the Indians?

Mr. PIERCE. Yes.

Mr. AYERS. If this amendment is passed, our grants to the Indians may be gradually reduced until they will ultimately become self-sustaining.

Mr. PIERCE. The gentleman is correct. I do not agree fully with my colleagues who criticize the Indian Bureau, but there is much truth in what has been so eloquently stated here. It does need some reforming.

Mr. Speaker, there are thousands of Indians in my district, on the four reservations in Oregon. They have their own farms, they have their own stores, they associate with the white people, and they are highly intelligent citizens. I do not know about the projects in Arizona which have been so eloquently described by my colleague from Arizona, but I am going to take her word for it. I think this is money well spent.

Mr. TABER. Will the gentleman yield?

Mr. PIERCE. I yield to the gentleman from New York?

Mr. TABER. Is it not a fact that Mr. Fortier, in charge of Indian reclamations, stated on page 159 of the hearings that these projects would cost $60,000,000?

Mr. PIERCE. Maybe they will cost that much money. I do not know how much they will cost, but I do know that the money will not be lost to the Government. It will not result in bringing new agricultural projects into competition with agricultural products now being raised. The products raised on these irrigation projects will be used to feed the Indians themselves. They want their own cows. They want to raise their own vegetables so that they may be able to live.

Mr. BIERMANN. They are eating material raised on their lands now?

Mr. PIERCE. Some of them are not having enough to eat. Many of them need this help. If the gentleman will just visit some of these reservations he will find how much they need dairy products and gardens.

Mr. BIERMANN. They do not continue the practice of not eating for a very long period of time.

[Here the gavel fell.]

Mr. TAYLOR of Colorado. Mr. Speaker, may I say to the Members of the House that our committee every year goes over these items covering the Indian tribes very carefully. If we are going to prevent the extinction of the Indians from our country, we will have to furnish them some way of making a living. The pending amendment applies to 13 arid Western States and will furnish money for irrigation purposes in order to permit the Indians to make a living. That is really what it amounts to.

So far as Colorado is concerned, the money is reimbursable and will be taken out of the Ute funds, and some of it will be paid by white settlers. It will therefore come back to the Treasury. The same statement applies to Montana and Wyoming.

Mr. Speaker, I feel this is the humanitarian thing to do for these Indians, who are our wards. This only appropriates $3,710,500 now and will result in an ultimate appropriation of something like $26,900,000 at some later time; but even so, if we should not have these Indians in the bread line, and if we are not going to permit them to starve to death, we will have to furnish some means for them to make a living. They can no longer live by hunting and fishing. I feel that the motion I have offered is proper. The Indian Bureau did not get any money from the Public Works Administration last year, and they received none this year. For this reason this item has been included in the pending bill.

Mr. Speaker, I move the previous question on the pending motions.

The previous question was ordered.

The SPEAKER. The question is on the motion that the House recede from its disagreement to the Senate amendment.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 45, noes 72.

Mr. WHITE. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will count.

Mr. WHITE. Mr. Speaker, I withdraw my objection.

So the motion to recede was rejected.

Mr. BUCHANAN. Mr. Speaker, I move that the House further insist on its disagreement to the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment in disagreement.

The Clerk read as follows:

Amendment no. 31: On page 52, line 17, insert: "and to remain available until June 30, 1938."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment in disagreement.

The Clerk read as follows:

Amendment no. 32: On page 52, line 24, after the word "Interior", insert a colon and the following: "*Provided further*, That a report shall be made to Congress covering expenditures from the amount herein provided for relief of destitution."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment in disagreement.

The Clerk read as follows:

Amendment no. 33: On page 66, after line 12, insert: "Sioux Sanatorium and employees' quarters, South Dakota: That in addition to the $337,500 made available by the Second Deficiency Appropriation Act, fiscal year 1935, for the construction of an Indian sanatorium and employees' quarters, in South Dakota, a further sum of $29,875, representing the remainder of the original appropriation of $375,000 contained in the Interior Department Appropriation Act, fiscal year 1932, and not reappropriated by the Second Deficiency Appropriation Act, fiscal year 1935, is hereby reappropriated and made available until June 30, 1937, for the construction of such sanatorium and employees' quarters."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment in disagreement.

The Clerk read as follows:

Amendment no. 35: On page 58, after line 2, insert: "and to remain available until June 30, 1938."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment in disagreement.

The Clerk read as follows:

Amendment no. 39: Page 59, line 11, strike out "$55,000" and insert: "$69,000, of which $4,000 shall be available only for traveling and other expenses of members of the tribal council, or representatives of the tribe engaged on business of the tribe at the seat of government, and $10,000 shall be available in a permanent revolving fund for loans to cover burial expenses of members of the tribe, and payments in liquidation of such loans shall be credited to the revolving fund and shall be available for loans for similar purposes under regulations to be prescribed by the Secretary of the Interior."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment in disagreement.

The Clerk read as follows:

Amendment no. 46: Page 60, line 13, strike out "$399,000" and insert "$433,500."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. TAYLOR of Colorado moves that the House recede from its disagreement to the Senate amendment no. 46, and agree to the same with an amendment as follows: "In lieu of the sum proposed insert '$432,300.'"

Mr. TAYLOR of Colorado. Mr. Speaker, this is merely to correct the total figure.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment in disagreement.

The Clerk read as follows:

Amendment no. 50: Page 62, after line 2, insert:

"For acquisition, rehabilitation, and preservation of the Tuskahoma Council House, in Pushmataha County, Choctaw Nation, Okla., $7,500, or so much thereof as may be necessary, to be immediately available, payable from the fund 'Fulfilling Treaties with Choctaws, Oklahoma', now to the credit of the Choctaw Indians of Oklahoma."

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Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment, and I yield 2 minutes to the gentleman from Oklahoma [Mr. CARTWRIGHT].

Mr. CARTWRIGHT. Mr. Speaker, this Council House is located at Tuskahoma, in my congressional district, where the Choctaw Indians are established. This Council House is the old capitol of the Choctaw Nation. The Appropriations Committee has recommended that $7,500 of the tribal funds of the Choctaws be made available for the acquisition and rehabilitation of the Tuskahoma Council House. Indians are all for it and nobody is against it. I hope the item remains in the bill.

I am in receipt of a letter from the Choctaw Council House committee, signed by W. A. Durant, chairman; Victor M. Locke, treasurer, and Muriel H. Wright, secretary, giving something of the history of this, one of southeastern Oklahoma's most historic spots, which in part is as follows:

The last Council House near Tuskahoma was a symbol of the pride, character, and achievement of our forefathers in the Choctaw Nation. In the past the Choctaw people have fostered education of their youth, organized government and the general welfare of their nation. Representative of this spirit, the Council House was erected in 1884 in the central part of the Choctaw country, a region noted for its natural beauty. It is but fitting that the Choctaw people today should cherish this historic building on its original site, as a heritage to the honor of their forefathers and posterity.

Although from time to time, for several years, there have been expressions on the part of the Choctaws for the permanent preservation of the Council House at Tuskahoma, the building with the surrounding 5 acres was finally sold by the United States Government, under provisions of the Atoka and supplemental agreements. This property was purchased by the Southeastern State Teachers' College, at Durant. Some were in favor of tearing down the Council House and moving it 130 miles away to the college campus. The full-blood Choctaws and many others have maintained the building should be preserved on its original location near Tuskahoma as an outstanding historic site in Oklahoma. Up to this time, no definite steps have been taken to preserve the Council House, which is now almost in ruins.

The SPEAKER. The question is on the motion of the gentleman from Colorado to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will read the next amendment in disagreement.

The Clerk read as follows:

Page 65, after line 12, insert the following: "The Secretary of the Interior is hereby authorized to withdraw from the Treasury of the United States $105,000 of any funds on deposit to the credit of the Menominee Indians in Wisconsin (except the Menominee Log Fund), and to expend said sum, or so much thereof as may be necessary, for an immediate per-capita payment of $50 to each enrolled member of the Menominee Tribe.

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Page 24, after line 21, insert the following:

"The following-named reclamation projects are hereby authorized to be constructed, the cost thereof to be reimbursable under the reclamation law:

"Central Valley project, California: For flood control, improving and in aid of navigation, and to provide for the general welfare in cooperation with the State of California, and for incidental purposes, including irrigation, drainage, and power production.

"Grand Lake-Big Thompson transmountain diversion project, Colorado: To irrigate public lands of the United States and to provide for the general welfare in cooperation with the State of Colorado, and for incidental purposes, including the irrigation of patented land, power production, and flood control: *Provided*, That said project shall include the construction and the permanent maintenance of adequate compensatory or replacement reservoirs, necessary feeder canals, and other incidental works at the most suitable sites within said State; the water impounded by said reservoirs to be used within the Colorado River Basin, and the cost of constructing and maintaining such reservoirs, feeder canals, and incidental works shall be included in the cost of said project and be repaid by the beneficiaries of the water so diverted from said basin: *Provided further*, That said project shall be constructed and operated in such manner as to continuously maintain the normal levels of the waters of said Grand Lake.

"Carlsbad project, New Mexico: To provide for the general welfare in cooperation with the State of New Mexico and for incidental purposes, including irrigation and flood control.

"Deschutes project, Oregon: To provide for the general welfare in cooperation with the State of Oregon and for incidental purposes, including irrigation and flood control.

"Provo River project, Utah: To provide for the general welfare in cooperation with the State of Utah and for incidental purposes, including irrigation and flood control.

"Yakima project, Washington, Roza division: To provide for the general welfare in cooperation with the State of Washington and for incidental purposes, including irrigation and flood control.

"Casper-Alcova project, Wyoming: To irrigate public lands of the United States and to provide for the general welfare in cooperation with the State of Wyoming and for incidental purposes, including the irrigation of patented lands, power production, and flood control."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur with an amendment, as follows.

The Clerk read as follows:

Mr. TAYLOR of Colorado moves to recede and concur in the Senate amendment with an amendment as follows: "Strike out the third paragraph in said amendment, in lines 9 to 26, inclusive, relating to the Grand Lake-Big Thompson transmountain diversion project, Colorado."

Mr. CUMMINGS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CUMMINGS. Will a motion be in order to consider these items separately?

The SPEAKER. No; there is only one Senate amendment.

Mr. BUCHANAN. Mr. Speaker, I think the House ought to vote down the motion to concur. I am going to demand a division of the question.

Mr. TABER. Mr. Speaker, on this question there is quite a little demand for debate. It seems to me that we might consolidate the debate on amendments 53 and 54 together and have 2 hours on the two amendments, and then at the end of the debate vote on them separately.

Mr. TAYLOR of Colorado. I am willing to agree to 2 hours' debate on the two amendments.

Mr. BUCHANAN. Does the gentleman from New York think that is enough?

Mr. TABER. I think we can get through in 2 hours.

Mr. TAYLOR of Colorado. Mr. Speaker, I ask that the debate be limited to 2 hours on the two amendments nos. 53 and 54.

The SPEAKER. The gentleman from Colorado asks unanimous consent that for the purpose of debate amendments 53 and 54 be considered together, and that the time be limited to 2 hours, to be controlled by the gentleman from Colorado.

Mr. MAY. Reserving the right to object, do I understand that at the end of the debate the amendments will be voted upon separately?

The SPEAKER. Undoubtedly the amendments will be voted upon separately. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The SPEAKER. The gentleman from Colorado [Mr. TAYLOR] is recognized for 2 hours.

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 10 minutes to the gentleman from Iowa [Mr. THURSTON].

Mr. THURSTON. Mr. Speaker, it seems to me that the title of this bill should be amended by adding a phrase something like this, "Also for the purpose of further distressing and dislocating agriculture."

I hope, I insist, that some subsequent speaker will have the fairness to tell the Members of this House how many hundreds of millions of dollars are involved in these irrigation and reclamation projects proposed in the Senate amendments. It is true that the current amount that would be made available amounts to some $60,000,000, but surely the sponsors of this proposition ought to have the courage and fairness to come here and tell the membership of this House what the ultimate cost of these projects will be. Surely they cannot presume upon our generosity or indifference to the extent of asking us to blindly make authorizations for expenditures that will entail a billion and a half or, as some have predicted, $2,000,000,000 to complete the proposals. Fairness should require those who are interested in this project to make this information available to the Members.

Already it is estimated that irrigation projects have been authorized and are now under construction which will cost at least one and one-half billion dollars. No one knows just how many acres of productive land are involved in these projects, but it is safe to say that one acre of fertile land which receives a constant supply of water through irrigation will produce three or possibly five times as much as marginal or rough land, which is being retired through the soil-conservation program.

Mr. Speaker, it seems to me it is an astounding situation that we face today. With little or no information in regard to these proposals, it is suggested that we should jack the Treasury for untold millions of dollars. It almost seems incredible that such a brazen, unwarranted expenditure should be seriously proposed. In this Chamber, almost every day since we have been assembled here, one, sometimes several, and oftentimes many Members have told about the plight of agriculture, low farm prices, high taxes, and the inability of those engaged in the farming industry to obtain a fair return to compensate them not only for their endeavors but for the investment they have in their enterprise. Here it is proposed that we should greatly expand the farming area of the country. It is only fair to admit that when there are substantial increases in the population of a country that the completion of some of these projects may then be warranted. We should commend the cleverness and the adroitness of the Members who come from the semiarid section of the country in saying to us, "The additional acreage will not be used to produce more farm products." But the Bureau of Reclamation of the Department of the Interior sends out very beautifully prepared illustrated pamphlets and booklets showing the extent of the farm production that is being produced in the irrigated districts. I would like my good friends to step into the Republican cloakroom and see the large picture frame with several sections furnished by the Bureau of Reclamation which shows fields of wheat and clover and alfalfa sustaining livestock and other farm products. So it will not do for Members to come here and take this inconsistent position on this floor saying that the addition of these lands to be brought into the farming business will not increase farm production and thereby add to the present surplus production.

Then, I confess I cannot understand the logic of the gentlemen from those sections who are promoting these new farm-land projects, because you know, and I know and everyone knows, that there has been a tremendous number of foreclosures of mortgages in those regions. Why? Because the men who were in the farming business could not make a living. Yet it is proposed to double—yes, quadruple—the production of farm prodcts in those various sections. It seems to me that a distinct injury will be brought to the farmers in those sparsely settled districts who are obliged now to ship their products great distances before they can reach the consuming centers of the country. It is our duty to protect the farmers in the arid districts from additional competition.

I hope the Members, not only from the farming districts but from the city districts, will give careful consideration to these proposals. Members who mainly represent consumers might argue, "Well, if we provide for a great quantity of production it will make cheap food products for our city consumers." That may be true, but if we throw out of employment a vast number of farmers, the people in the city districts, through taxation channels, will be obliged to support and assist those same people. After all, it resolves itself down to the simple proposition: Is this a sound proposal for agriculture? If it is not, it will be harmful to the entire country. I cannot conceive of anyone coming from a purely agricultural section who would contend that this would aid agriculture; that it will not be injurious. Even those in the districts affected, it seems to me, would have

more consideration for the constituents who send them here rather than to provide those same constituents with additional competition. If this motion should prevail, and these projects should be authorized, it would be another sad day for agriculture.

Recently a measure was defeated in the House which would have provided a lower rate of interest for refunding or refinancing farm indebtedness. If those who were so strongly opposed to the low rate of interest for the farmer can justify their support of this bill, which would grant funds to land speculators or farmers who may purchase land in irrigated districts, with no interest for 40 years, it would be interesting to have them endeavor to explain their inconsistency.

Within the past few days we have read of the new reciprocal treaties consummated with France and Finland, and the reduction made in duties, particularly upon dairy products. So it seems that these are rather unhappy days for agriculture. Official reports indicate great increases in imports of farm products.

Mr. BIERMANN. Mr. Speaker, will the gentleman yield?

Mr. THURSTON. I yield.

Mr. BIERMANN. Does the gentleman mean to say that the agreement with France provides for a reduction in dairy products?

Mr. THURSTON. A reduction in the duty on cheese; yes. It is true that our people may be able to purchase lace, wine, and perfumery a little cheaper as a result of that trade, but I cannot conceive why it would be an advantage to our people to import more products from cheap-labor countries.

It seems to me that before we vote upon this conference report each Member should attempt to visualize the number of farmers who have land that is heavily encumbered, and whose future existence depends upon an income which will prove sufficient to fertilize the land and repair the buildings and improvements, in addition to an income that will permit the farmer and his family to have not only necessities but some of the luxuries which the average citizen is entitled to enjoy.

Then I want to make reference to this situation: Coming from Iowa, a State which stands first in the major agricultural operations of the country, we know about the competition of cheap lands in Canada, the Argentine, and Australia, the cheap transportation charges for hauling products by water throughout the world. Likewise, the cheap labor levels that exist elsewhere—one-fourth to one-tenth the level of our own country. Of course, we are not only concerned about these reciprocal trades that are being secretly made without notice to those concerned, mainly to trade off the products of the farming sections of the northern portion of the United States for products which we do not need—lace, or wine, or perfume—which we can produce at home.

Recently Chester Davis, the A. A. A. Administrator, gave out a press release that expressed the view that "the United States can never recapture its foreign markets for farm commodities because of the increase of self-sufficiency programs erected by the nations in Europe." He further stated:

> I have talked with responsible leaders of government and agriculture in 11 countries, and not one of these countries has failed to equip itself with effective machinery to exclude or to offset exports from our country, no matter how heavily we might subsidize them.

So he bursted the bubble of foreign-market expansion in farm products. Then why should we expand or increase farm production?

So when these other proposals come along to place additional land in cultivation, with no interest charges for 40 years, no one seems to know the exact cost, but it is estimated at one and one-half to two billion dollars, and possibly moratoria to extend the time of payment, if ever it is reached; surely we have a right to be concerned, and we cannot understand why our Government is fostering what we call a soil-erosion program to withdraw land from cultivation, and then placing additional land into farming operation, with a constant supply of water, nurtured by every Federal agency to make it a success. This is contradictory and unsound, and we hope that the House will register its disapproval of this irrigation program.

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 5 minutes to the gentleman from Utah [Mr. MURDOCK].

Mr. MURDOCK. Mr. Speaker, it seems that in the discussion of reclamation some Members of this House immediately prejudice their minds and get the idea that every dollar that goes into reclamation goes into the pockets of the people in the States where the projects are located. Nothing could be more unfair, nothing more untrue than that conception of reclamation projects.

I refer, Mr. Speaker, to the hearings before the subcommittee on this question. Mr. Page, the head of the Reclamation Bureau at the present time, made a break-down of how the Bureau is spending its money for major materials going into Boulder Dam, and with the permission of the House I shall read it, for it shows that the money spent on reclamation is not spent in the locality where the project is constructed, but is scattered from one end of the United States to the other; and I know the items I have here are of interest to every man and woman in this House and that the money spent on reclamation goes into every section of the United States. In the break-down of the Boulder Dam project what do we find? I quote below a short extract from the Reclamation Era of July 1935:

> A break-down of the Bureau's larger expenditures for materials shows that $620,535 went to Los Angeles; $1,049,395 to Birmingham; $10,908,000 to Barberton, Ohio; $172,100 to Elizabeth, N. J.; $124,684 to Newport News, Va.; $65,186 to Rockford, Ill.; $2,405,367 to East Pittsburgh; $105,989 to Susanville, Calif.; $1,883,217 to Milwaukee; $2,185,416 to Schenectady, N. Y.; $2,086,000 to southern California cities for cement; $148,160 to Denver; $419,191 to Gary, Ind.; $46,090 to Muskegon, Mich.; $107,023 to Niles, Mich.; $108,430 to Chicago; $298,048 to Philadelphia; $547,825 to San Francisco; $62,377 to St. Louis; and smaller amounts to more than a dozen other communities.

Following is another tabulation which shows the origin of many millions of dollars spent by the contractor in the construction of that project:

SPREAD OF PURCHASES

Firms from which Six Cos., Inc., have purchased equipment, materials, or services in excess of $50,000 for Boulder Dam contract work and the approximate amounts of the purchases:

Apache Power Co., Benson, Ariz., explosives, $287,000.

Bucyrus Erie Co., Milwaukee, Wis., excavating equipment and parts, $77,000.

General Motors Corporation, James Cashman, agent, Las Vegas, Nev., motor trucks, automobiles, and parts, $50,000.

Caterpillar Tractor Co., Stockton, Calif., and Peoria, Ill., tractors, $137,000.

Chapman Lumber Co., Portland, Oreg., lumber, $127,000.

Columbia Steel Co., San Francisco, Calif., structural steel, pipe, wire rope, $1,022,000.

Consolidated Steel Corporation, Ltd., Los Angeles, Calif., fabricated structural steel, $504,000.

Crane Co., Los Angeles and Chicago, pipe, fittings, and plumbing fixtures, $211,000.

Crucible Steel Corporation of America, Chicago, Ill., drill steel, $149,000.

California Western Oil Co., Los Angeles, Calif., locomotive fuel oil, $113,000.

Chain Belt Co., Milwaukee, Wis., truck mixers and pump cretes, $86,000.

Dorr Co., Chicago, Denver, and Los Angeles, desilting and sand-grading equipment, $79,000.

Electric Steel Foundry Co., Portland, Oreg., buckets, $58,000.

Elliott Core Drilling Co., Los Angeles, Calif., detachable drill bits, $79,000.

Ford Motor Co., Detroit, Mich., autos and trucks, $96,000.

Foss Heating & Ventilating Co., Pasadena, Calif., air-conditioning equipment, $78,000.

General Electric Supply Co., Schenectady, N. Y., electric supplies and wire, $425,000.

Giant Powder Co., Giant, Calif., explosives, $217,000.

Goodyear Tire & Rubber Co., Akron, Ohio, and Los Angeles, Calif., tires, $80,000.

Hammond Lumber Co., Pacific coast points, lumber and millwork, $56,000.

Hercules Equipment & Rubber Co., San Francisco, Calif., and Akron, Ohio, rubber hose and supplies, $74,000.

Hercules Powder Co., Herpoco, Calif., explosives, $500,000.

Ingersoll Rand Co., of California, Phillipsburg, N. J., Painted Post, N. Y., and Los Angeles, Calif., compressor, air drills, and air hoists, $501,000.

International Harvester Corporation, Fort Wayne, Ind., motor trucks and parts, $352,000.
C. S. Johnson Co., Champaign, Ill., batching equipment, $52,000.
Kelly-Springfield Tire Co., Cumberland, Md., tires, $199,000.
Linde Air Products Co., Los Angeles, Calif., oxygen, acetylene, and rod, $177,000.
Los Angeles & Salt Lake Railroad Co., locomotives, repairs, and car rentals, $223,000.
Lidgerwood Manufacturing Co., Elizabeth, N. J., cableways, $145,000.
Leschen Wire Rope Co., St. Louis, Mo., wire rope, $71,000.
Marion Steam Shovel Co., Marion, Ohio, excavating machinery, $431,000.
Moreland Motor Truck Corporation, Burbank, Calif., trucks and parts, $137,000.
Mack International Motor Corporation, New Brunswick and Plainfield, N. J., trucks and parts, $274,000.
Mountain States Implement Co., Ogden, Utah, electric fittings and globes, $51,000.
National Equipment Corporation, Milwaukee, Wis., concrete mixers, $69,000.
Paraffine Co., Inc., San Francisco, Calif., building supplies, $109,000.
Pioneer Rubber Mills, Pittsburg, Calif., belting and hose, $53,000.
Pacific Wire Rope Co., Los Angeles, Calif., wire rope, $130,000.
Standard Oil Co., Los Angeles, Calif., gasoline, lubricants, and fuel oil, $557,000.
Union Hardware & Metal Co., Los Angeles, Calif., light and heavy hardware, $501,000.
Union Oil Co., Los Angeles, Calif., gasoline lubricants and fuel oil, $562,000.
Union Pacific System, freight, $1,585,000.
United Commercial Co., San Francisco, Calif., rail, cars, and locomotives, $251,000.
United States Rubber Co., Akron, Ohio, hose, insulated wire, $52,000.
Westinghouse Electric & Manufacturing Co., Pittsburgh, Pa., electric motors and transformers, $293,000.
Western Wheeled Scraper Co., Aurora, Ill., dump cars, $65,000.
White Motor Co., Cleveland, Ohio, trucks and parts, $106,000.

Following is a break-down of the Bureau's larger expenditures on the Grand Coulee project:

States and the extent to which they have benefited so far follow: Wisconsin, $123,048.18; Washington, D. C., $2,600; Utah, $2,410.54; Tennessee, $201.71; Pennsylvania, $744,201.22; Ohio, $654,139.33; New York, $1,151,894.45; New Jersey, $535,049.55; Montana, $51,498.24; Missouri, $55,598.50; Minnesota, $129,727.21; Michigan, $53,539.85; Iowa, $76,359.92; Kansas, $10.73; Kentucky, $3,960.70; Maine, $3,166.64; Maryland, $42,771.23; Massachusetts, $99,391.06; Oregon, $170,719.13; Rhode Island, $2,651.06; Texas, $68; Virginia, $792.10; West Virginia, $5,451.36; Washington, $2,659,531.60; Alabama, $1,000; Arkansas, $456.38; California, $632,240.89; Colorado, $40,257.88; Illinois, $1,296,718.94; Connecticut, $60,371.29; Delaware, $33,370.95; Florida, $252.73; Georgia, $2,008.02; Idaho, $3,289.45; and Indiana, $1,861.63.

Another argument made against reclamation projects is that agricultural products raised on reclaimed land enter into competition with surpluses from the Middle West. This is absolutely untrue, unsupported, and unjustified by the hearings before the subcommittee. The Haw-Schmitt committee made this observation with reference to agricultural products on reclamation projects:

> Of the staples affected by curtailment on quota assignments the amounts produced on the reclamation projects are insufficient even for local supply, with the exception of cotton and sugar. Moreover (and this is probably true even of sugar and cotton), the increase in consumptive demand in the West directly chargeable to reclamation development is more than enough to absorb their production.

I also desire to quote from Mr. Page's testimony before the House Committee on Appropriations:

> They also found that the total crop value on reclamation projects was made up largely of those items which are now being imported. Many irrigated areas do not supply sufficient agricultural products to support their own communities. For example, dairy and poultry products, and pork and pork products are now being shipped from States in the Mississippi Valley by trainloads to Los Angeles and other Pacific coast cities; yet all the Federal reclamation projects lie between the source and the destination of these shipments.

It happens that in the present legislation that you are considering my district has no projects at all, and I think that a greater length of the Colorado River runs through my district than probably any other district in these Western States.

Now, we are up against this proposition on the Colorado River, and I hope that this House will take this view of it:

Since the construction of Boulder Dam we have equated the flow of the Colorado River so that now it is possible for people to appropriate that water in Mexico; and, as I am informed, there are millions of dollars of American capital ready to appropriate all available waters of the Colorado River in the country of Mexico.

Now, I think that this House, and also the Senate, should bear this in mind: That once this great natural resource of the United States is appropriated in Mexico it forever precludes its appropriation in the United States; and I think that at this time, rather than take the view that these projects along the Colorado River are not worthy of consideration, it is the duty of this Congress, in order to protect that great natural resource, to have every survey necessary made to determine every feasible project on that river, so that that great natural resource will be conserved for the people of the United States, where the water originates, rather than let it flow into Mexico where, if once appropriated, it is lost to this country forever. I hope that the House will bear that in mind.

Under the doctrine of appropriation, once that water is appropriated in Mexico, regardless of agreements or anything else, we cannot get it back, and we are forever bound to let it flow down there.

Here is one other observation that we might make: After spending the vast amount of money which has been spent on Boulder Dam, then, in order to protect the very life of that project, projects above it, on the Colorado River, should be determined and worked out for the protection of that great national asset. I believe that this House, regardless of where the Members come from, should look at reclamation from the national aspect; and bear this in mind at all times—that in the very States where these reclamation projects are anywhere from 90 percent in the State of Nevada down to 40 percent of the land in other States is owned by the Federal Government; not by the people of those States but by the Federal Government; and every dollar that goes into reclamation ultimately returns to the people of the United States. So this cannot possibly be construed as a "pork barrel" proposition. The very break-down on Boulder Dam shows a very wide distribution of every dollar that is spent for reclamation.

I do not know whether the facts I have brought out mean anything to the Members of the House or not, but I do know that when a committee is appointed to make a survey of the very question involved in the bill under discussion today, and that committee reports back to the House, certainly what they say should mean more than general statements coming from the opposition to reclamation. [Applause.]

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. CUMMINGS].

Mr. CUMMINGS. Mr. Speaker, I do not know from which side I should have asked my time. I asked it, however, from those in favor of irrigation.

Mr. Speaker, I come from the West and own irrigated land, and I think I know what it means. I want to tell you Members who are alarmed over the increase in crops that might come from additional reclaimed land that the total of the crops grown on irrigated land is less than 1 percent. I think I am at liberty to talk on either side of this question for the reason that the chairman of the subcommittee was so kind as to move to strike out the irrigation project in which I was most interested, the Grand Lake project. This project proposes to bring water from the western slope to the eastern slope in a country occupied at the present time by more than 600,000 people. It is a supplemental supply to 800,000 acres of irrigated land on which we produced last year during the sugar season over 80 cars of sugar per day. We fed last year more than 1,000,000 lambs. Ninety percent of all the lambs that are winter-fed in the

United States are fed on alfalfa that is grown on irrigated land. May I be permitted to say, Mr. Speaker, that every irrigation project should be considered by itself and decided on its own merits. If you were to ask me if all the irrigation projects provided for in these amendments should be voted for by this House, I would say "no", because there are bad projects there that would cost this Government $1,000,000,000 and which could not be paid for within a period of 50 or 60 years.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. CUMMINGS. I have too little time to yield.

Mr. CULKIN. Will the gentleman indicate——

Mr. CUMMINGS. I will not indicate anything. On the other hand, there are good projects and they should be provided for. My present idea of irrigation and reclamation is to furnish a supplemental supply of water for projects already completed and to complete the real projects that have been started. But we should not go into these matters merely upon the theory that a billion dollars does not mean anything.

Some people make the statement that the projects will never be paid off. I would not go as far as to say they may never be paid off, but I will state that they will not be paid off in 40 or 50 years' time. In the case of some of these projects, where it is a supplemental matter, such as the one I am interested in, the money will be paid, because there are 800,000 acres of irrigated land there now. There are over 600,000 people living there. There are 12 sugar factories located in there and another factory being erected for processing sirup and sugar. That project is just as good as a Government bond. But, as I said a moment ago, if I had to place my stamp of approval on the entire bill and come before the Members of the House and say that all of these projects were good, I would have to say "no", even if mine went with the rest of them.

The chairman of the subcommittee very kindly sought to cut out my project at Grand Lake, which is one of the best of the whole bunch. Mr. Page, who is now head of the Irrigation and Reclamation Bureau, stated it was one of the best irrigation sections in the United States. Anyone who knows anything about irrigated land knows this is true. Of course, I could tell why it was cut out and could give you a lot of the inside story, but it is rather poor policy to wash your dirty linen in public.

Mr. Speaker, I call attention to a few things with reference to the cost of these projects and return of the money. Any good irrigation project, if it is worthy of the support of the Government, in 10 or 12 years will return money in the way of income taxes. I venture to say that the income payments from my district, the Grand Lake district, would more than pay the interest, and I would venture the further statement that the increased products will more than pay the interest. If you have ground that will probably produce 10 tons of beets to the acre under normal conditions, if you will allow extra water the production will run up to 15 tons to the acre.

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. Speaker, as I enter into a discussion of the reclamation projects listed in this conference report, I want to state that I am not personally opposed to all reclamation work. I feel this work has an important place in the development of our country, but on the other hand I feel that with one department of our Government making every effort possible to take land out of production or shift a large portion of our producing acreage to legumes and grasses that we are now facing the anomalous situation of spending Government funds to take lands out of production on the one hand, and on the other we are appropriating and authorizing the expenditure of hundreds of millions of dollars to bring arid lands into production.

In checking this conference report it is not my intention to go into every individual project, but I note this report appropriates and authorizes for such projects as the Gila Valley in Arizona, which has a potential acreage increase of 700,000 acres, the Central Valley Authority in California with 780,000 acres listed, although potentially it is reported to have a possibility of 1,000,000 acres. The Grand Coulee project in the State of Washington has a potential possibility of 1,200,000 acres. There are many further authorizations in this report. We who are representing agricultural States realize how hard it is to reduce the producing acreage in this country to the needs of domestic consumption and the average annual export market. In 1934 through the Agricultural Adjustment Administration program we were able to take out of production or shift the production on 35,000,000 acres of our productive farm lands. For this the farmers of this country received $594,000,000 in rental and benefit payments. In 1935 we took 30,336,838 acres out of production, for which the farmers were paid $579,257,003.97.

During this session of Congress we have passed additional legislation to assist the farmers in adjusting their crop acreage to the domestic requirements, plus whatever exportable market we might be able to secure. For this we have voted an appropriation of $400,000,000. I merely mention this because I want to call the attention of the House to the utter impossibility of spending large sums of money to assist agriculture in adjusting its farm problem, and call to your attention the inconsistency of today authorizing the expenditure of hundreds of millions of dollars for reclamation work. Statements will no doubt be made that our Government is purchasing submarginal lands and taking them out of production, and therefore we will soon need this additional acreage.

Yesterday I contacted the Resettlement Administration in regard to land purchases and find that up to April 30, 1936, the total acreage purchased is 1,419,569 acres at a cost of $6,641,848. The total remaining acreage to be purchased under this present program is 8,305,171 acres, involving an expenditure of $34,500,542. The Resettlement Administration has also purchased under their resettlement program for rehabilitation 5,386 acres at a cost of $390,796. Further plans contemplate the purchase of 767,725 acres, involving a total cost of $26,674,485. The Biological Survey received $12,000,000 from the emergency drought and relief fund to purchase two and a half million acres of submarginal lands of which 1,010,000 acres have been purchased.

Secretary Wallace, in his report issued March 1935, states that his analysis of the agricultural situation indicates that if the acreage needed to supply domestic requirements and exports of agriculture products is not materially increased in the years just ahead, it cannot be expected to exceed 340,000,000 to 350,000,000 average acres of harvested cropland. That is, 30,000,000 to 40,000,000 acres will be required for exports, 285,000,000 to 290,000,000 acres for domestic consumption, and 20,000,000 to 25,000,000 acres for the production of nonfood products.

The actual acreage of cropland harvested averaged 360,000,000 to 365,000,000 acres for the period 1928–32. As a result, this country is faced with an excess acreage equivalent to 10,000,000 to 25,000,000 harvested acres of cropland, at average yields, provided the land is left idle. A shift of 20,000,000 to 40,000,000 acres would be required if intensive crops were replaced by hay and pasture and no land left idle. If the adjustment is affected by retiring submarginal cropland, an acreage equally as large or larger would be required.

Everyone familiar with the farm problem realizes that if we are to have a prosperous agriculture we must maintain our farm producing area at a size that will meet the supply and demands of our markets.

Dr. Alonzo E. Taylor, director of the Food Research Institute of Stanford University stated at the recent annual Dearborn conference on agriculture, industry, and science that in his opinion we must permanently abandon 1,000,000 American farms embracing 250,000,000 acres as a means of putting agriculture on a paying basis. He stated that the basic need after nearly two decades of futile political treatment of farm reliefs is to reduce the present 1,055,000,000 acres

now in farms to the 800,000,000 acres needed for future production and spread the total income of farmers among 2,000,000 fewer farm people. For the past 3 years the agricultural-adjustment program and the severe droughts have materially assisted in securing increased prices for agricultural products, but with returning normal conditions agriculture again faces a serious situation.

It is interesting to note that the wholesale commodity price index compiled by the National Fertilizer Association as of May 16, 1936, shows that the price index dropped to the lowest point since the first week of last year, and makes the further comment that the sharp decline in the index in the latest week was due to lower prices for farm products and foods, as the index representing the prices of all commodities other than these two groups remained unchanged. They state that since the first week of the year the all-commodity index has registered a 4.3-percent decline and the farm-products index has fallen off 9.6 percent. They further state that the third consecutive sharp weekly recession in the farm-products price index reflected lower quotations for most grains and livestock and that the only farm products showing any advance during this period were cotton, rye, and live poultry.

In view of these statements, it seems to me that Congress should hesitate to vote large sums of money for reclamation purposes until we have at least established a coordinated land-use policy. It seems to me it is ridiculous to have one branch of our Government appropriating hundreds of millions of dollars to assist the farmer in reducing his acreage, and, on the other hand, appropriate and authorize the expenditure of hundreds of millions of dollars to bring land into production.

Mr. WHITE. Will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from Idaho.

Mr. WHITE. Does the gentleman approve the plan of Dr. Taylor, as mentioned in the article he just quoted from?

Mr. CARLSON. I approve the plan of purchasing submarginal land and getting our agricultural lands down to where they will take care of domestic production, and then export whatever surplus we have.

Mr. WHITE. Does the gentleman approve of the abandonment of good farms, as advocated by Dr. Taylor?

Mr. CARLSON. No.

Mr. WHITE. What are we going to do with the unemployed in this country, which now number some 12,000,000? Does not the gentleman think they have to be shifted back to where they can make a living?

Mr. CARLSON. I shall have to refuse to yield further, but I will say that we will never take care of the unemployment problem and the agricultural problem of this country by bringing into production large tracts of arid land, when we now have surplus land and are trying to get it out of production.

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. STUBBS].

Mr. STUBBS. Mr. Speaker, all California has its eyes on the House of Representatives today. We are considering the usual annual appropriation bill for the Department of the Interior, which this year includes an appropriation for a general reclamation program of the entire West, and among the items for which we seek funds is the great central valley project of California. I say that all California has its eyes on the House of Representatives today because the entire State's population recognizes that California's future rests with the fate of this appropriation item. Two great inland areas, the San Joaquin and Sacramento Valleys, as big in size as Italy, and from which the metropolitan areas of San Francisco and Los Angeles draw the food supplies necessary to feed their millions of inhabitants, will progress or retrogress with the success or the failure of the appropriation which we seek.

Facts and figures, particularly when they deal with an engineering project, are dull to those who are not directly affected, and I do not intend to discuss them at any great length today, because they are available almost everywhere in Washington. Several Federal agencies have studied this project thoroughly and every one of them has placed its stamp of approval on the project. It remains only for us, the Congress, to concur in their fact finding.

For those of you who have never had the supreme pleasure of visiting or residing in California, let me report that it is a veritable Garden of Eden, one of the finest agricultural areas of the entire world—this, in particular, applies to the Sacramento and the San Joaquin Valleys.

Constant irrigation, over a period of years, has depleted the water supply in the lower San Joaquin Valley, and one of the project's objectives is to move water from the upper part of the Sacramento Valley down into the San Joaquin Valley, a distance of about 500 miles—from New York, say, on the Atlantic coast, down through New Jersey and Maryland, past the District of Columbia, through Virginia and deep into North Carolina. An ambitious plan, I agree, but feasible, according to reputable engineering talent which has studied the project. The project also is designed to correct flood-control problems of the Sacramento Valley, the saline problem of the agricultural lands of the San Francisco delta area, it will improve navigation far up the Sacramento River and provide cheap electrical energy for a metropolitan area which soon will require far more "juice" than private plants can now supply.

There is no opposition, apparently, to the plan of repulsing the sea water which annually encroaches upon the delta area and destroys thousands of acres of specialty crops. There appears to be no opposition to the plan of developing navigation on the Sacramento River. Everyone agrees that the control of flood waters on the Sacramento River is a worthy movement.

The opposition to the production of cheap electrical power comes from a source so common to all of us that it is needless for me to elucidate. Needless to state, cheap power is as important to irrigation areas and metropolitan districts as any factor. In addition, however, this program does not contemplate the destruction of private electrical production plants now in existence. The power which will be produced from this project will simply supplement that which already is being produced. The new power would not be available for almost 5 years and by that time we will have real need of it.

Opposition to the plan of irrigating our arid agricultural lands of the San Joaquin Valley seems to lie in the belief that we intend to place thousands of additional acres in production. Such is not true. We simply are striving to preserve the productive territory which we have been irrigating for many years. We do not plan to place a single additional acre under cultivation unless the national need justifies it.

Our crops are specialty crops, largely, and do not compete with those of the North, South, or East.

This project contemplates the construction of a series of dams, reservoirs, power plants, canals, pumping stations, transmission lines, and a vast and intricate irrigation system. Its cost, $170,000,000, is very liberally estimated, and I am advised by the best of the engineering profession that it will not cost a nickel more. But regardless of its cost we are only seeking $16,000,000 this year, and we have the best security in the world to offer as surety.

As evidence of the fact that the cost of the project is not prohibitive, and is justified, let me advise you that we produce in 1 year out there—in the San Joaquin and Sacramento Valleys—agricultural crops with an aggregate value far in excess of the $170,000,000 which the entire project would cost. Surely it is worth the price of 1 year's production to save two of the greatest and finest agricultural areas of the entire world.

The fate of 20 great countries are directly at stake and the expansion of the San Francisco and Los Angeles metropolitan areas are indirectly affected.

There are more than 1,000,000 people, 300,000 of whom are farm folks, residing in the affected area. The land area in the two valleys constitute 28.3 percent of the State's entire land area. The balance of the land in the State is largely mountainous and the two valleys are the principal agricultural districts.

Unless we can assure ourselves sufficient irrigation water in the future our lands will meet the fate met by those in the dust bowl of the West. Our topsoil today is being plucked from the ground by constant winds and being deposited on the sides of mountains where it is of no value to agriculture.

We need the project. The Nation needs it. The administration has approved it. It is sound from an engineering, legal, financial, and social viewpoint. It would provide work for several thousand skilled workers of the East, who would be placed at work producing the material need for the construction program. It would save great agricultural and industrial areas from economic oblivion. All of the major and minor problems associated with a project of this magnitude have been solved during the 30 years it has been under consideration. This project may be new to you but it is not to those of us from California, for the State has spent more than a million dollars on preliminary surveys and it is estimated that Federal agencies have spent about $5,000,000 more.

My primary interest, naturally, lies with the Central Valley project, but I would be short-sighted, indeed, if I spoke only of it, when I firmly believe in the necessity for an all-embracing and comprehensive reclamation program for the entire West, such as the one contemplated by the Senate amendments to this departmental appropriation. My remarks on the central valley project are, to a large degree, applicable to the general reclamation program under discussion here today.

I agree with the opponents of the program that reclamation and rehabilitation are costly. Everything worth while is costly. I care not, however, what the cost may be, reclamation and rehabilitation of our western agricultural lands is worth the money—particularly when that money will be repaid. The argument of the opposition that this money will not be repaid is based upon a fallacy. It will be repaid. Reclamation has always paid its way. It will pay even bigger dividends in the future. The Federal Government is the nominal guardian of every acre of land in the country, and it is our duty, as the legislators of the Nation, to protect our agricultural areas, no matter whether they are located near or far from our own particular bailiwick.

Reclamation is a policy which visions the needs of tomorrow. Our present economic plight can be laid directly at the door of our failure to look ahead, and if we do not possess a long-range view on reclamation the entire West is doomed to become an arid waste. Gentlemen who would like to see everything west of the Mississippi become known as the great American desert will be working nicely toward their objective if they vote to reject this reclamation program.

If we retard reclamation, we retard the normal expansion of our agricultural industry of the West. The products raised in California, for instance, are not in direct competition with those of northern, southern, and eastern agricultural areas. Our products are specialty crops in general and supplement those of other sectors of the country. Why should there be objection on the part of my colleagues if we continue to grow oranges, lemons, peaches, almonds, grapes, and a hundred and one other agricultural products which help make the West a vast granary for specialty agricultural products? These products add materially to our national wealth. They not only mean more to the housewife of the East, who is anxious to make her meals tastier by employing them, but they mean buying power for the millions who reside in the West, who constitute a great purchasing population for the manufacturers of refrigerators, automobiles, furniture, steel, farm implements, and a thousand and one articles which are manufactured in the East and sold in the West.

Reclamation is a long-time investment program. Those of us in the West, who have watched the advancement of reclamation from its very infancy, are in a position to know of what we speak, and I am confident that anyone who will study the subject will agree with me that reclamation is one of the best forms of security possible to obtain.

If we were asking for an outright grant, or a sum of money beyond the realm of possibility, or if we were not in a position to offer you security for the money which we seek, I would understand the opposition to this program. Why anyone should associate himself with a political movement designed to destroy a program of this nature is beyond my ken, and either denotes a thorough lack of knowledge of the subject or a complete disregard for the welfare of the Nation, which should automatically bar him from participation in this discussion and balloting.

I ask those of you who are not residents of the West to view this reclamation program in a broad-minded manner, and I request your forbearance in solving our problems. We of the West have worked shoulder to shoulder with those of you from the North, the South, and the East in solving the tornado, drought, and flood problems which have afflicted you, and now we bespeak your cooperation in this, our hour of need. [Applause.]

Mr. SCRUGHAM. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, may I at the outset commend, with all the vigor I possess, the extremely patriotic and national stand of the distinguished chairman of the Appropriations Committee, the gentleman from Texas [Mr. BUCHANAN]?

Today, the Budget of the United States is unbalanced in the sum of $6,000,000,000. Today, the United States is headed directly for inflation. Today, the United States is headed directly for economic destruction. Its recovery must depend, if we read history aright, upon the balancing of the Budget.

Here we find a singularly contradictory proposition, a proposition which brings this Congress into national disrepute and, to my judgment, threatens its very existence. Under these circumstances, when we are passing through a depression, when we have 12,000,000 unemployed to feed, the Senate of the United States sees fit to tie onto this piece of legislation appropriations which will ultimately amount to $1,500,000,000.

Why, may I ask, has the foresight and the patriotism that characterizes the gentleman from Texas [Mr. BUCHANAN], the chairman of the Appropriations Committee, disappeared from the Senate? Are they thinking of their elections? Are they living only in an atmosphere of locality? They have lost the national outlook, an outlook upon which must depend the existence of this Congress and the staying of the growth of fascism which will soon engulf America if the House and Senate continue to demonstrate their impotence.

These items that have been put in this bill by the other body come definitely within the category of "pork". They are nothing short of "pork." The A. A. A. was spending $1,500,000,000 to retire 35,000,000 acres of land from production, while this mad disbursement goes on to bring more land into production. Then we pass the Soil Erosion Act, and under that act 25,000,000 acres are to be retired from production so that agriculture may obtain parity prices. We will expend $400,000,000 a year to do that. Then in the same breath—and there is nothing like it, nothing more contradictory in the history of civilization or in the history of parliamentary government—while we are retiring 5,000,000 acres from production, the Senate of the United States, aided and abetted by the call of locality in this House, asks that this House vote to disburse, ultimately, $1,500,000,000 for the purpose of bringing 4,000,000 more acres of land into production. I could discuss this matter at length. There are many phases of it. One of the gentlemen here a moment ago referred to the Haws-Smitt report. Haws is a railroad economist, and the railroads bring these people

into these hopeless reclamation propositions and then take them out again, if they have enough left to pay their fare. Mr. Smitt is the editor in chief of the Engineering Age, I think it is called. This magazine carried an article, or a series of articles, in which Mr. Smitt condemned every single project mentioned here. Some of the other projects mentioned here were then unborn.

Mr. Speaker, agriculture, through the medium of the Grange and the Farm Bureau Federation, has served notice upon this House and upon this Nation that this business of giving the farmers added competition must cease. Agriculture is tired of that ancient and hoary and bearded fiction which says that irrigation simply increases crop production 1 percent. This absurd fiction has been blasted repeatedly, and, Mr. Speaker, I shall ask permission to extend in my remarks tables which show an increase in agricultural production in different fields due to irrigation running from 3 percent in cereals, which include wheat, up to 30 percent.

Mr. COLDEN. Mr. Speaker, will the gentleman yield for a question?

Mr. CULKIN. For a brief question.

Mr. COLDEN. Is the gentleman from New York repudiating the reclamation and irrigation policy of President Hoover, Secretary Ray Lyman Wilbur, United States Senator Hiram Johnson, and our former colleague, Mr. Phil Swing, as well as other eminent Republicans?

Mr. CULKIN. I will say to the gentleman that his question is more or less adroit and I would expect that type of question from the able gentleman from California. I may say to him that his question does not bear upon this proposition at all. In none of those administrations, I may say, Mr. Speaker, were such gigantic propositions involved. I call them empire-building propositions, in the background of which is an intent, if you please, to transfer our population out to these new lands when they become irrigated. Not long since I had a gentleman from Wyoming in my office and he was arguing with me about that absurd fiasco, Casper-Alcova, that has been condemned by nearly every agency of the Government, and he said to me, "What the hell do you care, CULKIN? We are not going to take any farmers from your State into Wyoming. We are just going to take them from Iowa, Kansas, and Nebraska, and what do you care about that?" This is the proposition in a nutshell. Some portions of the West, which, by the way, are now receiving 98 percent of their relief out of the Federal Treasury, are in an empire-building spirit when they seek these vast and absurd appropriations which I say threaten not only the existence of popular government but threaten more particularly the continued existence of this House. [Applause.]

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Speaker and gentlemen of the House, this is not the first time that progress and development in this country has been opposed on this floor. I am reminded of a great speech made here by that eminent and distinguished gentleman, Proctor Knott, when it was proposed to build a railroad into Duluth. I wish I had memorized that great epic.

I wonder what would have happened if my friend from New York [Mr. CULKIN] had been on the floor at that time and such advice as he is giving us had been followed? Where would that great country of Minnesota be today? Where would the markets be for products of his State if we had never developed that country?

I remember when I was a boy I got hold of my grandmother's old geography and it showed the country west of the Mississippi River at the great American desert into which the adventurous people of that day went to settle and build great communities and develop irrigation and show the people how to put water on the land to raise crops.

I have heard the gentleman from New York oppose irrigation projects which water the land and utilize the power that now goes to waste in the West. It is now proposed as a policy to utilize that power.

I would like to ask the gentleman from Iowa where he expects to market his crops of corn, pork, and lard? Where would his markets have been if we had not developed this great country in the West?

The appropriation we are considering is to carry on the great plan of development that was started by the party of the gentleman from New York. He would stop further development and progress and leave the country in the condition it is now. I am wondering what he would do with the 12,000,000 now unemployed when we propose to give them means of relief by creating irrigated farms where they can settle, build homes, and become self-supporting.

Mr. THURSTON. Let me say to the gentleman that we would take care of our own products. If we can get rid of the reciprocal agreement with Cuba, we can raise all the sugar we need. We can raise all the beet sugar that now comes from foreign countries.

Mr. WHITE. This country falls far short of producing the sugar we consume now.

If industry cannot provide the means for caring for those out of employment, a way must be found to put surplus population on the land where they can become self-supporting.

Is it the contention of the gentleman that we must arrest development at this time and that we have no more interest in the building of communities and the settlement of the country and provide places where people can become self-supporting and take a living from the ground just as our forefathers have done?

Mr. THURSTON. Whenever we have sufficient population to absorb some of these projects, then the proposals of the gentleman might be sound.

Mr. WHITE. The gentleman speaks about sufficient population. What are we going to do with the 12,000,000 excess population we have today, for whom we have to appropriate billions to take care of?

Mr. THURSTON. I reiterate that we should protect the American market for the American producer. [Applause.]

Mr. WHITE. That is a controversial question and enters the realm of politics.

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I ask unanimous consent that all Members who speak on this conference report today may have permission to revise and extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nevada?

There was no objection.

Mr. SCRUGHAM. Mr. Speaker, I yield 4 minutes to the gentleman from Wyoming [Mr. GREEVER].

Mr. GREEVER. Mr. Speaker, in the short time that has been allotted to me I do not propose to speak a great deal about any specific projects except those in my district, and also to say something about the general program of reclamation.

At the outset I want to say that the gentleman from New York [Mr. CULKIN], who just spoke, and who has spoken for a long time against the reclamation program, spoke about some man from Wyoming who wanted some of the people from his State to come to our State. I want to say that I am not trying to get any of his people away from him, nor am I trying to get any from Idaho. The gentleman, of course, was talking about somebody else.

The appropriation bill for the Interior Department, as amended by the Senate, contains items aggregating approximately $58,000,000 for reclamation throughout the Western States. The distinguished gentleman from Colorado, chairman of the subcommittee, has pointed out with remarkable clarity and conciseness the general benefits to be obtained from this program, and I do not wish to deal generally with the benefits of reclamation, for they have been gone into very carefully here and have been discussed thoroughly and are well known, but I should like to discuss a few things with

reference to the projects which appear in this bill and more especially those within my own State.

In the first place, I want to reiterate what has been so ably pointed out with reference to the fact that money expended for reclamation projects is repayable to the United States. I further wish to point out the fact that until the advent of the Public Works Administration, reclamation had not cost the Government of the United States one cent.

A total of approximately $210,000,000 has been paid into the reclamation fund to date from the sale of public lands, timber, and oil royalties in the Western States. Of this amount, $43,000,000, or more than one-fifth, has been contributed from the sale of lands and from oil royalties within the State of Wyoming.

The great Casper-Alcova project which is under discussion here is located within Natrona County, Wyo.; and while I do not have the exact figures before me as to the total amount contributed from lands in Natrona County, yet I think it is safe to say that considerably more than one-half of the $43,000,000 has come from oil royalties within that county. During the past several years, due to oil development in that community, a city of approximately 25,000 people has grown up in Casper. It is one of the finest communities in the West and possesses a citizenship of which any State might well be proud. Due to the fact that there has been very little oil development in the past few years, this community has met financial reverses, with the result that a great number of highly skilled workmen formerly employed in the oil fields and in industries appurtenant to the oil fields have been thrown out of work. Natrona County is entitled to this project. You are giving her nothing for which she has not paid in full.

The wise founders of the reclamation policy were western men, who proceeded upon the theory that funds derived from the depletion of one natural resource in the great West, from whence has come billions of dollars of the Nation's wealth in lumber, oil, livestock, gold, silver, and other minerals; and they believed it was only fair and a sound economic policy that when one or more natural resources were being depleted that it was only fair that a portion of the money derived from the sale of these resources be placed into funds which would replace in some small degree that which had been taken away by replacing with that money another natural resource. This is the theory upon which reclamation is predicated. It is the theory under which it has been carried out, and it is the theory upon which laws were passed placing 52½ percent of the oil royalties which were received by the United States Government from public lands to the credit of the reclamation fund for development of arid lands.

So I say to you that when you are appropriating moneys for this well-balanced policy of reclamation, you are not giving money away but, on the contrary, you are merely lending money which will be repaid fully to the United States by those who are engaged in agricultural pursuits in the West.

The Casper-Alcova project will cost approximately $19,000,000, of which the water users will repay $80 per acre and the balance will be used for the construction of power plants and dams for such power. Much of this electrical energy will be used in the development of resources in which the surrounding country abounds. The Reclamation Service has made a survey of the power needs which can be served from the Seminoe Dam, which is a part of the Casper-Alcova project, and it is found there will be a demand for this power within the next 10 years which will take up the entire capacity of the power plant and which will amply repay the cost of the dam and power plant. A detailed study of the sale of the power from the plant was made by H. F. McPhail, engineer of the Bureau of Reclamation, dated September 21, 1933, wherein it was stated that the cost of the power system, including the Seminoe power plant, transmission lines, and substations, would be repaid with 4-percent interest, similar to the Boulder Canyon project set-up.

Casper is the center of a very large cattle and sheep industry, and thousands upon thousands of cattle and sheep are raised in the territory adjacent to Casper. The chief difficulty with the raising of livestock in this country has been a lack of forage crops and the lack of lands available for the raising of such crops, with the result that it has been necessary to ship out in the fall of the year large numbers of cattle and sheep because of the lack of feeding facilities. This has resulted very often in an upset in the livestock market and has resulted in a lack of stabilization because of inability to ship the cattle and sheep to the market as the market demanded them. The crops which will be raised upon this project will consist largely of forage crops and will be used as an adjunct to the livestock industry. They will not create a surplus in any crop whatsoever where agricultural surpluses have existed in the past. In addition, the city of Casper affords a large market for dairy and other domestic products which up to the present time has not been fully developed, due to lack of proper irrigated lands in the vicinity.

In Western States, as in Eastern States, the question of rural resettlement has become acute. There are great numbers of good farmers who have become discouraged through drought and through the ownership of submarginal lands who are not able to produce a proper living upon so-called dry lands. A goodly number of these people have already moved to irrigation projects and have availed themselves of the opportunity to develop lands which will not only produce a good living but which will repay their cost to the United States Government. It is a significant fact that in the last 4 or 5 years, immediately upon the building of laterals which will carry the water to newly irrigated lands, these lands have been applied for and have been taken up by people under the provisions of the Reclamation Act as soon as they were available, and there is no question but what the same thing will happen upon every foot of the land proposed to be irrigated under the terms of this bill.

The Hart Mountain project, for which an appropriation of $1,000,000 is provided in this bill, is a part of the Shoshone project and was authorized in 1909. Work has already started upon the project and is proceeding satisfactorily. It has provided work for a great number of people. The storage capacity was completed in 1910 and is available. The moneys being appropriated for the Hart Mountain project are being used for the purpose of constructing canals, ditches, and laterals. I personally know of many first-class farmers who are anxious to secure lands under this project. This will result in a most constructive and economic solution of the very bad plight in which some of these farmers now find themselves, due to drought, ownership of submarginal lands, and so forth.

There is included in this bill also $900,000 appropriation for the Riverton project, which is to be used for the construction of what is known as the Bull Lake Reservoir, to provide an additional water supply to the lands under that project. This project has been settled as fast as new units become available, and it is remarkable the progress in building that has taken place upon this project within the last few years.

Whenever a reclamation project is opened it immediately begins to create new wealth. I made an investigation just recently to determine the shipments of goods from the manufacting regions into one of our projects at Powell, Wyo.; and in spite of the fact that most of the shipping into that territory is done by truck from Billings, Mont., and Denver, Colo., I observe that this town had received 27 carloads of automobiles and trucks from Michigan and Wisconsin, 4 carloads of corn from Nebraska, 11 carloads of machinery from the East, 82 carloads of gasoline, 5 carloads of phosphates, 25 carloads of coal, 38 carloads of lumber, 3 carloads of salt, 8 carloads of cement, and 73 carloads of miscellaneous shipments, making a total of 276 carloads. I assume that only one-third of the goods shipped into that community are shipped by rail. I would assume that two-thirds are shipped by truck from Billings, Mont., and Denver,

Colo., which, if true, would make the total shipments in the neighborhood of 800 carloads, which, at the rate of $2,000 per car, would amount to more than one and one-half millions of dollars, all of which is paid for out of newly created wealth. In addition to this, this community has a most favorable reputation for the payment of its taxes and other obligations. There have been created hundreds of fine farm homes, with good schools, churches, and other community activities. This is typical of the entire reclamation area throughout the West. Farmers have settled upon these projects from every State in the Union, and most of them have been successful. I should be very much interested in knowing the exact figures, were such available, as to the amount of newly created wealth by reason of the policy of reclamation, but I should imagine that, in terms of produce and transportation, it has amounted to a good many billions of dollars and, in addition, has resulted in a constructive resettlement program.

To properly cover all of the phases which should be covered in any talk concerning the reclamation program would require much more time than we have available here today, but I want to impress upon the Members of the House these very important facts:

First. That the reclamation program has been entirely carried out, up to within recent times, without the loan of 1 cent from the Federal Government.

Second. That of all moneys becoming due from reclamation projects, more than 98½ percent have been repaid.

Third. That the moneys used for the construction of reclamation projects, up until the Public Works Administration, were all from the sale of lands and from oil royalties.

Fourth. That the crops raised are noncompetitive in character and are used very largely as an adjunct to other agricultural activities.

Fifth. That the communities and settlers upon reclamation projects have provided a vast market for the farm machinery, parts of farm machinery, automobiles and trucks, steel, lumber, coal, furniture, radios, hardware, electrical appliances, and every conceivable kind of goods manufactured within the boundaries of the United States.

Sixth. The reclamation program has provided a comprehensive and well-balanced program of rural resettlement.

I trust that the conference report, with the amendment, will be agreed to. [Applause.]

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 4 minutes to the gentleman from Washington [Mr. KNUTE HILL].

Mr. KNUTE HILL. Mr. Speaker, a long time ago Horace Greeley said, "Go west, young man; go west." But the last great frontier for homesteading has gone forever. There are only three ways in which we can build for homes now. That is by irrigation as we do in the West and in the South, by drainage as they do in the South, and by soil conservation. We are building for homes in the West. We are building for the future. We are going to take care of the millions of the Middle West and the East, as much as you dislike to let them go, who in time will have to look for homes.

You speak of the fact that we are taking land out of cultivation. Yes, we are, but what is it? It is marginal land and submarginal land, and we are planning to invite these people out to the great Northwest, where they can find homes in districts where they can make a fine living on land that is irrigated.

This policy was started years ago. It was opposed then as it is opposed now.

I have here some extracts from such men as General Goethals, Mr. Hoover, Mr. Work, ex-Secretary of the Interior, and Mr. Wilbur, also ex-Secretary of the Interior. I ask unanimous consent, Mr. Speaker, that these may be incorporated in my remarks, to show how those men stood on this question of western irrigation and to prove that this is not a partisan question. The present administration is promoting policies of preceding administrations.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

The matter referred to is as follows:

WHAT PROMINENT ENGINEERS, ECONOMISTS, AND STATESMEN HAVE SAID ABOUT THE COLUMBIA BASIN PROJECT

"It (the Big Bend or Columbia Basin project) is believed to be feasible. The Columbia River on the north and west and the Snake River on the south flow through deep and rocky gorges too low to be feasible for irrigation purposes except by pumping." (Report of U. S. Bureau of Reclamation in 1903.)

"The soils of the (Columbia Basin) area are especially high in the mineral elements to which fertility is often ascribed. The area possesses one of the best agricultural climates on the continent." (Reports, U. S. Department of Agriculture, 1911 and 1923.)

"It is feasible from an engineering standpoint to build a dam here (at Grand Coulee) even 350 feet high above low-water level and to pump water 300 feet in height into the Grand Coulee for the rehabilitation of the drought-stricken Columbia Basin farm lands. The power developed would be a great asset in making the project feasible. This project merits the fullest investigation, and certainly core drilling should be done to determine the depth to bedrock." (Statement of A. P. Davis, Director, U. S. Bureau of Reclamation, made at Grand Coulee dam site in 1920.)

"The Columbia Basin project possesses the following favorable features: An abundance of water, no adverse engineering difficulties, a splendid climate, and long growing season, and easily irrigated land, much of which has been tilled. The productivity of this land has been amply proven by results obtained from irrigation on small tracts within the area." (Report of State Columbia Basin Survey Commission in 1920.)

"The Columbia Basin project is as much a national one as were the Panama Canal and the Alaskan Railways and will, if completed, add much more to the national wealth than either of the others mentioned. In our judgment the project is feasible, not alone from the standpoint of construction but from that of economics as well." (Report of Maj. Gen. George W. Goethals, builder of the Panama Canal, made in 1922.)

"The Columbia Basin project should be considered as one of the great future assets of the State and Nation." (Report of Special Columbia Basin Commission, U. S. Bureau of Reclamation, in 1925.)

"Just as sure as time passes the Columbia Basin project will be built. The Columbia Basin project is a natural asset of national appeal. It is an inland empire of land, water, potential power, and sunshine in the Northwest awaiting development." (Statement of Dr. Hubert Work, Secretary of the Interior, after inspecting the project in July 1925.)

"The initiation and construction of the Columbia Basin irrigation project is inevitable. It should be undertaken at the earliest possible date. I have familiarized myself with the engineering problems involved, and the time to begin this great undertaking is now." (Statement of Herbert Hoover, Secretary of Commerce, when he visited the project in August 1926.)

"Much of even this expenditure would be directly recovered from the land and from the leases of byproduct power. At this moment we could not make economic use of the whole of this power or of all of this land or all these inland waterways, but we will need the whole of it within half a generation. And at this moment we have an urgent need for beginning certain major projects which will in themselves require years for completion." (From address by Secretary Hoover in Seattle on Aug. 21, 1926.)

"I am decidedly in favor of the Columbia Basin project. It is not only important to the food supply of the Nation in the early future but it is timely to meet the existing economic situation." (Statement by Secretary Hoover in Washington, D. C., on Mar. 30, 1927.)

"Reclamation of arid lands is not a local question but a national one. Yesterday I stood on a mountain and I could see a sea of arid land that would be fertile if it had water on it. I saw, too, laid off like squares on a checkerboard, areas that had been abandoned by the men farming them. It seems to me that Congress can well afford credit that would enable that land to be flooded with water." (Statement by Nicholas Longworth, former Speaker of the House of Representatives, upon his inspection of the Columbia Basin project in 1927.)

"The Columbia Basin project is not far distant." (Statement by President Calvin Coolidge before the Union League Club of Philadelphia on Nov. 17, 1927.)

"The (Columbia Basin) project fits ideally into President Hoover's plan. What a pity it could not have been ready the first of this year to give work to some 50,000 people. When it is started in a big way and the necessary financing is arranged, there will be a tremendous employment of labor. The Columbia Basin project will pay large and increasing dividends." (Statement by B. C. Forbes, publisher of Forbes Magazine, when he personally inspected the Columbia Basin project on July 19, 1930.)

"As we are spending hundreds of millions to deal with the Mississippi and its branches, so we celebrate here this new control of the Colorado. In turn will come our other river systems, particularly the Columbia. For industry, agriculture, trade, and commerce, our river systems must be mastered for the future safety of our increasing population." (Ray Lyman Wilbur, Secretary of Interior, at Boulder Dam celebration in 1930.)

"Examination of the reports of the Bureau of Reclamation and of the Chief of Engineers of the War Department leads without difficulty to the conclusion not only that the construction of the Columbia Basin project is highly desirable but it is both physically and financially feasible under the plan contemplated by the proposed legislation for the development of power and for the utilization of power profits—after repaying the cost of power development—in amortizing, together with water users' repayments, the cost of the irrigation developments in such units and at such times as economic conditions may justify." (Statement of Ray Lyman Wilbur, Secretary of Interior, in a letter to Robert S. Hall, chairman, Committee on Irrigation and Reclamation, House of Representatives, on May 20, 1932.)

"Proper development of the Columbia River would doubtless create a great asset for that section of the Nation where it is located and, of course, in so doing, it would be a national asset as well as a local asset." (Statement by Patrick J. Hurley, Secretary of War in 1932.)

"Whereas the present plans of the Coulee Dam are for a low dam only and the cost of changing to a high dam later will be $30,000,000 more than if the high dam were built now; and

"Whereas we believe that building the low dam will make it very difficult if not impossible to build the high dam; and

"Whereas we believe the full resources of the Columbia River should be utilized and not be throttled by building a dam that will be inadequate later: Therefore, be it

"*Resolved*, That the Washington State Grange is on record as being in favor of building the high dam now rather than attempting to raise a low dam later." (Resolution passed by the Washington State Grange at its annual convention at Everett, Wash., in June 1935.)

Mr. KNUTE HILL. Mr. Speaker, there have been mistakes made by the Federal Government in this development, but we are doing all we can to take out marginal lands in the West as well as in the Middle West. That is being corrected. Certainly there was speculation. There were all kinds of promotion schemes. The Federal Government is doing away with that. For example, in the Kittitas proposition at Ellensburg they are taking out speculation. They arranged it so that land could be sold only at a certain reasonable price. There is also the matter of water waste that has been going on for years, and that is being taken care of. They are using their water to better advantage. They learn by experience.

May I call attention, especially the attention of the chairman of the Committee on Appropriations, to the fact that the President's Budget provided for these projects named in amendment no. 53. The President is for this. Why? Only for one reason, because he has been out there and has seen with his own eyes what can be done with water. I wish some of these friends of ours who are opposing us today would come out and breathe our exhilarating air, would fish in our sparkling streams, would look at our majestic mountains; but, above all, if they would come there and see the desert sagebrush land, 1 year after it has water on it, blossom like the rose and be changed into beautiful and comfortable homes.

Although this Senate amendment deals with many western projects I desire to speak on the particular project known as the Roza unit of the Yakima project. This is the last unit of a quarter of a century program. The other units have been completed, more than 90 percent of the funds have been repaid to the Federal Government, and these lands have yielded products worth hundreds of thousands of dollars. What was once a barren waste is now a fruitful valley, the home of an intelligent, prosperous, industrious people. Of course we have suffered from the depression. But, may I ask, what section of our country has not suffered. However, the chambers of commerce representing our cities, the granges and farm bureaus representing our farmers, and labor organizations representing our laborers have all wholeheartedly endorsed the High Coulee Dam and the Roza. And why should they not? They are residents of the Yakima Valley and have seen its population increase from 13,462 in 1900 to 77,402 in 1930; its tax valuation increase from $25,004,000 in 1900 to $233,041,000 in 1930; and the value of its products during this period approximate a half a billion dollars on a loan from the Government of about $33,000,000, most of which has been repaid.

The Federal Government finished the Cle Elum Reservoir at a cost of $2,813,000 to impound waters for the Roza. Last year the sum of $4,000,000 was allocated to construct tunnels, and dam work has begun and contracts have been let for this purpose; however, only up to the amount of $2,500,000. For this reason the President in March withdrew $1,500,000 of the original sum to take care of flooded districts of the East and other imminent necessities. Now we are simply requesting that a $2,500,000 allocation be made so we can proceed with the completion of this unit as a component part of the Yakima project. It will furnish labor for the present unemployed, it will provide homes to the thousands of seasonal workers who are needed in the fields and packing houses of the dozen cities of the prosperous irrigated sections adjoining the Roza unit on the south.

It has been stated here that we have an overproduction. Is there too much food with millions of people in want of the bare necessities? Is there too much cotton and wool with other millions without the necessary clothing for comfort and decency? Let us resolutely set our faces toward the dawn of a new day when the problem of just distribution shall be solved, providing labor and homes for all. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Washington [Mr. KNUTE HILL] has expired.

Mr. SCRUGHAM. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. ANDRESEN].

Mr. ANDRESEN. Mr. Speaker, I rise in opposition to the conference report. If I did not do so, I would not be true to myself or to the splendid and intelligent constituency which I have the honor of representing in this Congress. This report seeks to authorize seven gigantic irrigation projects in seven different States with an ultimate cost to the taxpayers of this country of approximately $1,500,000,000. If the appropriation sought here is approved and the projects completed, the New Deal will have added around 5,000,000 acres of new irrigated land, in the arid States of the West, to the already overabundant supply of tillable farm lands now available for productive cultivation.

I do not blame the gentlemen from the seven Western States for sponsoring this appropriation; but when I realize that the 5,000,000 acres of irrigated land which they seek to create will produce the equivalent in farm products of 15,000,000 acres of good nonirrigated land, I must insist that the appropriation be defeated so as not to further dislocate existing agriculture, and for the general welfare of the entire country.

These irrigation projects have not been authorized by Congress. The sponsors of the appropriation state that the President has spent large sums out of relief funds on all of these projects and that he has given his approval and now asks Congress to provide these large appropriations so that the work may be completed and the new land opened to cultivation. It should not be done. I am opposed to any irrigation and reclamation work at this time. The people I represent are opposed to it. When the population of the country has increased to such an extent that it becomes necessary to have more farm lands in order to take care of our needs, then Congress can consider the problem in a regular and orderly manner and make necessary authorizations and appropriations.

Why in the name of common sense does the President and his Democratic leaders put their stamp of approval on the creation of millions of acres of new irrigated land in this country? The President and his advisers—Secretary of Agriculture Henry Wallace, Dr. Rexford Tugwell, and Mordecai Ezekiel—have claimed for the last 3 years that our farmers are producing too much in the agricultural field and that because of large surpluses of farm products the farmers of the United States were induced by them to take 40,000,000 acres of good tillable land out of usual production in order to produce less. Under the same theory of surpluses, our farmers were also induced to prematurely dispose of 6,410,866 pigs and hogs, of which number 5,105,067 were converted into grease and fertilizer. They still claim that we produce surpluses; but now they come and ask Congress to

vote appropriations of more than $1,000,000,000 so as to create millions of acres of highly productive land, I suppose, to produce more surpluses. It just does not make sense to me.

DISLOCATION OF AGRICULTURE

Agriculture is a delicate machine. It is easily dislocated or thrown out of balance. Over long periods of time agricultural diversity in specialized crops became an established fact in this country. Ten States in the South specialized in the production of cotton and tobacco. The people in these sections purchased their dairy, pork, meat, and grain supplies from the farmers in the upper Mississippi Valley; and our people in the North, not being able to raise cotton or tobacco, bought their supplies of these commodities from the farmers of the South. It was a fair exchange, and both groups benefited by it.

The farmers of Minnesota, Wisconsin, and Iowa, and other States became specialists in the dairy, corn, hog, cattle, and poultry branches of agriculture. The efficiency in the production of these products became so great that the farmers in these diversified areas could without difficulty supply the needs of the entire country. Often surpluses of dairy products would appear to glut the market. While the dairy production would many times appear to approach the surplus line, I do not believe that we have ever had a real overproduction. Rather, the surpluses of butter and other dairy products were caused by the use of substitutes which were manufactured from imported vegetable oils and fats into oleomargarine and cooking compounds. During the last 3 years, and particularly in 1935, the domestic dairy structure has been further jeopardized by the enormous imports of butter and other dairy products.

Now let us see what is taking place under the new program. For 50 years or more the Middle West has supplied the South with the diversified products of the North. Owing to climatic conditions our section cannot raise the products of the South, but the farmers of the South can easily grow the farm products of the Middle West. Twenty millions of acres of cotton and tobacco land have been taken out of cultivation in the cotton and tobacco States. The administration did not want this land to remain idle, so the leaders in the Federal Government encouraged and helped finance, out of public funds, the growing of corn, alfalfa, clover, and other feeds for hogs, dairy cattle, and livestock on the land that had heretofore been used in the production of cotton and tobacco. And what are the results? During the last 3 years dairying, livestock, and hog production in the South has increased by leaps and bounds. Creameries have been and are being built in all sections, and it will not be long before dairy production will be on a large commercial scale in direct competition with the old-established dairy sections of the Middle West. Packing plants are also being constructed in the strategic points of the South to handle commercially the increasing supply of cattle and hogs for slaughter.

We could not object if this change in production came about in a normal and gradual manner; but when the Federal Government steps in and with the taxpayers' money finances a large group of farmers to go into direct competition with farmers in other sections, we surely have a right to protest and make every possible attempt to prevent complete dislocation of American agriculture.

It is not my purpose to criticize the policies and expenditures for agriculture during a time of emergency. The A. A. A. no doubt served a useful purpose. Objections were raised against centralized control and regimentation. I know that the millions of checks sent to the farmers helped increase the income of those who received them. In my opinion, the farmers of the country must have their income and purchasing power restored before we can have complete recovery for all branches of our complicated economic structure.

Let me return to the subject under discussion in the House. I have just stated that agriculture in this country is being dislocated. A little thought on the subject will convince anyone of that fact and that something must be constructively done before the whole country gets out of kilter.

IMPORTS OF FARM PRODUCTS

Another reason why I am opposed to the President's irrigation and reclamation demands is the uncontroverted fact that during the last 3 years, when the majority of our farmers were trying to comply with the New Deal philosophy of scarcity by taking nearly 40,000,000 acres of productive farm land out of usual cultivation, the present administration permitted to be imported into this country an excessive quantity of cheaply produced foreign farm products of the same kind as our own farmers took out of cultivation. In other words, when our farmers produced less cattle, corn, hogs, wheat, rye, barley, butter, and other farm crops in order to cut down the surplus, the administration literally invited foreign farmers to increase their cheap foreign production of the same products and to ship them to the United States and sell them in the American market in direct competition with domestic production.

The effect of the policy of giving our American market to foreign farmers is threefold. First: The domestic market is being flooded with cheaply produced foreign farm commodities which have taken a part of the home market from our own farmers. However, the greatest damage done to the American farmer is the effect that these large imports have had upon depressing and reducing the home-market price level on domestically produced farm commodities.

The tables of imports, which I will insert in the RECORD, show that the competitive farm imports for 1935 exceeded a declared foreign value of more than $750,000,000. All of these farm imports were or could have been produced in this country by American farmers and laborers in sufficient quantity to more than take care of domestic requirements. This huge sum was a direct loss to agriculture in the United States. The next loss was the price-depressing factor of such a large quantity of imports. Reliable authorities estimate that because of the large competitive imports for 1935, the farmers in this country were compelled to take more than $2,000,000,000 less by way of lower prices for their products sold in our own home market.

Second. The President and his advisers, who are now advocating increases in agricultural and manufactured imports into this country, state with great acclaim that the quantity of imports is only a fractional part of our domestic production, and that no damage is being done. Well, let us examine the record. Remember that our farmers took about 40,000,000 acres of good farm land out of cultivation so as to produce less. Then look at the farm imports for 1935, and you will find that the consumers in the United States provided a market for foreign farm products cheaply raised on from 25,000,000 to 30,000,000 acres of foreign farm land. This production belonged to our American farms, and any other theory spells for destruction of the entire country.

If our farmers are to cut their acreage and production because they are producing too much, then it must be elementary and sound reasoning that they should be entitled to the home market without foreign competition for that which they raise for sale at home. I favor the expansion of our foreign trade, but I do not believe in the idea advocated by the new dealers that it should all be done at the expense of our American farmers.

Third. At the beginning of 1936, the American Federation of Labor estimated that there were more than 12,500,000 unemployed in this country. This is the largest number of unemployed we have had in the United States. With the Federal spending of more than $24,000,000,000 during the last 3 years, it would appear that by now there should have been a material decrease in the number of unemployed. But this is not the case.

One of the main reasons for the increase in the unemployment and relief rolls is the fact that jobs and work, which rightfully belong to American labor, were given to the cheap labor of other countries. A break-down of agricultural imports for 1935 into persons employed will disclose that from 2,500,000 to 3,000,000 persons could have been employed in the United States in the production and processing of the imported commodities if the same had been produced here. Because of these imports the jobs to produce them, including pay checks, went to foreign labor

instead of our own citizens, and the consumers in this country paid the bill. About 50 percent of these unemployed live in the cotton States. The balance are scattered throughout the country in grain, corn, hog, and dairy sections. These unemployed farm hands were driven to join the relief rolls, which now have a grand total of more than 20,000,000 persons, with no end in sight.

Prominent labor leaders have stated that if it were not for the imports of cheaply produced competitive manufactured products now coming into this country, there could be gainfully employed in private industry nearly 3,000,000 persons who are now out of work and on relief. This makes a total of nearly 6,000,000 Americans who would have work if the New Deal would save the home market for American farmers and laboring men.

RECIPROCAL-TRADE AGREEMENTS

We have all heard a great deal about the trade agreements which have been negotiated by the President and his Secretary of State with foreign countries and particularly with Canada. The tariff duties in these agreements were lowered up to 50 percent of existing rates, and a large percentage of the reductions were made effective on competitive agricultural commodities despite President Roosevelt's promises at Baltimore on October 26, 1932, when he said:

I know of no excessive high duty on farm products. I do not intend that such duties shall be lowered. To do so would be inconsistent with my entire program.

The President did not keep his sacred pledge to the farmers. On January 1 of this year he put into effect the crowning achievement of his administration in the form of a trade agreement with Canada. Dairy, livestock, and poultry farmers were required to bear the major sacrifices of this trade. Protests were lodged by farm organizations and farm leaders against any reduction of agricultural duties, but these were brushed aside in the merry scramble to give away the domestic market to foreign farmers. We love our Canadian neighbors and wish them well, but we believe that in a time of emergency it is the duty of the President of the United States to first take care of his own citizens, according to promises, before showing preference to people of other countries.

It has been impossible to secure figures on farm imports from Canada since the treaty went into effect from any United States department, but in order to show the increased trend of agricultural commodities from that country, I quote from a recent news dispatch from Ottawa, Canada, wherein W. D. Euler, Canadian Minister of Trade and Commerce, said:

Pronounced gains in exports to the United States of leading commodities affected by the Canadian trade agreement were recorded during the first 4 months of 1936. Agricultural products and lumber were the heaviest gainers. The export value of swine increased from $3,000 to $390,000, while the number of cattle increased from 39,000 to 75,000 and the value from $2,262,000 to $3,605,000. Cheese exports increased from $21,000 to $407,000.

There you have the story, and the same thing is taking place with every other country in the world, for the cut in duties to one country is equally available to all other countries, except Germany. These agreements should be canceled.

What will the future bring? The present program is filled with confusion and contradiction. It can be summed up in a line or two. Surpluses; destruction; cut production; change production; irrigation; reclamation; importation; reciprocal-trade agreements; more importation; dislocation of existing agriculture; no permanent program. What is it, and where do we go from here?

A PERMANENT AGRICULTURAL PROGRAM

Emergency measures were, no doubt, necessary during the crisis, but now the time has come to formulate and make effective a sound and permanent program in order to avert another emergency. The adoption of such a permanent program is not a political or partisan matter. It should have the attention of the best minds of the country. Personally, I feel that the problem can be solved by holding fast to American ideals and doing the job in the American way.

I would first protect the home market for agriculture and labor. Second, I would cancel the reciprocal-trade agreements and then build up our foreign trade by the establishment of a two-price system so that our farmers could enjoy a higher domestic price for virtually 90 percent of their production which is sold in the home market, and sell the surpluses in the foreign market at a competitive world price. This suggestion is nothing new, as it was originally proposed in the McNary-Haugen farm bill, and generally understood and favored by the farmers of the country. The losses incurred on the sale of the surpluses could well be borne by an equalization fee generally collected or an export bounty paid out of the Treasury. If we are to continue a program of curtailed production, then it should be fundamental that the home market must be protected for home production. Third, the adoption of soil-conservation and soil-erosion programs of equal benefit to all branches of agriculture will be for the general welfare of the entire country. Fourth, irrigation and reclamation projects should be discontinued. Fifth, the lowest possible rate of interest should be available to farmers and home owners. Sixth, reduce Government costs so as to lower tax burden.

I would begin with the above suggestions as a part of a sound and permanent program for American agriculture. Possibly the simplicity of these suggestions make them appear difficult, but my own conviction is that if we can put them into effect we will be on the way to a real recovery for agriculture as well as prosperity for the entire country.

TABLE 1.—*Imports from foreign countries of farm products and merchandise for consumption in the United States for 1932, 1933, 1934, 1935, and first 3 months of 1936*

[Import figures from U. S. Department of Commerce]

Groups of imports	1932	1933	1934	1935	January, February, March 1936
Total value of imports	$1,322,774,000	$1,433,013,000	$1,636,003,000	$2,038,637,930	$570,264,451
Group 00. Animals and animal products, edible [1]	45,028,000	43,889,000	48,965,000	74,708,519	20,833,327
Group 0. Animals and animal products, inedible [2]	80,112,000	118,427,000	109,610,000	151,127,431	48,497,116
Group 1. Vegetable food products and beverages [3]	361,863,000	392,797,000	468,897,000	566,440,855	168,793,041
Group 2. Vegetable products, inedible, except fibers and wood [4]	125,542,000	162,763,000	222,058,000	282,121,473	77,940,752
Group 3. Textile fibers and manufactures [5]	244,038,000	264,155,000	240,224,000	306,701,119	97,341,692
Group 4. Wood and paper [6]	168,115,000	170,016,000	181,454,000	208,343,001	50,305,679
Group 5. Nonmetallic minerals [7]	90,138,000	65,643,000	86,519,000	103,824,869	25,064,978
Group 6. Metals and manufactures, except machinery and vehicles [8]	74,156,000	116,608,000	129,859,000	177,052,196	48,844,858
Group 7. Machinery and vehicles [9]	8,493,000	8,551,000	11,799,000	14,524,008	4,140,984
Group 8. Chemicals and related products [10]	47,852,000	59,287,000	65,117,000	68,715,572	21,350,046
Group 9. Miscellaneous [11]	71,435,000	60,878,000	71,500,000	85,068,887	17,751,978

[1] Group 00 consists mainly of cattle, meat, hogs, pork, animal oils and fats, dairy products, poultry, eggs, and fish.
[2] Group 0 consists of hides, leather, footwear, furs, animal oils, and greases, and horses, mules, and other animals.
[3] Group 1 consists of all grains, feeds, vegetables, fruits, nuts, coffee, tea, spices, sugar, and beverages.
[4] Group 2 consists of rubber, gums, drugs, oilseeds, coconut oil, seeds, tobacco, nursery stock, and miscellaneous vegetable products.
[5] Group 3 consists of cotton goods, jute, manufactured cotton and linen goods, wool, carpets, silk, and other manufactured merchandise.
[6] Group 4 consists of logs, lumber, manufactured millwork, paper, newsprint, and cork.
[7] Group 5 consists of coal, petroleum, cement, glass, pottery, asbestos, and precious stones.
[8] Group 6 consists of iron ore, steel, other metals, manufactured and crude cutlery, nickel, precious metals and tin.
[9] Group 7 consists of electrical and industrial machinery and apparatus, farm machinery, and other manufactured articles.
[10] Group 8 consists of coal tar, medicinal preparations, industrial chemicals, soap, cosmetics, fertilizers and paints.
[11] Group 9 consists of photographic goods, musical instruments, toys, sporting goods, firearms, books, clocks, artwear, matches, tooth brushes, pencils, pipes, combs, buttons, and beads—all manufactured products.

TABLE 2.—*American farm market given to foreign farmers and laborers—Imports from foreign countries of specific farm products for consumption in the United States for 1932, 1933, 1934, 1935, and first 3 months of 1936*

[Import figures from U. S. Department of Commerce reports]

Imports of specific farm commodities	Quantity			1935			January, February, March 1936
	1932	1933	1934	Quantity	Value	See notes below	Quantity
Cattle.....head	98,000	65,000	59,000	364,623	$8,497,117	[1]	100,419
Beef, fresh and canned.....pounds	24,558,000	42,475,000	47,968,000	86,882,032	6,425,903	[2]	24,492,593
Hogs: Pork, ham, bacon, shoulders.....do	5,802,000	2,923,000	1,654,000	13,908,176	2,473,140	[3]	10,219,389
Butter.....do	1,014,000	899,000	1,253,000	22,674,642	3,576,942	[4]	3,627,855
Corn.....bushels	344,000	160,000	2,959,000	43,242,291	20,291,889	[5]	3,637,682
Barley.....do		23,657	6,580,000	4,839,678	3,747,509	[6]	116,443
Barley malt.....pounds		109,183,000	193,728,000	320,622,537	9,043,234	[6]	48,896,900
Oats.....bushels	59,000	132,000	5,580,000	10,106,903	2,939,349	[7]	10,705
Wheat.....bushels	10,026,000	10,317,619	18,543,000	38,870,398	30,400,000	[8]	10,270,878
Rye.....do		8,006,000	7,622,000	9,642,523	4,755,012	[9]	19,567
Fodder and feed.....value	$2,270,000	$4,192,000	$7,593,000		12,923,153	[10]	$1,477,715
Tallow.....pounds	502,000	239,000	42,813,000	245,850,922	13,104,280	[11]	24,029,895
Cottonseed oil.....do			9,157,000	166,687,367	8,880,256	[12]	43,830,299
Flaxseed.....bushels	5,154,000	13,578,000	15,028,000	17,559,000	15,623,121	[13]	3,795,794
Eggs.....value	$813,000	$590,000	$443,000		1,679,093	[14]	$433,854
Molasses.....gallons	186,781,000	169,936,000	220,461,000	247,805,335	12,456,809	[15]	28,424,718

[1] If the 364,623 head of imported cattle from Canada and Mexico had been raised in this country, they would have consumed feed from approximately 729,246 acres of corn hay, and pasture land; 14,584,920 bushels of corn, 364,623 tons of hay and other feeds. Loss to American farmer and laborer $8,497,177.

[2] The imports of 86,882,032 pounds of fresh and canned beef from Argentina, Canada, Brazil, New Zealand, and Australia represent 217,211 head of cattle weighing 800 pounds each. If this beef had been produced by American farmers it would have taken 434,442 acres of good farm land to provide the necessary pasture and feed, to wit: 8,688,440 bushels of corn and 217,211 tons of hay. Loss to American farmer and laborer $6,425,000.

[3] The imports of 13,908,000 pounds of pork from Czechoslovakia, France, Germany, Italy, Poland, Japan, Canada, and other countries represents 104,521 hogs weighing 200 pounds each. If raised and fed in this country they would have consumed 2,508,504 bushels of corn grown on 62,712 acres of idle corn land and furnished employment to hundreds of idle persons. Loss to American agriculture more than $2,500,000. The imports of pork, bacon, ham, and shoulders for the first 3 months of 1936 is not far from the total imports for the entire year of 1935.

[4] The total imports of all dairy products, including cheese, butter, milk, at foreign value amounted to $15,000,570. An additional $2,500,000 can be added for freight, duties, and other charges. These imports for 1935 came from Bulgaria, Russia, Greece, Italy, Latvia, Poland, Argentina, Japan, Syria, New Zealand, and other countries. Reduced to terms of milk, these imports amounted to 1,118,000,000 pounds. At 4,000 pounds per year for the average milk cow the American farmer lost the production from 279,000 head of milk cows. It would have taken approximately 837,000 acres of corn, hay, and pasture land to produce the necessary feed. In addition to pasture, the cows would have consumed 11,160,000 bushels of corn, 419,000 tons of hay, and other feeds. Dairy farmers in this country lost around $20,000,000 on these imports and thousands of farm hands were thrown out of work as a result of this unwise policy.

[5] 1,000,000 acres of good American corn land could have been used to produce the 43,242,291 bushels of imported corn in 1935 thereby providing work for thousands of unemployed and more than $20,000,000 in additional returns to the corn farmers in this country.

[6] Barley and barley-malt imports equivalent to more than 14,000,000 bushels of barley coming from Austria, Belgium, Czechoslovakia, France, Germany, Poland, and Canada, cost American barley farmers and maltsters more than $12,500,000 and the use of 700,000 acres of good domestic farm land.

[7] Oats imports of 10,106,903 bushels prevented the American farmers from using 200,000 acres of domestic land and a loss of $3,000,000.

[8] Wheat imports of more than 38,870,000 bushels (bond wheat included) cost American farmers and laborers more than $30,000,000 and the use of 3,000,000 acres of wheat land.

[9] Rye imports of 9,642,000 bushels from Poland and other countries cost the American farmers around $5,000,000 and the use of 640,000 acres of domestic farm land.

[10] Imports of fodder and feeds cost the farmers of this country $12,900,000 and the use of 1,000,000 acres of farm land.

[11] Tallow imports which should have been supplied from domestic livestock cost American farmers and laborers $13,000,000.

[12] Cottonseed-oil imports for 1935 amount to 14 percent of our domestic production. 1,000,000 persons in the South were thrown out of employment as a result of these imports. The cotton farmers in this country would have used 3,400,000 acres of idle cotton land to produce 1,100,000 bales of cotton so as to secure 532,000 tons of cottonseed for crushing into 166,687,367 pounds of cottonseed oil. Loss to cotton growers and workers from $50,000,000 to $100,000,000.

[13] Flax farmers of the Northwest and California lost more than $15,000,000 and the use of 1,750,000 acres of domestic land because of flaxseed importations during 1935.

[14] Farm wives and poultry raisers lost more than $1,600,000 on account of importations of eggs from Japan, China, and Hong Kong.

[15] Molasses importations represent a loss to American corn farmers of more than $12,000,000 and the use of 1,000,000 acres of corn land to produce the necessary 41,000,000 bushels of corn required in the manufacture of 247,000,000 gallons of molasses.

NOTE.—The above farm imports are but a small fraction of agricultural products imported into this country. The table is given to illustrate one reason for depressed domestic prices on farm products, and that the American market is being given to foreign farmers. These importations can be curtailed or stopped by the President, as he now has the authority to increase all duties 50 percent above the present rates in order to save the market in this country for the American farmer and laborer, but instead of doing so, he and his Secretary of State are negotiating trade agreements with all foreign countries and reducing duties upon competitive agricultural and manufactured products up to 50 percent of present rates, thereby causing our home market to be flooded with cheaply produced foreign products.

One of the most striking illustrations of the effect of imports upon our domestic price level is found in the trade agreement with Canada. This agreement became operative on January 1, 1936, and the reductions in duties granted by the administration to Canada also granted the same reductions to all other countries in the world except Germany. During the first 4 months of the present year 178,752 head of cattle were imported into this country under a 50-percent cut in duty, as compared with 144,000 head for the same period in 1935, and 59,000 head for the entire year of 1934. About 50 percent of these cattle were shipped in from Canada, and the balance from Mexico and other countries. This flood of imported cattle caused a glut on the livestock markets at South St. Paul and Buffalo, as well as other border markets, and forced the domestic price down from $3 to $5 per hundred pounds. Market figures will show that during the last 4 months any livestock farmer in Minnesota has taken a loss of from $50 to $65 on a good to choice steer weighing around 1,300 pounds. Increase of imports is one of the main reasons for lower prices to farmers on livestock at a time when prices should either be advancing or holding their own. While it is difficult to estimate the losses on the price of cattle, expert accountants have calculated that for the year 1936 the American livestock farmers will lose from $50,000,000 to $100,000,000 on the livestock because of imports and lower prices.

LABOR RECOGNIZES IMPORTANCE OF PROTECTING HOME MARKET

Laborers and farmers will be interested in observing the position taken by all labor organizations in this country with reference to the protection of the home market for labor and agriculture. These organizations formed the America's Wage Earners' Protective Conference, with Mr. Matthew Woll as their president. I will quote from a letter recently received from Mr. Woll and from the table of comparative costs of a few imports prepared by this organization.

Mr. Woll said:

America's workers cannot secure employment, let alone secure higher wages, when products comparable to what they produce, produced in foreign countries, are delivered into American markets at delivered prices which are less than American costs of production of comparable goods.

America's farmers cannot secure higher prices for their products when products of foreign nations are delivered into American markets at prices which are less than our costs of production, which prices of foreign products govern the prices our American farmers must accept for their products.

Quoting further from Mr. Woll's letter:

Recently the United States Tariff Commission, after 2 years' study, issued their findings pertaining to the pottery industry, and the effect imports of Japanese pottery products have on the employment opportunities and wages of American pottery workers.

The Tariff Commission found that some 30 percent of all pottery and chinaware yearly purchased in the United States is produced in Japan, where the workers receive less than $4 per week for 60 hours of labor; that, in the production of pottery, at least 50 percent

of the wholesale selling price represents what is paid to the workers; that American workers receive an average of $18.50 per week of 40 hours, and such wages left an average of less than 7 percent for the owners of the industry over a period of the 5 years studied; that American workers, more than 90 percent organized in the National Brotherhood of Operative Potters, affiliated with the American Federation of Labor, can hardly hope to secure either increased wages or shorter hours as long as the products of Japanese workers control and govern the American market; that while the Japanese manufacturers increased the list price of their products some 50 percent in 1 year, yet they landed their products in the American markets at just below American costs of production of similar goods.

The plight of the American farmers is well typified by the effect which imports of butter far-away New Zealand have in American markets. January 1935, 92-score butter at Chicago was 34.17 cents per pound. Danish butter, in London, the same month was 20.26 cents per pound. New Zealand butter, in London, the same month was 17.77 cents per pound. These quotations, with slight variations, are indicative of the butter situation throughout the entire year of 1935. In New York City 92-score butter, December 1935, was 34 cents per pound. The declared invoice value of foreign butters, the same month, was 18.07 cents per pound. When considering these quotations it must not be forgotten that freight rates from western Europe, New Zealand, or Japan to the New York consuming area, are from one-fifth to one-half the costs of transporting comparable American goods by American railroads to these same coastal cities. The result is that thousands of American railroad workers suffer loss of employment, American industrial workers and American farmers surrender, at least in part, our consuming markets to the more advantageously situated and lower-wage-paying foreign producers.

A study of comparative costs for 1935 of imported foreign products and merchandise with duty and freight paid, as compared with domestic costs of the same articles laid down in the principal consuming markets in this country, from the table prepared by the America's Wage Earners' Protective Conference, discloses the following advantages which have been given by the New Deal to foreign farmers and laborers on the sale of their products in the American market: An advantage of $26 to the Argentine producer on every 100 bushels of imported corn; an advantage of $8.30 to Polish producers on every 100 bushels of imported rye; an advantage of $42.80 to Argentina on every 100 bushels of imported flax, as well as $3.64 on every 100 pounds of imported tallow; an advantage to Czechoslovakia of $148.10 on every 100 pairs of imported women's shoes; an advantage to Japan of $2.03 on every gross of imported pottery and earthenware; and an advantage to Uruguay in 1933 of $1.89 on every 100 pounds of canned meat (figures on meat not available for 1935).

While I have given only a few imports, the disadvantages against American farmers and laborers are found in equal degree as to all imports. Continuation of these conditions eliminates possible employment opportunities for American industrial workers and prevents American farmers from securing fair prices for the products of American farms. These disadvantages can be corrected by increasing duties. The President now has the power to increase or lower duties 50 percent of existing rates. Thus far he has elected to lower duties in the reciprocal-trade agreements to the detriment of farmers and laborers in this country.

EXPORTS OF AGRICULTURAL SURPLUSES

Chester C. Davis, Agricultural Adjustment Administrator, after an extended tour of Europe to find an outlet for American farm products, has just announced:

It is evident we can't hope to dispose of our farm surpluses abroad. The nations I visited are greatly interested in reciprocal-trade agreements. They would like to establish a freer basis of trade, a greater liberalization with this and other countries in the exchange of commodities. Unless farmers unite in this country to solve their common problems through control of production, agriculture will do another tail spin.

If it is true, as Mr. Davis has stated, that we have lost our export market for farm products, then it is more evident than ever before, that the administration should stop the importation of competitive farm products and only permit the entry of those commodities which cannot be produced in this country. Again I state that I am not opposed to the proper kind of control in production; but if we are to have it, then the farmers of America should enjoy the full benefit of the domestic market without foreign interference. It is not strange that foreigners want freer trade. Why? Because the American market is the best market in the world for agricultural and manufactured products, and nothing would please our foreign friends more than to take this market away from the American people. Control or no control of production, we will do a tail spin unless the new dealers change their policy so as to give adequate protection to the citizens of the United States.

INCREASING NATIONAL DEBT, EXPENDITURES, AND UNEMPLOYMENT

It is high time for the American people to take inventory of assets and liabilities. Who will pay $34,000,000,000 national debt which is estimated will be on our hands by the end of the year? Why, the taxpayers, of course; and the taxpayers are not one class of the people. They are all of the people—rich and poor alike. More than 60 percent of the taxes will be in the form of indirect taxes, which are concealed and paid by all consumers in increased costs of goods and merchandise purchased. It is estimated that the average American family pays an annual indirect tax of $300. This tax will increase so long as the administration continues to spend $2 for every dollar of income.

I sincerely believe that public expenditures should be made to take care of those in need and distress during a great national emergency, but I cannot concur in many of the wasteful and political policies practiced by the administration in the present crisis.

With 20,000,000 on relief and more than 12,000,000 unemployed, we have a right to question the administration's relief and work policies. Billions are being spent in thousands of work projects in all parts of the country. In accordance with Presidential order, these projects only provide work for people on the relief rolls. Millions of our citizens who have used up their savings and have lost their homes are being forced to go on relief, believing that they would secure work on some public project, only to find a Presidential order which prohibits their employment unless on relief prior to November 1 of last year.

Is such a policy fair to these unfortunate people? I have repeatedly requested the President and Mr. Hopkins to change this order so that worthy men and women may secure work when work is available. Thus far these officials have refused to recognize the appeal. Instead they have brusquely crushed the hopes of millions who are anxious to get work so as to provide for themselves and their families.

If the Federal Government is to continue the relief program, then wasteful practices and political pressure should be eliminated. The top-heavy and expensive political organization now used in the name of relief, but largely to build up a Nation-wide political machine, should be cast into discard.

The evils of the present Federal relief system could largely be eliminated by having Congress distribute Federal relief funds on a per-capita basis to county and city authorities. Up to 3 years ago these authorities had charge of local relief. They are familiar with local conditions; and if such funds would be turned over to them, they would employ twice as many worthy individuals on necessary local projects as are now employed under the present political system.

THE COST OF THE NEW DEAL

In its first 3 years of office the Roosevelt administration has spent more than the first 23 Presidents of the United States in 122 years of office. The comparison is astonishing. The figures are of such size as to be almost beyond ordinary grasp. On March 16, 1936, the total was $21,252,000,000. The indicated total to June 30, 1937, is $31,413,000,000; and the taxpayers will be called upon to pay the bill. Yes; it is high time for the American people to take inventory, drastically cut costs of Government, and then chart a course along American lines for the return of equal opportunity and prosperity to all of our citizens.

Table of comparative costs—Advantages foreign products have in American markets

[Prepared by America's Wage Earners' Protective Conference from Government reports]

Product	Year	Average wholesale selling value	Volume of imports	Principal country of origin	Foreign invoice value	Duty paid	Ocean freight	Domestic freight	Landed cost at New York	Advantage foreign producer over domestic	Advantage domestic producer over foreign
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Corn	1933		160,288 bushels; $76,609.	Argentina	$41 per 100 bushels	$25 per 100 bushels.					
	1935	Chicago, No. 3, Whites, $84.50 per 100 bushels; Kansas City, No. 3, Yellows, $83.50 per 100 bushels.	43,237,010 bushels; $20,288,097.	do	$44 per 100 bushels.	do	Argentina to New York, $7.50 per 100 bushels.	Chicago to New York, $18.20 per 100 bushels.	From Argentina, $76.50 per 100 bushels; Chicago, $102.50 per 100 bushels.	Argentina $26 per 100 bushels.	
Rye	1933		8,005,796 bushels; $3,874,062.								
	1935	No. 2 at Chicago, $57.70 per 100 bushels.	9,642,523 bushels; $4,755,012.	Poland	$45.10 per 100 bushels.	$15 per 100 bushels.	Poland to New York, $7.50 per 100 bushels.	Chicago to New York, $18.20 per 100 bushels.	From Poland, $67.60 per 100 bushels; Chicago, $75.90 per 100 bushels.	Poland, $8.30 per 100 bushels.	
Linseed or flaxseed	1933		13,825,163 bushels; $13,486,586.	Argentina	$95.50 per 100 bushels.						
	1935	At Minneapolis, $175.30 per 100 bushels.	17,559,662 bushels; $15,623,121.	do	$87 per 100 bushels.	$65 per 100 bushels.	Argentina to New York, $12.50 per 100 bushels.	Chicago to New York, $32 per 100 bushels.	From Argentina, $164.50 per 100 bushels; Chicago, $207.30 per 100 bushels.	Argentina, $42.80 per 100 bushels.	
Cottonseed oil (refined)	1933	At New York, Summer Yellow Prime, $4.50 per 100 pounds.	Nil								
	1935	At New York, Summer Yellow Prime, $10.40 per 100 pounds.	166,000,000 pounds; $8,800,000.	United Kingdom.	$5.79 per 100 pounds.	$3 per 100 pounds.	United Kingdom to New York $0.27 per 100 pounds.	Galveston to New York, $0.30 per 100 pounds.	From United Kingdom, $9.06 per 100 pounds; Galveston, $10.40 per 100 pounds	United Kingdom, $1.34 per 100 pounds.	
Beef tallow	1933		233,391 pounds; $7,294.	Canada							
	1935	At Chicago, $8.60 per 100 pounds.	240,725,454 pounds; $12,871,109.	Argentina	$5.60 per 100 pounds.	$0.50 per 100 pounds.	Argentina to New York, $0.31 per 100 pounds.	Chicago to New York, $0.45 per 100 pounds.	From Argentina, $6.41 per 100 pounds; Chicago, $9.05 per 100 pounds.	Argentina, $3.64 per 100 pounds.	
Creamery butter	1933		1,021,806 pounds; $160,626.	New Zealand.						(1)	
	1935	New York (firsts) $28.80 per 100 pounds.	22,674,642 pounds; $3,576,942.	do	$17 per 100 pounds.	$14 per 100 pounds.	New Zealand to New York, $1.30 per 100 pounds.	Minneapolis to New York, $1.20 per 100 pounds.	From New Zealand, $32.30 per 100 pounds; Minneapolis, $28.80 per 100 pounds.		
Canned meat	1933	Factory wholesale value, $13.80 per 100 pounds.	43,024,989 pounds; $2,812,806.	Uruguay	$6.20 per 100 pounds.				Uruguay, $12.50 per 100 pounds; Chicago, $14.39 per 100 pounds.	Uruguay, $1.89 per 100 pounds.	
	1935	Not available	76,258,346 pounds; $5,564,536.	do	$7 per 100 pounds	$6 per 100 pounds	Uruguay to New York, $0.30 per 100 pounds.	Chicago to New York, $0.49 per 100 pounds.			
Women's shoes	1933	Black, McKay, sewed, at Boston, $218 per 100 pairs.	1,785,449 pairs; $1,574,181.	Czechoslovakia.	$78 per 100 pairs						
	1935	Black, McKay, sewed, at Boston, $248 per 100 pairs.	1,175,260 pairs; $930,304.	do	$78.70 per 100 pairs.	$23.60 per 100 pairs.	Czechoslovakia to New York, $2.50 per 100 pairs.	Boston to New York, $4.20 per 100 pairs.	From Czechoslovakia, $104.10 per 100 pairs; Boston, $252.20 per 100 pairs.	Czechoslovakia, $148.10 per 100 pairs.	
Pottery, china, earthenware—decorated and undecorated.	1933	$9.396 per gross							Landed cost minus freight.		
	1934	$11.068 per gross	8,215,860 dozen; $3,179,614.	Japan	$4.64 per gross	$4.45 per gross	Japan to New York, $0.35 per 100 pounds.	East Liverpool to New York, $0.50 per 100 pounds.	From Japan, $9.05 per gross; East Liverpool, $11.08 per gross.	Japan, $2.03 per gross.	
Anthracite coal	1933	Chestnut $11.65 per ton	407,368 tons; $2,617,323.	Russia (50 percent).	$6.43 per ton	None	$1.50 per ton			Russia, $3.33 per ton.	
	1935	Chestnut f. o. b. mines $6.75 per ton.	57,166 tons; $1,157,828.		$7.32 per ton [2]	None	$1.50 per ton	Pennsylvania to Boston, $3.65 per ton.	Import, $8.82 per ton; Pennsylvania, $10.40 per ton.	Imports, $1.58 per ton.	
Crude petroleum	1933	Kansas to Oklahoma, $0.567 per barrel	31,924,327 barrels; $17,718,108.	Venezuela	$0.55 per barrel						
	1935	Kansas to Oklahoma, $0.94 per barrel.	25,545,533 barrels; $18,021,858.	do	$0.667 per barrel	$0.21 per barrel	$0.23 per barrel	Oklahoma to New Jersey, $0.60 per barrel.	From Venezuela, $1.10 per barrel; Oklahoma, $1.54 per barrel.	Venezuela, $0.433 per barrel.	

[1] During first 4 months of year domestic prices averaged 33.7 cents per pound, 92-score, in New York. Landed cost of New Zealand butter averaged 31.7 cents per pound, or 2 cents less than domestic butter. During this period imports amounted to 17,000,000 pounds. Domestic prices fell to 27.3 cents in May and to 23.8 cents in July and imports fell to 5,000,000 pounds from May to December.

[2] Values show apparent falsity of foreign invoices.

Mr. SCRUGHAM. Mr. Speaker, I yield 4 minutes to the gentleman from Utah [Mr. ROBINSON].

Mr. ROBINSON of Utah. Mr. Speaker, it is regrettable from a legislative viewpoint that this matter has come up the way it has, for it rather gives some Members the idea that this is "pork barrel" legislation, which is not true. Every one of these projects can be justified and have been justified before various boards. I do not believe all of us are familiar with the facts as they exist in reference to these projects.

The gentleman who preceded me would leave the idea that we are going to bring a vast amount of new land into production that is not already in production. Another gentleman said he thought every project named here should be justified before we appropriate money for it. I am interested in one project, and I want to take the time I have to explain this project, for I think it is typical of other projects; and if you understand it, you will see that the ideas expressed by many of the Members today are not sound.

The project in my district is the Provo River project. Ten million dollars was allocated for this project out of public-works funds. Engineers from the Public Works Administration, engineers from the Bureau of Reclamation, and the best engineers in the United States approved the project as sound. In this project $2,000,000 will be used to construct a dike across Utah Lake which will stop evaporation on that lake approximately 25 percent and thereby conserve that much water. Eight million dollars is to be used to construct a dam and build canals. Not 1 acre of new land is involved in this project. In this particular project the very heart of Utah is involved; Salt Lake City and Salt Lake County, with a population of approximately 200,000, is somewhat dependent for its culinary water supply and for irrigation for farms already under cultivation.

The city of Provo, with a population of 16,000, and four or five other communities with population varying from 1,000 to 4,000, are dependent on this project for continuous water. Not only is there involved the irrigation of farms that have been cultivated for 50 years but the culinary water supply of these various communities is likewise involved. During the past 10 or 12 years the West has become drier and drier. Farms that had water available 10 years ago have no water today. People are moving off of farms they and their fathers have occupied for 50 years because they cannot find water and are wholly unable to make a living on their farms. We come to the Government and put the proposition up to the officials here in Washington. Money was allocated to relieve the situation, but now we find the money taken away from us for the sole purpose of feeding the hungry and clothing the naked in other parts of the country than ours through the relief administration authorized by the President.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. ROBINSON of Utah. No; I refuse to yield.

We now ask you to restore this to us. The President asks you to restore this to us. What are you going to do, turn down your President, turn down us, or are you going to restore it? [Applause.]

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I am going to cover these projects and the amendments as fully as I can in the available time.

Mr. RICH. Mr. Speaker, I think we ought to have the full membership of the House present; therefore I make the point of order there is not a quorum present.

The SPEAKER pro tempore. Does the gentleman insist on his point of no quorum?

Mr. RICH. Mr. Speaker, I withdraw the point of no quorum.

Mr. TABER. Mr. Speaker, there are a great many projects involved in this authorization. On all seven of the projects that are authorized there is absolutely no limit to the cost.

Let us take the Central Valley project in California, the first item. That project is said by reclamation people to be subject to a cost of $170,000,000. I have in my hand a document issued by the State engineer of California, and on page 37 it is shown that the project will cost $683,000,000 before being completed.

What kind of a project is it? It is a tremendous dam 420 feet high, located on the Sacramento River. This dam will store up the water and let it down into the junction of the Sacramento River with the San Joaquin River. Then there are provided five dams on the San Joaquin River with pumping projects to pump the water up from one dam to another out of the Sacramento. Then there is a canal with five more dams and pumping projects to carry the water up to a total height of 186 feet. Then there are provided six more pumping projects and another canal to carry the water up to a total height of 250 feet above the junction of the two rivers. Is it not a ridiculous proposition to spend money for such projects?

Mr. BIERMANN. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Iowa.

Mr. BIERMANN. That is one of the projects which we will be obligated to go through with if we vote for this Senate amendment?

Mr. TABER. Yes; and it will involve $683,000,000.

Mr. BIERMANN. The Budget has not approved of this project?

Mr. TABER. The Budget has approved it. That is the worst part of the matter.

Mr. BIERMANN. Has the House Appropriations Committee approved it?

Mr. TABER. Neither the House nor the Appropriations Committee has ever approved it, and, as a matter of fact, the Members refused to consider it when it was pending before the House committee.

Mr. BIERMANN. May I ask the gentleman another question? Members cannot secure copies of this bill.

Mr. TABER. That is a fact.

Mr. BIERMANN. A good many million dollars are involved in this amendment?

Mr. TABER. In this amendment there is involved anywhere from $1,100,000,000 to $1,500,000,000, and no one on earth can tell anything about it.

Mr. BIERMANN. How much is involved in this particular appropriation?

Mr. TABER. Which one? The Central Valley project involves $683,000,000.

Mr. BIERMANN. The gentleman evidently misunderstood me.

Mr. TABER. There is no limitation here at all. The whole $683,000,000 may go into that project.

Mr. GEARHART. Will the gentleman yield?

Mr. TABER. I cannot yield for any further questions.

Mr. GEARHART. Not even for a complete answer? There is a complete answer to the gentleman's contention in the laws of the State of California.

Mr. TABER. No; there is no answer to it. The gentleman may cover that in his own time. According to the language of this bill, it is an authorization for the whole $683,000,000. That is what we are up against if we agree to this Senate amendment.

Let us go a little further and take up the Grand Lake-Big Thompson project, which project will call for an ultimate appropriation of $35,000,000 to $40,000,000, according to the best available information. This project calls for the construction of a canal 10 or 12 miles long under a mountain 12,000 feet high.

Mr. KRAMER. You cannot go over it.

Mr. TABER. Of course, they cannot go over it. As I stated, this calls for the construction of a canal 10 or 12 miles long to carry water from the western slope of the Rocky Mountains to the eastern slope in order to irrigate 1,000,000 acres of land. They ought to pump the water over the mountain, because that would be in line with some of these other operations that have been indulged in.

Mr. THURSTON. Will they not just move the mountain?

Mr. TABER. Probably.

Then there is the Carlsbad project, which will cost a lot of money, as well as numerous others, including the Casper-Alcova project. The only justification for the latter project is the crowd in Wyoming want this money spent. They recognize it will not be a successful operation. As far as irrigation goes, it will be a failure because the land is poisoned.

Mr. Speaker, the gentleman from Utah stated a little while ago that the public lands had brought into the Treasury $200,000,000, which is now available for irrigation. Here is an item that will involve from $1,100,000,000 to $1,500,000,000, and on top of that there has been allocated out of relief funds practically $200,000,000 more, making a total of anywhere from $1,300,000,000 to $1,700,000,000 for irrigation, which is to be taken out of this $200,000,000 which the gentleman from Utah stated has been collected from this land.

Mr. Speaker, should we not use some sense? Should we not stop the expenditures for these tremendous items? The Grand Lake-Big Thompson project, to which I previously referred, will probably run $35,000,000 to $40,000,000 and has never been properly investigated by even the Bureau of Reclamation. They tell us themselves they would know whether it was a feasible project or a fair project after they have made an investigation and report. Why should we authorize something that the Secretary of the Interior himself says we should not embark on unless he has the discretion to stop it? Is that not ridiculous?

I wish I could go into the detail of all of these things. There is, according to the State engineer of California, ample water to irrigate all the lands in the Upper San Joaquin Valley out of the Friant Reservoir, without going into this tremendous Kennett Reservoir which this matter involves.

Let me say to you that on page 160 of the engineer's report it is said:

> Sufficient water could be obtained from these sources (the Friant Reservoir) to meet the needs of the developed areas with a deficient water supply at a cost less than any other source.

This indicates that this whole Kennett Reservoir proposition which is going to cost a tremendous lot of money is not justified unless we want to put a million and a half or two million more acres of land under cultivation.

The Columbia River Basin means a couple of million acres more under cultivation. All of the items mean tremendous additional acreage, and we should not think of going on with this kind of proposition.

Mr. THURSTON. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. THURSTON. I am sure the House would like to know from the sponsors of this proposition what the ultimate cost will be. Has anyone here this information available?

Mr. TABER. Why, no. There is not anything here to justify any of these projects or to tell what they will cost, and there is nothing to limit their cost, because the language of the bill is wide open without any limitation whatever being placed on any project. This is a most ridiculous thing. If the Naval Affairs Committee were to bring in a bill authorizing battleships, you would not consider it for a moment unless it provided a limit of cost, and each one of these items is big enough to run wild with the Treasury without any limitation whatever.

Mr. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. ANDRESEN. Has the gentleman any idea how many million acres of newly irrigated land would be put under cultivation if all of these projects were to go through?

Mr. TABER. It could run into 5,000,000 acres of land before they got through with it without any trouble whatever.

Mr. WHITE. Mr. Speaker, will the gentleman yield?

Mr. TABER. I cannot yield now.

It seems to me we should not at this time go ahead any further with this proposition. [Applause.]

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. BUCK].

Mr. BUCK. Mr. Speaker, I am surprised that the able gentleman from New York [Mr. TABER] would allow his antipathy toward reclamation projects in general and the Central Valley water project in particular to cause him to divert from what are actual facts.

If the gentleman from New York and the Members of the House will refer to page 79 of the supplementary hearings before the conferees having in charge the Interior Department appropriation bill, they will see a complete breakdown of the cost of the Central Valley project with an analysis as of May 1, 1934, submitted by Mr. Page, of the Bureau of Reclamation, which shows a total cost of $165,989,309. This is quite different from the $683,000,000 the gentleman referred to.

Mr. Speaker, I ask unanimous consent to insert this table in the RECORD at this point.

The SPEAKER pro tempore (Mr. LARRABEE). Is there objection to the request of the gentleman from California?

There was no objection.

The table referred to follows:

Summary estimate of cost of Central Valley project of California, analysis of May 1, 1934

Unit	Preliminary expense (1)	Cost of land and rights-of-way (2)	Construction (3)	Engineering charges (4)	Legal, administrative, and other overhead charges (5)	Interest during construction (6)	Total cost (7)
Kennett Dam and Reservoir	$225,900	$2,540,400	$49,428,900	$1,807,000	$2,485,400	$3,199,748	[1] $59,685,948
Kennett power plant	52,700		12,114,900	579,400	421,400	1,187,230	14,355,630
Keswick Dam and after-bay	19,200	15,000	1,752,500	61,900	85,100	89,356	2,023,056
Keswick power plant	19,000		4,366,300	208,800	151,900	312,244	5,058,244
Kennett transmission line and terminal substation	51,000	477,200	11,249,600	509,900	458,900	919,463	13,666,063
Sacramento-San Joaquin Delta cross channel	15,100	230,000	3,250,100	166,400	121,000	88,151	3,870,751
Contra Costa conduit	9,400	397,000	1,775,000	94,400	85,000	46,586	2,407,386
Friant Dam and Reservoir	63,900	230,000	11,801,300	418,900	575,900	533,124	13,623,124
Madera Canal	12,600	63,200	2,825,400	125,600	113,000	77,509	3,217,309
Friant-Kern Canal	99,100	1,611,100	21,170,900	990,500	891,500	1,004,602	25,767,702
San Joaquin pumping system	55,400	558,900	12,172,100	553,500	498,200	475,996	14,314,096
Water rights and general expense							8,000,000
Total	623,300	6,122,800	131,905,000	5,516,900	5,887,300	7,934,009	165,989,309

[1] Includes $12,000,000 to be contributed by Federal Government in interest of navigation and flood control.

Mr. BUCK. Mr. Speaker, the gentleman from New York [Mr. TABER] made the statement that the State engineer of California had stated that there is an abundant water supply at hand for the upper San Joaquin Valley. I have in my hand a letter from the State engineer, Mr. Edward M. Hyatt, in which he states, referring to a protest that has been circulated rather widely among Members of the House here, that this statement that abundant water supplies exist near at hand for the upper San Joaquin Valley is absolutely contrary to the facts.

Abundant proof exists as to the serious water shortage which exists in the upper San Joaquin Valley and which has already caused the abandonment of over 20,000 acres of highly valuable farms planted to oranges, nuts, figs, and numerous other specialty crops that by the greatest stretch of the imagination cannot and do not compete with the corn of Iowa or with any eastern agricultural products.

Engineering studies extending over 10 years, which have been carefully checked by Federal authorities, show conclusively that locally available water supplies are deficient to take care of the requirements on an area of over 400,000 acres of highly valuable land in the upper San Joaquin Valley, and there is no possibility of obtaining additional supplies from local or nearby sources.

The investigations further show that unless some outside water can be brought in, and the only source is from the Sacramento Valley watershed, these lands must go back to desert conditions involving a probable loss of $40,000,000 in annual crop production and over $100,000,000 in capital investment.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. BUCK. I am sorry, I cannot yield.

There is no question about the fact that this water must come from the other end of California for it is there that the rainfall occurs in abundance. It is there we can store this water supply.

It is true that by building the Friant Dam, sufficient water can be obtained to supply the water needs of the upper San Joaquin Valley, but in doing so you drain and denude the San Joaquin River itself, and it is necessary to replenish that with the water from the Sacramento. That is the reason for pumping the water from the Sacramento up the San Joaquin. These San Joaquin riparian owners and irrigations are entitled to consideration as well.

My time does not permit me to cover the needs of the delta region in my own district to remove salinity conditions caused by deficient water flow in summer months; nor the industrial water problem along Suisun Bay. Suffice it to say that all these conditions have caused every public body that has investigated this project, including the Board of Army Engineers, to approve it as feasible from an engineering standpoint and as economically practicable. Remember that $12,000,000 of the cost of this project has already been authorized in the river and harbor bill of last session.

Gentlemen, remember, too, that this cost is repayable to the Government and that all that we are asking for is authorization to proceed under the reclamation law on a project designed to save, and not increase, productive acreage.

Mr. SCRUGHAM. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. LEA].

Mr. LEA of California. Mr. Speaker, in 1902 the Federal Government embarked on a policy of reclamation. In spite of all ill experiences in the history of reclamation, today I think there is not a forward-looking, progressive man in the United States who would care to undo, as a whole, what has been done. As a policy, reclamation has been a success.

About 2 years ago the administration appointed Mr. F. E. Schmitt, editor of the Engineering News Record, and John W. Haw, director of agricultural development of the Northern Pacific Railway, as a committee to investigate the reclamation problem. They visited and held public hearings at nearly all of the Federal reclamation projects. After an exhaustive investigation of the subject they reached the conclusion, among other things, that reclamation "has shown by its results to be a sound and desirable national undertaking which represents a constructive policy of social development."

They further found that reclamation "has little relation to the problem of surplus agricultural production." That seems to be the judgment of nearly all who have made a thorough practical study of the agricultural problem.

From the west side of the Mississippi Valley to the Pacific Coast States it has been the irrigated sections that have formed the basis for the development of the economic, social, educational, and political advancement of those great areas. Reclaimed lands have been the bridges conveniently and happily connecting the East and the West.

The reclamation service works with over 30 years of practical experience behind it. It has built over 100 dams, none of which have failed. It is the greatest dam-building organization in the world. Its investigations are thorough; its estimates are reliable.

The projects we seek to approve have been investigated by this service. Each of these projects has been approved by the Bureau of the Budget. Each one of these projects has been allotted funds by the President. Construction work has begun on nearly all of them. Now it is proposed that we repudiate what has been done; that the plans under way, the work that is progressing, shall be disrupted; that the hopes and faith of the communities affected, built upon their just expectations, shall be turned into disappointment if not deception. As to a number of these projects, Congress gave the President power to approve them and allot funds for their construction. Is Congress now in position to repudiate the exercise of the power it granted the President and turn away without responsibility from the communities adversely affected?

Let us not look at reclamation as a charity, but rather judge it from a business standpoint.

Take the Salt River project. They had canals there without any reservoir. The Government spent $11,500,000; reservoirs were built. A short time later an area that had been a desert-blown waste was the home of men who in the war period bought $15,000,000 in Liberty bonds. In 1 year they paid over 10 percent of the cost of the project to the Federal Government as internal-revenue taxes.

In 1 year recently 95,000 carloads of manufactured goods, machinery, automobiles, and other products were delivered to our reclamation projects. They afforded a market to all sections of the country.

For every dollar received by the farmers on these reclamation projects for their products, industry, labor, and transportation in the United States received $2.

Take Boulder Dam, built at a vast expense. It is now estimated that it will produce $162,000,000 surplus within 50 years, the period allowed for repayment of its costs. When that project was debated on this floor we had predictions that Boulder Dam would be a waste of money by the Federal Government. Instead of a waste its present assured income indicates a profit of $162,000,000 at the end of the 50-year period. [Applause.]

The Kennett Dam proposed for the Central Valley project of California is a wonderful site for a reservoir and power plant. It will produce 350,000 horsepower with more water than the dam will store. It would be supplemented by the Keswick Dam a few miles further down the stream with its 65,000 horsepower.

The impounded water will produce power in great quantities; it will provide better transportation in the Sacramento River channel throughout the low-water season; it will afford a water level that will serve as a natural barrier to hold back the salt water from the San Francisco Bay that in recent years has been threatening the destruction of about 400,000 acres of rich farming land in the delta of the Sacramento and San Joaquin Rivers. These lands are largely below sea level at high tide, protected by levees, but dependent on fresh water for irrigation and domestic use.

The stablized controlled flow made possible by these dams will give practical control over floods in the Sacramento Valley. At high flood only about 20 percent of the volume of the Sacramento River flows in its banks and with extreme floods the river is a peril as well as a source of much damage to the people of wide areas in the valley.

These waters as "liquid gold" will be carried on for domestic, industrial, and agricultural purposes. They will supply or release other water for saving large farming areas where a diminishing water supply from other sources have caused the abandonment, and places where abandonment is now threatened.

The Central Valley is a great expensive project; not without its difficult problems, it is true. Nevertheless, I dare say there is no other water project in the United States where the plan will serve so many useful purposes and in such an important way. In a word, it will provide a vast storage of water, a large power production, a material aid to navigation in a river channel for a great distance, flood control of great proportions, a domestic and industrial water supply, and water for irrigation to save lands that otherwise perhaps cannot be saved. It will supply water where 20,000 pumps aided a dry series of years in lowering the water table hopelessly while orchards and crops disappeared.

Under the terms of the adoption of this project as proposed in this bill, the income from the power and water services seem to assure a return on the investment to the Government. When the cost of the project is entirely repaid, the reservoir and power plant will remain the property of the United States, to afford an income to the Government and serve as an integral part of the economic life of the country and to the betterment of our people. It will serve their useful purposes long after the last dollar of cost shall have been returned to the Government.

Mr. ENGLEBRIGHT. Mr. Speaker, the Central Valley project is urgently necessary to the immediate and future welfare of the State of California. It will store, control, and distribute the waters of the two great rivers of California, the Sacramento and San Joaquin, and is designed to meet the present and immediate future water problems of the Sacramento and San Joaquin Valleys and of the upper San Francisco Bay region.

The major objectives of the project are to furnish a necessary supplemental water supply to 1,000,000 acres of highly improved irrigated lands in the southern San Joaquin Valley, fully equipped with modern private pumping plants or surface distribution systems, valued at about $200,000,000 exclusive of cities, towns, and general civilization all dependent on water, of this 40,000 acres have already been abandoned due to lack of water; to prevent the invasion of salt water into the delta of the Sacramento and San Joaquin Rivers and thus remove the menace of rendering sterile 400,000 acres of rich cultivated land, which produces crops annually valued at about $25,000,000, and has a valuation of $100,000,000, and on which there has been expended by local interests $27,000,000 in reclamation and flood-protection works; to furnish a greatly needed and necessary fresh-water supply to heavy industry, municipalities, and irrigated lands in Contra Costa County on Suisun Bay, industries having a capital investment of $43,000,000, an annual pay roll of $13,000,000, and an annual production of $120,000,000; to make the Sacramento River navigable from its mouth 250 miles to Red Bluff; to provide flood protection to 1,000,000 acres of improved land in the Sacramento Valley; to furnish necessary additional water supplies to a large acreage of irrigated lands along the Sacramento River; to furnish electric power at rates substantially lower than those now prevailing in northern California.

The Central Valley project will not bring into production any new lands but will immediately retire from production 240,000 acres of submarginal irrigated lands, from which water rights are to be purchased for use on highly specialized crops in southern San Joaquin Valley now facing abandonment on account of water shortage. The project estimate includes cost of retiring these submarginal lands from irrigation. More than one and one-half million acres of developed land in the Sacramento and San Joaquin Valleys and in Contra Costa County will be served and benefited by the project. Crops raised on these lands are largely specialized and noncompetitive with the rest of the Nation.

The Central Valley of California, composed of the Sacramento and San Joaquin Valleys, lies between the Sierra Nevada Mountains on the east and the Coast Range on the west. The northern portion of the valley, known as the Sacramento Valley, is drained by the Sacramento River, which rises in the Sierra Nevada Mountains near the northern boundary of the State and flows 400 miles in a southerly direction to its mouth, at the eastern end of Suisun Bay, an arm of San Francisco Bay. The southern portion of the Central Valley, and known as the San Joaquin Valley, is drained by the San Joaquin River, which rises in the central portion of California and flows northwesterly 350 miles to Suisun Bay, where it enters just south of the mouth of the Sacramento River. The floor of the Central Valley is a flat, alluvial plane 500 miles long and 30 to 60 miles wide. It contains about one-half of the agricultural land of the State. Three million acres of the valley are under irrigation, being two-thirds of the total irrigated land of California.

The population within the confines of the Central Valley is nearly 1,000,000. Its normal value of farm products is about $310,000,000; manufactured products, $265,000,000; and mineral production, including gas and oil, $73,000,000.

The Central Valley project, directly and indirectly, affects two-thirds of the 6,000,000 people of the State of California. The assessed valuation of the area to be served by the Central Valley project aggregates $1,339,000,000. This was for the year 1935 on an assessment basis of 40 percent of actual value.

The Central Valley of California is semiarid and the amount of water that is available or can be conserved limits, controls, and determines all human activity.

The method of farming in the Central Valley of California is different than in the Middle Western and Eastern States, due to the fact that it does not rain from April to November. Crops cannot live through this 7 months' dry season without water. Irrigation from April to September is absolutely necessary and the whole agricultural structure of the State is built upon the distribution and conservation of water. Water is the valuable thing and not the land.

Practically all of the water for irrigation development in the State has been made available through private initiative and effort. California, as you know, started as a mining State and gradually developed its agriculture. For the first 20 or 30 years water was available from nearby streams and could be diverted for irrigation purposes. Since 1900 dams have been constructed to store water for irrigation of lands many miles away. In addition to the storage of surface water behind dams, a large number of wells were developed in the Central Valley to supply by pumping underground water for irrigation. There are some 20,000 pumping wells in the San Joaquin Valley, which is the southern portion of the Central Valley of California. It was presumed that the underground water was inexhaustible, but that was a most serious mistake. The underground water at a profitable depth is gone. It cannot be replenished only at a very small amount per year, even if all pumping should stop. Most of the streams available to the Central Valley for irrigation developments are in use, and underground sources have failed.

A serious and critical water shortage exists in the Central Valley, supporting a high type of agriculture and development. Lands, homes, and towns have been and are now being abandoned because of lack of water. More than a million acres are affected, and unless remedial action is taken wholesale abandonment will follow, with a property-value loss of over $100,000,000 and 50,000 people will be forced to leave their farms and homes.

The Central Valley project calls for the construction of a great dam 420 feet high at Kennett, on the Sacramento River near Redding; a conduit from the delta region to Martinez to furnish water to industries; a huge dam at Friant near Fresno, with canals leading north to Chowchilla River and south to Bakersfield; and a 200-mile transmission line from Kennett to Antioch.

The project has been determined upon after long years of investigations by the State of California, by the United States Bureau of Reclamation, by the United States War Department, and other Federal departments. The hearing on this project before the subcommittee for the Interior Department appropriation bill for 1937 on March 26, 1936, definitely show, on page 79, that the project will cost $165,989,000.

The State of California has expended over $2,000,000 in helping to outline this project, and along with the Government department investigations, it has been demonstrated that the project as presented is the only economic solution

for the relief of the populations of the Sacramento and San Joaquin Valleys. [Applause.]

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. GEARHART].

Mr. GEARHART. Mr. Speaker, in view of the short time that has been allotted to me, may I have the privilege of revising and extending my remarks in the RECORD at this point?

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. GEARHART. Mr. Speaker, several of the Members who have risen to speak against the various projects included in the amendments sent to us by the Senate, have based their opposition almost entirely upon the idea that reclamation is something that is wrong, something that should be avoided, something that should be abhorred. The Central Valley water project of California is in part a reclamation project, but it is more than that. It includes many other things. Its construction would greatly improve navigation upon the Sacramento River. It will improve it so much that navigation will be extended up that river more than 100 miles above the point beyond which ships are today able to ply. It will control the salt condition which is encroaching upon the great delta of the Sacramento and San Joaquin Rivers and will save for productive use thousands of acres now threatened with encrustation. Contrary to the fears so frequently expressed today the development of this great enterprise will not bring lands into cultivation that are not in production today. On the contrary, it will save from abandonment some 500,000 acres of land that are today planted and in a high productive condition, every acre of which will go back to the condition of the desert unless water is brought to those parching lands within the next very few years. Also, this great California project will make possible the development a tremendous wattage of electricity, cheap power, power that will become a tremendous boon to the industries that are centered in the San Francisco Bay area. Are not these great benefits sufficiently important to merit even the votes of those who despise the very thought of reclamation? Could Government money be loaned more profitably in the interest of the general welfare of our common country?

In the opinion of those who are familiar with the details of Central Valley no project we have ever considered offers greater return on the dollar's investment, nor promises more in comfort and happiness to the people it is our honor to represent.

As I said before, it has been argued by those who are opposed to the authorization by this Congress of additional reclamation projects that the development of further projects of this character will bring into cultivation and production vast acreage—acreage that will be thrown into competition with lands which are already producing in agricultural products far more than the consuming public can absorb. In other words, it is contended that the preparation of new lands for agricultural exploitation is in direct opposition to the theory of crop reduction which has guided governmental activities since the inauguration of the present administration.

The advancement of this argument loses sight entirely of the fact that years will pass long before any of these projects are finally completed and before the lands adjacent thereto will be supplied with the water so indispensable to their successful utilization. The population of this country will not reach its greatest heights for many years to come. The whole reclamation scheme is one which has set its sights with a view to the providing of homes and the encouragement of increasing production for those that will be the citizens of tomorrow, for our remotest posterity. If this generation should fail to have a regard for the citizen of responsibility of tomorrow, who, in their turn, must assume the burden of carrying on the work of the world, when the citizens of today will be compelled to yield up to younger and more vigorous hands the responsibilities of the hour, it would indeed be recalcitrant to duty. The blessings that have flown from the projects of the character we have under investigation today surpasses measurement, and the benefits that are to accrue from the development of projects similar to those which are included in the bill which we are now considering defy imagination. To eliminate the Senate amendment from the Department of the Interior Appropriation Act would be, insofar as the future is concerned, a tragedy of stupendous proportions.

Despite whatever may be said in reference to the reclamation projects as a group, it cannot be said of the great Central Valley project of California that this is one which will bring into cultivation new acreage within the span of the present emergency, the economic depression, which is now so rapidly fading in the brightening light of returning prosperity.

Insofar as the necessities of the Sacramento-San Joaquin Valleys of California are concerned, the great Central Valley project is a water-conservation measure. Five hundred thousand acres of land now developed to the highest state of productivity, because of failing water conditions, will revert to the conditions of the desert unless new sources of water supply are made available within the next few years. The Central Valley water project promises relief from this condition of creeping paralysis which threatens the lives and the homes of thousands upon thousands of our citizens, who have given a half century of their best effort and unwavering devotion to the development of this territory, farm homes where living conditions have been blessed with nature's generous abundance. The necessity of bringing early relief to this vast territory is so urgent that the approval and the early beginning of construction has long ago taken on the characteristic of an emergency. So it is to save and conserve land already in a high state of production, not to bring new lands into production, that has afforded the initiative urge to the people of the State of California to make this appeal to the people who dwell elsewhere than within the friendly territory of this great western Commonwealth.

In the brief time that has been allotted to me it is quite impossible to go into a technical and detailed description of the variable phases and engineering scheme of this great interior California project. Suffice it to say that in the northern portion of the great interior valley of California there is a tremendous abundance of water, an abundance far beyond the needs of the territory in which the water has its source, and by tragic contrast there is an increasing scarcity of water in the southern end of this great inland territory. The Central Valley water project is an integrated one, a project with many units, all of which make up the perfect whole. The general scheme of things contemplates a vast system for trading water, the diversion of water from northern sources for use in neighborhoods farther south. Through this comprehensive system of water trading the excess waters of the Sacramento Valley, the waters for which they have no use, will be brought with all of their God-given blessings to relieve the parched condition of the lower San Joaquin.

As I pointed out a moment ago, the arrival of the northern waters on the southern lands will save from abandonment not less than a half million acres now under cultivation, already in production, and will make possible for thousands upon thousands of people now residing in this cultivated area to remain in their homes, to conserve and improve the great wealth that they have created and developed during the last two generations. If this water does not reach them within the next few years, this bountiful territory of today will become a desert waste of tomorrow. The trees and vines will die for want of water. These farms, the homes of so many happy people, will because of the unrelenting advance of water scarcity, be abandoned to an encroaching desert.

And as to feasibility. Never in the history of reclamation or of irrigation engineering has a project been more carefully studied than has this plan for the water conservation of central California. No person whose opinions are worthy of consideration has pronounced the scheme of it unworkable. It has been reviewed by the War Department Engineers, the

Department of Agriculture, the Reclamation Bureau, the Federal Power Commission, the Public Works Administration, the Federal land bank, the President's waterflow committee, the Natural Resource Board, by the Senate Committee on Irrigation and Reclamation, and by the House of Representatives Committees on Rivers and Harbors, Flood Control, and Appropriations, and by a joint commission appointed by the President of the United States and the Governor of the State of California. All of these national investigating bodies have endorsed the pressing need of a solution of the water problems of the Central Valley, and each of these agencies, through their responsible heads, have endorsed the project in the highest terms.

Characteristic of the commendatory reports on the feasibility and practicality of the engineering phases of the project permit me to quote from the report made by the incumbent Secretary of the Interior to the President of the United States:

> I find that the project is feasible from engineering, agricultural, and financial standpoints; that it is adaptable for settlement and farm homes; and that the estimated construction cost is adequate and that the anticipated revenues will be sufficient to return the cost to the United States.
>
> The Commissioner of Reclamation has approved and recommended the construction of the project. I therefore recommend the approval of the Central Valley development as a Federal reclamation project.

The approaching end of the time which has been made available to me through the graciousness of the leadership of the House compels me to bring these remarks of mine to a close. The wonders of this great engineering project, the great blessings that will flow from its completion are so numerous that it will be quite impossible to recount them here now. From the translation of this great Central Valley idea into accomplished fact will flow benefits that will surpass human appraisement. The withholding by the Congress of the aid which a despairing people beseech of you will indeed tear at the heartstrings of a nation. By all means let this construction work, already initiated by virtue of the Executive approval of the President of the United States, go on to completion. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. SCRUGHAM. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Speaker, irrigation water is the very life of the arid West. The United States is billions of dollars wealthier by reason of the fact that this Congress in past years has been liberal enough to allow the West to use a part of the dollars that have been collected by the United States Government from their timber and other resources.

When the Western States came into the Union the Government kept a large part of our territory. Half of Oregon is owned by the United States. Up to within recent years all of the money that went into irrigation came out of this contribution from the resources of the West. Our money it was, simply loaned. It has been returned in millions. It will nearly all be returned.

There are two items in these amendments, one for $400,000 for the Owyhee—that is, to build canals so that they will not have to pay a terrifically high rate for electricity for pumping. That is all. Who would deny the right to use that much money for that purpose?

Then these other projects will not be completed in a day. It will take a half a generation or more to build the central California project. Likewise, the Grand Coulee. The Owyhee project was started 10 years ago. There is a reservoir 60 miles long with a concrete dam 500 feet high. Why should they continue to pay high rates for electricity to pump water from the Snake River when there is ample water reservoired in a Government reservoir that can be obtained by gravity? The Deschutes project, for which this bill provides $450,000, has already been authorized. It is one of the most feasible irrigation projects in the United States. It is now settled by people of the highest type, who went there to raise wheat and will be forced out unless the land can be saved for general farming through irrigation.

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 20 minutes to the gentleman from Texas [Mr. BUCHANAN].

CALL OF THE HOUSE

Mr. RICH. Mr. Speaker, I make the point of order a quorum is not present. There are not 50 Members on the floor to hear these speeches.

The SPEAKER pro tempore (Mr. LARRABEE). The Chair will count. [After counting.] Sixty Members are present, not a quorum.

Mr. BUCHANAN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 105]

Adair	Crowther	Hoeppel	Oliver
Andrew, Mass.	Dear	Hook	O'Malley
Andrews, N. Y.	Dempsey	Hope	O'Neal
Barden	DeRouen	Kee	Palmisano
Beam	Dietrich	Keller	Parks
Binderup	Dingell	Kelly	Patton
Bland	Dirksen	Kennedy, Md.	Perkins
Bolton	Dorsey	Kerr	Peterson, Fla.
Brennan	Doutrich	Kinzer	Powers
Brooks	Duffey, Ohio	Kopplemann	Quinn
Brown, Mich.	Dunn, Miss.	Lee, Okla.	Rabaut
Buckler, Minn.	Eagle	Lehlbach	Sadowski
Buckley, N. Y.	Eaton	Lesinski	Sanders, La.
Bulwinkle	Fenerty	Lord	Schaefer
Burch	Ferguson	Lundeen	Sears
Caldwell	Fish	McGroarty	Seger
Cannon, Wis.	Gambrill	McKeough	Stack
Carmichael	Gasque	McLean	Starnes
Cary	Gifford	McSwain	Steagall
Casey	Goldsborough	Maloney	Stewart
Cavicchia	Goodwin	Millard	Utterback
Chandler	Green	Mitchell, Tenn.	Wadsworth
Chapman	Guyer	Montet	Weaver
Claiborne	Gwynne	Moran	Werner
Clark, N. C.	Hamlin	Moritz	West
Connery	Hancock, N. C.	Nelson	Wilcox
Creal	Hartley	Norton	Zioncheck

The SPEAKER pro tempore. Three hundred and eighteen Members are present, a quorum.

On motion of Mr. SCRUGHAM, further proceedings under the call were dispensed with.

INTERIOR DEPARTMENT APPROPRIATION BILL, 1937

Mr. BUCHANAN. Mr. Speaker, I do not want any Member of this House to conclude that I am not at the present time for reclamation, because I am, always have been, and always expect to be. I believe it is the duty of the people to make our natural resources serve the necessities of our advancing civilization, but I believe in proceeding in reclamation projects in a businesslike manner; I believe in having hearings and analyzing every project of any great moment so that we shall be sure the project is feasible and that failure will not result in money and effort being lost. Furthermore, if we are to start on a general policy of conservation throughout the Union, I believe in equal opportunities and equal grants, if you want to call it that, or equal advantages, for every section in conserving its natural resources, and not have just one section picked out and favored. [Applause.]

This brings up my first suggestion. I am not going to have time to cover it—I wish I did. In 1902 we passed a reclamation act and established a reclamation fund into which was paid part of the money realized from the sale of public lands, part of the receipts from mineral leases, and Federal power licenses, and sums repaid as construction charges. This revolving fund has had receipts of about $245,000,000. It is increasing every year by receipts from these sources at the rate of four or five million dollars. When we first undertook the construction of reclamation projects out of this fund no interest was charged on deferred construction payments, and none is charged now. In the beginning, 10 years was the period in which construction charges were to be repaid. Later that was extended to

20 years, and now it is 40 years without interest. I am perfectly willing that it be so. I am perfectly willing that the proceeds from the sale of land, timber, and minerals in the Western States be used to upbuild that section; but never until this good hour has Congress authorized appropriations from the miscellaneous receipts of the Treasury and the spending of money for reclamation projects without interest.

The action we take on this matter today will determine whether or not we shall lend money out of the Treasury for 40 years without interest to reclamation projects of the West when they have the oil royalties and money from other sources going into that special fund.

What is happening? Bear in mind that this is an appropriation bill and was an appropriation bill as it left the House, wherein your Appropriations Committee had proceeded under the Budget system as established by Congress, responding only to authorizations made by law justifying the Appropriations Committee in recommending appropriations. It went to the Senate. How has it come back to the House? It has come back to the House not an appropriation bill but a legislative authorization bill. If we permit this sort of procedure on the part of the Senate, we might just as well abolish some of our legislative committees because the Senate will continue to put their pet legislative provisions on appropriation bills where they know they will receive favorable action because they know an appropriation bill is going to pass.

Look at the bill. Here is more than a page devoted to project after project starting with the language: "The following projects are hereby authorized", strictly legislation.

Here we have the Gila project; never authorized specifically. They claim it was authorized in the act providing for the Boulder Canyon project. When that act passed Congress no Member had any idea of, or had not even thought of, the Gila project. The Gila project was at first condemned by the Secretary of Agriculture as unsuitable for irrigation. It was sent to a board. The board investigated and reported that if sufficient water was run on the land for 8 or 10 years, if it was heavily manured and planted to legumes and built up it might then be irrigated with some hope of growing crops. Notwithstanding this, they want to spend $20,000,000 on this project. I have not time to go into all the projects.

Let us consider for a moment the Central Valley project in California. For this project $16,000,000 is carried in the bill, and the estimated cost is $170,000,000. This project is not on public land but is on private lands. They are going to develop these lands of private individuals without interest. The legislature passed an act creating a district similar to the Tennessee Valley, but a State district, to have absolute control over this project. Let us continue. I am taking only unauthorized projects.

The Carlsbad project in New Mexico is allotted $900,000 in this bill, but will require $2,500,000 to complete. This is unauthorized by any law.

There is the Deschutes project, Oregon, $450,000, in this bill, and $6,000,000 as the total cost of the project.

There is the Yakima project, $2,500,000 in this bill, and it will cost a total of $14,000,000 to construct it, and it has not been authorized.

There is the Casper-Alcova project and other projects.

All of these projects would involve a total appropriation of $700,000,000 or more to complete them. That is the total estimated cost of these projects.

I have not mentioned a project my distinguished friend the gentleman from Washington [Mr. HILL] will speak on. That is the Columbia River project or the Grand Coulee project. Let me tell you something about that project. That has been clamored for in Congress for years and years, but the Congress never did recommend or approve it. It has now been approved by the Public Works Administration, which has allowed $60,000,000 to complete what we call a low dam, 177 feet high. This dam can be completed for $60,000,000. They received $35,000,000 and the other $35,000,000 was taken away, so that additional money will have to be appropriated in order to complete the dam up to 177 feet.

Since the hearings have been concluded, the plans with reference to that project have been changed and the height of the dam has been increased from 177 feet to over 500 feet and the cost to construct the dam increased to $118,000,000. Congress last session, in section 2 of the Rivers and Harbors Act of last session, ratified the contracts made for this project and authorized the making of further supplemental contracts.

Mr. Speaker, the longer I live and the more experience I get brings me more firmly to the conclusion that we can never have an economical government with two or three appropriating bodies within that government. [Applause.]

Let me pay my further respects to this Columbia River project, on which it will cost $118,000,000 to construct one dam. This project will ultimately cost a total of $389,000,000 to complete. How are they going to get the money back? Why, they are going to lift that water 300 feet up to the mesa of the Columbia River Basin. In my country in west Texas, when we irrigate, we do not attempt to pump water over 40 feet because it will not pay. The cost is too great. It is not economical. Yet they claim by this magnificent cheap power they can lift water 300 feet to irrigate land to plant crops and make a go of it.

Mr. WHITE. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Idaho.

Mr. WHITE. Has the gentleman a Columbia River in Texas?

Mr. BUCHANAN. No; we have not a Columbia River in Texas, and I am glad we have not; however, we have the Brazos River and the Colorado River, and they go on a rampage and overflow every 3 or 4 years. I am for controlling the overflow of those rivers and also the overflow of the Columbia River as well.

In connection with the hearing on this matter, the head of the Bureau of Reclamation was asked how much horsepower the low dam would develop out there. He answered, "Four hundred and fifty thousand horsepower." He was asked, "How much will your high dam develop?" He answered, "One and one-half million horsepower." He was asked, "Have you a market for the electric current which will be developed through this low dam of 450,000 horsepower?" He said, "No; we have not got the market now." He was asked, "Who are you going to sell it to?" He said:

> We are going to lift the water 300 feet. We are going to irrigate the Columbia River basin. Then we are going to bring settlers in there and turn the land over to them either by sale, lease, or otherwise. We will settle that basin, and those farmers will create new cities and towns, and these cities and towns will be the market for our power.

Let me state one other fact. It is as inevitable as the rising and setting of the sun. You cannot push progress beyond the demands of the people who are progressing. [Applause.] When the time comes for the development of the Columbia River basin, when the demand comes for the power, and when the farmers and the people come forth and demand this power, then your Columbia River basin will be developed, and I hope it will bloom and blossom into a rose; but we are not ready for that now.

Mr. WHITE. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Idaho.

Mr. WHITE. Let me remind the gentleman that we have great industrial districts on the Pacific coast which are potential markets for that power.

Mr. BUCHANAN. The Pacific coast already has irrigation projects for which there is requested in this bill the sum of $107,000,000.

Mr. WHITE. But I am dealing with the Columbia River Basin now.

Mr. BUCHANAN. Mr. Speaker, this bill left the House as an appropriation bill and came back a legislative authorization bill. The bill left the House complying with our Budget

system and came back from the Senate in such shape that the Budget system has been absolutely ignored.

Let me tell you what the Senate did. I do not know why they did all this. Some Members of the Senate, perhaps, had pet projects they wanted to take care of and they wanted to take care of them within the Budget, of course. Then, what did they do? They took the estimates of the Budget and then took $2,000,000 off this estimate, $2,000,000 off another estimate, $1,000,000 off another estimate, and so on, until they got six or eight million dollars. Then they took that money and went out to find new projects that had never been submitted to the Budget and on which no Budget estimate had been made. They divided this money among those projects. A little under $4,000,000 was divided in that way. They then put the obligation on us to take care of these projects ultimately at a cost of from $26,900,000 to $50,000,000.

We might just as well abolish the Budget if we are to approve of procedure like this.

Mr. JOHNSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. JOHNSON of Texas. How much did the Senate add to the bill?

Mr. BUCHANAN. In actual appropriations sixty-one million-and-some-odd dollars over and above the House bill.

Mr. HARLAN. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. HARLAN. In addition to the $61,000,000, the undertakings that are authorized in this bill would add how much?

Mr. BUCHANAN. According to the estimates they would create obligations of $740,000,000 to complete the projects.

Now, Mr. Speaker, I want the Members of the House to understand that sending this bill back to conference does not mean, and must not mean, a blow to the progress of reclamation. As I have said, I am for it, and I want it to go forward, but I want it to go forward in a sensible, sane, and business-like way.

If California wants the Central Valley project, let them bring the proposition before the regular committee of the House or the Senate and let it be thoroughly investigated and reported to the House and passed as a legislative proposition.

If the Columbia River Basin wants another project, let the Budget estimate come up and let it be examined thoroughly by the Appropriations Committee or the legislative committee and approved or disapproved according to the facts.

Now, let me tell you something further about this. How did the Senate get these estimates? The President sent his public-works estimates to the House. They were transmitted by the Speaker to my committee, and when I got these public-works projects I called Mr. TAYLOR, the chairman of the subcommittee on the Interior Department bill, into my office and said, "Here are these projects; do you want them?" Mr. TAYLOR said he would consider it. The next I heard was that an agreement had been reached between Mr. TAYLOR and Dr. Mead, the Chief of the Reclamation Bureau at that time, that these estimates would go to the deficiency subcommittee of the Committee on Appropriations, where Mr. TAYLOR is the member next in rank to me, and we would go into them thoroughly and we would allow the ones that were worthy and reject the ones that were unworthy; we would allow the ones that would not be too great a burden on the Government during this period and reject the ones that would be too much of a burden at this time. The Senate committee was bound to know all about this, and what did they do? Why, they summoned Secretary Ickes before them and they said, "Mr. Secretary, I see where the House has put a Boulder Canyon appropriation and an all-American canal appropriation in their bill, and since the House has done this, is there any reason why we should not put in all of these other items?" The Secretary said there was no reason, but the Secretary was not told that the Boulder Canyon appropriation and the all-American canal appropriation had been carried year after year in the Interior Department appropriation bill as one of the regular items of appropriation, authorized by law, and did not belong with the estimates for emergency appropriations.

In conclusion, Mr. Speaker, I am going back to the matter of interest. This is the time to decide whether or not we are going to advance to reclamation projects in the West out of the Treasury general fund money on 40 years' time without interest. Mr. Speaker, if this is to be our policy, then, in the name of justice, in the name of equality, in the name of fair dealing between citizens of every section of this country, let us extend it throughout the entire United States. [Applause.]

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Speaker, I yield 15 minutes to the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. SAMUEL B. HILL. Mr. Speaker and Members of the House, there has been a great deal of misinformation about these amendments. The subject matter in these two amendments, numbered 53 and 54, should have been in the Interior appropriation bill in the House. That is where it belongs. But we Members of the West had no voice in the matter of its not being in there. My understanding was at the time that they were not considered by the Appropriations Committee on the Department of the Interior bill because Dr. Mead, the Commissioner of Reclamation, was ill and unable to appear before the committee. But it was thought that if the matter were permitted to go over to the time of the consideration of the second deficiency bill that Dr. Mead would be able to be present and testify in justification of these projects. That was the reason given me why it was not considered by the Appropriations Committee of the House when it had the Interior appropriation bill before it.

Mr. TABER. Will the gentleman yield?

Mr. SAMUEL B. HILL. No; I cannot yield. We are not responsible for the position in which we find ourselves with reference to these Senate amendments. These projects have come back here in Senate amendments on the Interior appropriation bill, the bill in which they should have been incorporated by the House committee.

It would have been entirely satisfactory to have had the matter considered by the House committee on the deficiency bill, but again we had no voice in it. We are not responsible for the condition in which it is today. It certainly belongs in the Interior appropriation bill and it is there now and we are meeting it as best we can.

Something was said by the gentleman from Texas [Mr. BUCHANAN] to the effect that there were no hearings on the bill. The gentleman is mistaken. There were hearings. I attended and testified at the hearings and many Members of the House attended those hearings. I saw the gentleman from Texas sitting in with the committee when these amendments were brought back from the Senate incorporated in the bill.

There were extensive hearings on these Senate amendments which have been available to every Member of the House. I have a copy now in my hand. It is this booklet which contains the hearings on the two Senate amendments by the House subcommittee handling the Interior appropriation bill.

Now, in the short time I have, I want to tell you something about the projects in a cursory way because my time is limited.

It is true that under amendment 53 certain projects are to be authorized and under Senate amendment 54 these projects are included with others that have been specifically authorized by Congress.

I want to make it plain, too, that every one of the projects in Senate amendments 53 and 54 had the approval of the Bureau of the Budget, except the Grand Lake project in Colorado.

Here is a brief statement of the record as to the institution of these various projects:

The Gila project, Arizona, was authorized in the Boulder Canyon Project Act of December 21, 1928.

The Salt River project, Arizona, was authorized under the general provisions of the reclamation law in the act of June 17, 1902, and supplemental acts.

The Central Valley project, California, was authorized in section 1 of the Emergency Relief Appropriation Act of April 8, 1935.

Construction was authorized by the President's allocation under section 1 of the Emergency Relief Appropriation Act of April 8, 1935. Investigations also were carried on with reclamation funds.

Owyhee project, Oregon, authorized under general provision of reclamation law, act of June 17, 1902, and supplemental acts.

Grand Coulee Dam project, Washington, under act of August 30, 1935. I will have something further to say on that a little later. This authorization was under section 2 of the act of August 30, 1935.

Columbia Basin project, Washington; economic surveys and investigations; surveys authorized by President's allocation under section 1 of Emergency Relief Appropriation Act of April 8, 1935.

Yakima project, Washington (Roza division), authorized under the general provisions of the reclamation law, act of June 17, 1902.

Provo River project, Utah; construction authorized by allotment made under sections 201 and 202 of National Industrial Recovery Act of June 16, 1933; continued under President's allocation under section 1 of Emergency Relief Appropriation Act of April 8, 1935. Investigated with reclamation funds.

Casper-Alcova project, Wyoming; construction authorized by allotment made under National Industrial Recovery Act of June 16, 1933; continued under President's allocation from Emergency Relief Appropriation Act of April 8, 1935.

Riverton project, Wyoming; under the general provisions of the Reclamation Act.

Shoshone project, Wyoming; under the general provisions of the reclamation law.

Grand Lake-Big Thompson transmountain diversion, Colorado, as I understand, has no authorization; surveys authorized by allotment made under National Industrial Recovery Act of June 16, 1933.

Those are the sources of authority for the beginning of these projects. Work has begun on all of them, with the possible exception of one or two, and they are a part of the President's public-works program.

Now, what is going to be the cost? Here is a statement made up from the record and checked for accuracy, and it shows that instead of costing one and a half billion dollars they will cost less than $800,000,000, at the outside figure, or approximately $800,000,000 below what my friends on the Republican side have been telling you they would cost.

For the benefit of those who may want to scrutinize the matter further, I ask unanimous consent, Mr. Speaker, to put this statement in the RECORD as a part of my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The matter referred to is as follows:

Interior Department appropriation bill, fiscal year 1937

UNITED STATES RECLAMATION PROJECTS NOT HERETOFORE CONSIDERED BY CONGRESS AND AUTHORIZED TO BE CONSTRUCTED BY SENATE AMENDMENT NO. 53

Project	Estimated total cost	Available from relief appropriation allocation	Appropriation for fiscal year 1937	Balance necessary to complete
Central Valley, Calif.	$170,000,000	$15,000,000	$16,000,000	$139,000,000
Carlsbad, N. Mex.	2,500,000	1,000,000	900,000	600,000
Deschutes, Oreg.	1,065,000	565,000	450,000	50,000
Provo River, Utah	10,000,000	3,260,000	1,750,000	4,990,000
Yakima, Wash. (Roza Division)	14,446,600	6,813,000	2,500,000	5,133,600
Casper-Alcova, Wyo.	20,000,000	15,000,000	4,000,000	1,000,000
Total	218,011,600	41,638,000	25,600,000	
Total future commitments				150,773,600
Grand Lake-Big Thompson	22,000,000			22,000,000
Total				172,773,600

Interior Department appropriation bill, fiscal year 1937—Continued

CONTINUATION OF CONSTRUCTION ON UNITED STATES RECLAMATION PROJECTS AUTHORIZED BY LAW

Project	Estimated total cost	Heretofore appropriated or available from relief appropriation allocations	Appropriation for fiscal year 1937	Balance necessary to complete
Gila, Ariz.	$20,500,000	$2,075,000	$2,500,000	$15,925,000
Salt River, Ariz.	6,844,000	3,500,000	2,300,000	1,044,000
Grand Valley, Colo.	200,000		200,000	
Boise, Idaho	5,800,000	1,900,000	1,800,000	2,100,000
Boise (drainage)	200,000	40,000	160,000	
Owyhee, Oreg.	18,000,000	17,000,000	400,000	600,000
Riverton, Wyo.	8,670,000	4,900,000	900,000	2,870,000
Shoshone, Wyo.	6,500,000	1,500,000	1,000,000	4,000,000
Columbia Basin surveys (Washington) [1]	1,500,000	250,000	250,000	1,000,000
Grand Coulee Dam, Wash.	60,000,000	35,000,000	20,000,000	5,000,000
Total	128,214,000	66,165,000	29,510,000	
Total future commitments				32,539,000
Additional cost of high dam at Grand Coulee	58,575,000			
Grand Coulee power development, not authorized	67,425,000			
Total	126,000,000			

[1] The Columbia Basin project has not been authorized by law but surveys are authorized.

Mr. SAMUEL B. HILL. I also want to put in the RECORD a statement, a part of which I have read from, and I ask unanimous consent that that may be inserted as a part of my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The statement referred to is as follows:

DEPARTMENT OF THE INTERIOR—BUREAU OF RECLAMATION

Information regarding projects included in Senate Appropriation Committee's amendment to H. R. 10630

State and project	Expended and obligated	Total estimated cost	Legislative authority
Gila project, Arizona	$6,624	$10,500,000	Boulder Canyon Project Act of Dec. 21, 1928 (45 Stat. 1057).
Salt River project, Arizona.	13,040,233	18,744,000	General provisions of reclamation law. Act of June 17, 1902 (32 Stat. 388), and supplemental acts.
Central Valley project, California.	37,400	170,000,000	Sec. 1 of Emergency Relief Appropriation Act of Apr. 8, 1935.
Grand Valley project, Colorado.	$5,017,500	$5,217,500	General provisions of reclamation law. Act of June 17, 1902 (32 Stat. 388), and supplemental acts.
Boise project, Idaho: Payette division	16,326,327	22,580,000	Do.
Drainage			Do.
Carlsbad project, New Mexico.	2,237,985	3,904,650	Do.
Deschutes project, Oregon.[1]	55,385	1,065,000	Surveys authorized by allotment under secs. 201, 202 of National Industrial Recovery Act of June 16, 1933. Construction by President's allocation under sec. 1 of the Emergency Relief Appropriation Act of Apr. 8, 1935. Investigations also carried on with Reclamation funds.
Owyhee project, Oregon.	15,334,948	18,000,000	General provision of reclamation law. Act of June 17, 1902 (32 Stat. 388), and supplemental acts.
Grand Coulee Dam project, Washington.	39,370,550	63,000,000	Sec. 2 of act of Aug. 30, 1935 (49 Stat. 102).
Columbia Basin project, Washington, economic surveys and investigations.	43,200		Surveys authorized by President's allocation under sec. 1 of Emergency Relief Appropriation Act of Apr. 8, 1935.
Yakima project, Washington (Roza division).	3,828,200	14,446,600	General provisions of reclamation law. Act of June 17, 1902 (32 Stat. 388), and supplemental acts.
Provo River project, Utah.	87,723	10,000,000	Construction authorized by allotment made under secs. 201 and 202 of National Industrial Recovery Act of June 16, 1933; continued under President's allocation under sec. 1 of Emergency Relief Appropriation Act of Apr. 8, 1935. Investigated with Reclamation funds.

[1] Estimated cost stated is for construction of storage for supplemental water for lands now under irrigation. Bill has been proposed by Senator Steiwer for irrigation of lands in the north unit, which will require approximately $6,000,000.

DEPARTMENT OF THE INTERIOR—BUREAU OF RECLAMATION—continued

Information regarding projects included in Senate Appropriation Committee's amendment to H. R. 10630—Continued

State and project	Expended and obligated	Total estimated cost	Legislative authority
Casper-Alcova project, Wyoming.	$7,620,217	$20,000,000	Construction authorized by allotment made under National Industrial Recovery Act of June 16, 1933; continued under President's allocation from Emergency Relief Appropriation Act of Apr. 8, 1935.
Riverton project, Wyoming.	4,819,216	8,670,000	General provisions of reclamation law. Act of June 17, 1902 (32 Stat. 388), and supplemental acts.
Shoshone project, Wyoming.	635,580	6,500,000	General provisions of reclamation law. Act of June 17, 1902 (32 Stat. 388), and supplemental acts.
Grand Lake, Big Thompson transmountain diversion, Colorado.	66,500	25,000,000	Surveys authorized by allotment made under National Industrial Recovery Act of June 16, 1933.

Mr. SAMUEL B. HILL. In this statement it is shown what the estimated cost is, what the moneys already allocated are, what the proposed appropriations for the fiscal year 1937 are, and the balance necessary to complete the projects. As I say, it will cost less than $800,000,000, and that over a period, in the instance of the larger projects, of 40 years. We are not going to build these projects tomorrow. This money is to be spread out over a term of years, anywhere from 6 to 40 years. There is nothing frightening about that.

Now, I want to refer to a few statements made by the distinguished gentleman from Texas, chairman of the Committee on Appropriations [Mr. BUCHANAN]. He says he is a friend of reclamation. That was his opening statement. But he is in favor of reclamation, provided you do not reclaim anything. He is in favor of reclamation, provided you do not spend any money to reclaim land, according to his qualifying statement. He seemed to make the Grand Coulee project his pet aversion. He says it has not been authorized. In this he is also in error. I desire to call attention to section 2 of the river and harbor act enacted August 30, 1935. This is the language:

> That for the purpose of controlling floods, improving navigation, regulating the flow of the streams of the United States, providing for storage and for the delivery of the stored waters thereof, for the reclamation of public lands and Indian reservations, and other beneficial uses, and for the generation of electric energy as a means of financially aiding and assisting such undertakings, the projects known as Parker Dam on the Colorado River and Grand Coulee Dam on the Columbia River, are hereby authorized and adopted, and all contracts and agreements which have been executed in connection therewith are hereby validated and ratified. * * *

Can language be more emphatic or more comprehensive in conferring authority for the Grand Coulee project? At the time that ratification and authorization were made, to wit, August 30, 1935, the contract for the construction of the Grand Coulee Dam had been changed, under authority by the Secretary of the Interior from a low-dam structure to a high-dam structure, and that project is now being built on a high-dam basis, a basis of 500 feet, which would be absolutely necessary for a high dam, and would not be in conformity with the plans and specifications of a low dam.

It was that contract as modified by the Secretary of the Interior that was ratified in this act of 1935, the river and harbor bill. This is just one of the errors of the gentleman from Texas. I know he did not intend to make it. I have the utmost regard for him, and I know he did not mean to make this mistake, but I have told you what the situation is.

Who is going to pay back this money? Every economist who has been employed on this project, every report of the engineers who have investigated the project, both of the War Department and the Interior Department, say that this is a feasible project, not only from the standpoint of engineering but from a financial standpoint. They say this dam will generate 2,500,000 horsepower of electricity, which can be sold for 2½ mills per kilowatt-hour for the firm power at the bus board. In addition, it will generate secondary power which can be sold at one-half of 1 mill per kilowatt-hour. You ask where we are going to get a market for this power. Mr. Page testified, and the record so shows, that within 10 years all this power would be absorbed; and the testimony of every economist and expert who has testified on the subject is that within 15 years not only would all the power of the Grand Coulee Dam be absorbed, but it was their most conservative estimate that at the end of 15 years the demand for additional power in the Pacific Northwest area would be at least twice that provided by the Grand Coulee Dam. There can be no question about a market for the power.

Let me remind you, furthermore, that when the Government builds the Grand Coulee Dam and the power plants, the Government will own the property. This property not only will pay back its cost, but after the cost is paid it will pay into the Treasury $15,000,000 a year in net revenue. It will pay for itself in 30 years; and in 40 years' time there will be a surplus of $168,000,000. It will not only pay for itself but it will continue to return to the Treasury for all time to come at least $15,000,000 a year. In addition to that, the reclamation connected with the project in the course of 40 years will not only repay its share of the cost but will create wealth that will put into the Treasury of the United States $10,000,000 a year in additional income taxes, money the Government is not now getting. The part I want to emphasize is that this dam and power plant will belong to the United States Government and will pay for itself over and over again.

The Grand Coulee Dam has been under construction for about 2 years. It is actually being built.

There has been allocated to this work—that is, for dam construction at the Grand Coulee project—$35,000,000. The first $15,000,000 was under the Public Works Act, and the additional $20,000,000 was under the Emergency Relief Act appropriation, and that was an additional amount for carrying on the work that had been begun.

Contracts have been let. The main contract for the construction of the dam has been let for $29,340,000 without materials. The Bureau of Reclamation, as the agent of the Government, is buying all the materials that go into the dam, and a total of $60,000,000 has been either expended or obligated. That is the condition we have as to the contractual obligations of the Government in connection with this work.

The work is under way. A company, that we refer to for brevity as the M. W. A. K. Co., a combination of four construction companies that joined together for the purpose of bidding on this contract, is now engaged in the construction of the dam at Grand Coulee. They have projected their work to the point where they have cofferdams on both the east and west sides of the main stream of the river—that is, the shore ends of the dam—and they have excavated down to bedrock on both shore ends of the dam.

On the west side of the river they have carried the excavation to the point where they are actually pouring concrete and have been doing so for several months. So the dam is being built, the concrete is being put into the foundation of the dam.

At the east of the dam, on the east side of the river, there is a cofferdam work which is in progress, and the excavation is very far along on that end of the dam. It will be necessary to put in one additional cofferdam when the shore ends of the dam are built up to the point where they can, through openings, let the water of the river run out through the ends of the projected dam, and it will be necessary to put a cofferdam across the stream of the river and excavate that for the purpose of building that section of the dam.

The work has progressed to the point where they are several months ahead of the time estimated for the progress of the work.

Now, of course, it has been necessary, in getting ready for this work and get the materials in there, that the Bureau of Reclamation expend large sums of money. They have built a railroad of about 30 miles in length, leading from the Northern Pacific line up to the dam site. They

have built a bridge across the river, and many other expenditures have been made.

It will take probably 6 or 8 years to complete the entire structure. This is the first unit of the dam.

The contract now being executed is for the first unit of the dam structure.

When this dam is completed to its ultimate height it will increase the depth of the flow in the river which is immediately below the dam 6.9 feet, or approximately 7 feet, thus deepening the channel for navigation. About 100 miles below the dam it will increase the depth of the flow 5½ feet, and on down farther on the river at The Dalles, it will increase the depth of the flow 4.4 feet. It will increase the depth of the flow below the Bonneville Dam 3 feet.

I give you those figures so you may understand what it means for the navigation of the river. Ocean-going vessels at this time come up the Columbia River from the mouth as far as Portland, and above Portland, but they have to keep dredging the river in order to keep the channel open for the ocean-going vessels. This will aid, to the extent of 3 feet, the navigability of the river below the Bonneville Dam, and will improve navigation above Bonneville as indicated above.

The Grand Coulee Dam is the key structure for the development of the Columbia River. This dam will create a reservoir 150 miles long, extending clear back to the Canadian line and will so stabilize the flow of the water below that dam and that reservoir as to increase the potential firm electrical power at every proposed dam below it 100 percent, as far down as the Snake River, over what can otherwise be generated.

Below the mouth of the Snake River it will increase the firm power of electric energy to be generated at all dam sites below, including the Bonneville, 50 percent; and from the standpoint of power development and from the standpoint of navigation this improvement is justified. The Grand Coulee Dam will create a storage of more than 5,000,000 acre-feet.

And it follows, of course, that the holding back of these waters in the great reservoir behind the Grand Coulee Dam, extending back to the Canadian line, will control flood conditions in the river.

The engineers of the Reclamation Service have made a number of surveys at different times over a period of 15 or 20 years, and even further back than that, and they have studied closely the reports of the War Department Engineers and every engineering report that has been made upon this proposition in reference to the Columbia River Basin project pronounces the project feasible, not only from an engineering standpoint, but from a financial and an economic standpoint. There is no question about the feasibility of it from all of those standpoints, and all engineers have agreed upon that proposition.

There is no question about the feasibility of this project, and there is no question but that the money will be paid back. It is not going to put land under reclamation next year, or within 5 or 6 years. It will be at least 12 years before they will have any lands under reclamation, and then only a small portion. It will be 40 or 50 years before all of it will be under reclamation.

I could give you further details to show the desirability of this project, but have not time to do it. The fact is that we are not bringing an area of raw lands into cultivation. These lands have all been homesteaded. All of the tillable lands have been farmed, but on account of insufficient moisture for dry-farming operations these lands cannot be profitably farmed without irrigation. We must have this irrigation in order to take that land out of the marginal class and put it into the productive class so as to insure a living to those who farm it. [Applause.]

[Here the gavel fell.]

The SPEAKER. Time for debate on these amendments has expired. The question is on the motion to recede.

Mr. BUCHANAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BUCHANAN. Mr. Speaker, would it be in order to request the Chair to state the motion plainly and the effect of a vote one way or the other?

The SPEAKER. The Chair cannot state the effect of the vote, but the Chair will be glad to state the proposition that is before the House.

Mr. BUCHANAN. A further parliamentary inquiry, if the Chair will permit.

The SPEAKER. The gentleman will state it.

Mr. BUCHANAN. The gentleman from Colorado [Mr. TAYLOR] moved to recede and concur with an amendment. On that motion I demanded a division. On the question to recede a vote "no" is equivalent to the House insisting upon its position.

The SPEAKER. The gentleman is correct.

The question is on the motion of the gentleman from Colorado that the House recede from its disagreement to the amendment of the Senate no. 53.

The question was taken; and on a division (demanded by Mr. TAYLOR of Colorado) there were—ayes 70, noes 113.

So the motion to recede was rejected.

Mr. BUCHANAN. Mr. Speaker, I move that the House further insist on its disagreement to the amendment of the Senate no. 53.

The SPEAKER. The question is on the motion of the gentleman from Texas that the House further insist on its disagreement to the amendment of the Senate no. 53.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 54. Page 76, immediately following amendment no. 53, insert:

"For continuation of the following projects in not to exceed the following amounts, respectively, to be expended in the same manner and for the same objects of expenditure as specified for projects included in the Interior Department Appropriation Act for the fiscal year 1937 under the caption 'Bureau of Reclamation', and to be reimbursable under the reclamation law.

"Gila project, Arizona, $2,500,000;
"Salt River project, Arizona, $2,300,000;
"Central Valley project, California, $16,000,000;
"Grand Valley project, Colorado, $200,000;
"Boise project, Idaho, Payette division, $1,800,000;
"Boise project, Idaho, drainage, $160,000;
"Carlsbad project, New Mexico, $900,000;
"Deschutes project, Oregon, $450,000;
"Owyhee project, Oregon, $400,000;
"Grand Coulee Dam project, Washington, $20,000,000;
"Columbia Basin project, Washington, economic surveys and investigations, $250,000;
"Yakima project, Washington, Roza division, $2,500,000;
"Provo River project, Utah, $1,750,000;
"Casper-Alcova project, Wyoming, $4,000,000;
"Riverton project, Wyoming, $900,000;
"Shoshone project, Wyoming, Heart Mountain division, $1,000,000;

"For administrative expenses on account of the above projects, including personal services and other expenses in the District of Columbia and in the field, $2,500,000; in all, $57,610,000, to be immediately available: *Provided*, That this appropriation shall be available for the employment of personal services without regard to the civil-service laws and the Classification Act of 1923, as amended: *Provided further*, That of this amount not to exceed $160,000 may be expended for personal services in the District of Columbia."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House further insist upon its disagreement to the amendment of the Senate no. 54.

The SPEAKER. The question is on the motion of the gentleman from Colorado.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 56: Page 79, line 14, insert "which amount shall be available for personal services in the District of Columbia (not to exceed $15,000) and in the field without regard to the civil-service laws and the Classification Act of 1923, as amended."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. SNELL. Mr. Speaker, I think the gentleman from Colorado should tell us the effect of the provision with regard to civil service carried in this amendment. None of us

have copies of the amendments. I think the gentleman should tell us what it means, so that we may know what we are doing.

Mr. TAYLOR of Colorado. The object of this amendment of the Senate is to permit the Reclamation Service to carry on the work of building the All-American Canal by exempting the employees engaged in constructing the canal from the Classification Act and the civil-service laws. Otherwise it would cost a great deal more. They tell us it is not feasible to put these employees under civil service because they are largely day laborers, and it would not be economical or feasible to attempt to set up a civil-service register and give these employees a civil-service status.

Mr. SNELL. What explanation was given before the committee, or what evidence was given to show that it was not practical to take these men from the civil-service lists?

Mr. TAYLOR of Colorado. It is mostly day labor and manual work, not covered in the classified service. It is not civil-service work. It is a matter of relief, very largely.

Mr. SNELL. Is it relief for the general public or just relief for Democratic job hunters?

Mr. TAYLOR of Colorado. It is relief for thousands of day laborers who will be employed.

Mr. SNELL. Does this provision apply only to day laborers?

Mr. TAYLOR of Colorado. It applies, as I understand it, to practically all who may work on the canal.

Mr. SNELL. As I understand, it applies to everybody, including clerical help, and if there is any reason why clerical help should not come under the civil service I should like to have someone get up here and state it.

Mr. TAYLOR of Colorado. About 90 percent of this work is day labor.

Mr. SNELL. These laborers may be exempted, but the rest should be put under the civil service, as the President said they should be.

Mr. TAYLOR of Colorado. It was felt that it was not practical to do that, and we followed the wish of the Senate in that regard.

Mr. SNELL. Let us have a vote and find out about it.

The SPEAKER. The question is on the motion of the gentleman from Colorado [Mr. TAYLOR] to recede and concur in the Senate amendment.

The question was taken; and on a division (demanded by Mr. SNELL) there were—ayes 99, noes 60.

So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 83: Page 104, after line 7, insert:

"Appomattox Court House National Historical Monument, Va.: For development and improvement in accordance with the provisions of the act approved August 13, 1935 (49 Stat. 613), to remain available until expended, $100,000: *Provided*, That no part of this appropriation shall be available for expenditure until title to the land is acquired by the United States."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. TAYLOR of Colorado. I yield to the gentleman from New York.

Mr. TABER. Mr. Speaker, this calls for the expenditure of $100,000 for a monument at Appomattox Court House. I do not think we ought to have any more monuments built right now, in view of the condition of the Treasury.

Mr. TAYLOR of Colorado. Mr. Speaker, I may say this has been authorized by a special act of Congress and is simply carrying out a law that the House of Representatives and Senate have previously passed. It is in commemoration of a great historical event, and I feel it would be wrong to refuse to carry out the law.

Mr. KNUTSON. Will the gentleman yield?

Mr. TAYLOR of Colorado. I yield to the gentleman from Minnesota.

Mr. KNUTSON. The gentleman from New York [Mr. TABER] states that we should not have any more monuments built. I think we should have a monument erected to designate the place where the Treasury used to be. [Laughter.]

The SPEAKER. The question is on the motion of the gentleman from Colorado [Mr. TAYLOR] to recede and concur in the Senate amendment.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 84, noes 48.

So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 87: Page 111, after line 18, insert:

"For making surveys, studies, investigations, and reports regarding public, school, college, university, and other libraries; fostering coordination of public and school library service; coordinating library service on the national level with other forms of adult education; developing library participation in Federal projects; fostering Nation-wide coordination of research materials among the more scholarly libraries, inter-State library cooperation, and the development of public, school, and other library service throughout the country, and for the administrative expenses incident to performing these duties, including salaries of such assistants, experts, clerks, and other employees in the District of Columbia and elsewhere, as the Commissioner of Education may deem necessary, necessary traveling expenses, including attendance at meetings of educational associations, societies, and other organizations, purchase of miscellaneous supplies, equipment, stationery, typewriters, and exchange thereof, postage on foreign mail, purchase of books of reference, law books, and periodicals, printing and binding, and all other necessary expenses, $40,000."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

That the House recede from its disagreement to the amendment of the Senate no. 87 and agree to the same with an amendment as follows: "In lieu of the sum named in said amendment insert $25,000."

The motion was agreed to.

A motion to reconsider the votes by which the various motions offered in the consideration of the conference report were agreed to was laid on the table.

COLLECTION OF REVENUE ON INTOXICATING LIQUOR

Mr. COOPER of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked for by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection; and the Chair appointed the following conferees: Mr. SAMUEL B. HILL, Mr. CULLEN, Mr. BUCK, Mr. TREADWAY, and Mr. CROWTHER.

DEPARTMENT OF THE INTERIOR APPROPRIATION BILL—HELP THE FARMER—DEFEAT PROJECTS THAT WILL INCREASE PRODUCTION

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN. Mr. Speaker, Congress is not going to adjourn, if it listens to the President, until a tax bill is passed which will enable the administration to balance the normal Budget. Our trouble has always been that as soon as provisions are made to balance the Budget, Congress finds a way to unbalance it. A striking example is this appropriation bill. If the amendments of the Senate prevail the Budget is not going to be balanced unless at least $60,000,000 is added to the amount already requested by the President? Why? Because two Senate amendments which we are to vote on today call for appropriations for the next fiscal year of $60,870,500, which is above the recommendations of the Bureau of the Budget.

What was the purpose of enacting the Budget law? It was to keep our expenditures in normal times within the

receipts of the Government. We are not considering or talking about relief appropriations now but we are talking about the regular, or normal, expenditures of the Government.

The bill went to the Senate in excellent condition. The report of the House Committee on Appropriations—subcommittee on the Interior Department bill—shows it carried an amount $1,721,111.70 below the amount the Director of the Budget said would be available during the next fiscal year to carry on the activities of the Department of the Interior. What happened in the Senate? There were 91 amendments, the great majority carrying increases in the appropriation. The conferees have agreed on all of the amendments but a few, and in reaching an agreement, if it was not for three items, amendments 24, 53, and 54, we would still be within the Budget estimates but above the amount the bill carried when passed by the House.

The first large item is $3,710,500 for construction, repair, and rehabilitation of irrigation systems on Indian reservations. To one who reads of this item and does not fully understand its meaning there would be no cause for great alarm, but when the taxpayers know that the ultimate cost of completing the 13 projects provided for in 13 different States is $26,900,000, then they will realize just what the Senate has done. This appropriation of less than $4,000,000, in other words, is the starter, and the finish will come in future years when the balance of the $26,900,000 is appropriated.

This, however, is but a drop in the bucket as compared with amendments 53 and 54. Those amendments provide for an immediate appropriation for the next fiscal year of $57,160,000, as well as an authorization for construction of seven reclamation projects; the total cost to complete is admitted by the subcommittee to be $703,000,000. This means that in years to follow you will be compelled to appropriate millions of dollars until the full amount of $703,000,000 has been taken from the Treasury or the seven projects will not be completed.

You all know that in projects of this kind whenever they are started they are completed. Just start them with legislation of this character and next year the item will not be subject to a point of order, and if the committee is hostile any Member can offer an amendment from the floor. The two big projects are the Central Valley California project, for which the item provides $16,000,000, and the Grand Coulee Dam project, in the State of Washington, for which $20,000,000 is set aside for 1 year only.

Mr. Speaker, the purpose of these improvements is to make land suitable for agricultural purposes. If one will read the organic act creating the Department of Agriculture he will find this Department was created for the purpose of promoting agriculture in its broadest sense. By the elimination of pests preying upon agricultural products, by extension work and research, the Department is expected to show the farmer how to raise better crops, cattle, and so forth, as well as increase the yield. This year the agriculture bill carried about $50,000,000.

Here we have a great scientific department that has been of immense value to the farmers of the country. It is impossible to estimate its value in dollars and cents, but the Department has showed the farmer not only how to raise better crops but has greatly increased production—in fact, production increased to such an extent that it directly affected the price of what the farmer produced, there being a great surplus, the supply being far in excess of the demand, with the result that the price of agricultural projects declined. To meet this situation we passed the A. A. A., and when the Supreme Court declared that act unconstitutional we passed the soil-conservation and domestic-allotment plan, the purpose of which was to conserve land against depletion by planting soil-building crops. By diverting the land to soil-building crops we would automatically reduce production, which meant a reduction of the surplus and a better price for that which the farmers produced. The appropriation for that purpose was $450,000,000. The farmers who agreed to follow this plan would be reimbursed so much per acre for planting soybeans, grass, and so forth, instead of corn, wheat, and so forth.

Here we have appropriations of $500,000,000, about $50,000,000 to show the farmers how to raise better and more crops, and $450,000,000 to help the farmer reduce his yield. It just does not sound right. But what happens if we pass these amendments? The completion of the projects inserted by the Senate, and which we will vote on today, means that millions and millions of new land will be open for agricultural purposes. If we are going to reduce the surplus by paying farmers to take land out of cultivation, how can we justify the expenditure of nearly a billion dollars to provide more land to raise additional crops? Why, in the end there is but one answer; we are but further increasing the surplus, and we will destroy the farmers of the country, who are now so hard pressed, and who for years, or until the passage of the laws I referred to, were unable to secure even the cost of production for their crops and cattle, and so forth.

I want to help the farmer, and it seems to me that every friend of the farmer in this House should vote down the Senate amendments. By so doing we will be protecting the men whom we all have been so anxious to assist. If production was below the demand, then I would say, yes, let us find new land to raise more crops, but that situation does not exist. It is just the reverse. I feel every farmer in this country who is deep in debt will be grateful to those who will vote down the Senate amendments.

COINAGE OF 50-CENT PIECES IN COMMEMORATION OF SIR WALTER RALEIGH'S COLONY

Mr. WARREN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 12799) to authorize the coinage of 50-cent pieces in commemoration of the three hundred and fiftieth anniversary of Sir Walter Raleigh's Colony on Roanoke Island, N. C., known in history as the "Lost Colony", and the birth of Virginia Dare, the first child of English parentage to be born on the American Continent, and her baptism.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. SNELL. Mr. Speaker, reserving the right to object, if we have a few more of these bills I am going to make a speech in favor of every one of them. I have been overruled so many times that I will not object to this one.

Mr. RICH. Mr. Speaker, reserving the right to object, I may say to the gentleman from North Carolina that this is the thirty-fifth bill that has been presented to Congress requesting the coinage of silver money for some kind of a show. I think we have begun the Democratic administration's inflation measure through this channel. I believe the Democrats ought to be careful now that they do not do something they will be sorry for.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in commemoration of the three hundred and fiftieth anniversary of Sir Walter Raleigh's colony on Roanoke Island, N. C., known in history as the Lost Colony, and the birth of Virginia Dare, the first child of English parentage to be born on the American Continent, and her baptism, there shall be coined at a mint of the United States to be designated by the Director of the Mint not less than 25,000 silver 50-cent pieces of standard size, weight, and composition and of a specially prepared design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, but the United States shall not be subject to the expense of making the necessary dies and other preparations for this coinage.

SEC. 2. The coins herein authorized shall bear date 1937, irrespective of the year in which they are minted or issued, shall be legal tender in any payment to the amount of their face value, and shall be issued only upon the request of the Roanoke Colony Memorial Association of Manteo, N. C., upon payment by it of the par value of such coins, but not less than 25,000 such coins shall be issued to it at any one time, and no such coins shall be issued after July 1, 1937. Such coins may be disposed of at par or at a premium by the Roanoke Colony Memorial Association of Manteo, N. C., and the net proceeds shall be used by it in defraying the expenses incidental and appropriate to the commemoration of such event.

SEC. 3. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the

purchase of material, and for the transportation, distribution, and redemption of coins, for the prevention of debasement or counterfeiting, for the security of the coins, or for any other purposes, whether such laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein authorized.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to include in the remarks previously made by me this afternoon a letter from the Secretary of State about Japanese competition.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

CONFERENCE REPORT—INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a table prepared by the Department of Agriculture applicable to the discussion today.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, support of amendments nos. 53 and 54 is impossible. Taken together, the two amendments contemplate the expenditure of further and enormous sums of money for a reclamation program in the Far West without precedent. They contemplate this expenditure running into hundreds of millions, if not billions, of dollars despite the fact that the Treasury is confronted by unparalleled deficits. They contemplate a great increase in available acreage for crops running into hundreds of thousands, if not millions, of acres despite the fact that we are spending vast sums to bring about a material reduction in acreage available for crops. Furthermore, no opportunity is afforded for proper consideration of either amendment.

Amendment no. 53 is in reality seven amendments in one. It contemplates the authorization of seven great reclamation projects not heretofore authorized. We are compelled to approve or disapprove of these seven amendments as a unit.

Amendment no. 54 is in reality 16 amendments in one. It contemplates the appropriation of almost $60,000,000 for 16 separate reclamation projects. We are compelled to vote for or against all 16 appropriations as a unit.

We are asked to authorize seven great projects, no one of which has received consideration by any legislative committee of either House, no one of which can be subjected at this time to individual consideration on its merits.

We are asked to appropriate $57,610,000 for 16 great projects, in respect to the ultimate cost of which there appears to be no accurate information. The lowest estimate submitted amounts to some $700,000,000. It seems more probable that the figure will prove to be at least a billion and a half dollars.

Under our reclamation policy, some 4,000,000 acres of land have been made available for cultivation. Some $2,000,000,000 worth of crops have been harvested on this land. In no State directly affected by the proposed projects is there anything like a 100-percent utilization of land available for crops. The following table, furnished by the Acting Secretary, Department of Agriculture, indicates the figures employed by the Department in respect to land utilization for each of the States in question in 1934:

	Arizona	California	Colorado	Idaho	New Mexico	Oregon	Utah	Washington	Wyoming
1934									
Crops harvested—acres	488,685	6,578,724	3,852,348	2,668,685	743,840	2,831,742	814,854	3,635,796	1,220,354
Crop failure—do	50,352	459,505	3,389,152	319,419	1,222,601	280,426	358,177	97,303	552,078
Crop land idle—do	150,207	1,625,097	1,599,162	943,686	421,447	1,085,286	332,088	2,437,743	367,765
Plowable pasture—do	159,940	2,967,526	2,807,174	352,806	2,930,982	723,585	201,055	572,979	1,301,391
Available for crops—do	849,184	11,630,852	11,647,836	4,284,596	5,318,870	4,921,039	1,706,174	6,743,821	3,441,588
Crops harvested—do	488,685	6,578,724	3,852,348	2,668,685	743,840	2,831,742	814,854	3,635,796	1,220,354
Crop failure—do	50,352	459,505	3,389,152	319,419	1,222,601	389,426	358,177	97,303	552,078
Under cultivation—do	539,037	7,038,229	7,241,500	2,988,104	1,966,441	3,112,168	1,173,031	3,733,099	1,772,432
Percentage the land under cultivation was of the land available for crops	63.5	60.5	62.2	69.7	37.0	63.2	68.8	55.4	51.5

The utilization in one instance—New Mexico—is less than 38 percent.

Nevertheless, the program contemplated would make available for cultivation or increased cultivation hundreds of thousands, if not millions, of acres of land. The Bureau of Reclamation uses the figure 1,200,000 acres. The additional acreage would frequently be made available at an excessive cost per acre and despite the fact that we have been spending about a half billion dollars a year under the Agricultural Adjustment Act and the so-called Soil Erosion Act to take from thirty to thirty-five millions of acres out of cultivation.

Testifying recently before the independent offices appropriation subcommittee of the House, Mr. Chester A. Davis, former Administrator of the Agricultural Adjustment Administration, suggested that for every additional acre brought into cultivation an acre should be taken out of cultivation.

The enormous expenditure involved in the program can only be appreciated by study of the individual items.

The Grand Coulee project, in Washington, for example, in respect to which an additional appropriation of $20,000,000 is requested, involves an ultimate expenditure, now estimated by the Reclamation Bureau as amounting to $389,000,000. I am advised that the Board of Engineers has estimated the cost in the past at some $711,000,000. The project had strong opposition for years. It appears to be indefensible as an irrigation project. Justification is urged in the light of anticipated power development which admittedly cannot be fully utilized for some 19 years to come.

The Central Valley project, in California, for which $16,000,000 is requested, involves an ultimate expenditure which has been estimated all the way from $170,000,000 to over $600,000,000, according to figures of the California State engineer. The original proposal contemplated State financing with Federal contribution to the extent of $12,000,000 for flood control and navigation. The present proposal contemplates financing in full by the Federal Government.

The Gila project, in Arizona, for which $2,500,000 is requested involves an ultimate expenditure estimated at $125,000,000. In the past the project has been strongly opposed by the Department of Agriculture due to conditions of soil and climate.

The Grand Lake-Big Thompson project in Colorado, for which authorization is requested involves an ultimate expenditure estimated at from twenty-five to fifty million dollars. This project involves a tunnel 12½ miles long under the Continental Divide, to carry some 361,000 acre-feet per year from the west to the east side of the Divide. Authorization is requested despite the fact that surveys have not yet been completed. Strong opposition has been presented by informed individuals and associations all over the country because of the cost involved, because of the damage to Rocky Mountain National Park and because of the departure from established National Park policy excluding commercial undertaking from all parks.

The Casper-Alcova project in Wyoming, in respect to which $4,000,000 is requested, contemplates an ultimate expenditure of $20,000,000. The project appears to be inde-

fensible as an irrigation project requiring some $600 per acre for additional land made available for cultivation. Justification is urged on the basis of charging a portion of the expenditure only to irrigation, the balance to power.

These are but examples. The cost is enormous. Detailed justification for major projects is lacking.

I am not opposed to reclamation—I realize fully from personal observation throughout the West the vital part that reclamation has played in the life of the Nation. But I am opposed to reclamation in the absence of demonstrated need and demonstrated feasibility. I am opposed to a procedure which denies consideration of individual reclamation projects—which compels consideration of 7 or 16 great projects as a unit. And I am opposed to a policy which proposes with one hand to make available hundreds of thousands, if not millions, of additional acres of land for cultivation while with the other hand it takes millions of acres of land out of cultivation.

To vote for amendments nos. 53 and 54 is to vote to commit the Federal Government to a gigantic reclamation program without proper consideration and without adequate justification at a time when we are still pursuing a policy of crop restriction, at a time when the Nation is confronted by an amazing deficit amounting to upwards of $6,000,000,000.

WHY A LIFELONG DEMOCRAT, A FORMER MEMBER OF THE UNITED STATES SENATE, CANNOT SUPPORT THE ADMINISTRATION

Mr. WIGGLESWORTH. Mr. Speaker, I also ask unanimous consent to extend my remarks in the RECORD and to include a short statement by former Senator Bruce, of Maryland.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, under leave granted to extend my remarks in the RECORD, and at the suggestion of the author, I include the following statement made in a letter addressed to the New York Sun by Hon. William Cabell Bruce, a lifelong Democrat and from 1923 to 1929 a distinguished Member of the United States Senate from the State of Maryland:

In his address last Thursday night at the State convention of the Young Democratic Clubs, Senator TYDINGS truly said, with reference to the next Presidential election: "There are only three courses open. We can support the Democratic ticket, we can support the Republican ticket, or we can take a walk."

Speaking for myself, as an individual Democrat, I wish to say that when Mr. Roosevelt comes up for reelection I shall certainly not "take a walk"; never, since I became old enough to vote, having failed to exercise the privilege of voting at a Presidential election or of frankly announcing, before I did so, for what Presidential candidate I intended to vote, I shall certainly, too, not cast my ballot for Mr. Roosevelt.

AGREES WITH FAMOUS DOCTOR

In my conception of him I have come around to the view held of him by one of the most famous physicians in the history of Baltimore, who before the last Presidential election said to me: "I have always been a Democrat, as you know, but I cannot vote for Roosevelt. I was frequently brought into contact with him at Harvard, and I just do not think that he has the practical sense to be President of the United States."

In my humble judgment Mr. Roosevelt as President has proved himself to be a shallow, impressionable, volatile man, inspired by good intentions and possessed of a very pleasing presence, but conspicuously deficient in all the higher qualifications for the office of President.

Therefore, pursuing Senator TYDINGS' alternatives, there is nothing for me to do except to vote at the next Presidential election for Mr. Roosevelt's Republican opponent; and this I expect confidently to do, for, be the latter's shortcomings what they may, it is inconceivable within the range of reasonable probability, as I see it, that they could produce such lamentable results as have marked the Presidential career of Mr. Roosevelt; that is to say, disregard of all the ordinary principles of prudential calculation and foresight in the field of Federal revenue and expenditure; inane and visionary industrial and social planning which, in several flagrant instances, has been held by the Supreme Court of the United States to have violated time-honored American principles of local self-government and individual freedom; loss of morale on the part of thousands of human beings, bred by extravagant and ill-conceived programs of governmental relief; the crackbrained vagaries of radical agitators, resolved to go Mr. Roosevelt one better; insurrectionary class prejudice and violence, such as only a day or so ago incited a labor leader in New York to threaten "to tear down" that city if the demands of his following were not conceded; the resuscitation on a vast scale of the detestable system of spoils politics in the province of the Federal Government which the Federal merit system of appointment, under the fostering care of Grover Cleveland and every subsequent President of the United States, Democratic or Republican, with the exception of Mr. Roosevelt, has done so much to rebuke and keep within bounds; and invasions of the legislative authority of Congress by Executive authority which lead directly in the end to the dictatorship of a Hitler, a Mussolini, or a Stalin.

BRINGS IN CLASSIC FABLE

When I think of the vast horde of subordinate officeholders, imposed by Mr. Roosevelt, with Mr. Farley at his elbow, on the Federal civil service, without the slightest heed to the salutary principle of nonpartisan, competitive examination, which governs appointments, covered by the Federal merit system of appointments, I cannot but recall the celebrated declaration of Lord Melbourne that he was partial to the English Order of the Garter because there was "no damned nonsense of merit" about it.

The classic fable tells us that no sooner had Phaeton received from his father the reins, with which the chariot of the Sun was controlled, than he betrayed his ignorance and incapacity to guide the chariot. The result was a menace to heaven and earth, which did not come to an end until Jupiter struck Phaeton with one of his thunderbolts and hurled him headlong from heaven into the River Po. Only short of the thunderbolt of popular wrath at a Presidential election does the monstrous system of artificial administration, built up by Mr. Roosevelt, seem now to have arrived.

THOUSANDS ADDED TO PAY ROLL

Our country is, unquestionably, recovering, to a noticeable extent, from the worst effects of our last great economic crisis. It has always recovered from such crises; but, undeniably, the principal thing from which it has to recover is Mr. Roosevelt himself. He seems as powerless to control his chariot as Phaeton was to control his.

Only recently thousands of more officeholders have been added to the pay roll of the Federal Government; the relief load of our country, in January 1936, was about what it was in January 1935, and it is claimed by the American Federation of Labor that the rise in unemployment in December-January last was the highest, in that period, in the last 5 years.

NATIONAL DEBT INCREASING

Our national debt is still steadily increasing, and new tax thumbscrews are being devised to rack still further the tortured limbs of the hapless American taxpayer. In the face of such conditions as these, we cannot hope that the economic recovery, which is now under way, can do more than progress haltingly until another thunderbolt is hurled, and another rash chariot driver, like Phaeton, is cast, not into the Po, but into the Potomac.

By pen, tongue, and, to the extent of my ability, by purse, I did all in my power to bring about the defeat of William J. Bryan, whose election as President would, in my opinion, have been of much less pernicious moment to the happiness and welfare of the people of the United States than would be the reelection of Mr. Roosevelt. If I am living in November 1936 I shall assuredly follow, in relation to Mr. Roosevelt, the example which I set myself in relation to Bryan—the only candidate of the Democratic Party for the Presidency against whom I have ever voted.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. ADAIR (at the request of Mr. THOMPSON), indefinitely, on account of illness.

BAYOU ST. JOHN, NEW ORLEANS, LA.

Mr. FERNANDEZ. Mr. Speaker, I ask unanimous consent for the immediate consideration of a bill which is an emergency matter (H. R. 11792) declaring Bayou St. John, in the city of New Orleans, La., a nonnavigable stream.

Mr. RICH. Mr. Speaker, reserving the right to object, what is this bill?

Mr. FERNANDEZ. It is a bill to declare a bayou that runs within the city of New Orleans a nonnavigable stream in order that some worth-while W. P. A. projects, such as the building of bridges across it, may be commenced. There is no opposition to the measure.

Mr. RICH. I may say to my colleagues that they are hunting everything under the sun to spend W. P. A. money on, and, goodness knows, if we are going to have to continue this, we might as well do so in New Orleans as anywhere else.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Bayou St. John, in the city of New Orleans, La., be, and the same is hereby, declared to be not a navigable water of the United States within the meaning of the laws enacted by Congress for the preservation and protection of such waters.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. FERNANDEZ. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. FERNANDEZ. Mr. Speaker, Bayou St. John extends southward 3.9 miles into the city of New Orleans from Lake Pontchartrain. It is generally from 100 to 170 feet in width and has a depth of from 6 to 11 feet, except near the entrance, which is obstructed by a wide bar. The bayou and an artificial extension 8,000 feet long, named the Carondelet Canal, was operated as a toll waterway for over a century prior to 1908. The Carondelet Canal was closed to navigation in 1908 and has since been acquired and partly filled by the State. The bayou is not under improvement by the United States. Commerce on the bayou has declined since the closure of the Carondelet Canal, and in 1934 was limited to the movement of 1,900 tons of lumber. With the exception of a few small lots, the entire area near the bayou has been zoned by the city for residential purposes and the most of the left bank is controlled by the city and reserved for park development. The only industry of any consequence along the waterway are two small boat repair shops near its upper end and a lumberyard below Esplanade Avenue. Esplanade Avenue crosses the bayou nine-tenths of a mile below its head. Because of the immaterial value of Bayou St. John above Esplanade Avenue as a highway of commerce for trade and travel by water, the War Department has no objection, as far as the general interests of navigation are concerned, to this bill, H. R. 11792.

Under municipal ordinance by the Commission Council of New Orleans adopted in 1934, Bayou St. John above Esplanade Avenue is to be used as an aquatic park. With the passage of this bill, the bridging of the bayou at or near Demourelle Island will be done without having to take into account the requirements of navigation, and also permit the elimination of the lift span from the Esplanade Avenue Bridge. It is the intention of the commission council to erect a new concrete arched pedestrian and vehicular bridge across Bayou St. John at Esplanade Avenue, sufficiently wide for four lanes of traffic and pedestrian walks on both sides. A check revealed that more than 10,000 vehicles passed over the present lift bridge a day and more than 2,000 pedestrians and cyclists used it daily during a 3-day period.

The Commission Council of the City of New Orleans, March 19, 1936, unanimously adopted a motion going on record in favor of the action taken to approve the bill as introduced by me and instructed the city engineer to prepare report to show what extreme cost and inconvenience it would be to the people of New Orleans if the bill is not adopted, and that it is for the public welfare of the people of that city that the bill be enacted into law.

The city park board, through the W. P. A., has dedicated 10 acres near the lake end of the park to a public yacht basin, tying in with Bayou St. John, which will remove all necessity for pleasure boats to moor in Bayou St. John. The basin will be provided with all modern sanitary facilities and work will commence promptly.

ANNOUNCEMENT

Mr. BANKHEAD. Mr. Speaker, I desire to make the announcement, if it is permissible under the rules, that the Members who are on the Bell investigating committee were absent yesterday on four roll calls. They desire to have it explained and noted in the RECORD that they were absent because of attendance upon their official duties in connection with that committee.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 560. An act for the relief of the Western Electric Co., Inc.;

S. 760. An act for the relief of Harry P. Hollidge;

S. 952. An act for the relief of Zelma Halverson;

S. 1186. An act for the relief of Frank P. Ross;

S. 1328. An act for the relief of the Snare & Triest Co., now Frederick Snare Corporation;

S. 1431. An act for the relief of the Collier Manufacturing Co., of Barnesville, Ga.;

S. 1490. An act for the relief of Earl A. Ross;

S. 2520. An act for the relief of T. D. Randall & Co.;

S. 2734. An act to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania;

S. 4317. An act to authorize the Secretary of War to grant to the city of Buffalo, N. Y., the right and privilege to occupy and use for sewage-disposal facilities part of the lands forming the pier and dikes of the Black Rock Harbor improvement at Buffalo, N. Y.; and

S. 4594. An act to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. and others.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 2982. An act for the relief of Sarah Shelton;

H. R. 7110. An act to authorize the President to bestow the Navy Cross upon Brig. Gen. Robert H. Dunlap, United States Marine Corps, deceased;

H. R. 8262. An act for the relief of Tom Rogers, and the heirs of W. A. Bell, Israel Walker, Henry Shaw, Thomas Bailey, and Joseph Watson;

H. R. 8287. An act to establish an assessed valuation real property tax in the Virgin Islands of the United States;

H. R. 8372. An act to authorize the acquisition of lands in the vicinity of Miami, Fla., as a site for a naval air station and to authorize the construction and installation of a naval air station thereon;

H. R. 8431. An act to provide for the establishment of the Fort Frederica National Monument, at St. Simon Island, Ga., and for other purposes;

H. R. 8784. An act to authorize withholding compensation due Government personnel;

H. R. 9995. An act to grant a renewal of patent no. 59560, relating to the emblem of the Disabled American Veterans of the World War;

H. R. 10194. An act granting a renewal of patent no. 40029, relating to the badge of the Holy Name Society;

H. R. 10267. An act to provide for adjusting the compensation of division superintendents, assistant division superintendents, assistant superintendents at large, assistant superintendent in charge of car construction, chief clerks, assistant chief clerk, and clerks in charge of sections in offices of division superintendents in the Railway Mail Service, to correspond to the rates established by the Classification Act of 1923, as amended; and

H. R. 10934. An act to authorize the transfer of the customhouse at Salem, Mass., from the jurisdiction of the Treasury Department to the Department of the Interior.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.) the House adjourned until tomorrow, Thursday, May 21, 1936, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

839. A communication from the President of the United States, transmitting, pursuant to House Resolution 296, dated August 7, 1935, information concerning the number and distribution of Federal institutions and establishments of every kind and character which are depositing or causing to be deposited raw, untreated sewage into navigable or nonnavigable waters of the United States, and such recommendations with respect thereto as is deemed advisable and in the public interest (H. Doc. No. 495); to the Committee on Rivers and Harbors and ordered to be printed.

840. A letter from the Archivist of the United States, transmitting lists of papers among the archives and records of the Veterans' Administration which the Administration has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

841. A letter from the Archivist of the United States, transmitting lists of papers among the archives and records of the Federal Trade Commission which the Commission has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

842. A letter from the Archivist of the United States, transmitting a list of papers among the archives and records of the Federal Reserve Board which the Board has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

843. A letter from the Archivist of the United States, transmitting a list of papers among the archives and records of the United States Employees' Compensation Commission which the Commission has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

844. A letter from the Archivist of the United States, transmitting lists of papers among the archives and records of the Civil Service Commission which the Commission has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

845. A letter from the Archivist of the United States, transmitting lists of papers among the archives and records of the Department of Commerce which the Department has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

846. A letter from the Archivist of the United States, transmitting lists of papers among the archives and records of the Department of Agriculture which the Department has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

847. A letter from the Archivist of the United States, transmitting lists of papers among the archives and records of the Post Office Department which the Department has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

848. A letter from the Archivist of the United States, transmitting a list of papers among the archives and records of the Department of War which the Department has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

849. A letter from the Archivist of the United States, transmitting lists of papers among the archives and records of the Department of the Treasury which the Department has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

850. A letter from the Archivist of the United States, transmitting a list of papers among the archives and records of the Department of State which the Department has recommended should be destroyed or otherwise disposed of; to the Committee on Disposition of Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GILLETTE: Committee on Foreign Affairs. S. 4584. An act to amend the Migratory Bird Treaty Act of July 3, 1918 (40 Stat. 755), to extend and adapt its provisions to the convention between the United States and the United Mexican States for the protection of migratory birds and game mammals concluded at the City of Mexico, February 7, 1936, and for other purposes; without amendment (Rept. No. 2692). Referred to the Committee of the Whole House on the state of the Union.

Mr. CASTELLOW: Committee on Foreign Affairs. H. R. 12257. A bill to extend the jurisdiction of the United States Court for China to offenses committed on the high seas; without amendment (Rept. No. 2693). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. House Joint Resolution 563. Joint resolution to declare December 26, 1936, a legal holiday in the District of Columbia; without amendment (Rept. No. 2694). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of New Hampshire: Committee on Military Affairs. S. 1976. An act to amend the act entitled "An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1927, and for other purposes", approved April 15, 1926, so as to equalize the allowances for quarters and subsistence of enlisted men of the Army, Navy, and Marine Corps; without amendment (Rept. No. 2696). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 10669. A bill authorizing an appropriation for payment to the Sac and Fox Tribe of Indians in the State of Oklahoma; without amendment (Rept. No. 2697). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULMER: Committee on Agriculture. S. 81. An act to provide for the collection and publication of statistics of peanuts by the Department of Agriculture; without amendment (Rept. No. 2698). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES: Committee on Agriculture. H. R. 11929. A bill granting to the State of Iowa for State park purposes certain land of the United States in Clayton County, Iowa; without amendment (Rept. No. 2699). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAINES: Committee on the Post Office and Post Roads. H. R. 6868. A bill to provide time credits for substitutes in the motor-vehicle service; with amendment (Rept. No. 2724). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 12646. A bill to amend section 318 of the Communications Act of 1934; without amendment (Rept. No. 2725). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H. R. 11325. A bill to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products in the District of Columbia; with amendment (Rept. No. 2727). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of New Hampshire: Committee on Military Affairs. S. 3992. An act for the relief of Capt. Laurence V. Houston, retired; without amendment (Rept. No. 2695). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 1367. A bill for the relief of William A. McMahan; with amendment (Rept. No. 2700). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 2323. A bill for the relief of Dean Scott; with amendment (Rept. No. 2701). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. H. R. 2932. A bill for the relief of the International-Great Northern Railroad Co.; with amendment (Rept. No. 2702). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. H. R. 7822. A bill for the relief of Lucretia Norris; with amendment (Rept. No. 2703). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 7947. A bill for the relief of Rev. Harry J. Hill; with amendment (Rept. No. 2704). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 7970. A bill for the relief of V. P. Johnson; with amendment (Rept. No. 2705). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. H. R. 8643. A bill for the relief of Mr. and Mrs. Frank Daley; with amendment (Rept. No. 2706). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. H. R. 8841. A bill for the relief of Estelle Mary MacDonald and Marilyn MacDonald; with amendment (Rept. No. 2707). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 8898. A bill for the relief of Barbara Jean Matthews, a minor; with amendment (Rept. No. 2708). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 9237. A bill for the relief of Annie E. Hyland; with amendment (Rept. No. 2709). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 9418. A bill for the relief of Edward L. Gockeler; with amendment (Rept. No. 2710). Referred to the Committee of the Whole House.

Mr. GWYNNE: Committee on Claims. H. R. 9896. A bill for the relief of Andrew Dowd; with amendment (Rept. No. 2711). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. H. R. 10169. A bill for the relief of L. M. Crawford; with amendment (Rept. No. 2712). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 10222. A bill for the relief of Sarah E. Palmer; with amendment (Rept. No. 2713). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 10527. A bill for the relief of Harris Bros. Plumbing Co.; with amendment (Rept. No. 2714). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. H. R. 10677. A bill for the relief of Cora Fulghum and Ben Peterson; with amendment (Rept. No. 2715). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. H. R. 10697. A bill for the relief of George Houston; with amendment (Rept. No. 2716). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 11203. A bill for the relief of Andrew Smith; with amendment (Rept. No. 2717). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. H. R. 11461. A bill for the relief of the estates of N. G. Harper and Amos Phillips; with amendment (Rept. No. 2718). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 11868. A bill for the relief of Brook House, Ltd., of Sydney, Australia; without amendment (Rept. No. 2719). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. House Joint Resolution 522. Joint resolution for the relief of William W. Brunswick; with amendment (Rept. No. 2720). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 3861. An act for the relief of the Alaska Commercial Co., of San Francisco, Calif.; without amendment (Rept. No. 2721). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 4358. An act for the relief of Harry L. Parker; without amendment (Rept. No. 2722). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 4359. An act for the relief of W. D. Reed; without amendment (Rept. No. 2723). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 12788. A bill for the relief of sundry claimants, and for other purposes; with amendment (Rept. No. 2726). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DEROUEN: A bill (H. R. 12789) to authorize the exchange of certain lands within the Great Smoky Mountains National Park for lands within the Cherokee Indian Reservation, N. C., and for other purposes; to the Committee on the Public Lands.

By Mr. EKWALL: A bill (H. R. 12790) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. McREYNOLDS: A bill (H. R. 12791) to fulfill certain treaty obligations with respect to water levels of the Lake of the Woods; to the Committee on Foreign Affairs.

Also, a bill (H. R. 12792) to prohibit the commercial use of the coat of arms of the Swiss Confederation pursuant to the obligation of the Government of the United States under article 28 of the Red Cross Convention signed at Geneva July 27, 1929; to the Committee on Foreign Affairs.

By Mr. DOUGHTON: A bill (H. R. 12793) to amend certain administrative provisions of the internal-revenue laws, and for other purposes; to the Committee on Ways and Means.

By Mrs. O'DAY: A bill (H. R. 12794) to extend the definition of an alien veteran, for naturalization purposes only, so as to include certain alien enemies and nationals of Turkey and Bulgaria who rendered active service in United States armed forces with personal record of loyalty to the United States, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. COFFEE: A bill (H. R. 12795) to provide that certain taxes with respect to coconut oil be covered into the general funds of the Treasury, and for other purposes; to the Committee on Ways and Means.

By Mr. COOLEY: A bill (H. R. 12796) to amend the act entitled "An act to provide for the times and places for holding court for the eastern district of North Carolina", approved May 10, 1928, as amended (U. S. C., 1934 ed., title 28, sec. 179; U. S. C., Supp. I, title 28, sec. 179); to the Committee on the Judiciary.

By Mr. FERNANDEZ: A bill (H. R. 12797) to include native-born Filipinos for eligibility under the naturalization laws, as amended, who served during the World War, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. HILDEBRANDT: A bill (H. R. 12798) to amend section 673, chapter 17, title 28, Judicial Code of the United States Statutes, edition of December 6, 1926; to the Committee on the Judiciary.

By Mr. WARREN: A bill (H. R. 12799) to authorize the coinage of 50-cent pieces in commemoration of the three hundred and fiftieth anniversary of Sir Walter Raleigh's colony on Roanoke Island, N. C., known in history as the Lost Colony, and the birth of Virginia Dare, the first child of English parentage to be born on the American Continent, and her baptism; to the Committee of the Whole House on the State of the Union.

By Mr. VINSON of Kentucky: A bill (H. R. 12800) to regulate interstate commerce in bituminous coal, and for other purposes; to the Committee on Ways and Means.

By Mr. BLANTON: Joint resolution (H. J. Res. 592) making appropriations for support of the government of the District of Columbia for the fiscal year ending June 30, 1937, and for other purposes; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. KENNEDY of Maryland: A bill (H. R. 12788) for the relief of sundry claimants, and for other purposes; to the Committee on Claims.

By Mr. AYERS: A bill (H. R. 12801) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Waterton Oil, Land & Power Co., of Butte, Mont., against the United States; to the Committee on the Public Lands.

By Mr. CARMICHAEL: A bill (H. R. 12802) for the relief of Edna Lee Fuqua and Vernedia Eggleston Fuqua; to the Committee on Claims.

Also, a bill (H. R. 12803) for the relief of Howard Fuqua; to the Committee on Claims.

Also, a bill (H. R. 12804) for the relief of the estates of Cleoney Fuqua and Miles Moore; to the Committee on Claims.

By Mr. CELLER: A bill (H. R. 12805) for the relief of the Nafra Co., Inc., and to confer jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of the Nafra Co., Inc., against the United States; to the Committee on Claims.

By Mr. GINGERY: A bill (H. R. 12806) for the relief of James P. McDonnell; to the Committee on Naval Affairs.

Also, a bill (H. R. 12807) for the relief of Walter Francis Meinhart; to the Committee on Naval Affairs.

By Mr. LEE of Oklahoma: A bill (H. R. 12808) for the relief of William E. Burch; to the Committee on Military Affairs.

By Mr. MOTT: A bill (H. R. 12809) granting a pension to Willie D. Nelson; to the Committee on Invalid Pensions.

By Mr. SCHULTE: A bill (H. R. 12810) granting a pension to Simon R. Ditzler; to the Committee on Pensions.

By Mr. SMITH of West Virginia: A bill (H. R. 12811) for the relief of the Kanawha Valley Coal Co.; to the Committee on Claims.

By Mr. SNELL: A bill (H. R. 12812) granting an increase of pension to Mary Catherine Green; to the Committee on Invalid Pensions.

By Mr. TONRY: A bill (H. R. 12813) for the relief of Georg Ferdinand Erich Emmrich, also known as Richard Shultz; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10919. By Mr. DE ROUEN: Petition of Bayou Plaquemine Gravity Drainage District No. 12, of St. Landry Parish, La., urging the favorable consideration by the House of Senate bill 630; to the Committee on Agriculture.

10920. By Mr. DARROW: Petition of the Philadelphia Board of Trade, protesting against the enactment of the Healey bill (H. R. 11554); to the Committee on the Judiciary.

10921. Also, petition of the Philadelphia Board of Trade, protesting against the enactment of House bill 12395, the revenue bill; to the Committee on Ways and Means.

10922. By Mr. JOHNSON of Texas: Petition of Mamie Cerf; Joe Jolesch; Charles S. Cook; F. B. Vrla; J. W. Tolleson, president, the Citizens National Bank, of Ennis; E. C. Hawkins, vice president of Ennis State Bank; W. F. Templeton; and Ernest L. Raphael, all of Ennis, Tex., favoring Senate Joint Resolution 205, by Mr. SMITH; to the Committee on Agriculture.

10923. Also, petition of Mrs. G. L. Austin, Mrs. Roy Brown, Mrs. S. N. Brown, Mrs. J. M. Thompson, W. C. Norris, J. B. Adkins, and a large number of other citizens, all of Navarro County, Tex., favoring House bill 7122; to the Committee on Pensions.

10924. By Mr. PETERSON of Georgia: Petition of H. H. Warner, 1505 Washington Street; J. F. Inglesby, 404 East Park Avenue; and other railroad employees, of Savannah, Ga., protesting against taxes authorized by House bill 8651, known as Railroad Retirement Act of 1935, and House bill 8652, known as "An act to levy excise tax upon carriers and income tax upon their employees"; to the Committee on Ways and Means.

10925. By Mr. SCOTT: Petition of the Democratic Educational Group (a club of 800 members), requesting the Committee on Post Offices and Post Roads in the United States Senate to strongly urge the next Congress to enact a law providing for a 30-hour week for all postal and other Federal employees; to the Committee on the Post Office and Post Roads.

10926. Also, petition of the Federation of Citizens' Associations, Central Labor Union (representing organized labor in the District of Columbia), and the Southwest Citizens' Association, endorsing the Scott resolution, No. 486, and petitioning the Speaker to appoint a committee of five select Members to investigate fatalities and injuries in the District of Columbia, to inquire into elevator accidents, set standard qualifications for elevator inspection, investigate office of building inspector, examine plan to establish self-supporting elevator-inspection department, to determine whether or not investigation of accidents conducted by building inspectors have a tendency to excuse improper performance of duty, to report to the House the results of its investigations, that congressional committees of investigation be requested to make special study of antiquated elevators in District Building; to the Committee on the District of Columbia.

10927. By Mr. SMITH of West Virginia: Petition of citizens of Raleigh County, W. Va., urging the enactment of pending antilynch legislation; to the Committee on the Judiciary.

10928. By Mr. SUTPHIN: Petition of the Board of Commissioners of the City of New Brunswick, N. J., that the United States Senate enact the United States Housing Act of 1936, being Senate bill No. 4424, introduced by Senator ROBERT F. WAGNER, and that the House of Representatives enact the identical measure introduced in the House by Congressman HENRY ELLENBOGEN and being House bill 12164; to the Committee on Appropriations.

10929. By Mr. WIGGLESWORTH: Petition of the General Court of Massachusetts, favoring the permanency of the Civilian Conservation Corps; to the Committee on Appropriations.

10930. Also, petition of the General Court of Massachusetts, relative to affording the privilege of entry into this country to those persons who are being persecuted and discriminated against in Germany; to the Committee on Foreign Affairs.

10931. By the SPEAKER: Petition of the Boonville Press Club, Boonville, Ind.; to the Committee on the Library.

10932. Also, petition of the city of New Brunswick, N. J.; to the Committee on Banking and Currency.

SENATE

THURSDAY, MAY 21, 1936

(Legislative day of Tuesday, May 12, 1936)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, May 20, 1936, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SAMUEL B. HILL, Mr. CULLEN, Mr. BUCK, Mr. TREADWAY, and Mr. CROWTHER were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10630) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1937, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 1, 7, 31, 32, 33, 35, 39, 50, 52, 56, and 83 to the bill, and concurred therein; that the House had receded from its disagreement to amendments of the Senate numbered 46 and 87 and concurred therein, each with an amendment, in which it requested the concurrence of the Senate, and that the House insisted upon its disagreement to the amendments of the Senate numbered 24, 53, and 54 to the bill.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 11792. An act declaring Bayou St. John, in the city of New Orleans, La., a nonnavigable stream; and

H. R. 12799. An act to authorize the coinage of 50-cent pieces in commemoration of the three hundred and fiftieth anniversary of Sir Walter Raleigh's colony on Roanoke Island, N. C., known in history as the Lost Colony, and the birth of Virginia Dare, the first child of English parentage to be borne on the American Continent, and her baptism.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 560. An act for the relief of the Western Electric Co., Inc.;

S. 760. An act for the relief of Harry P. Hollidge;

S. 952. An act for the relief of Zelma Halverson;

S. 1186. An act for the relief of Frank P. Ross;

S. 1328. An act for the relief of the Snare & Triest Co., now Frederick Snare Corporation;

S. 1431. An act for the relief of the Collier Manufacturing Co., of Barnesville, Ga.;

S. 1490. An act for the relief of Earl A. Ross;

S. 2520. An act for the relief of T. D. Randall & Co.;

S. 2734. An act to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrich, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania;

S. 4317. An act to authorize the Secretary of War to grant to the city of Buffalo, N. Y., the right and privilege to occupy and use for sewage-disposal facilities part of the lands forming the pier and dikes of the Black Rock Harbor improvement at Buffalo, N. Y.; and

S. 4594. An act to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. and others.

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Chavez	Hayden	O'Mahoney
Ashurst	Clark	Holt	Overton
Austin	Connally	Johnson	Pittman
Bachman	Coolidge	Keyes	Pope
Bailey	Copeland	King	Robinson
Barbour	Couzens	La Follette	Russell
Barkley	Davis	Logan	Schwellenbach
Benson	Dieterich	Lonergan	Sheppard
Bilbo	Donahey	Long	Shipstead
Black	Duffy	McAdoo	Smith
Bone	Fletcher	McGill	Steiwer
Borah	Frazier	McNary	Thomas, Okla.
Brown	George	Maloney	Truman
Bulkley	Gerry	Metcalf	Vandenberg
Bulow	Gibson	Minton	Van Nuys
Burke	Glass	Moore	Wagner
Byrd	Guffey	Murphy	Walsh
Byrnes	Hale	Murray	Wheeler
Capper	Harrison	Neely	White
Caraway	Hastings	Norris	
Carey	Hatch	Nye	

Mr. ROBINSON. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], the Senator from Nevada [Mr. MCCARRAN] are absent because of illness; that the Senator from Oklahoma [Mr. GORE], the Senator from Tennessee [Mr. MCKELLAR], the junior Senator from Maryland [Mr. RADCLIFFE], the senior Senator from Maryland [Mr. TYDINGS], the Senator from Illinois [Mr. LEWIS], and the Senator from Utah [Mr. THOMAS] are necessarily detained, and that the Senator from North Carolina [Mr. REYNOLDS] is absent because of a death in his family.

Mr. AUSTIN. I announce that the Senator from Iowa [Mr. DICKINSON] and the Senator from Delaware [Mr. TOWNSEND] are necessarily absent.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

SUPPLEMENTAL ESTIMATE, RURAL ELECTRIFICATION ADMINISTRATION (S. DOC. NO. 241)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the Rural Electrification Administration for the fiscal year 1937, amounting to $1,450,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Boonville (Ind.) Press Club, favoring fitting recognition of the work of William Fortune by the placing of a tablet inscribed with his name and accomplishment in furtherance of the cause of the erection of a memorial at Vincennes, Ind., to George Rogers Clark, conqueror of the Northwest, which were referred to the Committee on the Library.

Mr. COPELAND presented resolutions adopted by students of the school of business of the College of the City of New York, N. Y., favoring the enactment of the so-called national youth bill, which was referred to the Committee on Education and Labor.

He also presented the petition of Local Union No. 181, International Brotherhood of Electrical Workers, of Utica, N. Y., praying for the enactment of the so-called Wagner-Ellenbogen low-cost housing bill, which was referred to the Committee on Education and Labor.

He also presented the petition of sundry citizens, being members of the Employees Association of the United States Immigration and Naturalization Service, of Niagara Falls, N. Y., praying for the enactment of the bill (H. R. 12244) to amend section 24 of the Immigration Act of 1917, relating to the compensation of certain Immigration and Naturalization Service employees, and for other purposes, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Saratoga County, N. Y., local of the Socialist Party of the United States, favoring the holding of public hearings and the re-

porting to the Senate of the so-called Benson resolution, being the joint resolution (S. J. Res. 249) proposing an amendment to the Constitution of the United States designating farmers' and workers' rights, which was referred to the Committee on the Judiciary.

ENDORSEMENT OF PRESIDENT ROOSEVELT

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD and to lie on the table a resolution adopted yesterday by the South Carolina convention of the Democratic Party, endorsing President Roosevelt for renomination and reelection. This resolution, presented by Delegate C. C. Wyche, of Greenville, S. C., was adopted unanimously by a standing vote.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas on March 3, 1933, when President Franklin D. Roosevelt was inaugurated as President of the United States, he found the Republican Party had so administered the affairs of government that fear gripped the hearts of the American people and despair was written upon their faces; business, big and little, was in economic chaos; banking institutions were insolvent and men were frantic in their efforts to convert currency into gold; millions of honest men had been thrown out of employment and were walking the streets inadequately clothed and hungry; farms of the American farmer and homes of American workingmen were being sold under foreclosures; cotton was being sold at 5 cents per pound and other farm products below the cost of production; old age faced want and poverty with no ray of hope; and Government was being operated and controlled for the benefit of the privileged few and without thought of consideration for the hopes, longings, and aspirations of the American people as a whole; and

Whereas under the wise and capable leadership of President Franklin D. Roosevelt since his inauguration, fear has been driven from the hearts of men and faith and hope restored; business has again begun to prosper; the banks are overflowing with money and men make their deposits with confidence and no longer question the currency of the United States; the farms of the American farmer and the homes of the American workingman have been saved from foreclosure and sale; the price of cotton has been increased from 5 cents per pound to 11 and 12 cents per pound, and other agricultural products are being sold at a more reasonable figure; the naked have been clothed, the hungry fed, and old age once again faces the future with more hope than dread; the doors of opportunity are being once again opened to youth, ambition, and energy to all those who are willing to work; the whole American people look forward to the future with confidence, optimism, and cheerfulness, and with the knowledge that the Government of the United States shall, under the continued leadership of the Democratic Party, be administered so that the American citizen shall be forever freed from economic slavery and shall enjoy the freedom guaranteed to him under the Constitution of the United States: Now, therefore, be it

Resolved by the Democratic State convention of South Carolina, That President Franklin D. Roosevelt be, and he is hereby, endorsed for renomination as the nominee of the Democratic Party and for reelection as President of the United States; be it further

Resolved, That the delegates elected by this convention to the Democratic National Convention be, and they are hereby, instructed and directed to support the nomination of Franklin D. Roosevelt as the nominee of the Democratic Party for President of the United States.

REPORTS OF COMMITTEES

Mr. BURKE, from the Committee on the Judiciary, to which was referred the bill (S. 2550) to incorporate the American National Institute (Prix de Paris) at Paris, France, reported it without amendment and submitted a report (No. 2062) thereon.

Mr. VAN NUYS, from the Committee on the Judiciary, to which was referred the joint resolution (S. J. Res. 187) authorizing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski, reported it with amendments and submitted a report (No. 2065) thereon.

Mr. STEIWER, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 9483) to extend the provisions of the Forest Exchange Act, as amended, to certain lands so that they may become part of the Umatilla and Whitman National Forests, reported it without amendment and submitted a report (No. 2063) thereon.

Mr. MURRAY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 3869) to authorize payment to the Indians of the Fort Peck Reservation of the amounts due on certain delinquent homestead entries, reported it with amendments and submitted a report (No. 2064) thereon.

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 9183) to provide for the extension of the boundaries of the Hot Springs National Park in the State of Arkansas, and for other purposes, reported it with an amendment and submitted a report (No. 2075) thereon.

Mr. ADAMS, from the Committee on Banking and Currency, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 4394. A bill to authorize the coinage of 50-cent pieces in commemoration of the seventy-fifth anniversary of the Battle of Antietam (Rept. No. 2066); and

H. R. 11688. A bill providing for a change in the design of the 50-cent pieces authorized to be coined in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union (Rept. No. 2067).

Mr. ADAMS also, from the Committee on Banking and Currency, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 4464. A bill to authorize the coinage of 50-cent pieces in celebration of the opening of the San Francisco-Oakland Bay Bridge (Rept. No. 2068);

S. 4608. A bill to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of York County, Maine (Rept. No. 2069);

H. R. 7690. A bill to authorize the coinage of 50-cent pieces in commemoration of the two hundred and fiftieth anniversary of the founding of the city of Albany, N. Y. (Rept. No. 2070);

H. R. 8234. A bill to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the founding of the city of Elgin, Ill., and the erection of a heroic pioneer memorial (Rept. No. 2071); and

H. R. 11533. A bill to authorize the coinage of 50-cent pieces in commemoration of the seventy-fifth anniversary of the Battle of Gettysburg (Rept. No. 2072).

Mr. OVERTON, from the Committee on Commerce, to which was referred the bill (S. 4538) providing for an examination and survey for a deep-water channel from New Iberia, parish of Iberia, La., to the Gulf of Mexico, reported it with an amendment and submitted a report (No. 2073) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the joint resolution (S. J. Res. 262) granting the consent of Congress to the States of New York and Vermont to enter into an agreement amending the agreement between such States consented to by Congress in Public Resolution No. 9, Seventieth Congress, relating to the creation of the Lake Champlain Bridge Commission, reported it without amendment and submitted a report (No. 2074) thereon.

He also, from the same committee, to which was referred the bill (S. 4037) to amend the act relating to the Omaha-Council Bluffs Missouri River Bridge Board of Trustees, approved June 10, 1930, and for other purposes, reported it with amendments and submitted a report (No. 2076) thereon.

ARRANGEMENT FOR INAUGURATION OF PRESIDENT AND VICE PRESIDENT

Mr. NEELY. Mr. President, from the Committee on Rules I report favorably, without amendment, Senate Concurrent Resolution No. 38, and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The clerk will read the concurrent resolution.

The legislative clerk read the concurrent resolution (S. Con. Res. 38), as follows:

Resolved by the Senate (the House of Representatives concurring), That a joint committee consisting of three Senators and three Representatives, to be appointed by the President of the

Senate and the Speaker of the House of Representatives, respectively, is authorized to make the necessary arrangements for the inauguration of the President-elect of the United States on the 20th day of January next.

Mr. McNARY. Mr. President, I desire to ask a question of the Senator. Has it been the practice to propose a concurrent resolution of this kind so far in advance of the inauguration?

Mr. NEELY. Mr. President, the resolution has been offered earlier than usual because of the fact that under existing law the inauguration will be held about 6 weeks before the 4th of March, the date on which the inaugural ceremony was previously performed.

Mr. McNARY. Mr. President, is the concurrent resolution in the form which has been followed in years past?

Mr. NEELY. It is.

Mr. McNARY. Has the resolution been unanimously reported by the committee?

Mr. NEELY. The Committee on Rules has unanimously approved the resolution.

The VICE PRESIDENT. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

PRINTING REVISED EDITION OF SENATE RULES AND MANUAL

Mr. NEELY, from the Committee on Rules, reported a resolution (S. Res. 303), which was referred to the Committee on Printing, as follows:

Resolved, That the Committee on Rules be, and is hereby, directed to prepare a revised edition of the Senate Rules and Manual for the use of the Seventy-fifth Congress, and that 1,700 additional copies shall be printed and bound, of which 1,200 copies shall be for the Senate, 200 copies for the use of the Committee on Rules, and the remaining 300 copies shall be bound in full morocco and tagged as to contents and delivered as may be directed by the committee.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On May 19, 1936:

S. 3483. An act to provide for rural electrification, and for other purposes.

On May 21, 1936:

S. 560. An act for the relief of the Western Electric Co., Inc.;

S. 760. An act for the relief of Harry P. Hollidge;

S. 952. An act for the relief of Zelma Halverson;

S. 1186. An act for the relief of Frank P. Ross;

S. 1323. An act for the relief of the Snare & Triest Co., now Frederick Snare Corporation;

S. 1431. An act for the relief of the Collier Manufacturing Co., of Barnesville, Ga.;

S. 1490. An act for the relief of Earl A. Ross;

S. 2520. An act for the relief of T. D. Randall & Co.;

S. 2734. An act to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrich, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and borough of Tullytown, Bucks County, Commonwealth of Pennsylvania;

S. 4317. An act to authorize the Secretary of War to grant to the city of Buffalo, N. Y., the right and privilege to occupy and use for sewage-disposal facilities part of the lands forming the pier and dikes of the Black Rock Harbor improvement at Buffalo, N. Y.; and

S. 4594. An act to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. and others.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH:

A bill (S. 4671) to amend the act approved February 1, 1928, concerning actions on account of death or personal injury within places under exclusive jurisdiction of the United States; to the Committee on Education and Labor.

By Mr. CAPPER:

A bill (S. 4672) granting a pension to Hattie Amelia Hunt (with accompanying papers); to the Committee on Pensions.

By Mr. VAN NUYS:

A bill (S. 4674) for the relief of Peter S. Kaminski; to the Committee on Military Affairs.

Mrs. LONG. Mr. President, I ask consent to introduce two bills, one to authorize production credit associations to make loans to fur trappers, the other declaring Bayou St. John, in the city of New Orleans, a nonnavigable stream. I request that the bills be referred to the appropriate committees.

The VICE PRESIDENT. Without objection, the bills will be received and appropriately referred.

By Mrs. LONG:

A bill (S. 4675) to authorize production credit associations to make loans to fur trappers; to the Committee on Banking and Currency.

A bill (S. 4676) declaring Bayou St. John, in the city of New Orleans, La., a nonnavigable stream; to the Committee on Commerce.

INSTRUCTION AND INFORMATION RELATIVE TO CRIME CONTROL

Mr. ASHURST. At the request of the Attorney General, I ask consent to introduce for appropriate reference a bill on the subject of crime control. I also request that the bill be printed in the RECORD.

The VICE PRESIDENT. Without objection, the bill will be received, printed in the RECORD, and referred to the Judiciary Committee.

The bill (S. 4673) to authorize the Attorney General to provide instruction and information on the subject of crime control was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That authority is hereby given to the Attorney General of the United States to provide instruction and information in methods of cooperation between the Department of Justice of the United States and the law enforcement agencies of the several States, the subdivisions and municipalities thereof and to provide for the collection and dissemination of information on the subject of crime prevention and control.

SEC. 2. There is hereby authorized to be appropriated from the Treasury of the United States such amount as may be necessary to carry out the provisions hereinabove set forth.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H. R. 11792. An act declaring Bayou St. John, in the city of New Orleans, La., a nonnavigable stream; to the Committee on Commerce.

H. R. 12799. An act to authorize the coinage of 50-cent pieces in commemoration of the three hundred and fiftieth anniversary of Sir Walter Raleigh's colony on Roanoke Island, N. C., known in history as the Lost Colony, and the birth of Virginia Dare, the first child of English parentage to be born on the American Continent, and her baptism; to the Committee on Banking and Currency.

ADMISSIBILITY IN EVIDENCE OF CERTAIN WRITINGS AND RECORDS—AMENDMENT

Mr. BURKE submitted an amendment intended to be proposed by him, for the Committee on the Judiciary, to the bill (H. R. 11690) relating to the admissibility in evidence of certain writings and records made in the regular course of business, which was ordered to lie on the table and to be printed.

AMENDMENT TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. HAYDEN (for Mr. McCARRAN) submitted an amendment intended to be proposed by Mr. McCARRAN to House bill 12624, the first deficiency appropriation bill, 1936, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 61, after line 5, to insert:

"Naval ammunition depot, Hawthorne, Nev.: For the construction of smokeless-powder magazines and accessories, $760,000; for the construction of high-explosive magazines and accessories, $196,000; for the construction of projectile magazines and accessories, $370,000; for the expansion of officers' quarters, $40,000; in all, $1,366,000."

BITUMINOUS-COAL INDUSTRY

Mr. DAVIS. Mr. President, I understand that a contract of cooperation between the bituminous-coal miners and operators has been signed for another year, and I trust that this will serve as a basis of security in this industry. The highly competitive nature of the bituminous-coal industry requires stabilization. If legislation is to be used to overcome cutthroat competition, it must be based on the best thought of coal miners and operators. Past experience has taught us that price cutting leads to wage cutting. I have seen wages sink from $7.50 a day to less than $2.50, and, even so, the employment was irregular. Voluntary agreements between coal miners and operators as to wage scales through collective bargaining should point the way to an effective solution of this problem. Voluntary agreements seem to work satisfactorily in the anthracite industry. A similar program is needed for the bituminous-coal industry which fierce competition had reduced to chaos. Strikes and stoppage of work should be avoided and every effort be made to build up purchasing power in the hands of the mine workers.

Mr. President, so many requests have come to me for copies of the Supreme Court decision on the Bituminous Coal Conservation Act that I ask that a thousand additional copies be printed for distribution as a Senate document. The cost will be small, owing to the fact that the material is already set up.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Pennsylvania?

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. DAVIS. I yield.

Mr. NORRIS. Does the request of the Senator include the printing of the dissenting opinion as well as the majority opinion?

Mr. DAVIS. Yes. A request for printing the opinions has already heretofore been granted, and I am now merely asking that a thousand additional copies be printed.

Mr. NORRIS. Including both the majority and the minority opinions?

Mr. DAVIS. Yes; the full decision of the Court.

Mr. NORRIS. Very well, I have no objection.

The PRESIDENT pro tempore. Without objection, the request of the Senator from Pennsylvania is granted.

C. O. MEYER

The PRESIDENT pro tempore laid before the Senate the amendment of the House to the bill (S. 537) for the relief of C. O. Meyer, which was, on page 1, line 6, after "$297.86", to insert "in full settlement of all claims against the Government of the United States."

Mr. BYRNES. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

ALLOWANCES TO EMPLOYEES AFFECTED BY RAILROAD CONSOLIDATIONS

Mr. WHEELER. I ask unanimous consent to have printed in the RECORD a statement authorized to be issued by George M. Harrison, chairman of the Railway Labor Executive Association, and H. A. Enochs, chief of personnel, Pennsylvania Railroad, and chairman of the committee representing railroad managements. The statement has reference to an agreement reached between the railroads and the railroad brotherhoods concerning the dismissal of employees in the event of consolidations. It is one of the most forward-looking and epoch-making agreements negotiated in a long period of time between capital, on the one hand, and labor on the other.

Mr. COUZENS. May I ask if the signing of that agreement disposes of the bill which we have pending before the Committee on Interstate Commerce?

Mr. WHEELER. The signing of the agreement disposes of the bill we have pending before the Committee on Interstate Commerce and upon which we have had hearings, which were postponed in order that the railroads and brotherhoods might get together in order to effect an agreement.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MAY 21, 1936.

The following statement is authorized by George M. Harrison, chairman of the Railway Labor Executives Association, and H. A. Enochs, chief of personnel, Pennsylvania R. R., and chairman of the committee representing railroad managements:

After months of negotiations an agreement was concluded and signed today by representatives of the railway labor unions and the railroad managements concerning allowances to employees affected by the joint action of two or more carriers with respect to unification, consolidation, merger, or pool, in part or in whole, through separate railroad facilities or any of the operations or services previously performed by them through such separate facilities.

The agreement, however, specifically provides that it does not apply to "rises and falls and changes in volume or character of employment brought about solely by other causes."

The agreement is for a period of 5 years beginning on June 18, 1936, and does away with the necessity for the enactment of the Wheeler-Crosser bill which would restrict reductions in railroad employment and which is now pending before congressional committees in the Senate and House of Representatives.

Each carrier contemplating a coordination, the agreement provides, shall give at least 90 days' written notice to the employees affected, such notice must contain a full and adequate statement of the proposed changes to be effected by such coordination, including an estimate of the number of employees of each class affected by the intended changes. Within 10 days of receipt of such notice, arrangements must be made for a conference between representatives of the employees and the railroads interested in such changes, and the conference must begin within 30 days from the date of such notice. The agreement sets up machinery for adjusting any disputes which may arise between the employees and the carriers on matters pertaining to coordination resulting in the displacement of employees.

Three provisions for financial allowances to employees affected by coordinations are provided under the agreement as follows:

1. When an employee affected by a particular coordination is placed in a position paying less monthly salary than previously received by him, then the difference must be paid by the carrier for not to exceed 5 years or until, through promotions or otherwise, the employee received a salary equal to or greater than that received prior to the coordination.

2. Any employee of the carriers deprived of employment as the result of a coordination is to receive a "coordination allowance" based on length of service which, except in the case of an employee with less than 1 year's service, shall be a monthly allowance equivalent in each instance to 60 percent of the average monthly compensation of that employee for the 12 months prior to the coordination as follows:

Period of payment

Length of service:	*Months*
1 year and less than 2 years	6
2 years and less than 3 years	12
3 years and less than 5 years	18
5 years and less than 10 years	36
10 years and less than 15 years	48
15 years and over	60

An employee with less than 1 year of service will receive a coordination allowance in a lump-sum payment equivalent to 60 days' pay.

3. Any employee eligible to the benefits and protections of this agreement may, at his option at the time of coordination, resign and in lieu of all other benefits and protections provided in the agreement accept in a lump sum a "separation allowance" determined in accordance with the following schedule:

Separation allowance

Length of service:	*Months' pay*
1 year and less than 2 years	3
2 years and less than 3 years	6
3 years and less than 5 years	9
5 years and less than 10 years	12
10 years and less than 15 years	12
15 years and over	12

Employees with less than 1 year's service would receive 5 days' pay at the rate of the position last occupied for each month in which they worked.

The agreement also provides for the reimbursement for expenses and certain losses suffered by employees who, because of coordinations, are required to change their place of residence. Under this provision such employee would be reimbursed for all expenses of moving his household and other personal effects and for the traveling expenses of himself and members of his family, including living expenses during the time necessary for such transfer and for a reasonable time thereafter not to exceed 2 working days, used in securing a place of residence in his new location. Any employee furloughed within 3 years after having been transferred, would also be reimbursed for expenses, if he elects to move his place of residence back to his original place of employment.

The agreement further provides that an employee who is compelled to change his point of employment is to be reimbursed, at his option, for any loss suffered in the sale of his home for less

than its fair value. The carrier also must protect an employee against loss to the extent of a fair value of any equity he may have because of a contract to purchase a home or for any loss resulting from an unexpired lease of a dwelling occupied by him as a home. The agreement provides that no claim for loss shall be paid which is not presented within 3 years after the effective date of a coordination. The agreement also sets up machinery for determining what shall be determined as a fair loss due to the above causes.

In respect to proposed coordination between railroads which are parties to this agreement and those which have not participated in it, the agreement provides:

"The provisions of this agreement shall be effective and shall be applied whenever two or more carriers parties hereto undertake a coordination; and it is understood that if a carrier or carries parties hereto undertake a coordination with a carrier or carriers not parties hereto, such a coordination will be made only upon the basis of an agreement approved by all of the carriers parties thereto and all of the organizations of employees involved (parties hereto) of all of the carriers concerned. No coordination involving classes of employees not represented by any of the organizations parties hereto shall be undertaken by the carriers parties hereto except in accord with the provisions of this agreement or agreements arising thereunder."

COOPERATION INSTEAD OF DESTRUCTIVE CRITICISM—ADDRESS BY SENATOR MURRAY

Mr. ASHURST. Mr. President, last Monday evening I heard over the radio an address delivered by the junior Senator from Montana [Mr. MURRAY], wherein he discussed vital subjects in so well considered a manner that I asked him for a copy of the speech. I request that it be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The purpose of government is not merely to protect the life and property of citizens, nor is its main object merely to aid and encourage the development of vast industrial and business enterprises, increasing the wealth and power of a nation. To be an enlightened, progressive government, it must also give consideration to the moral, social, and human problems that directly affect the lives, the happiness, and the security of its people.

In consonance with this philosophy our Government for the past 3 years has been engaged in an effort to correct the evils which have developed in our country due to our failure to give heed to correct principles of economics and social justice. Many wrongs have been redressed, and the widespread distress among our citizens has been largely relieved, yet much remains to be accomplished in order to correct the unbalanced economic conditions under which our country has been laboring.

As my time is limited, it will not be possible to review in detail the results which have been accomplished. In general, the administration has secured the enactment of legislation for the social and economic betterment and security of all the people, farmers, workers, businessmen, women, and youth of the country. It has sought by every means to raise the standards and living conditions of workers and place them on an equal footing in bargaining power with organized industry, and is seeking in every way possible to protect the people from exploitation, restore prosperity, and provide a more widespread and fairer distribution of the earnings of industry. It is sought in every way to give the common man a square deal and drive out of our economic life the wrongs and evils which contributed to bringing on the depression.

This is a partial statement of the social and economic progress which we have been making and by which the administration is raising millions of our citizens out of the depths of confusion and despair and restoring them to productive activities. The Nation can feel proud that we have had a President at the head of our Government who has honestly sought and is still seeking in every way to place the common welfare of the ordinary citizen above the interests of individuals or groups. The philosophy that sound government must concern itself with human rights above property rights has never been more ably and effectively applied than during this first term of President Franklin D. Roosevelt.

But now, as signs of prosperity multiply on every hand and the elections are approaching, a bitter antagonism against the Roosevelt administration has developed. It seems to raise its hydra-headed form like some nemesis intent on evil to our country, seeking to confuse and befuddle the Nation, block the road to recovery, and thrust us back into the chaotic conditions from whence we have been so eagerly seeking to extricate ourselves. Instead of cooperation we are getting destructive criticism. Make no mistake, my fellow citizens, there can be no genuine recovery, nor return of real prosperity and happy conditions for the people of this country, unless there is developed a spirit of cooperation among the various groups that constitute the forces back of our economic life. No one objects to honest, constructive criticism, but extravagant abuse and bitter invective can serve no purpose.

Following the election of Roosevelt and the crisis in the early part of 1933, when the country was floundering in confusion, businessmen throughout the country recognized the dangerous conditions confronting the Nation. Everyone realized that cooperation was essential to allay fear and again start the wheels of progress revolving. There was no criticism then. There was cooperation in thought, in word, and in action.

Under the splendid leadership of President Roosevelt we have made rapid progress during the intervening years. During the current year almost daily the press carries encouraging news of improvement in business conditions. Yet now comes this paradox. Just as we are achieving success in every direction, we are now beginning to hear volumes in the way of destructive criticism and bickering. In view of the progress which the administration has made in restoring the moral, social, and economic well-being of the country, it would seem that it would be entitled to the highest degree of good faith, good sense, and gratitude from every spokesman of business and industry.

Nevertheless, while the people in general are industriously cooperating in an effort to maintain and extend the prosperous conditions already achieved, these self-appointed spokesmen for industry are satisfied with nothing. They seem to be willing to court complete annihilation of the capitalistic system rather than lose any of the perquisites or prerogatives of big business. Fortunately, the great majority of businessmen are supporting the President and are candidly acknowledging the splendid improvement which has taken place in our business and industrial life, and the benefits the country is receiving from his successful efforts to correct economic evils and reestablish the purchasing power of the people. Perhaps this strange paradox may be explained on the basis that this is an election year and that it is politics we are hearing, not economics.

In line with this spirit of antagonism which I have mentioned, one of our great metropolitan newspapers, the New York Sun, recently published an article designed to arouse the animosity of the eastern industrial sections against the West by this outstanding organ of the Republican Party. I quote from this article:

"The sovereign State of Montana paid into the Federal Treasury in all internal revenue for the year ending June 30, 1935, the sum of $6,165,173. Montana in 1935 received, on order of the executive department, the sum of $9,084,000 in direct relief funds. Thus in direct relief funds alone, Montana took from the Federal Treasury $2,900,000 more than it contributed to the support of the Federal Government."

Now, every informed citizen knows that Federal relief money was allocated solely on the basis of need. Need was calculated on the basis of deficiencies in local relief budgets. Naturally, the rich industrial States, that for many years have profited under the economic and tariff policies of past administrations, at the expense of the agricultural States, had much larger local resources than these poorer Western States. The story entirely ignored this variation in the comparative situation of the States affected by the depression. This criticism is the old "Grundy" argument which we have heard before. You will recall Senator Grundy was the representative of business interests, who declared the Western States should talk "darned small" in national matters and inferred that the industrial States paid the taxes and had a right to dominate the situation. Of course, there is not the slightest justification for this attack. It is one of the major functions of National Government to equalize in certain spheres of national interest variations in the economic capacities of its political subdivisions.

Moreover, it is obvious that internal-revenue receipts collected in a particular State do not constitute the sole amount paid toward Government expense by the people of that State. Modern business is not confined to State lines. Whenever a package of cigarettes is manufactured in North Carolina and consumed in Montana, the Federal tax of 6 cents is collected on the cigarettes in the State where it is manufactured. Any reasonable and intelligent person can, nevertheless, see the tax was not paid by the State where it may have been manufactured, but that it is actually paid by the consumer in Montana, where the cigarettes are purchased. This is a striking example. Yet the New York Sun would credit this entire sum to the people of North Carolina.

It was also contended that New York pays all the customs duties on imported goods which happen to enter the country through the port of New York for distribution and consumption throughout the Nation. These attacks are baseless and unjustified. Eastern corporations derive the bulk of their earnings from other States.

The industrial East, as I have suggested, profited enormously from the tariff policies of the Nation. These policies eventually impoverished the agricultural States, destroyed the foreign markets for agricultural commodities, and started western farmers on the toboggan slide to bankruptcy. During this same period the industrial sections were amassing fabulous surplus earnings and paying the most astounding dividends and salaries in all history—salaries and bonuses, mind you, paid to executives and directors, not wages to workers. Surely the East should be more just to the agrarian States. Without the restoration of the purchasing power of the farmers of this country there can be no recovery. Failing in this achievement business and industry will, by the force of circumstances, be relegated to again wallow in the mire of depression. The rehabilitation of agriculture is, therefore, an absolute condition precedent to any industrial recovery of the country. It is not a problem for Montana or the western farm States. It is a problem of the whole country.

Included in the legislation for relief of farmers is the soil-conservation measure designed to rebuild soil fertility and restore parity incomes to the farmer so as to enable him to operate his farm, pay his debts, and live in decency and comfort. The

farmers, also, are seeking relief from burdensome debts which during the past generation have been huddled on their backs as a result of our economic system and tariff policies which destroyed their markets, ruined their prices, and made it impossible for them to carry the load. Farmers also ask protection from the unfair methods of manipulating commodity prices on the commodity exchanges of the country. Farm prices are determined to his disadvantage by gamblers and speculators on commodity exchanges. Just like security prices were manipulated on the New York Stock Exchange prior to its regulation by the Securities Exchange Commission. Under these manipulations of prices the farmers are being annually fleeced out of just returns on the products of their farms. This is a problem the whole country should be interested in. It involves simply the protection of the farmer in the fruits of his labor. It is simple justice.

I would like to refer briefly to the Resettlement Administration Service in bringing about resettlement of the farmers in the distressed and drought-stricken sections of the country. Recently a loud newspaper and partisan barrage has been leveled against the Resettlement Administration, which has already done and is now doing an indispensable work in getting these broken-down farmers back to a basis where they are self-sustaining.

These are all problems not of particular sections but of the whole Nation. They are constructive proposals and are essential in any program for the restoration of purchasing power. The solution of these problems will work to the benefit and advantage of business and industry as well as agriculture.

Mass unemployment results from Nation-wide conditions and abuses. The closing down of mines in the West or the textile mills in the East is the result of national conditions. Thus the ultimate solution must be a Federal one with the full cooperation of American industry. No section or group in the country can shirk responsibility. In this age of abundance with its paradox of poverty amidst plenty a way must be found by which the masses can purchase the things they have learned to want. There is only one way to all-round prosperity, and that is by increasing the mass purchasing power to balance mass production. The farmers and the workers are all consumers of the products of industry and agriculture. They must be enabled to purchase their share of that produce.

No section of this country is independent of the other. Anybody who has ever looked upon those great chimneys of the industrial centers and seen the smoke of manufacture rising to the heavens—incense which industry burns before the throne of God—must realize the close interdependence between all human beings in the world today. Everything that enters into manufacture, the very stones of the structure in which industry operates, the very beams of the building in which it is sheltered, the raw materials of manufacture, the clothing and food of the workers, all come from the outside. The dweller in the cities depends completely for his sustenance upon the labor of the entire country.

If complete cooperation can now be had, the scourge of this depression which has been laid on the backs of our people will soon be converted into the greatest blessing which Providence has ever extended to us. It is the unbroken lesson of history that sacrifices imposed upon one generation are the necessary price of every great advance, material and moral, accomplished by other generations. After our Civil War, notwithstanding its enormous waste, the substitution of free labor for slave labor opened a fountain of prosperity which more than repaired in 5 years the terrible destruction of battle.

Now, in this age, if we can, by correcting the economic mistakes we have made, restore the purchasing power of the farmer and worker, spread employment so as to absorb the labor of all our people in useful production, and stimulate full industrial activity, the ravages and distress which we have suffered will be soon repaired and the people of this country will realize a higher plane of prosperity than has ever been achieved before.

ADDRESS BY ATTORNEY GENERAL AT CONNECTICUT DEMOCRATIC CONVENTION

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD the address delivered by Hon. Homer S. Cummings, Attorney General of the United States, at the State Democratic convention of the State of Connecticut, New Haven, Conn., May 15, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the convention, it is an agreeable experience to return to my home State and to have an opportunity to salute old-time friends and party associates upon the eve of another great Democratic victory. Here I find the consoling presence of my colleagues of other days, and here, too, I see the ardent and shining faces of the younger men and women who have come into the party to renew its vitality and to carry on its great traditions. I felicitate the leaders of our organization upon the happy manner in which these groups have been brought together and molded into a coherent and united force.

To our able Senators and Congressmen, to our efficient State chairman and his associates upon the State central committee, and to all the faithful members of our party who are gathered here tonight I extend my affectionate greeting.

I pause to pay especial tribute to the nestor of Connecticut Democracy—Gov. Wilbur L. Cross—whose scholarly attainments, broad statesmanship, and, may I say, salty personality have added luster to the great office he administers with such marked distinction. He has won an enduring place in the affections of the people of Connecticut.

Members of the convention, we have come a long way together, and there are many things yet to be done. The last 3 years have been fruitful years. Our people have successfully passed through a great crisis. When the present administration came into power our country was in the throes of a depression far more devastating than war. Our standards of civilization were being progressively impaired. Our people were being forced to accept a less and less adequate scale of living. Our financial structure was in ruins. Our industries had practically ceased to function, and we trembled upon the verge of an economic abyss which threatened to engulf the Nation. The great captains of industry and finance, who had been so potent in the old days, and who had assumed that they possessed a patent upon prosperity, were in a state of bewilderment bordering upon abject terror.

They saw nothing ahead but universal bankruptcy and the liquidation of assets under conditions so desperate that they could not and would not have been endured by any free people.

Do not for a moment imagine that I exaggerate. During the Hoover administration, 6,067 banks were forced to close their doors. The managers of the financial institutions that still survived were, in their desperation, calling in loans, selling the securities that were pledged to meet them, foreclosing mortgages, and restricting credit, thereby accelerating the speed with which we were approaching complete chaos.

The startling withdrawals of gold for hoarding or for export to foreign countries, which took place in February and the first few days of March 1933, made further gold redemptions impossible. Those who could lay hands upon gold bullion, gold coin, or gold certificates were carrying them stealthily to storage in safe-deposit boxes. During this 30-day period, $476,100,000 in gold had been withdrawn from the Federal Reserve banks and the United States Treasury, of which $311,000,000 was for export, or to be earmarked for foreign account. Simultaneously there was a great demand for money of all kinds, for domestic hoarding. No man knew what the next day might bring forth. Foreign trade had been brought to a standstill, price levels were falling everywhere, and the burden of debt was beating our people to their knees. Failures and bankruptcies had reached unparalleled proportions. Our agricultural population was in dire distress, and farm evictions were taking place at the rate of more than 200,000 a year. Uncounted millions were out of work.

Nor is this all. The funds of charitable organizations and the resources of the generous, who had been contributing to the help of those less fortunate than themselves, were being depleted to the vanishing point. The morale of our people had been profoundly shaken; and there were repeated outbursts of violence in large sections of our country previously known as among the most orderly and dependeable in our Nation. Upon every hand there were portents of evil which no responsible statesman dared disregard.

I do not pause to assess the responsibility for these conditions or attempt to trace their source. The essential fact is that they actually existed and were bequeathed by the outgoing administration to Franklin Delano Roosevelt. Did he lack vision? Did he lack resourcefulness? Did he lack courage? Did he lack devotion to the public service? Did he lack the gift of leadership, or the capacity to guide in a great national emergency? The united voice of America testifies to the contrary.

His immediate problem had to do with the financial and banking crisis. On Monday, March 6, 1933, he issued his first proclamation which suspended the operation of all of our banking institutions throughout the country, prevented their destruction, and afforded an opportunity for rehabilitation. That dramatic and drastic exercise of Presidential power was a superb act of courageous statesmanship—and it saved the Nation.

From that date to the 31st day of January 1934 the President, acting in close cooperation with a patriotic Congress, approved of a series of acts and promulgated supporting Executive orders that effected a fundamental change in the financial and monetary structure of our country. Gold and gold bullion were swept into the Treasury of the United States; gold certificates were placed where they were readily within the control of the Government; foreign exchange was regulated; banks were progressively reopened; gold hoarding was brought under control; parity was rigidly maintained; and a complete transition was effected from the discredited gold-coin standard to a gold-bullion standard, with the content of the dollar fixed at an endurable amount.

These measures tell the inspiring story of a troubled nation finding its way successfully out of financial chaos. Nor was the President content to rest with these achievements. He realized, even if his critics did not, the extent of the task involved in the effort to restore the broken life of America. The need was imperative, and he acted with swiftness and decision.

The President would be the last to assert that all of the agencies he set in motion have achieved their full purpose, or that they have been free from defects of administration. These things are inherent in any great national program. But no matter what the captious may say about the alleged mistakes of the Government at Washington, it cannot truthfully be asserted that it is in the hands of selfish interests, or that any ulterior purpose dictates its policies. We have placed the Government of the United States at the service of the people. We have shifted the money center of America from Wall Street to Washington, and, if I mistake not the temper of our people, they approve of the change.

Who is it then that is dissatisfied with the work of the administration? Not those who have been aided by the Agricultural Adjustment Act. Not those whose farms have been saved by the Farm Credit Administration. Not those who have been able to refinance their mortgages at a lessened rate of interest through the activities of the Federal Housing Administration. Not those whose homes have been saved by the Home Owners' Loan Corporation. Not the stockholders or creditors of banks, insurance companies, and railroads that have been rescued by the Reconstruction Finance Corporation. Not those who have received aid or found work through the Public Works Administration or the Works Progress Administration. Not the 1,250,000 boys who were taken from idleness and the streets and given opportunity and training in the Civilian Conservation Corps. Not the 52,000,000 American citizens whose deposits in the banks of the country have been made secure by the act creating Federal deposit insurance. Not the laboring groups in whose interest the National Recovery Administration established collective bargaining, improved working conditions, outlawed the sweatshop, abolished child labor, and gave to industry an opportunity for constructive leadership.

Not those whose humanitarian instincts approve of the Social Security Act and its provisions for old-age insurance and grants to States for widows' pensions, child welfare, and public-health service. Not those who recognized the need of abolishing holding companies formerly connected with the banks of our country which made it possible for reckless or corrupt financiers to speculate with the savings of depositors or waste the funds entrusted to their care. Not those who favor stock-market regulations to protect the public in connection with securities offered for general sale. Not those whose utility rates have been reduced through the activities and influence of the Tennessee Valley Authority. Not those who wanted to see the price level lifted and the debt burden of the country made bearable. Not those who have followed international developments and have noted the fruitful efforts to expand our markets and to revive foreign trade. Not those who are gratified by the doctrine of the good neighbor, which has restored a feeling of friendliness amongst the nations on this side of the Atlantic. Not those who realize that the American dollar is the soundest money unit on earth, and that there is a larger metallic reserve behind every Government issue than at any previous time in our history. Not those who are proud of the fact that the credit of our country stands higher than that of any other nation on earth. Not the great masses of the people who see evidences of increasing prosperity upon every hand.

Who, then, I repeat, are dissatisfied? No doubt thwarted political ambitions, unrelenting partisanship, and ultraconservatism account for the major portion of the forces arrayed against us. These things we understand and accept. There are, however, other and far more sinister groups we must take into account. They think primarily in terms of dollars, or the power that dollars represent, and feel little concern for social measures that sound in terms of humanity. I am puzzled by the thought processes of some of these influential and disgruntled citizens who, for so many years, have been riding high, wide, and, let me say, not so very handsome. Why should they be enraged because prosperity is returning? Why are they not content to accept it gracefully? Can it be that they are not willing to have the country prosper except upon their own terms? Why do they not turn in and work with the rest of us to meet our common problems? Are we not all Americans? Is this not one country? Are the people in distress not our friends and brothers?

I sometimes think that these incredible people who report greatly increased profits and simultaneously denounce the President must be harboring an inferiority complex. Somewhere deep down in their subconscious minds there resides a sense of frustration that releases itself in the unbridled outbursts with which, unfortunately, we are all so familiar. They are in the inglorious position of sitting on their money bags, watching the world go by, uttering cries of protest and terror, while they accumulate, at the same time, constantly increasing bank balances.

The New Deal is not on trial. I do not come to defend the New Deal or the policies of the administration. I proclaim them as the source of our salvation and our security. Those who resist social advance, those who oppose change, those who accept the past as good enough for the present, those are the groups that are on trial before the conscience of their fellow men.

To assume, as some of the less-informed critics of the administration are inclined to do, that all that is needed to achieve even a higher degree of prosperity is to terminate Federal effort and let nature take its course is to display an almost childish misapprehension of the problems of modern life.

If, as some of our Republican friends assert, recovery began with Roosevelt but not because of Roosevelt, then at least we are permitted to observe that it was a peculiar and happy coincidence.

There are those who complain that the Budget has not been balanced. If the President had balanced the Budget at the time his critics insisted that he should do so, how many of our citizens would have been forced to go without food? Which was the more important thing to do, balance the Government's Budget or balance the people's budget? Manifestly it was impossible to do both at the same time. If this be treason to the doctrines of sound finance, let the critics of the administration make the most of it.

Of course, recovery has cost a great deal of money, but far less than unfriendly critics assume. During the world conflict we spent nearly $26,000,000,000 for the destructive purposes of war. We have appropriated only a little more than half that amount for the constructive purposes of peace. Only a part of this sum has thus far been spent, a large portion of which is recoverable.

Nor do our critics allow any credit for the public buildings that have been erected, the great bridges that are being flung across our rivers, the thousands of leagues of good roads that are being laid, the dams that are being built, and innumerable other projects that add to the wealth and well-being of our people.

This outpouring of public credit had for its primary object the rescue of millions of Americans from the impossible position in which the economic collapse had placed them. The purpose was to preserve to them their private ownership of property, their right to conduct their enterprises as independent and useful factors in American life, and to avoid the processes of enforced liquidation, by which the great bulk of our fellow citizens were rapidly being regimented into the growing army of unemployed who were becoming, year by year, increasingly dependent on the centralized control of wealth in fewer and fewer hands. In short, it was by means of these expenditures that we salvaged not only the material but the moral and irreplaceable assets of a free people.

Manifestly there are many grave problems yet to be worked out, which must be approached not only with all the intelligence the Nation can summon, but with a devotion amounting to consecration.

Do you suppose for a moment that the Republican Party as now constituted, or as it is likely to be constituted, would be able to grasp the social consequences involved in these great economic dislocations or be willing to adopt the measures of relief that existing conditions demand? It would be a vain and futile hope, indeed.

When the history of this era is written, in the cool and contemplative days of a later period far removed from the animosities and misunderstandings of the present time, President Roosevelt will be more and more clearly revealed not only as a friend of human justice and social progress, but as the protector and defender of our accredited form of government, which, by his genius, he has vindicated.

The dawning future is aglow with promise. The gross income of our farming groups has increased approximately $3,000,000,000 a year since 1932, and more than 30,000,000 of our people in the agricultural areas, instead of living under the constant fear of eviction and penury have developed a power to buy that has stimulated activity in every nook and corner of our country.

Statistics recently compiled by the Federal Reserve Bank of New York disclose that 909 corporations, consisting of 700 industrials, 149 railroads, and 60 utilities, made a net profit of $142,000,000 in 1932. These same companies in 1935 made a net profit of $1,568,000,000, being more than a tenfold increase. One great automobile company in 1932 made a profit of $165,000; in 1935 it increased its profit one thousandfold to a total amount of $167,000,000. A summary by the National City Bank of the profits of 2,010 companies showed earnings for the year 1935 of $2,541,000,000, an increase of 42 percent over those for 1934, which in turn had been far better than 1933 and 1932. This year the statistics are still more encouraging. Everywhere, on every hand, in every line of activity, there is a constantly improving situation.

Those who were tongue-tied in the great crisis and found their voices only when the danger passed are in no position to criticize either the policies, the purposes, or the achievements of the administration; and those who have no better program to offer should learn the grace of silence. President Roosevelt has done more than restore material prosperity. He has restored the faith of our people. We stand upon his great record.

Every President who has guided this Nation through a troubled hour has been denounced as a destroyer of the Constitution, as a usurper, as a dictator, and as an enemy of honest wealth. Turn back the pages of your history for a moment and read this characteristic attack upon our first President:

"The American Nation has been debauched by Washington. * * * The President has violated the Constitution."

So virulent were the assaults made upon him that, in a moment of exasperation, Washington said he would rather be in his grave than in the Presidency.

In 1862 a leading northern newspaper published the following statement about Lincoln:

"We saw the Executive power grasp in one hand the sword and the purse of the Nation and in the other the legislative and the judicial authority, and hold them in relentless grip to the complete annihilation of our constitutional rights. * * * We saw trade disordered, Government finances ruined, and enormous debt piled incalculably high, intolerable taxes * * *. We saw the superb Constitution, under which our country has grown great and respected, torn in shreds."

Such were the assaults made upon President Lincoln when he was striving to preserve the Government itself in the dreadful hours of the Civil War. And now, in many influential quarters, similar attacks are being made upon President Roosevelt who has carried the Government, the Constitution, and the people safely through the peril and misery of an unparalleled depression to a new and happier day.

For all practical purposes the election is over now. The vast majority of our people devoutly believe that the President is striving to the utmost of his ability to make this a better country in which to live. Never before has the average citizen felt more confident that those in charge of the administration have a deep concern for his welfare and that the Government is his friend.

I say to you that the people do well to love the President. By an unerring instinct they recognize his faith in them, his passion

for justice, his espousal of the cause of the exploited, and his devotion to our institutions. They understand full well the attacks that have been made upon him. They are not disconcerted because he is unpopular with the beneficiaries of the abuses to which he has put an end, and they love him for the enemies he has made. No nominee of reaction, no candidate content to deal in platitudes, no sterile traditionalism, no program of abuse can seduce them from their faith in their great leader.

ADDRESS BY CHAIRMAN FARLEY AT VERMONT DEMOCRATIC STATE CONVENTION

Mr. BROWN. Mr. President, I ask unanimous consent that the address delivered by Hon. James A. Farley, Postmaster General and chairman of the Democratic National Committee, before the Vermont Democratic State convention at Barre, Vt., on May 14, 1936, be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The presence of this representative gathering today is convincing evidence that the Democratic Party is entering the campaign of 1936 in the healthiest condition of its history. The party is strong because facts tell the story and the people of this country know what the administration has done to bring order out of chaos and to restore the economic lifeblood of the country.

I remember that 4 years ago a chorus of hearty chuckles greeted the announcement by our candidate for the Presidency, Mr. Roosevelt, that he intended to deliver a campaign speech in the rock-ribbed Republican State of Vermont. It was an unprecedented action for a Democratic candidate and the press described it as merely a friendly gesture by Governor Roosevelt toward a neighboring State.

But after the election returns were counted in the fall of that year most people found it necessary to change a great many of their previous political beliefs. True enough, the Democratic Party did not carry Vermont, but it made substantial gains in this State and swept the rest of the Nation. The Democratic tide was strong in 1932, and it is running even stronger right at this minute. The great outstanding fact about the campaign of 1936 is that there is no longer any such thing as rock-ribbed Republican territory, and our adversaries know it. I make this statement at the opening of my remarks to forestall the usual comment that my coming here is another idle gesture. It is no such thing.

The great trouble experienced by the Roosevelt administration is in keeping up with our critics, who keep up a continual chant of complaint but who never seem to agree on what they believe is wrong with the administration. Just as soon as we answer one set of complaints they have an entirely new one.

Several months ago it was fashionable to charge that the policies of the administration were retarding the natural forces of recovery. They got away with that false argument until the business reports for 1935 and the first quarter of 1936 were made available. Then they found themselves confronting the undeniable fact that business in every section of the country was improving, that farm prices were up, and that most industrial units were making more money than they ever made before.

I find that Vermont is no exception to the rule. I find that the State has 4,000 more pleasure cars than it had last year. I find that the profits made by one Vermont cooperative creamery in 1 year were more than the par value of its stock. I find that shipments of Vermont maple sugar were 70 percent greater in 1935 than they were the previous year. The lumber business is better, agricultural prices are better, the banks are in fine condition, and most Vermont business concerns are making profits for the first time in years.

That is the true situation and I want to make it as emphatic as I can right here and now that this business recovery is the direct result of the wise policies inaugurated by the Roosevelt administration. I go further than that and say it would have been dangerous for this country if the deflation curve had been allowed to continue downward and if the do-nothing policies of the Hoover administration had been allowed to continue in force. As a distinguished newspaper editorial writer recently expressed it, the policies adopted by Mr. Roosevelt were insurance against civil disorders and possible revolution and the price has been more than worth while.

Just at this moment it is especially fashionable to criticize and condemn one of the finest of the many excellent measures put in operation by the Roosevelt administration to tide this country over the great emergency of the past few years.

I refer to the work-relief program which provided the necessities of life for millions of men, women, and children who otherwise might have starved, and which at the same time has provided a construction program of lasting benefit to the Nation. The most significant thing about the work-relief program is the fact that it provided work in the big cities of this country where the unemployed existed in unprecedented numbers. It was far better and far safer to have these men employed than it would have been to have them congregating in gangs on the street corners and complaining about their unfortunate condition. Idleness is the mother of civil disorder and every student of history is well acquainted with that fact.

I want you to bear in mind that these critics of work relief were silent and unheard of when that policy was adopted. If these self-appointed experts and so-called leaders had anything to say in the time of the great crisis, no one remembers it because no one paid any attention to what they said. But now that the country is on its feet again, they rush out of hiding and spend their days finding fault with President Roosevelt, who did more to bring this country back than the whole of them put together.

There is no use in asking these people to stick to the facts on work relief although those facts are readily available. They continue day after day to publish and broadcast ridiculous and distorted statements about what they call boondoggling and when the facts were disclosed every one of these charges were exploded. In reply to these untruthful statements about work relief, I am going to call your attention today to the judgment rendered on that policy by 100 men in this country who should know more about work relief than any other group. The United States Conference of Mayors is an organization of those men entrusted with running the government of the largest cities of this country. They know by first-hand knowledge the dangers that might arise from mishandling the unemployed problem. The conference of mayors made a survey. Recently, the conference published a report on the conclusions reached by the 100 mayors of the largest cities in this country. This report said in part:

"The integrity and permanent usefulness of the city projects which have been approved by the Federal Government need no apology from anyone. Nor do the cities ask the Government or the President to defend the W. P. A. work which is being assisted by Federal funds.

"These projects are the cities' own projects. All the Government has done is to approve or disapprove what the cities have submitted.

"We are of the opinion that any honest and impartial analysis of the work being prosecuted in the important cities of the country will reveal that practically every project represents a useful and, in most cases, a permanent public improvement."

I want you to bear in mind that the testimony I have just quoted came from 100 mayors of the largest cities in the country, Republican, Democratic, and Independent. I want you to bear in mind that they were unanimous in praising the work-relief program of the Federal Government. These men, more than any other group, know what might have happened if a weaker government had been in control in Washington. Can you ask better or more convincing testimony for the work-relief program? Do you realize now why the Republican National Committee, the Du Pont Liberty League, and the hostile press, always keep silent regarding this report of the mayors? They know the facts are against them, so they ignore the real situation and continue their misrepresentations. So much for work relief.

I am going to review very briefly now what the Roosevelt administration did to restore and revive the banking structure of this country without which the recovery we now enjoy would have been absolutely impossible. I want you to recall that these wise policies were opposed at every step by the same people who are now finding fault with the administration. They did everything in their power to destroy the confidence of the country in the Roosevelt administration. Remember that they predicted chaos and confusion for the banking world if the Roosevelt policies were placed in operation. What has happened? On the contrary the banking structure is stronger today than it ever has been in the history of the country. More than that, the people have confidence because their deposits in most cases are insured; they know that the fearful orgy of bank closings, a frequent occurrence under Republican rule, cannot happen again.

Most of us recall the lightning speed of action which President Roosevelt employed in clearing up the banking and financial mess left on the doorstep of his administration by the Hoover regime. We know how he revitalized the banking structure. We recall that later the Glass-Steagall bill was enacted to correct bad banking practices; we remember the insurance of deposits, and the strict regulations put into effect to prevent the issuance in the future of worthless securities. But few people know of the wonderful good done to the banks of this country by the Home Owners' Loan Corporation and by the Farm Credit Administration. Those two Government organizations did more than save 1,000,000 home owners and 500,000 farmers from eviction. They took over frozen bank paper and gave them liquid paper at a time when such action was sorely and vitally needed by the banks of this country. It was a wise and far-seeing use of the credit of the Federal Government. A real-estate authority, writing in a Boston newspaper not very friendly to the administration, said this:

"The Home Owners' Loan Corporation saved the country, protected the banking structure, and, if it lost every penny it loaned, it would still be the finest thing in the United States, but it will probably not lose $1, so well managed and manned is this sound Corporation, set up to relieve distressed home owners."

In considering that testimony, please remember that the Home Owners' Loan Corporation has loaned more than $2,000,000,000 and yet this writer says if every penny were lost, it would still be a good investment. But he adds that the chances are Uncle Sam won't lose a nickel because the Corporation has been so well managed. And yet a few years ago we were behold solemnly warned that the entrance of the Federal Government into that business was a grave error, and that the final loss would be terrific.

These Roosevelt critics were nowhere to be found when the President and Congress were deciding on the great and worthy policies which I have just described. They remind me of guerillas who run and hide when the battle is raging fiercely and then

rush out after the battle has been won, to start sniping at the brave leaders who won the day.

One of these loud-voiced critics of President Roosevelt worked himself up into a terrible state the other night because he said he never heard of the men whom President Roosevelt has around him running the Government in Washington. That's just like criticizing General Pershing because he helped win the World War with a lot of doughboys whom no one ever heard of before.

The great fact is that President Roosevelt won the war against the depression, and he did it with men who stood loyally by his side in the great emergency. This critic I have just mentioned roared his disapproval of every policy advocated by the Chief Executive and every one of them has worked out well. Would anyone want him in Washington?

As I said before, facts tell the story. Banking deposits now are more than $24,000,000,000, or above even the total amount reached in the boom peak of 1929. That is a marvelous record, and it is due solely to the wise policies of the Roosevelt administration. That money belongs to the frugal, thrifty people of the United States, and they know they are not going to lose it.

I know figures and statistics are boresome, and I am going to avoid them as much as I can. But in 1934 and 1935 only 91 banks failed in this country with total deposits of $47,000,000, almost every penny of which was saved to the depositors by insurance.

In the 4-year period of 1930 to 1933, inclusive, and, of course, including the great banking crisis, more than 7,843 banks in this country were compelled to suspend operations, and few of those reopened. The deposits in those banks reached the stupendous total of more than $6,000,000,000. All of that huge amount was not lost but certainly a large part of it was. The total loss was probably over $2,000,000,000.

We hear a great deal these days from our Republican foes about high taxes. I wonder if you can think of a higher tax than the loss to a poor man of his life savings. Just think of the terrible losses suffered by the people of this country because Republican administrations flatly refused to correct the evils of the banking structure. No wonder that bank deposits shrunk more than $7,000,000,000 during the great depression.

The people of Vermont can think for themselves, and they know that the funds sent here by the Federal Government during the depression turned the economic tide. It has been conservatively estimated that more than $62,000,000 has been allotted, loaned, expended, or disbursed in the Green Mountain section since March 1933. The people of Vermont are honest, hard-working people who pay their bills, and they will pay back their borrowings to Uncle Sam just as quickly as they would any other creditor. That fact is amply proved by the records of the Reconstruction Finance Corporation, the Home Owners' Loan Corporation, and the Farm Credit Administration.

But I want you to pause and consider the effective work done by that $62,000,000 in protecting your homes, your savings, and your business during the last few years. You know better than I how many banks were saved, how many people were kept employed, and how many merchants were kept from going out of business. You know that relief money was cash money and that without it the retailers of Vermont would have been hard pressed indeed.

The next time you hear one of these self-styled economists telling about the natural forces of recovery ask him why those forces didn't stop the 8,000 bank failures under Mr. Hoover. And if that fails to convince him, remind him of the thousands of business failures during the same period.

It might be well at this moment to consider briefly those forces which are now so vigorously opposing the Roosevelt administration and hoping wistfully that something will turn up between now and November to bring about its defeat. Washington is overrun with the highly paid publicity experts of the Republican National Committee who are swamping the press with daily outpourings against the administration. It was this highly paid publicity staff which was responsible for the speech by the Republican Senator who said the Roosevelt administration had driven the people to eating dog food. The Senator is an outstanding candidate for the Presidency, and I must confess he has boiled down the Republican issues better than anyone else to date.

Of course, the newspapers pointed out you can buy good wholesome milk and bread and other human foods—produced in large quantities in Vermont—much cheaper than you can buy dog food, but a mere fact like that means nothing to the Republican publicity staff. Like the Republican "brain trust", it was so ridiculous that the people of the country laughed it out the window. In their frenzied zeal to halt the onward rush of the Roosevelt administration the Republicans fail to realize that until they get a program and a candidate who means something to the people of the United States they might as well shut up shop. This business of condemning everything the administration does has simply disgusted the country. After all, you can't fool all the people all the time.

Then, of course, there is the Du Pont-owned Liberty League, which has become strangely silent during the past few months or ever since it was disclosed that the sponsors of the league will pour out money to anyone who promises to say something nasty about Mr. Roosevelt.

The Liberty League, as you probably know, is a sport model of the Republican National Committee. The same people own both cars, and for the sake of convenience sometimes they use one and sometimes the other. I know a lot of people who would be ashamed to be found riding in the Republican model who don't mind taking a seat in the sport model. But both cars are headed down the same blind alley and both will arrive at the same disappointing end.

The Senate committee has made some interesting revelations about the Du Ponts, who happen to be making more money as the result of the Roosevelt policies than they ever made in their lives before. It was disclosed that the Du Ponts were putting up the cash for the so-called Farmers' Independence Council, which, rightly enough, had offices on Wall Street, N. Y. I think any farm organization run by the Du Ponts should have Wall Street offices. But I wonder what the real dirt farmers of Vermont think of tactics like that? I wonder if they want the Du Ponts to represent them in advocating the kind of agricultural policies this country should have? Of course, they don't; and the farmers of Vermont, like those everywhere, resent this piece of deceit on the part of the Du Ponts and their wealthy friends.

The American Liberty League itself is now so discredited that it is no longer worth bothering about or answering. But it is well to remember that the rich men who run the Liberty League are also financing almost every other organization which is engaged today in opposing the Roosevelt administration. The men who contribute to the Liberty League are also contributing large sums to the Republican National Committee. Do you think they are doing that to help the farmers and the business interests of Vermont? Not on your life! They are pouring that money into the Republican organization because they intend to control it for their own interest.

The press of the country is pointing out that the Republican leadership is suffering from a "defeatist" complex because the leaders know very well that the party is going down to a crushing defeat in the fall of this year. The G. O. P. is going to take the worst defeat of its career because it has allowed itself to come once again under the domination of the wealthy Liberty League sponsors, who never seek anything but their own unselfish ends. In primary after primary the people of this country have shown that they resent this old, bankrupt, Republican leadership. In large States like California, Illinois, Wisconsin, and Pennsylvania President Roosevelt, although unopposed, has polled a larger primary vote than his Republican opponents combined. After all, the attitude of the voters is what tells the true picture of conditions in this country today.

I wish to close my remarks by urging you to bring the facts before the people of Vermont. Let the people know what honest, impartial observers feel about the policies of the Roosevelt administration and the result is a foregone conclusion.

The proof will come early next month when the Republicans gather in Cleveland to write a platform, which will endorse farm relief, relief to the unemployed, social insurance, and many of the other fine policies placed in operation by the Roosevelt administration. Imitation is always a sincere form of flattery, but in this case it will be more than that—it will be a confession of defeat on the part of our Republican opponents.

Vermont, like the rest of the country, may congratulate itself on the fact that our President for the next 4 years will be that great leader and outstanding statesman, Franklin D. Roosevelt.

PEACEFUL CHANGE WITHIN THE SOCIETY OF NATIONS—ADDRESS BY JOHN FOSTER DULLES

Mr. POPE. Mr. President, I ask unanimous consent to have inserted in the RECORD an address on the subject Peaceful Change Within the Society of Nations, delivered at Princeton University on March 19, 1936, by Mr. John Foster Dulles. This address is so scholarly and informing that I think it deserves a place in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I have chosen as my topic the subject of "Peaceful Change Within the Society of Nations." Before approaching this in terms of the concrete, I ask you to permit me some abstract consideration of the problem of change. We can perhaps thus find certain general principles which will be relevant to our subsequent discussion.

THE NATURE OF THE PROBLEM OF CHANGE

We are becoming increasingly aware of the dynamic character of the world in which we live. Formerly a large part of what surrounds us was classed as "solid" and "static." Step by step, as our knowledge has progressed, we have had to discard such views. We now know that everything is in motion and that, if there is any one principle of general applicability, it is that of movement and of change. We still speak, to be sure, of the "static" and the "maintenance of the status quo", just as we still speak of the "rising" and the "setting" of the sun. But such phrases are no longer looked upon as expressing scientific truth. Actually nothing is static; change is omnipresent and the status quo is never maintained.

In addition to accepting the inevitability and universality of change we note that change greatly varies in its manifestations. Some changes are gentle and benign; others are violent and destructive. If we seek an explanation of these variations, we find that violent and destructive change is usually consequent upon dynamic forces being restrained or repressed by some rigid envelope. The forces then tend to pile up and concentrate in intensity until finally they burst forth with violence. On the other hand, dynamic forces which are readily diffused do not manifest

themselves in any such abrupt and destructive manner. Change in that event is gradual and peaceful.

What is the role of intelligence in a world thus dedicated to movement and change? One certain thing is that intelligence must accept the inevitability of change and that such acceptance must be given irrespective of our ability to rationalize change or comprehend the nature of all the forces that compel it. We cannot, of course, avoid speculating on such matters and, perhaps, regretting the apparent futility of much change. However, the greatest futility of all would be to assume that the law of change can be suspended either by our ignorance or by our disapproval. We may indeed set ourselves up in opposition to change. But if we thereby delay the forces which we oppose, we merely assure their more violent ultimate manifestation, with the result that it is we who are swept aside. Change is the ultimate fact to which we must accommodate ourselves.

If, however, intelligence cannot set itself the task of suppressing the dynamic forces that surround it, it is equally clear that intelligence should not content itself with the role of simple observer. This would be an abdication which, in essence, is a negation of intelligence itself. It is the great, indeed, the unique, quality of intelligence that, while it cannot stop the forces which make change inevitable, it can to some extent modulate and direct these forces so as to affect the character of change.

It is, for example, often possible to increase the intensity of the dynamic forces by concentrating and temporarily restraining them. Or we can decrease the intensity by adjustments which permit of ready diffusion. We can similarly affect the direction in which the dynamic forces discharge themselves. If we desire to produce a violent fall of water, we dam up the stream. If we desire to avoid impetuous floods, we canalize the stream and diffuse the water at an early stage. Through such methods, it is possible for intelligence to deflect violence from that which we wish to see prolonged. By careful planning we can impart to change an element of selectivity. Thus we attain what we are pleased to call "progress" as distinct from pure "change."

It may be thought that the foregoing reflections are particularly applicable to inanimate forces. It is much the same, however, in regard to those dynamic forces which manifest themselves through human beings. Our consciousness of "will power" does, indeed, give the impression that within this sphere we have a far greater power to control, and even to suppress. Actually such impression is largely illusion. Even in our private lives, the most intelligent of us act primarily in response to appetites, habits, instincts, emotions, and other nonrational stimuli. This is even more true of our group life. I refer not merely to extreme cases commonly referred to as "mob psychology", but to all that we do as part of a social unit. Such group action is predominantly swayed by nonrational factors. We have our fashions and our fads; our "bull" markets and our "bear" markets; our business cycles; our swings from conservatism to liberalism and vice versa—all indicative of the subjection of human action to forces other than pure reason.

If we have to deal with the mass movement of human beings, and desire to attain practical results, we must not treat such movements as subject to control or suppression purely through an exercise of will power under the direction of intelligence. Such movements are, indeed, subject to control, but primarily in the same way that inanimate movements are subject to control. They can rarely be stopped by argument, but they can generally be influenced by careful planning. Assume, for example, that we find mass movements periodically manifesting themselves in violence. We will not often stop the violence by arguing its irrationality. The practical approach is to discover the restraining envelope which creates the pressure and to provide outlets such that the dynamic forces become peacefully diffused.

THE ROLE OF WAR IN HISTORICAL EVOLUTION

Let us now turn to the society of nations. It is first to be observed that within this field we find no exception to the universal rule of change. The nations are in constant flux as between each other. It is illuminating to turn the pages of a historical atlas. Scarcely a decade and certainly not a generation goes by without changes of a major order.

In addition to the historic fact of change, which is indisputable, we cannot but be struck by another significant fact which is the regular recurrence of force as an instrument of change. It is interesting, in this connection, to recall the history of our own Nation. Our "manifest destiny" has been achieved through a series of steps in each of which war, actual or potential, was the decisive factor. Even where change in our national domain has, superficially, been peaceful, it became possible only by threat of war or the existence of war in other quarters. If we examine the history of other nations, we find the same story. It is, I think, indisputable that, within the society of nations, changes in relative status have been of regular occurrence; that these changes have customarily been attended by war and that they have largely been reflected in changed national boundaries.

Now the fact, that, within the society of nations, changes have been recurrent, is nothing to cause us surprise. There is, however, cause for reflection in the fact that the changes have habitually been the result of violence and that they have tended to assume a particular pattern, namely, the shifting of national boundaries. This constant coupling of change with violence suggests the presence of dynamic forces which are repressed by barriers which prevent their early and peaceful diffusion with the consequence that such forces are massed and intensified until they forcibly break through. Furthermore, the fact that the envelope which is rent is that of national boundaries, suggests that these may be the barriers which serve to compress the dynamic forces.

It is easy to find confirmation of what is thus suggested. The society of nations is founded upon the concept of "sovereignty." What is "sovereignty"? By very definition it is the right to be free from change by outside forces. It is the essence of sovereignty that the sovereign can do as he pleases within his jurisdiction, no other nation having the right to interfere in any respect. What is his jurisdiction? That defined by national boundaries. Boundaries thus in fact become barriers and, from the Roman days, have been treated as such by writers on international topics. The society of nations is, in theory, a group of sovereigns, each endowed with barriers through which outside influences may not penetrate, except with consent. In the practical exercise of sovereignty, such consent is generally withheld.

The idea that we can have any units perpetually free from change except by consent is, of course, inherently unsound. It ignores all that we learned, or should have learned, from our knowledge of the dynamic character of our world. Sovereignty thus constitutes that obstruction to change which the constant recurrence of violence led us to expect must exist.

The world has indeed, up to the present time, been practical enough to recognize that the concept of sovereignty involved, as a necessary corollary, the use of violence to effect change. Until recently war has always been regarded as an entirely lawful procedure. This has not been because war has at any time been regarded as desirable or because the killing of human beings has been looked upon as a beneficent pursuit. War has at all times been recognized as a curse and peace as golden. However, there has been no other escape from the consequences of sovereignty. Its rigid barriers to movement have had to be broken down in the only way left available, namely, by force, and consequently force has been recognized as a legitimate measure as between nations. Even such conferences as the Hague Peace Conferences of 1899 and 1907 did not seek to abolish war. Rather they sought to evolve "rules" of war, so that the institution of war could be kept within reasonable bounds.

It is only since the World War that a serious effort has been made to do away with war and to assimilate it to murder as between individuals. This is due primarily to the fact that the World War brought us to a realization that wars could not be conducted in accordance with set rules, and that with the development of science and industry, war had ceased to be merely undesirable—it had become intolerable. The instruments of war had become so destructive and so far reaching as to threaten civilization itself. There thus developed a world-wide sentiment that the World War must be the "war to end war." Thereafter we must have a world system from which war would be excluded.

WILSON'S PROGRAM FOR A DURABLE PEACE

At this juncture the world looked primarily to Woodrow Wilson to devise the new world system which it thus ardently and rightfully demanded. He, of all the political leaders, had shown the most statesmanlike vision. He had led America into the war reluctantly, and only to assure that from its colossal destruction there would emerge a world structure designed to make peace durable. He had a duty and it was a duty to which he responded—more adequately than has, perhaps, been appreciated.

His task was to propose a world system from which force could be eliminated as a legitimate instrumentality of change. How had it ever become such a legitimate instrumentality? Because sovereignty turned national boundaries into barriers which obstructed and dammed up dynamic forces until they irresistibly burst through. The solution was then to mitigate the obstructive character of national boundaries and to provide areas within which the dynamic forces could peacefully diffuse themselves. Having created such an elastic world, it would then be practical to suppress resort to force and to unite the nations to this end. This, in essence, was the Wilsonian solution.

The extent of elasticity that could be created varied, of course, with practical conditions. Thus, he dealt separately with the seas; the colonial areas and the highly developed countries where the national system was already entrenched.

As to the seas, he proposed the freedom of the seas "alike in peace as in war."

As to the land (German colonies, Turkey, etc.) where it seemed practical to make a fresh start, he proposed the "mandate" system. Mandated territory would be held in trust and excluded from incorporation into any single national domain. The "open door" would prevail, providing equal opportunity to all nations to use and develop the economic resources.

As to the territory where the sovereignty system was already riveted, he proposed a large measure of both economic and political fluidity. To insure a greater economic freedom, there would be a "removal, so far as possible, of all economic barriers and an equality of trade conditions." To insure greater political elasticity, national boundaries would be subject to change by international action whenever their rigidity threatened the peace.

In a world where boundaries would thus cease to be barriers, war would have no further legitimate place. Accordingly he proposed the League of Nations and the guaranty of its members to unite to repress aggression.

It is significant that, of the 14 points, the proposal for a League of Nations is the last—not the first. The elimination of war was appropriate only as channels were otherwise provided for the peaceful diffusion of dynamic forces.

Wilson's program, of course, completely failed of realization. The peace treaty was barren of any reference whatever to the freedom of the seas. The mandate system was, in form, applied to ex-German and Turkish colonies. Actually the Wilson concept was so perverted that its intent was wholly defeated. The mandatory powers are, to all intents and purposes, absolute sovereigns; and the mandate system, instead of developing colonial areas in the general interest, merely confirms and extends the old concept of national domain. The treaty contains no provisions designed to eliminate trade barriers or to assure a measure of economic movement over national boundaries. The idea of treaty revision was accepted in form but, as in the case of mandates, nullified in fact. The Wilson draft of the Covenant of the League combined the boundary revision and the territorial guaranties into a single article, so that the League guaranty was not the guaranty of a rigid structure. In the final treaty the nonaggression covenant appears as an unqualified undertaking (art. X) supported by the sanctions of article XVI. The treaty-revision article is postponed to article XIX, where it appears as an isolated and diluted provision, for the application or enforcement of which no machinery is provided. It there becomes no more than a pious hope and is, in practical effect, a dead letter.

The only feature of this peace program which found place in the treaty was that for banding the nations together to prevent the use of force. This proposal, when isolated from its context, was, of course, highly acceptable to the victorious European powers. Their prime objective was to retain their war gains. If the treaty made no provision for peaceful change, and created an alliance to perpetuate the status quo, it would, they vainly thought, admirably serve their purpose.

Thus the treaty emerged as a triumph of the old principles of sovereignty. The world would be maintained as an area cut into numerous subdivisions by boundary lines serving as barriers to the interplay of dynamic forces. The pledge of mutual assistance against war merely meant that the barriers might, with apparent impunity, be made the more impenetrable.

This invitation to extreme nationalism has in fact been accepted. The consequences is that our post-war world not only perpetuates, but indeed accentuates, the conditions which have always been provocative of war. Peace efforts, instead of effecting some fundamental change in world system, have been left to develop along purely superficial lines.

ALTERNATIVE PEACE EFFORTS

Broadly speaking, the post-war peace efforts can be classified under three heads, which, for convenience, I term the "realist", the "intellectual", and the "sentimental."

The realists take no stock in anything but force. The war to stop change by force is, they say, to build up superior force committed to the maintenance of the status quo. France is the principal exponent of this theory. Her program for peace was to disarm those nations who might be suspected of desiring to alter the status quo and to create, out of the satisfied nations, an international army charged to maintain the peace. Failing at Paris to secure the international army, she accepted the League of Nations after it had been perverted into what was in effect an alliance to maintain the status quo. She developed the most formidable military establishments the world had yet known in peacetimes and buttressed her position with a series of military alliances designed to encircle Germany. On the other hand, she imposed very drastic disarmament upon Germany.

The inequality of force thus brought about was so striking that it seemed for a time to insure France's peaceful perpetuation of her status quo. Already, however, France is disillusioned. Change comes irresistibly. Germany bursts, one by one, the bands with which she was bound and military alliances become too costly to maintain or become unreliable in the face of changing conditions. In place of Poland, formerly a keystone of the arch, is now substituted Russia in a desperate effort to maintain a preponderance of force against the forces working for change. The disparity has, however, already shrunk to a point such that it no longer is relied upon by anyone to assure peace. France already sees a new European war as imminent and the outcome as doubtful.

Again it has been demonstrated, as so often before, that change cannot be suppressed by the piling up of resistant bodies. Military establishments and alliances may temporarily preserve peace. But if by peace is meant the perpetuation of a rigid, inelastic world structure, then such temporary peace is purchased at a high price. The vast military establishments merely mean that the war, when it comes, will be the more devastating; the military alliances, that it will be the more widespread.

Let us turn to the peace program of the intellectuals. They proceed on the assumption that, since war is the act of human beings, it can be stopped by will power, directed by reason. The intellectuals would doubtless be right if we could accept their premise that the mass action of human beings is subject to self-control in accordance with the dictates of pure reason. For there can be little doubt that the attempts to justify war do not stand the test of intellectual analysis. Such arguments as those premised on overpopulation or the need of raw materials can, one by one, be examined and found fallacious. I am quite prepared to concede that, as an intellectual achievement, war can be argued out of existence. There is nothing novel in proving war to be "the great illusion." Unfortunately it is equally possible to prove that illusions are the common incentive to human action. In a theoretical world of pure intellects the intellectual might have some chance of preserving peace. In the world as it is the most ineffective aid to peace is he who ignores the forces for change unless they can be rationalized to his satisfaction. While he stops to argue, he is engulfed by the forces to which he would deny existence.

The sentimentalist deals with more potent stuff. He looks not to reason but to emotion to stop war. If, he argues, enough people can be brought to feel that war is cruel or illegal or un-Christian, then people will not fight. The United States is the leading exponent of this school of thought. We were horrified when, after the World War, we awakened to the fact that war was "legal." In a sense we were relieved, for we felt this presents an opportunity to change the status of war. If we can change the label and make war illegal, it will no longer be respectable and people will not indulge in it. So a great popular movement formed to "outlaw" war. Under its impulse we negotiated the pact of Paris (Kellogg-Briand Pact), whereby all the nations solemnly agreed that force should be renounced and war thereafter become illegal.

Throughout the world, but more particularly in the United States, there has been a wide dissemination of literature, moving pictures, plays, etc., designed to portray the hideous cruelty of war. The church has sought with zeal to reemphasize the un-Christian character of war.

It is, however, quite certain that war will not be prevented by any of these methods. By appealing to sentiment we do, indeed, invoke a mainspring of human action, but it is one that is totally unreliable. If sentiment can be aroused against war, it can equally be aroused for war and by war. There is nothing that excites interest as much as a fight, and once a fight is in progress, it is human nature to become partisan. Our own people have in the past, by Washington and Jefferson and Wilson, been enjoined to be impartial in act and thought as between belligerents. In each case the injunction has fallen on deaf ears. Such neutrality is a psychological impossibility.

The love of excitement or of change of environment draws people into wars. Risks and perils, while they may be a deterrent, may equally be an attraction. Many whom peace condemns to stodgy monotony welcome the opportunity to become heroes in the eyes of their family and friends. Each war seems to have the facility of presenting itself in dramatic guises that appeal to our sentiment. We fought Spain as crusaders on behalf of oppressed Cubans. We fought Germany to make the world free for democracy. Most of the pacifists in England were quite prepared to fight Italy to sustain what they believe to be a sacred principle. A considerable element in France, genuinely devoted to the cause of peace, is ready to fight a "preventive" war against Germany, thereby sacrificing themselves in order that their children may not have to pay a greater sacrifice. What is nobler than that a man should give his life for a cause?

War can cast itself into any one of myriad molds designed to appeal to human sentiment, and if there are times when pacifist sentiment seems to be dominant, we can be sure that such sentiment cannot be relied upon as a durable preventive of war.

I have not made this review of post-war peace tendencies with any desire to disparage. The problem is sufficiently grave and difficult of solution so that all aids must be invoked. Any peace program must have the support of the realists, the intellectuals, and the sentimentalists and must incorporate features of their programs. It is, however, necessary to realize that nowhere do we find any current program for peace which stands the test of analysis. The protagonists of the different schools are themselves aware of their own inadequacy and their efforts are daily becoming feebler. Despite a vast sentiment for peace, there no longer persists any serious hope of ending the war system. The policies of every government are premised on force continuing as the accepted medium for effecting international changes. Peoples everywhere are stoically resigning themselves to the inevitability of another great war. Failure is admitted.

But what is it that has failed? Not the program which Wilson gave the world as the basis for a durable peace. That program has not failed—it has never been tried. Therein alone consists the failure. How can we fatalistically accept the unspeakable tragedy of another war without even trying intelligently to avert it? It is not as though the program were impracticable or one that involved great sacrifice. Let us reconstruct it in terms of its practical application to present conditions.

WILSON'S PROGRAM IN PRESENT-DAY TERMS

We would, in the first place, retain the principle of "collective security" as embodied in the League. The realists are right insofar as they contend that force can be wholly eliminated and tranquillity secured only through the establishment of some superior public force. Their error lies in thinking that any central force can be adequate to maintain the status quo of a rigid world. If, however, we create a reasonably flexible world, in which the normal dynamic forces can peacefully diffuse themselves, then the violence with which we have to cope is only such sporadic violence as is incident to occasional abnormalities.

We can usefully profit from our experience with the maintenance of peace within the individual state. It has there been demonstrated that, if order is to be maintained and violence avoided, it can be only as part of a social system which affords adequate opportunity for peaceful change. We cannot, consistently with peace, perpetuate the same laws, the same rulers, the same ruling

classes. We cannot deprive people of the opportunity to change their material, social, and political status according to their deserts. The attempt to do this, and arbitrarily to perpetuate wealth, power, and position in certain individuals, always leads to revolution. No central force can be maintained sufficient to preserve such a rigid social order. If it is temporarily perpetuated, through force, the inevitable change, when it does come, is only the more violent and bloody and destructive. To this the French and Russian revolutions bear witness. On the other hand, if an elastic form of society is provided, then the dynamic forces peacefully diffuse themselves. Such violence as occurs is sporadic and due to abnormalities. The central police force required to suppress such occasional outbreaks need not be large or onerous to support, and the violence with which it has to deal is of insignificant proportions.

So it can and should be with the society of nations. Collective action should be available to keep the world at peace, but only provided we have a world which is elastic and fluid in its organization. That is, of course, the objective of the balance of the program.

Of first importance in this connection is the reestablishment of stable and readily interchangeable currencies. Without this, national boundaries become exaggerated as barriers to every type of international movement, whether it is of capital, goods, or people. Because each nation has exercised its sovereign right to do what it pleased with its own money, each nation has largely become a closed unit. If we are to achieve an elastic world, where national boundaries cease to be barriers to a reasonable freedom of movement, then this must be changed. The nations must recognize that stable international exchanges are the lubricant, without which international movement is impossible.

Unstable exchanges constitute only one, if the most important, of the economic barriers. Direct obstacles have been interposed, and these have been greatly increased since the time when Wilson spoke. Tariffs have been raised, quotas established, and other impediments prescribed. These obstacles must be greatly reduced if we are to have a reasonably elastic world. This, indeed, appears to be the present policy of our Department of State, where Secretary Hull has negotiated a series of reciprocal-trade agreements designed to open up the avenues of trade. If there were international agreement as to the objective to be attained, this program could be accelerated to assure progressively greater freedom for the international movement of goods.

As regards the international movement of people, there could well be some relaxation of the present extreme restrictions on emigration and immigration. Selectivity would, of course, be required, but the rigid prohibitions which have recently been enacted in many parts of the world should not become a permanent part of a world system which we are trying to render elastic within reasonable limits. In many parts of the world there used to exist temporary or seasonal emigration. These movements were mutually advantageous and could well be permitted to resume.

The foregoing program would be designed to organize the society of nations so that national boundaries would not be barriers to the reasonable movement of capital, goods, and people.

The attainment of political, as distinct from economic, elasticity, presents more serious problems as regards the highly developed nations. It is doubtless impracticable today, as it proved in 1919, to establish any international tribunal with power to alter existing national domains. It is thus not easy to find a method of implementing article XIX of the League Covenant (Revision of Treaties). Perhaps the most practical measure would be to provide that no treaty should be perpetual, but that all should require renegotiation on their merits at the expiry of reasonably limited periods of time. Such periods might vary according to the category of the treaty. Boundary treaties might, for example, have a longer normal tenure of life than commercial treaties.

It would, of course, be necessary to establish a fair compromise between the disturbing effect of political uncertainty and the avoidance of undue political rigidity. Certain types of treaties manifestly should not be reopened at frequent intervals, but it is difficult to see why any treaty should not be subject to renegotiation at least once each generation. If, for example, the semipermanent treaties were subject to denunciation by any party after 35 years, and would then expire after a further 5 years, this would seem to avoid excessive uncertainty and also give opportunity for adjustment to any changes which might be negotiated.

In such ways a considerable measure of political elasticity is obtainable. A further step might be achieved by the substitution of "unwritten law" for many treaties. It is through such a regime that there has been possible the political evolution of the British Empire into a commonwealth of nations. This has occurred peacefully throughout the last 150 years and in the way in which change should best occur, so gradually that it has been almost imperceptible except in retrospect. If at any time it had been sought to fix, by constitution or treaty, the relations to England of what were originally colonies, it is almost certain that we would have had repetition of our own war of independence. A status of political elasticity has made this avoidable.

Despite such devices as I suggest, a large measure of political rigidity must persist as regards home boundaries. If, however, we establish reasonable freedom for the movement of goods, capital, and people, boundary lines lose much of their significance. This is well illustrated by the relations of our own sovereign States. The essential basis for peace between them is found in their renunciation of the right to interfere with interstate commerce. Subject to this, each State has retained a large measure of sovereignty—how large, we sometimes forget until reminded by the Supreme Court. Each State independently legislates as to all social, educational, and religious matters, has its own system of taxes and local government, its own courts, its own militia, etc. Legal, social, and material conditions do, in fact, vary greatly as between the States. Nevertheless, we all consider it a matter of quite secondary importance where State boundaries run. It is sufficient for the resident of New Jersey that he can invest his money in New York, or call on New York capital to finance his own investment that he can sell goods to, or buy from New York, and that he can, if he wishes, travel freely to or through New York.

Under these conditions, he cannot become aroused to fight to secure an annexation of territory from New York. These boundaries have remained substantially rigid and fixed for 150 years, and no ill consequences have flowed therefrom. They do not serve as barriers to the dynamic forces within the two States. We cannot, of course, expect for international commerce the same freedom which our States accord to interstate commerce. We can, however, obtain a sufficient approximation so that the boundaries of established States will assume far less importance than is the case today?

The economic and political measures which we have been considering are primarily applicable to the highly developed nations. If we turn to the colonial areas, a more ambitious program is practical. There the objective would be to install the mandate system in the spirit proposed by Wilson. Instead of the mandatory power in effect incorporating the mandated territory into his own political domain, he would be under a duty to administer it in trust, first for the advancement and well-being of the local population, and then for the benefit and equal opportunity of the whole world.

Mandated territory should be prevented altogether from falling into the sovereignty system where boundaries are barriers behind which some obtain advantages which are denied to those without.

It would have seemed, a few years ago, quite impracticable to propose any such general application of the mandate system. The Italian-Ethiopian conflict has, however, awakened the world to the obstacles to peace inherent in the present colonial system. In England an influential body of public opinion advocates complete revision of the present system of treating colonies as part of the national domain. If England, the greatest possessor of colonies, is in this mood, it would seem quite practical, as part of a general peace program, to carry into realization the vision of Wilson as to the "trusteeing" of colonial areas.

If we turn from the land to the sea, we would apply the Wilson concept of the freedom of the seas. This requires no important modification of the present status in time of peace. The seas have, happily, been kept free from subjection to any single sovereignty, although this has not always been without a struggle. In time of war the problem becomes more difficult. Belligerents have always sought to appropriate the seas to their own operation and neutrals have sought to preserve their own rights. Our new neutrality legislation permits to belligerents interferences with shipping which formerly were regarded as unwarranted. Such partial renunciation of the freedom of the seas is, perhaps, justifiable, assuming we accept the war system. We may then be warranted in voluntarily enlarging the arena dedicated to the combatants, in the hope that, as spectators, we will be less apt to become embroiled. If, however, the nations unite in adopting a comprehensive program for peace, then a wholly different attitude would be required. No rights on the seas should be accorded a nation which, under such conditions, breaks the peace. The freedom of the seas would thus prevail in war as in peace, except insofar as regarded the offender.

It will be seen that the foregoing constitutes a faithful application of the Wilson program. As to the seas, there would be complete freedom, in peace as in war, from the encroachments of individual sovereignty. As to the colonial areas, the mandate or trustee principle would be substituted for that of national domain. As to other land which is already highly nationalized, there would be a large measure of economic fluidity through the reduction of trade barriers and some degree of political elasticity through the periodic review of all treaties. We would thus have changed the society of nations so that peaceful movement and change would be facilitated and so that national boundaries would no longer be rigid and forbidding barriers. Having created such an elastic world, collective action is then appropriate to protect against violence. Its occurrence will then be due only to sporadic abnormalities which will diminish as we do away with national "inbreeding."

CONCLUSION

Does such a program carry conviction? Obviously it does not arouse enthusiasm as would a frontal attack on war. An international army, a league to enforce peace, an international covenant to outlaw war, a pledge of the masses to boycott war—such efforts can arouse the righteous fervor which comes only from hand-to-hand conflict with the forces of evil. When, however, we seek to alter the underlying conditions out of which war springs, then we must rely upon reason to hold us steady to our purpose. There are only rare occasions when this is possible.

That, in essence, is why Wilson's peace program was never tried. It was put forward at a time when emotion ruled. The revulsion

against war was intense and seemed in itself an adequate preservative of peace. If any further measures were required, surely the most direct and simple would suffice. Thus the League of Nations alone caught the popular imagination. It seemed to afford a direct and simple solution. The balance of the program, to which the League was, in fact, subsidiary, was ignored.

Today we are in a different mood. We have seen sentiment evaporate as an effective deterrent to war. We have seen the failure of the League to enforce peace, the failure of the pact to outlaw war. We are sobered by the very rapidity with which we have moved back into the war system. We are frightened by the strength of the forces that seem to have us in their grip. We may, indeed, be in one of those rare moods when we are prepared to seek salvation through following the guidance of our reason.

ADMINISTRATION OF THE SOCIAL SECURITY ACT

Mr. GLASS. Mr. President, I ask unanimous consent to have inserted in the RECORD an address recently delivered by Hon. Vincent M. Miles, member of the Social Security Board, before the chamber of commerce, Lynchburg, Va., April 9, 1936, explaining in some detail the administration of the Social Security Act.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

One of the finest of our early American traditions is that of the responsibility of society for all its members. As early as the Mayflower Compact, the sense of this responsibility was expressed. Throughout the history of this country provisions have been made for those who could not provide entirely for themselves. These provisions have not always been adequate. Our thinking about the causes, remedies, and means of handling the problems of economic insecurity has not always changed with the times. Indeed, until 1930 we were handling the dependency resulting from economic insecurity much as it had been handled under the old English law of 1602.

Today we as a Nation are getting under way a new, more nearly adequate, more orderly, and more economically sound and desirable method of handling economic insecurity. The problem is as old as civilization; the cost has always existed and always will. The methods proposed under the Social Security Act form merely a new approach to the problem, better adapted, we think, to modern industrial conditions and designed to give more adequate social security to our people as individuals and to our form of society.

The Social Security Act has been praised by its too-enthusiastic friends as a panacea to meet all our economic ills, and it has been denounced by its enemies as marking the destruction of our liberties if not of our form of government.

Of course, neither of these descriptions is accurate. The Social Security Act is simply a piece of legislation setting up the framework within which the Nation can work out a more orderly and efficient system of providing against the insecurities of life under present-day industrial conditions than we have had before.

It is not necessary to emphasize the extent of economic insecurity which exists at the present time. The millions on relief rolls constitute conclusive evidence that no one can deny. Nor need it be emphasized that the economic insecurity of the individual is a persistent problem that is with us during good times as well as bad. Even in the prosperity period of the twenties estimates indicate that an average of one-twelfth of the industrial workers were unemployed. It is estimated that even before the depression one-third of all persons over 65 years of age were dependent upon others for their support. There have always been hundreds of thousands of widows with dependent children, who were in financial need.

We realize that this insecurity of the individual and his family, which is so characteristic of modern industrial life, will steadily become intensified unless proper social measures are taken. We cannot count upon the passage of time or automatic economic adjustments to solve the problem for us, since the relative decline of self-sufficient agriculture, the steady growth of the division of labor, the interdependence of markets, and the increasing rapidity of change in all phases of our economic system make for ever-greater personal insecurity.

Before discussing in detail the provisions of the Social Security Act, it is necessary to mention that the provisions of the act are administered by several executive departments of the Federal Government, and that of those administered by the Social Security Board, a number call for action by the States and a continuing cooperative Federal-State administrative relationship.

The provisions of the Social Security Act are administered in part by the Social Security Board, the Treasury Department, the Children's Bureau of the Department of Labor, the Surgeon General of the Public Health Service, and the Office of Education of the Department of the Interior.

The portions of the act administered by the Social Security Board fall into three general categories—public assistance, unemployment compensation, and Federal old-age benefits.

Under the public-assistance category are the provisions for grants by the Federal Government to the States for aid to the needy aged, aid to dependent children, and aid to the blind. In relation to all three of these public-assistance provisions, action by the States is necessary, and a cooperative Federal-State relationship for administrative purposes is required.

The second major category of the three administered by the Social Security Board is that of unemployment compensation. In this respect, also, the Social Security Act is essentially an enabling statute, designed to aid the States in the administration of unemployment compensation legislation. The administration of the State unemployment-compensation law is a State responsibility performed in cooperation with the Federal Government in respect to certain fundamental requirements set up in the Social Security Act.

The third major category, of those administered by the Social Security Board, is that of the Federal old-age benefit system. This is an entirely federally administered program and is the only aspect of the act administered by the Social Security Board in which the States do not participate in administrative responsibility.

This new program is now a fact. It is under way. There need be no argument as to whether we ought to do something for the aged or for the unemployed. The system is law now. It is operating. Very great progress has been made in putting it into effect. Despite the fact that the Social Security Board had no congressional appropriation until February 11 of this year, the Board up until April 1 had approved plans for unemployment compensation or public assistance submitted by 32 States and the District of Columbia. For 8 of these States and for the District of Columbia unemployment compensation plans have been approved, and for 29 States and the District of Columbia public-assistance plans have been approved. These provide aid for the needy aged, needy blind, dependent children, or for all three.

Unemployment-compensation laws have been approved by the Board for the District of Columbia, Alabama, California, Massachusetts, New York, New Hampshire, Oregon, Wisconsin, and Washington. In addition to these States, Indiana, Mississippi, and Utah have unemployment-compensation laws which have not yet been approved by the Board. Thus we have a total of 12 States with unemployment-compensation laws. They cover approximately 40 percent of the total number of compensable workers who would be covered if every State came under the Federal-State unemployment-compensation program provided for in the Social Security Act.

Among the States with approved unemployment-compensation laws, seven have already received United States Treasury checks totaling $337,253 to pay the cost of administering these State acts.

Employers in the eight States and the District of Columbia, in which approved unemployment-compensation laws are in effect, will be able to credit the amount of their contributions to their State unemployment compensation funds, for employment as defined for the purposes of the Federal tax, against the 1-percent Federal excise tax set up by the Social Security Act, up to 90 percent thereof. As you know, a uniform excise tax is levied on all employers of eight or more, with certain types of employment, such as agricultural labor and domestic service in private homes excepted. The tax will be collected by the Bureau of Internal Revenue on or before January 31, 1937, for the calendar year 1936. The rate for this year is 1 percent of pay roll; it will be 2 percent in 1937 and 3 percent thereafter. The proceeds will go into the General Treasury.

An employer can credit against nine-tenths of this tax the amount he has contributed to a State unemployment compensation fund for employment covered by the Federal tax. This State fund will be used to pay regular benefits—usually about 50 percent of wages, for 3 or 4 months, to workers who lose their jobs and cannot find new work.

For an employer to get this credit, a State unemployment-compensation law must be approved by the Social Security Board. The law must be a genuine unemployment compensation measure. Contributions when collected are to be deposited in the unemployment trust fund, of which the Secretary of the Treasury is trustee, for the account of the particular State and can be withdrawn only for the purpose of paying benefits.

The employer in a State having an approved unemployment-compensation law, after crediting against his Federal tax, up to 90 percent thereof, the amount allowed as credit for his payments under the State law, pays the remainder to the Federal Treasury. The Federal Government in turn makes grants to the States for the cost of administering the State laws. As I have said, seven States have already received such grants.

Among the 29 States and the District of Columbia with approved public-assistance plans, 27 have had old-age assistance plans approved; 18 have had plans approved for the needy blind, and 17 have had plans approved for dependent children. The District of Columbia and the following States have had plans approved for all three forms of public assistance: Maine, New Hampshire, New Mexico, Utah, Wisconsin, Wyoming, Arkansas, Idaho, Mississippi, Nebraska, Vermont, and Washington.

The number of persons benefited by the public-assistance plans now approved for States which have so far submitted estimates is approximately one-half million, divided roughly as follows: aged, 380,000; dependent children, 86,000; and blind persons, 17,000.

In States for which public-assistance plans have been approved by the Social Security Board, the Federal Government will match dollar for dollar, up to a combined Federal-State total of $30 per month per person, the expenditures of a State for aid to the needy aged and the needy blind, and in the case of aid to dependent children $1 for each $2 disbursed by the States up to $18 per month for the first child and $12 per month for each additional child in any one family. An additional 5 percent of the Federal grants to States for old-age assistance and aid to the blind will be paid to the States to be used for paying administrative expenses, for assistance,

or for both purposes. The Federal grants-in-aid for dependent children include both assistance and administration.

Under the Social Security Act all personnel employed by the Board is recruited from the civil service, with the exception of attorneys and experts. The Board has followed the policy of having experts and attorneys qualified as such by the Civil Service Commission. The Board recognizes the necessity of developing a strong and competent administrative organization on a merit basis.

To this end the Social Security Board is devoting unsparing effort. In our selection of personnel for key positions we have been fortunate. After long and careful selection we have secured authorities in the field of administration for the positions of executive director and coordinator, and we have secured genuine experts for the key positions of director and associate director of the several line and staff bureaus and offices. Mr. Frank Bane, formerly executive director of the American Public Welfare Association, and well known in Virginia, is our executive director, and Mr. Henry P. Seidemann, an outstanding expert in governmental organization and administration, is the coordinator.

These men and the heads of the several bureaus and offices are proceeding slowly and carefully with the job of building up the administrative personnel of the Board, and every appointment, incidentally, is passed on in its final stages by the Board itself, after bureau directors, our personnel division, and the Civil Service Commission have approved the applicant as being carefully selected and fitted on the basis of merit for the particular job to be done.

The Board at the present time has some 350 employees. It is our goal to have no unnecessary employees and at all times to have every employee do an honest day's work for an honest day's wage.

There has been some critical discussion of the Social Security Act because combined in the same enactment are provisions for public assistance, unemployment compensation, and Federal old-age benefits. Why shouldn't all three be in one enactment? Is there any valid reason whatever? I think reasonable men will see none. Certainly none has been advanced as yet, even by those who launch the criticisms. I should like to take a few moments to consider in turn both sides of the argument, as they are applied, first, to the public-assistance provisions of the act; second, to the unemployment compensation provisions; and, third, to the Federal old-age benefits system.

I. PUBLIC ASSISTANCE

The provisions of the act relating to public assistance provide, as already explained, for Federal funds to be made available to the States on a matching basis for aid to the needy aged, to the blind, and to dependent children. One critic cannot understand why these provisions came to be included in the same act as those setting up unemployment-compensation and old-age benefits. He feels that these provisions were included because of what he calls the fear of Congressmen that they would be accused of lack of sympathy for the welfare of the aged, and of children, and of the blind.

The fact is, of course, that even in our highest prosperity the problem of old-age dependency was increasing, that during the depression it has become a more pressing problem with ever-greater rapidity, that only about half of the States had any legislation on the subject at all, that in some of the States lack of funds prevented the administering of such benefits as their laws provided, that in others the provisions were inadequate from a social point of view, that the demand and need for a more adequate system of old-age assistance were both very real, and that the only feasible way to provide a more adequate system promptly was through the use of the grants-in-aid principle, by which Federal funds could be made available to the States to make possible anything approaching an adequate program throughout the country.

Again, the provisions for public assistance are stated in terms implying that the needy aged—and here I quote from a recent critic—"become at one stroke wards of the Federal Government unless the States refuse to be coerced into subordinating their rights of self-government to the Central Government."

The same factual situation to which this fiery statement refers can be described with greater accuracy in quite another way. In the first place, the needy aged do not become wards of the Federal Government, although perhaps those that have gone hungry and friendless might not object if someone—even the Federal Government—sought to befriend them. The fact is that the States do not have to "subordinate their rights", and there is absolutely no element of coercion involved—except perhaps the inevitable force of the hungry and shelterless crying for assistance. Certainly the Federal Government does not coerce the States in this matter. Any State may ignore the public-assistance provisions of the Social Security Act forever, if it wishes. It may choose to meet the problem of the needy aged, of the blind, and of dependent children in its own way, entirely out of its own tax revenues. On the other hand, it may, if it wishes, receive Federal assistance in meeting these problems. It is entirely up to the State.

From still another quarter the comment is made that the old-age assistance provisions of the act are too lavish—too open-handedly generous. Anyone who has tried living on less than $1 a day, making this cover not merely food, but also clothes, lodging, and every other expense, without exception, will hardly feel that provision by a State, in cooperation with the Federal Government, of $30 a month to a needy aged person represents an expansion of the assistance program "beyond legitimate requirements." Whether or not States with inadequate assistance programs in the past could or would in the future provide more adequate programs is something about which it is idle to speculate. The fact is that the trend was toward less adequate State programs of assistance rather than toward excessively generous ones.

Finally, it should be emphasized that the administration of the State public-assistance plans is the responsibility of the States. The Federal Government's function, aside from making grants of funds, is to supervise only to the extent of seeing that these funds are expended in accordance with the conditions under which they are granted—and anyone interested in good governmental administration will agree that this is the indispensable minimum. So much for the public-assistance provisions of the act.

II. UNEMPLOYMENT COMPENSATION

The Social Security Act is based in part upon the proposition that action by the Federal Government is necessary in order to facilitate adequate provisions against insecurity. In relation to unemployment compensation, for example, for a number of years consideration of this subject by the States met the objection that no one State could act alone, because to do so might subject its employers to unfavorable competition in relation to those in States not enacting unemployment compensation legislation. The Social Security Act, in relation to unemployment compensation, is an enabling act, facilitating passage of unemployment compensation legislation by the States.

The effect of the excise tax set up in the act is to remove or decrease the possibility of an economic handicap to a State enacting unemployment compensation. The tax is thus the factor which makes State unemployment compensation laws possible without subjecting the individual State to the possibility of an economic handicap in relation to States having no such legislation.

The criticism is made that the States—and here I quote a recent critical statement—must "rigidly conform to standards dictated by the Federal statute." This is distinctly an overstatement, to say the least. As a matter of fact, the States are left the widest latitude in terms of their State unemployment-compensation acts. They may be of the pooled-fund type or of the individual-reserve type, or they may be a combination of both. They may provide for merit ratings, or they may not, in accordance with the desires of the individual State legislatures. They may apply to employers of one or more persons or eight or more persons, or, indeed, to employers of any number of persons, as a State legislature sees fit. They may provide for waiting periods before benefits are paid or they may not. The benefits may be large or small in accordance with the desire of the individual legislature. Employees may be made to contribute or they may not. The only requirements which the State unemployment-compensation legislation must meet are a few basic provisions which, as a matter of fact, are necessary to unemployment compensation legislation as such. In connection with grants of Federal funds for the cost of administration, the State act must meet certain provisions guaranteeing the efficient administration of the funds for the purpose granted.

The statement that the unemployment compensation provisions of the Social Security Act "deprive the States of full opportunity for developing systems adapted to their diverse employment conditions"—a criticism recently made—is simply not true. As indicated before, the States may devise unemployment compensation plans specifically adapted to their diverse unemployment conditions. In fact, the recognition of the diverse conditions in the various sections of the country was taken into consideration in the framing of the Social Security Act.

The criticism is sometimes made that the Social Security Act requires the States to turn over their unemployment compensation funds to the United States Treasury. It does nothing of the sort. It does require them to deposit the funds in an "unemployment trust fund" of which the Secretary of the Treasury is the trustee. This is an entirely different proposition. The characteristics of a trust fund are sufficiently well known so that it is hardly necessary to point out that these moneys when deposited in this fund are still the property of the States, to be withdrawn at any time.

Of course, if States should withdraw these funds for other than the payment of unemployment-compensation benefits, the Social Security Board would have to suspend its approval of the State unemployment compensation legislation in the particular case. The thought that the State's money will have to be transferred to Washington is not correct. The State merely deposits its unemployment-compensation funds with the nearest Federal Reserve bank. The point is that the funds remain the property of the State, even when deposited under the trust fund. This is a safeguard for the worker without taking the money from the States.

The unemployment-compensation provisions of the Social Security Act define the conditions under which the States can give recognition to favorable employment experience of individual enterprises. The States may, if they wish, legislate merit-rating provisions into their acts. A period of 2 years is provided during which contributions will be paid before any benefits are permissible. During that time experience on the employment stability of individual enterprises will be gained, and if a State legislature should so elect, merit-rating provisions may go into effect.

III. FEDERAL OLD-AGE BENEFITS

The system of Federal old-age benefits provided by the act is designed to give definite retirement benefits, payable monthly, beginning at age 65, to workers who qualify for them and who are not regularly employed. This is the biggest job which the Social Security Board has to administer. It is the only part of the social-security

program which is entirely federally administered. In this connection the Board, through its proper bureau, will maintain individual records showing the earnings of approximately 26,000,000 persons covered by this provision of the Social Security Act. It will examine and approve payments to individuals who have attained the age of 65, and payments to the estates of deceased persons as provided for in the act. Under the old-age benefits system, payments will be made to qualified beneficiaries based on wages and not need.

The act provides for an income tax on employees and an excise tax on employers. Taxes will be paid only on the first $3,000 of wages paid to any individual in any one year by any one employer. Benefits are payable in relation to the total wages received by an employee on the basis of a formula which roughly proportions the benefits to the wages earned. The findings of the Brookings Institution in its study entitled "America's Capacity to Consume" show that by far the greatest percentage of workers' families in the United States even at the height of our prosperity in 1928 and 1929 had incomes which made it very difficult for them to save anything. Something like 71 percent of the gainfully employed earned less than $2,500 a year, and more than 42 percent earned less than $1,500 a year. More than 21 percent had incomes of less than $1,000. The attempt to support a normal-sized American family of four persons on $1,500 a year, when all the energies of business were concentrated on persuading the individual to spend his whole income, and then to fall back on installment buying, could not allow for any great degree of saving.

The Federal old-age benefit plan presupposes the desirability of setting up a governmentally administered old-age benefit system in view of the fact that after many years of development under the leadership of individual business management, it is estimated that the privately administered pension plans in effect at the time the Social Security Act was enacted would ultimately pay benefits to approximately 4 percent of the persons engaged in the employments covered by the Federal old-age benefit system. In other words, if private pension plans were depended upon to do the job, anything like benefits on an adequate scale would be a development of the distant future. In view of the social and economic necessities of the time, to wait for this indefinite future development would be socially and economically undesirable, if not actually dangerous.

The trend among leading concerns for private benefit plans is to modify them and to superimpose them, so to speak, upon the Government plan, rather than to abandon them. A recent study by the National Industrial Conference Board shows that the establishment of a Federal old-age benefit plan has met with hearty approval from a large number of companies now having private benefit plans and is welcomed by the most able and efficient employers.

Criticism has been made of the provisions for reserves on an actuarial basis in connection with the Federal old-age benefit system. The fact is that the reserves provided for would not become large enough to be a problem for 10 or a dozen years, during which time the entire subject—whether reserves are or are not desirable—can and will be studied. If in the years available for this study before the reserve becomes large enough to be a real problem it becomes evident that the actuarial basis should not be applied in a governmental benefit system, it would seem that there would be plenty of time to change it. Certainly before 1980, the date at which the theoretical reserve will be so large as to be very dangerous, according to its critics, the country should have enough experience to know whether the maintenance of a reserve system is desirable or not.

Because of the taxes on pay rolls, the statement has been made that the effect of the act will be to stimulate increased use of labor-saving machinery and hence to depress employment. To this two comments should be made. First, mechanization is going on as fast as possible in all well-managed industries anyhow, and all the time. Indeed, mechanization has advanced so rapidly during the depression as to complicate gravely the unemployment problem, and perhaps to change very greatly the nature of the problem as we knew it in 1929. In highly mechanized industries the cost of labor is relatively small. Hence the 1-percent tax on wages paid in 1936 will not be a large factor in the cost of production. Quite likely it will not be a large-enough factor to justify more mechanization. For it must be remembered that mechanization has its costs which must be amortized over a period of years. Unless mechanization "pays" it will not come any the faster because of the pay-roll tax. If it "pays" it will come anyway.

In those cases in which mechanization is increased it will act as a factor of economy, and should—under sound business management—be reflected in lower prices, which, in turn, will increase real wages to workers and provide an ever-expanding market for greater and greater production. In short, an increase in employment rather than a decrease is perfectly possible.

The stabilizing of purchasing power as a result of the unemployment compensation systems should not be overlooked as one of the desirable economic effects to be expected from the social-security program.

Finally, some of those who do not approve of the Social Security Act sometimes speak of the costs which it adds to business. Just consider for a moment a very simple statement of economic fact—not theory. I refer to the fact that business activity—such as industry, commerce, and agriculture—has to carry the burden of maintaining the entire population in any case. Business carries this cost now, and always has done so. The costs of providing against economic insecurity are not new, suddenly invented by the sponsors of this legislation. The only thing which is new is the attempt we are making to carry out a more orderly social accounting of the cost. Unemployment and old-age dependency are by-products of our industrial age. They did not exist, comparatively speaking, in the older agricultural economics. They become more intense as burdens as our industrialization progresses.

Industry, either directly or indirectly, bears the brunt of the cost. Under the Social Security Act there is a recognition of the fact, and by way of the pay-roll tax the cost becomes quite legitimately a part of the cost of production. There is no way in which our industrial society can escape the cost of caring for those whom it cannot or will not employ.

The Social Security Act proposes to introduce a more orderly and efficient social method into the handling of these problems than we have had before.

In the statement of the purposes of the act I have attempted not to assume a partisan attitude. Under the British system of government each important department has a minister, who is an advocate for legislation affecting his ministry. No such thing exists in this country.

I still believe that the combined judgment of the electorate is a fair test of the soundness of any governmental policy. Anthropologists tell us that the difference between a man and a monkey is a man's forebrain. He uses it to have an understanding, and when he has an understanding he can make a decision.

I, therefore, feel that it is the duty of every patriotic citizen to inform himself with reference to the matters about which I have just spoken. If this program is a good program and soundly thought out, it will last; if it is entirely bad, it will be repealed; but if it is neither, and there are any mistakes in it, they will be corrected. The Social Security Board invites constructive criticism. We are tackling this job in a spirit of humility; we are not "high hat."

It is the citizen's duty to advise himself of the situation in his State and to discuss the character of State acts with members of his general assembly and with his Governor. There is one thing you can accomplish by informing yourself on this whole subject, and that is to relieve yourself from the influence of uninformed criticism. When you do meet such, you will recognize it.

The provisions of the Social Security Act have been called labyrinthine caves, and the act itself has been referred to by one critic as the new Mammoth Cave.

If such references are based upon correct information, we can have no quarrel with them; if not, they are not worthy of consideration. To illustrate this point, I, upon one or two occasions, have stated publicly that when the good American citizen reads the Social Security Act he is like the Arkansas Delta Negro who was drafted in the World War. He was placed in the labor battalion, trained for a short period, loaded on the train, and shipped to the coast for transportation overseas. He was kept back from the ocean until time to load the boat; then he was marched down to the sea at night and placed in the hold. About 10 o'clock next morning, when the boat was well out on the ocean, he was permitted to come up on deck. He stuck his head above the rail, threw up his hands, and yelled, "Good God, de levee done broke."

I call upon you to determine whether the flood is a damaging and destructive flood, on the one hand, or is the type of flood that is turned out of irrigation ditches in the Rio Grande Valley and California to make good things grow. It is my judgment that it is such a flood as those which occur in the valley of the Nile, in that it places fertility upon barren places and causes things that are both beautiful and life-sustaining to grow where they never grew before.

OLD-AGE PENSIONS

Mr. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject of old-age pensions delivered by Judge R. L. Williams before the Oklahoma Federation of Women's Clubs at Muskogee, Okla., on April 2, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Madam Chairman and members of the Oklahoma Federation of Women's Clubs, with hesitancy I accepted your invitation to talk to you on the subject of old-age pensions. On account of the judicial position I hold I will not express an opinion relative to such matter but call your attention to some excerpts from decisions of courts on the subject. An initiative act which passed in this State in December last appropriating two and one-half million dollars to be applied for the relief of the needy aged, infirm and crippled, and destitute, creates a State welfare board composed of the Governor, State treasurer, and adjutant general, and further provides that the county commissioners of the several counties shall constitute a welfare board for each county. On yesterday the National Security Board held that this set-up entitled the State to receive aid under the Federal Security Act to the amount of 50 percent under the terms of said act for the benefit of the needy over a certain age and for crippled children and other purposes. It is settled by the decisions of the Supreme Court of the United States that the Federal Government may appropriate and allot to the States moneys in aid of projects which the States are authorized to carry on under their State constitutions and statutes not in conflict with the Federal Constitution.

In *State* v. *Osawakee* (14 Kans. 419), Mr. Justice Brewer, afterward a Justice of the Supreme Court of the United States, said:

"The relief of the poor—the care of those who are unable to care for themselves—is among the unquestioned objects of public duty. In obedience to the impulses of common humanity, it is everywhere so recognized. * * * It must be borne in mind, however, that the term 'poor' is used in two senses. We use it in one sense simply as opposed to the term 'rich.' Thus, we speak of the ordinary laborers, mechanics, and artisans as poor people, without a thought of describing persons who are other than self-supporting. Indeed, the large majority of our people are poor people, and yet they would feel insulted to be told that they were objects of public charity. We use the term also to describe that class who are entirely destitute and helpless, and therefore dependent upon public charity. The dictionaries recognize this twofold sense. Thus, Webster gives these definitions: '1. Destitute of property; wanting in material riches or goods; needy; indigent. It is often synonymous with "indigent" and with "necessitous", denoting extreme want. It is also applied to persons who are not entirely destitute of property, but who are not rich; as a poor man or woman; poor people. 2. (Law.) So completely destitute of property as to be entitled to maintenance from the public.' Now, when we speak of the relief of the poor as a public duty, and one which may justify taxation, we use the term only in the latter sense. We have no thought of asserting that because a man is not rich, or even because he has nothing but the proceeds of his daily labor, therefore, taxation may be upheld in his behalf. Such taxation would be simply an attempt on the part of the State to equalize the property of its citizens. Something more than 'poverty', in that sense of the term, is essential to charge the State with the duty of support. It is, strictly speaking, the pauper, and not the poor man, who has claims on public charity. It is not one who is in want merely, but one who, being in want, is unable to prevent or remove such want. There is the idea of helplessness as well as of destitution. We speak of those whom society must aid as the dependent classes, not simply because they do depend on society, but because they cannot do otherwise than thus depend. Cold and harsh as the statement may seem, it is nevertheless true that the obligation of the State to help is limited to those who are unable to help themselves. It matters not through what the inability arises—whether from age, physical infirmity, or other misfortune—it is enough that it exists. It is doubtless true that in the actual administration of the poor laws many who are not properly entitled thereto receive public support; but failures in the administration of laws do not change the principles upon which they must rest."

In *Jones* v. *City of Portland* (245 U. S. 217) it is stated:

"It is well settled that moneys for other than public purposes cannot be raised by taxation, and that exertion of the taxing power for merely private purposes is beyond the authority of the State."

In *Green* v. *Frazier* (253 U. S. 238) it is said:

"This legislation was adopted under the broad power of the State to enact laws raising by taxation such sums as are deemed necessary to promote purposes essential to the general welfare of its people. Before the adoption of the fourteenth amendment this power of the State was unrestrained by any Federal authority. That amendment introduced a new limitation upon State power into the Federal Constitution. The States were forbidden to deprive persons of life, liberty, and property without due process of law. What is meant by due process of law this court has had frequent occasion to consider. * * * The due process of law clause contains no specific limitation upon the right of taxation in the States, but it has come to be settled that the authority of the States to tax does not include the right to impose taxes for merely private purposes. * * * It is claimed, however, that the citizen is deprived of his property without due process of law, if it be taken by or under State authority for any other than a public use, either under the guise of taxation or by the assumption of the right of eminent domain. In that way the question whether private property has been taken for any other than a public use becomes material in this court, even where the taking is under the authority of the State instead of the Federal Government."

To levy taxes to raise money to be expended by the Government, or under its direction and supervision, in the support of those who are actually destitute, helpless, and dependent upon the Government or private charity for shelter, food, and clothing is a proper function of the Government and not inhibited by the fourteenth amendment. But to levy taxes to be collected and paid over to citizens or residents of the State solely because they have reached a certain age and do not have an income, which in the opinion of some is not sufficient, or if they have adequate income if it comes in the way of pension from other source and without regard to how much property they may have, and without regard as to whether they have infirmities which render them helpless and therefore destitute, and without regard as to whether they are able but decline to obtain employment, which money so handed over to them becomes their own to be expended free from the control or supervision of the State and which may be spent either for themselves or for others, is a question for serious consideration, in view of the agitation for the adoption of various so-called old-age-pension provisions.

I have not noticed any public discussion as to any limitation of the power to provide for old-age pensions by taxation. For that reason I have called your attention to these decisions.

In *State* v. *Edmondson* (88 Ohio St. 625, 89 Ohio St. 351, 106 N. E. 41) it was held that a statute levying taxes for the support of certain classes which made no provision "to insure the application of the money to the support of the individual or to prevent him from becoming a public charge, or in any manner to control its use by him", was evidence on its face that the taxes were not levied for a public purpose, but that it was a "gratuitous annuity, a gift pure and simple, and, being so, the legislature is without authority to make it from the public funds."

"Taxation originates from and is imposed by and for the State" (*Allen* v. *Jay*, 60 Me. 128; *Hanson* v. *Vernon*, 27 Iowa, 27, 47; *Matter of Washington Avenue*, 69 Pa. St. 352, 363; *Sharpless* v. *Mayo, etc.*, 21 Pa. St. 147).

In *Busser* v. *Snyder* (128 Atl. 80 (Pa.)) was under consideration an act which had provided for paying pensions to persons above the age of 70 years who were and had been citizens of the State for 15 years, excepting, however, persons in prison, insane asylums, or reform institutions, and persons who had deserted wife, husband, or child, professional tramps and persons who had children or other relatives financially able to support them, and persons whose property, or whose property in conjunction with the property of his or her spouse, exceeded in value $3,000; and further provided, that where assistance was given to one having property, on the death of that person, the State should be repaid the amount given as assistance from the recipient's estate with interest at 3 percent per annum. The amount to be paid under the act was $1 per day. The court in its decision distinguishing that act from acts granting pensions for military service said:

"Pensions or gratuities for military service are in the nature of compensation for a special and highly honored service to the State, implying the idea of a moral obligation on the part of the Government; charity and benevolence are not founded on this consideration."

The court held it was within the constitutional power of the State to appropriate money with which to support the destitute and helpless who were without ability or means to sustain themselves and said:

"They become direct charges on the body politic for its own preservation and protection. As such, in the light of an expense, they stand exactly in the same position as the preservation of law and order. To provide institutions, or to compensate such institutions, for the care and maintenance of this class of persons, has for a long time been recognized as a governmental duty. * * * The expenditure of money for such purposes is and long has been recognized as a function of government."

The Supreme Court of New Hampshire, *In re Opinion of the Justices* (154 Atl. 217), said that a law making age the only test of relief would violate the constitutional prohibition against taxation for private purposes and also violate the constitutional principle of equality of rights, and further that statutory classification, to be valid, must reasonably promote some proper object of public welfare or interest, and may not be sustained where the selection and grouping is so arbitrary as to serve no useful purpose of a public nature. And cited a long list of authorities to show that when the pension is granted it must be to those who are unable to support themselves either in whole or in part and who have no relatives able and willing to support them and responsible for such support under the law.

On January 4, 1917, whilst Governor of the State of Oklahoma, I transmitted a message to the legislature, from which I quote, as follows:

"It is equally as high a duty for the State to look after its unfortunate—the infirm, the sick, afflicted—as much so as it is essential to educate the mind. The question of the care of the poor all through Anglo-Saxon government and development has been a matter of local or municipal concern, but in modern development and efficiency in some States it is also being done through State agencies. * * *

"I recommend that you consider the advisability of establishing a State home for the aged and infirm and of converting some State institution that is already existing into such a home. The State can have its farm and its hospital and all the agencies to make such a home a success without so much expense per capita as is occasioned by counties."

During the session of the Fifth Oklahoma Legislature, whilst I was Governor of the State (see Session Laws, 1915, ch. 246, art. 1), what is known as the workmen's compensation law was passed and approved March 22, 1915. The placing of said act into effect disclosed that some former employees who had passed the age of 50 years, on account of the passage of said act, were not as desirable employees, in that younger employees were more readily accepted.

It was contended that this was on account of the fact that the manufacturer would be more liable for compensation on account of accidents or sickness where the employee had reached the age of 50 years or more, that the younger employee was more desirable and less hazardous. We then began to investigate as to the power of the State, as well as the advisability, to provide State compensation in that particular contingency for former employees who were thus thrown out of employment on the theory that the passage of the act precipitated such condition causing the former employee who had reached 50 or more years of age to be at a disadvantage in procuring initial employment after the passage of said act, yet who in fact were efficient, the liability for compensation being more likely in his case than that of a younger person, and also contemplating the passage of an act prohibiting the discharge of any employee who continued or was taken into employment on account of age after the passage of the act and the placing in operation the Compensation Act. However, our Nation was swept into the World War before we were able to complete this investigation as to the limitations of the fourteenth

amendment resting upon the State in such matter, and then for a year and a half the resources of our State were directly solely toward the support of the Federal Government in that great conflict. After the war there was such an apparent era of prosperity that it was thought then we would have the poor with us no longer. These problems now confronting us have to be met with common sense and fidelity and we must discharge our duty to the poor and the helpless and the indigent in the light of what is right, at the same time measuring the fundamental limitations of our Government. These problems should be worked out carefully, justly, honestly, and efficiently. I am not attempting to decide these fundamental questions, but I call same to your attention for they must be considered, for if these provisions become a law undoubtedly their constitutionality will be tested.

The act of Congress of the United States approved August 14, 1935, which is known as the Federal Social Security Act, sections 1 to 6 of which provide for old-age assistance; sections 1001 to 1006 aid to the blind; sections 401 to 406 aid to dependent children; sections 501 to 505, aid for maternal and child health; sections 511 to 515 aid for crippled children; section 521 aid for child welfare; sections 601 to 603 aid for public health, contemplates a State plan providing for each type of assistance, aid, or service which must be submitted by the State to the designated Federal administrative agency for approval, and meet its approval before Federal assistance is granted.

There are eight kinds of new grants-in-aid provided in the Social Security Act as well as an additional appropriation for vocational rehabilitation. In five instances grants are conditioned upon stipulated matching expenditure by the States under plans which meet stated requirements and have been formally approved by a designated Federal agency. These five include grants-in-aid of State expenditures for the promotion of maternal and child health (title V) and of State assistance to four types of needy individuals, to-wit: aged persons (title II), blind persons (title X), dependent children (title IV), and physically handicapped children (title V). In two cases, that of grants-in-aid of public health services (title VI) and in aid of child welfare services in rural areas (title V), no conditions are attached to the Federal grants except that the funds be expended by the States for the general purposes for which the grants are made. The eighth grant is designated to finance the entire cost of administration of unemployment compensation in States which have approved plans (title III).

Disregarding the last-mentioned grant, which is for purely administrative ends, much the largest expenditures are contemplated in the field of old-age assistance, and the amount appropriated for this grant is more than the total of the appropriations for all the other grants-in-aid. States that meet specified conditions will be given half of their total disbursements for their needy aged (other than those maintained in public institutions), with the limitation that in computing the Federal share anything paid by the State to any one person in excess of $30 in 1 month will not be counted.

The actual amount of assistance to be paid by the various States is left to their own discretion. The chief conditions which must be met for Federal approval of a State old-age-assistance plan are:

1. Financial participation by the State.
2. Establishment of a State supervisory administrative authority.
3. Right of appeal of applicants for assistance to this State authority.
4. An administrative plan which is deemed satisfactory by the Federal administrator.
5. The granting of assistance at least to all persons of qualifying age (70 years until 1940, 65 years thereafter) who are citizens that have resided in the State for 5 years or more within the 9 years immediately preceding application and are without reasonable subsistence income.

The failure to include in these conditions a specific monetary amount for the minimum State old-age assistance allowable is an acknowledgment of the great regional variations in cost and standard of living in the United States.

Approximately the same conditions as those required for the old-age-assistance grant must be met by the States in qualifying for the Federal grants-in-aid for assistance to the blind and to dependent children. The grant for the dependent blind is like that awarded for the dependent aged, i. e., 50 percent of the State expenditures, but in the case of assistance to dependent children the Federal offer is only one-third (instead of one-half) of the amount spent by the State. The grants for aid to crippled children and to maternal and child-health services are stated in terms of definite money amounts to be divided among the States with the requirement that the States make specified appropriations from their own treasuries.

The program of Federal aid to the States conditioned upon State expenditures involves no Federal guaranty of aid to needy or handicapped individuals unless the State participates. Some States may make no provision, and, unless the individual State is willing to bear its part of the burden, no Federal contribution will be payable. Experience indicates, however, that the Federal offer to match State expenditures does stimulate State action, and it may be anticipated that increased provision will be made for these dependent groups as a result of the Federal offer to share the cost with the States.

The grants for the promotion of general public health services and child-welfare agencies in rural areas (stated in terms of specific monetary amounts), as remarked previously, are not conditioned upon any State appropriations for the specified services.

In the case of the grants-in-aid of assistance to the aged and the blind and to dependent children, and of the grant for administration of unemployment compensation schemes, the Federal agency from which approval of State plans must be elicited, is the Social Security Board. The Children's Bureau in the Department of Labor is given administrative control of the grants for maternal and child health, for crippled children, and for child welfare. The Public Health Service is directed to administer the grant-in-aid of general public-health services (title VI).

The following States, in addition to Oklahoma, have submitted plans which have been approved and allotments made as follows:

Old-age assistance:	
Alabama	$105,000.00
Delaware	33,075.00
Iowa	548,100.00
District of Columbia	47,250.00
Maryland	168,000.00
Michigan	346,500.00
Mississippi	183,750.00
Missouri	315,000.00
Nebraska	347,130.00
New Hampshire	58,800.00
Rhode Island	30,000.00
Vermont	43,544.34
Washington	420,000.00
Wisconsin	393,750.00
Wyoming	55,944.00
Idaho	157,500.00
Aid to the blind:	
Arizona	4,725.00
Connecticut	5,520.00
District of Columbia	9,450.00
Idaho	6,300.00
Maine	26,250.00
Mississippi	8,820.00
Nebraska	15,540.00
New Hampshire	5,040.00
North Carolina	3,324.99
Wisconsin	52,149.99
Wyoming	4,161.40
Aid to dependent children:	
Arizona	32,120.00
Alabama	48,000.00
District of Columbia	45,810.56
Idaho	10,133.33
Maine	39,555.33
Maryland	92,400.00
Mississippi	32,355.33
Nebraska	75,878.00
New Hampshire	8,720.00
Washington	95,505.00
Wisconsin	200,000.00
Wyoming	8,696.53
Unemployment compensation:	
New Hampshire	44,188.32
New York	181,949.41
California	39,943.74
Wisconsin	17,669.91
District of Columbia	12,239.25

New York State, with a population of 12,588,066, as against that of Oklahoma of 2,396,040, or 5.25 times as great, in the fiscal year, July 1, 1933, to June 30, 1934, paid a total in old-age pensions of $12,441,921 without Federal Government aid. There was an average number of pensioners on the rolls during that year of 51,272, and drew an average of $20.22 per month each.

In December 1935 New York State had only 57,878 pensioners on the rolls, and was paying them an average, without Federal aid, of $21.31 per month each.

The New York law has been in effect since September 1, 1930.

Using the maximum number on their rolls in December 1935, namely, 57,878, and which after more than 5 years of operations, and figuring on the basis of ratio of population, then Oklahoma should only have a maximum of 11,024 on her rolls at the end of a 5-year period. Figuring the maximum allowance from the State of $15 per month as the average, then old-age pensions or aid in Oklahoma should not cost above $1,948,320 per year, not including a like amount as aid from the Federal Government under the Social Security Act.

New York State has a much more rigorous climate, largely urban population, and population much more dense, and with living costs, want, and distress much greater, and therefore proportionately should have a much larger percent of her population on the pension rolls.

The State of Michigan, with two and two one-hundredths times our population, with a colder climate and higher living conditions, at the present time has only about 20,000 old-age pensioners on their rolls.

Figuring on the basis of ratio of population and paying the maximum of $15 per month on the part of the State, then Oklahoma should have 9,901 pensioners on the rolls and at a cost to the State of only $1,782,180 per year.

The State of Massachusetts, with one and seventy-seven one-hundredths times our population, much more unfavorable climate, larger percent of urban population, and almost wholly industrial, on February 1, 1936, only had 26,168 old-age pensioners on their rolls. Figuring on the basis of ratio of population

Oklahoma should only have on her rolls 14,784 pensioners, and paying the maximum of $15 per month, it should only cost Oklahoma $2,661,120 per year.

The State of Iowa, with 1.03 times our population, on June 30, 1935, had only 10,120 old-age pensioners on their rolls; and, figuring on a basis of ratio of population, Oklahoma should only have on her rolls 9,825 pensioners; and, paying them the maximum of $15 per month, the total cost of old-age pensions or aid to Oklahoma should be $1,768,500 per year.

As the initiative act passed last December creates the State welfare as well as the county welfare boards to handle such matters, being a State-wide comprehensive act, our State has a setup now which can act without constitutional amendment and has the power to make appropriations for the maintenance of the aged and infirm where it does not violate the fourteenth amendment. By special provision in the Oklahoma State Constitution the several counties of the State (sec. 3, art. 17) are empowered as the legislature may prescribe to provide for those inhabitants who, by reason of age, infirmity, or misfortune, may have claims upon the sympathy and aid of the county. The fact that the county is thus specially authorized to render such aid does not operate to take that authority away from the State through act of the legislature. Section 36, article 5, of the constitution provides:

"The authority of the legislature shall extend to all rightful subjects of legislation, and any specific grant of authority in this constitution, upon any subject whatsoever, shall not work a restriction, limitation, or exclusion of such authority upon the same or any other subject or subjects whatsoever."

The legislature of the State may provide for those inhabitants who by reason of age, infirmity, or misfortune may have claims upon the sympathy and aid of the State, and may resort to all proper subjects of taxation to raise this fund without additional amendment of the Constitution. The expeditious action upon the part of the legislature, which has unlimited power by means of direct inheritance, excise, income, and every subject of taxation except on an ad-valorem basis, to raise the revenue sufficient to cooperate with the Federal Government in the operation of the Federal Social Security Act in carrying aid to the needy, aged, and infirm so that the maximum amount of aid in such cases will amount to $30 per month and also extend the aid to crippled children and to promote health and carry out all other such aid provided for in the Federal Social Security Act.

As you had made the earnest request that I make this address, I have brought these matters to your attention to aid you in the consideration of your proper action in the premises.

In the invitation extended to me to make this address I was requested to cover the old-age-pension matter and have accordingly directed my attention to the matters as herein outlined. The Federal Government having provided aid as to this matter and it being essential to the State to enact and provide a plan to meet these conditions, I thought it advisable to call attention to the limitations imposed by the fourteenth amendment on the State, and the decisions from State supreme courts relative thereto. That being so it seems to me that the State should speedily act, but be reasonably sure that the plans are within these limitations, and get this aid to the needy with the greatest speed. Then if the parties that are agitating further extension, we can consider that later, for if we go that far now it will lead to litigation and delay. In other words we should travel along a safe line so as to speedily obtain this assistance for the needy aged and the needy infirm and to aid unemployment and aid dependent children and aid maternal and child welfare and aid public health. Endeavor to get this relief, but in doing so we should exercise reasonable care not to adopt State constitutional provisions or State laws that may not meet the test of the fourteenth amendment, and to exercise such care to stay within safe limits and speedily get this assistance. Then if there are those that want to go further, then they may try that feature out later, but for the present we should try it out on safe lines.

[From the Tulsa (Okla.) World of Apr. 5, 1936]

LAW VALIDATES OLD-AGE FUNDS—CONSTITUTIONAL AMENDMENT UNNECESSARY, SAYS UNITED STATES JURIST

MUSKOGEE, April 4.—Widespread favorable reaction was heard here today following the address which Federal Judge R. L. Williams made before clubwomen this week, declaring that Oklahoma does not need a constitutional amendment in order to participate in the national administration's social-security program.

Of interest was the fact that Judge Williams' statement as well as a decision of the National Social Security Board at Washington, D. C., is in direct contradiction to the contention of Governor Marland, who declared that the State must vote a constitutional amendment before it can share in such a relief program.

Judge Williams' talk to the convention was prepared before the National Board had made its decision favorable to Oklahoma but unfavorable to Kansas, a State, which it said, would be required to vote the constitutional amendment in order to take part in the relief program.

The national administration's old-age assistance program is limited to needy aged people.

In the opinion of Judge Williams "a tax could be levied without limitation in Oklahoma to support the poor and aged and indigent, provided it was not an ad valorem tax This State does not need to change its constitution in order to take part in such a program."

He was of the opinion that the National Board correctly interpreted the law when it ruled in favor of Oklahoma.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On May 19, 1936:

S. 427. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora grant, New Mexico; and

S. 1975. An act to authorize certain officers of the United States Navy, officers and enlisted men of the Marine Corps, and officers and enlisted men of the United States Army to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered.

On May 20, 1936:

S. 3483. An act to provide for rural electrification, and for other purposes.

NATIONAL FLOOD CONTROL

The Senate resumed consideration of the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes.

Mr. COPELAND. Mr. President, we turn now to page 107, section 6, providing for authorizations for preliminary examinations and surveys. It is desired to add a number of amendments to this section. At this time it would be proper for the Senator from California [Mr. JOHNSON] to present his amendments.

Mr. JOHNSON. Mr. President, I send to the desk an amendment, for which I ask consideration.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment, on page 112, after line 24, it is proposed to insert "Ventura River, Calif."; and on page 113, between lines 12 and 13, to insert "Mad River, Calif."

Mr. COPELAND. There is no objection to the inclusion of the surveys. They are acceptable to the committee.

The PRESIDENT pro tempore. Without objection, the amendment to the amendment is agreed to.

Mr. NORRIS. Mr. President, on page 111 of the bill, where quite a number of surveys are authorized, I think there is a typographical error. In line 24, reference is made to the "Republican River, Kans." Most of the Republican River is in the State of Nebraska. I suggest an amendment so the clause will read "Republican River, Nebr. and Kans."

Mr. COPELAND. Mr. President, that was an inadvertence on the part of the committee. We did not realize there were so many Republicans in Nebraska. It was intended that it should cover the Republican River in Nebraska and Kansas.

Mr. NORRIS. The Republicans of Nebraska ought to be taken care of just as are the Republicans of Kansas.

Mr. COPELAND. It will be acceptable to the Democrats on the committee.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 111, line 24, after the word "River", insert the words "Nebr. and", so as to read "Republican River, Nebr. and Kans."

The amendment to the amendment was agreed to.

Mr. McNARY. Mr. President, is the Senator from New York accepting amendments to the survey section?

Mr. COPELAND. That is correct.

Mr. McNARY. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment, on page 113, between lines 13 and 14, it is proposed to insert the words:

Coos River and tributaries, Oregon.

The amendment to the amendment was agreed to.

Mr. SHEPPARD. Mr. President, I send to the desk three amendments to the survey section, for which I ask consideration.

The PRESIDENT pro tempore. The clerk will report the first amendment offered by the Senator from Texas.

The LEGISLATIVE CLERK. In the committee amendment, on page 111, between lines 3 and 4, it is proposed to insert the following:

Colorado River, Tex., above the county line between Coke and Runnels Counties.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The next amendment of the Senator from Texas will be stated.

The LEGISLATIVE CLERK. In the committee amendment, on page 111, line 6, after the word "Texas", it is proposed to insert a comma and the words "and tributaries", so as to read:

Nueces River, Tex., and tributaries.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The third amendment of the Senator from Texas will be stated.

The LEGISLATIVE CLERK. In the committee amendment, on page 111, between lines 9 and 10, it is proposed to insert the following:

Leon River, Tex.
Sulphur River, Tex.
Pease River, Tex.

Mr. COPELAND. There is no objection.

The amendment to the amendment was agreed to.

Mr. BYRNES. Mr. President, I offer two amendments to the survey section of the bill.

The PRESIDENT pro tempore. The first amendment of the Senator from South Carolina will be stated.

The CHIEF CLERK. In the committee amendment, on page 114, after line 22, it is proposed to insert:

Congaree, Wateree, Santee, and Cooper Rivers, S. C.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The next amendment of the Senator from South Carolina will be stated.

The CHIEF CLERK. In the committee amendment it is proposed to add at the end of section 6, the following:

Edisto River and tributaries.
Great Pee Dee, Lynches, Little Pee Dee, and Waccamaw Rivers, S. C.

Mr. COPELAND. There is no objection to the amendment.

The amendment to the amendment was agreed to.

Mr. MURRAY. Mr. President, I send to the desk an amendment to be inserted in the section relating to surveys.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 115, after line 13, it is proposed to insert:

Hungry Horse Dam, Mont.

Mr. MURRAY. Mr. President, this project was included in previous bills and already surveys have been made. We merely wish to have them completed.

Mr. COPELAND. There is no objection to the amendment.

The amendment to the amendment was agreed to.

Mr. DUFFY. Mr. President, I desire to propound an inquiry to the Senator from New York. On page 112, line 8, appear the words "Fox River and tributaries, Wisconsin." I understand the War Department understand and believe that that includes the Wolfe River?

Mr. COPELAND. That is correct. That is the understanding.

Mr. CLARK. Mr. President, on page 53, lines 13 to 18, in the bill, as passed by the House and stricken out as reported to the Senate, appears an item relating to the St. Francis River in Missouri and Arkansas. As an amendment to the committee amendment I move to insert at the proper place the language appearing in the House provision.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 70, between lines 2 and 3, it is proposed to insert the following:

St. Francis River in Missouri and Arkansas: For flood control by levees and/or levees and reservoirs to protect 1,225,200 acres of land; House Document No. 159, Seventy-first Congress, second session, and Committee Document No. 1, Seventy-fourth Congress, first session; estimated cost, $16,000,000.

Mr. COPELAND. Mr. President, this was considered by the Army Engineers.

Mr. ROBINSON. It was in the original House bill?

Mr. COPELAND. That is correct.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Missouri to the committee amendment.

The amendment to the amendment was agreed to.

Mr. OVERTON. Mr. President, I offer an amendment to the survey section of the bill. I send the amendment to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 111, after line 2, it is proposed to insert "Mermentau River, La."

Mr. COPELAND. There is no objection.

The amendment to the amendment was agreed to.

Mr. BACHMAN. Mr. President, I send to the desk an amendment, which I offer.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. At the proper place in the committee amendment it is proposed to insert the following:

MISSISSIPPI RIVER

Tiptonville to Obion River, Tenn.: Construction of the levee designated as plan 1 for the protection of the towns of Tiptonville, Ridgely, and various smaller communities; and agricultural lands in Lake, Obion, and Dyer Counties, Tenn.; in accordance with House Document No. 188, Seventy-second Congress, first session; estimated construction cost, $730,000.

Mr. BACHMAN. Mr. President, this has received the approval of the Army Engineers and is a continuation of a project which is now in operation.

Mr. COPELAND. This item was given consideration by the committee. It has been approved by the Army Engineers, and is acceptable.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Tennessee to the committee amendment.

The amendment to the amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, when the bill passed the House there were included some 20 projects in my State. I am not a member of the committee, and, therefore, did not appear in favor of any of the projects. In conconsidering the 20 projects, the Senate committee found 8 of them had been examined by the proper authorities and approved. Therefore, the committee included in the bill the projects which met the requirements. Those which did not meet the requirements were omitted.

The projects which did not meet the requirements have been surveyed and examined, but the reports are not complete. The surveys are in various stages of completion. I move to amend the bill by inserting at the end of section 6 the projects to which I have referred, so the surveys may be completed and the final report made hereafter. I shall add one additional project to those which were contained in the House bill, and that is the first one relating to Kenton Reservoir. That is in what is known as the dust zone in the corner of five States, New Mexico, Colorado, Texas, Oklahoma, and Kansas. It is on the Cimarron River, and, if it should be finally approved, it would afford a very large amount of labor for the people in distress in the center of the dust zone.

Mr. COPELAND. The Senator desires that the Kenton project be inserted in the survey section?

Mr. THOMAS of Oklahoma. Yes. The others were contained in the House bill.

Mr. COPELAND. The Senator desires they should be added to the survey section?

Mr. THOMAS of Oklahoma. That is correct.

Mr. COPELAND. There is no objection.

The PRESIDENT pro tempore. The amendment of the Senator from Oklahoma will be stated.

The CHIEF CLERK. In the committee amendment it is proposed to add at the end of section 6 the following:

Kenton Reservoir, Cimarron River, Okla.
Eufaula Reservoir, Okla.
Pensacola Reservoir, Okla.
Markham Ferry Reservoir, Okla.
Fort Gibson Reservoir, Okla.
Wister Reservoir, Okla.
Oolagah Reservoir, Okla.
Braman Reservoir, Okla.
Mannford Reservoir, Okla.
South of Antwine, levees on Chikaskia River, Okla.
Tulsa and West Tulsa levees on Chikaskia River, Okla.
Tenkiller Ferry Reservoir on Illinois River, Okla.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Oklahoma to the committee amendment.

The amendment to the amendment was agreed to.

Mr. NYE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 112, in the committee amendment, after line 2, it is proposed to insert "Souris River, N. Dak."

The amendment to the amendment was agreed to.

Mr. RUSSELL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Georgia?

Mr. COPELAND. I do.

Mr. RUSSELL. I desire to take the floor in my own right to offer an amendment.

Mr. COPELAND. Is it an amendment outside of section 6?

Mr. RUSSELL. It does not pertain to section 6.

Mr. COPELAND. Would the Senator be willing to wait a moment until we perfect section 6, unless he is in a hurry?

Mr. RUSSELL. I am in no particular hurry.

Mr. COPELAND. Is this a survey or a project?

Mr. RUSSELL. It is a project.

Mr. COPELAND. Then I should be glad if the Senator would be good enough to wait a moment.

Mr. RUSSELL. Mr. President, I prefer to offer the amendment now; and, if it shall be voted down in the form in which I offer it, I shall ask to modify it so as to make it a survey project.

I send the amendment to the desk and ask to have it stated.

The PRESIDENT pro tempore. The Senator from Georgia offers an amendment, which will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

The Townsend area and Butlers Island on lower Altamaha River in Georgia: To protect people and 84,000 acres of land, including reconstruction of levees destroyed by floods of April 1936; referred to in House Document No. 68, Seventy-fourth Congress, first session; estimated construction cost, $225,000.

Mr. RUSSELL. Mr. President, this amendment does not comply with the rule which has been arbitrarily adopted by the committee in considering flood-control projects. However, I am sure this proposal is much more meritorious than many that are contained in the bill. It involves only a small sum of money; but the expenditure of this sum of money will be very far reaching and will confer great benefits on a section which has suffered from floods periodically for many years, causing great damage to property and rendering practically useless 84,000 acres of tillable land in the lower Altahama Basin.

It is true that those who live in this section and those who suffer great damages from the periodic floods do not have the benefit of the larger newspapers which carry throughout the country the report of those floods and therefore insure the sufferers receiving consideration in what is known as a dramatic flood area. However, one of them did possess a camera, and I have on my desk photographs which disclose the great damage that has been done there to farm lands, to farm residences, and to very valuable properties.

Mr. President, when it is considered that for the cost of $225,000, 84,000 acres of land may be protected from the floods which have come from time to time throughout the past several years, rendering this section practically uninhabitable, I believe this proposal will appeal to the sense of fairness and justice of the Senate even though it did escape the attention of the Army Engineers.

Those facts are disclosed by the Report of the Board of Army Engineers, contained in House Document 68, Seventy-fourth Congress, first session. I may say that at the time this survey was made it was instituted by the Board of Engineers to determine the navigability of the river rather than the practicability of a flood-control project, and perhaps for that reason the project was not included in the bill among those which are regarded as of paramount importance.

The report shows that in the 1925 flood about 83,000 acres of the Townsend area and 300,000 acres of the remainder of the floodway were inundated. Total damages were estimated at about $2,500,000 in this one flood. The district engineer estimates the average annual damage as about $108,000. I hope the members of the committee will bear in mind that statement. The average annual damage is $108,000, of which he assigns $18,000 to the Townsend area and $90,000, or 30 cents per acre, to the river valleys proper. The report says:

Butler and Champney Islands, in the delta of the river, have also been protected by levees to the extent considered justifiable.

Since that report was made, within the past 6 weeks, a flood in this valley has attained such proportions that it has broken the levees that were considered justifiable. Levees erected, if you please, at the cost of individuals, without any air or assistance whatever from the Federal Government, were washed away, and great damage was done there to a model dairy farm, which perhaps some Members of the Senate have seen if they have ever traveled what is known as the coastal highway from the northeast into Florida.

Mr. President, I cannot see why this amendment, involving as it does a small sum of money which will render great benefits to this large body of 84,000 acres of land at a cost of only $225,000, should be meted out the dire punishment that is threatened to any of those that have not been heretofore recommended by the Board of Army Engineers. The report of the Board of Engineers shows the great damage; it shows the small amount that is necessary to correct it; but because the survey was made from the standpoint of determining the navigability of the river it was not recommended, because it was not economically feasible to make the river navigable.

I feel that this amendment should be the one exception to the rule—that the Senate itself should legislate, and adopt the amendment, and afford relief to the people of the delta area of the Altamaha River.

Mr. COPELAND. Mr. President, the Senator from Georgia is now a friend of mine, but he is numbered among those who will not be friends of mine when I get through with this bill, because, meritorious as this project is from the human standpoint, it does not conform to the principle we have already established in the Senate in our declaration of policy.

This project has been surveyed by the Army Engineers. The Board has taken into consideration the recent dramatic occurrences; and, with sorrow in my heart, I must say that a project which costs, as the Senator now says, $225,000, and which was originally presented at $300,000, would not be justified when the capitalized value of the losses is less than $133,000.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. RUSSELL. The figure given by the Senator from New York is that found by the Board of Army Engineers in the original survey on which the report was made, prior to the recent flood, is it not?

Mr. COPELAND. The Board of Army Engineers have given consideration to the matter since the flood. They have not been able to make a complete survey since the flood; but they advise me now that on the basis of the information they have had since the last flood, together with the survey actually made, the project would not be justifiable, would not be considered meritorious; and I am sorry that the committee must resist the amendment.

Mr. RUSSELL. Mr. President, I am frank to say that I cannot understand any report concluding an expenditure of $225,000 to protect 84,000 acres of land is not justifiable. The Senate is supposed to have some power of reasoning and some common sense; and I dare say that not a single Member of the Senate would say that if 84,000 acres of land located anywhere could be protected from periodic floods for this small sum, the expenditure would not be justified.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. RUSSELL] to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. RUSSELL. Mr. President, I move to amend the committee amendment in section 6 by adding the "Altamaha River and its tributaries in Georgia" among the projects to be surveyed for flood-control purposes.

Mr. COPELAND. I have no objection to that.

The amendment to the amendment was agreed to.

Mr. RUSSELL. Mr. President, I am so firmly and profoundly convinced of the merit and justice of the proposal that I shall be glad to have the Board of Army Engineers investigate the project, so that at the next session the Senate may consider their report.

Mr. COPELAND. I wish to set myself right so far as I may with the Senator, and say that I will help him all I can to get a survey.

Mr. MINTON. Mr. President, I have had printed and placed upon the desk an amendment which I now offer.

The PRESIDENT pro tempore. The amendment offered by the Senator from Indiana to the amendment of the committee will be stated.

The CHIEF CLERK. In the committee amendment, on page 92, it is proposed to strike out lines 2 to 6, inclusive, in the following words:

Momence, Ill.: Lower rock ledge and dredge upstream for flood control and drainage improvement to agricultural communities in Illinois and Indiana; House Document No. 784, Seventy-first Congress, third session, estimated construction cost, $2,540,000.

Mr. MINTON. Mr. President, this amendment probably will not meet with much resistance. It is unique in its character, in that it does not seek to put anything more in the bill, but seeks to take out $2,540,000 now included in the bill for the drainage of the Kankakee River Basin.

In support of this amendment I send to the desk, to be incorporated in the RECORD at this point, two letters, one from the head of the conservation department of the State of Indiana and the other from the chairman of the planning board of the State of Indiana.

The PRESIDENT pro tempore. Without objection, the letters will be printed in the RECORD.

The letters are as follows:

DEPARTMENT OF PUBLIC WORKS,
Indianapolis, April 21, 1936.

Hon. SHERMAN MINTON,
Senator, Washington, D. C.

DEAR SHAY: For more than a year this department and the more than 100,000 sportsmen and conservationists in Indiana have been fighting a threat of further drainage in the Kankakee area.

On June 19, 1935, a meeting was held at Momence, Ill., presided over by Mr. H. W. Fox, of St. Louis, Mo., who claimed to be the secretary of the Mississippi Valley Association. We think this association was formed to accomplish certain drainage projects for interested engineering companies throughout the United States.

The proposed work can accomplish absolutely no good for Indiana and the only purpose it could serve would be to drain a large area of land unsuitable for agricultural purposes.

A few days ago I found that H. R. 8455, passed by the House of Representatives and printed on July 29, 1935, carried a number of flood-control items, among which was a $2,540,000 appropriation for drainage work in Indiana and Illinois on the Kankakee River. Since the bill has already passed the House, our only course is to have an amendment made in the Senate which would eliminate the appropriation that, in our opinion, should not be made.

Mr. John Wheeler is familiar with this entire situation and has made a trip to Illinois to study the drainage that has been proposed. He also has a complete understanding with Mr. Robert Kingery, who is head of the department of public works for Illinois. In addition to Mr. Wheeler's knowledge, Mr. James Vandebark has been in touch with the entire Kankakee question insofar as the conservation department is interested and is therefore in a position to furnish you with reliable information.

You will receive a letter within a few days from both Jim and John, and my purpose in writing this letter is to assure you that we are in earnest and will greatly appreciate your cooperation in preventing this money being included in the bill as it passed the House of Representatives.

With kindest personal regards, I am,
Sincerely yours,

V. M. SIMMONS, *Commissioner.*

STATE PLANNING BOARD OF INDIANA,
Indianapolis, Ind., April 21, 1936.

Hon. SHERMAN MINTON,
Senate Office Building, Washington, D. C.

DEAR SENATOR: We note that there is a bill in Congress (H. R. 8455) which would make it possible for the Federal Government to take out a rock ledge in the Kankakee River near Momence, Ill. The expense of this would be very great, running over $2,000,000, and those best acquainted with the Kankakee marsh will agree that it will be of no particular benefit. If the water level in the Kankakee marsh is lowered, the thin top soil will blow away, and in my opinion, the land adjacent to the Kankakee River is not as fertile as it was before the previous drainage projects were completed.

Another objection that we have in Indiana to lowering the water table in the Kankakee Valley is the hope that some day the Conservation Department can restore the old Kankakee marsh, partially at least, to the great game country that it originally was. It was without doubt the best duck marsh in the United States, before it was drained, and would be worth much more to the owners if it had not been drained, as it is poor farm ground. I am confident that Indiana would be best served by not lowering this water level.

Yours very truly,

STATE PLANNING BOARD OF INDIANA,
JOHN W. WHEELER, *Chairman.*

Mr. COPELAND. Mr. President, not only has the committee no objection to this amendment, but it desires also at the proper time to have a gold medal struck off, in order that we may decorate the Senator from Indiana for proposing a reduction in the amount of the bill by $2,540,000. It ought to insure his election forever and ever from the State of Indiana.

The PRESIDENT pro tempore. Without objection, the amendment to the amendment is agreed to.

Mr. GIBSON. Mr. President, in connection with the portion of the bill authorizing preliminary examinations and surveys, I offer the amendment which I send to the desk to be inserted at the proper place in the bill.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 114, line 23, it is proposed to insert the following:

Passumpsic River, Vt.
Winooski River, Vt.
Dog River, Vt.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I now desire to present some other authorizations of surveys. I think the Senator from South Carolina has already presented amendments dealing with the Congaree, Wateree, Santee, and Cooper Rivers of South Carolina, and the Edisto River and tributaries, Great Pee Dee, Lynches, Little Pee Dee, and Waccamaw Rivers, in South Carolina.

I have several amendments here which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the first amendment presented by the Senator from New York.

The CHIEF CLERK. In the committee amendment, it is proposed to insert at the proper place the following:

Big Blue River, an affluent of the Kansas River.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, the Senator from Kansas is also desirous of having a preliminary examination and

survey for flood control of the Cow Creek drainage area. The committee has no objection to the survey, but if the project is so changed in scope as to substitute a reservoir plan it should only be after a report is submitted to and acted on by Congress. Therefore, so far as the committee is concerned, it is agreeable to the survey.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment, on page 73, line 7, after the numerals "$1,050,000", it is proposed to insert:

Provided, That $10,000 of this amount be made available for a preliminary examination and survey for flood control of the Cow Creek drainage area and that the Chief of Engineers be, and he is hereby, authorized, in his discretion.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, the Senator from California [Mr. JOHNSON] presented an amendment to have the Mad River surveyed. That amendment has been agreed to, has it not?

Mr. JOHNSON. It was agreed to this morning.

Mr. COPELAND. The Senator from Kentucky [Mr. LOGAN] is interested in several amendments, and perhaps he would like to offer them now.

Mr. LOGAN. I should like to have them considered.

Mr. COPELAND. The committee has no objection to the inclusion of the rivers covered in the amendments offered by the Senator from Kentucky.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment, on page 114, after line 22, it is proposed to insert:

The Big Sandy and its tributaries, Kentucky.
The Licking River and its tributaries, Kentucky.
Mud River and Wolfe Creek, Kentucky.
Rough River and its tributaries, Kentucky.
Nolin River and its tributaries, Kentucky.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I think the next amendment relates to Louisiana, and perhaps that has been acted on.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment, on page 111, after line 2, it is proposed to insert:

Mermentau River, La.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, let me ask the Senator from Texas [Mr. SHEPPARD] whether he presented an amendment relating to the Leon River, the Sulphur River, and the Pease River.

Mr. SHEPPARD. Yes; the amendment has been presented and agreed to.

Mr. COPELAND. The Senator from Minnesota [Mr. SHIPSTEAD] desires surveys of certain rivers, and I ask that the amendment be considered.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment, on page 112, between lines 3 and 4, it is proposed to insert:

Cannon River, Minn.
Crow River, Minn.
Rum River, Minn.
Roseau River, Minn.
St. Louis River, Minn.
St. Croix River, Minn. and Wis.

The amendment to the amendment was agreed to.

Mr. WALSH. Mr. President, I offer an amendment, merely to perfect a description of two rivers in Massachusetts.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment on page 108, line 15, after the words "Rhode Island", it is proposed to insert the words "and Massachusetts."

The amendment to the amendment was agreed to.

Mr. WALSH. I offer another amendment similar in nature.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment on page 108, line 13, after the word "Massachusetts", it is proposed to insert the words "New Hampshire, Vermont, and Connecticut."

Mr. COPELAND. I have no objection.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment presented by the Senator from New York.

The CHIEF CLERK. In the committee amendment on page 110, after line 11, it is proposed to insert "Patuxent River, Md."

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment presented by the Senator from New York to the committee amendment.

The CHIEF CLERK. On page 98, line 17, after the word "Harbors", it is proposed to insert "and as amended by further surveys and studies now in progress."

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment to the committee amendment, suggested by the Senator from New York.

The CHIEF CLERK. It is proposed, on page 99, line 9, after the word "session", to insert "and as amended by further surveys and studies now in progress."

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I present another amendment on behalf of the Senator from Kansas [Mr. CAPPER].

The PRESIDENT pro tempore. The clerk will state the amendment to the committee amendment.

The CHIEF CLERK. On page 99, line 9, after the word "session", it is proposed to insert a comma and the words "and as amended by further surveys and studies now in progress."

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I present a further amendment.

The PRESIDENT pro tempore. The clerk will state the amendment to the committee amendment.

The CHIEF CLERK. At the proper place it is proposed to insert:

Sulphur River, Ark.

The amendment to the amendment was agreed to.

Mr. COPELAND. I present another amendment.

The PRESIDENT pro tempore. The clerk will state the amendment to the committee amendment.

The CHIEF CLERK. At the proper place it is proposed to insert:

Poteau River, Ark.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I present another amendment.

The PRESIDENT pro tempore. The clerk will state the amendment to the committee amendment.

The CHIEF CLERK. At the proper place it is proposed to insert:

Sandusky River, Ohio.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, if I may have the attention of the Senator from California [Mr. JOHNSON], there is an amendment providing for surveys of the Salinas River, the Black River, the Pajaro River, the Eel River, and the Mad River in Humbolt County, the American, Feather, Yuba, and Bear Rivers, Calif.

Mr. JOHNSON. Mr. President, two of those have already been provided for, the Eel and the Black. As to the others, I hope surveys will be ordered.

The PRESIDENT pro tempore. The clerk will state the amendment referred to by the Senator from New York.

The CHIEF CLERK. In the committee amendment it is proposed to insert on page 112, after line 25, the following:

Mad River, Calif.
Salinas River, Calif.
Pajaro River, Calif.
Eel River, Calif.
American, Feather, Yuba, and Bear Rivers, Calif.

The amendment to the amendment was agreed to.

Mr. COPELAND. A survey is asked by the Senator from Florida [Mr. FLETCHER], and I ask for action on the amendment.

The PRESIDENT pro tempore. The clerk will state the amendment to the committee amendment.

The CHIEF CLERK. It is proposed to insert on page 110, after line 19, the following:

Intracoastal waterway, Broward County, Fla.

Mr. KING. Mr. President, if I may make an inquiry of the Senator from New York, my recollection is that 10 or 15 years ago provision was made for an intercoastal survey not only in Florida but in other States. Is this a duplication?

Mr. COPELAND. No; this is to bring it up to date.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I have given the clerk a copy of the bill with certain surveys indicated, and, perhaps, during the day they may be checked up to see whether there have been any omissions.

Mr. LONERGAN. Mr. President, I offer an amendment, on page 108, line 13, after the word "Massachusetts", to insert the words "and Connecticut."

Mr. WALSH. Mr. President, I may say to the Senator that the amendment has already been offered and agreed to.

Mr. LOGAN. Mr. President, I desire to offer an amendment.

The PRESIDENT pro tempore. The clerk will state the amendment to the committee amendment.

The CHIEF CLERK. At the proper place it is proposed to insert:

Big Sandy River, Ky.: Bank protection at Catlettsburg, Ky.; report to Congress not yet made; special report in Office of the Chief of Engineers; estimated construction cost, $145,000.

Mr. LOGAN. Mr. President, I have a very brief statement to make in connection with the proposed amendment. The city of Catlettsburg is doomed to go into the river at the next flood. There is an extreme emergency. I understand that the Senator from New York, who is my good friend, is opposing all amendments unless a report of the Board of Engineers of the War Department on the project affected has been received by the Senate.

I desire to say at this time that I do want the responsibility for the calamity, when it comes, to be placed on the Senator from New York or the Senate. I myself do not want to share it.

I may say that the War Department previously made a survey of this project and reported that there was no immediate danger, but the last flood caused them to make another examination, and their office in Huntington, W. Va., has recommended this project at a cost of $145,000. The report reached Washington, I think, only yesterday morning. The Board of Engineers here has not had an opportunity to investigate it.

The only thing I seek to do is to call the attention of the Senator from New York to the situation, so that when the calamity comes—and it will come with the next flood—I will know that I have done all that I could possibly do, and the responsibility will be with the Senator from New York and the Senate for the loss of life and property that will follow the next flood on the Big Sandy River.

Mr. BARKLEY. Mr. President, I wish simply to emphasize what my colleague has said. The item is one about which some discussion arose in the Senate yesterday. It seems a pity that the lack of a report from the Board of Engineers here in Washington—which Board received the report from the district engineer just yesterday or the day before and has not had an opportunity to submit it to Congress—should stand in the way of this most worthy project.

There is no doubt what Congress will do about the matter ultimately, when the report shall come in. Congress will not meet again until next January. It is possible that there will be another flood between now and January or before the work could be done, if action by the Senate should be put off until January, and there might result loss of life and destruction of a vast amount of property at Catlettsburg, Ky., because of the confluence of the Big Sandy and the Ohio Rivers at that point.

In view of those special circumstances, I hope the Senator from New York will not object to putting this amendment in the bill and letting it go to conference. If in the meantime the Board of Engineers can make its report to Congress, the appropriation will be justified. If they should happen to turn it down before the conference agreement is entered into, the conferees can take that fact into consideration in determining whether or not to leave the amendment in the bill. Under those circumstances I hope the Senator from New York will not object to the amendment.

Mr. COPELAND. Mr. President, I had myself all square with the Senator from Kentucky this morning. I fixed up everything with him during the morning, but now our understanding is all upset. However, having been a doctor for a good many years, I have had to carry the responsibility of a death in a family and take all the responsibility of the treatment that might be applied, and I suppose I shall have to do it here. When the flood comes, and disaster comes with it, the lives of many of these people will be on my head. I am sorry that I have to carry that responsibility.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BARKLEY. There is a vast difference between being responsible for the death of a single patient and being responsible for the wholesale deaths of many people in a community.

Mr. COPELAND. Also, I have been in charge of handling epidemics; so I know something about that matter, too.

Mr. President, the district engineer from the Corps of Army Engineers has made a survey of the project in question as an emergency project to see if it needs emergency treatment. I have no doubt that if it shall be found that there is emergency and necessity for immediate action, funds will be provided from the emergency fund. However, as the chairman of the committee, I could not consent to the present proposal, because if we were to make an exception in this case, there would be no excuse for the battle I had yesterday with the Senator from Montana [Mr. WHEELER] nor for the battle I had with the Senators from Kentucky yesterday. If we were to make such an exception, we should violate the spirit of the bill; and, Mr. President, I think it would be unfortunate were we now to open the gate. So I feel that I must resist the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. LOGAN] to the committee amendment.

The amendment to the amendment was rejected.

Mr. ROBINSON. Mr. President, there were embraced in the House bill which is now under consideration, and for which the Senate committee has adopted provisions in the nature of a substitute, 13 reservoirs in the basin of the Arkansas River, and about an equal number of reservoirs in the basin of the White River in the State of Arkansas. The House sought to authorize the construction of these projects in the aggregate amount of a very large sum. The Senate committee omitted these projects from the bill, on the ground that as flood-control projects they had not received the endorsement of the engineers, and on the additional ground that they involved considerations relating to the development of power, and, I believe, soil-erosion and forestation. In any event, the provisions were sought to

be reincorporated in the Senate bill, and the Senate committee rejected the amendments so provided.

It is my understanding that a restudy of these projects will be made under the terms of the bill, or at least a portion of them. I ask the Senator from New York whether the statement I have made is correct.

Mr. COPELAND. Yes, Mr. President; the Senator's statement is correct. A very careful study was made by the committee of the various reservoirs mentioned by the Senator from Arkansas. There can be no doubt that ultimately they will be constructed. However, these projects include not only flood control, but many of them contain power possibilities, and it was thought wise by the committee to limit the bill wholly to flood-control projects. Some of them have been included. The Senator and his colleague last night presented one which was accepted because it was fully justified as a flood-control project. The other projects, however, are largely power projects.

Mr. ROBINSON. Mr. President, the projects to which I am now referring are not levee projects. They are reservoir projects which are important in any system of complete flood control of the two great branches of the Mississippi; namely, the Arkansas and the White Rivers. The provisions relating to these reservoirs will be in conference, having been incorporated in the House bill. In view of the action of the committee on the subject and the opposition to the projects being included at this time, my colleague and I do not again offer the amendments in the Senate.

There was another amendment which relates to a levee which it has seemed to us is a consistent and necessary part of the levee system that is being provided for the Arkansas River; namely, relating to Faulkner County Levee District No. 1. The item carried an authorization of $109,000. It was incorporated in the House bill, but eliminated by the Senate Committee on Commerce. My information is—and it is derived from the engineers as well as from members of the committee, and from the Senator from New York, who made a statement about the matter yesterday—that that provision was rejected by the committee on the ground that it was not sound economically. In view of the policy that has been adopted by the committee, I do not at this juncture again offer that amendment; but I wish to state that, in my judgment, the levee referred to is an essential and necessary part of the flood system for the Arkansas River.

Mr. COPELAND. Of course that also will be in conference.

Mr. ROBINSON. That provision will be in conference.

Mr. COPELAND. The attitude of our committee was that because of the report of the Army Engineers the project was not regarded as economically justified. The annual cost is estimated at $6,500, as compared with an estimated annual benefit of about $1,000, or a ratio of $1 to 15 cents; and the proposal was rejected on that account. However, it will be in conference, and I thank the Senator from Arkansas for his kindly consideration.

The Senator from Ohio [Mr. DONAHEY] wishes a survey of the Mad River, Ohio; and we have no objection to the inclusion of Mad River, Ohio. The survey of the Mad River, Ohio, is approved by the committee. We ask the inclusion of "Mad River, Ohio", on page 112, after line 11.

The PRESIDENT pro tempore. Without objection, the amendment to the committee amendment offered by the chairman of the committee on behalf of the Senator from Ohio [Mr. DONAHEY] is agreed to.

Mr. COPELAND. Mr. President, on page 112, in line 20, the first word should be "Sabino"; and on the same page, line 21, the county is "Pinal." I ask that those two corrections be made.

The PRESIDENT pro tempore. Without objection, the two corrections requested will be made.

Mr. COPELAND. I should say that on page 112, after line 11, at which point "Mad River, Ohio", was included, the language should be made to read "Mad River at Springfield, Ohio."

The PRESIDENT pro tempore. Without objection, that correction also will be made.

Mr. COPELAND. Mr. President, if there are no other surveys, we will now take up the first violently contested section of the bill, which is section 3. I think some amendments are proposed to be offered to that section. I believe the Senator from Mississippi [Mr. BILBO] desires to speak on the subject.

Mr. BILBO. Mr. President, as a member of the Commerce Committee and being permitted to participate in the work of perfecting the bill, I agreed to all the provisions of the bill except section no. 3, reserving the right to oppose the incorporation of that section in the final passage of the bill. This is a very important feature of this piece of proposed legislation, and it will become more important as the years go by. I wish to invite the attention of the Senate especially to the provisions of section 3, and at this juncture I ask that the Secretary read the section.

The PRESIDENT pro tempore. Without objection, the clerk will read as requested.

The CHIEF CLERK. On page 55, after line 3, section 3 reads as follows:

SEC. 3. That hereafter no money appropriated under authority of this act shall be expended on the construction of any project until States, political subdivisions thereof, or other responsible local agencies have given assurances satisfactory to the Secretary of War that they will (a) provide without cost to the United States all lands, easements, and rights-of-way necessary for the construction of the project, except as otherwise provided herein; (b) hold and save the United States free from damages due to the construction works; (c) maintain and operate all the works after completion in accordance with regulations prescribed by the Secretary of War: *Provided*, That whenever expenditures for lands, easements, and rights-of-way by States, political subdivisions thereof, or responsible local agencies for any individual project or useful part thereof shall have exceeded the present estimated construction cost therefor, the local agency concerned may be reimbursed one-half of its excess expenditures over said estimated construction cost: *And provided further*, That when benefits of any project or useful part thereof accrue to lands and property outside of the State in which said project or part thereof is located, the Secretary of War may acquire the necessary lands, easements, and rights-of-way for said project or part thereof after he has received from the States, political subdivisions thereof, or responsible local agencies benefited the present estimated cost of said lands, easements, and rights-of-way, less one-half the amount by which the estimated cost of these lands, easements, and rights-of-way exceeds the estimated construction cost corresponding thereto: *And provided further*, That the Secretary of War shall determine the proportion of the present estimated cost of said lands, easements, and rights-of-way that each State, political subdivision thereof, or responsible local agency should contribute in consideration for the benefits to be received by such agencies: *And provided further*, That whenever not less than 75 percent of the benefits as estimated by the Secretary of War of any project or useful part thereof accrue to lands and property outside of the State in which said project or part thereof is located, provision (c) of this section shall not apply thereto; nothing herein shall impair or abridge the powers now existing in the Department of War with respect to navigable streams.

Mr. COPELAND. Mr. President, will the Senator yield to me for just a moment?

Mr. BILBO. Yes.

Mr. COPELAND. The issue here, Mr. President, is whether the Federal Government should assume all the cost of these projects, including the cost of lands, damages, and the relocation of railroads and highways, or whether the Federal Government should provide for the building of the projects and leave the localities, as has been the practice in the past, to pay for lands and damages.

As I understand, the Senator from Mississippi will plead that the Federal Government should assume the entire burden of cost.

Mr. BILBO. Mr. President, I am offering as a substitute for section 3 the following declaration of policy:

SEC. 3. It is hereby recognized that the Federal Government should assume the full burden and responsibility for the improvement of navigable waters or their tributaries for flood-control purposes, and that neither the whole nor any part of the expenditures necessary for the construction of any project within the provisions of this act shall be required of any State or the States, political subdivisions thereof, or other responsible local agencies.

Mr. President, I shall endeavor to show that the scheme provided for in section 3 is impracticable, is impossible of

being carried out, and will result in the failure of the program that is to be undertaken by the enactment of this proposed piece of legislation.

One can readily see by comparison and analysis that the substitute I am offering in effect eliminates all the provisions of section 3 of the original bill, which section provides for a contribution from the States or subdivisions thereof in projecting a Nation-wide flood-control project or program. In the substitute I am offering I desire to make the positive statement or have enacted the positive policy of total responsibility of the Federal Government in whatever is done in carrying out a Nation-wide program of flood control.

The Congress has considered many important and far-reaching problems of government, but by the enactment of this bill we are initiating or inaugurating or beginning not only the most important, the most helpful, and far-reaching program of Federal activities commenced in half a century, but we are launching a program that will require the expenditure of more public funds than has been made necessary by any undertaking of this Government in the past or will be made necessary in the future, unless it be the incurring of governmental obligations incident to a declaration of war.

I have been amazed at the observations of some Senators as to the amount of money involved in this appropriation. If they will keep an eye on the activities of Congress for the next 25 years, they will realize just what we are beginning today. The amount of money in this appropriation is a mere suggestion of what it will be in the very near future, because, with only a partial survey of the work necessary to be done to save the people of the United States from the destructive floods by the construction of reservoirs, levees, dams, and channels, and not including the cost of the restoration of our forests and the conservation of our soil, the Army Engineers estimate an expenditure of over $8,000,000,000; but let me remind you, Mr. President, that before this work is finished and the industrial, commercial, agricultural, and economic life of the Nation has been made secure, we will have expended more than $12,000,000,000. Therefore, it is important that whatever policy is announced in the beginning shall be safe and sound, fair, just, and equitable to all the taxpayers of our common country. We must legislate today with a vision of all those things that must be accomplished before this work is done and this problem is properly solved. In our haste and hurry in the pressing emergency that confronts us and the menace that has overtaken us, we must pause long enough to be positively sure that we are right before we go ahead. I appreciate the fact that some of our friends who represent the Eastern States have suddenly become flood conscious and that they are anxious to have some legislation along this line; but I warn them that we had better go slowly and make sure our policy is right, because we are now embarking on a program involving an ultimate expenditure of $12,000,000,000.

Mr. President, no subject has engaged the attention of the thoughtful people of the United States for the past 50 years more than the question of flood control. Conditions contributory to flood disasters have so increased during the onflowing years that the country's susceptibility to frequent devastations caused from the flood menace has become so pronounced that today it represents the most serious problem confronting the welfare of the Nation.

In the early history of our country, before the destruction of our forests and before an extensive cultivation of our lands, and at a time when our population was not so widely distributed, the dangers from excessive floods were by no means serious. The subject in the early days was never thought of except as purely a local problem. The citizens of the various sections of the country who had immigrated to and located in districts subject to overflows were for a considerable period of time able to make themselves reasonably secure from flood disasters.

As the years passed on and the country became more thickly settled, and as the conditions that retarded the flowage of waters were gradually removed as civilization progressed, the task, once so easily accomplished, gradually became one that exceeded their powers to perform. So stupendous became this burden upon those living within the path of the rushing floods that it became necessary within the past decade for the Federal Government to assume an appreciable measure of the accumulative burden.

The day has now arrived when the entire Nation has become conscious of the imperative necessity for an effective flood-control system that will protect the lives, liberties, and properties of all the people who are affected directly or indirectly by this Nation-wide menace. It is now generally accepted that the prevention of destructive floods is a problem that affects every section of our country.

In a volume revised up to January 1936, entitled "Projects for the Development of Rivers and Harbors", summarized from reports of the Corps of Engineers to the Congress, may be found a map showing the number of projects and the estimated construction costs requisite to flood control in the United States. A mere glance at this map will not fail to impress one with the idea that the problem is one of national character and involves the national welfare. The reservoirs and canals contemplated in this report are dotted and lined over the entire country, with the exception of the States of Nevada, Utah, Arizona, and New Mexico, and this omission very probably obtains for the reason that the Engineers have not yet made a survey of that particular area.

This survey was made under the provisions of the Rivers and Harbors Act of January 21, 1927, wherein the Secretary of War and the Chief of Engineers were assigned the duty of making surveys in accordance with House Document No. 308, Sixty-ninth Congress, first session, with a view to the formulation of general plans for the most effective improvement of navigable streams of the United States and their tributaries for the purpose of navigation, the development of water power, the control of floods, and the needs of irrigation.

The tabulations made by the Corps of Engineers show recommended projects with an aggregate construction cost of $8,325,000,000 and indicates as many as 2,000 projects covering practically every section of the country in the undertaking.

This survey contemplated mainly the construction of reservoirs, levees, and rendering navigable river channels. The subject of reforestation, soil erosion, cover grasses, and canals for diverting flood waters to other channels was not embodied in their report.

I invite the attention of Senators who represent the States through which the Ohio and Mississippi Rivers flow, because they will get a conception, if they will follow my address, of the cumulative cost upon the States which will be assessed under the scheme proposed in section 3.

It is well to note at this time that several plans for flood control have been proposed by outstanding engineers during the last decade. One school of thought advocates the building of leeves, the straightening of rivers, and the building of canals, diverting the flowage into other channels capable of handling an additional volume of water. Another school advocates the construction of reservoirs so that the water may be impounded for release when no damage would ensue. Still another school strongly recommends reforestation, planting of grasses, and effective methods for preventing soil erosion.

All of these proposals have their merits, but today it is universally conceded that no one of them is sufficient in itself to provide the necessary relief. It is only by a proper correlation and coordination of all these methods that the ideal system of flood control can be attained.

We were entertained yesterday by the Senator from Minnesota [Mr. SHIPSTEAD], who attempted to show that even the sandstorms and the drought which have been cursing the great Northwest came because of a lack of proper flood control. He made the assertion, it will be remembered, that in a very few years that great agricultural section will become a desert, unless something can be done to prevent it.

Since this is true, it at once becomes evident that the means and methods of control involve activities incurring

tremendous costs in areas far removed from those sections directly in the path of floods. These combined proposals affecting a spread of activities covering the entire Nation, from which every section will receive benefits, force the inescapable conclusion that the question of flood control is the sole and undivided responsibility of the United States Government.

The purpose of this discussion, as the Members of this body may have already perceived, is not to treat in detail any one of these several plans or to endorse any particular method. I accept the universal verdict that an effective flood control can be accomplished only by the employment of all of the plans I have just enumerated. The ineluctable conclusion presents itself that an enterprise of so great magnitude, one that involves a system of preventive measures that extends its ramifications into every vale and hamlet, every prairie and hillside, and every teeming city and fertile valley on the continent, must be undertaken and completed by the strong arm of the National Government.

The declaration of policy as announced in House bill 8455, the matter which is now under consideration, as indicated in section 1, reads as follows:

> It is hereby recognized that destructive floods upon the rivers of the United States, upsetting orderly processes and causing loss of life and property, including the erosion of lands and impairing and obstructing navigation, highways, railroads, and other channels of commerce between the States, constitute a menace to national welfare.

In another part of this section, it is stated:

> That investigations and improvements of rivers and other waterways for flood-control purposes are in the interest of the general welfare. That the Federal Government should improve or participate in the improvement of navigable waters or their tributaries for flood-control purposes if the benefits to whomsoever they may accrue are in excess of the estimated costs, and if the lives and social security of people are otherwise adversely affected.

I am unable to find in all my research upon the subject of flood control a more convincing argument in favor of the Federal Government assuming full and complete responsibility for the improvement of rivers and waterways for flood-control purposes.

In a pamphlet issued by the Tri-State Authority, with headquarters at Pittsburgh, Pa., entitled "Let Us Have Protection From Floods", there is to be noted from a report of the Mississippi Valley Committee to Public Works Administration, October 1, 1934, the following:

> Federal interest in these projects (having reference to the 13 reservoirs to be constructed on the upper reaches of the Ohio River and its tributaries) is such that shows Federal participation might go to the sum of $26,400,000, while necessary non-Federal participation is estimated at $43,700,000. The latter amount should be assessed against the States and the communities benefited whether on the tributary or on the main stem of the Ohio in proportion to the estimated benefit to be received.

Then the editor, Senator W. B. Rodgers, of Pittsburgh, Pa., adds this comment:

> While a recommendation for local participation in the costs of constructing the 13 reservoirs is incorporated at some length in the report, it is the contention of the Tri-State Authority that this project is national in character and in benefits to be derived and should be paid for entirely out of Federal funds, as is being done in the construction of the Tygart Reservoir, one of the units of this system.

The advocates of section 3 will think they are meeting themselves coming back when they are reminded that of these 14 reservoir projects, the Government is already building the Tygart Reservoir wholly upon its own responsibility.

Permit me in this connection, Mr. President, to quote from a resolution adopted at a special session of the National Rivers and Harbors Congress at New Orleans, La., December 14, 1935, which reads as follows:

> The protection of lives and property of the people of the United States from recurring disastrous floods in the valleys of the major streams is recognized by this organization and also by the Congress of the United States as a problem affecting the economic welfare of the Nation, the study, solution, and constructive remedial treatment of which should be carried out by appropriate Federal authorities at national expense. The same principle and obligation should apply in the development by the Federal Government of new inland waterways for purposes of navigation or the enlargement of existing navigable waterways and the costs to adjust existing public highways or adjusting existing railroads and other privately owned property and facilities that meet the requirement of such new or enlarged projects should be borne by the United States Government.

I wish further to quote from an address delivered by Maj. Gen. Lytle Brown, Chief of Engineers, before the National Rivers and Harbors Congress in Washington, D. C., December 10, 1929:

> During the past 2 years nothing in the way of river problems has received as much attention as the flood control of the Mississippi River. It would seem that nothing more could possibly be said on the subject, but maybe the matter can be somewhat clarified as time goes on. In the consideration of the subject by Congress shortly after the flood control of 1927, it was conclusively shown that the subject can be handled effectively only by the National Government, and the Flood Control Act was modeled after that conclusion. Where more than one State is affected in a matter, the subject cannot escape the intervention by the central Government. The people of the States have the right to expect as much, since no settlement of these questions can be made by any other authority. If the national authority has seen fit to take up the matter of flood control on the Mississippi River, it cannot allow any lesser authority to intervene to stop or hinder its plans. If in the carrying out of these plans injury is done any interest without corresponding benefits to offset that injury, just compensation must be paid.

Any plan for the control of water incorporates a movement for most of the basic functions of the life of a nation. In controlling water we also must take into consideration the relevant problems of land. There can be no planning for both land and water unless we plan for the whole people.

The Northeastern States have their problem of flood control. The Ohio Valley and its upper reaches have also a flood problem. The Mississippi Valley, which carries the water from 33 of the 48 States of the Union, drains more than 40 percent of the territory of the United States, produces 80 percent of the minerals, agricultural products, and manufactured articles of the country, and sends to Congress 63 percent of its Members, has its problem of flood control.

The 785,000,000 acres of the most productive land in the world that lie in the Mississippi Basin within themselves would justify calling upon the National Government to assume the entire burden of flood control. The vast area of land which now constitutes the section of the country subject to the frequent visitations of sand storms is also involved in this great problem of flood control.

It is impossible at this time, were one to close his eyes, to place his finger upon the map of the United States without covering some spot more or less affected by the unbridled waters of the Nation.

How anyone can conceive that this problem is other than a national problem, an obligation and responsibility to be discharged wholly, and not in part, by the National Government, is entirely incomprehensible.

There is no difference of opinion among us as to the necessity for flood control. There are no divided views on the question as to the time when this great undertaking should begin. Far less should there be any justification for a difference of opinion as to what authority should assume this burden.

The Mississippi River, from Cairo, Ill., to its mouth, represents in its tortuous course over this area 1,700 miles of flowing length. It is bordered by the States of Kentucky, Tennessee, Arkansas, Mississippi, and partially borders and passes through the State of Louisiana. The lower section of the Mississippi River is the bottle-neck through which flow the waters of the vast expanse located between the great prairies that gradually approach the uplift of the Rockies on the west and the far-flung Alleghenies on the east, even penetrating into the industrial region of Pittsburgh, Pa.

Because of the magnitude of the flood situation in this wide expanse of country, a section comprising more than three-fourths of a billion acres of the most valuable and productive land in the world, and concerning which a noted authority has said—

> It is by a specially bountiful provision of nature that in and from this heart lead the most wonderful arteries for a national life which are furnished for any people.

As before stated, because of its magnitude, and the magnitude of its susceptibility to the havoc, ravages, and devastations of uncontrollable floods, this particular Mississippi Basin may be taken as a fitting example to which to apply the principle of local participation in flood control as provided in section 3 of House bill 8455.

Within this wide expanse of territory the lives, liberties, and properties of the people are not endangered solely from the onrushing sweep of maddened floods, leaping levees, destroying forests, gullying lands, and submerging thousands of erstwhile prosperous citizens in watery graves, but they are subject over a large area to the terrible effects of water erosion, which scourges the East as well as the West, and impoverishes hundreds of thousands of people if allowed to go unchecked. Very probably the most widespread damage does not lie directly in the wake of these uncontrolled waters but may be found in certain sections in the insidious sheet erosion that takes away the irreplaceable top soil of cultivated areas. Here, lack of reforestation and lack of restoration of range grass on areas now laid bare by the plowshare, subject the lands and people to the rage not only of floods but likewise of wind and storm; also to the great droughts of recent years, and the terrifying spectacle of clouds of dust borne upon the wings of the wind across one-half of the continent, so thick that the rays of the all-beholding sun are unable to penetrate. The agencies necessary for the preservation and reclamation of these arid sections are the self-same agencies that contribute to the control of devastating floods. Consequently, there must be a unification of all these systems both for the preservation of our land from the scourge of drought and for the protection of our people from the havoc of floods.

If it be contended that local participation should be required, in proportion to the benefits derived, with respect to the costs of building levees and reservoirs for the direct control of floods, then it naturally follows that the exponents of that idea will also, and with reason and consistency, maintain that the same rule should apply with respect to reforestation, restoration of range grass, and all other methods employed to reduce the drought menace, and reclaim and transform a land of aridity into one of productivity.

It may readily be seen that when one attempts to apply the principle of local participation to any plan having for its purpose the reforestation of our lands, soil conservation, and the restoration of native grasses to our arid prairies, one is brought face to face with an impossible and impracticable problem.

However sanguine one may be as to being able to find some rule of procedure by which proper allocations of costs may be made to States benefited by the construction of reservoirs without their confines, that enthusiasm is wholly dissipated in any effort to apply the same rule to the allotment of the costs to benefited areas as pertains to reforestation and soil erosion. The supplying of cover grasses to arid wastes, and of native tree plants to forest sections, is as necessary an adjunct to the control of floods as the construction of reservoirs.

It would be wholly unfair and unjust to insist upon local participation as applied to one method of flood control, and wholly disregard it because of its impracticability with respect to another form. There is only one conclusion to be reached, and that is to eliminate entirely local participation, and require the Government to assume the full responsibility.

I desire to address this remark to the Senator from New York [Mr. COPELAND]. When the Senator undertakes to show that communities should participate in the control of floods in this Nation by assisting to build dams and reservoirs, I desire him also to tell how they are going to participate in the two other great things which are necessary before we shall ever solve the flood problem of the Nation—reforestation and the conservation of our soil. We cannot get by with one unless we get by with the other, too.

The fact that local participation, as applied to reforestation and soil erosion, reduces the principle to an absurdity, is conclusive proof that its application to other forms of flood control, which are no more important to the system proposed, is wholly without foundation in justice and fairness.

It will be contended, and readily admitted, that any reservoir constructed on the upper reaches of the Ohio River and its tributaries will in some degree bestow benefits upon the States adjoining the Mississippi River between Cairo, Ill., and the Gulf of Mexico. Likewise will it be contended and admitted that reservoirs constructed in far-away Montana, Wyoming, Nebraska, Kansas, Colorado, and the Dakotas, along the winding course of the Missouri River and its tributaries, will in some measure benefit the States on the bottle neck of the Mississippi, namely, from Cairo to New Orleans. Also, reservoirs constructed in the States of Illinois and Wisconsin on the Illinois River and its tributaries, and in the States of Minnesota, Iowa, Wisconsin, and Missouri on the upper reaches of the Mississippi River, also in the States of Oklahoma, Texas, and Kansas on the Arkansas and Red Rivers that flow into the bottle neck of the Mississippi, will result in some indeterminate degree of benefits to the States from Memphis, Tenn., to the mouth of the Mississippi.

This system will comprise more than 1,600 reservoirs in order that exact justice through complete protection may be meted out to each of the several States benefited by each one of these 1,600 pools of impounded waters. It would necessitate just so many—namely, 1,600—allocations of costs for each of the numerous States benefited.

In other words—and I address my remarks to the Senator from Louisiana [Mr. OVERTON]—if we permit the policy of contributions, as assessed by the Board of Army Engineers, to go in this bill, and thus are tied from now on in all the projects that must be eventually constructed before the flood question will be solved, the Senator from Louisiana will be fixing upon his State and I shall be fixing upon my State a proportionate part of the expense of constructing these thousands of dams scattered throughout the Nation. To be more exact, the Army Engineers in this flood-control map, where they estimate the cost at $8,000,000,000, say there are 2,000 projects, and it is safe to estimate that 1,600 of these projects will be found in the Mississippi Valley. In other words, the State of Louisiana, the State of Mississippi, the State of Arkansas, the States of Tennessee, Ohio, and these other States, will be, as the program is carried out, assessed in the consummation and prosecution of construction of these 1,600 or 1,800 projects, scattered from the Alleghenies on the one side of the country to the Rockies on the other side.

Mr. OVERTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. BILBO. I yield.

Mr. OVERTON. Does the bill now under consideration provide for assessments, or does it contemplate voluntary contributions on the part of the States and local subdivisions?

Mr. BILBO. In section 3 the bill provides for assessments to be made by the Board of Army Engineers, allocating to each State costs in proportion to the benefits to accrue from the project. The payment of the assessment is not mandatory. The States cannot be made to pay them; but section 3 says that this assessment and contribution from the States shall be made before anything is done in the consummation of the project. So the States are either going to pay it or they are not going to have any flood control; there will not be anything done. The fact of the matter is that the bill makes it absolutely obligatory on the part of the Army Engineers to make the assessment and collect every dollar, and the money must be on the barrel head before anything is done in the consummation of any of the projects upon which there will be allocated assessments to the various States.

Before resuming my remarks, I may say that I contended before the committee that, with a few exceptions, if this amendment shall remain in the bill, it will mean that there will not be any flood-control program, and I will show Senators why I make that statement.

We are going to build a reservoir to control the floodwaters of the Ohio and the Mississippi Rivers, and we are going to build it amid the hills of Pennsylvania, on the Monongahela

or the Susquehanna. This whole work will start by the building of a reservoir in the rock-ribbed hills of Pennsylvania to affect the welfare of the people of Louisiana, Mississippi, and Tennessee. The Engineers will have to do it, not that they may do it, but they must do it if they are able to, the benefits to accrue to the States of Louisiana, Arkansas, and Mississippi, all the States down the line making assessments and then collecting the money. Then they can begin to break ground to build a reservoir in Pennsylvania. If one State—if my State of Mississippi, for instance—is not able to contribute, or if my State refuses to contribute, then Tennessee, Louisiana, Arkansas, and the Ohio towns and the plantations down the river may be flooded because Mississippi refuses to contribute, and the Engineers cannot proceed.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. CLARK. I recall to the Senator's mind that when the so-called Jadwin bill was before us, in 1928, I believe it was, the principle was seriously advocated by General Jadwin and some others, on the theory of local contribution, that in such a case as of a floodway built on the Missouri side of the Mississippi River to protect Cairo, Ill., the Legislature of Missouri should be required to make an appropriation to pay for that floodway. Obviously, of course, that could not happen; and according to this theory of local contribution, Cairo would have had no protection at all, because Missouri, across the river, which suffered and did not profit by the floodway, was not willing to pay for the construction of the floodway.

Mr. BILBO. Exactly. I thank the Senator for his contribution at this juncture in regard to this one item.

The State of Mississippi, in an attempt to save the property and the lives of her people from the ravages of floods, has, out of tax money, contributed over $50,000,000 in the years gone by. This money was wrung from the taxpayers of Mississippi without any Federal aid, and I am reliably informed that through the Mississippi Valley the taxpayers have contributed in the neighborhood of $265,000,000 in an attempt to save themselves.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. OVERTON. In order that the RECORD may accurately show the contributions of the lower Mississippi Valley, I may say to the Senator from Mississippi that prior to the adoption of the Jadwin plan, under the act of May 15, 1928, there had been a total local contribution on the part of the affected States, from Cairo, Ill., to the Head of Passes at the Gulf, in the sum total of $293,000,000, and since the enactment of the 1928 law there has been contributed by these States toward the completion of the plan adopted in the Flood Control Act of 1928 a total in excess of $41,000,000.

Furthermore, in the modified plan contemplated in the bill which passed the Senate, of which I had the honor to be the author, and which is today being considered by the House committee, there will be required a total contribution of not less than $8,000,000. In addition to that, the States will have to provide the cost of relocation of highways, and preserve the drainage along the main stem of the Mississippi River.

Mr. CLARK. Mr. President, will the Senator from Mississippi yield to me to ask a question of the Senator from Louisiana?

Mr. BILBO. Certainly.

Mr. CLARK. Under the Overton bill, which recently passed the Senate, the cost of the construction of a causeway across each of these floodways is to be borne by the Federal Government, is it not?

Mr. OVERTON. Does the Senator mean the elevated railroad and highway structures?

Mr. CLARK. Yes.

Mr. OVERTON. Yes; with the limitation, I may say to the Senator from Missouri, that the Government is not to elevate every highway but is to construct one highway over the Eudora floodway, one over the West Atchafalaya, and two over the Morganza.

Mr. CLARK. I understand that; but the point I make is that the Government is to bear the expense. I was in favor of that, and I am still in favor of it, but I am completely at a loss to understand the theory on which the Government is to finance that construction in Louisiana under the Overton bill and at the same time to assess these local damages against other equally meritorious flood-control projects in other sections of the country.

Mr. BILBO. Mr. President, I am indebted to the Senator from Louisiana for the correct statement of the various contributions. I was merely giving the estimate furnished by a member of the House Flood Control Committee as to the lower part of the Mississippi River.

Of course, these contributions, which amount to over $300,000,000, as suggested by the Senator from Louisiana, are a mere bagatelle compared with the tremendous losses of property resulting from the floods which have overtaken the people of this great section of the United States. Those losses amount to billions, instead of millions.

If the principle of local participation should apply in this vast expenditure of money to protect the lives and properties of the people, with respect to the construction of reservoirs, canals, and levees, it should with equal propriety apply with respect to any plan for the reclamation and preservation of the arid sections which come within the area that is drained by the Mississippi River and its tributaries.

A program of reforestation and restoration of range grass will not only benefit the section of the West where such a program is absolutely essential, but would benefit in some unknown and indeterminate measure those States along the Mississippi River through which the uncontrolled flood torrents of the West now pour, bearing terrifying disasters in their wake. Whatever agency is employed in these arid sections for the reclamation of lands that increases the retardation of onflowing waters is to a certain extent beneficial to States far beyond where these agencies are employed.

I address this query to the Senator from New York: What modern Pythagoras, what Einstein of our own age, can determine with unquestioned accuracy the proportionate share of the benefits to be derived from the construction of reservoirs in distant lands and the reclamation by reforestation and otherwise of arid areas in remote places? What finite mind is able to make so infinitely complicated a calculation? It is utterly inconceivable that the genius of man, even in this enlightened age of science and mathematics, can approach any satisfactory determination of the proportionate share of this cost which it is alleged should be borne by all the States to be benefited. The whole theory of section 1 is nonsense gone to seed.

Mr. COPELAND. Mr. President, I suggest that the Senator refer that question to the taxpayers. Do not ask me the question of me. The taxpayers also have some rights.

Mr. BILBO. I assumed that the Senator was representing the taxpayers.

Mr. COPELAND. I am representing the taxpayers of my State, and in the position which I am taking here I think I am representing the taxpayers of every State.

Mr. BILBO. The Senator may be representing taxpayers who may be able to meet the partial burden of the program which they are assuming under the bill, but he is losing sight of the taxpayers who are not able to bear the burden which is placed on them by the bill.

Mr. COPELAND. Of course, Mr. President, the problem must be dealt with in its general aspects. If I could differentiate between the poor, between those who can ill afford to pay taxes and those who are abundantly able to do so, I would join the Senator. In the Golden Triangle of Pittsburgh there was a loss of $200,000,000 in the last flood. Why should the Golden Triangle, with all its wealth, be absolved from the burden of paying $30,000,000 toward the construction of a work which will give it safety in the future? I can find no answer to that question.

The Senator from Mississippi may be willing to have the taxpayers in his State taxed to take care of wealthy Pennsylvania or, to make it more personal, my own State of New York, because we would be spared the payment of $8,000,000 or $10,000,000 if the Senator's proposal should be adopted;

but why should we not pay our $8,000,000 or $10,000,00 for the cost of land and damages? Why should we ask the taxpayers of Mississippi to bear a share of the cost of installing works in the State of New York? I contend it is not fair to the taxpayers of Missisippi to relieve the taxpayers of New York from the burden which they ought to carry.

Mr. BILBO. Did the Senator from Pennsylvania desire to answer concerning the "Golden Triangle"?

Mr. DAVIS. I wish to ask the Senator whether the substitute he is offering will be in place of section 3 of the bill.

Mr. BILBO. Yes, Mr. President; it is a substitute for section 3.

The Senator from New York speaks of the "Golden Triangle" of Pittsburgh and mentions its great wealth. The fact the Golden Triangle contains great wealth affords no reason why a principle should be violated in order to make it contribute to the program in question. My contention is that the program is a national one. Whether a section is wealthy or whether it is poor does not enter into the question as a matter of equity, as a matter of fairness. It may be that New York State is more able to pay her share of the amount assessed against her than the State of Mississippi. I might go into details and explain why New York has more money than Mississippi. We have had some part in bringing about that condition.

Mr. DAVIS. The income from all the buildings in the Golden Triangle would not pay 1-percent dividend on all the property in the Golden Triangle.

Mr. BILBO. Mr. President, there is proposed in section 3 a scheme that is not feasible, a scheme that will not work, a scheme that is impracticable.

Mr. DAVIS. In other words, if a community does not have enough money to pay practically 50 percent of the cost of flood control, it must drown in the next flood that occurs, as has happened in all the other floods.

Mr. BILBO. That is exactly the point I was leading up to. New York may be able to pay her part and so get a healthy contribution from the Treasury of the United States, thereby protecting the lives and property of citizens of that State; but a condition that cannot be met is being imposed on other States and other people. Therefore they will be denied their share of the Federal contributions and suffer the ravages of flood.

In making determinations of the proportionate assessments for the several States, there are so many diversified elements to be taken into consideration that the authorities charged with this responsibility will of necessity ere long appreciate the utter hopelessness of arriving at a satisfactory conclusion.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. FLETCHER. In the hearings before the Commerce Committee, the Senator may recall that I raised the question whether it was possible for the Engineers to apportion the benefits accurately among the several States. For instance, if a dam is built in Pennsylvania, what benefit will there be to Mississippi, and how will the Engineers arrive at what the benefit will be? The reply was made that they could do that, that it was practicable, and that they had proceeded in that direction successfully heretofore. I am not yet clear about that matter. I think that is the main difficulty.

Mr. BILBO. Mr. President, I appreciate the question of the Senator from Florida. I take the position that it is an absolute impossibility equitably, fairly, and justly to make those assessments. As I said, even Einstein would not be able to figure it out; and if it is attempted to be done, it will be an arbitrary exercise of judgment on the part of the Army Engineers in making the assessment, and not predicated upon any rule of justness, fairness, or equity.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. WALSH. Of course if these projects of flood-control are delayed until the working out of the apportionment that each State should pay, they will never be erected. Is not that correct?

Mr. BILBO. The Senator is correct. The present provision in the bill means that there will be a break-down and failure to carry out the program.

Mr. WALSH. Is there anything in the bill to indicate that the Federal Government will proceed with the flood-control projects and leave the matter of assessment undetermined until later?

Mr. BILBO. There is a positive prohibition in section 3, stating that they cannot proceed until the money is assessed and in hand and on the barrel head.

Mr. WALSH. Some manufacturers from my State, who were here recently, threatened to abandon their industries along the riverbanks where floods occur, on the theory of what the Senator from Mississippi said would happen, that there would be delay and delay and delay in getting action. I hope the Senator from New York, in charge of the bill, will see to it that provision is made that where there is really need for flood-control projects, the Engineers shall proceed to take care of them and leave the matter of assessment until afterward.

Mr. BILBO. Mr. President, under the provisions of the bill it may be that in New York or in some other more favored State the necessary assessments can be provided at once, and the projects proceeded with immediately, but in other States there are projects that will be forever barred by reason of section 3.

Mr. WALSH. The Senator from Mississippi, as well as the Senator from New York and other Senators, desires action. We have learned as never before the menace and suffering and loss and disasters resulting from floods; and the country desires action, and speedy action. We do not wish to have any red tape. I hope the Senator from New York will see to it that provision for action will at least be provided in the bill.

Mr. BILBO. The Senator from Massachusetts has suggested one of the reasons why I am making a fight against section 3. I know that if the Engineers should decide to build a dam on a river between Vermont and New Hampshire, and Connecticut and Massachusetts could not get together on the payment of their contribution to the building of the dam between the other States, a long time would elapse before relief could be obtained.

Mr. WALSH. That is just what some of our manufacturers fear, and vigorously protest against. As the Senator from Mississippi said, in such a case the State would be a long time in getting relief. Can the Senator from New York clear up that matter, and assure us that such a thing will not happen?

Mr. BILBO. The delay will happen, because the provision of the bill is that the State or community shall not get anything until it has put its share of the money on the barrel head.

Mr. WALSH. Assessments must be made upon the State as to the money to be paid before the Federal Government will undertake the work?

Mr. BILBO. The work cannot even be begun until the money is put up. The Engineers would not be permitted to visit the territory until the local money was provided.

Mr. WALSH. Does the Senator from New York agree to that statement?

Mr. COPELAND. Mr. President, where is the provision in the bill?

Mr. BILBO. It is in section 3.

Mr. COPELAND. Whereabouts?

Mr. BILBO. Cannot the Senator find it?—

That hereafter no money appropriated under authority of this act shall be expended on the construction of any project until States, political subdivisions thereof, or other responsible local agencies have given assurances satisfactory to the Secretary of War that they will—

And so forth.

Mr. COPELAND. I thank the Senator. Now, let me answer the Senator from Massachusetts.

I think the Senator from Mississippi said that the project could not be proceeded with until the money to be furnished by the State was put on the barrel head.

Mr. BILBO. I take it action can be had if we have the right kind of a Secretary of War. I presume, if he is a businessman, action can be had.

Mr. COPELAND. As a matter of fact, the bill provides that the projects are to go forward when the Secretary of War has been given assurance satisfactory to him that the costs will be provided. In the meeting which was attended by the Senator from Massachusetts the other day, I explained that if projects are organized, as provided in section 4, or where compacts are entered into between States, or where the State itself has made some arrangement, as my State has made, which is sufficient, it is not necessary to put the money on the barrel head. It is simply necessary that assurance be given to the Secretary of War that there is sufficient arrangement for contribution to be made in due time. I think that "due time" would be a very questionable time. Perhaps it would mean several years before it is all paid. But there cannot be any delay under the terms of the bill; and I ask the Senator, in all kindness, as one who helped to write it, to support the bill as it is.

Mr. WALSH. Mr. President, would the Senator from New York be willing to have an amendment adopted making it clear that the Federal Government shall proceed even if the money has not been paid?

Mr. COPELAND. Yes, sir. If the Senator will prepare an amendment to make clearer what we have put in the bill, so far as I am concerned, as one member of the committee, I will say yes; because it is perfectly clear to me that that is the intent of the bill.

Mr. WALSH. The Senator from New York recalls the evidence presented at the hearing the other day—and I should like to have the Senator from Connecticut confirm it—that the people have left their homes in Hartford and in Springfield and will not move back into their homes, because the recent flood so frightened them that they do not want to live in the valley of the river.

Mr. LONERGAN. In many instances, the Senator's statement is correct.

Mr. WALSH. I thank the Senator from Mississippi for yielding for this important discussion.

Mr. COPELAND. There is much more I should like to say on the subject, but I do not desire to impose on the Senator from Mississippi.

Mr. BILBO. Mr. President, the Senator from New York, in response to the suggestion which has been made, advances the theory that all that is necessary is to satisfy the Secretary of War that the money will be forthcoming. I should like to have the Senator explain to the Senate just what he means, and what will be necessary to show to the Secretary of War and to present to the Secretary of War to satisfy the Secretary of War that the money was forthcoming.

I take it that we are proceeding to legislate upon a safe basis, upon a business basis. There has been no suggestion in this bill, so far as I have seen, that any line of credit is going to be extended to any particular community or State or locality. It is a business proposition.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BILBO. Yes, sir.

Mr. COPELAND. It stands to reason that the localities must provide the lands. When they have provided the lands the Army Engineers will proceed. There is nothing new about that; that has been the practice in every measure of this sort in the Senator's own section of the country. The Senator from Louisiana has just testified that they have paid for levee locations—how many hundred million dollars?

Mr. OVERTON. The total contribution was $292,000,000, plus $41,000,000, and plus many million dollars of additional contributions.

Mr. COPELAND. So, nearly $400,000,000 has been contributed in the lower Mississippi. Yet the Senator from Mississippi comes forward to say, "In spite of the fact that my State has spent millions in the past for this sort of thing, Pennsylvania and New York now must be relieved of the burden of paying their share of the cost of lands and damages."

Mr. BILBO. Mr. President, in response to that observation of the Senator, let me say that we are not asking for a return of any of the money that has been expended. I am only insisting, as we begin a real flood-control program for the Nation, a Nation-wide program, which means the expenditure of $12,000,000,000 or $15,000,000,000 before we have finished the job, that we establish a policy that is equitable and fair, a policy that is right. That policy should be, since the whole Nation, every section of the United States, is interested in flood control, since the flood-control problem will never be solved until we have soil conservation and reforestation as component parts of the elements necessary to make it a success, and since every section of the United States will be benefited, the entire Nation, through the Federal Government, every section of the United States should contribute in doing those things necessary to execute this program.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. DAVIS. As I understand, the Congress have appropriated already and there has been spent by the Government some two hundred and fifty or three hundred million dollars for flood control and the Congress have also appropriated nearly a billion dollars for river and harbor improvements.

Mr. BILBO. That is correct, and there has not been any local contribution in connection with river and harbor appropriations, and there never has been any question raised about it.

Mr. President, resuming the thread of my argument, take for example the proportionate share of Mississippi's contribution to the construction of 13 reservoirs in the upper reaches of the Ohio River and its tributaries. It must be admitted that these projects, if taken in connection with similar projects built along the courses of all other rivers flowing into the Mississippi would be more beneficial to the State of Mississippi than if only a limited number of these reservoirs were built. The 13 reservoirs in the Ohio Valley alone would not suffice to protect the State of Mississippi from flood disasters. Reservoirs built upon one or two other rivers in addition to those built in Ohio still might not give adequate protection. The degree of benefits, therefore, to be derived by the State of Mississippi will be determined by the degree of accomplishment in the perfection of the entire system.

Shall Mississippi pay its full proportion of the costs of the completed system 20 years before that system is finished? Certainly not. Then, how are the authorities charged with the duty of making these allocations to determine accurately just what Mississippi's proportionate share would be at this time in the construction of the 13 projects of the Ohio Valley? Again, the States along the Ohio River would receive benefits from the aforementioned 13 projects on many occasions when none whatever would accrue to the State of Mississippi. This is true because the Ohio River sometimes overflows and occasions great destruction of property and human lives, and yet when those self-same waters are poured into the mighty Mississippi they may add only a few inches to the water level of that river.

The State of Mississippi suffers from the ravages of floods only when there is a conflux of excessive waters from all the rivers constituting the Mississippi River and its tributaries. No one of these tributaries can cause any appreciable rise in the Mississippi. It requires an increasing tide and volume pouring in from all sections of the country drained by the Father of Waters. With what degree of accuracy can the science of mathematics determine Mississippi's pro-rata share in the cost of any particular group of reservoirs or the reforestation of any particular section of the country when her flood fate is determined by fortuitous chance?

I could go on at great length discussing the various elements that should be given consideration in making these

determinations with respect to pro-rata assessments against the States, any one or all of which would add greater emphasis to the well-known fact that the whole proposal is manifestly impracticable.

Furthermore, making these allotments of the proportionate cost burden to be borne by the several benefited States from any one project, or a closely allied group of projects, and submitting them for ratification before actual work begins, as is provided in section 3 of this bill, will entail an interminable number of joint and collective acceptances, and these myriad transactions with the benefited States, their subsidiaries, or responsible local agencies, will recur as the work progresses at frequent intervals over a period of 20 years or more.

Behold an infinitely long chain of separate negotiations of this character stretching out through the decades yet to dawn and following the winding courses of all the rivers and rivulets of the continent, and then contemplate for a moment the inescapable eventuality of some one or more links in this tortuous chain being broken, thereby destroying the binding force and effect of a unified system of flood protection, and, if not overwhelming the whole scheme of things in disaster, most surely defeating the noble purpose of guaranteeing flood protection to all the people of the Nation. To make it more emphatic, under section 3 of this bill the Army Engineers and the Secretary of War are strictly prohibited from launching any project until every dollar from every State assessed shall have been paid.

Oh, yes; the States of Massachusetts and Connecticut may get together and agree upon the proportionate share of the cost to build a dam on the Connecticut River between Vermont and New Hampshire, but what about the States of Mississippi, Louisiana, Arkansas, Tennessee, and Kentucky agreeing upon their proportionate share of the cost of building a dam in Montana on the Missouri, or on the Arkansas, or on the Red River, or on the Ohio?

Mr. President, the economic side of this question should not be overlooked. According to the best authorities who have investigated the subject of soil erosion, we are told that the rate of wastage, if continued for the next half a century, will render unproductive more than two-thirds of the Nation. The Senator from Arkansas [Mr. ROBINSON], in a statement before this body on April 2, said:

> That the soil of one-half of the lands now in cultivation in the entire United States has been so damaged that those lands are scarcely fit longer for cultivation.

It may be said without fear of contradiction by any responsible authority that has made a study of this question that it will be only a comparatively short time before the dust storms that originate in the West will become so violent and so laden with earthen matter as to obscure the face of the heavens for a period of 3 months in each year. I am not an alarmist, nor am I a pessimist, and yet I can make that statement.

With respect to the loss of life and property under present conditions, it is claimed that the Mississippi Valley lost approximately $1,000,000,000 during the flood of 1927. Then why complain about a few hundred million dollars in this bill or any other bill along this line?

The loss in the Mississippi Valley is a total loss. Proportionate devastation costs obtain in every section of the United States. The special committee of river improvements and flood control, reporting on conditions in New York subsequent to a recent flood, but having no reference to the flood which happened 2 weeks ago, said:

> After a 200-mile inspection tour of flood damage it was noted that crops and property had been ruined by raging waters that had leaped from their channels to sweep over the country sides. In the city of Hornell 16,000 people are drinking water from milk cans hauled in trucks. Fifteen hundred of the city's residents have been thrown out of work because of the city's industrial loss, estimated at $738,000. Mayor Leon Wheatley estimates the home loss at $900,000, retail-store loss at $280,000, loss to the railroads at $370,000, making a total of $2,288,000.
>
> Damages to State highways and bridges are estimated by district engineers to be approximately three and a half million dollars. Counties, villages, and cities suffered losses to roads and bridges estimated at six and a half million dollars. On July 8 and 10 43 lives were lost and damage estimated at $25,000,000 was caused.

I give these citations merely to show the extent of devastation for only two separate floods that raged in two widely separate districts of the Nation. If one had available the costs that the States have incurred without Federal aid in building their levees and canals, also the loss they have sustained in spite of these efforts, throughout the last century, it would amount to many billions of dollars.

After suffering all these losses and privations and sorrows through the long and trying years that have passed, ill does it become this Congress now to urge that the States should bear a proportionate share of this great and necessary burden that rightfully should be the responsibility of the National Government. We have suffered enough. We have paid enough. We have carried a sufficient load. Part of the losses cannot be restored, no matter what degree of prosperity we may enjoy, because they involve hundreds of lives which the floods along the Mississippi River have cost in recent years.

It may be of some interest to learn that some of the greatest earthquakes of all time have occurred from an excessive overloading of the valleys by a distribution of sediments brought down by the streams from the uplands and mountains which are drained by the rivers and course through these valleys.

I trust no one will think I am somewhat excitable in my argument for the prosecution of flood control when I find one of the effects of the neglect of duty on the part of the Congress in controlling the flood situation has been the earthquakes we have had and earthquakes which are yet to come. If I am wrong in my contention, then blame the scientists, who know more about it than do the Members of Congress.

Among the great earthquakes that have visited all sections of the earth but few, I am told, have compared with the great earthquake in the Mississippi Valley of 1811. To give some idea of the extent of the territory affected by this earthquake, I quote from a statement of the United States Geological Survey Bulletin 494:

> A total of over 1,000,000 square miles, or over half of the entire United States, was so disturbed that the vibrations could be felt without the aid of instruments.

The most violent section of this earthquake was in the vicinity lying between Memphis, Tenn., and St. Louis, Mo. There were few people living in that section in 1811. Consequently the loss of life was not great. Today, millions reside in this district, and a similar disturbance at this time would exact a toll of life and property damage that would be appalling.

The volume of earth under present conditions now being deposited in the Gulf of Mexico amounts to about 400,000,000 cubic yards each year. These vast deposits through bygone centuries have formed what we now call the Mississippi Valley. Even today at the mouth of the Mississippi River the Delta is being extended into the Gulf of Mexico by sediment deposit at the rate of 1 mile for each 20 years. The depth of this deposit throughout the Mississippi Valley is undetermined. The constant accumulation of sediments brought down by the flowing waters causes an overbalance of the earth structure affecting the lower strata with the result that an earthquake follows.

From the Popular Science Monthly, in which an article appears by Myron L. Fuller, of the United States Geological Survey, I quote these words:

> In the New Madrid country, southeast Missouri, the quaking has continued for several hundred years. Both at Charleston and New Madrid earthquakes occur in regions where the earth's crust is being overloaded in the one instance by sediments brought down by streams from the Appalachian Mountains and in the other by the floods of the Mississipipi, and the fracturing is believed to have resulted from the readjustment of the harder rocks to the increased load.

Mr. F. W. Sohon, of the Georgetown University Seismological Observatory, in a letter written May 23, 1930, had the following to say:

> With regard to the probability of another earthquake similar to that of 1811, seismologists regard it as an axiom that where there has been an earthquake there will surely be another. It is true that an earthquake relieves a strained condition that has been a

long time in forming, but the area of the Madrid earthquake of 1811 was visited by an earthquake of similar intensity a hundred years earlier so that another hundred years having elapsed another visitation may be in order.

The relation of eroded material to earthquakes is probably one of direct casualty in the long run, for the denuded areas become lighter and must be pushed up, while the areas receiving the additional load by becoming heavier must be expected to sink.

I do not want to undertake the role of prophet. I am merely giving the result of scientific investigation. The more civilized we become and the more we know in and of this world, the more respect we have for men who have a scientific turn of mind.

The earthquake of 1811, concerning which few people have any knowledge, created Reel Foot Lake, located in Tennessee. It is said that the course of the Mississippi River ran north for 24 hours. A full account of this horrible seismic disturbance may be found in Bulletin 494, issued by the Department of Interior and entitled "The New Madrid Earthquake." Since it is now well known, as a result of the observation of scientists, that this, the greatest of all earthquakes, occurred from causes due to soil erosion and the maddened flow of onrushing waters, it is by no means unwise to give consideration to an appreciable extent to the destructive effects of uncontrolled floods as reflected by the great catastrophe that took place at Madrid, Mo., beginning December 16, 1811, and continuing with more or less severe shocks for more than a year.

The earthquakes of history have been the cause of greater loss of life and property than any other known agency. Any system of water control that can by any possible means control and direct the agencies that cause seismic disturbances so appalling in results should be supported and maintained by the National Government.

At the outset of this discussion I stated that before the removal of our forests for commercial purposes and before the extensive cultivation of our western prairie lands for growing wheat and corn, thus depleting the cover grasses that since the beginning of time had kept the water line close to the surface, there was a time when the dangers from excessive waters were by no means serious. By the help of these natural agencies, such as cover grasses and the timber growth, individual localities were able to combat successfully the injurious tendencies of swollen streams.

For a considerable period of time, and by no means not until these cooperative natural agencies were removed and no vestige thereof was remaining, in order to meet the demands of trade and commerce and the mounting requirements of civilization, the people living directly in the flood paths were able to make themselves reasonably secure from any flood disasters.

I have in mind a particular instance illustrating this point. In a bend of the Mississippi River, about 25 miles south of Vicksburg, Jefferson Davis, the President of the Southern Confederacy, and his brother, Joe Davis, owned adjoining plantations, and on these tracts of land built magnificent homes. The residence of Mr. Jefferson Davis still stands and is in a perfect state of repair. Not so very long ago a friend of mine visited this magnificent site because of its historic interest, and while seated in the dining room of the old Davis home during the evening meal observed to his amazement a water line uneffaced upon the plastered walls, indicating clearly the height, about 8 feet, to which at some previous time the floodwaters of the Mississippi River had risen. Whereupon this friend inquired of the caretaker why it was that a man of Mr. Davis' knowledge of the Mississippi River and its overflow possibilities, a man of his ability to make wise decisions as to his financial investments, as had been evidenced by past performances, would build a beautiful home to live in and rear a family at a spot where the waters of the valley would rise 8 feet in the dining room. The answer given by the caretaker was that when Mr. Jefferson Davis and his brother Joe bought these properties and built homes and tenant houses upon them the waters from the Mississippi River had never been known within the memory of man to cover any part of these two large plantations.

At the time these properties were improved, and hundreds of years prior thereto, the Indians lived in many sections of the Mississippi Delta, as may be seen from the numerous mounds that today dot large areas from Natchez on the south to Memphis on the north. These mounds are in no sense to be considered as constructed for places of refuge from the floods, because mounds of the same size and character are to be found in the hill sections of the State, where the Choctaws and the Chickasaws lived.

As time passed on, from the day Jefferson Davis settled at what is now called Palmyra, overflows on the Mississippi River have at more and more frequent intervals been recurring, each time with accumulative force and violence. This gradual increase in frequency of flood stages and in volume of waters that annually flowed through the Mississippi channel may be measured with fine exactness by the progress made in denuding the lands of the upper reaches of the tributaries of the Mississippi of the forest timbers, and in the extent of turning under the grass coverage of our western plains and other areas by the plowman.

This tendency, increasing at a geometrical ratio toward a more terrifying flood menace, has now become manifest, not only in the Mississippi Valley but in almost every other section of our country, in areas where just a short time ago no signs of a flood problem were to be seen upon the horizon of coming events.

Today it may be stated as an irrefutable fact that the ratio of the progress made in depriving our lands of the forests and cover grasses corresponds to the ratio of increased flowage of waters through our navigable channels and their tributaries. Upon the basis of this theory, which determines and definitely fixes the primal cause of accumulative flood devastation and disasters appertaining to the Nation as a whole, I am prepared to propound this interrogatory:

Since our priceless forests have gone into the grinding, greedy craw of trade and commerce to improve the general welfare of all the people to increase the growing wealth of the Nation; since this bountiful gift of nature, this invaluable heritage belonging to all the people, has gone into homes for their comfort and ease, has been fashioned into ships to carry their commerce on the seven seas, has been employed for fuel to propel their engines and warm their firesides, and for material to construct the coffins in which to bury their dead; since the perrenial carpet of evergreen grass which lay unmolested upon our expansive prairies for untold centuries like a benediction from a beneficent heaven whereon have trod the hoofs of buffalo and bison from a far-away past to which the memory of man runneth not has been upturned by ruin's cruel plowshare in order that the Nation's wealth might be augmented, that the teeming millions of our country might be given an abundance of bread, that our soldiers might be fed on a foreign soil and all those who fought with them to make the world safe for democracy; since all these things have transpired for the improvement and betterment of the general welfare, for the enrichment of the Nation's wealth, and the glorifying of a more exalted civilization, may I not now, in the year 1936, in the presence of this Congress, elected by the people, call with the utmost propriety, supported by every rule of reason and justice, upon this Nation through its constituted authority, the Congress of the United States, to restore to the people of America that which has been taken at a pitiful price lest it be our lot to have brought upon us the fate of those dwellers on the banks of the Nile, the Tigris, and Euphrates, and of the starving millions living on the sandy wastes of desolate China?

I call upon the Members of this body to return to the lands of our country those natural agencies which have been, and if restored may yet be, our best means of preservation. Give back to the people without price that measure of the wealth taken from the land for the enrichment of the general welfare that is requisite to the restoration of a condition that will also promote the general welfare and at the same time make every part of our Nation a fit place in which to live.

If the Nation exhausts the natural resources of the country or permits it to be done to the extent that the lives and

property of a vast majority of the people are seriously endangered by a menace occasioned by the consumption of these resources, it is nothing but right and altogether proper that the Government at its own expense should take the necessary steps to avert the impending peril thus created. A common danger made possible by the removal from their natural placements of instrumentalities that have gone into the promotion of the public good and contributed to the progress of civilization should be eliminated by a restoration in proper degree of those self-same instrumentalities by the Government at the expense of the whole people who, together with the Government, have been the beneficiaries.

In conclusion, I wish to state that we are starting on the highway to spend $12,000,000,000 in the proper solution of the flood problem, which menaces the lives and property of the people of the Nation. As we start, let us start right. Let us fix the responsibility upon the persons who are to be the beneficiaries; and from every reasonable standpoint and from every logical argument and from every fact that may be deduced, the benefits will accrue to every man and woman of this Republic.

If that be true, then the burden should be borne by the people of the entire Nation and not saddled upon this section or that section. One may be able to pay it; another one is not able to pay it. Let us put it on all. Let the blessings that will follow cover the people of the Nation like the dew that covers the face of the earth, and let the burden be distributed in the same way.

Mr. President, I offer and move the adoption of the amendment which I have read as a substitute for section 3 of the committee amendment.

The PRESIDING OFFICER (Mr. MURPHY in the chair). The amendment to the amendment will be stated.

The CHIEF CLERK. In lieu of section 3 as printed in the committee amendment, it is proposed to insert the following:

SEC. 3. It is hereby recognized that the Federal Government should assume the full burden and responsibility for the improvement of navigable waters or their tributaries for flood-control purposes and that neither the whole nor any part of the expenditures necessary for the construction of any project within the provisions of this act shall be required of any State or the States, political subdivisions thereof, or other responsible local agenies.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. BILBO] to the amendment of the committee.

Mr. DAVIS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Chavez	Hayden	O'Mahoney
Ashurst	Clark	Holt	Overton
Austin	Connally	Johnson	Pittman
Bachman	Coolidge	Keyes	Pope
Bailey	Copeland	King	Robinson
Barbour	Couzens	La Follette	Russell
Barkley	Davis	Logan	Schwellenbach
Benson	Dieterich	Lonergan	Sheppard
Bilbo	Donahey	Long	Shipstead
Black	Duffy	McAdoo	Smith
Bone	Fletcher	McGill	Steiwer
Borah	Frazier	McNary	Thomas, Okla.
Brown	George	Maloney	Truman
Bulkley	Gerry	Metcalf	Vandenberg
Bulow	Gibson	Minton	Van Nuys
Burke	Glass	Moore	Wagner
Byrd	Guffey	Murphy	Walsh
Byrnes	Hale	Murray	Wheeler
Capper	Harrison	Neely	White
Caraway	Hastings	Norris	
Carey	Hatch	Nye	

The PRESIDING OFFICER (Mr. POPE in the chair). Eighty-two Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3789) authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, S. C.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8599) to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board and increase efficiency in administration of the steamboat-inspection laws, and for other purposes.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 7736) to provide for the establishment of the Whitman National Monument, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DEROUEN, Mr. KNUTE HILL, and Mr. ENGLEBRIGHT were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 8766) to authorize municipal corporations in the Territory of Alaska to incur bonded indebtedness, and for other purposes.

The message informed the Senate that Mr. JENKINS had been appointed a manager on the part of the House vice Mr. TREADWAY, resigned, at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes.

INTERIOR DEPARTMENT APPROPRIATIONS

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives on certain amendments of the Senate to House bill 10630, the Interior Department appropriation bill, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
May 20, 1936.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 1, 7, 31, 32, 33, 35, 39, 50, 52, 56, and 83 to the bill (H. R. 10630) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1937, and for other purposes, and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 46 to said bill and concur therein with the following amendment:

In lieu of the sum proposed to be inserted by said amendment insert "$432,300";

That the House recede from its disagreement to the amendment of the Senate numbered 87 to said bill and concur therein with the following amendment:

Page 19, line 11, of the Senate engrossed amendments, strike out "$40,000" and insert "$25,000"; and

That the House insist upon its disagreement to the amendments of the Senate numbered 24, 53, and 54 to said bill.

Mr. HAYDEN. I move that the Senate agree to the amendments of the House of Senate amendments numbered 46 and 87.

The motion was agreed to.

Mr. HAYDEN. I also move that the Senate further insist on its amendments numbered 24, 53, and 54, and request a further conference with the House of the disagreeing votes of the two Houses thereon.

The motion was agreed to; and the Presiding Officer appointed Mr. HAYDEN, Mr. MCKELLAR, Mr. THOMAS of Oklahoma, Mr. NYE, and Mr. STEIWER conferees on the part of the Senate at the further conference.

NATIONAL FLOOD CONTROL

The Senate resumed consideration of the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. BILBO] to the amendment of the committee.

Mr. COPELAND. Mr. President, I should like to ask the Senator from Pennsylvania whether he desires to speak on the amendment now pending?

Mr. DAVIS. Mr. President, yesterday, I called attention to the fact that I believed that flood control should be considered a Federal responsibility. Those who assert that half

of the burden should be carried by local agencies do not specify how those agencies can meet the responsibility.

Take the case of Pittsburgh, as an example. While there are in Pittsburgh a few rich corporations, and some handsome business buildings, a general tax of all the property owners of the city to finance a flood-prevention program would work a tremendous hardship on the many without assessing a proportionate share of the responsibility on those best able to sustain the burden.

I believe that the responsibility should rest upon the country as a whole, because those best able to sustain the burden should pay their full part of the cost of flood control.

Unless the National Government assumes the full financial responsibility, there will be further delay, and each year may witness additional flood loss.

The Federal Government, through its power to tax, can best meet this need, and distribute the responsibility with greater equity than can be achieved through dependence on local communities.

As I said yesterday, local units of government should play their part in administrative responsibility, but the machinery of tax collection requires the authority of the Federal Government.

Mr. President, I am in favor of the amendment offered by the Senator from Mississippi, and I hope it will be agreed to.

Mr. CLARK. Mr. President, I do not desire to detain the Senate by a repetition of the arguments which have been so ably presented by the Senator from Mississippi [Mr. BILBO]. I do wish to emphasize that the enactment of a flood-control bill at all is a recognition of the fact that the matter of flood control, the matter of the prevention of this most disastrous scourge to our American life, is essentially a national problem, and that is true from its very nature.

Nature does not regard arbitrary State lines in dumping water from one State into another in the creation of these great disasters. As a matter of fact, in most of the cases which have been testified to by the Army Engineers and other authorities before the Committee on Commerce, which are included in the bill, there is an essentially interstate character to the problem itself. For instance, it is testified that the best method of protecting the lower Connecticut Valley is by reservoirs and dams located in Vermont and New Hampshire. Certainly the Fort Peck Reservoir, located in Montana, will be of very great advantage to the lower Missouri and lower Mississippi channels in the matter of prevention of floods. To my mind—and I believe this is borne out by the engineering report—the best way of protecting the lower White River Valley would be by a dam located in Missouri, some 7 or 8 miles from the Arkansas line.

The works necessary to protect the city of Pittsburgh from such a disastrous flood as took place this winter would in large part be located outside the State of Pennsylvania; and in such cases as that, Mr. President, it is perfectly preposterous to talk about assessing the local benefit or requiring local contribution from the localities at which the dams have to be located, because, in a great number of instances, the localities in which the dams have to be located will enjoy no advantage whatever by reason of the location there of the dams. Some other State or some other locality farther down on the main stem of the stream will enjoy the benefit from a dam located at another place. To empower some official of the Federal Government to enforce local contribution or State contribution as a condition precedent to the construction of the works is simply to say in so many words, in enacting the bill, that we do not intend to have the work done.

The Senate itself has very recently passed on the policy of that matter in the enactment of the Overton flood-control bill. That act provides for the building, at Federal Government expense, of a causeway, an elevated highway, to be used for both highway and railroad purposes, over the Eudora floodway and over other floodways. It is a remarkable proposition to say, simply because the provisions of the Overton bill are in one act and the provisions for the rest of the country are in another act, that one rule of Federal contribution shall be applied to the State of Louisiana and to the State of Arkansas and another rule shall be applied to all the rest of the United States.

To say that a Government agency or a Government official shall be empowered to pass on the contributions to be made by the local agencies and the States is, I repeat, to my mind simply to defeat the whole purpose of the bill.

While the Senator from Mississippi occupied the floor, I mentioned a while ago an evidence of what bureaucrats may believe to be fair and equitable when it comes to the application of such a principle, and that was the opinion of the late Chief of Engineers, General Jadwin, a very able engineer, who seriously proposed, both before the House Committee on Flood Control and the Senate Committee on Commerce, that the State of Missouri should be assessed for the construction of a floodway to be built on the Missouri side of the Mississippi River for the protection of Cairo, on the Illinois side of the Mississippi River, and in response to a question before the Commerce Committee by my predecessor, Senator Hawes, General Jadwin said it seemed absolutely inconceivable to him that the Legislature of Missouri would not be willing and glad to appropriate a couple of million dollars for building a floodway on the Missouri side of the river, to her own damage, for the purpose of protecting the city of Cairo, on the Illinois side of the river.

Mr. President, the theory of local contribution and of State contribution is a beautiful theory, and a just policy in theory, but when applied to the intricate problems which nature has supplied the country in the intimate interstate relationship of water passing from one State to another, regulated not by boundaries established by law but by courses established by nature, the theory completely fails. As a matter of fact, the only justification on earth for the passage of any flood-control bill is that the problem of flood control is essentially a national, interstate problem, and if it is a national, interstate problem, it ought to be handled from the standpoint of the Federal Government. If it is not a national, interstate problem, then the Federal Government has no right to be spending public moneys on handling the problem at all.

Mr. GUFFEY. Mr. President, I favor the enactment of the Bilbo amendment, because, in my opinion, a flood-control bill without the Bilbo amendment is not practical, is not feasible, and is not enforceable; and I predict that not a single flood reservoir will ever be built under the bill if it does not contain the Bilbo amendment.

I think the bill as it is now constituted is unjust and discriminatory, and I hope the Bilbo amendment will prevail.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Mississippi to the amendment of the committee.

Mr. VANDENBERG. Mr. President, does the Senator from New York intend to address himself to the pending amendment?

Mr. COPELAND. I do wish to make a few remarks.

Mr. President, I desire to say in the most solemn words that, in my opinion, the bill will not become a law if the amendment of the Senator from Mississippi shall be adopted. I hesitate to say that, because I have had my feelings ruffled a good many times when a similar statement has been made about some other bill; but it has not been the practice of our country to go forward with projects which in the last analysis are local in their nature so far as benefits are concerned, and have the charge for them made upon the Federal Treasury.

This matter was debated in the Constitutional Convention of 1787. The question arose as to establishing post offices, and giving to the Congress power to establish post offices. It was then decided that jurisdiction over post roads should also be given to Congress. I can quite understand why the convention included post roads in that remote day, because the morasses and marshes and jungles of our country were such that without roads the mails could not be carried, and horseback travel was interfered with.

So it was provided that post roads might be established, and power was given to the Congress to appropriate money for that purpose. That provision of the Constitution is the constitutional reason why it has been possible for us to have the great system of highways which we have built throughout our country.

When the matter was up in the Constitutional Convention Dr. Benjamin Franklin proposed that the Congress should have the power also to build canals. He proposed that Congress should establish post offices and build canals. In those days canals were short affairs conferring local benefits. When he made that proposal, however, the delegates smote him hip and thigh. They said, "No; the building of a canal confers a local benefit, not a Federal benefit." So it has been the policy and the practice from the first that the localities should at least provide the land and pay the cost of damages for building these Federal highways.

May I have the attention of the Senator from Massachusetts [Mr. WALSH] for a moment? There is a misunderstanding as to the purpose and intent of the bill as regards section 3. My distinguished friend from Mississippi did much to promote that misunderstanding in his very able speech. He will forgive me for saying so. There is not anything in the bill which provides that the State or locality must put the money on the drumhead or the barrel head, or whatever phrase he used—an unfamiliar one to me.

Mr. BILBO. Mr. President, will the Senator yield for a question?

Mr. COPELAND. I yield.

Mr. BILBO. Just what would have to be put up to get results—money or a promise to pay? What is the difference between the two?

Mr. COPELAND. I shall reply to that question in a moment. In order to make more clear what is intended, so far as I am authorized to do so, I am willing to accept an amendment which is now in the hands of the Senator from Massachusetts.

Mr. WALSH. May I offer it at this time?

Mr. COPELAND. I wish the Senator would. Will the Senator from Mississippi permit us, a little bit out of order, to present a perfecting amendment?

Mr. BILBO. Yes; Mr. President.

Mr. WALSH. I offer an amendment to the committee amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 55, line 14, following the word *"Provided"*, at the end of the line, it is proposed to insert the following:

That the construction of any dam authorized herein may be undertaken without delay when the dam site has been acquired and the assurances prescribed herein have been furnished, without awaiting the acquisition of the easements and rights-of-way required for the reservoir area: *And provided further.*

Mr. WALSH. I understand the amendment is acceptable to the Senator from New York, and I am sure the Senator from Mississippi will agree to it, because it is moving in the direction he desires to move.

Mr. BILBO. I ask that the Clerk again read the amendment.

Mr. COPELAND. Mr. President, I should like to say, so that it may appear in the RECORD, that the amendment comes in on page 55, following the word *"Provided"*, at the end of line 14. The conditions now are being recited in order that we may know exactly what the Army Engineers will do. Therefore, the Senator from Massachusetts has offered the amendment.

The PRESIDING OFFICER. The clerk will again state the amendment.

The CHIEF CLERK. In the committee amendment, after the word *"Provided"*, in line 14, page 55, it is proposed to insert:

That the construction of any dam authorized herein may be undertaken without delay when the dam site has been acquired and the assurances prescribed herein have been furnished, without awaiting the acquisition of the easements and rights-of-way required for the reservoir area: *And provided further.*

Mr. COPELAND. Mr. President, it will readily be seen what this means. Perhaps the language in the bill is awkward, and I think the Senator from Mississippi has rendered a service in pointing out the ambiguities of the language. It is expected that the land upon which a dam may be built shall be purchased. There is never any difficulty about that, because the Army Engineers have great latitude. It is not specified that a dam shall be built at a particular and certain location, but is to be built upon the river within reasonable distance from the place specified, which might be 10 or 15 miles away. So the Federal Government is not going to be robbed in the purchase of the land upon which to build the dam, because there will be rivalry of bidding; and can be no monopoly or a holding up of the Government for the purchase of a specific site. The dam site having been provided, the Government can proceed with its work without waiting for the acquisition of the reservoir area back of the dam which is to be the place in which the floodwaters are to be controlled.

Mr. BILBO. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Mississippi?

Mr. COPELAND. I yield.

Mr. BILBO. Is it the Senator's understanding under the amendment offered by the Senator from Massachusetts to the committee amendment that the Government will buy the right-of-way upon which to build the dam?

Mr. COPELAND. Oh, no; no more than in the Senator's State, the Federal Government bought the land upon which the levees were built. The people of the State bought the land; they paid for the land; they paid nearly a half a billion dollars in the great lower Mississippi Valley for sites upon which to build levees. It is expected that in my section of the country, the State of New York, the State of Pennsylvania and other Northern States, including the State of Massachusetts and the State of Connecticut, which heretofore have not received Federal money for projects of this character, shall do exactly what our friends of the South have done in the past.

Mr. WALSH. Mr. President, the amendment proposed by me does not in any way deal with the subject matter of the amendment proposed by the Senator from Mississippi. My amendment merely provides for speed of action pending a determination of other questions involving the States.

Mr. COPELAND. It answers the just criticism of the Senator from Mississippi that there might be delay in proceeding with these matters; that it would take a long time to condemn the land or to acquire the land for the reservoirs, and consequently that there would be delay.

Mr. WALSH. I suggest that the amendment be adopted, and then the Senate can proceed with the consideration of the amendment of the Senator from Mississippi. I am sure he will be agreeable to that course.

Mr. COPELAND. Will the Senator from Mississippi withdraw his amendment for a moment in order that the amendment offered by the Senator from Massachusetts may be acted upon?

The PRESIDING OFFICER. The Chair will state that the amendment of the Senator from Massachusetts [Mr. WALSH], being in the nature of a perfecting amendment, takes precedence over the amendment of the Senator from Mississippi [Mr. BILBO] to strike out. The question is on agreeing to the amendment offered by the Senator from Massachusetts to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. COPELAND. Now, Mr. President, that certainly clears the atmosphere. I desire to make clear how liberal the bill is in providing means of going forward with this work.

Section 4 is a blanket provision giving notice in advance that the States may enter into compacts. The States of Connecticut and Massachusetts and New Hampshire and Vermont I think are already proceeding in that direction. They have had informal meetings; they have made arrangements seeking to obtain appropriate action by their respective legislatures. In my State the legislature has already set up

conservancy districts, civil improvement districts, and has made provision for supplying the money for the necessary works in New York State. In short, this bill makes every provision for speedy action.

I confess I should not want to be on the Board of Army Engineers. It would be enough to give any man a headache to have to decide about these allocations, but they say they can do it. The Senator from Mississippi referred to Einstein and Pythagoras and other great mathematicians of the past, but the Army Engineers are willing to assume this responsibility. For myself, I wish to say that there seems to be no end of what they can do and they command my greatest respect.

Mr. President, I beg of the Senate, regardless of what it may do with the Guffey amendment which will come in later, not to adopt the amendment offered by the Senator from Mississippi. If the Senate wants a bill, that amendment must be killed.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Mississippi [Mr. BILBO] to the amendment reported by the committee.

Mr. BILBO. Mr. President, this is an unusual method to resort to in order to defeat a proposed amendment. Instead of resorting to facts and arguments, the proposition is made to the Senate to defeat the amendment because of a veiled threat that the bill will not become a law if it shall be perfected in the interest of the taxpayers and in the interest of the prosecution of this worth-while Nation-wide program.

Of course, the statement by the Senator from New York could mean only one thing, that he anticipates or rather has information in advance, that if the bill shall be amended according to the substitute I have offered for section 3, it will meet with an Executive veto. It could not mean anything else.

I wish to place myself in the right attitude. I hail from Mississippi, which has the reputation of being the strongest and most thorough-going Democratic State in the American Union. That was proved in the campaign of 1928, when out of 82 counties even Al Smith carried 80 of them, with all the charges at his door in that campaign and with all the prejudice resorted to in connection with the issues of that campaign. And, so far as the present occupant of the White House and the present administration are concerned, I repeat that Mississippi is more strongly behind President Roosevelt and his administration, than is any other State in the American Union.

In fact, recent surveys conducted by the institute of public opinion of America and all the tests taken show that Mississippi is almost a hundred percent behind President Roosevelt and his administration and the New Deal. In reality he is so strong and his administration is so universally approved that a man would be a fool to undertake to make a campaign in Mississippi with Roosevelt and the New Deal as an issue. It would be like a man going out and running for office and saying, "I am in favor of pure air." He would be a laughingstock. Everybody in Mississippi is for Roosevelt and the New Deal, and for a man to make a race for office in that State upon the ground that he favors the New Deal and President Roosevelt would be an absurdity; it would be foolish on his part. I repeat, he had just as well go out and say, "I am running for office in Mississippi because I believe in pure air to breathe and good water to drink." In those sentiments toward the President and the present administration I fully concur and share, notwithstanding the fact that some of the syndicate writers for some of the newspapers in Washington have attempted to represent me as an antinew dealer and as anti-Roosevelt. I would hardly dignify such statements by saying that they are lies, because the leader on the floor here knows that since I have been a Member of the Senate my support of the administration has been almost 100 percent, and certainly my convictions as expressed in Mississippi have never shown that I was anything except a follower and an admirer of President Roosevelt and a sympathizer with the New Deal.

I merely make this statement to lay the predicate for what I am going to say about the veiled threat offered by the Senator from New York [Mr. COPELAND] that if we want a flood-control bill we had better kill the substitute which the Senator from Mississippi has offered to section 3.

I have no information from the White House that the President would veto the flood-control bill, which affects the entire Nation, if the Congress should decide that it is a national responsibility and that the expense of doing these things for all the people of the Nation should be borne by all the people of the Nation. But even if I had heard through rumor that the President would not look with favor upon this amendment, that would not deter me from performing my duty and my responsibility to my people and to the people of the Nation in casting my vote as my judgment and conscience dictate. Then, after the bill had been perfected and presented to the White House, if the President, in the exercise of his judgment and his power, should veto it, we would have time to reconsider it.

As I look into the future, and as I visualize what we are now doing in establishing this policy of local participation in carrying out a program which will eventually cost from $12,000,000,000 to $15,000,000,000, I do not know but that I would be willing to say, let us defeat the bill rather than pass it with this provision in it.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Massachusetts?

Mr. BILBO. I yield.

Mr. WALSH. The Senator has given a great deal of study to this subject. I should like to inquire if, after looking into the question, he has determined what local contributions, if any, have been made in the past when we enacted legislation toward the construction of projects for flood control.

Mr. BILBO. I think I am prepared to say that the little flood legislation we have enacted has contained no requirement that local communities should contribute.

Mr. WALSH. We had a dispute about that on the floor of the Senate a few days ago, and I believe the Senator from Louisiana [Mr. OVERTON] made claim to the contrary.

Mr. BILBO. There may have been some small contribution.

Mr. WALSH. The Senator from Arkansas [Mr. ROBINSON] would know what has been the practice in the past.

Mr. ROBINSON. Mr. President, will the Senator from Mississippi yield?

Mr. BILBO. I yield.

Mr. ROBINSON. As to all the flood-control works which have been constructed on the Mississippi River with which I am familiar, local contribution has been required. At first the entire cost of levees was imposed on the localities.

Mr. BILBO. To what extent?

Mr. ROBINSON. Later the rule was one-third of the cost to be paid by the local interests. Subsequently the system seemed to be changed to that which is carried in the bill as it passed the House, in section 2, where it was required, as in the bill reported by the Senate committee, that the local interests should pay the cost of the rights-of-way, the cost of the lands necessary for the location of the works, and also the damages.

As to the works contemplated by the Overton Act, there was a recognition of the fact that there had been contributed a very large amount, many millions of dollars—more than $250,000,000—by the local interests as a justification for not requiring further contributions. In some of the territory, as I believe the Senator from Mississippi will recall, the costs of levee construction on the main stem of the Mississippi had been so great as to be almost confiscatory of the lands within the levee district. The aggregate contributions have been in a very large amount.

Mr. OVERTON. Mr. President, will the Senator from Mississippi yield?

Mr. BILBO. Certainly.

Mr. OVERTON. I may add to what the Senator from Arkansas has said that the only flood-control legislation enacted by Congress has provided for local contribution. As the Senator from Arkansas pointed out, originally the States

and local subdivisions contributed one-third of the entire cost.

Mr. WALSH. That is, the cost of the land and for construction of the dam?

Mr. OVERTON. That is for the entire cost. There is still a requirement in respect to the tributaries on the lower Mississippi River, on projects outside the so-called Jadwin plan, that there shall be a local contribution of one-third of the entire cost. The Flood Control Act of May 15, 1928, which adopted the Jadwin plan and which relates to the lower Mississippi Valley, required the States and local subdivisions, at their own cost, to contribute all rights-of-way for the construction of levees on the main stem of the Mississippi River, and after the levees have been constructed it required the States and local subdivisions to bear the cost of the maintenance thereof.

Mr. WALSH. That is the present law, is it not?

Mr. OVERTON. Yes; that is the present law. The Overton flood-control bill which was passed by the Senate and which is now being considered by the House contains the local-contribution provisions embraced in the 1928 act. We still have to provide rights-of-way for the levees along the main stem of the Mississippi River and we still have to maintain the levees after construction.

Going a little further into detail, it was declared by Congress in the act of 1928 that the principle of local contribution was sound. That was the last expression of congressional will and purpose upon the subject. Then it was said by the Congress of the United States that, in view of the fact that the States in the lower Mississippi Valley and their subdivisions had contributed $292,000,000 toward the construction of levees, no further local contribution would be required from them; but the act did require, in spite of that declaration, that the local interests should furnish the rights-of-way, as I have stated, and should maintain the levees.

Mr. WALSH. What does the $292,000,000 represent?

Mr. OVERTON. That represents the total sum which has been expended by the States of the lower Mississippi Valley and their local subdivisions for flood control and flood protection.

Mr. ROBINSON. That would include rights-of-way, easements, and construction work?

Mr. OVERTON. Yes.

Mr. WALSH. What period of years did that cover?

Mr. OVERTON. From the inception of man's battle against floods in the lower Mississippi Valley. Since the enactment of the act of 1928, which declared that no further local contribution should be required in the lower Mississippi Valley by reason of future requirements for local contributions, the States of Mississippi, Arkansas, and Louisiana, according to the records furnished by the Missouri Valley Commission, have contributed $41,000,000 plus toward flood control in the lower Mississippi Valley.

Mr. BILBO. Mr. President, I am not concerned about the views of anyone else; neither am I concerned about the fate of this bill in its immediate passage when I am conscious of my own duties and responsibilities, and when I visualize what we are starting when the bill becomes a law.

As I have said heretofore, the final solution of the flood problem of the Mississippi River, which affects my State vitally, perhaps as much as any State in the lower Mississippi Valley, will require the construction of 1,600 to 1,800 reservoirs in the vast territory extending from the Appalachian system on the east to the Rocky Mountains on the west. The enactment of the section which I am opposing I know means 1,600 to 1,800 assessments against my people this year, next year, and throughout the entire period of the prosecution of this program. I care not what record others may make; I shall make my own record. I have a strong suspicion that when the chairman of our committee stands here and holds the big stick over the head of the Senate and says, "If you want a bill, you had better kill this amendment", I have a very slim chance of securing its adoption. In other words, the fear of Executive wrath is such that there will be no trouble in killing my amendment.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BILBO. Yes; I yield.

Mr. COPELAND. I do not think I have ever been charged with the fear of Executive wrath. This is one time when, with all good conscience, I can say that if a veto should come I should be for it 100 percent, because the measure would be un-American and contrary to all the traditions and policies of the past.

Mr. BILBO. I appreciate the boldness of the Senator from New York in always asserting his convictions, regardless of what others may think or do; but it just so happens in this case that the anticipated Executive opposition synchronizes with the views of the Senator from New York.

Mr. COPELAND. That is true.

Mr. BILBO. Of course, it is no trouble for the Senator to be brave on this occasion.

Mr. COPELAND. Mr. President, if the Senator will yield, such occasions are so rare that I am sure the Senator does not feel badly that there is one occasion when I can be brave in that particular direction.

Mr. BILBO. I rejoice with the Senator from New York that he has at last found one occasion on which he can harmonize with the Executive. The point is that I am not willing, for a present, immediate relief on this or that subject, to write into the bill in haste, and, in order to be agreeable, consent to a policy which I know will mean so much in the years to come to my people and to the people of the Nation. I have performed my duty, my responsibility to my people, as best I know how.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BILBO. Yes.

Mr. CLARK. Has anyone any assurance about this bill being signed, even when it is loaded down with the section which the Senator from Mississippi is seeking to strike out, and with the provision allowing the President to look through the bill and pick out particular projects which he may particularly favor, and even when it is additionally loaded down with the creation of a new commission, which I understand will be the fortieth since March 4, 1933?

Mr. BILBO. As Senators know, there is an old saying that "only fools and dead people do not change their minds"; but I have a suspicion that with the amendments which have been put on the bill, the rumor referred to by my friend, the chairman of the committee, is erroneous, and that the good judgment and patriotism of the Executive will prevail, and that even if the amendment I am advocating shall be put in the bill, it will become a law if it shall make its way through the House.

Mr. CLARK. The Senator means to say, then, that so-called "pork" may take on a better odor when salted down with a new commission? [Laughter.]

Mr. VANDENBERG. Mr. President, of course I have no knowledge as to whether or not the President would veto this bill if it should be loaded down with the Bilbo amendment; but I have a very profound conviction that if the amendment were added to the bill, and the President should veto it, he would be doing exactly what he ought to do.

Mr. President, this is another of those situations such as we confronted yesterday afternoon, when the Senate, with complete good sense, decided not to set a dangerous precedent in respect to the limitless nature of the new flood-control responsibility which the Federal Government has now accepted. This question cannot be settled safely on the basis of what will happen to the State of Mississippi in respect to some one particular flood situation. This question must be settled in respect to what will happen to the United States of America and all its taxpayers, not only under the pending flood bill but under all the subsequent flood bills which are going to flood Congress itself when once this policy is established.

Let it not be overlooked that this is the first time in 150 years of American history when it has been proposed to assert that floods upon practically all the rivers of the United States constitute a menace to national welfare and are a Federal responsibility. The moment we have accepted

that responsibility, we have accepted it not only for the flood waters concerning which the Senator from Mississippi speaks, but we have accepted it for every navigable stream and every tributary of every navigable stream in 48 States of the Union; and the human imagination can hardly encompass the total extent of the burden and responsibility which is thus laid at the door of the Treasury of the United States by the adoption of this policy.

I am not quarreling with the adoption of the policy. I am prepared to vote for the bill on a basis of reasonable prudence; but I assert that this almost boundless responsibility must have some small element of an automatic check upon it, and the only automatic check in the world that can be applied is the check provided by a small degree of local responsibility and local cooperation, through the medium of local contribution. If we eliminate all local cooperation from this contemplation, we open a Nation-wide racket. There is not any doubt about it. That will be the net result. There are hundreds and hundreds of perfectly legitimate flood-control projects, just as there are hundreds and hundreds of legitimate river and harbor projects; and then there are thousands of illegitimate river and harbor projects, and there will be thousands of illegitimate flood-control projects. Except as we tie down this new responsibility to some sort of local contribution, we may talk about floods, but we have turned loose upon the taxpayers of this Nation a deluge which they simply cannot swim out from under.

The Senator from Mississippi says, "Why, this bill will involve 1,800 assessments on my State of Mississippi, and I do not propose to stand for it." Well, Mr. President, it will involve the same 1,800 assessments on my State of Michigan without its being in the line of the flood waters at all. The Senator from Mississippi complains against a local contribution in respect to an improvement which has a national aspect. I am perfectly willing to accept my share of the national burden which is asserted under this section; but if, in addition to that, the Senator from Mississippi, coming from an area which has an immediate and intimate advantage to be gained from the bill, is to assert that he cannot confront 1,800 assessments in respect to it on account of direct local advantage, then I do not see how he can expect 47 other States in the Union to accept their share of the other portion of this assessment, when they are not in the line of danger at all.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Mississippi.

Mr. BILBO. The Senator said the State of Michigan would get no benefit from the proposed legislation.

Mr. VANDENBERG. I did not say that. I said we were not in the direct line of danger. There is a benefit to every section of the Nation when the flood problem is met, I freely concede, and conceding it, although I am from a State which is blessed, apparently, by suffering from none of these major flood disasters, I am perfectly willing to have my State pay its full share of the heavy Federal contribution which the pending bill would require. But I am not willing to assume, in addition, the expense of local contribution which legitimately belongs with those directly benefited.

Mr. BILBO. I was just about to suggest to the Senator that we will continue to buy furniture, automobiles, and other things from his State, so his State will be able to pay its share of the expense of putting this flood control over.

Mr. VANDENBERG. Certainly; we are a national unit so far as the ultimate problems of the Nation are concerned, but in respect to the fundamental need to put some sort of a check upon legislation of this character, it seems to me that it is perfectly obvious, if we leave it 100 percent a burden upon the Federal Government, that we will open the door to the same old racket which was the bane of our existence in respect to river and harbor legislation until we established the new order of procedure.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BILBO. Let me ask the Senator this question. Is it the fixed policy of the Congress and of the Government, and has it been for a long time, to approve no project unless it receives the O. K. of the Board of Army Engineers?

Mr. VANDENBERG. Yes.

Mr. BILBO. Does not the Senator consider the Board of Army Engineers, composed of men of such type and such training, most of them being graduates of West Point, trained for the Army, in a patriotic service, would be an ample safeguard and protection on behalf of the taxpayers against all this bugaboo of "pork barrel" legislation, about which the Senator is speaking?

Mr. VANDENBERG. I do not.

Mr. BILBO. If no project can be undertaken unless the Board of Army Engineers approves it, then the Senator would intimate that the Board of Army Engineers would become a party to the "pork barrel" legislation.

Mr. VANDENBERG. Mr. President, the Board of Army Engineers is at the mercy of the situation they confront when once there is established a new policy which accepts for the Federal Government the responsibility for flood conditions upon all these rivers. I am asserting that the Engineers can find flood situations which need to be met, yet which are essentially local in their complete jurisdiction, which, so far as the Engineers are concerned, they are perfectly powerless to exclude if we have accepted this Nation-wide responsibility.

It is not the Board of Engineers upon whom we can rely to foreshorten this responsibility. The only reliance I know of is that same automatic rule which has worked heretofore in respect to flood control, which is working in respect to river and harbor development—the rule of local contribution, the rule which still asserts that there is a home responsibility under this Government, and that the Federal Treasury is not the ultimate catch-all for all the aspirations and all the appetites of all the people of the land.

I submit that as an elementary protection of the public credit, at a time when the public credit magically needs protection, under this new declaration of policy we had better not open completely, without restraint, the flood-control prospectus accepted by the Federal Government to the whole $15,000,000,000 of projects which will come tumbling in upon us if we do not provide self-restraint of the character reported and recommended by the committee. The pending amendment should be defeated as a matter of elementary fiscal prudence in this hour of terrific fiscal hazard.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. BILBO] to the amendment of the committee.

Mr. BILBO. I should like to have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. HARRISON], who is necessarily absent. I transfer that pair to the junior Senator from New York [Mr. WAGNER] and vote "nay." I am advised that if present the Senator from Mississippi [Mr. HARRISON] would vote "yea", and the Senator from New York [Mr. WAGNER] would vote "nay."

The roll call was concluded.

Mr. AUSTIN. I desire to announce that the Senator from Delaware [Mr. TOWNSEND] has a general pair with the Senator from Tennessee [Mr. McKELLAR], and that the Senator from North Dakota [Mr. NYE] has a general pair with the Senator from Maryland [Mr. RADCLIFFE].

Mr. ROBINSON. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. McCARRAN] are detained from the Senate on account of illness.

The Senator from North Carolina [Mr. REYNOLDS] is detained on account of a death in his family.

The Senator from Washington [Mr. BONE], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Nevada [Mr. PITTMAN], the Senator from Virginia [Mr. GLASS],

the Senator from Mississippi [Mr. HARRISON], and the Senator from Montana [Mr. WHEELER] are detained in important committee meetings.

The Senator from Oklahoma [Mr. GORE], the Senator from Illinois [Mr. LEWIS], the Senator from Tennessee [Mr. MCKELLAR], the Senator from New Jersey [Mr. MOORE], the Senators from Maryland [Mr. TYDINGS and Mr. RADCLIFFE], the Senator from Utah [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are unavoidably detained.

Mr. BILBO. I have a general pair with the Senator from Iowa [Mr. DICKINSON]. I transfer that pair to the Senator from Utah [Mr. THOMAS] and vote yea. I am not advised how the Senator from Iowa or the Senator from Utah would vote if present.

The result was announced—yeas 15, nays 55, as follows:

YEAS—15

Bachman	Caraway	Guffey	McGill
Barkley	Clark	Holt	Neely
Bilbo	Davis	Logan	Truman
Black	Frazier	McAdoo	

NAYS—55

Adams	Carey	Hatch	Pope
Ashurst	Chavez	Hayden	Robinson
Austin	Connally	Johnson	Russell
Bailey	Copeland	Keyes	Schwellenbach
Barbour	Couzens	King	Sheppard
Benson	Dieterich	La Follette	Shipstead
Borah	Donahey	Lonergan	Smith
Brown	Duffy	Long	Stelwer
Bulkley	Fletcher	McNary	Thomas, Okla.
Bulow	George	Maloney	Vandenberg
Burke	Gerry	Metcalf	Van Nuys
Byrd	Gibson	Minton	Walsh
Byrnes	Hale	O'Mahoney	White
Capper	Hastings	Overton	

NOT VOTING—25

Bankhead	Harrison	Norbeck	Townsend
Bone	Lewis	Norris	Tydings
Coolidge	McCarran	Nye	Wagner
Costigan	McKellar	Pittman	Wheeler
Dickinson	Moore	Radcliffe	
Glass	Murphy	Reynolds	
Gore	Murray	Thomas, Utah	

So Mr. BILBO's amendment to the amendment of the committee was rejected.

WILLIAM W. DANENHOWER

The PRESIDING OFFICER (Mr. POPE in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 925) to carry into effect the findings of the Court of Claims in the case of William W. Danenhower, which were, on page 1, line 4, after the word "to", to insert "Sallie M. Danenhower, executrix of the estate of"; on the same page, line 6, after the figures "$34,260", to insert "in full settlement of all claims against the United States"; and on the same page, line 7, to strike out "his" and insert "said William W. Danenhower's."

Mr. CAPPER. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

TERESA DE PREVOST

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1360) for the relief of Teresa de Prevost, which were, on page 1, line 5, after the word "to", to insert "the estate of"; and to amend the title so as to read: "An act for the relief of the estate of Teresa de Prevost."

Mr. SHIPSTEAD. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

NATIONAL FLOOD CONTROL

The Senate resumed consideration of the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes.

Mr. DUFFY. Mr. President, I send to the desk an amendment to the survey section, and ask that it be stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 112, after line 7, it is proposed to insert "Fond du Lac River and tributaries, Wisconsin."

Mr. DUFFY. In that connection, and as a part of my remarks, I ask unanimous consent to have printed in the RECORD at this point a paragraph from the Oshkosh Northwestern, issue of May 16, 1936, showing the amount of loss due to floods which have been caused in the river.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Oshkosh (Wis.) Northwestern of May 16, 1936]

That a flood-control plan is needed at the lower end of the lake as well as in the Wolf River Valley is clearly shown by figures on damages done at Fond du Lac by floods in only 4 years, it was said. Figures given stated that in 1905 floods did $200,000 worth of damage in Fond du Lac; in 1912 the amount was $100,000; in 1915 it was $150,000; and in 1924 it was $250,000 a total of $700,000 in 4 years.

Mr. COPELAND. Mr. President, we have no objection to the amendment proposed by the Senator from Wisconsin.

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to.

Mr. COPELAND. Mr. President, I am chairman of the committee in charge of the bill, and I also desire to continue as a Senator from my State; so I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 108, after line 25, it is proposed to insert:

Black and Moose Rivers, N. Y.

Mr. COPELAND. Mr. President, we have no objection to that amendment. [Laughter.]

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to.

Mr. AUSTIN. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 59, line 16, after the word "session" and before the semicolon, it is proposed to insert "as the same may be revised upon further investigation of the 1936 flood."

Mr. AUSTIN. The Senator from New York was good enough to submit the proposed amendment to the Army Engineers, and there is no objection to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. AUSTIN. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point an extract from the testimony of Walter S. Fenton, representing the State of Vermont, before the House Judiciary Committee, appearing on page 6724 of the CONGRESSIONAL RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

The studies that have been made so far on this subject, as I view it, are wholly inadequate upon which to base any efficient, effective plan of flood control. I have heard it stated this morning by some distinguished Members of Congress that we should at once build these 10 storage reservoirs that have been recommended in the Army report so that we can prevent a repetition of the same flood condition next year. While I do not know just how much investigation the gentlemen have made into the construction work of the magnitude, I would hardly expect, even if the lands were to be controlled and owned in such a way that construction work could begin tomorrow, that they could be in a condition to retain any flood waters by next spring floods.

The difficulty with that proposition, as I understand it, is that the program which proposes the construction of the 10 reservoirs in question is based primarily upon studies of the 1927 flood to which I referred. The flood of 1936 which caused this great damage in Massachusetts and Connecticut was a flood of an entirely different character. To illustrate what I mean by that, this program for the construction of these reservoirs contemplates the construction of three reservoirs on the White River in Vermont. The flow of water in the White River in 1936 was only approximately one-third of the flow of water in 1927. The result was that the stream flow in the Connecticut River at White River Junction, below the discharge of the White River, was 11 second-feet per square mile less, and the drainage area above that point is approximately 4,000 square miles, which makes a stream of 44,000 second-feet lower in the Connecticut River below White River Junction in 1936 than it was in 1927.

What that means is that the water which caused the damage in the States lower down the river did not come in such substantial quantities from Vermont. On the other hand, the discharge in the New Hampshire rivers, below the so-called Ammonoosuc River was very much greater than it was in 1927. I have just been interested in looking at a graph which presents by means of engineering methods the density of the rainfall. I think they term it an isohyetal diagram, which shows that the entire rainfall in Vermont for the month of March was approximately equal to that of 1 day at Pinghams Notch in the White Mountains over in New Hampshire, where they had something like 23 inches of rainfall in the month of March, and something over 10 inches of rainfall in 2 days.

As I say, there was a greater discharge into the Connecticut River, and particularly into the Merrimack, from that source.

Why? Because that is where they have the greatest rainfall, which, coupled with the melting snow, produced this extraordinary volume of water. Having in mind the stream flow in the Connecticut River at White River Junction was 44,000 second-feet less in March of this year, at the time of the peak of the flood at Vernon Dam, which is a little north of the Massachusetts-Vermont State line, the crest of the flood was 5 feet higher than it was in 1927.

Above Vernon Dam comes in the West River, coming in from Vermont, which is quite a substantial stream. Yet the stream flow in that river was 28 second-feet per square mile less in 1936 than it was in 1927.

Above that we have the Saxtons River just below Bellows Falls, which is not a very large stream. I cannot give you the figures on it, nor on the Williams River just above it.

Above that we have the Black River. The point I want to make with you is this: That you cannot plan upon a program resulting from a study of the Engineers of the 1927 flood to take care of the type of flood that we had in 1936. And it is a matter of a good deal of doubt in my mind from various information that has been given to me whether the construction of these reservoirs would have had any material effect upon the disastrous results down in Massachusetts and Connecticut. I think the sponsor of this bill made substantially the same statement this morning. In that I agree with him fully.

Mr. AUSTIN. I also ask unanimous consent to have inserted in the RECORD at this point the telegram which I send to the desk.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., *May 21, 1936.*

Hon. WARREN AUSTIN,
United States Senate:

All members of Governors' flood-control committee strongly in favor of amendment to bill to permit reexamination of Connecticut River project in the light of this year's flood. All but one oppose bill if amendment is not included. Hope you will make every effort to amend.

R. E. FLANDERS.

Mr. GUFFEY. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 55, line 10, after the word "project", it is proposed to insert:

Exclusive of construction costs of railroad and highway relocations, and.

Mr. COPELAND. Mr. President, will the Senator yield to me for a moment?

Mr. GUFFEY. I yield.

Mr. COPELAND. Would the Senator be willing to have his amendment read "exclusive of construction costs of railroads and relocations of improved highways?"

Mr. GUFFEY. I will accept the modification of the amendment.

Mr. KING. Mr. President, I should like to have an explanation of the amendment. If I understand the amendment, it imposes upon the Federal Government the obligation to take care of the railroads and highways in the event of floods or damages to them, and the States and the railroads are exempt from making any contribution.

Mr. GUFFEY. I am asking only what has been the custom and the practice heretofore. In the Overton bill which was enacted last week such a provision was included. The Senator was present, and voted for that bill; did he not?

Mr. KING. I was here, and I voted against it.

Mr. GUFFEY. The bill was passed.

Mr. KING. Yes; the bill was passed.

Mr. GUFFEY. The Overton bill contained an item covering $31,500,000 for building new railroads wherever necessary.

Mr. ROBINSON. Mr. President, as I understand the amendment, it does not propose to pay damages for injuries to property in case of flood.

Mr. GUFFEY. That is correct.

Mr. ROBINSON. What is proposed is that if it shall become necessary, in constructing works under this bill, to relocate improved highways or relocate railroads, the expense of the relocation incident to the construction of the flood-control work shall be borne by the Federal Government rather than by the localities.

Mr. GUFFEY. That is correct.

Mr. COPELAND. Mr. President, I ask that the clerk read the amendment as modified.

The CHIEF CLERK. As modified, the amendment to the committee amendment reads as follows:

Exclusive of construction costs of railroads and relocations of improved highways.

Mr. BARKLEY. Mr. President, I wish to make it clear that the provision merely relieves the local community of the obligation of contributing to the relocating of highways or railroads, but does not relieve either railroads or the communities from any obligations imposed upon them under the bill as a whole.

Mr. COPELAND. That is correct.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. McNARY. I wish to ask the Senator from Pennsylvania, who proposed the amendment, if the word "highways" might be considered to include bridges.

Mr. GUFFEY. That is a matter for interpretation by the Army Engineers. So far as I am concerned, I should include bridges. I have no objection to including bridges.

Mr. McNARY. I think the language should not be uncertain. If a railway is to be relocated at Federal expense, why should not the same treatment be afforded to a bridge which spans a river?

Mr. GUFFEY. I agree with the Senator from Oregon that it should.

Mr. McNARY. A highway bridge is a link in the highway; but, to make sure, I suggest that the Senator include in his amendment, after the word "highways", the words "and bridges."

The PRESIDING OFFICER. Does the Senator from Pennsylvania desire to modify his amendment?

Mr. GUFFEY. I agreed to the modification of the amendment as proposed by the chairman of the committee.

Mr. BARKLEY. The amendment would not be construed to include a privately owned toll bridge operated by a private concern, would it?

Mr. COPELAND. Mr. President, we have no advice as to how far the amendment would go and what it would mean if we were to include "and bridges."

Mr. CONNALLY. Mr. President, will the Senator yield at that point?

Mr. COPELAND. I yield.

Mr. CONNALLY. The Congress is providing the legislation. We should not be obliged to ask anyone else what it means. Congress is doing this. What Congress is doing ought to be made so clear that the Engineers may know what we are talking about.

Mr. COPELAND. I wish to say a word, if I may. Has the Senator from Oregon finished?

Mr. McNARY. I shall be very glad to yield.

Mr. COPELAND. I desire the Senate to be advised as to the significance of this amendment. The Senator from Mississippi [Mr. BILBO] at great length and eloquently and ably argued in opposition to the provision requiring costs to be assessed against localities. The whole amount involved as to localities is a little over $100,000,000. The Senator from Mississippi was trying to relieve localities of $100,000,000. I do not wish to have the Senate misled as to the significance of the amendment offered by the Senator from Pennsylvania. I cannot say that at the moment I am in violent opposition to it, but the Senate must be advised what it means. The provision will occasion a cost of $50,000,000. The relocation

of the railroads and the highways will place an additional burden upon the Federal Government of the entire amount that we are appropriating this year—$50,000,000. It will be $14,000,000 for highway relocation and $36,000,000 for railroad relocation.

Mr. WHEELER. Mr. President, does the Senator mean that the Government of the United States is going to spend $36,000,000 for the purpose of relocating some railroads?

Mr. JOHNSON. Mr. President, will the Senator speak louder?

Mr. WHEELER. I was asking the Senator if the amount which we are going to spend, $36,000,000 of the Government's money, is for the purpose of relocating some railroads.

Mr. JOHNSON. Let me suggest, if we are going to pay Government money for relocating railroads, why not pay the Government money to relocate all the homes that may be washed away, injured, or damaged, and the like?

Mr. WHEELER. Of course, we should; and there is much more reason why we should pay Government money to relocate some poor devil who has a little home washed away than to relocate a railroad. To me it is inconceivable that the Government of the United States should pay out money for the purpose of relocating a railroad to save it from flood or any other purpose.

Mr. JOHNSON. That is why I asked the question.

Mr. WALSH. Mr. President, permit me to explain the purpose of the amendment.

When a basin or structure is built to prevent floods, and that work involves relocating a railroad which runs through the basin, the Government should pay for relocating the railroad. A basin through which a railroad runs cannot be constructed without paying damages. The railroad is not being relocated for the pleasure of moving it somewhere else. When the Government takes my home for any purpose, such as to build a basin for flood control or a reservoir, the Government must pay for that.

I am sure neither the Senator from California nor the Senator from Montana had in mind that under such circumstances the cost of relocating the railroad should not be borne by the Government. The Government must pay for relocating a railroad when it is necessary to do so in order to construct a reservoir.

Mr. VANDENBERG. And in order to save the railroad.

Mr. COPELAND. I assume that the railroad, if it had just cause to complain, would have recourse to the courts. The Senator from Massachusetts is an able lawyer and knows more about that subject than I do.

Mr. WALSH. I know that we cannot take a railroad or a man's home or any other property and confiscate it without paying damages. Instead of paying damages, it is proposed to relocate the road outside of the reservoir area.

Mr. CONNALLY. Mr. President, there is a little clause in the Constitution about taking private property for public use without compensation.

Mr. VANDENBERG. Nobody has contended for that.

Mr. WALSH. I do not understand the purpose of this amendment, and I should like to ask the Senator from Pennsylvania if its purpose is to provide that payment shall be made for the relocation of a highway when the highway is in the way of the basin of a flood-control project, and to provide that payment shall be made for the relocation of a railroad when the railroad is in the way of the construction of a flood-control project.

Mr. GUFFEY. That is a correct interpretation. Of the two railroads involved in Pennsylvania, one was built in 1855 and the other was built in 1874. Those railroads, having maintained their rights-of-way during all that time in their present location, if the Government builds a dam which will necessitate a change in the location of the railroad, I can see no reason why the Federal Government, and not the community, should not bear the cost.

Mr. WALSH. Under the amendment, the Government would have to pay for destroying the railroad or for any property taken.

Mr. BARKLEY. Mr. President, the amendment does not involve the question of paying for property. It simply relieves the local community of the provision of the bill which makes it necessary for the local community to bear the expense of the removal or relocation of highways or railroads. It does not, in any way, invalidate the provisions of the Constitution or any law making it obligatory to pay for property taken.

Mr. WALSH. I understand that to be the position, but objection has been made that neither the Federal Government nor any other government should pay such costs.

Mr. BARKLEY. This amendment as between the Federal Government and the local government would make it necessary for the Federal Government instead of the local government to do it.

Mr. WALSH. In other words, unless this amendment shall be adopted it might be necessary for the local governments to pay. Somebody has got to pay.

Mr. BARKLEY. That is correct.

Mr. WALSH. And the Senator from Pennsylvania is seeking to have the Federal Government pay the costs.

Mr. BARKLEY. That is correct.

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. MALONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Connecticut?

Mr. COPELAND. I yield.

Mr. MALONEY. I should like to ask the Senator from Pennsylvania if the two railroads in his State to which he just made reference are located in the recent flood area?

Mr. GUFFEY. They are.

Mr. MALONEY. Then I assume that they paid for the flood damage, which involved a replacement of their roadbeds and tracks.

Mr. GUFFEY. One road was not damaged at all, and the other road was damaged very slightly.

Mr. MALONEY. But the railroad itself paid the cost?

Mr. GUFFEY. Yes; for what little damage there was; but the damage was very slight.

Mr. MALONEY. I cannot see why the Government should be any more responsible for replacements or relocations in connection with projects under the pending bill than in the case of damages to the railroads caused by the recent floods.

Mr. WHEELER. Mr. President, will the Senator from New York yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Montana?

Mr. COPELAND. I yield the floor for the moment.

Mr. WHEELER. Mr. President, let me call attention to the language of the bill, and that will probably straighten the matter out. Section 3, on page 55, reads, in part, as follows:

SEC. 3. That hereafter no money appropriated under authority of this act shall be expended on the construction of any project until States, political subdivisions thereof, or other responsible local agencies have given assurances satisfactory to the Secretary of War that they will (a) provide without cost to the United States all lands, easements, and rights-of-way necessary for the construction of the project.

And then this amendment is proposed to be inserted:

Exclusive of construction costs of railroads and relocations of improved highways.

Why should we make exception in the case of the railroads? If we are going to make the local and State governments bear the burden of paying for land, easements, and rights-of-way, why should we make the Government pay for the relocation of the railroads? After all, the railroad itself is going to receive a great benefit, in most instances, by reason of the fact that the Government is spending this money, as its expenditure will protect the roadbed and tracks from being flooded.

In addition to that, by reason of the fact that the Government is spending this money, the railroads are going to get a great benefit because they are going to receive greater tonnage, due to the shipment of commodities paid for by the Government. If the local governments and State governments are going to be required to pay for the easements and

other things, I do not know of any reason why the railroads should not contribute their share to the local and State governments.

Mr. GUFFEY. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. GUFFEY. I should like to state that the Government has expended $652,000,000 for building locks and dams and the canalization of our rivers; in every instance where a railroad was involved the Government paid for moving and rebuilding the line, and there has not been $5,000,000 contributed from any other source than the Government.

In the pending bill as now drawn $55,000,000 are appropriated ostensibly for the flood areas on the upper Ohio River. For the 9 or 10 dams in western Pennsylvania, of the amount under the bill as drawn, the people of the State will be compelled to pay $34,000,000. The people of Pennsylvania have no objection to making a fair contribution, but they do object to paying more than 60 percent. This amendment is only offered to reduce the contribution as provided in the bill.

The bill implies also that the other States that benefit by the dams shall contribute. Eleven States will benefit by the construction of these dams. They will lower the water at Pittsburgh at flood level 7 feet, at Wheeling, W. Va., 5 feet, at Cincinnati 4 feet, and so on down the river. Does the Senator think that Kentucky or West Virginia or Ohio will contribute anything to the local cost in Pennsylvania? Unless we can work out a proper and equitable plan not a single reservoir or flood-control dam will be built. The people of Pennsylvania are willing to pay from 25 to 30 percent, but we think it is unjust to contribute 60 percent. There is going to be expended $31,000,000 for building a railroad along the floodway down the Mississippi Valley.

Mr. WHEELER. It seems to me that that does not answer the question at all, because, after all, the railroads are going to receive the benefit of the money that is to be expended by the Government of the United States, which will result in safeguarding the property of the railroads. If it be true that they are going to receive a benefit as the result of the building of the dams which will prevent the railroad properties from being flooded, why should not the railroads themselves, in conjunction with the local governments, contribute to their building?

Mr. GUFFEY. Take the dam to be constructed on the Conemaugh River, for which $9,000,000 is to be expended, five and a half million dollars of which will be necessary to change the grade and to relocate the railroad. The change will give the Pennsylvania Railroad a much worse grade and a stiffer grade than it now has and will increase the cost of the road.

Mr. BARKLEY. Mr. President, the proposal does not involve merely relocating a railroad for the protection of the railroad; it involves the possibility of having to relocate railroads for the protection of the community.

Mr. GUFFEY. That is correct.

Mr. WHEELER. I understand that it not only involves the local community, but it involves the railroads.

Mr. BARKLEY. It might, incidentally; but the main thing is to protect the community.

Mr. WHEELER. It not only protects the community, but anyone who has gone through the flood areas knows likewise that the building of dams is going to protect the railroads to a great extent, because the railroads suffer from the floods; they have to rebuild their roadbeds, and so forth, all along the line. That is true of the B. & O. and the Pennsylvania. If we are going to build dams for the purpose of protecting the railroads from being flooded, then the railroads ought to be willing to contribute for the relocation of their rights-of-way to that extent, it seems to me.

Now, it is proposed to make an exception in the case of the railroads; if the Government is going to pay all costs, let the Government do it; but if not, do not let the railroads be exempted.

Mr. GUFFEY. What advantage will it be to a railroad whose tracks extend the full length of the reservoir back of the dam which is proposed in northern Pennsylvania and which will cross into the State of New York, spreading over a distance of 50 miles, when the entire railroad will be covered with water to a depth of 200 feet? In what way is it to their advantage to have their present location covered by 200 feet of water for a distance of 50 miles? Where do they get any benefit?

Mr. WHEELER. I do not know about that particular instance, but I do know that there are many instances where the Pennsylvania Railroad is going to be benefited if the Government builds dams which will keep their roadbed from being flooded and washed away. Is there any question about that at all? The Pennsylvania Railroad suffered during the last flood tremendously, and so did the B. & O. all through Pennsylvania and Maryland and other States. If it should be necessary for the purposes contemplated to relocate their tracks, they ought to contribute to the cost and not let the Government of the United States do it all.

Mr. MINTON. Mr. President, if the bill shall remain as it is or is amended as proposed, and the railroads are going to be paid if their property shall be taken, it seems to me the effect of this amendment would be simply to shift the cost to the Federal Government from the State governments. I think that would be the only effect of the amendment.

Mr. WHEELER. No; that is not entirely correct. This is not simply shifting the payment from the local government to the Federal Government. The provision of the bill is:

> That hereafter no money appropriated under authority of this act shall be expended on the construction of any project until States, political subdivisions thereof, or other responsible local agencies have given assurances satisfactory to the Secretary of War that they will (a) provide without cost to the United States all lands, easements, and rights-of-way necessary for the construction of the project.

If the local government or the State government is in favor of building a particular project, and the railroads are sufficiently interested in building up the community to save it from flood, they are going to contribute their portion to the local government or to the State government. If we incorporate any provision to the effect that the United States Government will pay for it, we know from experience that in every instance where a dam is built the railroads are going to insist that the Government pay for the relocation of their tracks.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Kentucky?

Mr. WHEELER. I yield.

Mr. BARKLEY. I do not know, of course, what the situation is with respect to the Pennsylvania Railroad or any other railroad in any particular community, but, under the language as written in the bill originally, if any cost is involved in obtaining the right-of-way, although it be the right-of-way of a railroad or property owned by a railroad, at each point where the Government might desire to erect a flood-control project the local community would have to bear the entire cost of obtaining the land or the right-of-way if it happened to be land upon which there was a railroad track.

The amendment offered by the Senator from Pennsylvania does not change the situation with respect to compensating the railroad for any benefit it may receive, but simply provides that in a case of that sort, where it is necessary to buy a railroad track in order to build a project to control floods, the Federal Government rather than the local community shall bear the cost. It simply shifts the burden from the town or locality to the Federal Government.

Mr. BONE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Washington?

Mr. WHEELER. I yield.

Mr. BONE. Is it not obvious to all of us that if, in the construction of a flood-control project, it should become necessary to acquire a railroad right-of-way occupied by railroad tracks or other railroad properties, even the local government would have to pay for the land?

Mr. WHEELER. They would either have to pay for it or come to an agreement with the railroad. They would have to get it by condemnation proceedings or otherwise.

Mr. BONE. It is true that under every State constitution private property cannot be acquired without just compensation. The State would have to pay for it. The effect of the amendment is to shift the cost from the local government to the Federal Government in cases where it requires railroad property or takes over an improved highway.

Mr. COPELAND. Mr. President, I think it would be helpful at this point to have the clerk read a letter from the War Department relating to this particular amendment. I send the letter to the desk and ask that it may be read.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, May 18, 1936.

Hon. ROYAL S. COPELAND,
Chairman, Committee on Commerce,
United States Senate, Washington, D. C.

DEAR SENATOR COPELAND: I am in receipt of your request for information with respect to the effect of the amendment to the flood-control bill, H. R. 8455, proposed by Senator GUFFEY, which would insert on page 55, in line 10, following the word "project", the following:

"Exclusive of construction costs of railroad and highway relocations, and."

The authorization of $310,000,000 as contained in the general flood-control legislation reported to the United States Senate by the Committee on Commerce, would require an estimated expenditure of $80,000,000 by local interests for furnishing the necessary lands, rights-of-way, and easements to include railroad and highway relocations. Approximately $36,000,000 of this amount would be required for railway relocations and $14,000,000 for highway relocations. The information immediately available does not permit a separation between construction costs and new right-of-way for the relocations involved. However, of the total $50,000,000 required for railway and highway relocations, approximately $40,000,000 would be for construction costs.

In general, in the flood-control projects that have been undertaken by the Federal Government on a cooperative basis, all costs in connection with highway relocations have been borne by the benefited interests. In railway relocations construction costs have been borne by the Federal Government in the case of the Muskingum project, and are to be borne by the Government in the proposed floodways under the Mississippi River legislation. However, in the latter case while easements in the floodway will be acquired by the Federal Government, only one common structure will be provided to carry the railroads in the areas concerned during periods when the floodway is flooded.

The adoption of the amendment would, of course, still preserve the principle of local contribution, although it would result in a substantial reduction in the amount of such contribution. I do not think it appropriate for me to comment on the advisability of adopting the amendment, other than to point out its effect on increasing the Federal cost involved in the authorization, since the provisions with respect to local cooperation would appear to be a matter of policy outside of the jurisdiction of this office.

Sincerely yours,

G. B. PILLSBURY,
Brigadier General, Acting Chief of Engineers.

Mr. COPELAND. With the addition of the St. Francis and the Yazoo projects, the amount involved would be $100,000,000 instead of the $80,000,000 stated in the letter.

The letter mentions two projects in connection with which the Federal Government bore the cost of railroad relocation. The first one was the Muskingum, in Ohio; but that was a P. W. A. project. All of the money was paid out of the P. W. A. fund. The second project mentioned is in the Overton bill, and provides for one structure, as the letter states, over a 10-mile-wide floodway. With those two exceptions, the Federal Government has never taken such action.

Mr. WHEELER. Mr. President, let me again call attention to the fact that, while in a sense it is only shifting the burden from the local government to the Federal Government, yet, as a practical matter, we all know it means quite a different proposition. We all know that if a State or municipal government is interested in building a project for flood control, they can go to the railroads and make a deal with the railroads for doing the work at a great saving to the people of the local community. But if we leave it open, the railroads are going to see that the local government is only going to contribute the easements and the Federal Government is going to pay for the relocation of the railroads, and all who have any practical knowledge of the situation know that the Federal Government is going to have to pay through the nose in order to get those easements, because they will not have any other way out.

Mr. VANDENBERG. Mr. President, will the Senator from Montana yield at that point?

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Montana yield to the Senator from Michigan?

Mr. WHEELER. I yield.

Mr. VANDENBERG. What the Senator is now saying is literally justified by a letter from the War Department with respect to the Overton bill. At the time we were considering that in the Commerce Committee this precise relative question arose. It resulted in a letter from the Secretary of War who said that if the Federal Government was thrown into a complete general responsibility of the nature the Senator now describes, it would represent, and I quote his language "an immeasurable responsibility." The War Department furnished us with exhibit after exhibit to show what happens to the Federal Government when it falls into the auspices the Senator is now describing.

Mr. WHEELER. Mr. President, when the Government has undertaken the building of projects in my home State, which we will take for illustration, the local government could have bought certain lands for a very low price; but the minute the Federal Government stepped in and was authorized to buy those lands, everybody in the community started to hold up the Federal Government. The owners raised three or four times the price they had formerly asked for their lands. The cases were taken into court, and of course the juries just "soaked" the Federal Government, because Uncle Sam was paying the bill. Now we are leaving the way open for the railroads and the State governments to give Uncle Sam a good trimming on every single project where it is necessary to touch the railroads in order to move their tracks; and it should not be done.

I have not any interest in the subject except to try to save the Federal Government a few dollars in a matter of this kind, where we are contributing to the welfare of the local people of the community.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. SHIPSTEAD. I should like to ask the Senator from Pennsylvania [Mr. GUFFEY] a question. In the case of the Muskingum River, where the Federal Government paid for the relocation of railroads, were any of the roadbeds located in the stream below high-water mark?

Mr. GUFFEY. The Senator will have to ask somebody from Ohio. They must have been below low-water mark in order to be moved. I am not famfliar with conditions there.

Mr. SHIPSTEAD. They must have been below high-water mark? That raises a very interesting question, because I should like to ask the Senator from Montana [Mr. WHEELER] or some other constitutional lawyer whether or not the power which the Federal Government enjoys over navigable waters for the purpose of controlling navigation extends to the problem of flood control. I believe it does.

We have had some very interesting information here. The Federal Government can pay for property taken for public use for navigation only where a railroad or any other user has a clear title to the property taken. I see by the letter of the War Department, and I hear that there are easements here, there are railroads to be moved, and we are told that some of the railroads which are to be moved and paid for by the Federal Government are occupying the river bed below high-water mark. I never could understand where the Federal Government gets authority to pay for the removal of a railroad occupying a river bed below high-water mark.

The custody and control of the navigable waters was donated to the Federal Government at the time of the forma-

tion of the Federal Union, to be held in trust for the purposes of navigation. It is true that in every part of the country wherever it has been found convenient, railroads have been built in the river beds, and their structures are in the river beds; but that could be done only under permits that are revocable, and the courts have held that wherever a waterway is needed for the purpose of navigation or for the development of navigation, these structures must be removed at the expense of the railroads which built them.

The Federal Government itself, the Congress itself, cannot alienate the river beds that are owned by the several States, but are under the custody and control of the Federal Government. A permit to a railroad company to build its track in a river bed, and to use the bed of the river and the sand of the river to make its grade cannot endow the railroad company with a vested right. It is there under a license, under sufferance, and it must move whenever the Federal Government finds it necessary to use the river bed for purposes of navigation.

I am aware that the War Department has not taken that point of view. We are now condemning, on the Mississippi River, railroad tracks in the bed of the Mississippi, the removal of which is made necessary for the purpose of building dams to further navigation. Instead of revoking the permits, the War Department put these structures into the petition for condemnation, admitting liability, asking the Federal Government to condemn these structures and pay the damages necessary to get back the right to use property that the Federal Government itself could not alienate.

If this amendment is adopted as it is now worded, we are going to pay for the removal of railroad tracks from river beds where the railroads have no vested rights. For instance, in the Federal court, when the question of the right to grant these permits was raised and protested as a matter of law, the Federal judge held to the effect that he did not care what the law was; he was guided solely by the request of the Secretary of War to condemn. The War Department took the point of view that the Federal Government must pay for the removal of a structure which the War Department itself gave a permit to install, though the permit on its face states that whenever it is found necessary to move the structure because of the necessity to develop navigation, it must be done at the expense of the railroad.

In the first place, the railroad never paid anything for the permit. The permit enabling the railroad to build this structure on its face contained notice that the railroad acquired no vested right, and was there at the sufferance of the Government.

If a railroad is to be moved from a location where it has clear title to the property, and damage is suffered, of course it ought to be paid, and personally I do not care from what source it is paid; but this amendment proposes to pay for property which has been occupied by private corporations and private individuals, property which the Congress itself cannot deed to any corporation or individual. I think the possibilities of the amendment are so overwhelming that we may not be able, for years to come, to figure out the possibilities of expense which are involved.

Unless it is made clear that the Federal Government shall pay only to obtain private property, and not property the Government already owns, the amendment ought to be defeated.

Mr. GUFFEY. Mr. President, the distinguished Senator from Montana [Mr. WHEELER] evidently is not entirely familiar with the intent and purpose of the amendment as drafted. Under this bill, the local governments must purchase and furnish all the easements and rights-of-way. All I am trying to do by this amendment is to relieve the local governments of the necessity of removing the railroads and the modern highways which have been there for many years. With us in western Pennsylvania that involves the sum of $55,000,000, of which $34,000,000 is to be borne by the local communities; $14,000,000 of it will be required to remove and replace the railroads and the highways, and the other $7,000,000 will have to be contributed to buy the easements and rights-of-way.

In the disbursement of the $652,000,000 which has been expended on rivers and harbors, every foot of railroad that it has been necessary to remove has been paid for by the Federal Government; every highway necessary to be removed was paid for by the Federal Government; and in the Mississippi Valley bill recently passed here, known as the Overton bill, $31,000,000 was provided to build a new railroad.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. GUFFEY. I yield.

Mr. BYRD. How much additional cost would the Senator's amendment impose on the Federal Government?

Mr. GUFFEY. I think about thirty or thirty-five million dollars, as nearly as I can figure it.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Pennsylvania to the committee amendment.

Mr. WHEELER. Mr. President, I desire to say just a word in connection with the amendment.

The Senator from Pennsylvania says that I am not familiar with the bill. I do not think one needs to be familiar with the other provisions of the bill; all one has to do is to read section 3, and he will have the intent of the bill.

As a practical proposition, as I pointed out, if the Senate desires to say to the railroads, in any case where we move a railroad, "You can come in, and the Government is going to pay you"——

Mr. DAVIS. The Government, or the taxpayers in the community where the railroad is located.

Mr. WHEELER. Wait until I finish the sentence. As the bill is drawn at the present time, it provides that the local communities or the State governments shall pay or arrange for the rebuilding or the replacing of the railroads. As I said a moment ago, anyone who has had any practical experience knows that when it is necessary to arrange some matter with a railroad, the States or local communities can make a much better arrangement with the railroad and get much better cooperation from it than can the Federal Government, because the railroads are dependent upon the local communities for their business, their traffic, and their good will.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. MURPHY. The Senator stated that the Federal Government would pay. Does the Senator state that the Federal Government will pay, under this amendment, notwithstanding the fact that the railroads may have rights-of-way located below the high-water line in river beds where they have no vested rights?

Mr. WHEELER. Of course, they would have to under this amendment, because, as the Senator from Minnesota pointed out, that is exactly what was done alcng the Mississippi, where they had no vested rights; yet the War Department paid. All they had to do was to revoke their permits, according to the Senator from Minnesota. I am not familiar with that situation.

Mr. MURPHY. The Senator from Minnesota stated facts within my knowledge. I know that he stated the facts correctly, but I was wondering whether the language of the amendment as drawn would nullify the practice now being followed in the Mississippi Valley of making demand upon the War Department for revocation of the permits for rights-of-way occupied by the railroads, where those rights-of-way are below the high-water mark.

Mr. WHEELER. I do not think there is anything in the amendment which would change that one way or the other.

Mr. SHIPSTEAD. Mr. President, under the amendment there will be done what the War Department started to do before the Department of Justice interfered. The amendment would make it impossible for the Department of Justice to interfere, because it would by law compel the Government to do what the War Department did without warrant of law, and to which the Department of Justice has very strenuously objected.

Mr. WHEELER. Mr. President, I would not wish to pass judgment on that matter without giving it further consideration.

As I was saying before, for every foot of land taken as a result of this measure, the Government would have to pay through the nose, because there would be condemnation proceedings. If the War Department did not agree on the price asked, they would have to resort to condemnation proceedings, and anyone who knows anything about the trial of condemnation cases knows that when the Government is involved in a condemnation proceeding, the local communities and the people upon the local juries all over the country soak the Government of the United States, and that is what it would mean in this instance. These are just the plain, unadulterated facts with reference to the situation, and I have stated what would happen if this amendment were agreed to. If the Congress wants to do it, it is all right with me.

Mr. WALSH. Mr. President, if I understand the position of the Senator, he says that because railroads have land along the courses of rivers, and are in flood areas themselves, removing them from those areas through the building of reservoirs would be of benefit to them, and they themselves ought to pay.

Mr. WHEELER. Yes.

Mr. WALSH. He is not asking that the local communities as is now contemplated by the bill, or the Federal Government, shall pay, but he thinks the railroads themselves ought to pay.

Mr. WHEELER. Exactly; I think they ought to contribute to the extent of their benefit.

Mr. WALSH. On the theory that they are benefited by having their property safeguarded from floods.

Mr. WHEELER. Exactly.

Mr. WALSH. Of course, there is no such proposition to be voted on. The proposition before us is whether the Federal Government or the local government will pay; but the Senator might well offer an amendment along the line he has suggested.

Mr. WHEELER. As the bill is drafted, there is a provision that the States or political subdivisions shall "provide without cost to the United States all lands, easements, and rights-of-way necessary for the construction of the project." The local government will have to do it, but I say that the local government will go to the railroad and say, "We want this project completed, we cannot afford to buy your railroad, and we want you to contribute to it"; and they will contribute to it. They will not dare do anything else, because they will not dare hold up the project. But if this exception is inserted, then the local government will say, "We are not going to furnish you with the easements required under the law." Under those circumstances the Government of the United States will be forced to condemn or to buy the railroad property, and the railroad is not going to contribute when it knows that the Government of the United States is to pay for it.

Mr. WALSH. The fact the Senator is now stressing, which I confess I did not grasp earlier, is that flood-control projects are for the benefit of the railroads.

Mr. WHEELER. Exactly.

Mr. WALSH. That they will prevent them suffering damages because of floods, and that therefore the railroads themselves ought to bear the expense, rather than the local communities or the Federal Government.

Mr. WHEELER. We get a pretty good idea of the situation if we consider the railroads between here and Pittsburgh, and we will see where they are working and building up their roadbeds which suffered as a result of the floods on the nearby rivers. The railroads are going to be benefited by this flood-control legislation as much as practically anybody else in the country will be benefited.

Mr. WALSH. The Senator can conceive, as I can, the possibility of it being necessary to relocate a railroad, a change which would be of benefit to the railroad.

Mr. WHEELER. That is true, and in such case the local government could make a better deal with the railroad than could the Federal Government, because the Federal Government, regardless of whether the railroad is benefited or not, is bound to pay for the relocation.

Mr. WALSH. In other words, the additional value by reason of the relocation of the railroad is an offset against the damages?

Mr. WHEELER. Exactly. Assuming, for the sake of the argument, a railroad that is to be greatly benefited by reason of a flood-control dam, they may have to relocate the railroad anyway, but the Government comes along and builds a dam, and then they say to the Government of the United States, "You have to pay us for relocating our railroad which is being washed out by floods."

Mr. MINTON. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. MINTON. It would not be possible to set off in a condemnation suit any betterment or advantage which a railroad might receive?

Mr. WHEELER. No.

Mr. MINTON. They are entitled to market value, or reproduction cost?

Mr. WHEELER. Exactly.

Mr. MINTON. The betterment, if any, could not be set off?

Mr. WHEELER. It could not be.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Pennsylvania [Mr. GUFFEY], as modified, to the amendment of the committee.

Mr. SHIPSTEAD. Mr. President, how was the amendment modified?

The PRESIDING OFFICER. The clerk will read the amendment to the amendment as modified.

The CHIEF CLERK. In the committee amendment, on page 55, line 10, after the word "project", it is proposed to insert "exclusive of construction costs of railroads and relocations of improved highways."

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Pennsylvania to the committee amendment.

Mr. SHIPSTEAD. On that question I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. VANDENBERG. I announce that the senior Senator from Oregon [Mr. MCNARY] is necessarily absent from the Senate. He has a pair with the senior Senator from Mississippi [Mr. HARRISON]. If present, the Senator from Oregon would vote "nay" on this question.

Mr. BILBO. I have a general pair with the Senator from Iowa [Mr. DICKINSON]. I transfer that pair to the Senator from Utah [Mr. THOMAS], and will vote. I vote "yea."

I am not advised how either the Senator from Iowa or the Senator from Utah would vote on this question if present.

Mr. AUSTIN. I announce the general pairs of the Senator from Delaware [Mr. TOWNSEND] with the Senator from Tennessee [Mr. MCKELLAR], and the Senator from North Dakota [Mr. NYE] with the Senator from Maryland [Mr. RADCLIFFE].

Mr. ROBINSON. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. MCCARRAN] are detained from the Senate on account of illness.

The Senator from North Carolina [Mr. REYNOLDS] is detained on account of a death in his family.

The Senator from Arizona [Mr. ASHURST], the Senator from South Dakota [Mr. BULOW], the Senator from Nebraska [Mr. BURKE], the Senator from South Carolina [Mr. BYRNES], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Illinois [Mr. DIETERICH], the Senator from Georgia [Mr. GEORGE], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. GORE], the Senator from Mississippi [Mr. HARRISON], the Senator from Utah

[Mr. KING], the Senator from Illinois [Mr. LEWIS], the Senator from California [Mr. MCADOO], the Senator from Tennessee [Mr. MCKELLAR], the Senator from New Jersey [Mr. MOORE], the Senators from Maryland [Mr. TYDINGS and Mr. RADCLIFFE], the Senator from Georgia [Mr. RUSSELL], the Senator from Utah [Mr. THOMAS], the Senator from Indiana [Mr. VAN NUYS], the Senator from New York [Mr. WAGNER], and the Senator from Massachusetts [Mr. WALSH] are unavoidably detained.

The result was announced—yeas 11, nays 52, as follows:

YEAS—11

Bachman	Black	Davis	Neely
Barkley	Bone	Guffey	Schwellenbach
Bilbo	Chavez	Logan	

NAYS—52

Adams	Connally	Holt	Overton
Austin	Copeland	Johnson	Pittman
Bailey	Couzens	Keyes	Pope
Barbour	Donahey	La Follette	Robinson
Benson	Duffy	Lonergan	Sheppard
Borah	Fletcher	Long	Shipstead
Brown	Frazier	McGill	Smith
Bulkley	Gerry	Maloney	Steiwer
Byrd	Gibson	Metcalf	Thomas, Okla.
Capper	Hale	Minton	Truman
Caraway	Hastings	Murphy	Vandenberg
Carey	Hatch	Murray	Wheeler
Clark	Hayden	O'Mahoney	White

NOT VOTING—32

Ashurst	Dieterich	McCarran	Reynolds
Bankhead	George	McKellar	Russell
Bulow	Glass	McNary	Thomas, Utah
Burke	Gore	Moore	Townsend
Byrnes	Harrison	Norbeck	Tydings
Coolidge	King	Norris	Van Nuys
Costigan	Lewis	Nye	Wagner
Dickinson	McAdoo	Radcliffe	Walsh

So Mr. GUFFEY's modified amendment to the committee amendment was rejected.

Mr. SHEPPARD. Mr. President, I send to the desk an amendment to the survey section, which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 111, after line 7, it is proposed to insert "Lower Colorado River, Tex."

Mr. COPELAND. The committee has no objection to that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. GIBSON. Mr. President, I offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 55, line 24, after the word "war", it is proposed to insert:

With the consent of the State wherein the same are located.

Mr. COPELAND. We have no objection to that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont to the committee amendment.

The amendment to the amendment was agreed to.

Mr. CAREY. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 114, line 18, it is proposed to insert the following:

Snake River and tributaries, North Platte River, Big Horn River, Green River, Belle Fourche River and tributaries, Powder River and tributaries in Wyoming.

Mr. COPELAND. The committee has no objection to that amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wyoming to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. CAPPER. Mr. President, I offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 75, after line 21, it is proposed to insert the following:

Morris County on Grand (Neosho) River in Kansas: Channel straightening and dikes from present dike at Council Grove to Lyon County line, and permanent repairs to dikes and dredging to protect city of Council Grove; surveys to be completed and data in Office of the Chief of Engineers; cost, $150,000.

Mr. COPELAND. Mr. President, the committee could not agree to that amendment. I am sorry, but the Army Engineers have made an adverse report. It is not economically justified. I suggest to the Senator that he include the river in the survey section so we may have an early report in the hope that at the beginning of the next session something definite may be done about it.

Mr. CAPPER. Very well. I withdraw the amendment as offered and offer the modified amendment to the survey section.

Mr. COPELAND. The Senator does not propose to include the amount of money as stated in the amendment as originally offered, but just to have provision made for survey?

Mr. CAPPER. Yes.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 111, after line 22, it is proposed to insert:

Morris County on Grand (Neosho) River in Kansas.

The amendment to the amendment was agreed to.

Mr. CAPPER. I offer another amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The CHIEF CLERK. On page 99 it is proposed to strike out lines 7 to 11, inclusive, and in lieu thereof to insert:

Lawrence, North Lawrence, and immediately contiguous area, on Kansas River, Kans.: Levees and interior drainage to protect people, city property, and highly productive rural area; plan of Douglas County Kaw Drainage District as recommended by Chief of Engineers to Works Progress Administration; cost $334,000.

Mr. COPELAND. Mr. President, I am sorry, but this item has not received a favorable report from the Board of Army Engineers. I make the same suggestion, that the river be made the subject of a survey and included in the survey section. The committee could not accept the amendment as offered.

Mr. CAPPER. Very well; I withdraw the amendment as offered, and send a modified amendment to the desk.

The PRESIDING OFFICER. The amendment as modified will be stated.

The CHIEF CLERK. In the committee amendment on page 111, after line 22, it is proposed to insert:

Lawrence, North Lawrence, and immediately contiguous areas, on Kansas River, Kans.

The amendment to the amendment was agreed to.

Mr. CAPPER. Mr. President, I send to the desk another amendment.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The CHIEF CLERK. On page 99, after line 11, it is proposed to insert:

Manhattan, Kans.: Levees and channel improvement of the Kansas River to protect town; House Document No. 195, Seventy-third Congress, second session; estimated cost, $155,300.

Mr. COPELAND. Mr. President, I am sorry, but the situation is the same as with reference to the other amendments. The Senator from Kansas offered a number of projects which were carefully considered by the committee. Among those on which we could not obtain a favorable report was this particular one. I suggest that the amendment be modified and inserted in the survey section.

Mr. CAPPER. The suggestion is agreeable to me. I offer the amendment in modified form.

The PRESIDING OFFICER. The amendment as modified will be stated.

The CHIEF CLERK. In the committee amendment, on page 111, after line 22, it is proposed to insert:

Manhattan, Kans.

The amendment to the amendment was agreed to.

Mr. CAPPER. I send to the desk another amendment which I offer.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The CHIEF CLERK. On page 98, it is proposed to strike out lines 13 to 19, inclusive, and in lieu thereof insert the following:

Kansas Citys on Missouri and Kansas Rivers in Missouri and Kansas: Levees, flood walls, retention dams, reservoirs, and other works of every character, at and above the Kansas Citys, to protect people and city property; in accordance with plans approved by the Chief of Engineers, on recommendation of the Board of Engineers for Rivers and Harbors and as amended by further surveys and studies now in progress; estimated construction cost not to exceed $10,000,000; estimated cost of lands and damages, $8,000,000.

Mr. COPELAND. Mr. President, the project has been disapproved, and I make the same suggestion as to this item that was made with reference to the preceding amendment.

Mr. KING. Mr. President, if the project has been disapproved, why should it be inserted in the bill at all?

Mr. COPELAND. The project is rejected; but the request of the Senator from Kansas is that the river may at some future time be resurveyed.

Mr. CAPPER. I adopt the suggestion of the Senator from New York and modify the amendment. I send the modified amendment to the desk.

The PRESIDING OFFICER. The amendment as modified will be stated.

The CHIEF CLERK. In the committee amendment, on page 111, after line 22, it is proposed to insert the following:

Kansas Citys, on Missouri and Kansas Rivers, in Missouri and Kansas.

The amendment to the amendment was agreed to.

Mr. CAPPER. I offer another amendment.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The CHIEF CLERK. On page 98, after line 19, it is proposed to insert the following:

Fort Scott, on the Marmaton, tributary of the Osage (Marias des Cygnes) River, Kans.: Levees and track raising to protect area where greatest property value concentrated, along Black Run Creek; House Document No. 91, Seventy-third Congress, first session; cost, $149,300.

Mr. COPELAND. Mr. President, I am sorry. I love the Senator from Kansas so much that I hate to stand here and play the part of "Old Man Gloom", but this project has been disapproved. I suggest that the river be resurveyed.

Mr. CAPPER. The project has been investigated by the office of the Chief of Engineers of the Army and has been found to be justified.

Mr. COPELAND. Mr. President, the Fort Scott on the Marmaton project was reported by the Army Engineers to lack economic justification. The annual cost is estimated at $17,700 as compared with the annual estimated benefit of $12,000. It is plainly not justified economically. Therefore, the committee reported against it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas to the committee amendment.

The amendment to the amendment was rejected.

Mr. CAPPER. Mr. President, I offer the amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The CHIEF CLERK. On page 76, after line 2, it is proposed to insert the following:

Lyon and Morris Counties, south of Dunlap, on Grand (Neosho) River in Kansas; levees (unit no. 52) to protect 1,350 acres of land; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers; cost, $56,160.

Lyon County, south of Americus, on Grand (Neosho) River in Kansas; levees (unit no. 51) to protect 3,060 acres of land; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers; cost, $132,500.

Lyon County, southwest of Emporia, on Grand (Neosho) River in Kansas; levees (unit no. 42) to protect 2,520 acres of land; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers; cost, $114,000.

Lyon County, south of Emporia, on Grand (Neosho) River in Kansas; levees (unit no. 41) to protect 4,000 acres of land; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers; cost, $117,100.

Coffey and Woodson Counties, north of Neosho Falls, on Grand (Neosho) River in Kansas; levees (unit no. 29) to protect 5,220 acres of land; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers; cost, $227,700.

Construction of the following flood-control works along the Grand (Neosho) River in Neosho County, Kans.; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers:

Just north of Labette County line on west side of the river (unit no. 10); levees to protect 790 acres of land; cost, $150,390.

Southeast of St. Paul on east side of the river (unit no. 11); additional levee raising made necessary by other levees proposed in Neosho County if constructed to complete the protection of 10,450 acres of land; cost, $327,300.

Around St. Paul on east side of river (unit no. 12); levees to protect 2,790 acres of land; cost, $346,010.

West of St. Paul on west side of river (unit no. 13); levees to protect 2,450 acres of land; cost, $247,580.

West and south of Erie on east side of river (unit no. 14); levees to protect 4,320 acres of land; cost, $329,660.

South of Shaw on west side of river (unit no. 15); levees to protect 750 acres of land; cost, $122,630.

North of Shaw on east side of river (unit no. 16); levees to protect 750 acres of land; cost, $112,570.

West of Rollin on east side of river (unit no. 17); levees to protect 1,500 acres of land; cost, $160,630.

West of Rollin on west side of river (unit no. 18); levees to protect 830 acres of land; cost, $61,070.

North and east of Chanute on west side of river (unit no. 19); levees to protect 1,980 acres of land; cost, $239,870.

North of Chanute on west side of river (unit no. 20); levees to protect 1,300 acres of land; cost, $191,450.

Neosho County, southeast of St. Paul, on Grand (Neosho) River in Kansas; levees (unit no. 11) to protect 10,450 acres of land; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers; cost, $389,200.

Labette County, east of Parsons, on Grand (Neosho) River in Kansas; levees (unit no. 8) to protect 2,980 acres of land; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers; cost, $102,600.

Cherokee and Labette Counties, north of Oswego, on Grand (Neosho) River in Kansas; levees (unit no. 7) to protect 4,280 acres of land; report to Congress in course of being published, survey completed and data in Office of Chief of Engineers; cost, $150,000.

Cherokee County, southeast of Oswego, on Grand (Neosho) River in Kansas; levees (unit no. 5) to protect 3,920 acres of land; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers; cost, $161,100.

Ottawa and Cherokee Counties, Okla. and Kans., on Grand (Neosho) River; levees (unit no. 3) to protect 6,100 acres of land; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers; cost, $175,100.

Ottawa County, west of Miami, on Grand (Neosho) River in Oklahoma; levees (unit no. 1) to protect 2,520 acres of land; report to Congress in course of being published; survey completed and data in Office of Chief of Engineers; cost, $89,860.

Mr. COPELAND. Mr. President, this blanket proposal received very serious study on the part of the committee. I am sorry to say that, without exception, there was found to be no economic justification for it. For example, take the case of Lyon County: The investment of a dollar there would bring a return of only 9 cents. So these various projects all fall below the standard of a dollar of return for every dollar invested. Much as I hesitate to say so, they are matters which were before the committee and studied by the committee and referred to the Army Engineers, and we must advise against their adoption.

Mr. CAPPER. Mr. President, the Neosho River is one of the most important streams in southeastern Kansas. It flows through a number of the leading agricultural counties of the State, and its valley contains much valuable farm land. It follows a winding course, and its banks are comparatively shallow. On that account it is subject to frequent floods and is considered one of the most destructive streams in the State. Not infrequently the stream is at flood stage two or three times each year.

To protect themselves against its floodwaters, farmers and other citizens living in the valley of the Neosho organized a number of drainage or levee districts and constructed flood-control dikes or levees. However, recurring floods have so damaged the levees as to make them all but useless; and the constant losses suffered by residents of the valley have been such as to render them financially unable to maintain the flood-protection system.

Commenting on the flood situation along the Neosho in a letter to me under date of December 9, 1935, the Acting Chief of Engineers of the Army said:

> This Department has completed a survey of the Neosho River under the provisions of House Document No. 308, Sixty-ninth Congress, first session. This survey developed that since the first levees were built in Neosho County in 1892 their construction has spread throughout the valley without any coordinated plan of construction. Many levees have so encroached on the flood plain as to create a menace by constricting the floodway; and few of the levees, if any, are adequate in size. A complete levee program for the valley would, by eliminating valley storage, result in practically doubling the natural flood flow at the Kansas-Oklahoma line and would so raise the flood line as to seriously interfere with the bridges, railroad, and highway crossings. The better-situated lands can be economically protected by levee systems.

The property loss resulting from these floods has been very great. It is to protect the citizens living in the Neosho Valley that the projects covered by my amendment are requested. These projects have been examined by the Office of the Chief of Engineers and have been declared to be meritorious. I feel that they are justified from every standpoint, and I hope favorable action may be taken on the amendment authorizing them.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Kansas to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. GIBSON. Mr. President, I offer an amendment to the survey section.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 114 it is proposed to insert:

> West River, Vt., between Weston and Brattleboro.

The PRESIDING OFFICER. The Chair will state that this is an amendment to the survey section. Is there any objection to it on the part of the committee?

Mr. COPELAND. No objection.

Mr. KING. Mr. President, I desire to ask the Senator from New York three questions.

The first is, How many surveys are authorized under the bill?

The second question is, If all these authorizations were carried out, how much money would it take?

The third question is, How many engineers will have to be employed, in addition to all the Army Engineers, in order to make these surveys?

Mr. COPELAND. No more engineers will be employed than are now employed. The amount of money we have authorized in the bill for surveys is $5,000,000. Some of the surveys proposed today will be made at some time within the next 20 years.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont to the survey section of the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. ROBINSON. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 72, after line 17, it is proposed to insert the following:

> Faulkner County on Arkansas River, levee district no. 1: To protect agricultural lands; cost, $100,000.

Mr. COPELAND. Mr. President, this project is still a matter in debate among the Army Engineers. It stands on a different plane from any other project which has been presented. For myself, I should be willing to take this particular item to conference, because of the fact that it is still under discussion among the Army Engineers.

Mr. ROBINSON. Very well. In addition to what the Senator from New York has said, I will state that this item represents a gap in a system which I feel it is imperative to have completed if it can be done.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. CHAVEZ. Mr. President, I offer an amendment to the survey section.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. At the proper place in the bill, it is proposed to insert:

> Dry Cimarron River, Union County, N. Mex.

Mr. COPELAND. I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. MCGILL. Mr. President, I offer an amendment to the survey section.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. After line 1, page 112, it is proposed to add the following:

> Big Blue River, Kans.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment.

Mr. COPELAND. Mr. President, we have now completed everything relating to the first part of the bill, the printed part of the bill. The amendments have all been agreed to; the surveys are all in, and I now ask that this title, as amended, be adopted. There is another amendment which is the second title.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. BYRD. Mr. President, I should like to have the Senator indicate the pages to which he refers.

Mr. COPELAND. My request has nothing to do with title II, in which the Senator from Virginia is interested. It is the printed part of the bill as the Senator has it before him.

Mr. BYRD. The entire bill?

Mr. COPELAND. The entire bill as amended. We have now gone through every section of it, everything except title II, which is not printed, but is an amendment I am about to offer.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York to vote upon title I of the bill?

Mr. KING. Mr. President, I have no objection to the manner in which approval or disapproval of the bill in its present form may be brought about. I merely wish to state that I am opposed to the bill in its present form, and I am opposed to it in any form it will assume, judging from any information we have thus far derived. If there is not to be a yea-and-nay vote upon the motion just made by the Senator from New York, I desire to have the RECORD show that the senior Senator from Utah voted "nay."

Mr. BYRD. Mr. President, I should like the RECORD to show that had there been a yea-and-nay vote I should have voted in the negative; and my colleague [Mr. GLASS], who is unavoidably absent, also would have voted in the negative.

The PRESIDING OFFICER. The question is on agreeing to title I of the amendment in the nature of a substitute, as amended. [Putting the question.] The "ayes" have it, and title I, as amended, is agreed to.

Mr. COPELAND. Mr. President, I now offer the amendment to be known as title II, and ask to have it read.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated.

The CHIEF CLERK. On page 116, after line 2, it is proposed to insert:

TITLE II

SEC. 1. There is hereby established a National Resources Board (hereinafter referred to as the Board) to be composed of five members, not more than three of whom shall belong to the same political party, to be appointed by the President by and with the advice and consent of the Senate. Each member shall receive a salary at the rate of $10,000 per year.

SEC. 2. The Board shall determine the rules of its own proceedings and a majority of its members shall constitute a quorum for the transaction of business.

SEC. 3. The Board is authorized, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to appoint for such period or periods of full- or part-time service, a director and such officers, consultants, attorneys, experts, and research assistants, and to fix the compensation of each on such annual, per-diem, or other basis, as may be necessary in carrying out the functions of the Board under this act, and the Board may, subject to the civil-service laws, appoint such other employees as are necessary in the execution of its functions and fix their salaries in accordance with the Classification Act of 1923, as amended. The Board may make such expenditures (including expenditures for personal services and travel and for office rent and equipment at the seat of government and elsewhere, and for law books, books of reference, and periodicals) as may be necessary for the administration of this act, and as may be provided for by the Congress from time to time. There is hereby authorized to be appropriated annually such sums as may be necessary for the expenses of the Board.

SEC. 4. The Board is authorized (a) to investigate, examine, study, analyze, assemble, and coordinate, and periodically to review and revise basic information and materials appropriate to plans for the conservation and development of the natural resources of the Nation, and on the basis thereof to initiate and propose in an advisory capacity such plans and planning policies; (b) in furtherance of these ends to consult with any existing or future agencies of the Federal Government and of any State or local government, as well as with any public or private planning or research agencies and institutions; (c) to prepare and submit studies, reports, and recommendations upon matters within its jurisdiction under this act whenever the President or the Congress may request a study, report, or recommendation from the Board upon any such matter; and (d) to set up a special advisory council and to constitute such other agencies as the Board may deem necessary or appropriate to assist in the carrying out of its works.

SEC. 5. The Board shall prepare and present each year to the President and to Congress a report setting forth and summarizing its work during the preceding year, and shall include therein such information, data, and recommendation for further legislation as the Board may deem advisable with regard to matters within its jurisdiction under this act.

SEC. 6. The National Resources Committee created by Executive Order No. 7065, dated June 7, 1935 (hereinafter referred to as the old board), shall cease to exist at such time as the President shall determine; and thereafter all records, papers, property, and funds of the old board shall be transferred to the Board; and such employees of the old board as shall be designated by the Board and shall pass noncompetitive tests of fitness prescribed by the Civil Service Commission shall acquire classified civil-service status and shall become employees of the Board at the grades and salaries specified in their respective examinations: *Provided*, That this section shall not be construed to impair any obligation incurred by the old board.

SEC. 7. This title may be cited as the National Resources Board Act of 1936.

The PRESIDING OFFICER. The question is on the adoption of the amendment designated as title II.

Mr. O'MAHONEY. Mr. President, on behalf of the chairman of the Committee on Public Lands and Surveys, the junior Senator from New York [Mr. WAGNER], who is unavoidably absent, I move that the amendment offered by the senior Senator from New York [Mr. COPELAND] be referred to the Committee on Public Lands and Surveys.

The amendment was considered this morning by the Committee on Public Lands and Surveys, and the chairman was authorized by the committee to make the motion which I have now presented to the Senate.

It may be proper to point out that within the month the Senate passed a measure, which had been approved by the Committee on Public Lands and Surveys, changing the name of the Department of the Interior to the Department of Conservation. This Department includes among its bureaus the United States Geological Survey, the Bureau of Mines, the Bureau of Reclamation, and the General Land Office, all of which deal with national resources. Among its employees are any number of experts who are fully qualified to pass upon all the questions which will be considered by the board proposed to be created by this amendment.

The Committee on Public Lands and Surveys, of course, has no purpose of expressing any view at the present time as to whether or not such legislation as this should be enacted, indeed, speaking for myself, let me say I recognize the value of the principle, but it desires to call the attention of the Senate to the fact that a similar bill was introduced in the House of Representatives by Representative MAVERICK, House bill 10303, on January 16 of this year, and was referred to the Committee on Public Lands of the House. It was recognized as the proper committee to deal with the subject matter. A similar bill was introduced in the Senate during the last session by the senior Senator from New York [Mr. COPELAND], and referred to the Committee on Commerce, from which it was reported in June of last year, without hearings, as I am informed. That measure has been upon the calendar of the Senate since that time. In other words, it has been on the calendar of this body throughout this session, and whenever the calendar has been called it has always been objected to, because Members of the Senate have not had the opportunity of giving the attention to the measure which it quite obviously deserves.

It seems to be a little inappropriate to pass, as a rider to a flood-control bill, a measure which would undertake to establish an altogether new agency of Government. During the year 1933, after the passage of the National Industrial Recovery Act, when the President was authorized to make certain emergency expenditures, the National Resources Committee was established by Executive order. The members of that committee are, among others, the Secretary of the Interior, as chairman, the Secretary of War, the Secretary of Commerce, the Secretary of Labor, and other individuals. Each of these Secretaries serves without compensation in addition to that which he receives as head of his department.

The pending amendment would create a new commission of five members, each of whom would receive an annual salary of $10,000.

Mr. CLARK. The salary was $12,000 until the committee cut it down to $10,000.

Mr. O'MAHONEY. The Senator is correct; it was $12,000 in the bill reported by the Committee on Commerce at the last session.

It seems, therefore, that there is no particular reason for hurrying through, as a rider, a measure which might have the effect of taking over the functions of the Department of the Interior.

Moreover, this has to do with the resources of the United States. Most of those resources which are not contained in private lands in the Eastern States are to be found in the public domain, in the Western States, and it seems to the Committee on Public Lands and Surveys that a measure which deals so intimately with the vital concerns of the public-land States should not be lightly considered, without the action of the appropriate committee, and the appropriate committee in this instance is the Committee on Public Lands and Surveys.

I do not know that it is necessary for me at this time to make any further comment upon the reasons for the motion to refer the amendment to the Committee on Public Lands for proper consideration by that committee.

Mr. PITTMAN. Mr. President, I intend to support the motion made by the Senator from Wyoming [Mr. O'MAHONEY]. I was present at the meeting of the Committee on Public Lands and Surveys this morning when this proposed amendment was called to the attention of the committee. The committee was unanimous in its view on the matter, as that view has been expressed so clearly by the Senator from Wyoming.

I should say, in the first place, that the pending bill is not a measure to which should be attached such an amendment as this. It certainly comes as a surprise. I doubt very

seriously, from what I have heard, whether it had careful consideration in the Committee on Commerce, as it was a matter entirely foreign to the main legislation.

There is already an interdepartmental committee set up to study and report on this very subject, and it consists of the heads of the departments which deal with our natural resources; for instance, the Department of Agriculture, which deals with our forest reserves, with reforestation, soil erosion, and various other subjects. Then there is the Department of the Interior, which deals generally with all the public lands, with minerals, through the Bureau of Mines, with public surveys, and with power projects. Again, there is the War Department, which deals, to a certain extent, with navigable rivers. In other words, conservation is handled by several departments of the Government, and the departments are dealing through a board which attempts to coordinate the various activities.

Now, we have before us an amendment which provides for the appointment of a board of five members, who are to draw $10,000 a year, who are to be allowed to appoint experts, attorneys, geologists, and engineers, without limitation as to the expenses they may incur. There is absolutely no limitation fixed in the amendment.

The amendment has not been considered, and it should be considered. I think it would be very unfortunate at this time to attempt to establish a great bureau of this kind, without limit on the expense it may incur, without designation of authority, when it is not needed, and the question has not been studied.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. O'MAHONEY. I desire to call the attention of the Senator to the fact that section 2 of the amendment, as I read it, authorizes the board to determine the rules of its own procedure, and the regulations under which it shall carry on. Certainly that provision ought to be considered seriously by a committee of the Senate.

Mr. PITTMAN. The board would be absolutely unlimited as to functions or as to appropriations.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. CLARK. I call the attention of the Senator to the fact that as the amendment is at present drawn, there is absolutely no limit whatever to the terms of the commissioners to be appointed. In other words, by the amendment as it now stands they are apparently to be appointed for as long as they live.

Mr. PITTMAN. There is not a limitation in the whole amendment.

Mr. HAYDEN. Mr. President, if I believed that the term "national resources" should be confined to lands or property of the United States, I would agree that there was force to the suggestion made by the Senator from Wyoming that this amendment be referred to the Committee on Public Lands and Surveys, because that committee has jurisdiction over the public domain. But it is not the purpose of title II, as it is presented, to confine the national resources board to a mere consideration of what should be done with property of the United States, and it is so stated in the amendment itself:

> The board is authorized (a) to investigate, examine, study, analyze, assemble, and coordinate, and periodically to review and revise, basic information and materials appropriate to plans for the conservation and development of the natural resources of the Nation.

The natural resources of the Nation to a vast extent are in private ownership. Because the coal in a mine or a stand of timber belongs to some individual or to a corporation does not mean that they are not natural resources of the Nation. So, this proposal is not one which deals solely with public lands or public property.

As I view the amendment, its purpose is quite parallel with what was done when the General Staff of the Army was created. The President ought to have a general staff on problems of natural resources, and that is what title II would accomplish in establishing a permanent national resources board.

Elihu Root was not only Secretary of War but a great Secretary of War. In the years after he left that office he often said that the chief accomplishment of his service was the establishment of a General Staff for the Army. A statement that he made in his annual report of 1902 may be paraphrased as an argument for a general staff for our national resources. Its application to flood control is obvious. Secretary Root said:

> Such a body of men doing General Staff duty is just as necessary to prepare an army properly for war in time of peace as it is in time of war. It is not an executive body; it is not an administrative body; it acts only through the authority of others. It makes intelligent command possible by procuring and arranging information and working out plans in detail, and it makes intelligent and effective execution of commands possible by keeping all the separate agents advised of the parts they are to play in the general scheme.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. O'MAHONEY. Is it not a fact that the general staff to which the Senator refers was a general staff within the War Department under the Secretary of War? Under the pending amendment we create a general staff which is altogether independent of the Secretary of the Interior. The propriety of having the national resources surveyed by the Department of which the Secretary of the Interior is the head was recognized in the Executive order which first created the board, because that order made the Secretary of the Interior chairman of the board. What this amendment does is to break down the coordination between the two, and to set up an altogether independent establishment, which can result in nothing else but friction, and cause cross purposes to exist between the bodies.

Mr. HAYDEN. Again I say that if all the natural resources of the country were now under the jurisdiction of the Department of the Interior it would not be necessary to establish such a board as is proposed by the committee amendment. But the Senator from Wyoming knows as well as I do that other great Departments, such as the Department of Agriculture, the War Department, and other agencies of the Government have much to do with natural resources. Congress cannot, therefore, consign this problem to one department or to the supervision of any one department. The functions of a natural resources board must cover the scope of many branches of the Federal Government both in an informational and educational way and in a coordinating and advisory capacity. I quote from the hearings on S. 2825 to make it clear that the board is to exercise no executive power.

> 2. That the functions of the board should be advisory and not executive and should include: (a) Coordination of planning policies within the Federal Government; (b) coordination of planning policies between Federal, State, and local jurisdictions; (c) stimulation and assistance to the planning agencies within the Federal Government and in regions, States, and localities; (d) fundamental research directed toward the development of basic national policies and programs.

If Senators will realize the clear distinction between a board created purely to acquire information and to advise, which is staff work, and the executive functions of the various departments, they can appreciate the great advantage which will accrue, in the establishment of wise policies, in dealing with our national resources by reason of the establishment of such a staff. If the duty of fixing broad policies be given to the head of any one of the 10 departments, then friction will result, because no head of one department can do so without treading on the toes of another executive. Therefore the national resources board should be a separate and distinct organization with no executive powers of any kind.

Mr. PITTMAN. May I ask the Senator a question? Is there any particular reason why the Commerce Committee should have more to do with natural resources than the Department of Agriculture or the Department of the Interior?

Mr. HAYDEN. It was entirely appropriate, I may say to the Senator, in its consideration of this great flood-control bill, Nation-wide in its scope, for the Commerce Committee, although the committee has nothing to do with legislation relating to the Department of Agriculture, to amend the bill by providing that that Department shall make investigations and reports upon watersheds with respect to flood control.

Mr. PITTMAN. Do not the Army and the Navy generally accomplish more for the protection of our natural resources than is accomplished by the Board of Army Engineers in their particular field?

Mr. HAYDEN. By way of keeping foreign enemies from invading our country, the Army and Navy do protect its resources. The point I am making, however, is that the Committee on Commerce did recognize that there was another department outside of the War Department which could render real service in flood control.

Mr. PITTMAN. Did the Commerce Committee have anything to do with it?

Mr. HAYDEN. Yes; it reported out the pending amendment to this bill.

Mr. PITTMAN. Did the committee call any of those on the conservation board at present?

Mr. HAYDEN. I am not a member of that committee, and I cannot answer the Senator's question.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. CLARK. The amendment was never considered by the Committee on Commerce at all until after the bill had been reported in the Senate, except that an elaborate hearing was held on the bill itself. After the bill was reported in the Senate the Senator from Arizona introduced an amendment comprising six separate committee amendments, and the Committee on Commerce considered them from 11:30 one day to 12:20 the same day. No one appeared at that time before the committee except the Senator from Arizona.

Mr. PITTMAN. Was the report of the committee a unanimous one?

Mr. CLARK. No.

Mr. PITTMAN. I do not care to debate the question any more. If we are to take up the amendment we must frame the amendment properly on the floor of the Senate, which will take several hours.

Mr. VANDENBERG. Mr. President, will the Senator yield to me for the purpose of addressing a question to the Senator from New York?

Mr. HAYDEN. I yield.

Mr. VANDENBERG. There was a substantial division in the Commerce Committee over this amendment. It is a rider to the main purpose of the bill. The Senator from New York has made a perfectly splendid record in protecting this bill against riders, and I want to appeal to him in the name of consistency, with the thoroughly splendid record he has made on the bill, to permit this amendment to go to the committee as requested by the Senator from Wyoming.

Mr. HAYDEN. The Senator from New York may answer the question in his own time but I should like to conclude my remarks.

The Army has found the General Staff an indispensable agency for the development of coordinating plans. Their experience does not show that the General Staff is in any way an interference with the full prerogatives and duties of the separate branches of our national defense. The national resources board as provided in the pending amendment would not interfere with the duties of any department of the Government, but would make possible an over-all view of the relations between the activities of all of the agencies concerned in the development or conservation of the resources of the Nation.

The planning work which the national resources board will do has nothing to do with the talk about regimentation and control which we hear so much of in the press these days. Regimentation and control go with the execution of plans. What the amendment provides for is the initiation, devising, or formulation of alternative lines of policy. Choice of the final action is left to the Congress and the President.

The work of the national resources board during these last 2 years demonstrates the possibility of decentralized planning work through the assistance given to State planning agencies and regional planning agencies. The opinions and desires of citizens throughout the country are made vocal and effective. The board which produced these fine results has done some wonderful work bringing together Federal agencies and State agencies in a cooperative attack on the waste and exploitation of our natural resources.

Congress cannot expect the President to bring together all of these varying interests concerned with flood control and decide all the issues personally. He must have a "general staff" to assist him. We know by experience of the last 2 years how useful such a staff may be, and it is obvious that this work can be carried on economically and effectively through the adoption of this amendment.

I desire to conclude my remarks by reading an extract from a recent editorial in the Wall Street Journal which indicates the line of demarcation between advisory authority or staff duty and executive authority. I quote:

> Economic planning has become a catch phrase signifying an effort to control production, prices, wages, credit, and a host of other things in accordance with the dictates of Federal bureaucrats. The type of planning advocated by the National Resources Committee in its latest report is of an entirely different nature. In essence, it would seek to provide continuing expert knowledge for the guidance of all types of governmental units, but such knoweldge would be offered in an advisory capacity only.

I feel that those who oppose the creation of such a general staff for national resources do so by reason of a failure to appreciate what could be accomplished by proper investigation and coordination. They hesitate because of a fear of interference with executive duties and functions. That is, of course, a mistaken notion which will soon be abandoned if this amendment is enacted into law.

Mr. VANDENBERG. May I renew my question addressed to the Senator from New York?

Mr. COPELAND. Mr. President, being of Yankee stock, having been asked a question, I desire to ask one. I wish to ask the Senator from Wyoming if it is his purpose to take this meritorious proposal to the Committee on Public Lands and Surveys in order to bury it in a pigeonhole?

Mr. O'MAHONEY. I am sure the Senator will give the Committee on Public Lands and Surveys credit for being an active committee, and not one where measures are customarily buried. I know it is the intention of the committee, if I could judge from what was said this morning when the subject was considered, to give sincere and earnest attention to this measure. Of course, I cannot speak for the chairman of the committee in his absence, in response to the inquiry of the Senator from New York, but I will say that I shall urge that the matter be taken up at the very next meeting.

Mr. COPELAND. I thank the Senator. We have no more important subject before us as a Senate than this one. I saw in last Sunday's New York Times a very remarkable article, with a chart showing wartime self-sufficiency of the great powers in raw materials. There are possibilities in the United States for the development of raw materials to the extent of almost 100 percent of those needed. To show what I have in mind, I ask unanimous consent to have inserted in the RECORD at this point the article by Harold Callender entitled "Raw Materials Issue Grows More Insistent."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of May 17, 1936]

RAW-MATERIALS ISSUE GROWS MORE INSISTENT—YET NO COUNTRY, EVEN WITH COLONIES, IS SUFFICIENT UNTO ITSELF IN THE ITEMS ESSENTIAL FOR A WAR

By Harold Callender

LONDON.—Two nations, Japan and Italy, have recently gone to war to obtain colonies; and a third, Germany, has made her demand for colonies one of the conditions of a European agreement for the maintenance of peace. All three support their claims to colonies by pointing to their lack of raw materials.

Their access to these primary commodities, which are necessary for their industries, is hampered both by restrictions and taxes in the producing countries and by the difficulty of obtaining foreign currencies with which to buy them.

Acquisition of colonial empires might reduce these difficulties, if the acquired colonies contained substantial amounts of raw materials; but it would be impossible for any of the three aggrieved nations to gain in this way an adequate supply of all the raw materials they needed. Moreover, their access to these materials, even if they obtained colonies, would still be subject to interruption in case of war—unless they attained command of the seas as well. There is thus no conceivable colonial adjustment which could insure to Japan, Italy, or Germany, in peacetime and in wartime, all the raw materials necessary for its industry and defense.

THE BRITISH ATTITUDE

Yet the raw-material problem plays a vital part in all schemes to remove grievances in order to prevent wars; and the British Government has committed itself in principle to the thesis that access to raw materials should somehow be facilitated, if not guaranteed, for those countries notably lacking them. The aspiration to national economic self-sufficiency—unattainable as the goal is for most countries—has accentuated the demand for assured supplies of raw materials.

Some of these materials are foodstuffs, like wheat and meats, without which no nation could survive if blockaded by sea or land. Others are raw materials, like wool and cotton and iron and coal, which are required in large quantities for industries making both consumers' and producers' goods. But most of them, in this age of mechanization, are minerals essential to the manufacture of both peaceful machinery and warlike equipment. Many, like manganese, are required in only small quantities, but are as essential to industry as steel or coal.

It is sometimes said, as in a recent article by H. R. G. Greaves, that there are 25 materials which are indispensable to advanced countries; that the British Empire possesses an adequate supply of 18 of them, Germany of only 4, Italy of 4, Japan of 3.

HOLLAND LIST OF MATERIALS

Mr. Greaves does not name the 25 materials. It would be a somewhat arbitrary list in any case. But Sir Thomas H. Holland, of the University of Edinburgh, in his book the Mineral Sanction, discusses the distribution of 21 mineral substances of special importance in war—and, he might have added, in peace as well. These minerals are aluminum, antimony, cadmium, chrome ore, copper, fluorspar, graphite, iron and steel, lead, magnesia, manganese, mica, molybdenite, nickel, petroleum, platinum, quicksilver, sulphur, tin, tungsten, and zinc.

Germany is dependent upon foreign sources, wholly or largely, for 14 of these 21 minerals which are so vital to industry and war; Italy is similarly dependent for at least 10 of the 21; Japan must import some 8 of them from areas distant from China. Japan is particularly short of iron, petroleum, lead, and phosphate; as regards oil, she is almost as vulnerable as Italy.

Even the United States, which is regarded as a fortunate power and is better supplied than any other nation with minerals needed in wartime, is almost entirely dependent upon foreign sources for 10 of the 21 minerals listed; though Sir Thomas considers that in an emergency she would face a serious deficiency in only 5—antimony, chromite, manganese, nickel, and tin.

EMPIRE NOT SELF-SUFFICIENT

The British Empire, which includes the largest collection of territory under one flag and excites the envy of colonyless powers, would be well supplied so long as the sea communications with its scattered territories were maintained; but it, too, would be incomplete from the point of view of minerals, for it would have to look to foreign sources for antimony, petroleum, quicksilver, and sulphur.

It is clear then that even the richest colonial powers still fall short of the absolute economic self-sufficiency of which smaller powers dream. From this point of view, it might be said that even Britain had not yet acquired enough colonies.

The question of potential self-sufficiency in raw materials in time of war—which, after all, is the essence of the raw-material demands of the discontented nations—is examined in an illuminating manner by Brooks Emeny, in his book, The Strategy of Raw Materials. His list of 22 essential industrial raw materials includes some nonmineral substances. The items on his list are strategic materials in the sense that no nation could long live or fight if it did not possess a supply of them.

Their distribution is very uneven. In manganese, necessary for making steel, Russia is the only country which is self-sufficing. Southern Rhodesia is the luckiest spot as regards chromite. Canada has the greatest supplies of nickel. China is especially rich in tungsten and antimony. Spain and Italy, so short of other materials, are the principal sources of mercury.

AMERICA'S POSITION

The United States has adequate supplies of at least 7 of these 22 raw materials, and by increasing domestic production, could obtain from its own soil, if necessary, adequate supplies of others; but if cut off from foreign sources it would be short of rubber, chromite, tin, antimony—and Sir Thomas would add nickel and manganese. From 4 to 6 of the 22 materials thus would be unobtainable or obtainable with great difficulty if America were at war.

The British Empire would be in a similar predicament, for it would need petroleum, cotton, mercury, antimony, potash, phosphates, and sulphur from foreign sources—7 of the 22 materials.

Germany would lack some 18 of the 22; Italy would lack 15; Japan 14. Russia would be in the class of the United States and Britain, for she would lack only 6, on Mr. Emeny's estimate.

It is interesting to note that France, though the second greatest colonial power on the basis of the area of her possessions, nevertheless would lack 14 of the 22 raw materials if deprived of sources outside her territory. Thus France, in spite of her vast colonial domain, is in a class with Japan, Italy, and Germany as regards her resources in raw materials. Consequently, if the need of raw materials justifies colonial claims, France would have about as good a case for additional colonies as the three discontented and colony-seeking powers.

UNITED STATES AND BRITAIN

Students of the question are invariably impressed by the oddly complementary character of the British and American wealth in raw materials. Britain produces within her empire less than 2 percent of the world's output of petroleum and must import more than nine-tenths of her oil, but the United States produced last year 58 percent of all the oil of the world and is more than adequately supplied. Britain, though her empire with Egypt produces about one-fourth of the world's cotton, is inadequately supplied as to variety; but America produces about half the world's cotton, including the type Manchester uses most. The British Empire grows very little corn (maize), but the United States grows about 55 percent of the output of the world.

On the other hand, the United States produces no rubber, but British territories produce some 58 percent of the world's output of it. The United States has very little nickel, but the British Empire (chiefly Canada) produces 94 per cent of the world production. In wheat output the British Empire is far ahead of America; it produces about half the world's wool and 99 percent of its jute.

Pointing out that between them the British Empire and the United States produce about two-thirds of all the minerals the world consumes, Sir Thomas Holland concludes that they are the only two nations that could fight for long on their own natural resources. Thus they are well equipped for war or for preventing war. If they should unite in refusing mineral products to countries that violate the Kellogg Pact by making war, "no war can last very long", says Sir Thomas.

As Mr. Emeny puts it, speaking not only of minerals but of all essential raw materials: "The United States and the British Empire—and to a lesser extent Russia—are outstanding in potential wartime self-sufficiency. It should be noted that in the case of all commodities, with the single exception of antimony, the domains of the United States and imperial Britain form together a perfect unity in supply. * * *

"The richest raw material regions of the world are in great part under the dominance of the Anglo-American powers. These two national groups, which account for over 60 percent of the world's industrial output and exercise financial or sovereign control over 75 percent of the mineral resources, hold the balance of power so far as the essential commodities of peace and war are concerned."

This dominance does not please but rather irritates the crowded nations which seek colonies, and Britons and Americans recognize that there are advantages in political control of raw materials. For example, it makes possible restriction of output and control of prices.

ADVANTAGES DIVIDED

America has the advantage over Britain and her raw materials are assembled on one compact continent, while Britain's are scattered over the earth and are available to Britain only so long as she controls the seas.

It is the peacetime availability of raw materials which the British have offered to discuss and to facilitate. Their availability in wartime is quite a different question. The dream of the Nazis and the Italian Fascists of making their countries self-sufficing in both peace and war is obviously fantastic—short of world conquest.

Mr. COPELAND. Mr. President, we had before the Appropriations Committee and the Naval Affairs Committee last year and this year the question of raw materials. To me it was most gratifying to find that a governmental body has in the short time of 2 years brought together a dozen reports like the large volume which I hold in my hand, showing the resources of the Government and the possibilities of our country. The National Resources Committee has had a program to provide for the systematic development of our water resources for the purposes of sanitation, power, industrial uses, transportation, recreation, domestic consumption, and other collateral uses on a far higher level than ever before. It has studied the question of flood control. It proposes to reduce the heavy losses of soil caused by uncontrolled erosion.

No better argument is needed for the board than the magnificent speech made yesterday by the Senator from Minnesota [Mr. SHIPSTEAD]. If before yesterday I had known

nothing about what this board had done, I would have been amply enlightened by the speech he made, with his diagrams, rather diagrammatic in some respects, which did more to enlighten the Senate on the possibilities of the preservation of the soil than any other Senator has done, and I say that without disrespect to others. He said throughout his speech that the material he was presenting had been obtained from the national resources board.

He pointed out the progressive loss of the topsoil and the ultimate destruction of the fertility of our country by soil erosion. There is a great problem which someone must study and to which must be given a great deal of thought from now on.

The commission had a human side to its work. Of course, I am frank to say that I interpret the words "natural resources" to include the relation of our physical surroundings to human needs and to scientific methods of making our resources more useful to our people. The National Resources Committee, I am informed, is now engaged in studies of "stranded" populations where abandoned mines have left miners without occupations. They are working on scientific inventions which may affect our use of natural resources or change our methods of conservation and development of those resources. These related activities should be continued.

There should be the continued assembling of basic data as regards the matter, and provision for continuation of long-range planning, of land, water, and mineral resources. It means much to the various States. It means much to my native State of Michigan. It means much to my adopted State of New York and its forest resources.

There are tremendous responsibilities resting upon an organization of this character, the possibility of making contributions to the welfare of our people, not for next week or next month but for next year and for the years to come, and to benefit generations yet unborn. That is the reason why I asked the Senator from Wyoming [Mr. O'MAHONEY] if it means simply the graveyard and an end of the project. The Senator has assured me that such would not be the case.

Now to reply to the Senator from Michigan [Mr. VANDENBERG]. It is true, as stated by the Senator from Missouri [Mr. CLARK], that this particular matter had no hearing before the full committee. There was a very full hearing before a subcommittee on a bill which is now upon the calendar. We spent a long time listening to Mr. Delano and other members of the Board and to Secretary Ickes, but the full committee had the benefit of those hearings. The Senator from California [Mr. JOHNSON] and I were there several hours. It must be admitted that the vote of the committee to report the bill was very close. It was really swamped, except for the vote of the chairman.

Mr. President, I think the Senate is in no mood to go forward with this matter. I do not want to break the heart of my friend from Arizona [Mr. HAYDEN], but his heart and mine will be broken in the same way if we do not get this proposal through in some form. Let me ask the Senator from Arizona if he thinks we had better make a battle for it now?

Mr. HAYDEN. Mr. President, the Senator from New York is as good a judge of the present sentiment of the Senate as anyone who could be found to pronounce judgment on what should now be done. Under the circumstances, if he feels that there are not votes enough available to have the amendment adopted, I think it would be an advantage to have the Public Lands Committee promptly consider the entire question. The Committee on Public Lands and Surveys would have before it, under the motion made by the Senator from Wyoming, only the text of the proposed amendment, but not in a form upon which any action could be taken. If there is to be something before the committee upon which it can act, it would seem to me to be the part of wisdom to recommit Senate bill 2825, now upon the calendar, to the Committee on Public Lands and Surveys.

Mr. O'MAHONEY. Mr. President, I will accept an amendment to that effect to my amendment.

Mr. COPELAND. Also, that the Committee on Commerce be invited to transmit to the Committee on Public Lands and Surveys the record of the hearings which our committee had on the subject.

Mr. O'MAHONEY. Very well.

Mr. HAYDEN. I ask unanimous consent that Senate bill 2825, Calendar No. 1020, be recommitted to the Committee on Public Lands and Surveys.

The PRESIDING OFFICER. Is there objection?

Mr. AUSTIN. Mr. President, reserving the right to object, I wish to understand just what the request is. I ask the Senator from Arizona if that bill is similar to committee amendment no. 6?

Mr. COPELAND. Yes.

Mr. HAYDEN. Committee amendment no. 6, otherwise known as title II, consists of the text of the bill, introduced by the Senator from New York [Mr. COPELAND], to provide for the establishment of a national planning board, with certain modifications made by the Senate Committee on Commerce.

Mr. AUSTIN. Does the bill create a board whose function is predominantly political as this amendment does?

Mr. HAYDEN. I have not considered either the amendment or the bill to be of a political nature except in the broad sense of that term.

Mr. COPELAND. Mr. President, if the Senator will bear with me——

Mr. AUSTIN. Let us not get away from the intent of the question. I am not talking about politics; I am talking about administrative and legislative policy. As I interpret amendment no. 6, the predominant function of this board would be to make investigations for the purpose of advising the Chief Executive and the Congress regarding the policy that should be pursued in legislation. Is that the purpose of the bill?

Mr. HAYDEN. The bill and the amendment cover the same field in practically the same way. My proposal is to recommit the bill S. 2825 to the Committee on Public Lands and Surveys. It has been upon the Senate Calendar without action for about a year.

Mr. AUSTIN. Very well, Mr. President; I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona? The Chair hears none, and it is so ordered.

Mr. COPELAND. Mr. President, I think now we are all through the bill. I ask unanimous consent to withdraw amendment no. 6, which is title II, and which we have just discussed.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

The Chair is of the opinion, and is so advised by the parliamentary clerk, that there still remains the passage of the bill as such. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

REGULATION OF COMMODITY EXCHANGES

Mr. ROBINSON. Mr. President, I move that the Senate proceed to the consideration of House bill 6772, Calendar No. 1489, known as the commodity exchange bill. I will state that if the motion is agreed to, it is my purpose to move a recess until Monday next.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with amendments.

PRINTING OF COURT OPINION ON CONSTITUTIONALITY OF EMERGENCY RELIEF APPROPRIATION ACT, 1935 (S. DOC. NO. 242)

Mr. HAYDEN. From the Committee on Printing I report back favorably, without amendment, Senate Resolution 302, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The resolution will be read.

The Chief Clerk read the resolution (S. Res. 302) submitted by Mr. STEIWER on yesterday, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That the opinion of the United States Court of Appeals for the District of Columbia, no. 6619, in the case of the Township of Franklin, etc., et al., appellants, against Rexford G. Tugwell, Administrator, Resettlement Administration, et al., appellees, involving the constitutionality of the Emergency Relief Appropriation Act of 1935, approved April 8, 1935, as abridging the reserved rights of the States, be printed as a document, and that 1,000 additional copies be printed for the use of the Senate document room.

HERNANDO DE SOTO'S EXPEDITION

Mr. BARKLEY. From the Committee on the Library, I report back favorably, without amendment, House bill 11747 and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 11747) extending the time for making the report of the commission to study the subject of Hernando De Soto's Expedition, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the commission to study the subject of Hernando De Soto's Expedition, appointed pursuant to the joint resolution entitled "Joint resolution pertaining to an appropriate celebration of the four hundredth anniversary of the expedition of Hernando De Soto", approved August 26, 1935, may make its report to Congress on or before January 2, 1939.

FEDERAL HOUSING ADMINISTRATION ACTIVITIES

Mr. KING. Mr. President, I have had prepared a statement concerning the activities of the Federal Housing Administration, one of the agencies of the Government which has done and is doing a splendid work for the entire country. I ask permission to have the statement printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

FEDERAL HOUSING ADMINISTRATION ACTIVITIES

For the past 2 years the Federal Housing Administration has served as a powerful and growing force for recovery in the building and allied industries. Through that agency, at a minimum of expense to the Federal Government, idle men, idle plants, and idle capital have been put to work on a vast scale throughout the Nation, serving the owners of homes and other properties.

Business transacted through the Federal Housing Administration plan is in excess of $800,000,000. By the middle of the summer it will cross the billion-dollar mark. Let me emphasize, gentlemen, this is all private capital—all private money. The Federal Housing Administration lends no money, it insures private lending institutions against loss.

Under the modernization credit-insurance plan established under the National Housing Act of June 27, 1934, more than 1,000,000 properties have been improved with the proceeds of insured loans which, by April 30 of this year, amounted to more than $365,000,000. These loans of private capital have been made by over 6,000 banks and other financial institutions.

Over and above these results, an immense volume of modernization and repair work has gone ahead on a cash basis or has been financed in other ways, bringing the total volume of modernization and repair work generated to more than $1,500,000,000. This large total has been built up through the activities of some 7,000 local better-housing committees and related agencies, cooperating with the Federal Housing Administration and covering most of the cities and towns in the United States. In the main, their programs have been carried on by voluntary workers, who have thus contributed their time, energy, and money in the interest of recovery.

Altogether, many thousands of business firms, and millions of wage earners, have profited. The recovery evident during the past 18 months in practically all lines of industry related to housing indicates that the modernization credit plan of the Federal Housing Administration has acted as a substantial force.

The impetus gained as a result of this emergency measure is being enlarged and carried forward by increased home-building activity, which was given a start and has been greatly accelerated by the timely inception of the mutual mortgage insurance plan of the Federal Housing Administration. New residential building commenced during the first quarter of 1936 was substantially greater, as indicated by building permits, than during the first quarters of the three preceding years combined.

This revival of home-building construction has resulted in the rapid reemployment of building-trades workers, to such an extent that in many areas there are no idle skilled craftsmen available.

The Federal Housing Administration's contribution to this revival represents a phase of the great movement which it is leading to reestablish home-mortgage lending on a new and sounder basis. In this movement it has obtained the cooperation of 47 States, which have enacted necessary enabling legislation, and of more than 8,000 lending institutions, which have been approved as mortgagees under the plan.

Although the single insured mortgage system came into active operation only a little more than a year ago, owing to the time required for enactment of the State laws just mentioned, more than 64,000 mortgages with a principal value of $260,000,000 have been accepted for insurance. Far more significant than this total are the indirect effects.

The mutual mortgage insurance plan makes amortized mortgages up to 80 percent of the value, and for terms up to 20 years, available to borrowers whose property and whose income fairly warrant such obligations. It has also given long-term, amortized home mortgages a form and standing that makes them most desirable as investments for banks and the leading types of thrift institutions.

Among the achievements of this new device may be listed:

The firm and universal establishment of the long-term, monthly amortized mortgage in the home mortgage lending practice of the Nation.

The free flow of mortgage money from centers of supply into communities where funds are normally scarce.

The reduction in mortgage financing charges for large sections of the country due to the uniform interest rate established by the Administration.

Improvement in construction practices influenced by standardized appraisal methods based on minimum property standards.

Increased safety to both the home buyer and the mortgage lender throughout the life of the mortgage as a result of the insurance protection and the safeguards attending it.

The insured single mortgage stands as the one active safeguard which may be used to discourage the revival of the vicious type of second mortgage, which, with its high charges and inflated values, was in large measure responsible for the great number of foreclosures during the recent depression. The new system, with its emphasis on sound appraisals and careful investigation of the borrower's capacity to pay, makes for sound lending at the same time that it is assuring ample credit for the healthy revival of home building, which is the greatest single force making for continued and rapid recovery.

All in all, the mutual mortgage insurance program in most districts of the country, has made home-mortgage money, which has been frozen almost solid for several years, generally available to home owners on the most attractive terms in the history of the Nation.

The application of the mutual mortgage insurance plan to large-scale housing projects is not spectacular in its approach, but it does carry a fine promise of effecting a real revolution in the field. The financing of apartments and other rental quarters, as has been shown again and again, by investigations in the District of Columbia and elsewhere, has commonly involved abuses of the gravest character. These abuses have lead to the fleecing of investors, incompetent planning and poor quality of construction, and high rentals for the poor quarters provided for the tenants. Such conditions have discouraged the entrance of conservative capital, except up to a relatively small percentage of appraised values, and appraisal practices have all too often been lax.

Several large-scale projects in different parts of the country, financed with insured mortgages, have already been completed or are under construction, and the financial arrangements for several others, involving a total cost of approximately $25,000,000 have been determined recently. Many more are under consideration, a substantial number of which probably will be approved, and new applications are being received from day to day. In all these projects there is emphasis upon sound planning and financing, and upon efficient management, all of which are subject to competent review in connection with the mortgage insurance. Limitation of return on the capital investment is also a feature.

Thus the insurance of mortgages on large-scale housing projects in bringing capital in accordance with sound practice into a field that in the past has been left too largely to a hit-or-miss type of speculative development.

It is not surprising to find that the activities of the Federal Housing Administration have received the most whole-hearted endorsement from groups having widely varying interests. For example, a report approved by the Chamber of Commerce of the United States at its latest annual meeting stated:

"The elimination of the second mortgage by the mutual insurance of first mortgages up to 80 percent of the value of the property is an experiment which is worthy of further trial. Accompanied as it is with the assumption of a contingent liability on the part of the Government, there are reasons to believe that this experiment will become an increasingly important factor in the next 2 years in the recovery of small-house construction. The plan definitely reduces the costs of home ownership to the consumer or purchaser who is not in a position to make a down payment of more than 20 percent; that is, to the buyer who ordinarily would need a second mortgage in order to acquire a home. Since second-mortgage financing facilities are not at present generally available the plan provides an immediate means of obtaining such funds as a part of a single mortgage."

Again, the president of the American Bankers Association, Mr. Robert V. Fleming, stated to a group of bankers:

"I desire to call your attention to first-mortgage amortized loans on real estate which can be made under the provisions of title II of the National Housing Act. This type of loan is particularly desirable as there is no industry which can do more to stimulate employment and help in the stability of the country than the construction of homes. Furthermore, title II loans assist in making unimproved real estate liquid, thus supplying an additional purchasing power. I believe the campaign of education which is being carried on in connection with the provisions of the National Housing Act, as to the principles of amortization and standardization of appraisals, will be most helpful."

A prominent building and loan association official stated: "The Federal Housing Administration loan is really the 1935 model of the building and loan mortgage. * * * Our association is well satisfied with the reception of the Federal Housing Administration insured-mortgage plan by the prospective borrowers. We intend to make just as many loans on this plan as our funds will permit. Our association is quite willing to make loans on the 20-year plan, backed up by the Federal insurance, giving further protection to the investments of its savings shareholders."

Mr. William Green, president of the American Federation of Labor, in a message addressed "to the men and women of labor", has stated:

"The American Federation of Labor, ever anxious to provide employment for the workers and to improve the conditions under which they and their dependents live and labor, unequivocally endorsed the program of the Federal Housing Administration in its recent convention in San Francisco.

"The Federal Housing Administration has now made effective those provisions of the National Housing Act under which loans for new construction and the purchase of existing homes may be insured, thereby making possible the freeing of billions of money so long withheld from the building industry on terms fair to the borrower and safe to the lender, and opening the door of employment to millions long idle.

"In conformity with the action of the San Francisco convention, I now urge all of our people to get squarely behind the Federal Housing Administration and the building trades in their efforts to revive building and to provide better and healthier housing under these provisions of the National Housing Act.

"The ramifications of the better-housing program are almost infinite. Directly the millions employed in building and in the production and transportation of building materials will benefit. Indirectly those normally engaged in the production and sale of all types of goods and in services will benefit.

"The building dollar is a busy dollar. It is not 'hidden in a bush' or buried in a vault. From the pay envelope it speedily finds its way into the purchase of clothing, of food, of the one thousand and one things and services we all require or wish in our daily lives. In turn it makes it possible for those producing, transporting, and selling these goods and services to satisfy their own wants and needs and give employment to others."

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. DUFFY in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. HAYDEN, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

BOARD OF TAX APPEALS—SAMUEL B. HILL

The legislative clerk read the nomination of SAMUEL B. HILL, of Washington, to be a member of the Board of Tax Appeals for a term of 12 years from June 2, 1936.

Mr. SCHWELLENBACH. Mr. President, I desire very briefly to say that the President has sent to the Senate the nomination as a member of the Board of Tax Appeals of SAMUEL B. HILL, who has been a Member of the House of Representatives for many years.

Mr. HILL is recognized, not only in the House but in this body, as one of the most energetic, brilliant, and sincere Members of the Congress of the United States. On behalf of my colleague [Mr. BONE] and myself, I ask the Senate to confirm the nomination.

Mr. ROBINSON. Mr. President, I should like to add to what has been said by the Senator from Washington [Mr. SCHWELLENBACH] that this appointee to the Board of Tax Appeals is generally regarded as one of the best-informed authorities in the United States on questions pertaining to taxation.

Mr. COUZENS. Mr. President, I wish to endorse what has been said by the Senator from Washington and the Senator from Arkansas with respect to Mr. HILL, with whom I have served as a conferee on tax and tariff matters.

Mr. KING. Mr. President, the chairman of the Committee on Finance, the Senator from Mississippi [Mr. HARRISON], is absent. As the ranking member of the committee, I take this opportunity of saying a few words in behalf of Mr. HILL. I know that the chairman of the committee, if he were present, would heartily endorse the nomination.

I have known Mr. HILL for many years. I have been a member of the Finance Committee, and he has been a member of the Committee on Ways and Means of the House. He is one of the outstanding figures in Congress; and I know no man in public life who is better equipped than is Mr. HILL to discharge the duties of the important position to which he has been nominated.

Mr. BONE. Mr. President, my colleague [Mr. SCHWELLENBACH] has very generously spoken my own attitude of mind toward the able Member of the House from my own State. I am voicing not only my own regret but, I think, the regret of the great mass of the people of the State of Washington in seeing Judge HILL pass from the House as one of its able and outstanding Members. I feel that the State of Washington has lost a very valuable Representative in Congress.

The PRESIDING OFFICER. Without objection, the nomination of Mr. HILL to be a member of the Board of Tax Appeals is unanimously confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Stuart Allen, of Minnesota, to be a secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Harold M. Collins, of Virginia, to be a secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 5 o'clock and 50 minutes p. m.) the Senate took a recess until Monday, May 25, 1936, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 21 (legislative day of May 12), 1936

RURAL ELECTRIFICATION ADMINISTRATION

Morris L. Cooke, of Pennsylvania, to be Administrator of the Rural Electrification Administration for a term of 10 years, pursuant to the act of Congress approved May 20, 1936.

REGISTER OF THE LAND OFFICE

William Riddell, of Montana, to be register of the land office at Billings, Mont., vice Harry W. Hill, term expired.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 21 (legislative day of May 12), 1936

BOARD OF TAX APPEALS

SAMUEL B. HILL to be a member of the Board of Tax Appeals.

DIPLOMATIC AND FOREIGN SERVICE

Stuart Allen to be a secretary in the Diplomatic Service.

Harold M. Collins to be a secretary in the Diplomatic Service.

POSTMASTERS

NEW YORK

Wilmarth J. Tuthill, Goshen.

NORTH DAKOTA

Eureka H. McDougall, Cleveland.
Lloyd Lapic, Lankin.

PENNSYLVANIA

Norman B. Gregory, East Stroudsburg.
Christian A. Jansen, Essington.
Charles C. Bernd, Red Hill.

TENNESSEE

George N. Fuller, Collegedale.
John O. Bennett, Troy.

TEXAS

Louise W. Fisher, Burton.
Andrew F. Hester, Donna.
Arthur B. Hobbs, Edgewood.
John Richard Folkes, Giddings.
Norman Charles Schlemmer, Kyle.
Andrew B. Johnson, Marlin.
Rudolph J. Marak, West.

VERMONT

Alice G. Sheehan, North Troy.
James P. Gilfeather, West Rutland.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 21, 1936

The House met at 12 o'clock meridian.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Merciful Lord and our God, we are glad of life because it gives us the joyous privilege of loving, of working, of playing, and of looking up at the heavens, which declare the glory of our All-Father. We pray Thee to let us feel that there is in the heart of the Almighty One a place for every human experience and for every wandering, wavering, and unstable child of earth. Do Thou pour Thy redemptive energy into the hearts of men; quicken their intelligence, deepen their understanding, and stimulate their habits. As we go forth to duty, let our hearts know no fear but that of wrongdoing and our minds no anxiety but an earnest desire to toil faithfully for the good of our country. Through Christ our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

COLLECTION OF REVENUE ON INTOXICATING LIQUORS

Mr. SNELL. Mr. Speaker, the Chair yesterday, on the bill H. R. 9185, appointed on the minority side as conferees Mr. TREADWAY and Mr. CROWTHER. The gentleman from Massachusetts [Mr. TREADWAY] is obliged to be out of the city on important business, and he requested me to suggest to the Chair that the gentleman from Ohio [Mr. JENKINS] be appointed as a conferee on the minority side.

The SPEAKER. Without objection, the resignation of the gentleman from Massachusetts [Mr. TREADWAY] will be accepted, and the Chair will appoint the gentleman from Ohio [Mr. JENKINS] as conferee on the minority. The Clerk will notify the Senate thereof.

THE UNITED STATES CONSTITUTION—IT CANNOT SAFELY BE SUPERSEDED, AVOIDED, OR DISREGARDED

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address which I delivered before the Vermont Association in Boston on February 8, 1936.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PLUMLEY. Mr. Speaker, under leave granted to extend my remarks in the RECORD I include the following address which I delivered before the Vermont Association in Boston February 8, 1936:

(NOTE.—In the matter of change the people must be consulted. The Constitution should not be changed by the Supreme Court. It should not be changed in Washington. The people made it. They and they alone can unmake it. They can create; so also they can destroy; but I insist that the creation, the destruction, or the alteration must be the work of the people. It must be an expression of the will of a steadfast and decisive majority which has had ample time for full consideration of all that the destruction or alteration or amendment does involve.)

Responsibilities are privileges. It is a tremendous responsibility that rests on the shoulders of the American people and their representatives—this job of making the world safe for democracy. The fundamental article in the creed of American democracy, call it the fundamental dogma if you like, is the unchanging and unchangeable resolve that every human being, every individual shall have his opportunity for his utmost development—his chance to become and to do the best he can. Democracy is not only a system of government—it is a scheme of society.

Upon those of us who comprehend just the beginnings of all that democracy stands for, and may mean, rests the responsibility of bringing our neighbors to a realizing sense of the blessings that are theirs and an appreciation of the fact that there are commensurate responsibilities for each one to assume.

"Liberty," said President McKinley, "is responsibility, and responsibility is duty; and that duty is to preserve the exceptional liberty we enjoy within the law and for the law and by the law. God grants liberty only to those who love it and are always ready to guard and defend it."

Responsibilities? Yes, but they are not burdens! They are privileges to be enjoyed with a deep sense of satisfaction and appreciation of what it means to be and to exercise the prerogatives of an American citizen. We count our blessings too lightly, underestimate the value of our citizenship, and take too much for granted.

St. Paul said he was a citizen of no mean country. The Romans challenged the world with the slogan, "I am a Roman." What then should be the attitude and state of mind of every American when he takes time to consider the vastness of the domains, the type and multitudes of peoples, and the wealth of all kinds over which fly the Stars and Stripes of his country today. To no man or woman in the long history of mankind and the story of the world conquest in the rise and fall of nations has it ever meant so much as it now means to you and me to be able to say, "This is my own, my native land."

The greatest problem of the day and generation in which you and I live, the greatest question that confronts us, or has confronted us for some time, perhaps since slavery; the question before which all others shrink into insignificance is this: What shall we do with the indifferent citizen? Or to put it another way: What will the indifferent citizen do to the Republic? America has settled some tremendous questions, but as she settles this one, right or wrong, so shall the future of the American Republic be determined, so shall it stand or fall.

"These are altogether extraordinary years", says Mr. Martin, "years of preparation for a new era toward which we grope more or less in the dark. We do not know what it will require of us. We do know out of our experience that we should go armed to meet it, but armed not so much with martial weapons, though they may still be needed, as with faith in humanity, consecration on our report to the cause of all mankind. We are working in these days partly, no doubt, to save our our own skins, but chiefly for posterity. The world that is in the making now is the world of generations to come. Those of us whose years are fairly full will be lucky if we see even the beginning of it. How long it will take to get it going is guesswork, but we think that if we do not dissipate it all the little children of our day have a prospect of coming into a great inheritance.

So, ladies and gentlemen, fellow Vermonters, and friends, here in that cradle of American liberty eternally made unforgettable by Lexington and Bunker Hill and Faneuil Hall, in the time that is left me I propose as a Vermonter and an American citizen vitally interested in the welfare of my State and country and its people, concerned with respect to the record of accomplishment our generation shall leave for posterity to ponder, impressed with the

thought so aptly expressed by Homer that "He serves me most who serves his country best"; conscious of the responsibility that rests on us to make the most of our opportunities and to do the best we can in no partisan spirit (although it is true that he serves his party best who serves his country best), but with all the seriousness and power I can command I propose to direct your attention to the heritage that is ours, to your ideals as true Americans, to the end that we may renew our faith in the fundamental principles of American Government, recognize our duties and obligations to ourselves and our Nation, and show the respect that is overdue to those who gave our Nation its very life.

Probably the wisest group of men who have gathered in modern times met in the Constitutional Convention that drafted the Constitution of the United States. They knew their times. They knew the history of the era upon which the times were founded. They knew their country and dictatorship, with which they were altogether too familiar; and on the other to protect themselves against anarchy and a disorderly government, thus to secure the blessings of liberty for themselves and their posterity.

Over and over again they wrote into their fundamental laws and declarations, as did our Vermont forbears, the challenging statement that frequent recurrence to fundamental principles, a strict adherence to justice, moderation, temperance, industry, and frugality are absolutely necessary to preserve the blessings of liberty and keep government free. The checks and balances they made a part of the governmental structure they erected, if observed and followed, will continue to guarantee the perpetuity of the Nation they created and will preserve the safety of the countless millions who now and in the days to come shall seek and be entitled to the protection it affords.

I am not an alarmist, but I am concerned that the permanency of our national life and its integrity are involved in some of the governmental policies we are asked to countenance and approve. I am sure that the preservation of our liberties and the perpetuity of our form of government is the tremendous stake at issue, and which must be met. The questions confronting us are too momentous and serious to be the football of partisan politics. They transcend all questions of tariff or trade agreements; strike at the very root of all our American institutions. They are steps toward a change in our form of government. Do not minimize or forget it. This is the issue involved. The vibrant issues of the present, whatever they may be, can be faced to better advantage by us if we have, in good faith, studied how the people of the Nation and their chosen leaders faced the so-called dead issues of the past.

Those wise men, the makers of our Constitution, called their new government a republic, and were correct in so doing, for such, of necessity, was its form. Let us not forget for a moment, however, that they knew they were establishing a democracy and an independent nation. This fact was constantly and everlastingly present in their minds.

If you will study the Constitution and the debates which led up to its adoption, you will find that these forefathers of ours did not attempt to set any barrier in the way of the popular will. They sought to and did put effective obstacles in the path of sudden action impelled by popular passion, whim, or the excitement of the moment.

Every end they sought to accomplish or had in view was for the establishment of a democracy with a strong government, but of paramount importance was that it must be safe as well as strong—freed from the peril of lapsing into autocracy on the one hand or into disorder or anarchy on the other. They came here to undertake to do just what they did, and that was to establish a government in which the will of the people must be supreme. They made it so.

One of the fundamental rules and guides they followed was to make sure that it was the real will of the people that ruled. To this end they undertook to make it certain that there should be abundant time for discussion and consideration of measures, means, and policies in order that the public mind could and should be thoroughly and well informed.

Of course, we must idealize the real if we would realize the ideal, but facts must be faced as facts. We may well keep our wagon hitched to a star, but we must keep our feet on the ground. The times call for practical men; practical ideas.

Times change and conditions with them. New times and new conditions must be met by and with the action and legislation they demand. As all wisdom did not die with our forefathers, so also it is true all wisdom was not born yesterday. Yet not a single new question arises but involves some one or more of the oldest theories of government. History repeats itself, and the experience of the ages is always a safe guide.

It has been well said that never before in the history of our country has it been so necessary for every citizen to exercise intelligently the rights of citizenship. Our country is faced with a crisis more serious than any depression; by a question more basic than unemployment, prices, or heavy debts. The continuance or the discontinuance of the freedom we have enjoyed, the loss of liberties that are ours, the abolition of the traditional American order, the absolute change in form of our established Government under our written Constitution and our laws is the issue that confronts us.

The next time we as citizens cast our votes in a national election we shall be voting not for a man, not for a party, not for a remedy nor any group of remedies, but for or against the American form of government. The sooner we realize this the better it will be for all concerned.

We shall have to decide whether our political procedure is to rest upon a basis of democracy or dictatorship; whether our economic order is to rest upon private enterprise or political management; upon a basis of broadly balanced powers or of highly centralized bureaucracy.

It has been aptly stated that no price we may be called upon to pay to prevent the death of democracy will be too high a price, for with all its weaknesses, which are admittedly many and manifest, democracy is, in the long run, both safer than and superior to a socialistic or communistic state or to dictatorship. We should think twice before we follow the lead of Soviet Russia, Fascist Italy, and Nazi Germany. They have made no progress comparable with that which we have accomplished. Centralization of authority in the government never has been durable and never will be. Let us make no mistake. The charter of our Government has not been invalidated by the changed circumstances the years have brought. Grounded on sound principles of government, it may be adapated to changing circumstances but cannot safely be superseded, avoided, evaded, or disregarded. In it is found the result of mankind's attempt to find a workable compromise that will keep power centralized enough to achieve efficiency without tyranny and keep power decentralized enough to achieve freedom without anarchy.

It is a far cry back to the days of the Plymouth Colony, and Jamestown, but the fundamentals have not changed; fads and fancies have danced their little day on the stage and made their exit into oblivion. The realities remain. The early settlers of America bequeathed to their descendants certain institutions, customs, manners, and opinions which are essential to and have contributed most successfully to the permanency of our democratic form of government.

De Tocqueville says that when he contemplates and reflects upon the consequences of their primary acts he "sees the destiny of America embodied in the first Puritan who landed on these shores." These hardy pioneers out of their experience proclaimed principles undoubtedly scorned, rather than unknown, by the nations of Europe, which were and have been accepted as the creed of a great people.

Whatever history may teach with respect to the beneficent effects of paternalism and centralization in other countries and under other forms of government, we of the United States of America must oppose the further extension of both; must rely for the perpetuity of our institutions upon the functioning of the local governmental unit, for if experience teaches us anything, we must already have learned that John Fiske spoke truly when he said that "the preservation of local self-government is of the highest importance for the maintenance of a rich and powerful national life."

The centralization tendencies in government, ever growing more pronounced, have fastened their tentacles around the surviving representative of the most nearly perfect democracy ever created. The paternalistic state is cooperating to help strangle its child. The question which confronts you and me is, Shall we stand idly by as accessories both before and after the crime?

During recent years there has grown up a theory wholly at war with American principles of constitutional government, and that theory is: When an emergency exists, or when Congress and the President declare an emergency to exist, this in some way enlarges the power of the Congress and the Executive under the Constitution. It is further contended that the courts are justified under such circumstances to consider matters other than the terms of the Constitution itself. This theory has been argued and urged in several cases, but the Supreme Court has held that it was bound by the terms of the Constitution. It has declared again and again, in effect, that it would sustain in the fullest measure all powers which the people had written into the Constitution, but the Court has repeatedly declared that it did not feel justified in wholly disregarding the language of the Constitution. A decision of the Court based upon the theory that the Court could consider anything other than the terms of the Constitution itself would create a complete judicial oligarchy. It would leave the question of the extent of power to the determination of those exercising power—a complete definition of despotic power.

In rejecting the doctrine that an emergency justifies a disregard of the plain terms of the Constitution, the Supreme Court announces no new doctrine. Sixty-nine years ago a man, a civilian, as you and I, was tried by military court and sentenced to death. He appealed to the Supreme Court, claiming that under the Constitution he was entitled to be tried by a jury. The argument was made that the great Civil War was an emergency of such a nature that the Court would be justified in disregarding the provisions of the Constitution which guarantees the right of trial by jury. The Court rejected this vicious doctrine, saying: "No doctrine involving more pernicious consequences was ever invented by man than that any of its provisions (the Constitution) can be suspended during any of the great exigencies of the Government. Such a doctrine leads directly to anarchy or despotism."

If any such power is to be given the Court or to the Congress or to the Executive, let those who urge that such powers be given, come forward with a proposal in the way of an amendment to the Constitution. A change of this stupendous moment should not be made by the Court through strained and unnatural construction, or by the Congress through disregard of its constitutional obligations.

In the matter of the change the people must be consulted. The Constitution should not be changed by the Supreme Court. It

should not be changed in Washington. It should be changed by the people alone. You and I, our family, our friends—we, the people—in this country of ours are more important than our instrument, Government. Government should be made to serve us rather than dominate us. The State, which is man's own creation, exists for the sake of us, of our people, rather than as some would have us believe, that we exist for the sake of the State.

The people made the Constitution, the people can unmake it if they so see fit; they can create, so also they can destroy, but I insist that the creation, the destruction, or the alteration must be the work of the people. It must be an expression of the will of a steadfast and decisive majority which has had ample time for full consideration of all that the destruction or alteration or amendment does involve.

If all the checks and balances, all the carefully devised safeguards to protect us are to be swept away, disregarded, discarded, or suspended by dictatorial decree or nonobservance, or lack of respect, then we need no Constitution at all!—This instrument acclaimed "the greatest charter of liberty ever drawn."

We need to wake up! And we may as well be told first as last that our lives, our liberties, and our property are at stake, and upon us rests the responsibility for the final decision with respect to what we shall do to protect them all.

Constitutional government moves too slowly to suit some people who wish to convert it into an instrument for the quick satisfaction of their own desires, or to attempt to legalize operations which may be either beneficial or harmful to the people. This subject of the liberty which was granted to us under the Constitution, is one which whatever people may say is not to be treated lightly. The Constitution is a declaration of principles, not to be altered by the whim of a moment or suspended or circumvented by executive, bureaucratic, judicial, or legislative act. Any other attitude with respect to the Constitution of the United States may and will lead to nothing less than a complete revolution in our system of government.

President George Washington, in his Farewell Address, said: "If, in the opinion of the people, the distribution or modification of the constitutional power be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this, in one instance may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield."

You cannot make me believe that when they see where they are headed even the stress of economic necessity or any alleged emergency will ever induce the American people to consider any proposal insidiously designed eventually to destroy completely the American form of government.

As a Vermonter, speaking to Vermonters, I do not need to reassert that all governments derive their just powers from the consent of the governed; that sovereignty resides in the people; how well we Vermonters know that governmental power originates in the people, and a government, therefore, can have and exercise only such powers as the people yield.

So, beside the question of the maintenance or destruction of the Constitution of the United States, all other questions of law and policies sink into utter insignificance. In its presence party lines should disappear, all sectional differences melt away like the early mists of dawn before the rising sun. The Constitution is our fundamental law. Upon its provisions rests the entire fabric of our institutions. It has disappointed the expectation of those who opposed it, convinced those who doubted, and won a success beyond the most glowing hopes of those who put their faith in it.

Whatever the adventures we undertake, the goals we seek to reach, we are trustees for the future of America, and in our responsibility we must not fail. We have an inheritance to safeguard, to transmit; a system of ordered liberty in which statutes and theories of social experimenters must yield to the Constitution, in which the people are governed by law and not by man, and in which human rights are deemed to be sacred and inalienable. Many free countries have lost their liberty, and ours may lose hers, but, if she shall, let us as Vermonters join together in spirit with Lincoln when he says: "Let it be my proudest plume, not that I was the last to desert, but that I never deserted her."

VOCATIONAL EDUCATION

Mr. GREENWOOD, from the Committee on Rules, by direction of that committee, presented the following privileged resolution, which was referred to the House Calendar and ordered printed:

House Resolution 520

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 12120, a bill to provide for the further development of vocational education in the several States and Territories, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

BONDED INDEBTEDNESS, MUNICIPAL CORPORATIONS, ALASKA

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 8766, an act to authorize municipal corporations in the Territory of Alaska, to incur bonded indebtedness, and for other purposes, and concur in the Senate amendments.

The SPEAKER. The Clerk will report the Senate amendments.

The Clerk read the Senate amendments, as follows:

Page 1, line 4, strike out all after "authorized" down to and including "not" in line 8, and insert "to construct, improve, extend, better, repair, reconstruct, or acquire public works of a permanent character and to incur bonded indebtedness and issue negotiable bonds for any or all of such purposes: *Provided, however*, That no municipal corporation shall incur a bonded indebtedness or issue its negotiable bonds under this act to an amount which, including existing bonded indebtedness shall."

Page 1, line 10, strike out all after "municipal" down to and including "Territory" in line 2, page 2, and insert "corporation. Such public work shall include but not be limited to streets, bridges, wharves and harbor facilities, sewers and sewage-disposal plants, municipal buildings, schools, libraries, gymnasia and athletic fields, fire houses, and public utilities."

Page 2, line 18, strike out all after "SEC. 3." down to and including "may" in line 20, and insert "Bonds issued pursuant to this act shall."

Page 2, line 24, strike out all after "private" down to and including "and" in line 1, page 3, and insert "sale, may be redeemable (either with or without premium) or nonredeemable."

Page 3, line 2, after "only," insert: "and may be executed by such officers and in such manner."

Page 3, line 4, after "bonds.", insert: "In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signatures, whether manual or facsimile, shall, nevertheless, be valid and sufficient for all purposes, the same as if such officers had remained in office until such delivery."

Page 3, line 7, after "annum", insert: ", payable semiannually."

Page 3, line 18, after "conflict", insert: "; but nothing contained in this act shall affect any bonded indebtedness heretofore incurred or heretofore authorized by law. The powers conferred by this act shall be in addition and supplemental to and the limitations imposed hereby shall not affect the powers conferred by any other law."

The SPEAKER. Is there objection?

Mr. SNELL. Reserving the right to object, this seems to be important and far-reaching legislation. I understand from the Delegate from Alaska that it pertains only to cities in Alaska and that they have agreed upon this legislation and want it.

Mr. DIMOND. The gentleman is correct.

Mr. SNELL. I have no objection.

The amendments were concurred in.

The SPEAKER. Under the special order, the Chair recognizes the Delegate from Alaska for 15 minutes.

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a brief statement about farms in the Matanuska Valley made by a resident therein, and a short letter.

The SPEAKER. Without objection, it is so ordered.

ALASKA—FACT AND FICTION

Mr. DIMOND. Mr. Speaker, in the issue of the Washington Sunday Star of April 19 appeared an article concerning the Matanuska Valley, Alaska, farm settlement, by W. Pledge Brown. Similar articles by the same author have been published a number of times in newspapers in various parts of the United States. Some months ago—in fact, last January—a friend of mine sent me a copy of substantially the same article which had been published in Capper's Weekly, and I have been informed that at least a dozen newspapers in the United States have published, and presumably bought and paid for, articles differing little, except in arrangement of paragraphs and transposition of language, from each other and the one which was so published in the Washington Sunday Star.

While I realize how futile it is to endeavor to answer all of the untrue statements which are made orally or appear

in the newspapers or in other publications about a man, a project, or a policy, yet, to my own personal knowledge, the series of articles written by W. Pledge Brown and published in the newspapers over the country about the Matanuska settlement are so almost wholly untrue that it seems some effort should be made by those of us who have accurate information on the subject and are interested in having the truth known to state the facts. Hence, with the consent of the House, I have obtained time today to tell the Members of this body something about the Matanuska Valley farm settlement and its prospects for success and something of farm lands and farming in Alaska.

As a preliminary, however, and since in the course of what I have to say it will be necessary to show as untrue, and perhaps false, many if not most of the statements so made by the author of the article in the Star and of the other similar articles mentioned, it may be well to find out who W. Pledge Brown is.

During the winter of 1934–35, a W. Pledge Brown spent several months in Alaska, principally in the cities of Ketchikan and Juneau. He claimed to be a newspaperman and appeared to have some newspaper experience. I have made careful inquiry concerning W. Pledge Brown's journeys in Alaska and, although he claims to have been editor of the Ketchikan Daily Chronicle, and in the article appearing in the Star he says that he has lived in the Territory for more than 5 years and has covered news from Ketchikan to Nome and from Nome to Point Barrow, in truth and in fact, he was never an editor of the Ketchikan Daily Chronicle or employed by that paper, and his very limited experience in Alaska has been confined largely to the cities of Ketchikan and Juneau and never, so far as I can ascertain, has he been in the Matanuska Valley or in Nome, nor has he ever visited Barrow; accordingly when he writes of farming in Alaska, he is writing of something concerning which from personal observation and experience he knows precisely nothing.

W. Pledge Brown—his full name was there given as Wilbur Pledge Brown—however, while he was in the city of Ketchikan, Alaska, did have one experience somewhat out of the ordinary. In that city on December 24, 1934, he was charged with larceny in a dwelling house, the allegation being that he had stolen a woman's purse at a party. Hearing on the charge was held before Judge E. C. Austin, United States Commissioner at Ketchikan, on January 11, 1935, and at that time Mr. Brown pleaded guilty to petit larceny and was fined $25. On this sentence he served 1 day and thus received a credit of $2 on his fine under the laws of Alaska, and paid the remaining $23. When Mr. Brown left Ketchikan he failed to pay a number of debts which he owed and, so far as I have been able to learn, these debts have never been paid.

The illuminating incident just mentioned in the life of W. Pledge Brown, who visited Alaska as above stated, and the claim of the author of the article which appeared in the Washington Star and of similar, and indeed almost identical, articles which have appeared in a number of newspapers in several cities in the United States, led me to make further inquiry about W. Pledge Brown, and as a result of such inquiry it appears that the W. Pledge Brown who pleaded guilty to petit larceny in the city of Ketchikan, Alaska, on January 11, 1935, is identical with the following: One William P. Brown who was investigated by the police department of Phoenix, Ariz., on or about September 3, 1929, concerning the issuance of checks, one Wilbur P. Brown who was subject to a like investigation by the police department of Los Angeles, Calif., on or about September 10, 1930, on a charge of issuing a N. S. F. check, and who was convicted of petit theft and sentenced to 180 days' imprisonment—suspended; one Wilbur Pledge Browne who was investigated by the police department of Pasadena, Calif., on or about January 28, 1931, on a charge of grand theft involving a motor car, which charge was later dismissed; one Pledge Brown, alias Wilbur Pledge Browne, who was charged in Los Angeles, Calif., with grand larceny involving an automobile on or about January 31, 1931; one William Pledge Brown, alias W. P. Brown, who was investigated by the police department of Washington, D. C., on or about March 20 to March 23, 1936, on a charge of grand larceny. Further inquiry discloses that the records of the city prison of Columbus, Ohio, show one W. Pledge Brown on June 16, 1932, to have taken a Buick car from the U-Drive-It Co. of Columbus and departed; that the company caused a warrant to be issued for his arrest on June 22, 1932; that on June 16, 1932, W. Pledge Brown cashed a worthless check at the Deshler-Wallick Hotel in Columbus, and as a result thereof on June 22 the hotel management caused a warrant for his arrest to be issued; that on the same day, namely, June 16, 1932, W. Pledge Brown received his final check from the Ohio State Journal and left, taking with him a typewriter which belonged to that newspaper, but in his generous attempt to make a fair exchange he left something—he left numerous small debts owing to other employees of the paper. The theft of the typewriter was reported to the police, but no warrant was issued.

But perhaps the most despicable thing which has come to my attention concerning W. Pledge Brown is revealed in a letter written to the Ketchikan Chronicle by a lady in Kansas. This letter bears every sign of truth, and it reveals more clearly than the mere conviction of a petty thief just what the manners and morals of W. Pledge Brown are. The letter mentioned is dated December 10, 1935, and reads as follows:

KETCHIKAN CHRONICLE,
Ketchikan, Alaska.

DEAR SIR: I am enclosing in this letter to you a letter addressed to Mr. W. Pledge Brown, of the Ketchikan Chronicle.

I met Mr. Brown recently while he was in Topeka, Kans., at which time he wrote an article on Alaskan conditions for the Topeka Daily Capital (Nov. 24, 1935, issue). The paper states that W. Pledge Brown is staff writer for the Ketchikan (Alaska) Chronicle, and he had returned to the United States as one of the Alaskan delegation to the national convention of the American Legion in St. Louis. They also state that Mr. Brown will return to his duties in Alaska in December.

It seems that during Mr. Brown's stay in Topeka that he became temporarily financially embarrassed. At his request, in writing, and over the signature of the Ketchikan Chronicle, Ketchikan, Alaska, I loaned Mr. Brown $5, which he promised to return to me not later than the following Tuesday noon, November 26, 1935, when he was supposed to receive a sum of money by special delivery. Tuesday night I found out that he had checked out of the Throop Hotel in Topeka, Kans., and had left, forgetting to extend me the courtesy of returning the $5 I loaned him.

Mr. Brown went from Topeka to Kansas City, and I am informed through correspondence with Mr. Jerome Walsh, a lawyer in the Bryant Building, Kansas City, Mo., whose acquaintance Mr. Brown had made, that Mr. Brown had checked out of the Ambassador Hotel in Kansas City, Mo., leaving no forwarding address.

A feature article by Mr. Brown appeared in the Kansas City Journal-Post about December 2.

If in any possible way you can deliver the enclosed letter to Mr. Brown, will you kindly do so at once for me?

I am sorry to cause Mr. Brown any unnecessary embarrassment, but it was not without considerable sacrifice that I granted his request to lend him this amount. Or if you can collect this for me you may keep $1 for your trouble and mail me the $4.

May I hear from you by return mail?

Sincerely,

——— ———.

I will not reveal the lady's name because it might cause her embarrassment and undeserved shame. It is a pity and a tragedy that men like W. Pledge Brown are permitted to roam the country fleecing people, and it is surprising that editors are so credulous and so gullible as to accept and publish, without adequate question or examination, the mendacious articles furnished, and, I suppose, really sold to the newspapers by Mr. Brown.

And that is not all. A letter which appears to be authentic gives the information that W. Pledge Brown, subsequent to his visit to Alaska, left the city of Bay City, Mich., owing his hotel bill, a clothing bill of nearly $10 and a "check that bounced back from a Seattle bank for $25." Further similar details of his scoundrelly record are available, but surely that is enough. I could forgive him for everything except his cheating the Kansas girl out of $5. We have a word for men of that type in Alaska.

Now let us for a moment analyze, paragraph by paragraph, the article written by W. Pledge Brown which appeared in the Washington Star. As I observed a moment ago, so much of it is untrue that it is hard to find anything material in the entire article which is really correct or accurate.

Mr. Brown says that to date the Government has expended approximately $18,000 per family. That statement is untrue. The Government has expended approximately one-half of the amount stated by Mr. Brown, but a considerable part of that expenditure has been made for necessary roads which should have been constructed whether the 200 families were settled in the Matanuska Valley with the aid of the Government or not. Before the establishment of this colony was ever thought of, the Federal Government and the territorial government of Alaska, and the municipal government of Anchorage had spent substantial sums of money in the building of roads in the Matanuska Valley and to connect that valley with the city of Anchorage, some 40 miles away. This connecting road has long been recognized as a real necessity for the development of the region, not only for its farms and for the expansion of farming, but for the mines which lie just beyond the edge of the valley in the Willow Creek region. It would be unfair and unjust to charge against the colonists or against this particular settlement project all of the sums that have been so spent in road building, since the object of building the roads was not only to serve the Matanuska Valley settlement but also the other farmers already living in the valley and those who in the future will, on their own initiative, undoubtedly settle there.

Moreover, the money so spent in road building should have been and would probably have been spent anyhow as a part of the relief work in the Territory of Alaska; and, surely, it is much better to put men to work on economically useful projects such as public roads than it is to give them the money for doing work which is not so valuable to the public and to posterity. The roads being built are really a sound contribution to the development of that region, and so to the development of Alaska, and the only pity is that three or four times as much money has not been expended in Alaska during the past several years for building roads that are equally needed in other parts of the Territory.

Mention is made in this article of the number of colonists who returned to the United States. Let me state the facts: Of the 897 colonists who went to Matanuska, approximately 750 remain there and are quite content to remain, and thankful that they have this outstanding opportunity to make themselves self-supporting and successful. I have been furnished with a copy of a telegram, dated April 14, 1936, from Col. Otto F. Ohlson, general manager of the Alaska Railroad and chairman of the Alaska Rural Resettlement Corporation, the Government corporation having charge of this project, addressed to Col. Lawrence Westbrook, Assistant Administrator of the F. E. R. A., saying that with the exception of two families, the colonists then—April 14, 1936—in the Matanuska Valley, embracing 158 families, report they are glad to be there and that they intend to remain. One man remarked, "You could not drive me away"; and another, "The soil and climate conditions here are far better than where we came from." Similar statements were made by other colonists, indicating that they are not only willing but eager to undertake the hard work which confronts them, for they believe they are bound to succeed and to make eventually not only a living but a competence.

In this article Mr. Brown proceeds with his misinformation, talking about the "long night", as he says the winter is known in the north country, and then goes on to say, "The only thing the colonists could do was to stay in their cabins and take it on the chin" during the winter. Arrant nonsense! Official records show that the average temperature in the Matanuska Valley during the month of January 1936 was plus 12.9° F.—remember that is 12.9° above zero. Anyone who has ever lived in the Northern States knows perfectly well that, with proper food and clothing and shelter, a temperature of 12.9° above zero causes no suffering, and in fact it is admirable weather for hard outdoor winter work, such as cutting down trees and clearing the land so that in the spring, when the frost goes out, the stumps may be removed and the land readily plowed.

In the Matanuska Valley the shortest day of the winter gives at least 8 hours of daylight. And a man who works out of doors steadily for 8 hours will do a fair day's work; and, so far as the work is concerned, he does not really need any more daylight, though a longer daylight period would undoubtedly be a comfort and a convenience. But even if the winter days are short, the briefness of the light of those days is made up to the fullest extent in the summertime, and it may be well here to remind ourselves that every part of the earth has the same amount of sunlight during the year. True, the days in the Matanuska Valley, which is a little farther north than the parallel of 61° north latitude are short in the wintertime, but in midsummer the valley is bathed in approximately 20 hours of sunlight each day and enjoys daylight for the full 24 hours.

One statement contained in Mr. Brown's article which appeared in the Star is so grossly untrue that it calls for special comment. The same statement occurred in the almost identical article which appeared in Capper's Weekly months ago. I refer to that part of the article which reads as follows:

> First of all, there is no topsoil, so important to farming, to be found anywhere in Alaskan territory. Alaskan soil is covered with tundra and moss, under this a sandy gravel, and under the gravel a rich black loam. The "farmer" must dig for the soil needed.

There is simply not a word of truth in all of that. The fact is that there is ample topsoil on those lands of Alaska, more than 40,000,000 acres in extent, which are considered to be agricultural and grazing lands. It is true, of course, that in the northern half of the Territory there is plenty of moss and tundra and no farming soil in the common meaning of that term. But we are not now speaking of the reindeer ranges or the barrens, but of the farm lands of Alaska, and particularly those of the Matanuksa Valley. In that valley the surface is covered with rich black loam, varying from 3 to 10 feet in depth. I personally have seen test pits dug in the valley to a depth of 6 feet without getting through the loam. Underneath this loam gravels are usually found, thus affording excellent drainage.

Later in the same article Mr. W. Pledge Brown contradicts himself when he says "with little or no drainage in the Matanuska Valley the water from the melting of the winter snows and the rains of the summer months seeps directly into the ground, making the valley a sea of mud and the soil too rich for productive farming." It will be observed that in one paragraph he says there is no top soil in Alaska and that immediately under the moss and tundra a sandy gravel is found, and then further along in another paragraph he talks about the valley being a sea of mud and says "the soil is too rich for productive farming." One wonders how any editor, no matter how careless, would pass such a plain contradiction on a very important point.

Mr. Brown tells about the annual rainfall of approximately 164 inches in southeastern Alaska. That happens to be correct and is, in fact, one of the few accurate statements in the entire article. But he fails to say that the average annual rainfall in the Matanuska Valley over a period of years has been exactly 14.80 inches. The explanation is that the Matanuska Valley is far enough in the interior of Alaska to be out of the region of heavy rainfall which bathes the coast.

The article further states that "prior to the coming of the new colonists there was not such a thing as a farm in Alaska." That statement is so foolish that even the most casual inquiry would have revealed its falsity. Actual farming has been carried on in Alaska and in the Matanuska Valley for many years and, where undertaken energetically and intelligently, it has been generally successful.

Mr. Brown further states, with the same disregard for fact, that the potatoes grown in the Matanuska Valley are unfit for human consumption; that the berries are tasteless and stringy; that the lettuce, cabbage, rhubarb, tomatoes, and other vegetables look beautiful in a crate or box, but when cut into they are rotten in the core. All untrue. The fact is

that the potatoes and other vegetables are of first-class quality. I have eaten potatoes grown in the Matanuska Valley (grown, in fact, on one of the bars of the Matanuska River) as fine and dry as any potatoes I ever ate, and I know that the lettuce, cabbage, rhubarb, tomatoes, and other vegetables are of first-class quality, sound and firm throughout.

It has been said that when new soil anywhere is first plowed up it will not produce crops of good quality the first year, perhaps due to a lack of nitrogen in the soil or to some other cause. But the Matanuska farm lands which have been under cultivation for several years produce crops that, in my judgment, cannot be surpassed in quality anywhere in the world.

Mr. Brown, in writing this series of articles, appears to rely on the general theory that as long as something bad or discreditable is said about a man, or a country, or a project, or a community, or a region, the statement may be sold as news, whereas if the truth is told it is so lacking in interest that no publisher would pay for it or print it. That, of course, is not always correct, but it seems to work sometimes. Many articles giving the truth of the situation in the Matanuska Valley have been published in newspapers and magazines over the country, and the writers did not find it necessary to depart from the truth in order to secure sale and publication of their statements.

If I were to point out every incorrect or untrue statement contained in Mr. Brown's article, these remarks would be carried to undue length, but in passing I must give a few more examples of what appears to be either gross exaggeration or absolute mendacity. Mr. Brown, in this article, has halibut swimming up the rivers of Alaska to spawn. If any halibut has ever entered a river of Alaska to spawn, certainly no one except Mr. Brown has ever before heard of it. As a matter of truth, the halibut spawn in the ocean and not in the rivers. Mr. Brown says that a $5 bounty is paid on eagles; the truth is that the bounty is $1. He has the eagles in this article picking the eyes out of the halibut and salmon. In order to pick the eyes out of a halibut, an eagle would have to dive deep into the salt water, and no one in Alaska has ever seen an eagle do that.

The article contains the statement that an 8-cent bounty is paid on trout regardless of size. The fact is that in a few restricted areas of Alaska a bounty of 2½ cents apiece is paid for the Dolly Varden variety of trout because this variety is especially destructive of salmon spawn. Further reference is made to the packs of wolves which roam Alaska in groups of 20 to 50. I have lived in Alaska more than 31 years, and during a substantial part of that period I was engaged in prospecting and thus had occasion to observe the habits of the wildlife of Alaska. I never saw a pack of wolves above five in number (probably a family, not a pack) and never knew of anybody who claims to have seen such a pack. Dr. Vilhjalmur Stefansson, the famous scientist, author, and Arctic explorer, includes the wolf-pack fable in what he satirically refers to as standardized misinformation. It is true that wolves are destructive of game, and the Territory pays a bounty on them. But not a wolf has been killed in the Matanuska Valley in 5 years. Wolves do not frequent the region in which the colonists are situated. The Territorial bounty on wolves is $20, not $15, as stated by Mr. Brown.

Mr. Brown would have you believe that disease in the Matanuska settlement was rife and the death rate terrible. The truth is that the health of the people in the settlement has been excellent. There has been sickness in the valley, but I do not know of any community in the United States where all illness has been banished. At Matanuska, some of the settlers have suffered from measles, chickenpox, and scarlet fever, but such diseases are not confined to Alaska. Mr. Brown graphically describes the sad death of a 4-year old boy. Death is always tragic, and the sight of a cheerful, happy child taken from his loved ones is particularly so. Doubtless it cast a pall over the entire colony, as such misfortunes always do. Death, as we well know, is not restricted to the aged and infirm nor to the youthful—death strikes at all ranks and all classes, and while we may deeply sympathize with the loved ones of this young boy, the first of the colony to go, we must remember that death comes to happy, loving children all over the world even where every medical facility is available. The truth again is that from the very beginning of the settlement, the colonists were amply taken care of with the services of a physician and nurses, and one of the first things that was done in the colony was the construction of a hospital. As a result of that care, the death rate of the colonists has been only about one-half of the death rate in the continental United States. I much doubt if any of the colonists who have remained in the country would say that their health has not been amply and adequately taken care of.

My mind goes back to the early days of Alaska, when sometimes sick or injured people would be obliged to travel hundreds of miles to reach a physician, provided they were able to travel at all; and in some of the outlying parts of the country, at the present time, where as many people live as reside in the Matanuska Valley, there is no physician within 100 miles, and no hospital and no nurse. The colonists who have settled in the Matanuska Valley are much better cared for with respect to health and medical service and hospital facilities than many other of the permanent old-time residents of Alaska. Mr. Brown's inference to the contrary is simply 100 percent untrue.

In this article, mention is made of the establishment of the colony and the "able direction" of Don L. Irwin, first director of the colony. But, acording to Mr. Brown, this "able direction" should be understood with reverse English, because a little further along he talks about the advent in the colony of Colonel Hunt, who "soon established order out of chaos." If the direction of Mr. Irwin was able—as it unquestionably was—how did the chaos arise? In fact, the "chaos" is simply a figment of the imagination of the author.

It is true, of course, that in the establishment of the colony mistakes were made and everything did not move as smoothly at first as a perfectly coordinated engine. The transportation of 200 families with their supplies and equipment to one place within a short time resulted in some confusion, but it was not long until good order was evolved. Upon their arrival the colonists were accommodated in comfortable tents. I have lived in tents for years, and I know there is no hardship in so living. The permanent houses were constructed and the colonists were in them before winter came. They have really suffered no substantial hardship when one considers the care and protection and thought given to the establishment of the colony and the resultant comfort and convenience, and then considers the condition which confronted the early settlers at Plymouth, and at Jamestown, or in Kentucky, or Colorado, or anywhere else during pioneer days. It almost makes one smile to hear it said, as Mr. Brown says in words or by inference, that the Matanuska colonists were exposed to hardship and suffering and sickness and danger and death.

Colonization schemes have always been laughed at until they have succeeded. The bold adventurers who left Europe to settle in the wilderness of America in the seventeenth century were ridiculed by those who stayed at home, and I have no doubt that among the settlers themselves after they arrived in America there was considerable grumbling and discontent, and that if telegraph communication had been available, some of them would have wired back home and told their friends and the members of Parliament how tough things were in the New World, and how badly they had been misled, and how much they wished they were back. But the great majority of the settlers would have stayed in America, anyhow, and they would have made the country what they have made it and what we see today.

Then in conclusion, in order to give his article a romantic scund, Mr. Brown talks about the wilderness of the Territory "as it was in the days of '98." He says:

> Trappers, loggers, prospectors, and miners still blow into the coastal towns with thousands of dollars in their poke and cash in across the bars and call on drinks for the house.

The poor man does not know how to write simple English language, and apparently the proofreader was no better informed.

Again the truth is the exact reverse of what Mr. Brown tells us. The truth is that Alaska is a sedate, peaceful, and quiet country. When the average miner brings his gold into town he promptly takes it to the bank and has the proceeds deposited to his credit. After all, most miners and prospectors have some sense and judgment, just like the remainder of the people of the country. This conclusion shows how totally unfamiliar everything in Alaska is to W. Pledge Brown, or else that his mind is of such a type that he blends fact and fiction indiscriminately and does not know or care which is which.

While it would not be becoming or in accordance with the rules and dignity of this House to use any harsh term about the veracity, or lack of it, of W. Pledge Brown, or to speak what has been called the "short and ugly word", perhaps I may be justified in adopting with respect to Mr. Brown a statement once used in a lawsuit concerning a patently untruthful witness by one of the ablest lawyers of Alaska, Mr. Joseph H. Murray. And so I suggest of W. Pledge Brown, that if you should happen to see him walking down the street with Ananias on one side and Sapphira on the other, you might be certain that he was in the bosom of his family.

The need of telling the truth about the Matanuska settlement has just been brought powerfully to my attention by an article appearing in the issue of the Literary Digest of May 9, 1936. It appears to be based very largely, if not entirely, upon the numerous statements made by W. Pledge Brown and printed in newspapers over the country. While the Literary Digest does not name Mr. Brown as the source of its information, it has adopted so much of Mr. Brown's language and solemnly repeats so much of his misinformation that the internal evidence of the Literary Digest article shows, I think, beyond dispute that it is largely based upon the articles of W. Pledge Brown. The Literary Digest echoes Mr. Brown in the incorrect statement that the bounty on eagles in Alaska is $5 and the bounty on wolves $15, and no one but Mr. Brown, writing of Matanuska, could be so ignorant as to make those statements. No one but this "expert" on Alaska could have written the fantastic paragraph, followed almost verbatim by the Literary Digest, to the effect that the farmer must dig to get at the soil; that the Alaska ground is covered with moss and tundra under which is gravel, and under the gravel the needed loam. The Literary Digest simply must have swallowed this whole upon the authority of W. Pledge Brown.

Mr. Brown also tells us gravely that the Alaska strawberries are tasteless and stringy. The Literary Digest's editor varied the language by saying that they are "stringy and tasteless." Before the advent of Mr. Brown no one in Alaska ever heard of the Alaska strawberries as "stringy", because they are the very reverse of that. I greatly fear that the editors of the Washington Star and the Literary Digest yielded to the charm of alliteration in connecting the word "stringy" with the word "strawberries." It is a wonder that they did not go further and say "stringy, slinking strawberries." Mr. Brown was remiss in not suggesting that. If a charge of plagiarism were made by Mr. Brown or the Washington Star on account of the article appearing in the Literary Digest, the "deadly parallel" might be invoked to sustain the charge.

The Literary Digest has gone W. Pledge Brown one better in expanding the packs of wolves which are said to roam Alaska. Mr. Brown was content to place the number of the largest pack in his article which appears in the Star at 50, but the Literary Digest evidently consulted Mr. Brown again, or else took a deep breath before speaking, because the wolf packs, according to the Literary Digest, number from 50 to 200. Really, Baron Munchausen was never able to do much better than that. The Literary Digest follows Mr. Brown in reversing the laws of nature by having halibut swim up the rivers, where their spawn is eaten by trout. This statement exhibits the Brown touch—no one else could have done that job. The Digest goes on to say that the salmon and halibut fishing is worth $2,000,000 a year to Alaska. Possibly the editor of the Digest, or Mr. Brown, or both, were here engaged in an adventure in using the emphasis of understatement, for the records show the yearly value of salmon and halibut fisheries to Alaska to be many, many times that sum.

The Digest also refers to "Alaskan agricultural engineers." Judging by the extent to which the article appearing in the Digest is apparently based upon the statements made by W. Pledge Brown, one naturally arrives at the conclusion that Mr. Brown has been promoted by the Digest and that he is now, in the estimation of the editors of the Digest, an Alaskan agricultural engineer. Mr. Brown's creditors in Ketchikan, Alaska, and the law-enforcement officials at that place will doubtless take interest in his change of status.

There is another unhappy circumstance concerning the article which so appeared in the Literary Digest, and that is the melancholy conclusion which one must draw therefrom—the conclusion that the editors of such a great publication did not make a sufficient, if any, investigation to determine the accuracy or lack of accuracy of the matter which appeared in that particular article. After all, the Literary Digest, unlike many newspapers, claims to be nonpartisan, and that it attempts to present the facts fairly. While I do not challenge or deny the truth of that claim, it is particularly painful to have the magazine give the persuasive force of its columns, reaching, as they do, into every part of the United States, as to matters upon which it is apparent no fair investigation was ever made and which are evidently based upon the statements of a man who is not only entirely ignorant of the subject but whose character is such as to render him unworthy of belief. The least that the Literary Digest could have done before printing this alleged "news" was to have made some sort of an effort to determine the facts; but apparently such a course of action never occurred to the person responsible for the printing of the article. After reading that story, Alaskans, at least, will wonder how much reliance can be placed on other matter appearing in the Digest.

It is difficult for truth to overtake or correct error once the error is spoken. Many newspapers in the United States, including the Washington Star and now the Literary Digest, have printed a series of statements which give a totally false picture of the Matanuska Valley settlement and of Alaska generally, and which are, as a matter of fact, almost entirely untrue based upon the authority of W. Pledge Brown. It is likely that millions of people have read or will read these statements, and it is further likely that not a hundred people will read the truth of the matter, either embodied in what I have to say here today or otherwise, and that every newspaper and magazine which without investigation published Mr. Brown's statements will take no notice of the correction here or elsewhere made or of the facts here or elsewhere presented.

Now, it seems too bad that time must be used up in denying such groundless statements, but it seems to be my duty to deny them, because if not denied many people, including Members of Congress, may believe them to be true. Moreover, the statements of Mr. Brown have had such wide publicity as to possibly give a large number of our citizens an entirely erroneous idea about the Matanuska Valley farm settlement and about Alaska generally. In fact, one Member of Congress recently asked me if I had read Mr. Brown's article, which appeared in the Star. I replied that I had, and that there was little of truth in it. But this Member looked at me in astonishment, and from further remarks which he made he very evidently had been impressed by the article.

Perhaps this inclination to misunderstand conditions in Alaska goes back to the ancient fiction that Alaska is a land of ice and snow and polar bears and glaciers and very little else. It is indeed difficult to make the people of the United States know what Alaska really is. Even to this day, occasionally the shipment of merchandise to Alaska is refused in winter upon the alleged ground that the Territory is frozen in and that nothing can be transported by sea to any part of Alaska in the wintertime. It is particularly difficult to make people understand and know the truth about the farm lands and grazing lands of Alaska. Occasionally people who have

visited the southeastern part of the coast of Alaska have erroneous impressions about farming in the Territory. I once talked with a Member of Congress who had sailed along the coast of Alaska and seen the rugged mountain chain which fronts the coast for hundreds of miles, with here and there a glacier breaking through. He has decided upon that inspection alone that there is no agricultural land in Alaska and no possibility of successful farming in the Territory.

Somehow, I cannot understand this attitude. If I should desire to know anything about Texas, or Colorado, or Florida, or Maine, or any other State, I think I should inquire of the Members of Congress from the State about which I desired information, and I know that I could justly rely upon the accuracy of what they told me. And yet, when I tell people about Alaska, particularly about farming in Alaska, it seems to me that many of them are under the impression that what I am telling is just some kind of pleasant fiction. Yet even brief reflection and a knowledge of geography and climate should convince the people of the United States that Alaska is valuable for something besides its extensive stores of gold and coal, and copper, and oil, and its even greater resources in fish, and that there is in Alaska possibility for development of very large farming areas capable of supporting several millions of people.

So let us put out of our minds everything about W. Pledge Brown and rise into a purer and cleaner atmosphere. Let us see what Alaska really is. As I have told this House before, Alaska is in many respects the greatest resource which the United States possesses. In order to understand the value of the Territory, we only have to make a few comparisons.

Alaska lies, roughly speaking, between the fifty-third and the seventy-first parallels of latitude, stretching through the vast distance of 18°. The main body of it lies between 130° and 168° west longitude, though the Aleutian chain and some other islands extend out into the Pacific almost 8° further, reaching nearly to 172° east longitude. In Europe the nations which lie within the same latitude as Alaska embrace Norway, Sweden, Finland, Denmark, Latvia, Esthonia, and, of course, all northern Russia and Siberia.

We shall confine our comparisons to Norway, Sweden, and Finland alone. We find by such comparison that Alaska exceeds in area the combined areas of Norway, Sweden, and Finland, which now support in comfort more than 12,000,000 people. Once each year we have occasion to remember Finland, because that valiant country is the only one of our national debtors which pays its debts when due and which is not in default. Yet an examination of the geography shows that the total area of Finland is only 144,250 square miles, as compared with approximately 589,000 square miles in Alaska. We find that Finland has no natural gold reserves of any kind; has very little copper; that its iron reserves are much less than those of Alaska; that its total water power is less than that of Alaska; that its fisheries are only a fraction of the value of the Alaska fisheries; that its agricultural and grazing lands are approximately one-sixth of the area of the farming and grazing lands of Alaska; that it has no coal reserves, no petroleum reserves; in reindeer pasture Finland has 8,000 square miles, Alaska 240,000 square miles. And yet this country not only sustains a cultured as well as a rugged population of 3,500,000 people but it alone of all the European nations meets its national indebtedness promptly on the dot.

A comparison of Alaska with Sweden, which has a population of 6,000,000, is equally favorable to the Territory. Sweden has an area of 173,550 square miles; its farming and grazing lands do not in area exceed one-half of that of Alaska, and yet its agricultural population comprises approximately 2,700,000 people. Sweden has in reindeer pasture about 40,000 square miles, as against 240,000 square miles in Alaska; it has in woodlands 2,000 square miles as against 181,000 square miles in Alaska. Sweden, like Finland, has nothing in the way of natural gold reserves, and its copper reserves are very small indeed as compared with the very large copper reserves of Alaska. It may be that in iron reserves Sweden surpasses Alaska, because we find its iron resources listed at 442,000,000 tons, while no survey has ever been made, so far as I am aware, of the iron reserves of Alaska. We know Alaska contains considerable iron, but it would be rash for anyone to try to compare it with Sweden in that respect. Alaska has large deposits of marble, Sweden little. Alaska, so far as known, contains 40 times as much coal as Sweden. Alaska apparently has large reserves of petroleum, and Sweden is entirely without this resource. Sweden surpasses Alaska, but not very much, in total water power, the figures being Sweden, 3,500,000 horsepower, and Alaska, 2,800,000 horsepower. The fisheries of Sweden, although extensive, do not amount in value to half of those of Alaska. Now, in this connection let me point out once more that Sweden and Finland lie in the same latitude as Alaska. Finland touches the Arctic Ocean on the north and the Gulf of Finland on the south, and it is cut off from Sweden by the Gulf of Bothnia. Both of these countries are far enough removed from the Atlantic Ocean to be measureably deprived of the warming and moderating influence of the gulf stream. The climate of these two countries is, taken by and large, approximately the same as that of Alaska. So when I conclude, as I do, that the Territory of Alaska is capable of supporting in comfort a population of several millions, I am not drawing at all upon my imagination but basing it upon what has been done in the old world and upon an impartial consideration of geographic and scientific facts.

The late great Dr. Alfred H. Brooks, former Director of the Alaska Division of the United States Geological Survey, once made the following observation:

> Had the Pilgrim fathers settled at Sitka, Alaska, instead of at Plymouth, they would have found milder climate, better soil and timber, and more game, furs, and fish. Indeed, pioneer life in southeastern Alaska was so much easier than that on the New England coast, the question might seriously be raised whether the hardy enterprise of the Puritan stock would have developed under these more favorable conditions.

May I digress here for a moment in order to pay deserved tribute to this really eminent scientist and distinguished man? It is from his compilation that I have secured readily the data-making comparisons between the resources of Alaska and those of Sweden and Finland.

One who really desires to find out the farming possibilities of the Matanuska Valley has only to consult the records of the Department of Agriculture, which for many years maintained an experiment farm in the Matanuska Valley. From a reference to those records we find that the yield of oats on the valley farms is from 51 to 87.5 bushels to the acre; that peas yield heavily; that root crops yield abundantly and that they are of good quality and keep well; that cereal crops, such as spring wheat, oats, barley, grow well; that potatoes yield more than 200 bushels per acre in good soil; that winter rye can be grown successfully and that it is sown the latter part of July in one year and matures in August of the following year.

The question is, Which are we going to believe, the reports of responsible agents and scientists of the Department of Agriculture or the statements made by W. Pledge Brown and by others who are little, if any, better informed?

Of course, we all know that the Matanuska Valley is not a northern paradise where ravens bring food to the needy and manna simply falls down from heaven. The Matanuska colony is not a get-rich-quick scheme nor a lazy man's heaven. Resources are plentiful and opportunities abound, but work, hard work, is required to succeed there as elsewhere. No lucky strike of gold or diamonds or pearls is going to make everyone there rich. Most of the settlers who now remain in the valley are, I believe, of the type who are willing to work and who do not demand that opportunity knock a dozen times or more at their doors before they will open. There have been difficulties and discomforts in the Matanuska Valley, the same as there have been elsewhere in any new country, with any new settlement, but those difficulties and discomforts are, I am confident, less in the valley than in almost any other pioneer country of which any of us ever heard. There is difficulty in clearing the land, which is covered with timber; that is not a job for a man who does not care to work. The trees must be cut down and dragged off and the stumps pulled and the land placed under cultivation; all this means long days of really hard

work, but it is the type of work that has been done by the pioneers since the earliest days of this country, the pioneers who moved into the Atlantic seaboard, into the Mississippi Valley, and into the forests of the Northwest.

Considerable criticism has been voiced of the Matanuska Valley farm project. It is my considered judgment that the project is not only fundamentally sound but has been well administered. I do not mean by this that the administration has been perfect or that no mistakes have been made. As was said the other day by the distinguished gentleman from Virginia [Mr. WOODRUM], it is not claimed that the administrative officers are infallible, for we realize that they are human and, being human, they are liable to err. But it is only an unfair critic who would unduly exalt and magnify the relatively few errors made in the establishment and carrying on of the Matanuska colony. It must be remembered that it was necessary to take these settlers from the relief rolls. They were so taken from the relief rolls of the States of Michigan, Wisconsin, and Minnesota because, in going to Alaska, settlers from those States would experience little change of climate. Now the Government has the alternative in treating relief of either keeping on providing people with food and clothing indefinitely or of helping them to get into circumstances where they will be able to help themselves. With respect to the Matanuska Valley settlers, the latter alternative was chosen, and, while I realize it cannot be extended universally to all who are on relief, surely this venture was worth while when we consider its importance in the development of a great country.

Claim has been made that the settlers will never sustain themselves and that, having been on relief, they are incapable of any prolonged or self-supporting effort. Information reaching me indicates that that criticism is entirely unfounded, and that by far the greater portion of the colonists chosen for this settlement are sturdy, upright, industrious people, many of them, before the depression, in good circumstances. They went on relief not through any fault or omission of their own, but because of adverse economic conditions, and that with few, if any, exceptions the families embraced in the original colony now remaining in Matanuska Valley will measure up in mental, moral, and physical stamina to the standards of other citizens of the United States on or off the relief rolls, in any part of the country.

Let me give you briefly the testimony of a man who has lived in the Matanuska Valley since a date prior to the arrival of the colonists in the spring of 1935, that of the Reverend B. J. Bingle, who is a Presbyterian minister and pastor of the Community Church at Palmer, Alaska. Mr. Bingle recently visited Washington en route to attend a general assembly of his church at Syracuse, N. Y. He has had the widest opportunity to observe conditions in the Matanuska Valley, and has been with the settlement from the beginning. He says, in part:

I went into that valley before any of the colonists or construction workers arrived. I had lived in the Territory already 7 years prior to that move. I knew what the country could do across that range of mountains to the north and east, but I had an open mind as to what this valley could do and what success could be made of it. I am now 100 percent with all my might back of that project. Here are some of the things I have seen that bring me to my conclusions:

Oats growing on ground that has not been fertilized for 10 years, standing as high as my head, heavy oats, well filled out kernel, and when cut for hay or threshed, make the best kind of feed for cattle, horses, or sheep.

Wheat grows very well. The superintendent of schools owns a farm on which was raised, last year, wheat that ran 43 bushels per acre.

Other grains are now being tried, except corn, which cannot grow that far north, and they have given evidence of good success.

I have seen those much-discussed and cussed Alaskan potatoes. They are supposed to be wet and soggy, not fit for man or beast. I have eaten those spuds for 1 year. I have personally boiled them, fried them, baked them. I have eaten them French fried or made into potato chips, and they are not only good, but very good. There is a different taste to them, but there is no greater difference between them and the potatoes grown in the Western States than there is between the potatoes grown in the Middle West and those grown on the Pacific coast. One notices a difference in taste between western-grown and eastern-grown apples, too. As to their lasting qualities, I had western potatoes and Alaska potatoes side by side—not in a cellar, but in a warm upstairs room all last winter—right in Matanuska Valley. My Alaska potatoes were more solid when I left 4 weeks ago than my western ones. They looked better every way and were better.

I have seen and eaten all winter other Alaskan vegetables such as carrots, peas, and rutabagas. They were equal to outside grown ones in every way, in taste, and keeping qualities. My experience with Alaskan-grown vegetables is that they keep better than those shipped in. Cabbages and lettuce are excellent.

I have helped my wife pick, can, make jelly and preserves from the various wild berries—and they are there in large amounts—and I find I eat them no less readily than the outside tame berry. The tame berry transplanted to Alaska is better than that berry produced in the States and bigger.

As for feed for cattle, I have stood many times on the beaches looking out toward the Knik Arm on the Pacific Ocean and seen stretches of wild hay on those beaches that are many miles long and from 2 to 3 miles deep in spots. The hay in most places was about 5 feet tall. The Elicksons of Knik have lived at their same location for 25 years at least. They have sheep, goats, Guernsey cattle, and a horse. They have cut that hay year after year and fed it to their stock. Their stock is rolling in fat, and the milk and butter the cows produce compare favorably with that from the western half of the States.

I could go on indefinitely and tell what that land can do. I will conclude. We have:

(1) Soil. It is first class, from 2 feet to 8 feet in depth, underlain with gravel.

(2) Climate. It was warmer there than in New York last winter.

(3) Market. It only awaits food to be produced and shipped to it.

(4) People. With few exceptions they are a high-class people—capable, intelligent, thrifty, and energetic. You could not ask for better than those that are remaining.

Mr. Bingle also definitely commends the government of the colony and those who are now in charge of it.

This is convincing evidence, coming as it does from a man who not only is of high character and possesses marked intelligence, but who has closely observed the matters of which he speaks and who is devoid of bias, prejudice, or partisanship.

In conclusion, let me point out that the Matanuska Valley is not the only farming region of Alaska. Indeed, it is only a very small part of the farming and grazing lands of Alaska, and in the grazing lands I do not include the reindeer range. I have in mind one small island embracing about 100,000 acres off the coast of Alaska, which, in the judgment of an experienced stockman, will support 10,000 head of cattle on the natural range and without supplying any winter feed whatever other than that which can be obtained on the range. We have the great Tanana Valley, a large part of which is suitable for agriculture. We have the lower Kenai Peninsula region, in some respects the best of Alaska farm lands, which needs only roads to insure its rapid settlement and cultivation; and, according to the reports of the Department of Agriculture, approximately 750,000 acres of the best agricultural land in Alaska is absolutely inaccessible to farmers. I refer to the region lying north of the Tanana River, between the Tanana and the Forty Mile, and more particularly along the south fork of the Forty Mile River.

People who know the facts about Alaska realize that the Territory is capable of supporting in comfort a population approaching that of Norway, Sweden, and Finland. Italy has just waged a desperate and costly war to gain dominion of a country not half as valuable. And Japan is sending armies to Asia to conquer lands not as well suited to colonization.

We have eaten fiction long enough; let us change to a diet of facts. [Applause.]

The SPEAKER. Under the special order the Chair recognizes the gentleman from New York [Mr. REED] for 20 minutes.

Mr. REED of New York. Mr. Speaker, the interest people are manifesting in the Federal Constitution is one of the encouraging signs of the times. The confusion and chaos which have prevailed in Washington during the past 3 years have bewildered the people and obscured from them the extent to which arbitrary government has encroached upon their individual liberties.

One assault after another has been launched by the New Deal forces against the Constitution. These attacks against

the supreme law of the land, which after all are blows directed at the expressed will of a sovereign people, have at last aroused the public to the gravity of the situation. Every thoughtful person now knows that the United States is in a critical phase of its existence, the most dangerous in all its history in time of peace.

The solemn covenants entered into by the New Deal administration with the people have been disregarded, broken, and dishonored by those who have taken a sacred obligation to preserve and protect the constitutional rights of every American citizen.

While it has been known by some of the people, it has not been generally known that working within the Government, employed by the Government, are officials who scorn the doctrine of individual liberty as proclaimed in the Declaration of Independence, and as reaffirmed in the Federal Constitution. Not until one barrier after another had been thrown across the path of the advancing and destructive forces of communism and socialism by the Supreme Court of the United States were the people made fully aware of the purpose that the leaders of the New Deal had in mind.

This great tribunal of justice, the people's Court, did not falter in the performance of its sworn duty. It erected not only a barrier to prevent the spoliation of the supreme law of the land but it struck back at the despoilers and it struck hard.

What has been the program of the New Deal officials who from the first have attempted to destroy individual liberty? The method of destruction adopted by the New Dealers is not new but old. A century ago William Tudor wrote:

> Whenever any set of men shall entertain designs against the Constitution, either to overwhelm it in the anarchy of simple democracy or to found on its ruins a usurpation of monarchial power, they will commence their operations by open or insidious attacks to weaken and overthrow the judiciary.

Such has been the procedure of this administration during the past 3 years. The first step taken was to formulate legislation in which benefits were promised to certain minority groups, which the authors of the legislation knew to be beyond constitutional scope and power of Congress to legally bestow. It was known, of course, by the authors of the legistion that the Supreme Court, when the issue was presented, could not do otherwise under its sworn duty but declare the legislation unconstitutional. The proponents also knew that an adverse decision of the Court would naturally arouse resentment on the part of the minority groups to whom illegal benefits were promised. To be more specific in regard to the attempt to destroy public confidence in the Constitution and judiciary, let us reduce the plan now being pursued to plain everyday language.

Various pieces of legislation have been formulated by this administration and presented to Congress in which money payments have been promised to various groups. As I have stated, these legislative proposals and the promises of benefits which each contained were known when formulated and presented to be unconstitutional, beyond the powers of Congress to legally enact; but it was also known by the authors of this legislation that the Supreme Court, under its sworn duty, would be compelled to hold these acts illegal, void, and of no effect.

What, then, was the purpose and motive in presenting such legislation for the pretended benefits to farmers, miners, wage earners, and others?

It was to arouse the hopes and expectations of these groups, once the legislation was enacted, that they would receive money from the United States Government. It was known to those who prepared the legislation and by the Congress at the time it enacted it that when the Court did render adverse decisions, as it was bound to do, then the Court, and not the administration, would be blamed; that prejudice and resentment would be visited upon the Court by the mouthpieces of the administration; that by official jabs and slurs, prejudice would be aroused to the point where, in the white heat of passion, the disappointed groups would be willing to support any plan to take from the Court the right of judicial review.

These are the political aspects of the case. Such has been the motive of those who have framed these illegal legislative measures. Aside from the reprehensible character of such a program, the cost to the taxpayers has already been stupendous. We need only consider the hundreds of millions of dollars raised by the processing taxes. Now, since the Court has performed its sworn duty and has done precisely what President Roosevelt and his officials knew it would have to do, he recently presented to the Congress a message asking for more funds to replace the money which the New Deal administration has illegally collected and spent and which President Roosevelt now says is "made necessary by the decision of the Supreme Court." He goes out of his way to blame the Supreme Court.

The real blame, as he knows, and as all thoughtful people must know, rests with President Roosevelt and the "hot dog" lawyers who have deliberately set about to destroy the confidence of the people in the judiciary—and all for political purposes.

The next move, once the disappointed groups are sufficiently aroused and mobilized, will be to appeal to them to support a program to take from the Supreme Court the power of judicial review of legislation passed by the Congress. This plan, if carried out, will take from the Supreme Court the power to uphold the Constitution and, by decision, prevent its violation. Furthermore, it will change not only the Constitution of the United States but the constitutions of each of the 48 States comprising our National Union.

Under this plan, if adopted, anarchy will be substituted for order, passion for moderation, all without any restraining judicial action. The proposal, whether called "the more abundant life" or "the new order", when reduced to everyday language, means that an Executive with a lust for power, assisted by a rubber-stamp Congress, once given the power requested, could thrust individual liberty into the background and supplant it with tyranny, bigotry, and intolerance every bit as intolerable and insufferable as that to be found under any dictatorial regime in existence, and with the same tragic consequences to mankind here as now exists abroad.

It is time for self-respecting, freedom-loving men and women to realize that under the new order proposed President Roosevelt and the New Deal Congress, without any legal restraint whatsoever, would be permitted to destroy every right now guaranteed to an American citizen by the Federal Constitution. But while an effort is being made by this administration to destroy confidence in the judiciary, the proponents of unlimited national legislative power seek to persuade the people to place full faith and confidence in the wisdom and self-restraint of the Congress. This is not the philosophy taught by the great apostle of democracy, Thomas Jefferson. His answer to the sophistry that the people should have confidence in the Congress to protect their individual rights was this:

> It would be a dangerous delusion if our confidence in the men of our choice should silence our fears for the safety of our rights. Confidence is everywhere the parent of despotism. Free government is founded on jealousy, not in confidence. It is jealousy and not confidence which prescribes limited constitutions to bind down those whom we are obliged to trust with power. Our Constitution has accordingly fixed the limits to which, and no further, our confidence will go. In questions of power, then, let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution.

The Federal Constitution is the expressed will of a sovereign people. The representatives in Congress are not general agents of the people but special agents whose powers are set forth, defined, and limited by the Constitution. They are enjoined not to transgress the limits of the special authority granted to them by the people whom they represent. Out of an abundance of caution, and as an added safeguard against encroachment, each Member of Congress is required to take an oath of office to support and defend the Constitution and to bear true faith and allegiance to the same.

The President of the United States is required by the Constitution itself, in prescribed language, to take a similar oath as a covenant with the people that he will not usurp powers

forbidden by the supreme law of the land. Our Government has been conducted for almost a century and a half upon the theory that the Chief Executive and each Member of Congress would observe his oath of office. This rule, until recently, has been faithfully observed, except when there has been an honest mistake of judgment as to the constitutionality of proposed legislation.

President Lincoln, when urged to exercise powers not granted, replied:

> It was in the oath that I took that I would, to the best of my ability, preserve, protect, and defend the Constitution of the United States. I could not take office without taking the oath, nor was it my view that I might take the oath in order to get power and then break the oath in using the power.

One of the chief functions—the most vital function—of the Supreme Court is to keep the executive branch and the legislative branch of the Government from usurping powers not granted to them, respectively, by the Constitution. The Supreme Court is the tribunal that guards from encroachment or destruction the liberties guaranteed to the people by the Constitution.

What do these rights mean to the individual? I want to impress upon every Member of the House that if and when court review of legislation is abolished, the Congress in any one session can take away any one or all of these rights or liberties enumerated and guaranteed to every American citizen in the Bill of Rights. What are these cherished and time-honored individual rights?

Religious liberty, freedom of speech, freedom of the press, the right of peaceful assembly, the right of petition for redress of grievances.

The right of State militia to bear arms.

No soldier shall be quartered in time of peace in a house without consent of the owner.

Unreasonable search and seizure.

No arrest, except upon probable cause supported by oath or affirmation, describing the place and the persons or things to be seized.

Capital offenses must be found by a grand-jury indictment.

No person shall for the same offense be twice put in jeopardy, compelled to testify against himself, nor be deprived of life or property without due process of law; no private property taken for public use without just compensation.

In criminal prosecutions the accused shall enjoy a speedy and public trial by an impartial jury in the district wherein the crime is committed, to be informed of the nature of the accusation; to be confronted by witnesses; to have compulsory service for obtaining witnesses and the assistance of counsel for his defense; the right of trial by jury where the sum exceeds $20.

Excessive bail shall not be required nor excessive fines imposed nor cruel and unusual punishment inflicted.

These individual rights are now guaranteed to every American citizen by the Federal Constitution, and each of these individual rights is guarded by the Supreme Court of the United States. The average man and woman finds in these provisions their sole protection against executive and legislative abuse and tyranny. Remove the right of judicial review and all of these rights, the heritage of an heroic past, can be swept away, leaving the individual a helpless victim of either Executive tyranny or the mob rule of an irresponsible Congress. The Supreme Court is the last line of defense for the individual citizen in the maintenance of his liberties.

There is still on the way to the Supreme Court a long parade of must legislation enacted by the Congress under the pressure of the Executive.

The Guffey coal bill has just been declared unconstitutional. When this measure was before a subcommittee of the Ways and Means Committee the members of the committee hesitated to report it to the full committee because of doubts entertained as to its constitutionality. It was at this juncture that the people were startled and stunned to have their Chief Executive, in a letter to Hon. SAMUEL B. HILL, the chairman of the subcommittee, urge that the bill be favorably reported, notwithstanding doubts as to its constitutionality. The intent of President Roosevelt is clear and unequivocal:

"I hope", said President Roosevelt, "your committee will not permit doubt as to the constitutionality, however reasonable, to block the suggested legislation."

Under the lash of the President this legislation was driven through both branches of the Congress and promptly signed by him.

Attempts to create resentment toward the Supreme Court with the sole and determined purpose of creating a political issue is reprehensible, and unless this attempt to do so is met with firm resistance by patriotic citizens, mob rule will replace orderly government. I may say, in this connection, that an eminent authority on constitutional law makes the comment:

> Those legislators * * * who vote for a measure without being honestly convinced of its constitutionality and excuse themselves upon the ground that if their action is not valid the courts have the opportunity to so declare, are recreant in their duty. * * * No popular government can successfully endure in which the decisions of its courts do not receive the general approval of the citizen body. But if legislatures recklessly pass measures ostensibly for the benefit of the masses but invalid when tested by the fundamental law, the odium of defeating these measures is thrown upon the courts, and a popular objection to and distrust of these courts created.

I may say in passing that out of the 24,000 Federal laws passed by the Congress since our Government was organized, the Supreme Court has held only 69 of them unconstitutional. Ten of these cases have been so held under the New Deal, and other cases arising out of the New Deal are now on the way to the Supreme Court. Three cases have been withdrawn by the Government to avoid adverse decisions.

Just how far arbitrary Government dare go, unless restrained, needs no better exemplification than the A. A. A., especially the Potato Control Act. Once the right of court review is destroyed, there will be established a centralized government that will make every citizen subject to bureaucratic control. If this happens, the people will find that the clock of progress has been turned backward, not forward. First, there will be communism, then the dictator. Such has been the history of every government, ancient and modern, whenever and wherever the people have bartered away or surrendered their liberties. [Applause.]

A BILL THAT SHOULD PASS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks briefly in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LUDLOW. Mr. Speaker, the American War Mothers are intensely interested in a bill that has passed the Senate and which I fervently hope will pass this House of Representatives and become a law before the present session of Congress adjourns sine die.

I refer to the bill introduced by Senator SHERMAN MINTON, of Indiana, a distinguished veteran of the World War, which provides that unexpended balances of the "Stars and Stripes" fund, and other special funds, in the custody of the Treasury shall be invested in interest-bearing Government securities and that the sum of $20,000 shall be allotted every year from this source to the American War Mothers to carry on their humanitarian activities.

These special funds, aggregating $294,852.97, now lie idle in the Treasury. Not a dollar of this money was appropriated, so that it is not and never has been a charge on the taxpayers. It represents in the main the contributions of American soldiers in France to carry on the Stars and Stripes, the doughboys' official publication. The cessation of the war left an accumulated balance on hand and it was covered into the Treasury where it has remained inactive in a special account ever since.

This fund ought to be doing some good for humanity's sake. I cannot imagine any better or more appropriate use for it than the purpose provided for in this bill. Surely no group in this country is more entitled to the benefits of this fund than the mothers who endured the heartaches of the

World War, when their sons fought on foreign soil, some to return with shattered minds and broken bodies, and others never to return at all.

We should show our love for the American War Mothers by passing this bill unanimously, just as soon as it can be reported out of the Judiciary Committee and brought to a vote. Certainly we owe them that tribute. We repeatedly exhaust the beauties of language in rendering lip service to the War Mothers; every Decoration Day and oftener we lay our linguistic garlands at their feet. Here is an opportunity to do something really worth while for them—something they will appreciate.

If we make it possible for them to receive $20,000 a year to carry on their humanitarian work, it will be like sending their ship home to them—a ship laden with rich blessings. No one not a member of their organization can visualize all the good they will be able, with careful management, to do on $20,000 a year. The organization of War Mothers provides medical and hospital care for needy War Mothers, maintains homes for those without a home or means of support, carries on child-welfare work, and renders assistance to the poor and needy in many ways. Every dollar that is made available to the American War Mothers will go forward among the poor and needy and sorely afflicted to render a blessed, humanitarian service.

As a Hoosier, I feel especially interested in this bill because it was an Indiana war mother, Mrs. William E. Ochiltree, of Connersville, Ind., who first proposed this use of the idle funds in the Treasury and who has labored incessantly, in season and out of season, to make her dream a reality. Mrs. Ochiltree was national president of the American War Mothers from September 1933 until September 1935. No organization of women in America ever has had a more forthright, able executive than Mrs. Ochiltree proved to be. Her unflagging devotion, accurate judgment, and magnificent energy soon won for her a place of the highest distinction among the American War Mothers and the loving esteem of every soldier who fought for his country in the dark days of 1917 and 1918. Her administration as president will be remembered as one of the brightest eras in the history of the organization.

Mrs. Ochiltree, 76 years young, now in retirement at her hospitable home in Indiana, is confidently expecting this House to pass the Minton bill before the gavels adjourn this Congress, and thousands of war mothers all over the country are watching and waiting. As the session rushes toward its close, let us not permit this measure, so dear to the hearts of the war mothers, to become lost in the shadows of more important matters. Let us think of the war mothers and all they suffered and endured, and, remembering them, let us fan the spark of sentiment to a brighter glow by passing this worthy measure in their behalf.

WHITMAN NATIONAL MONUMENT

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7736) to provide for the establishment of the Whitman National Monument, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. DEROUEN, Mr. KNUTE HILL, and Mr. ENGLEBRIGHT.

TRADING IN UNLISTED SECURITIES UPON NATIONAL SECURITIES EXCHANGES

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 4023) to provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers, for the filing of current information and periodic reports by issuers, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. SNELL. Reserving the right to object, Mr. Speaker, I have consulted with the minority members of this committee and I have been informed that there was no one who appeared in opposition to this bill. As a matter of fact, personally I feel it is a very important bill to pass by unanimous consent. At least I think the chairman of the committee should make a statement to the House and tell us exactly what we are doing in this proposed legislation.

Mr. RAYBURN. I will be glad to do that as nearly as I can.

At the time we passed the Stock Exchange Act in 1934 there were traded in on the exchanges of the country, if the exchanges would allow it, unlisted securities. We did not go into that in the act at that time for the reason that we felt we had hardly sufficient information with reference to it. We therefore asked the Commission to make a study of this matter and submit a report to Congress. The Commission made that study, and on the 3d of January their report was submitted to Congress. In that report they recommended that the trading privilege in unlisted securities on stock exchanges be continued. That is what this bill does.

I may say to the gentleman that this is more or less an emergency piece of legislation, and that is the reason I have asked unanimous consent to consider it at this time. There are today traded in on the exchanges of this country securities on an unlisted basis amounting to 1,875,000,000 shares of stock. Those shares of stock comprise 1,370 separate issues. There are today traded in, in unlisted securities, on the exchanges $6,800,000,000 worth of bonds, comprising 564 separate issues. If this bill is not passed before the 31st day of May, the trading in those securities on the exchanges will be illegal.

Mr. SNELL. Will the gentleman explain why it would be any different than before the original security law was passed? That is, before that time they traded over the counter, so to speak, in unlisted securities. As I understand the gentleman's explanation, this allows them to continue doing that exactly the same as they did before the original act was passed. Is that true?

Mr. RAYBURN. That is correct, under certain supervision of those things, as there is supervision of the exchanges in the trading in listed securities.

Mr. SNELL. I have hastily glanced through these hearings, and I notice that the president of the American Bankers Association appeared and said he had no objection to it.

Mr. RAYBURN. Let me say to the gentleman there was a provision in the Senate bill which we have stricken out. The American Bankers' Association said they thought that would bring them under the Securities and Exchange Commission. Their attorneys had said that it would. We told them frankly that we did not want to do it because they were already regulated by enough agencies. We, therefore, struck out the provision to which they objected and inserted a new provision at the top of page 12, known as section C, that entirely satisfied them that their transactions would not come under this bill.

Under section C of the Senate bill, also, municipalities raised a question, especially some municipalities in the State of New York. As this section is now worded, they say it is entirely fair to them and allows them to go on and do their trading just as they have in the past.

Mr. SNELL. Then there is no objection, so far as the gentleman knows, from any of these various classes affected by the bill?

Mr. RAYBURN. Not that I know of. I may say to the gentleman from New York that when Mr. Landis closed his statement with reference to the bill I asked whether representatives were there from any of the exchanges who wanted to be heard. Mr. Lockwood, of the Curb, was there. He said, speaking for the Curb, that this amendment suited him; that the situation was serious but that this met it in a constructive way. Then I called Mr. Fleming, president of the American Bankers' Association, and some representatives of municipalities. They all say they are satisfied.

Mr. SNELL. I would expect this would pertain more to securities sold on the Curb Market, to over-the-counter securities.

Mr. RAYBURN. That is probably true. Mr. Lockwood said that so far as the Curb was concerned he thought it met the situation in a very constructive manner.

Mr. SNELL. I have not changed my view that this is very important legislation to go through by unanimous consent, but if no member of the committee is opposed to the bill, and if those most affected by the bill are agreeable to it, then I ought not to object, and I have no objection to it.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. WHITE. Mr. Speaker, I object.

STEAMBOAT INSPECTION SERVICE

Mr. BLAND. Mr. Speaker, I call up the conference report on the bill (H. R. 8599) to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a Marine Casualty Investigation Board and increase efficiency in administration of the steamboat-inspection laws, and for other purposes, and ask that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8599) to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board and increase efficiency in administration of the steamboat inspection laws, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 7.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 5, 6, 8, and 9, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 4450. (a) The Secretary of Commerce shall prescribe rules and regulations for the investigation of marine casualties involving loss of life in order to determine whether any incompetence, misconduct, unskillfulness or willful violation of law on the part of any licensed officer, pilot, seaman, employee, owner or agent of such owner of any vessel involved in such casualty, or any inspector, officer of the Coast Guard, or other officer or employee of the United States, or any other person, caused, or contributed to the cause of such casualty. For the purpose of investigating such a marine casualty, the Secretary of Commerce shall appoint a marine casualty investigation board or boards consisting of a chairman and two other members; the chairman shall be an officer or employee of the Department of Justice (learned in maritime laws) designated by the Attorney General; one member shall be a representative of the Bureau of Marine Inspection and Navigation designated by the Secretary of Commerce; and the other member shall be an officer of the United States Coast Guard designated by the Secretary of the Treasury. All reports shall be made to the Secretary of Commerce and such reports shall be public records and be open to inspection at reasonable times by any persons. Copies of such reports shall be sent to the Attorney General and to the Secretary of the Treasury."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows:

On page 5 of the Senate engrossed amendments, line 3, after the comma insert "any owner, licensed officer, or any holder of a certificate of service, or any other person whose conduct is under investigation, or any other party in interest, shall be allowed to be represented by counsel, to cross-examine witnesses, and to call witnesses in his own behalf, and".

And the Senate agree to the same.

S. O. BLAND,
WILLIAM I. SIROVICH,
ROBERT RAMSPECK,
RICHARD J. WELCH,
Managers on the part of the House.

ROYAL S. COPELAND,
DUNCAN U. FLETCHER,
HIRAM W. JOHNSON,
WALLACE H. WHITE, JR.,
MORRIS SHEPPARD,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8599) to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board and increase efficiency in administration of the steamboat-inspection laws, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment no. 1: This amendment eliminates the House provision authorizing the appointment of supervising inspectors by the Secretary of Commerce to be made without regard to civil-service rules and regulations. The House recedes.

On amendment no. 2: This amendment substituted for the House provision relating to the investigation of marine casualties involving loss of life, provisions for the creation of a marine casualty investigation board consisting of Government officers or employees. The House provision provided for the appointment of an investigation board for each casualty. The House recedes from its disagreement to the Senate amendment and agrees to the same with an amendment which authorizes the Secretary of Commerce to prescribe rules and regulations for the investigation of marine casualties involving loss of life, and authorizes the Secretary of Commerce to appoint a board or boards consisting of Government officials to investigate any such casualty or casualties.

On amendment no. 3: This amendment substituted for the House provision relating to the investigation of marine casualties not involving loss of life provisions authorizing the Secretary of Commerce to establish rules and regulations for the investigation of such casualties, for the classification of such casualties, and for investigation by a marine board consisting of inspectors of the Bureau of Marine Inspection and Navigation designated by the Secretary of Commerce. The House provision authorized the appointment of marine boards for such investigations. The House recedes from its disagreement to the amendment.

On amendment no. 4: This amendment substituted for the House provisions relating to the conduct of investigations into acts of incompetency or misconduct or in violations of law or regulations by officers and seamen and by Government employees charged with duties in the premises somewhat broader provisions directing investigation of all such acts and of all marine casualties and accidents by the appropriate boards created by the act, and also provided for the submission of complete records to the Director of the Bureau of Marine Inspection and Navigation. The House recedes from its disagreement to the amendment with an amendment inserting in the Senate amendment a provision authorizing the owner, officer, any holder of a certificate of service, or other person whose conduct is being investigated, or any other person in interest to be represented by counsel at the investigation, to cross-examine witnesses and to call witnesses in his own behalf.

On amendment no. 5: This amendment limits, in connection with the issuance of certificates of inspection of passenger vessels, the acceptance of plans and certificates of the American Bureau of Shipping as evidence of structural efficiency, etc., to provide that such acceptance shall not be applicable where existing law places definite responsibility on the Bureau of Marine Inspection and Navigation. The House recedes.

On amendment no. 6: This amendment, in connection with the matter referred to in amendment no. 5 above, strikes out provisions in the House bill authorizing the acceptance of certificates of the American Bureau of Shipping certifying as to the adequacy of subdivision arrangements. The House recedes.

On amendment no. 7: This amendment provided for a flat fee for overtime work of an inspector, in lieu of the House provision for additional pay based on the daily pay. The Senate recedes.

On amendment no. 8: This amendment added a new section to the bill authorizing the appropriation of sums necessary to carry out the provisions of the act. The House recedes.

On amendment no. 9: This is a clerical amendment making the necessary change in section numbers to complement the addition of a new section made by amendment no. 8.

S. O. BLAND,
WILLIAM I. SIROVICH,
ROBERT RAMSPECK,
RICHARD J. WELCH,
Managers on the part of the House.

Mr. SNELL. Mr. Speaker, I would like to ask a few questions about this report. I think the gentleman from Virginia should explain it. I notice the Senate added nine amendments and that the House receded on all except one, which was to put the inspectors on flat pay instead of extra daily pay, very unimportant. It seems to me if the House had any bill at all, the conferees should have stood up for it a little. I would like to have the gentleman from Virginia explain why the House conferees receded on amendment no. 1.

Mr. BLAND. Mr. Speaker, amendment no. 1 was a provision that the seven supervising inspectors should be appointed by the Secretary of Commerce without regard to civil service. At that time it was considered by the House that in order to get men of the technical experience necessary we would have to go outside the civil service. The Senate

thought they should be under civil service and we concluded that efficient men could be gotten through the operation of the civil service.

Mr. SNELL. Will the gentleman from Virginia tell the House one possible argument anybody could put up to support the contention that steamboat inspectors could not best be selected by the civil service?

Mr. BLAND. We came to the conclusion that that would be the best way, so we receded.

Mr. SNELL. What reason supported the original House provision, just a purely political reason, or some other reason?

Mr. BLAND. The reason for the House provision was that we felt the men should have particular skill and qualification.

Mr. SNELL. They should have that, should they not?

Mr. BLAND. Yes.

Mr. SNELL. So we are in agreement on that.

Mr. BLAND. And we thought possibly they could be selected better without regard to civil service. That was the argument originally presented to the committee.

Mr. SNELL. Will the gentleman tell the House what argument was presented to the committee originally why you could possibly do it better by making a purely political appointment than by a selection based on experience and education along this line?

Mr. BLAND. The argument at that time made was not a political argument. The argument was that in the particular case of Captain Fried, who is one of the inspectors, that he could not be gotten through the civil service.

Mr. SNELL. There is one exception, and in the case of Captain Fried I presume the gentleman is right, although I do not know Captain Fried; but, as a matter of fact, there are thousands of these steamboat inspectors. I know men who have taken the examination, men who were experienced engineers and were qualified to do this kind of work.

Mr. BLAND. This amendment puts these supervisory inspectors under the civil service.

Mr. SNELL. If there is one service in the United States that should be under the civil service it is steamboat inspection. I do not believe anybody, anywhere, can give a good and sufficient reason for not taking them from the classified service.

Mr. BLAND. This amendment does not take them out of civil service. If the gentleman will read the section as it was originally reported he will see that it referred only to the seven supervisory inspectors, the men who were to be at the head of and in charge of these districts.

Mr. SNELL. The head men, the men in charge, should be more carefully selected than any other member of the whole service.

Mr. BLAND. I am delighted that the gentleman agrees with the managers on the part of the House in their recession.

Mr. SNELL. I agree with that position, but I do not agree with the way the gentleman is getting at the matter. He has not given any excuse to the House or any real reason why it should be done that way, and considering that the President has made the statement on several special occasions that the only way to get real efficient Government service is through the civil service, I do not see why you on that side of the aisle should continually come in here and make exceptions to the civil-service requirements.

Mr. BLAND. I am not aware that the gentleman who has charge of this bill did that.

Mr. SNELL. Does not Mr. Roper agree with your President with regard to that matter?

Mr. BLAND. Yes.

Mr. SNELL. Why not carry out what your President says to the people of this country is the only way to get efficient service?

Mr. BLAND. We are carrying it out on the representation of the civil service that they get sufficiently qualified men.

Mr. SNELL. No; because they are to be excepted from the requirements of the civil service.

Mr. BLAND. The recession on the part of the managers for the House puts them under the civil service.

Mr. SNELL. Oh, no.

Mr. BLAND. But it does. That was the very question in issue. When the bill was originally passed by the House it had language "without regard to the civil-service rules and regulations", and the section which would have excepted them from the civil-service rules and regulations was stricken out in the Senate; consequently they do come under the civil service.

Mr. SNELL. The gentleman stated he receded from his own position.

Mr. BLAND. We receded.

Mr. SNELL. Then the civil-service requirements will be strictly applicable to every one of these appointees?

Mr. BLAND. This only relates to the seven supervisory inspectors and the civil service applies to them.

Mr. SNELL. It applies to all of these employees clear down through the list then?

Mr. BLAND. It does not apply to the traveling inspectors.

Mr. SNELL. That is exactly what I say. It does not apply to the entire list, and according to the gentleman's own statement, he says it should be applied to all of them.

Mr. BLAND. Where exceptions have not been made.

Mr. SNELL. Those exceptions seven times out of eight are political exceptions. If there is one service in the United States where we should give careful, strict attention to the appointees, it is in the Steamboat Inspection Service.

Mr. BLAND. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CHARLESTON ARMY BASE TERMINAL, CHARLESTON, S. C.

Mr. BLAND. Mr. Speaker, I call up the conference report on the bill (S. 3789) authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, S. C.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3789) authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, South Carolina, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the House recede from its amendment numbered 2.

That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same.

S. O. BLAND,
WILLIAM I. SIROVICH,
RICHARD J. WELCH,
Managers on the part of the House.

ROYAL S. COPELAND,
HIRAM W. JOHNSON,
MORRIS SHEPPARD,
Managers on the part of the Senate.

STATEMENT

On amendment no. 1: This amendment, inserted by the House, provides that the deed authorized by the bill to be executed by the Secretary of Commerce shall include a provision prohibiting the city of Charleston from transferring the title to the property conveyed in said deed to any person, firm, or corporation. The Senate disagreed to this amendment. The House insisted upon its amendment, and the Senate recedes.

On amendment no. 2: This amendment, inserted by the House, provide that if the property authorized to be conveyed by said bill should be taken over by the United States, with all improvements placed thereon, for the period of the national emergency, the taking over should be "without cost to the United States." The Senate disagreed to this House amendment, and the House recedes.

S. O. BLAND,
WILLIAM I. SIROVICH,
RICHARD J. WELCH,
Managers on the part of the House.

Mr. BLAND. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. WOOD. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. WOOD]?

Mr. SHORT. Mr. Speaker, reserving the right to object, I would like to have 5 minutes following the address of my colleague, the gentleman from Missouri [Mr. WOOD].

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. WOOD]?

There was no objection.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes at the conclusion of the remarks of the gentleman from Missouri [Mr. WOOD].

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. SHORT]?

There was no objection.

Mr. WOOD. Mr. Speaker, I desire to address myself this morning to the question of farm-tenant legislation. In the Seventy-third Congress I introduced a bill providing that the Government shall finance farm tenants in the acquisition of farms. I am told that was the first bill of this kind introduced in the Congress since the passage of the homestead law. The bill was introduced on June 4, 1934, and on February 12, 1935, I introduced a similar bill. On June 26, 1935, Senator BANKHEAD also introduced a farm-tenant bill, as did the gentleman from Texas [Mr. JONES], chairman of the House Agricultural Committee. The gentleman from Texas [Mr. JONES] introduced a companion bill to the Bankhead bill on March 26, 1935.

The Bankhead bill passed the Senate in the last session and has been pending in the Agricultural Committee of the House for just about a year.

Mr. Speaker, I care not who gets credit for the passage of this legislation. I think my bill is superior to the Bankhead bill, but in view of the fact that the Bankhead bill has passed the Senate and that the chairman of the Agricultural Committee of the House has introduced a similar bill, I am heartily in favor of the passage of the Bankhead bill. I think this type of legislation should be passed by the Congress before the adjournment of the present session.

Recently we had before the House the Frazier-Lemke bill, and the reason for objection to that bill by those who voted against it was that it provided for an expansion of the currency. Nothing like that is involved in the Bankhead bill or in my farm-tenant bill. This bill provides for expansion of the credit of our Government and, Mr. Speaker, when we consider that in the past 5 years there have been some seven or eight hundred thousand or 1,000,000 farmers who have lost their homes and farms under foreclosure we must realize that they have now joined the ranks of the farm tenants.

In 1935 some 54 percent of the farm acreage of the Nation was farmed by tenants. Needless to say, this percentage has greatly increased since 1928. In my own State some 39 percent of the farm acreage is farmed by tenants.

I am mighty proud of the fact that this administration, under the leadership of Franklin D. Roosevelt, has made a heroic effort for national recovery, but there is one element that has been entirely forgotten, and that is the farm tenant. Never has there been any legislation proposed since the enactment of the homestead law that directly affected the farm tenant or that gives him any chance to acquire a farm and a home of his own. Certainly, they have been the recipients generally of relief legislation, but there has never been passed any legislation that directly affects the farm tenant.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. WOOD. I wish the gentleman would wait until I get through with my remarks.

Mr. MOTT. I will defer my question.

Mr. WOOD. All right; go ahead.

Mr. MOTT. Is it not true that the Frazier-Lemke farm-mortgage refinancing bill proposed to help the farm tenant who had lost his farm by foreclosure when he was an owner? He came directly under the bill.

Mr. WOOD. Yes.

Mr. MOTT. The gentleman's statement was that no legislation had been proposed with that purpose in view up to date.

Mr. WOOD. Of course, my bill was proposed at about the same time the Frazier-Lemke bill was introduced in the Seventy-third Congress, and it is very true that under the Frazier-Lemke bill the farmers who had lost their farms in the past 3 or 4 years could reclaim them through the provisions of that measure, but originally it was designed to help the farm owner who was in debt, and that is perfectly all right. I was heartily in favor of that bill and did everything I possibly could to help pass the measure, but now that bill has been defeated.

Mr. COLDEN. Mr. Speaker, will the gentleman yield for a question?

Mr. WOOD. Yes.

Mr. COLDEN. In order to rehabilitate our population, not only on the farms but in the cities, should not any bill of the character of the bill the gentleman has introduced provide that people who have been lured from the farm to the city be included in the provisions of such a measure?

Mr. WOOD. Certainly. Of course, the Frazier-Lemke bill, as well as the Bankhead farm-tenant bill and my own bill, provides for the acquisition of homes for farmers, and the very foundation of our Republic, as well as the safety of our American institutions, depends upon the principle that every man should have a place he can call home.

I hope the Committee on Agriculture will report out the Bankhead bill and give the House an opportunity to vote on that most important piece of legislation. Certainly, in the light of the decisions of the Supreme Court on the National Industrial Recovery Act and the Agricultural Adjustment Act and the Guffey coal-stabilization measure, it is pretty hard to tell what Congress has the authority or the power now to do in the way of enacting remedial social legislation, but there is one power we still hold and that is to expand our credit—borrow money and lend money through the R. F. C. and the other agencies of the Government. So there can be no question about the constitutionality of this farm-tenant legislation, and while it provides for an expansion of the credit of the Nation, it likewise provides that the amortization of this credit shall be borne by the farmer who receives the benefit. So while it is expansion of the credit, it in no wise increases our obligation to pay interest or principal upon expanded credit or upon bonded indebtedness.

So there is no reason why we should not give these millions of farm tenants an opportunity to own their homes and farms which they are tilling. This makes for better citizenship and makes for a more secure Republic.

No one can talk communism or any of these new theories of government to a man who owns his home and is making a comfortable living. This is not the element that the "reds" and the Communists feast upon. The unfortunates who are without means of livelihood and without homes and without some security in their homes represent the type they can influence with their various types of radicalism.

So I think the most important piece of legislation now pending before the Congress is the farm-tenant measure, and I do hope that the Committee on Agriculture that has been holding this bill for a year, will report the measure to the House and give the House an opportunity to decide, one way or the other, whether we should give to these tenant farmers, by a proper measure of financing, an opportunity to own their own homes.

We have refinanced business. Oh, they say, that if the Government furnishes $5,000 to refinance or purchase a farm that that is not good security. I say that a farm that a tenant purchases for $5,000 refinanced by the Government is a better security than nine-tenths of the millions of dollars

that have been loaned by the Reconstruction Finance Corporation to business.

They have loaned money to business institutions that had no value; their stocks and bonds are nil. They were bankrupt.

I do not criticize the refinancing of industry. That was the proper thing to do. But we ought to relieve the farmer, especially the unfortunate farm tenants who are performing the majority of the great portion of tilling the soil and producing the necessary commodities of life.

Mr. MORITZ. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. MORITZ. Take the man who owns 20,000 acres of land and farms it out to the tenants. Are those tenants being protected under your bill?

Mr. WOOD. The Bankhead bill provides that the Government can loan the farm tenants the amount necessary to purchase a farm of the average size of farms in that State. What that may be in the gentleman's State would be, perhaps, a different size in my State. The farms in Missouri average about 125 acres.

Mr. MORITZ. Does it affect people who own too much land?

Mr. WOOD. My bill provides for a maximum of 80 acres. Under the Bankhead bill, in Missouri the tenant could acquire a farm of 125 acres. That is all right. Notwithstanding the provisions of the Bankhead bill, most Missouri tenants would acquire farms of not more than 80 acres.

Mr. MORITZ. Does your bill provide a strangle hold for those who own too much land?

Mr. WOOD. Neither my bill nor the Bankhead bill contain any provision whereby a man owning 10,000 acres could borrow any money. I think the Bankhead bill takes care of that matter in a very efficient way. I do not think it is possible for them to traffic under the Bankhead bill or my bill.

If there are any such loopholes in this legislation, we will have an opportunity to correct it in a few months when Congress meets again in January.

Certainly no initial legislation is ever perfect, but I do know that the Bankhead bill is a fine beginning, and I hope and trust that the very distinguished chairman of the Committee on Agriculture, the gentleman from Texas [Mr. JONES] will see to it that the Bankhead bill or his companion bill, or whatever they may work out as a substitute for the Bankhead bill, will be presented to this House so that we may get a vote on that legislation before the session closes. [Applause.]

The SPEAKER pro tempore (Mr. FLANNAGAN). The gentleman from Missouri [Mr. SHORT] is recognized for 5 minutes.

TRADING IN UNLISTED SECURITIES

Mr. RAYBURN. Mr. Speaker, will the gentleman from Missouri yield to me for a moment?

Mr. SHORT. Certainly.

Mr. RAYBURN. In order to make a short statement. The gentleman from Idaho [Mr. WHITE], who objected a moment ago to the consideration of the bill S. 4023, to provide for the continuation of trading in unlisted securities upon national securities exchanges, and so forth, has withdrawn his objection. Therefore, Mr. Speaker, I ask unanimous consent for the present consideration of the bill S. 4023, to provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers, for the filing of current information and periodic reports by issuers, and for other purposes.

The SPEAKER. The gentleman from Texas asks unanimous consent for the present consideration of the bill S. 4023, the gentleman from Idaho having withdrawn his objection. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That subsection (f) of section 12 of the Securities Exchange Act of 1934 is amended to read as follows:

"(f) Notwithstanding the foregoing provisions of this section, any national securities exchange, upon application to and approval of such application by the Commission and subject to the terms and conditions hereinafter set forth, (1) may continue unlisted trading privileges to which a security had been admitted on such exchange prior to March 1, 1934; or (2) may extend unlisted trading privileges to any security duly listed and registered on any other national securities exchange, but such unlisted trading privileges shall continue in effect only so long as such security shall remain listed and registered on any other national securities exchange; or (3) may extend unlisted trading privileges to any security in respect of which there is available from a registration statement and periodic reports or other data filed pursuant to rules or regulations prescribed by the Commission under this title or the Securities Act of 1933, as amended, information substantially equivalent to that available pursuant to rules or regulations of the Commission in respect of a security duly listed and registered on a national securities exchange, but such unlisted trading privileges shall continue in effect only so long as such a registration statement remains effective and such periodic reports or other data continue to be so filed.

"No application pursuant to this subsection shall be approved unless the Commission finds that the continuation or extension of unlisted trading privileges pursuant to such application is necessary or appropriate in the public interest or for the protection of investors. No application to extend unlisted trading privileges to any security pursuant to clause (2) or (3) of this subsection shall be approved except after appropriate notice and opportunity for hearing. No application to extend unlisted trading privileges to any security pursuant to clause (2) or (3) of this subsection shall be approved unless the applicant exchange shall establish to the satisfaction of the Commission that there exists in the vicinity of such exchange sufficiently widespread public distribution of such security and sufficient public trading activity therein to render the extension of unlisted trading privileges on such exchange thereto necessary or appropriate in the public interest or for the protection of investors. No application to extend unlisted trading privileges to any security pursuant to clause (3) of this subsection shall be approved except upon such terms and conditions as will subject the issuer thereof, the officers and directors of such issuer, and every beneficial owner of more than 10 percent of such security to duties substantially equivalent to the duties which would arise pursuant to this title if such security were duly listed and registered on a national securities exchange; except that such terms and conditions need not be imposed in any case or class of cases in which it shall appear to the Commission that the public interest and the protection of investors would nevertheless best be served by such extension of unlisted trading privileges. In the publication or making available for publication by any national securities exchange, or by any person directly or indirectly controlled by such exchange, of quotations or transactions in securities made or effected upon such exchange, such exchange or controlled person shall clearly differentiate between quotations or transactions in listed securities and quotations or transactions in securities for which unlisted trading privileges on such exchange have been continued or extended pursuant to this subsection. In the publication or making available for publication of such quotations or transactions otherwise than by ticker, such exchange or controlled person shall group under separate headings (A) quotations or transactions in listed securities, and (B) quotations or transactions in securities for which unlisted trading privileges on such exchange has been continued or extended pursuant to this subsection.

"The Commission shall by rules and regulations suspend unlisted trading privileges in whole or in part for any or all classes of securities for a period not exceeding 12 months, if it deems such suspension necessary or appropriate in the public interest or for the protection of investors or to prevent evasion of the purposes of this title.

"Unlisted trading privileges continued for any security pursuant to clause (1) of this subsection shall be terminated by order, after appropriate notice and opportunity for hearing, if it appears at any time that such security has heretofore been withdrawn or if such security is hereafter withdrawn from listing on any exchange by the issuer thereof, unless it shall be established to the satisfaction of the Commission that such delisting was not designed to evade the purposes of this title or unless it shall appear to the Commission that, notwithstanding any such purpose of evasion, the continuation of such unlisted trading privileges is nevertheless necessary or appropriate in the public interest or for the protection of investors. On the application of the issuer of any security for which unlisted trading privileges on any exchange have been continued or extended pursuant to this subsection, or of any broker or dealer who makes or creates a market for such security, or of any other person having a bona-fide interest in the question of termination or suspension of such unlisted trading privileges, or on its own motion, the Commission shall by order terminate or suspend for a period not exceeding 12 months such unlisted trading privileges for such security if the Commission finds, after appropriate notice and opportunity for hearing, that by reason of inadequate public distribution of such security in the vicinity of said exchange, or by reason of inadequate public trading activity or of the character of trading therein on said exchange, such termination or suspension is necessary or appropriate in the public interest or for the protection of investors.

"In any proceeding under this subsection in which appropriate notice and opportunity for hearing are required, notice of not less than 10 days to the applicant in such proceeding, to the issuer of the security involved, to the exchange which is seeking to continue or extend or has continued or extended unlisted trading privileges for such security, and to the exchange, if any, on which such security is listed and registered, shall be deemed adequate notice, and any broker or dealer who makes or creates a market for such security, and any other person having a bona-fide interest in such proceeding, shall upon application be entitled to be heard.

"Any security for which unlisted trading privileges are continued or extended pursuant to this subsection shall be deemed to be registered on a national securities exchange within the meaning of this title. The powers and duties of the Commission under subsection (b) of section 19 of this title shall be applicable to the rules of an exchange in respect of any such security. The Commission may, by such rules and regulations as it deems necessary or appropriate in the public interest or for the protection of investors, either unconditionally or upon specified terms and conditions, or for stated periods, exempt such securities from the operation of any provision of section 13, 14, or 16 of this title."

SEC. 2. Any application to continue unlisted trading privileges for any security heretofore filed by any exchange and approved by the Commission pursuant to clause (1) of subsection (f) of section 12 of the Securities Exchange Act of 1934 and rules and regulations thereunder shall be deemed to have been filed and approved pursuant to said subsection (f) as amended by section 1 of this act.

SEC. 3. Section 15 of the Securities Exchange Act of 1934 is amended to read as follows:

"SEC. 15. (a) No broker or dealer (other than one whose business is exclusively intrastate) shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in or to induce the purchase or sale of any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange, unless such broker or dealer is registered in accordance with subsection (b) of this section.

"(b) A broker or dealer may be registered for the purposes of this section by filing with the Commission an application for registration, which shall contain such information in such detail as to such broker or dealer and any person directly or indirectly controlling or controlled by or under direct or indirect common control with such broker or dealer, as the Commission may by rules and regulations require as necessary or appropriate in the public interest or for the protection of investors. Except as hereinafter provided, such registration shall become effective 30 days after the receipt of such application by the Commission or within such shorter period of time as the Commission may determine.

"An application for registration of a broker or dealer to be formed or organized may be made by a broker or dealer to which the broker or dealer to be formed or organized is to be the successor. Such application shall contain such information in such detail as to the applicant and as to the successor and any person directly or indirectly controlling or controlled by or under direct or indirect common control with the applicant or the successor as the Commission may by rules and regulations require as necessary or appropriate in the public interest or for the protection of investors. Except as hereinafter provided, such registration shall become effective 30 days after the receipt of such application by the Commission or within such shorter period of time as the Commission may determine. Such registration shall terminate on the forty-fifth day after the effective date thereof unless prior thereto the successor shall, in accordance with such rules and regulations as the Commission may prescribe, adopt such application as its own.

"If any amendment to any application for registration pursuant to this subsection is filed prior to the effective date thereof, such amendment shall be deemed to have been filed simultaneously with and as part of such application; except that the Commission may, if it appears necessary or appropriate in the public interest or for the protection of investors, defer the effective date of any such registration as thus amended until the thirtieth day after the filing of such amendment.

"The Commission shall, after appropriate notice and opportunity for hearing, by order deny registration to or revoke the registration of any broker or dealer if it finds that such denial or revocation is in the public interest and that (1) such broker or dealer, or (2) any partner, officer, director, or branch manager of such broker or dealer (or any person occupying a similar status or performing similar functions), or any person directly or indirectly controlling or controlled by such broker or dealer, whether prior or subsequent to becoming such, (A) has willfully made or caused to be made in any application for registration pursuant to this subsection or in any document supplemental thereto or in any proceeding before the Commission with respect to registration pursuant to this subsection any statement which was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact; or (B) has been convicted within 10 years preceding the filing of any such application or at any time thereafter of any felony or misdemeanor involving the purchase or sale of any security or arising out of the conduct of the business of a broker or dealer; or (C) is permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security; or (D) has willfully violated any provision of the Securities Act of 1933, as amended, or of this title, or of any rule or regulation thereunder. Pending final determination whether any such registration shall be denied, the Commission may by order postpone the effective date of such registration for a period not to exceed 15 days, but if, after appropriate notice and opportunity for hearing, it shall appear to the Commission to be necessary or appropriate in the public interest or for the protection of investors to postpone the effective date of such registration until final determination, the Commission shall so order. Pending final determination whether any such registration shall be revoked, the Commission shall by order suspend such registration if, after appropriate notice and opportunity for hearing, such suspension shall appear to the Commission to be necessary or appropriate in the public interest or for the protection of investors. Any registered broker or dealer may, upon such terms and conditions as the Commission may deem necessary in the public interest or for the protection of investors, withdraw from registration by filing a written notice of withdrawal with the Commission. If the Commission finds that any registered broker or dealer, or any broker or dealer for whom an application for registration is pending, is no longer in existence or has ceased to do business as a broker or dealer, the Commission shall by order cancel the registration or application of such broker or dealer.

"(c) No registered broker or dealer, or any other person, shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security (other than commercial paper, bankers' acceptances, or commercial bills) otherwise than on a national securities exchange, in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest to prevent fraud, concealment, unfair discrimination, or manipulative or deceptive practices or otherwise to insure to investors protection comparable to that provided by and under authority of this title in the case of national securities exchanges.

"(d) Each registration statement hereafter filed pursuant to the Securities Act of 1933, as amended, shall contain an undertaking by the issuer of the issue of securities to which the registration statement relates to file with the Commission, in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors, such supplementary and periodic information, documents, and reports as may be required pursuant to section 13 of this title in respect of a security listed and registered on a national securities exchange; but such undertaking shall become operative only if the aggregate offering price of such issue of securities, plus the aggregate value of all other securities of such issuer of the same class (as hereinafter defined) outstanding, computed upon the basis of such offering price, amounts to $2,000,000 or more. The issuer shall file such supplementary and periodic information, documents, and reports pursuant to such undertaking, except that the duty to file shall be automatically suspended if and so long as (1) such issue of securities is listed and registered on a national securities exchange, or (2) by reason of the listing and registration of any other security of such issuer on a national securities exchange, such issuer is required to file pursuant to section 13 of this title information, documents, and reports substantially equivalent to such as would be required if such issue of securities were listed and registered on a national securities exchange, or (3) the aggregate value of all outstanding securities of the class to which such issue belongs is reduced to less than $1,000,000, computed upon the basis of the offering price of the last issue of securities of said class offered to the public. For the purposes of this subsection, the term 'class' shall be construed to include all securities of an issuer which are of substantially similar character and the holders of which enjoy substantially similar rights and privileges. Nothing in this subsection shall apply to securities issued by a foreign government or political subdivision thereof or to any other security which the Commission may by rules and regulations exempt as not comprehended within the purposes of this subsection."

SEC. 4. Subsection (a) of section 17 of such act is amended by striking out "every broker or dealer making or creating a market for both the purchase and sale of securities through the use of the mails or of any means or instrumentality of interstate commerce", and inserting in lieu thereof "every broker or dealer registered pursuant to section 15 of this title."

SEC. 5. Subsection (a) of section 18 of such act is amended by inserting immediately before the comma following "any rule or regulation thereunder" the following: "or any undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title."

SEC. 6. Subsection (c) of section 20 of such act is amended by inserting immediately before the period the following: "or any undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title."

SEC. 7. Subsection (f) of section 21 of such act is amended by inserting immediately before the period the following: "or with any undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title."

SEC. 8. Subsection (a) of section 23 of such act is amended to read as follows:

"(a) The Commission and the Board of Governors of the Federal Reserve System shall each have power to make such rules and regulations as may be necessary for the execution of the functions vested in them by this title, and may for such purpose classify issuers, securities, exchanges, and other persons or matters within

their respective jurisdictions. No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule or regulation of the Commission or the Board of Governors of the Federal Reserve System, notwithstanding that such rule or regulation may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason."

SEC. 9. Section 32 of such act is amended by striking out "SEC. 32." and inserting in lieu thereof "SEC. 32. (a)"; by inserting immediately before the comma following the phrase "filed under this title or any rule or regulation thereunder" the following: "or any undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title"; and by adding thereto a new subsection (b), to read as follows:

"(b) Any issuer which fails to file information, documents, or reports pursuant to an undertaking contained in a registration statement as provided in subsection (d) of section 15 of this title shall forfeit to the United States the sum of $100 for each and every day such failure to file shall continue. Such forfeiture, which shall be in lieu of any criminal penalty for such failure to file which might be deemed to arise under subsection (a) of this section, shall be payable into the Treasury of the United States and shall be recoverable in a civil suit in the name of the United States."

SEC. 10. All brokers and dealers for whom registration is in effect on the date of enactment of this act in accordance with rules and regulations of the Commission prescribed pursuant to section 15 of the Securities Exchange Act of 1934 shall be deemed to be registered pursuant to section 15 of such act, as amended by section 3 of this act.

SEC. 11. Nothing in this act shall be deemed to extinguish any liability which may have arisen prior to the effective date of this act by reason of any violation of section 15 of the Securities Exchange Act of 1934 or of any rule or regulation thereunder.

SEC. 12. This act shall become effective immediately upon the enactment thereof; except that clause (2) of subsection (f) of section 12 of the Securities Exchange Act of 1934, as amended by section 1 hereof, and subsections (a) and (d) of section 15 of such act, as amended by section 3 hereof, shall become effective 90 days after the enactment of this act, and that clause (3) of said subsection (f), as amended by section 1 hereof, shall become effective 6 months after the enactment of this act.

With the following committee amendments:

Page 4, line 25, strike out "heretofore been withdrawn or if such security is hereafter" and insert the word "been."

Page 7, line 6, after the words "pursuant to", insert "clause (1) of."

Page 9, line 14, after the words "or dealer", insert "whether prior or subsequent to becoming such."

Page 11, strike out lines 12 to 24, inclusive, and insert:

"(c) No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security (other than commercial paper, banker's acceptances, or commercial bills) otherwise than on a national securities exchange, by means of any manipulative, deceptive, or other fraudulent device or contrivance. The Commission shall, for the purposes of this subsection, by rules and regulations define such devices or contrivances as are manipulative, deceptive, or otherwise fraudulent.

The SPEAKER. The question is on the committee amendments.

The committee amendments were agreed to; and the bill as amended was ordered to be read the third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. The gentleman from Missouri [Mr. SHORT] is recognized for 5 minutes.

GOVERNOR LANDON, OF KANSAS

Mr. SHORT. Mr. Speaker, it is absolutely inexcusable and wholly indefensible that any member of the President's Cabinet should at the same time act in the capacity of chairman of a great national committee, regardless of the political party to which he belongs. I was amazed this morning to read in the Washington Post a special dispatch from Grand Rapids, Mich., stating that last night Postmaster General Farley, who is also chairman of the Democratic National Committee, acting as chief dispenser of patronage, who is now ignoring his official duties and making trips all over the country in his private car while receiving the salary of the Postmaster General to defray his campaign expenses in trying to resell the New Deal to the people, referred to Governor Landon as "the Governor of a typical prairie State", and further went on to say:

I am not, of course, in possession of exact knowledge of why the Republican Party chooses to put him on a pedestal, but if I were permitted to guess, I would be inclined to believe that it was because he was elected Governor of a typical prairie State * * *."

The clear and unmistakable insinuation of this, with his other statements, and the only inference or logical conclusion which can be deduced is that a citizen, or even a Governor, of "a typical prairie State" has such limited capacities and narrow vision as to disqualify him for the Presidency. Too bad for the people on the prairies!

Mr. Speaker, I want it thoroughly understood that as a Republican I am not advocating the candidacy of Governor Landon or any other individual as our nominee for the Presidency of the United States, because I am well aware of the fact that we have at least 100 men in the Republican Party eminently qualified for that high office.

Mr. WHITE rose.

Mr. SHORT. I refuse to yield in my limited time. If the gentleman from Idaho could answer questions as well as he can ask them, he would be a marvel. I do, as a citizen of a great prairie State, resent the slur and the slam which the Postmaster General has cast upon the citizens not only of the great prairie State of Kansas, but of the States of Oklahoma, Iowa, Minnesota, Missouri, Illinois, Indiana, and every other great prairie State of the Middle West. [Applause.] He asks who in the world was Alf Landon, and who knew anything about him 2 years ago. I retort, who in the name of God ever heard of Jim Farley 2 years ago? Of course, we knew he was a prize-fight promoter in New York, which fits him admirably to be Postmaster General, and we know now that he is deliberately employing brutal prize-fight tactics in attempting to Tammanyize this country. I admit that Alf Landon was born in a modest home of humble but of honest parentage. He was not born in a mansion of an illustrious family whose name was widely known. He was not born with a silver spoon in his mouth and educated by private tutors; from childhood he had duties to perform, responsibilities to shoulder, and was educated as other children in our public schools. When he goes fishing, being so plain and simple, he gets a cane pole and a can of worms instead of taking a trip on a million-dollar yacht of some social high light.

Mr. EKWALL. And he gets some fish, too.

Mr. SHORT. And he generally brings home the bacon. I know Alf Landon. I like and admire him. He lives only 60 miles west of my district. He is a man of unimpeachable integrity, of unquestioned honor, conscientious and faithful in the discharge of his duties, tireless and efficient in his work for the public good. In public and private life his character is above reproach. The only thing wrong with Alf, according to ruthless Boss Farley, is that he is "the Governor of a typical prairie State." If only he came from Hyde Park or New York City!

Maybe Big Jim is correct when he charges that Governor Landon is "a man destitute of experience", but the taxpayers of Kansas will remember that he, as twice Governor of the Sunflower Commonwealth, during the trying years of this depression, has cut the cost of State government, reduced taxes at the same time, and balanced the budget annually. And the taxpayers of New York will never forget that Franklin Delano Roosevelt, during the years of greatest prosperity, was inaugurated Governor of the Empire State with more than $80,000,000 surplus in the State treasury, but left it with more than $95,000,000 deficit. What Mr. Roosevelt has done since he became our first and last king the American people can never forget.

Strange, is it not, that the New Dealers already see the handwriting on the wall and begin attacking a prospective Republican candidate, even before he is nominated? Jim Farley fears not only Alf Landon's record of outstanding ability and rugged honesty but also his practical political sagacity and his popularity with the masses to which he belongs. The common people know that Landon has common sense and does what he promises to do.

Mr. Speaker, in 1932 I made about 20 or more speeches in Kansas for Alf Landon when he was first elected Governor, and the remarkable thing is he was elected in spite of my speeches, and in 1934 was reelected, when practically the entire Nation went overwhelmingly Democratic. Could Mr. Farley be afraid of the Governor's vote-getting ability?

However, I am not here to eulogize Governor Landon or to extol his virtues and accomplishments. He needs no assistance of mine, and I am not advocating his candidacy. Nevertheless, I shall defend him or any other prospective candidate on my ticket from scurrilous and unwarranted attacks. This outburst of Farley plainly shows that the New Dealers are panicky, for they realize this early in the game that whomever the Republicans nominate will sweep the country this November, as Democrats join Republicans in saving the Constitution and preserving America.

One thing I can assure the present ex-officio Postmaster General and chairman of the Democratic National Committee is that Alf Landon has honestly made a success of his own business, and as Governor for two terms of the great State of Kansas he has made a most enviable and remarkable record [applause] by keeping the promises he made and the platform upon which he was elected. [Applause.] He is not exactly like some men I know who care no more for their word than a tomcat cares for a marriage license in a back alley on the blackest night. [Applause.] Perhaps Mr. Farley thinks that because the people out in the Midwest live in the prairie States, as did Lincoln, who was never heard of very much before his elevation to the Presidency, they are all dumbbells, freaks, rubes, and hicks. I will admit that they go astray occasionally. We are prone to human weakness, and every 20 years we go crazy and cockeyed with the rest of the country. Kansas did that in 1916 when her people voted the Democratic ticket, because that party "kept us out of war." Kansas did it four years ago because her citizens were lured astray by New Deal promises. But you can fool us only once in 20 years. That may be our fault; but to fool us again—ah, my friends, you cannot fool us all the time, even though we live in prairie States. We are going to have another change this November. [Applause.]

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. LUCAS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LUCAS. I should like to know whether the gentleman from Missouri [Mr. SHORT] was making Landon's nominating speech? [Laughter.]

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 537. An act for the relief of C. O. Meyer;

S. 925. An act to carry into effect the findings of the Court of Claims in the case of William W. Danenhower; and

S. 1360. An act for the relief of Teresa de Prevost.

The message also announced that the Senate had adopted the following concurrent resolution, in which the concurrence of the House is requested:

Senate Concurrent Resolution 38

Resolved by the Senate (the House of Representatives concurring), That a joint committee consisting of three Senators and three Representatives, to be appointed by the President of the Senate and the Speaker of the House of Representatives, respectively, is authorized to make the necessary arrangements for the inauguration of the President-elect of the United States on the 20th day of January next.

The message also announced that the Vice President had appointed Mr. BARKLEY and Mr. NORBECK members of the Joint Select Committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of executive papers in the following departments, viz: Department of State, Department of the Treasury, Department of War, Post Office Department, Department of Agriculture, Department of Commerce, Veterans' Administration, Federal Trade Commission, Federal Reserve Board, United States Employees' Compensation Commission, Civil Service Commission.

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate nos. 46 and 87, further insists on its amendments nos. 24, 53, and 54 disagreed to by the House to the bill (H. R. 10630) entitled "An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1937, and for other purposes", asks a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HAYDEN, Mr. MCKELLAR, Mr. THOMAS of Oklahoma, Mr. NYE, and Mr. STEIWER to be the conferees on the part of the Senate.

FLOOD CONTROL ON THE MISSISSIPPI RIVER

Mr. DRIVER. Mr. Speaker, I call up House Resolution 516.

The Clerk read as follows:

House Resolution 516

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 3531, an act to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928. And all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Flood Control, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. DRIVER. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. RANSLEY] one-half of the time—30 minutes.

Mr. Speaker, I yield myself 10 minutes.

The adoption of the rule just read by the Clerk will make in order the consideration of the bill (S. 3531), which is prepared for the purpose of extending and completing the adopted project on the Mississippi River under the law of May 15, 1928. To those Members who were in the House at the time the bill was passed, the explanation I expect to make here will give very little information, but there is a large membership not here and possibly does not understand the Mississippi River project.

This map before you reflects only that portion of the Mississippi River in the alluvial valley extending from Cape Girardeau in Missouri to the Gulf of Mexico. That area comprises 20,000 square miles plus. The adopted project was designed to protect fully and adequately 12,000,000 acres of that land. The other portion of the area is comprised within the border line of Louisiana which cannot be protected. The backwater areas as marked in a heavier shade of green on this map which are at the intersection of the Mississippi River tributaries within the alluvial valley, together with the lands in the floodway, provided in the engineering plan which was adopted under that act, and an unprotected area in the State of Tennessee and a small area in the State of Mississippi which, because of the character of development entering into the value of the land there, may not be economically justified to levee.

From Cape Girardeau to the Gulf of Mexico it is 1,100 miles. From the date of construction of the first levee designed to protect the then founding city of New Orleans, in Louisiana, in 1717, the people of the valley have struggled to protect themselves against what was practically a major overflow every 5 years, and more frequently a minor overflow of that river. Those overflows come from waters between the Allegheny and the Rocky Mountains, and comprise 41 percent of this Nation's area, embracing all of parts of 31 States and part of two Canadian Provinces. That enormous watershed with its run-off made the situation in the valley very critical from the very beginning of development.

The levee construction beginning at that early period was an individual enterprise on the part of the local landowners. This continued until about 1880, when this area was organized into local taxing units under their State laws and levied assessments upon all of the property within the alluvial area;

issued bonds based upon the revenues inuring to those taxing units from the betterments assessed on the land, and started in an organized way to construct their levees. But as rapidly as the people in the valley were able to expend their money on these levees the development in this enormous watershed, comprising the Missouri River and its tributaries, the upper Mississippi and its tributaries, the Illinois and Ohio Rivers, gradually increased the run-off from that watershed, until we found ourselves loaded with the burden of the bonded debt, yet unable to fend against the ever-increasing flood heights, due to that accelerated run-off. So in 1917, under an act of Congress, the Government contributed in an effort to build these levees to a certain grade and section which at that time was thought to be sufficient to fend against any flood that was possible in that stream. That same contributing system continued under the amended act of 1923, and the levee construction continued, and in fact was the only means that we then relied upon to afford protection to that valley against this enormous volume of water which was imposed upon the channels of the lower Mississippi River.

In 1927, however, we suffered an unusually heavy flood in the Mississippi Valley. It broke through our defenses practically all the way from Cairo to the Gulf of Mexico. It destroyed many of the levees we had built during the course of all these years. It wrought an enormous destruction of property and of human life, and rendered 700,000 people homeless. It forced us to bring these people out of the valley onto high ground and care for them until the flood had passed. It awakened the country. As a result, the Flood Control Act of 1928 was passed by the Congress. That act was in conformity with the recommendations of the then Chief of Engineers, Gen. Edwin Jadwin, who recommended the construction of levees to a larger grade and section all the way through the valley; and in addition he recommended the auxiliary treatment of diversion for the protection of the city of Cairo in Illinois and its 30,000 inhabitants, just south of Cairo in the State of Missouri, 40 miles in length and 5 miles wide which would reduce the flood crest of the combined Mississippi, Missouri, and Ohio River waters so that that city could safely maintain a levee system for its protection. From there south to and including the vicinity of Arkansas and the White River tributaries, levees alone were designed to afford protection. South of the confluent point of the Arkansas and the White Rivers a diversion was recommended through which 1,000,000 cubic feet of water would be taken from the main channel and carried down to a point in the vicinity of the head of the Atchafalaya River in Louisiana.

[Here the gavel fell.]

Mr. DRIVER. Mr. Speaker, I yield myself 5 additional minutes.

Mr. Speaker, the diversion at that point would carry through and follow the course indicated by the marker. This diversion would cover slightly more than 1,000,000 acres of land, the larger portion of which is highly developed, in the possession of enterprising people and farmed every year.

In order to effect the crevassing of the levees and bring the water out of the main channel into the floodway, a system of fuse-plug levees was recommended by General Jadwin and was responsible for delay in the execution of this project. The fuse-plug levee means a low section of levee which was designed to crevasse and carry the water out by natural means instead of by controlled and regulated structures; and then when thrown into this valley it would absolutely destroy everything beyond it.

They started on the execution of the project and with the exception of the large floodways the work has progressed to a point where practically the levee systems have been completed but nothing done on the floodways. Because of the dangers inherent in that plan, in 1931 the Flood Control Committee reported to this House a resolution requesting a review and a more thorough investigation into the adopted project and its engineering features. As a result there was gathered together one of the most expert bodies of men that ever served this Nation. They spent 3 years making a thorough investigation into every feature of the adopted engineering project, and a year ago they brought this Congress their recommendation, and this recommendation is the foundation on which the pending bill was constructed. There are some differences. They changed the diversion from a point near the Arkansas and White Rivers and brought it south of that. Instead of there being 65 miles of fuse-plug levees they leave only 35 miles and afford protection of the affected lands by levees.

In this changed diversion, using but about 60 percent of the amount of land required by the originally proposed floodways, they propose to take through the diversion basin 1,000,000 extra cubic feet of water. That means 1,500,000 cubic feet of water will be taken out at a place called Morganza and head of the Atchafalaya River and carried through the Atchafalaya Basin, which is 150 miles nearer the Gulf than to follow the course around by New Orleans. In this bill is contained that recommendation with one exception. Section 5 of the bill carries with it the construction of a riverside reservoir at a point in the White River backwater area and the inclusion of the St. Francis and the Yazoo systems, the only two rivers that flow entirely within the alluvial valley.

The basis for the Government's assumption of the obligation of providing these structures to protect the valley from the floods was that the local residents had expended $292,000,000 on the existing structures that enter into this plan, and they felt that that was a sufficient contribution to justify the Government obligation. At that time no consideration was given to these interior streams, although the people within the St. Francis and the Yazoo Valleys had paid equally, also those living in the particular White River project. Every acre of land in those areas had paid equally with every other acre of land that was protected under the provisions of that law. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, the problem of eliminating the damage which comes from floods must necessarily appeal to every Member of the House. We all want to save property and life. I do not question the merits of this particular proposition. My purpose in rising is to question whether it is advisable at this time to make this large authorization of $272,000,000. If we do not now realize it we will very soon appreciate that before we get through with the flood problem it is going to cost the Government billions of dollars.

Relief from floods is not only one affecting only the Mississippi Valley, but applies equally well to the New England States, the Onio River Valley, Pennsylvania, and New York. They are all interested in this great problem of protection of life and property from flood. Mr. Speaker, I maintain we must consider this great subject in a comprehensive way. There is no real reason why a special bill, which affects only three States, should be considered. Why not wait until the complete program, which is pending in another branch, comes before us, and then we will have the full picture.

There is another point I want to stress. We should not go ahead and expend millions that may eventually end in useless waste. There is a reasonable doubt as to whether the flood-control problem should be best solved through spillway construction or reservoirs. The President has appointed a commission of inquiry, and a report, I understand, probably will be available in December. So I ask, why commit the Government to a program running several years and requiring a huge expenditure which might be regretted later? Furthermore, it is not necessary. We have been spending about $35,000,000 a year for the relief of the Mississippi Valley, and at present there is an unexpended balance of $53,000,000 available for the work. Surely the situation will not become more acute if we do not pass this

bill today. Let us wait and see what it will cost in the Ohio Valley, in New England, and the other States. Let us see what the whole program will cost.

Mr. Speaker, I am reminded of a statement that was made yesterday by the distinguished gentleman from Texas [Mr. BUCHANAN], who is chairman of the great Appropriations Committee. Said the gentleman from Texas [Mr. BUCHANAN]:

> Furthermore, if we are to start on a general policy of conservation throughout the Union, I believe in equal opportunity and equal grants, if you want to call it that, or equal advantages, for every section in conserving its natural resources, and not have just one section picked out and favored.

Those are the words uttered by the gentleman from Texas [Mr. BUCHANAN] in discussing the Interior Department conference report.

Mr. SHORT. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Missouri.

Mr. SHORT. Of course, the gentleman will realize that the present bill is really an integral part of the original flood-control plan of the Mississippi Valley as covered by the act passed in 1928. The reason for the passage of that act was because the local interests in the Mississippi Valley from Cape Girardeau to below New Orleans had contributed $292,000,000. This bill covers the Yazoo and St. Francis Basins, and the backwaters of the White River, included in the general program, and those districts have contributed their share but have received absolutely no benefit up to the present time.

Mr. MARTIN of Massachusetts. The gentleman understands, of course, that the Government is now asked to contribute for the right-of-way, whereas previously that expense was borne by the local communities.

Mr. SHORT. I understand that; and the district represented by our colleague the gentleman from Mississippi [Mr. WHITTINGTON] has been assessed a tax, and they no longer bear the expense.

Mr. MARTIN of Massachusetts. I cannot agree with the gentleman from Missouri [Mr. SHORT]. A new policy is being established here, and it is time for the Members of the House to consider whether they want to adopt this particular policy or not. I say when we adopt a new policy we should take into consideration that we are going to have a great flood problem presented to us eventually; so let us take the whole matter up at one time and not by piecemeal. That is fair, and it is right, and that is what we ought to do.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. Will the gentleman restate what the new policy is?

Mr. MARTIN of Massachusetts. Previously the local government contributed and paid for the right-of-way, whereas under this bill that expense will be borne by the Federal Government.

One of the great difficulties we are experiencing as a nation at the present time is that there are two or three different agencies spending money in the same field, as was stated very fully by the gentleman from Texas [Mr. BUCHANAN] in his speech of yesterday. You cannot have a consistent financial policy, you cannot bring the Budget into balance, and you cannot put this country on a sound financial basis until this power is vested in the Congress and Congress alone. The responsibility must be fixed. You cannot help by bringing in piecemeal legislation. Legislation must be brought in in a comprehensive way covering the whole problem. Let us give every section its fair share and proceed in an orderly, businesslike way to consider a great national problem.

Mr. Speaker, for the above reasons I hope the bill will be defeated. It may be said this only involves $300,000,000, some will consider this just a bagatelle, but some day the American taxpayers are going to wake up to the fact the Treasury has been depleted and can be refilled only through back-breaking taxes. The Mississippi work will go ahead. There is now an unexpended balance of over $53,000,000 to carry it on. Let them go ahead with that amount of money until the needs of all sections are determined.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Is it not true, and the gentleman will find it is true if he cares to investigate, that while that amount has not been expended it is practically all obligated?

Mr. MARTIN of Massachusetts. It is part of the program and it will take all of this year to use up that amount of money.

Mr. WHITTINGTON. This includes the appropriation for the current year.

Mr. MARTIN of Massachusetts. They cannot spend $53,000,000 in the rest of this year?

Mr. WHITTINGTON. No.

Mr. MARTIN of Massachusetts. Is that not enough to spend in one part of the country until we determine what the program of the Government is going to be?

Mr. WHITTINGTON. There was only appropriated $15,000,000 for this year, and that is obligated.

Mr. MARTIN of Massachusetts. There is plenty of money available to go head with the project. Now let us stop any further commitments for several years ahead and wait until we see what the report of the committee of inquiry will be. That is the fair and honest thing to do. I hope the attitude of the House today will be to defeat this bill at this time.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. Speaker, we have heard a very fine explanation of the Mississippi Valley flood-control problem from the distinguished gentleman from Arkansas [Mr. DRIVER], and I do not know anyone who would be better qualified to outline the problems of that valley than the gentleman from Arkansas who has previously spoken. He has been on the Flood Control Committee for years. He understands the problem.

It has been my privilege to serve on that committee during the last session of the Congress, and at the last session we held extensive hearings on this very project, which are available. This is a far-reaching project, and I do not want to come before the House this afternoon and have anyone feel that I do not realize that this is a great problem that affects this particular section of our Nation. Under the act of May 15, 1928, we accepted this as a national problem, and we are going to continue to take care of that section. There is no question about that, but we bring in here today an amendment to that act which greatly increases our national responsibility in this area, and I believe we are bringing it in at a time when we are about to change the method of flood control in this country. I believe in the near future we are going to develop a comprehensive program of flood control which will originate at the source.

What is this bill? This bill is a floodway bill. The gentleman from Arkansas [Mr. DRIVER] has ably demonstrated the problem of this large section through here [indicating]. This is known as the Eudora floodway. What do we do at Eudora? In reality we make a new floodway, a new spillway, or in reality a new river, if you want to call it that, practically 10 miles wide, at a cost of $103,000,000. Why do we do this? In order to protect this valley against the superfloods; not a flood like that of 1927, which was the greatest that has ever been recorded on the Mississippi River, but a flood 27 percent greater than the 1927 flood. The engineers in their testimony stated that we might have such a flood once in 125 to 250 years.

The question is whether we should at this time go ahead and erect these spillways and floodways when I believe—and I think the country believes—we are going to have a change in our method of flood control.

Now, you may ask what do we have to offer in the place of this floodway. I am going to make some suggestions,

and I am going to back them up by the testimony of the engineers. They are not my statements, but statements of competent Government engineers.

In the first place, the distance by the regular channel from the mouth of the Arkansas River to the Red River is 373 miles. By the establishment of bend cut-offs, which are now in existence, or which they have been constructing in the last 2 years, they have reduced this distance to 273 miles. Think of it! A 100-mile reduction in the distance by bend cut-offs. What does this mean in connection with the floodwaters of this area? General Ferguson has testified before our committee that it means a reduction of several feet in the floodwater. General Markham admitted it would be a reduction of 2½ feet in that territory, and I am going to read for your information a statement made by General Ferguson.

Now, who is General Ferguson? He is the president of the Mississippi River Commission and is the man who is in charge of this work right now, representing the Chief of Engineers, in constructing these projects; and on April 8 of this year he made a statement at New Orleans, and I am quoting a portion of it from the Times-Picayune of that city:

> We have obtained results we can measure now to the point where we know we can make the Mississippi River use its own energy to straighten its banks and keep them straight where they need straightening; to build sandbanks where they are needed and cut them away where they should be removed; to carry its own load of water and solid material in solution to the sea much faster than ever before.

Now listen to this:

> I believe we have the answer to the river problem this Nation has been trying to solve for more than a century. I see no need for the lower valley to worry about the river any more, and I see every reason for the people of the lower valley to go about their daily affairs with the thought of any danger from the river completely dismissed from their mind.

This is the statement of General Ferguson.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. CARLSON. I would rather not yield until I have concluded my statement.

Mr. WHITTINGTON. I am sure the gentleman wants to quote General Ferguson correctly, and I simply want to call his attention to the telegram he sent the committee.

Mr. CARLSON. I refuse to yield now, Mr. Speaker. I shall be pleased to yield later on.

I have mentioned the bend cut-offs. We have proved this will reduce the floodwaters of this river at least 2½ feet, and some engineers say as much as 5 feet.

We have another proposal that we believe will reduce the floodwaters throughout this area, and that is by the construction of reservoirs on tributary streams.

A report has been made on 13 reservoirs on the Arkanses River and 13 on the White River, a total of 26 reservoirs. These reservoirs cost $126,000,000. Remember, now, that the Eudora floodway costs $103,000,000. These reservoirs, according to the testimony of General Markham, will reduce the flood flow or the flood stage more than 4 feet. Some engineers have estimated it at more than that, but General Markham says it will be over 4 feet.

Now, at a cost of $126,000,000 we get a reservoir system, which is much more valuable than a floodway—and who knows what the economic value of these reservoirs throughout this midwestern section and how much more important are they than the difference between $103,000,000 and $126,000,000?

Please do not think for a moment that I want to create the impression that these 26 reservoirs will reduce the flow of water as much as the Eudora floodway. They will not; but bear in mind that this floodway is built for a superflood, a flood we have never had and do not expect to have and hope we shall never have.

But consider the economic value of the 26 reservoirs in the midwestern section.

Secretary Wallace has stated that we have 30,000,000 acres of land in the Middle West which is of great concern to our National Government because of drought conditions. This is one way to protect the Mississippi Valley and save the central section of the United States from great droughts, and which concerns everyone.

It seems to me that at this time we should not go ahead and construct the Eudora floodway until we have had further study.

Let me read you a statement. My belief is that we should wait on this program. It is stated that we have $53,000,000 unexpended for this work. Let us spend that before we authorize at least $272,000,000 additional. I am quoting from the Associated Press under the date of April 20 of this year:

> Starting an exhaustive study of the country's 15 major drainage basins, Interior Secretary Harold L. Ickes yesterday asked the cooperation of local authorities in preparing a National Resources Committee report on steps needed to prevent floods.

The statement referred to the National Resources Committee which is expected to report next December.

I think we should fully realize the great expenditure we are making—$325,000,000.

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. RANSLEY. I yield the gentleman 10 minutes more.

Mr. CARLSON. It is not my intention to use the 10 minutes, but I want in conclusion to ask Members of the House seriously to consider that before we authorize this expenditure if it does not think it would be policy on the part of the Federal Government to study further before carrying out this program? I sincerely believe that in the next 2 years the engineers in our Army will be recommending reservoirs for the control of these floods and that that will be beneficial throughout this section.

Mr. DISNEY. Will the gentleman yield?

Mr. CARLSON. I yield.

Mr. DISNEY. The engineers have recommended reservoirs on the White and the Arkansas Rivers, have they not?

Mr. CARLSON. That is correct.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. I am much interested in the discussion by the gentleman, which has been exhaustive and learned. As I understand, there is no great necessity, no great emergency involved in this construction.

Mr. CARLSON. Personally, I do not think there is.

Mr. JENKINS of Ohio. This is an addition to and outgrowth of what we have done in the Mississippi Valley in improvements since 1927.

Mr. CARLSON. That is right.

Mr. JENKINS of Ohio. The gentleman has advanced something in which I am much interested, having stressed the difference between the policy involved in this construction and some other construction. I should like to ask if the gentleman had in mind the bill now pending in the Senate, and which they were discussing yesterday, and perhaps today, involving the expenditure to prevent floods in the Ohio Valley and in different parts of the country which were so disastrous 3 or 4 months ago?

Mr. CARLSON. I do have that in mind, and I think the bill which we passed in the last session of Congress was no doubt in the mind of the President when on January 30 of this year, in his message to Congress, he said:

> We have grown accustomed to dealing with great rivers, with their problems of navigation and of power and of flood control, and we have been tempted to forget the little rivers from which they come.

Mr. JENKINS of Ohio. What does the gentleman think of this apparent conflict? As I understand it, the bill pending in the Senate, which has attracted Nation-wide attention—delegations from all parts of the United States having been here this week—is turning on the point of how much local residents will participate in the payment of improvements. That is a question which has been debated very bitterly and exhaustively in the Senate. It appears now that that is going to be the controlling factor. In other words, it is likely that they will come to the conclusion that there will be no improvements made anywhere tending to

prevent floods unless the local communities bear at least one-half of the expense of purchasing the land and providing for the damages. If that is the case, and we are to be confronted in a few days with that bill, after we have passed this bill, we will be in the position of being confronted with two diametrically opposed propositions. In other words, the people of one section of the country will have all of their damages paid by the Federal Government, while in other sections of the country they will compel people to pay one-half of the damages and one-half of the expense of the land.

Mr. CARLSON. I thank the gentleman for his contribution, and no doubt that will be brought out later in the discussion.

Mr. DISNEY. Mr. Speaker, will the gentleman yield?

Mr. CARLSON. Yes.

Mr. DISNEY. That bill, while it originally contained the 13 projects on the White and the Arkansas Rivers, does not now contain those projects or at least all of them.

Mr. CARLSON. That is correct. The Senate bill does not contain them all. The bill as it passed the House did contain those 26 projects. The bill has been amended in the Senate and is up for consideration today, and I understand that those projects will not be included.

Mr. DISNEY. That bill carries a provision which will make the communities contribute at least 50 percent of the cost.

Mr. CARLSON. Yes.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman permit me to ask a question of the gentleman from Oklahoma?

Mr. CARLSON. Yes.

Mr. JENKINS of Ohio. These dams and reservoirs to which the gentleman from Oklahoma refers as being in Oklahoma are in the White River Valley?

Mr. DISNEY. The White River and the Arkansas River.

Mr. JENKINS of Ohio. And what does this bill provide as to who shall pay for the damages and the land in that territory?

Mr. DISNEY. They are not in this bill. We propose to offer an amendment to put them in.

Mr. JENKINS of Ohio. What will the amendment provide with reference to that?

Mr. DISNEY. The same terms as in this bill.

Mr. JENKINS of Ohio. That is, the Government should pay all of it?

Mr. DISNEY. Yes.

Mr. JENKINS of Ohio. And if we should pass the gentleman's amendment and this bill with his amendment, and the Senate should pass the bill over there which they have agreed on so far as the damages are concerned, we will be confronted with this situation, that rights-of-way and damages incident to the construction of reservoirs in one section of the country will be paid for wholly at the expense of the Government, and in another section the communities will pay half of them.

Mr. DISNEY. Then it is up to the Congress to determine what is flood control.

Mr. DRIVER. Mr. Speaker, will the gentleman yield?

Mr. CARLSON. Yes.

Mr. DRIVER. The gentleman does not intend to say that the Government is paying all of the expense, particularly in respect to the operations on the Mississippi River. The gentleman is aware that the local people have contributed $41,000,000 while this project is under execution.

Mr. CARLSON. That is correct. The gentleman makes a correct statement, and we must bear in mind, if we adopt this bill, the Government will furnish flowage rights on three floodways. They will furnish the reservoir rights-of-way mentioned in this bill; therefore I think we are advancing a new policy of flood control even in that area.

Mr. Speaker, I shall conclude by reading a statement of General Markham with regard to the expenditure of funds in the Mississippi Valley. This was made before the Senate committee and will be found on page 44 of the Senate hearings:

> I do not think it is improper for me as Chief of Engineers to refer to the fact, quite anonymously, the more expenditure the Federal Government makes in the lower Mississippi Valley the more obligations it picks up. It seems to me as though Congress ought to know what the limit is.

I believe it is our duty to bear in mind the expenditures at this time.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. CARLSON. Yes.

Mr. WHITTINGTON. Is it not a fact that that statement was made before this bill was amended in the Senate so as to meet the very argument of General Markham included in that statement?

Mr. CARLSON. That is correct, but they have been only partially met.

Mr. WHITTINGTON. But he says it satisfies him. The general has stated to our committee and to the gentleman that that particular section to which that referred has been amended and he is satisfied.

Mr. CARLSON. That is correct. I yield back the remainder of my time.

Mr. DRIVER. Mr. Speaker, I have listened with considerable interest to the very fair statements presented by my colleagues from this side. I claim to be the original reservoir advocate for flood control, because I developed to the very best of my ability the influence of reservoirs on the minor streams as they would control the floodwaters in the Mississippi River. I find this to be true, that from the standpoint of reservoir control we are absolutely beyond the pale of recognition, and I do not believe that any Member of this House will seriously contend to the contrary. After thorough engineering investigation, headed by a man whom I know to be one of the most expert of those connected at any time with this wonderful aggregation of Army Engineers, Capt. William Kelly, it was found that it would cost $1,120,000,000 to effectuate control of the floods in the Mississippi Valley that we are undertaking to deal with now on the basis of $500,000,000.

Some allusion was made to the influence of reservoirs on the Arkansas and White Rivers. Those two rivers run right through my State. I do not take my hat off to a single man on this floor in my serious concern for the development and protection of the valleys of those streams. I want to see them protected, and I am ready to go to any reasonable extent to bring it about, but there is no use kidding ourselves about this matter. When we include the Arkansas and the White Rivers in this bill we might as well kick it out of the door. The strategy of the opposition to this bill will be to adopt amendments in order to effectuate that purpose. This bill cannot carry a greater load than it carries for the protection of the Mississippi alluvial area. The original project was designed for that purpose. It was separated from the other rivers of the Nation. Why? Because of the extraordinary burdens that were imposed upon that very narrow area by the great population and interests of approximately half of the Nation. If you place one hundred and twenty-six million additional dollars on this bill for reservoirs in the White and Arkansas Rivers, I dare any man to point to an engineering statement in this RECORD that does not say that, notwithstanding the expenditure of one hundred and twenty-six adtional million, you will be forced to expend the same sum they recommend in this bill. Why? This is not disputed. If the flood of 1927 had been confined at Arkansas City, the junction of the White, the Arkansas, and the Mississippi, a difference of 12 feet would have occurred on the gage at that point. Take 4½ instead of 4.2 and take 2½ and you have 7 feet. You must have 5 feet more in order to avoid the use of the proposed floodway. It will cost just as much to put the floodway to carry that additional amount of water as it would under the estimate on this project. Then why load it down if it cannot effectuate the purpose?

This bill carries three projects within the valley. I just started to explain it to you previously when my time expired. I gave you the reason for the inclusion of these two. There is one project in the White River area. I want to make a brief explanation of that. The president of the Mississippi River Commission and the landowners affected,

who are extremely anxious to receive protection for 136,000 acres of land, which is developed, worked out with the president of the river commission, protection of that land for a riverside reservoir, the most effective on earth, containing a sufficient amount of water from the flood crest to make a desirable impression, a factor of safety at Arkansas City. The Chief of Engineers says that he did not recommend that project because of the law which requires one-third contribution on land of that sort, but it was the result of the directing force in the Mississippi Valley that that was worked out. These lands paid just exactly the same as every other acre of land in the St. Francis and Yazoo Valleys to the structures on the bank of the Mississippi River to protect these lands which do not afford any protection because of shutting off drainage and bringing the drainage from that area, which floods these channels until they cannot protect themselves. In the St. Francis those people paid $11,000,000 in addition to what these people pay on the Mississippi River structures.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. I yield.

Mr. JENKINS of Ohio. I am very much interested in the gentlemen's discussion, because he indicates he knows what he is talking about. This other bill that we have talked about in the Senate seems to be a flood-control bill that is going to take care of projects more or less scattered all over the country. That is probably for the reason that this year was a very disastrous year for floods. However, in the Ohio Valley we have projects that have been approved by the Army Engineers, which call for the construction of a great many reservoirs. When those reservoirs are completed they will take 8 feet off of the flood crest of the Ohio River.

Mr. DRIVER. That is at Pittsburgh.

Mr. JENKINS of Ohio. No. Down in my section. I am coming to that. I mean down in my section. I live 250 miles below Pittsburgh. It will take 8 feet off of the crest of the Ohio River flood at that point. The gentleman recognizes that before that flood reaches our country it has gone through many towns and it has devastated a great many cities. Your territory is largely farm land. The territory which is damaged in our section includes cities and municipalities and higher-priced land. If this other bill is passed and the constructon of these dams takes 8 feet off of the flood on the Ohio River, what effect will that have upon your area?

Mr. DRIVER. If all of the waters beyond Pittsburgh in the Ohio, beyond Minneapolis in the upper Mississippi, and beyond Sioux City in the Missouri were entirely removed from the river it would not make a difference of 12 inches in the flood crest anywhere south of Cairo; it does not have that effect. The most desirable reservoir site is in the Arkansas and White Rivers, where the cost is estimated at $126,000,00. If you tried to get the same influence from the same number of reservoirs elsewhere you double the amount of money per reservoir.

Now, Mr. Speaker, hurriedly, the people in the Mississippi Valley have furnished the land for the levees. They have expended $41,000,000 for this purpose in addition to the $292,000,000 on which the national obligation was based since the 1928 act was placed in operation. The only place that the Government furnishes the flowage rights—not the land, but the flowage rights—is for the proposed floodways to divert from the river 1,000,000 feet below Arkansas City and 1,000,000 down at Morganza.

You talk about reservoirs; I should like to see them in every stream in the Nation. They have local social values beyond estimate; but can we wait on that with the menace of these floods that are likely to wipe out the valley again?

My colleagues from Massachusetts have that little wild river the Merrimack. That is a project in the bill now pending in the Senate and will be passed and put into execution at once by the engineers. Also, the Connecticut River and the rivers in Ohio and Pennsylvania—those emergent streams are the ones that must be taken care of. We cannot close our eyes to these menaces; we are bound to provide for their control. We must realize the duty and the responsibility we owe to the people in these devastated areas, and treatment cannot be delayed in deference to impending dangers.

Mr. THOM. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. I yield.

Mr. THOM. In the program so far carried out in the Mississippi Valley has any reservoir been built?

Mr. DRIVER. None whatever. Further, I may say that under the original authorization of $325,000,000 for the Mississippi River flood project $90,000,000 was for navigation and not flood control, and practically $70,000,000 has been expended by the Government out of the $325,000,000 authorization contained in the bill for such purpose.

Mr. THOM. May I continue my inquiry?

Mr. DRIVER. Yes.

Mr. THOM. I am to understand, then, that provision for the completion of the reservoirs in the Mississippi Valley project is contained in the bill?

Mr. DRIVER. The authorization for it; yes. If the engineers can see where they can shift from the levee system to the reservoir system they are authorized to do so; it is within their discretion and judgment.

Mr. THOM. Am I to understand further that the land for these reservoirs is to be furnished by the United States Government?

Mr. DRIVER. No; not in the St. Francis project; and in order to verify that I want to call on my colleagues from Missouri. Is it not a fact that the project provides that in the use of reservoirs the expense cannot exceed what the use of levees would require?

Mr. ZIMMERMAN. The gentleman is correct.

Mr. THOM. Let me call the gentleman's attention to page 3 of the bill, where reference is made to the St. Francis River. The language here is—

> And the acquisition at the cost of the United States of all lands and flowage necessary to the construction of said reservoir.

Mr. DRIVER. Read further.

Mr. THOM. Except flowage of highways.

Mr. DRIVER. Read further and the gentleman will find that provision is made that it shall not cost the Federal Government one cent more than the levee system.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. I yield.

Mr. CULKIN. I notice the majority report refers to this bill as embodying the Markham plan.

Mr. DRIVER. Yes; General Markham, the present Chief of Engineers, made the report for the expert board that studied the subject for 3 years.

Mr. CULKIN. Does the Chief of Engineers recommend this plan in his report?

Mr. DRIVER. Absolutely; everything in this bill is recommended. This is an engineering plan we are adopting as a modification to the adopted project of 1928, except as to this feature here at White River, which was worked out with the executing commission, the Mississippi River Commission headed by General Ferguson; but because of the requirements of the law for one-third contribution on tributary streams he said he could not approve that project. He overlooked, however, the fact—and I want to impress this on the gentleman—that those lands were in exactly the same attitude as the other lands he recommended for inclusion in order to afford the protection they had paid for but were denied.

Mr. CULKIN. But the genteman does say that General Markham specifically recommends the enactment into law of the pending bill?

Mr. DRIVER. He does. This is a bill to carry his recommendations into execution. Now, they talk about waiting. Gentlemen, we cannot wait on these matters. We cannot wait on the Merrimack. That is in the project bill. There is not one single project in that bill that was not recommended by the engineers and can fit in and coordinate with the complete treatment for the rivers from which they were gathered when it becomes necessary to deal in a compre-

hensive way with flood projects in connection with various streams.

Mr. RICH. Will the gentleman yield?

Mr. DRIVER. I yield to the gentleman from Pennsylvania.

Mr. RICH. Does the gentleman mean to say that General Markham agreed to section 5 of this bill?

Mr. DRIVER. I made an express statement in regard to that matter and I believe every Member but my friend from Pennsylvania understood me. I pointed to the map, and I said he recommended everything except the White River project, and fully explained the circumstances connected with it.

[Here the gavel fell.]

Mr. DRIVER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes on Monday next after the reading of the Journal and disposition of matters on the Speaker's table.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

Mr. SCHULTE. Mr. Speaker, reserving the right to object, Monday next is District day. We have never had an opportunity to discuss District bills.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

FLOOD CONTROL ON MISSISSIPPI RIVER

Mr. WILSON of Louisiana. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3531) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries", and for other purposes, approved May 15, 1928.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 3531, with Mr. FLANNAGAN in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. WILSON of Louisiana. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the general purposes of the pending bill have been thoroughly stated and made clear. This bill is offered to complete an adopted project involving the greatest engineering problem ever undertaken by the United States Government or any other country. The purpose of the bill is to carry on to completion the project through the same organization that has carried on the execution of the project since 1879, when the Government joined in the work of flood protection on the Mississippi River. After the disastrous flood of 1927, the Federal Government assumed responsibility for protection of the alluvial valley of the Mississippi River, admitting and declaring that it was a national obligation. In that statement, of course, there was given as one reason for the final completion of these projects as a national obligation the fact that the local interests involved had spent $292,000,000 since that time, and they have spent more than $41,000,000 in cooperating with the Government since the adoption of the act of 1928.

When the 1928 act was passed, it was admitted and generally understood that there would probably be changes in the final execution of the projects, and that reexaminations and resurveys would be required. House Document No. 1 is the result of a resurvey and a reexamination which covers a period of 3 years. It shows a saving to the Government if the original projects had been carried out as recommended.

Mr. Chairman, when I had the honor of becoming chairman of the Committee on Flood Control of the House, I consulted with the Chief of Engineers and the Secretary of War, and prepared a resolution asking for a complete reexamination and review of the engineering features of the projects so that a recommendation might be made covering changes, if any, that should be made in final execution. Gen. Lytle Brown was then Chief of Engineers, and in a very aggressive way, he went forward with this work. He set up an independent board composed of Gen. Harley B. Ferguson, now president of the Mississippi River Commission; Col. George R. Spaulding, Corps of Engineers; and Mr. Marston, school of engineering, Iowa State College.

After continued work, and after the expenditure of some four or five million dollars, cutting off bends in the main channel of the Mississippi River, dredging and increasing the discharge of the water into the Gulf of Mexico through the Atchafalaya River, they came back, through the present Chief of Engineers, who aggressively went forward in the same way, and presented this report covering the final execution of that great project. Extended hearings have been had. I have worked in every way to get a thorough review of the matter. I have tried to get every fact before the engineering authorities. We have taken up the matter of floodways and reservoirs. I have done all this so that I could come to Congress with a frank statement on a great national problem. We have collected the data and now recommend legislation to complete this project.

After the report was submitted the differences that arose in the hearings were thoroughly discussed, first as to whether or not we might substitute reservoirs for the floodways. After the hearings the Chief of Engineers and the Mississippi River Commission still recommended that although you might construct reservoirs in the White and Arkansas Rivers, in connection with the flood of 1927, not the superflood, if the reservoirs were constructed and in operation, with channel enlargements by cutting off the bends in the river, it would still be necessary to use the Eudora floodway in case of a flood of 1927 volume, and in the superflood it would be necessary to carry out an even greater amount of water.

Mr. Chairman, there is no way to carry on this project to completion except as recommended and approved by the agency set up for its execution by the Government. We will either have to follow them or else we will get nowhere.

Mr. ANDRESEN. Will the gentleman yield?

Mr. WILSON of Louisiana. I yield to the gentleman from Minnesota.

Mr. ANDRESEN. Will the gentleman advise the Members of the House how much money was authorized in the act of 1928, and how much money has been spent out of this original authorization?

Mr. WILSON of Louisiana. Three hundred and twenty-five million dollars was authorized by the act of 1928, and all except about $53,000,000 has been expended. About $15,000,000 is now in allotment.

Mr. ANDRESEN. Have any reservoirs been constructed with that $300,000,000?

Mr. WILSON of Louisiana. No.

Mr. ANDRESEN. Just floodways?

Mr. WILSON of Louisiana. No floodways have been constructed. There has been some levee construction, channel enlargement, and some $80,000,000 or $90,000,000 has been spent for improvement of the river for navigation purposes.

Mr. ANDRESEN. How much additional money will be required or does this bill carry by way of authorization to complete the program?

Mr. WILSON of Louisiana. Two hundred and seventy-two million dollars.

Mr. ANDRESEN. Will any additional funds be needed after the money that is provided in this bill has been expended?

Mr. WILSON of Louisiana. No; according to the recommendation of the engineers this will complete the project.

Mr. ANDRESEN. It was my understanding in 1928, when we authorized the expenditure of the $325,000,000, that that would do the work down there.

Mr. WILSON of Louisiana. No; my friend is mistaken about that.

Mr. ANDRESEN. I was here and voted for it.

Mr. WILSON of Louisiana. The general estimate at that time for the final completion of the project was $775,000,000, and I may also add that the $325,000,000 referred to included some $80,000,000 for improvement of navigation, and the gentleman cannot find anywhere one word of complaint about the expenditure of this money. It was expended for the very best purposes and in a most economical way.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield for a question?

Mr. WILSON of Louisiana. Yes.

Mr. JOHNSON of Oklahoma. Is it contemplated under this bill that any reservoirs will be constructed, or is it proposed to spend all the money on the lower Mississippi in the building of dikes and levees and floodways?

Mr. WILSON of Louisiana. And on floodways; yes.

Mr. JOHNSON of Oklahoma. Is the construction of any reservoirs contemplated under the measure?

Mr. WILSON of Louisiana. No; except on the Yazoo and the St. Francis, and that is in the discretion of the Chief of Engineers.

Mr. JOHNSON of Oklahoma. Those of us who live on the upper reaches of the Mississippi are interested in flood control on the Mississippi, but we are also interested in flood protection on the Arkansas and other tributaries, and we feel this can be done only by the construction of reservoirs. We are interested in real flood control.

Mr. WILSON of Louisiana. I am too.

Mr. JOHNSON of Oklahoma. And we want to see some reservoirs started while we are spending this money.

Mr. WILSON of Louisiana. The statement was made, I believe, by the gentleman from Ohio, that this is not an emergency project. Mr. Chairman, the most important emergency in connection with this flood-control project is the Atchafalaya Basin. If you will notice this map you will see that these flood waters, whether they come down through the main channel or whether they come through floodways, from all the tributaries and all the streams that make up 41 percent of the area of the United States, they must accumulate at this point [indicating] and from that point down is the Atchafalaya Basin, to carry the water safely to the Gulf, a distance of 90 miles. I say that this project is more of an emergency than anything you can imagine with reference to flood control.

[Here the gavel fell.]

Mr. WILSON of Louisiana. Mr. Chairman, I yield myself 3 more minutes.

This is the only opportunity we have to carry this project to completion with the approval of the Secretary of War and the Chief of Engineers with respect to the engineering features and the allotment or expenditure of the money, because when the Senate first started out on this bill they put in a provision that there should be just compensation paid for the land flowage rights over the floodways. The Secretary of War sent up an unfavorable report because he said there must be a definite yardstick with respect to the expense.

Mr. GREEVER. Mr. Chairman, will the gentleman yield?

Mr. WILSON of Louisiana. I yield.

Mr. GREEVER. Reference has been made to the amount of money that has been contributed by the districts or by the States contiguous to this flood-control area. How much money is that?

Mr. WILSON of Louisiana. Prior to the Flood Control Act of 1928, the local interests had spent $292,000,000 in furnishing rights-of-way to construction work. Since then they have spent something over $41,000,000 and they are still to furnish the rights-of-way for levee foundations on the main channel of the Mississippi River. So they have spent more than $300,000,000.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield for a brief question?

Mr. WILSON of Louisiana. I yield.

Mr. JENKINS of Ohio. The gentleman stated a while ago that the original appropriation was $320,000,000.

Mr. WILSON of Louisiana. Three hundred and twenty-five million dollars.

Mr. JENKINS of Ohio. Practically all of that money has been spent or allocated. Was it contemplated that the money appropriated at that time would be sufficient to complete the projects that were actually contemplated then?

Mr. WILSON of Louisiana. No; there was to be an allotment from year to year for levee construction and channel improvement.

[Here the gavel fell.]

Mr. WILSON of Louisiana. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Chairman, in the time allotted to me——

Mr. RICH. Mr. Chairman, I do not want to make a point of no quorum but I should like to ask the majority if they will not get Members in here to hear this important discussion. Here we have only about 50 Members on the floor of the House to hear this important legislation discussed.

Mr. BLANTON. Mr. Chairman, I make the point that there are only 18 Members on the Republican side.

Mr. RICH. And there are only 30 Democrats on that side. Mr. Chairman, I make the point that there is no quorum present.

The CHAIRMAN. The gentleman from Pennsylvania makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and five Members are present, a quorum. The gentleman from Arkansas will proceed.

Mr. MILLER. Mr. Chairman, I should like to have the privilege of explaining some facts which I know the House is entitled to in regard to the flood-control problems of this country. I am as much interested in the solution of the flood-control problem as any man can be and I am doubly interested to see that it is solved in a proper and constructive manner. I do not intentionally mean to make any misquotations. I should like to have the attention of the House in order that they may see what we are doing.

This bill deals with the middle section of the Mississippi River from the mouth of the Arkansas and White Rivers south.

Primarily it is based on the report of General Markham in Committee on Flood Control Document No. 1, House of Representatives, Seventy-fourth Congress, first session, which modifies the original Jadwin plan adopted in 1928, when $325,000,000 was authorized for work on the Mississippi flood-control problem.

In addition, here is what we do. Under one section of this bill we appropriate $48,000,000 to take care of the Yazoo River system, to build seven reservoirs on the Yazoo. We appropriate $16,000,000 for work on the St. Francis, which may be expended for levees or for reservoirs.

For the Yazoo all expenses for reservoirs are to be paid by the Government except damages to highways.

In other words, $16,000,000 is to be expended on the St. Francis Basin, which may be for reservoirs or levees according to the discretion of the engineers. There is an expenditure of $16,000,000 plus $48,000,000, which makes $64,000,000.

These two projects in the bill will lower the flood heights of the Mississippi River 9 inches and will cost $64,000,000. That is what you do. I am not opposed to these reservoirs. I think the only way in the world that we are ever going to control the floods on the streams is by controlling them at the source. But that is what we are doing. We are spending this $48,000,000 and this $16,000,000 for either reservoirs or levees and reducing the flood heights in the affected area 9 inches. That is all. I shall propose an amendment as section 1 (a) to this bill to construct 26 reservoirs in a

watershed comprising 183,300 square miles of territory, 13 reservoirs on the Arkansas and its tributaries, and 13 on the White and its tributaries. There is no dispute about what effect these proposed reservoirs will have on the flood waters. General Markham says it will reduce the flood heights 4.2 feet, and other engineers say more. Mind you, those 26 reservoirs are a portion of the comprehensive reservoir report filed by the Chief of Engineers in 1934.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. RICH. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. MILLER. They talk to you about the Mississippi River project and about its being an adopted project of Congress. It is—but why? Simply because the Congress did in fact adopt it. As a part of this 1928 act we also provided that the engineers should make a comprehensive survey of this country for the purpose of permanently controlling the flood waters. That survey has been made in the Mississippi Valley. Here is your map, with 151 reservoirs, at a cost of $1,125,000,000 for the control of the flood waters in the Ohio and every tributary of the Mississippi Valley. The question is, When we shall have spent this $272,000,000 here together with what we have already expended, added to what the local people have spent, we will have spent $1,000,000,000 on the lower Mississippi, and what have we accomplished insofar as the tributaries and insofar as the real territory of the Nation is concerned? In 1879 the Congress created the Mississippi River Commission. In 1883 this Commission established a levee line from Cairo, Ill., to New Orleans on the Mississippi. In 1898 it raised the grade on the levees 5 feet. In 1914 it raised the grade an additional 5 feet, and in 1928 it was found that the grade was entirely too low by several feet. The purpose and the policy has been to build levees, levees, levees—and who is paying the bills? I appeal to you men who live in the tributaries of this river. I am offering an amendment here that will protect, according to General Markham, 183,300 square miles of territory, not much of it in Arkansas, much of it in the Northwest, but it will protect them, according to him, and solve their local problems and at the same time it will solve this problem down here. I do not want to do the people in the lower Mississippi Valley an injury, but I do not want the people in the tributaries to suffer longer. They talk to you about floods in the lower Mississippi. They did have a flood in 1927, but I call attention to this comprehensive report, in which it says that the so-called superflood will possibly occur once in a hundred years, while the floods in the tributaries occur three and four times a year. The damage in the White River Valley alone in 1927 was $18,000,000; in 1928, $3,000,000; and in 1929, $7,000,000; and this is every year.

My people plant crops as often as three and four times a year. I ask you, How long can this Nation survive if its people living in the tributaries are to be utterly disregarded? They talk to you about the necessity of not touching this bill, that if you touch this bill something will happen to it. I ask you, Who is directing the destinies of this Nation? Is it the bureaus and the departments, or is it the Congress? I ask you to exercise your own common sense. Let me go back a minute and discuss these proposed reservoirs. I call attention to page 4 of this comprehensive report in which the Chief of Engineers says:

> The group of 26 reservoirs in the Arkansas and White are by far the most effective in controlling the floods on the main stem of the Mississippi River.

And the time is coming, gentlemen, just as sure as we are sitting in this House today, if you are here 10 years from now, when you will vote for an appropriation to erect these 151 reservoirs in the Mississippi Valley. If we can erect these 26 now, and it is said that is the best group of them for the protection of the valley down here, we should do it, because these rivers empty into the protected territory, and I appeal to you to make a start. In this flood-control Document No. 2, General Markham says:

> The reservoirs on the White would control 50 percent of the drainage area of that tributary; those on the Arkansas would control 55 percent of its total flood-producing area.

That area is 183,300 square miles.

> The president of the Mississippi River Commission, in a report dated April 24, 1935, which is attached hereto, presented estimates of the effect——

Mr. NICHOLS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. NICHOLS. I make the point of order, Mr. Chairman, that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and one Members are present, a quorum. The gentleman from Arkansas will proceed.

Mr. MILLER. Mr. Chairman, reading further from this report of General Markham:

> The operation of the 26 reservoirs in the Arkansas and White River Basins would, it is computed, have reduced the flow by 330,000 second-feet, with a corresponding reduction in a confined flood stage of 4 feet.

Then that report is concluded with this recommendation:

> My recommendation as to the use and value of the reservoirs on the Arkansas and White Rivers for controlling floods in the Mississippi Valley is that their construction and operation will increase the safety of the alluvial valley of the lower Mississippi River against flood, besides affording a large measure of flood protection in the White and lower Arkansas Rivers, but that these reservoirs cannot be relied on to prevent a flood which will overtop the levees unless a relief outlet is provided.

What is that flood that is going to overtop the levees? In Document No. 1, hereinbefore referred to, at page 6, he says it is the so-called superflood that will have more than 2,000,000 second-feet passing Arkansas City. This report shows that that flood will occur once in a hundred years. It is true it occurred in 1927.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. MILLER. I yield.

Mr. GRISWOLD. Is it not also true that General Markham said, in testifying before a Senate committee, that the flood of 1927 came out of the Arkansas River and White River?

Mr. MILLER. Yes; he said that, and it is true. Everybody knows that the Arkansas and White Rivers are the worst acting rivers in the entire Mississippi Valley, insofar as floods on the Mississippi River are concerned. Then you tell me that merely because a bill deals with the lower Mississippi we should not undertake to do anything for the Arkansas and White Rivers, when they empty right into the affected territory?

There is a section in this bill, section 5, called the White River Reservoir; but do not be misled about that. All it does is build a levee around this little strip of land, and all it does is raise the flood waters a little higher back in this district. That is all in the world that it does. I say very frankly to you, I want to see the flood-control problem solved correctly, permanently, and justly in this Nation.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MILLER. The only way in the world it can be solved is to begin sometime in the right direction. Now is the proper time to make a step in reservoir control. In the entire debate on this bill there will not be a man come here and say that these reservoirs would not do any good. They will all admit it, but they will say we cannot stand it; that we cannot load down the bill. It is true these reservoirs cost $126,000,000, but I say to you that the building of these reservoirs and the cut-off operations in the Greenville Bends will be so beneficial that it will never be necessary for the Congress to appropriate the entire sum of $300,000,000.

Let me tell you what is happening right now in Little Rock. There is a suit pending to condemn some of this land. Do you know what the Government engineers did the other day? When General Markham hears about it I do not know what he will have to say. General Ferguson told the people

at New Orleans that they could go home and sleep because of the operation of these cut-offs with full assurance that the problem had been solved. General Markham telegraphed him and made him back-track on it.

Mr. McCLELLAN. Mr. Chairman, will the gentleman yield?

Mr. MILLER. Not just now. The record shows that General Markham telegraphed him about that statement that appeared in the Times-Picayune, but here is what happened in the land suit I mentioned—it is a suit for the condemnation of some land. When the Government attorneys, together with the Government engineers, went into court the other day, the court granted them a continuance for the purpose of enabling the Government to see what further efficiency could be had and how much further the flood heights on the Mississippi would be reduced by the operation of these cut-offs. I am just as earnest about this as I ever was in my life. I do not want to destroy or injure these people here, but the people in the Northwest, in these 183,000 square miles of territory, have suffered long. You talk about making a contribution to expenses. On my little White River alone we have about 270 miles of levees that were built at the expense of the people themselves. There are 20 districts, all of them leveed and with outstanding bonds. The question is just this: If we want to solve the problem in your territory and in my territory, if we want to render service to our people—and that is what we will have to do—we will have to be prepared to spend about a billion dollars in the Mississippi Valley alone to build 151 reservoirs. We are going to have to spend more on the Atlantic seaboard and other valleys in this Nation, but why not spend wisely?

Why build the levees alone? I appeal to you on behalf of 4,500,000 people who have suffered long that when this amendment is reached it may have the support of the entire membership of this House.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. MILLER. I yield.

Mr. NICHOLS. In regard to the gentleman's amendment, does the gentleman know of anyone, or has he been advised of anyone, who will object to the amendment by reason of the fact that the purpose for which the amendment is introduced is not a genuinely good purpose and is not sound?

Mr. MILLER. Oh, no. The only argument that could ever be made against it is that the cost is too much. [Applause.]

If you believe in doing things right, then vote for the amendment, and we will make a start in the right direction.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I am interested in a policy of flood control whereby we may do those things that will save life and property. It is my judgment after listening to the various arguments advanced by members of the Committee on Flood Control that there is no body nationally set up that is so well fitted to handle these matters of flood control as the Board of Army Engineers, a nonpartisan organization. The Army Engineers always work, so far as I can find out, in harmony with local conditions, and cooperate with the States and local organizations.

We are now considering the bill (S. 3531) for the control of floods in the States of Arkansas, Mississippi, and Louisiana principally. No doubt the rest of the country is in a measure responsible for flood conditions that prevail in the lower Mississippi River because of the fact that the waters come from other States; and, naturally, we have a moral responsibility to assist these States. I am not overlooking this fact, but I want to call particular attention to section 5 of the pending bill. Mr. George H. Dern, Secretary of War, in his report to the Senate committee on this bill made the statement that this work is not recommended in the report, speaking of section 5. See letter of February 15, 1936, to Senator COPELAND, Senate hearings. I also want to call attention to the fact that in the House report there appears a letter dated April 30, 1936, from Maj. Gen. E. M. Markham, Chief of Engineers, to the chairman of the committee, the gentleman from Louisiana [Mr. WILSON], in which he makes this statement in reference to section 5:

> The bill, S. 3531 * * * with the exception of section 5, now conforms to the views of the Department.

In other words, he is opposed to section 5 of the bill.

We have listened to statements made by the gentleman from Arkansas in reference to the 26 dams to be constructed on the White River and the Arkansas River. I listened to the testimony given before the Committee on Flood Control in reference to these 26 dams. I have asked the question on the floor of the House time after time, "Where are you going to get the money?" I may say, however, that I am willing to spend money for flood control or any other good purpose where the money is going to be used to the very best advantage. If I interpret correctly the construction of these 26 dams it is this, that while it will cost the Federal Government $126,000,000 it will reduce the flood height on the lower Mississippi River from 4½ feet, as estimated by the Army Engineers, to as much as 5½ feet, as estimated by the board of engineers from the State of Louisiana. There is a difference of 1 foot in the estimates, but we will say the flood height of the Mississippi will be reduced by 4½ feet, while the items that are called for in this bill for the Yazoo and the St. Francis Rivers will reduce the flood height only 9 inches.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield myself 4 additional minutes.

We spend $56,000,000 on the Yazoo and St. Francis Rivers and we only reduced the flood height of the Mississippi River 9 inches. In other words, for twice the amount of money we are going to do eight times the amount of good. Does not this seem like a sensible proposition for us to consider in the House of Representatives—spend twice the amount of money and do eight times the amount of good? That is only good, ordinary common sense.

The statements made by the gentleman from Arkansas [Mr. MILLER] are just as sound as anything possibly can be.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. COLDEN. Because of the gentleman's interest in economy I want to ask him if he does not think that the building of reservoirs and dams on tributaries, such as is being done in the case of the Tennessee River, and the development of power will make these projects self-liquidating? And is not it a sounder policy to build dams instead of levees?

Mr. RICH. But the Tennessee River project is not a flood-control project; it is a power project. When a dam is built for the purpose of generating power the reservoir behind the dam has to be kept filled and you have nothing left when it comes to controlling floods.

Mr. COLDEN. The Tennessee Valley project is both.

Mr. RICH. When it is said that by this bill we are spending $272,000,000, think of what we are doing in the way of constructive work; we are only carrying out what the board of engineers states is necessary so far as the lower Mississippi River is concerned. We have spent $893,000,000 in that section of the country alone. Other sections of the country are entitled to as much consideration as the lower Mississippi. If you take into consideration the floods of this year, you will find that there has been 10 times more damage to other sections of the country this year than was ever done to the lower valley of the Mississippi River and less money spent on the rest of the country for flood control. We must treat all States alike.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. WHITTINGTON. If the gentleman means to leave the impression that the Government has spent $893,000,000 in the lower Mississippi Valley for flood control he is utterly incorrect.

Mr. RICH. I do not want to be incorrect. Now in what respect?

Mr. WHITTINGTON. The gentleman is incorrect. I have just communicated with the Office of the Chief of Engineers, and I am advised that prior to the act of May 15, 1928, only $105,000,000 had been spent by the Government in flood control in the lower Mississippi Valley, and since that time $180,000,000 has been spent by the Government. I understand about $20,000,000 more has been allocated. That is the total amount spent in the entire history by the Federal Government for flood control in the lower Mississippi Valley.

Mr. RICH. Where did they spend the $621,000,000 for flood control on the Mississippi River?

Mr. WHITTINGTON. They have not spent that for flood control. They spent $125,000,000 on the Ohio River, more than $50,000,000 along the Missouri River, and probably as much more in the upper Mississippi River for improvement in navigation. The amounts I gave cover flood control only in the lower Mississippi. About $160,000,000 has been spent for navigation on the Mississippi.

Mr. RICH. I am talking about the Mississippi River. Has that not been spent on the Mississippi River for the benefit of the people of the South as well as for the benefit of the people all along the Mississippi River and its tributaries?

Mr. WHITTINGTON. The amounts have been spent largely for navigation. I just wanted to correct the gentleman.

Mr. RICH. The gentleman talks about navigation and states there has been $72,000,000 credited to navigation in this bill. I want to refer to Major General Ashburn's statement in regard to the operation of the Inland Waterways Corporation. He said they did not get any credit at all in figuring cost of operation for money spent on the Mississippi River for navigation. It is the way the Government officials figure cost in their operation, and I hope Major General Ashburn adds the cost of Government spending for navigation on the Mississippi River when he figures cost for operation of the Inland Waterways Corporation.

[Here the gavel fell.]

Mr. WILSON of Louisiana. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. TERRY].

Mr. TERRY. Mr. Chairman, I shall support the amendment, which will be later offered, which includes 26 reservoirs on the Arkansas and White Rivers, as well as the so-called Overton bill which we are now considering.

During the past winter the President of the United States sent us a message in which he stated that we should go carefully into the question of coordinating the efforts of the Government in meeting flood control and soil erosion. There is now pending in the Senate H. R. 8455, a bill which has included in it many projects so far as flood control is concerned. The Overton bill now before us for consideration covers only a small part of the problem of flood control, and covers principally the lower Mississippi River. According to the terms of the Overton bill, we will have to spend $103,000,000 for the so-called Eudora spillway. We will have to spend $49,000,000 for seven reservoirs on the Yazoo River, and about $16,000,000 for reservoirs on the St. Francis River.

Mr. Chairman, I think this problem should be treated from a national standpoint. The Government has only a certain amount of money to spend for flood control. We should, to the best of our ability, see that every dollar of the money goes as far as possible to alleviate bad conditions not only in the lower Mississippi but also on the tributaries of that great river. Last year hearings were held by the House committee on the question of whether or not they would change the Jadwin plan for the construction of spillways in southeast Arkansas and Louisiana. The Flood Control Committee of the House asked General Markham, Chief of Army Engineers, to make a report on what would be necessary to eliminate the Jadwin planned spillways in southeast Arkansas. On May 15, 1935, in Document 3 of the Seventy-fourth Congress, General Markham wrote Mr. WILSON, chairman of the Flood Control Committee, as follows:

The following report is submitted in response to the resolution of the Committee on Flood Control of the House of Representatives, dated April 24, 1935, requesting the Chief of Engineers to submit a report on a series of reservoirs in the Arkansas River Basin, the White River Basin, and other river basins for such relief and protection as will abrogate the necessity of fuse-plug levees and diversions from the main channel of the Mississippi River.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. TERRY. Mr. Chairman, General Markham goes on with this statement:

The Mississippi River Commission has submitted a report, dated December 15, 1934, in accordance with section 10 of the Flood Control Act of May 15, 1928, on a comprehensive system of reservoirs for flood control. This report lists 151 reservoirs as best adapted to the purpose of local flood control on the tributaries on which they are situated and the flood control of the Mississippi River. The total estimated cost of the entire system is $1,125,807,000. The most effective reservoirs of the system, so far as the flood control of the Mississippi River is concerned, are the group of 13 on the Arkansas River and 13 on the White River, the estimated cost of which is $126,719,000.

The report of the Mississippi River Commission, which will be transmitted to Congress in due course, shows that the operation of the entire system would have so reduced the 1927 flood that it could have been carried between the levees provided in the project adopted by the Flood Control Act of 1928, without diversions from the main channel of the Mississippi River if the fuse-plug levees were raised to the same grade as the remainder of the system. For a larger flood, or the so-called superflood, such as would have resulted had the flood of 1927 been augmented by greater discharges from the upper tributaries, the complete reservoir system, if operated without regard to flood control in the tributaries, would have so reduced the flood discharge that it probably could have passed through the leveed channel without recourse to floodways and diversions. If, however, the system were operated to afford flood control for the tributaries as well as for the Mississippi River, the discharge of such great flood would have been in excess of the capacity of the leveed channel.

The report indicates therefore that the costly system of reservoirs under study would not abrogate the necessity for fuse-plug levees or similar works, and diversions from the main channel of the Mississippi River to afford assured protection against extreme floods.

The reservoirs included in the study of the Mississippi River Commission were those developed by exhaustive studies of the various tributaries made in accordance with section 10 of the Flood Control Act of 1928.

Mr. Chairman, it seems to me that before this Committee authorizes an expenditure of $272,000,000, which will benefit only a small section of the country on the lower Mississippi, it should give careful and serious consideration to the inclusion of these 26 reservoirs which the Chief of Engineers admits will reduce the flood height at Arkansas City by over 4 feet, and not only will it do that but it will give protection to the valley of the Arkansas River in Arkansas, Oklahoma, New Mexico, and Colorado and on the White River in Arkansas and Missouri.

Mr. FULLER. Will the gentleman yield?

Mr. TERRY. I yield to the gentleman from Arkansas.

Mr. FULLER. Is it not a fact that the Arkansas and the White Rivers are the two largest tributaries of the Mississippi River, and they are the only two rivers of that character that have not received Federal aid?

Mr. TERRY. I think the gentleman's statement is correct as to reservoirs.

Mr. FULLER. Is it not true also that the 26 projects that we are trying to have included in here are the very same 26 that this same committee reported to the House in a bill which was passed by the House at the last session of Congress and is now dying in the Senate?

Mr. TERRY. The House included these reservoirs in a bill which was passed last August, but, with the exception of two, all of them were taken out in the Senate.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. MAIN].

Mr. MAIN. Mr. Chairman, this bill deals with subject matter which fundamentally requires technical information. Local atmosphere, based upon some appreciation of the physical facts in the territory involved, will have a bearing upon this vote. For these reasons I hesitate to offer any comments on the merits of the bill. However, as a member of the committee, perhaps I can render some service to the Members of the House by calling attention to the fact that the

provision for this so-called Eudora spillway does not contemplate the acquisition of a fee-simple title to the land which may be overflowed in the event of the superflood, which is contemplated by the sponsors of the bill. The bill proposes only to acquire the rights of flowage at a cost of some $15 or $20 per acre involving an area of 822,000 acres. A considerable portion of this land is well developed and is in a high state of cultivation.

I have a picture, therefore, Mr. Chairman, of this spillway in some unfortunate period in the future being in a fine state of cultivation and development for rural and urban uses; but if this superflood should come, this area would be turned into a temporary river 10, 15, or 50 miles in width. Of course, the population would be disturbed, and no doubt there would be great destruction of property and possibly loss of life. Although I do not for a moment put my opinion against the opinion of the engineers, yet it does seem to me that the proposed expenditure of $103,000,000 for this Eudora spillway is adopting the pound of cure instead of looking for the ounce of prevention. It does seem to me, Mr. Chairman, that the plan for reservoirs on the White and the Arkansas Rivers is in line with the homely policy that prevention is better than cure; and I undertake to say, no matter how valuable the Eudora spillway may be from the standpoint of the people on the easterly side of the Mississippi River, it cannot by any stretch of the imagination render any service in avoiding flood dangers at Pittsburgh or Cincinnati. But, on the contrary, Mr. Chairman, treatment of the flood problem on the Monongahela and Allegheny Rivers and on the White and Arkansas Rivers will help to avoid the flood dangers on both sides of the lower Mississippi River.

[Here the gavel fell.]

Mr. WILSON of Louisiana. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Mr. Chairman, if flood control is what we really want here, then everybody should vote for the amendment. If this is what is really wanted in the lower Mississippi, then the addition of a comparatively small sum of money, compared with the total, added to the amount carried here really produces flood control. When you add a comparatively small sum of money, even though we are dealing in large sums, and head off the top flood water by from 4 to 5 feet, as compared with a 9-inch cut-off, with comparatively a little less money, then the advocates of the bill, if flood control is all that is involved, should join with the advocates of the amendment and pass the amendment.

I am pleased to be on common ground with my colleague, the gentleman from Pennsylvania [Mr. RICH]. I usually disagree with him quite violently, but this afternoon I admire his judgment and endorse the suggestion he has made, that it is common sense by the addition of less than one-half more money to get 10 times the result.

Now, let me talk to you a moment about the Arkansas River. The Arkansas River is 1,500 miles in length. It heads up in the middle of Colorado and the watershed embraces the greater part of Oklahoma, a great share of the States of Kansas, New Mexico, Colorado, and Arkansas, inhabited by nearly 4,000,000 people. This river, with its nearly 4,000 miles of tributaries, has caused an annual flood damage over a long period of years of nearly $5,000,000. If you will amortize the amount involved for a moment in your own minds, you will see it pays big dividends when you add to it the flood damage in the White River, and since the amendment which is to be offered will really bring about flood control.

We do not have to hark back many years to the time when the Army Engineers declared that the only way to control the waters of the Mississippi was by more dikes and levees on the lower Mississippi. Only in recent years have they agreed that the reservoir system is the proper one, and here is what they now say officially and authoritatively. I am quoting from their own report:

The group of 26 reservoirs in the Arkansas and the White are by far the most effective—

Not equally effective, but by far the most effective—

in controlling the floodwaters of the main stem of the Mississippi.

What more do you want? Why not join us in the amendment instead of simply saying that "if your amendment is adopted it will kill the bill"? How is it going to kill the bill? Why should we not stand up for our rights and demand that we have our rights when we are within reason? Are we going to continue to be browbeaten by the departments and by another body? This is the time to say how far we shall go when we have all the rights and all the reason on our side of the program.

These 26 projects went in last year. It is true they were knocked out in another body, and there may be a duplication of two or three or four of them, but we are not going to build all of them at once. Therefore we need not be alarmed at this preliminary stage of the legislation that we are going to have any duplication. This is simply an authorization anyway, and the time will come when we will have to make a selection between the projects when time for actual appropriation comes, and under the terms of the bill, if the amendment is adopted, we carry our share with respect to the payment of rights-of-way and the other penalties or costs that have to be borne. So it seems to me reasonable, if flood control on the lower Mississippi River is what you really want, to adopt the amendment. [Applause.]

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Chairman, ladies and gentlemen of the Committee, I am sorry that there are not more Members present on the floor to listen to the discussion of this very important matter. Thanks to the able and accurate count by the Chairman, they are not here; but this is a most important matter. There is a very important spot in the United States along the White and Arkansas Rivers that has long been forgotten territory insofar as relief from floods is concerned.

The gentleman from Oklahoma said if this is to be a flood-control bill, why not make it that. I should like to ask the same question.

No one will say that by taking care of the area in the lower Mississippi you will solve 100 percent of the flood problems of the lower Mississippi, but a report of the Army Engineers says that the building of these 26 reservoirs on the White will control 50 percent of that tributary and on the Arkansas 55 percent of the total flood-producing area.

A report made by the President of the Mississippi River Commission in April 1935 stated that the construction of these 26 reservoirs would reduce the flood stage 4 feet at Arkansas City.

It goes into the number of second-feet and says that construction of these 26 reservoirs would reduce it by 320,000 second-feet.

I have the utmost respect for the reports of the Army Engineers on this flood problem, and they say that the construction of 26 reservoirs are most important to control the floodwaters of the lower Mississippi.

All you gentlemen have answered every argument that has been made by throwing into our faces the recommendations of the Army Engineers.

I give it back to you and ask you to stand by the recommendation of the Army Engineers. They say that the construction of 26 dams on the White and Arkansas Rivers would take care of those floodwaters that contribute most to the floodwaters of the lower Mississippi.

If you are not going to support the Miller amendment simply because you are afraid it will destroy this bill, then I say to you that that is a poor excuse. How do you know it will destroy the bill? Who is the man here who can say that he has word from the White House that it will destroy it? Who is the man here who can say that he has word from another body that it will destroy it? My guess is as good as yours. I say that it will not. I say that from all points of reason that it should not, and I am one who still thinks that we are operating at least to some extent a reasonable system of government in these United States.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. WILSON of Louisiana. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. McCLELLAN].

Mr. McCLELLAN. Mr. Chairman, I regret that in the consideration of and passage of legislation of such vital importance there should arise any confusion or controversy whatever. It is unfortunate when we come into the House with a bill on which a committee has spent a whole year—all last session of Congress and part of this—in hearings, where every bit of testimony that was available was heard, that we should be confronted with a squabble in an effort to superimpose laymen evidence and laymen opinion for that of those trained and experienced and able to give counsel. When the bill has the endorsement and approval of the highest authority next to the Congress and the President of the United States, it should appeal to our judgment and command our respect and support. We should not be asked to accept laymen testimony in preference to that which is authentic insofar as the best technical minds go.

I want you to get a correct picture with reference to this problem. The 1928 act adopted a project for the control of floods in the lower Mississippi River. That project is in process of execution now. There is one phase of it that has not been undertaken and is not going to be undertaken because, as I understand, on account of the interpretation placed on the act. You already have a spillway in this area [pointing to map] now in operation which, if a flood comes, will cover all the area shown in this area in green, but these guide levees shown in yellow on the map have never been built. They were supposed to have been constructed to control these floods. All of this black dotted line is a fuse-plug levee supposed to be 32 miles in length, but it is in reality 65 miles long, and it is left open there and is 3 feet lower than the levee on the opposite side of the river; and that is for the purpose of permitting the excess water, when the floods come, to overflow and go down what is known as the Boeuf Basin and will cover not just that within the yellow lines but will cover all this area in green. That is the unfinished part of the project, that is the part of the project the Markham report modifies and undertakes to improve.

Let me point out wherein it does. In this Boeuf floodway area there are 1,326,000 acres of land, while in the Eudora floodway, recommended to be adopted as a substitute for the Boeuf, there are, including the back protection levee, only 822,037 acres, or 503,963 acres less of the most fertile lands in the valley. You can, therefore, construct this floodway for several million dollars less than the Boeuf floodway, so the modified plan is the most economical and carries with it the greatest conservation of these fertile lands. It is a large improvement over the present adopted project. I hate to disagree with my colleague from Arkansas [Mr. MILLER] but he made one statement I think is not correct, when he told you that there were now condemnation suits pending in Little Rock, Ark. That is a mistake. There is not a condemnation suit pending there by the Government. Suits have been filed by landowners in this Boeuf Basin because their property has been taken by the Government for public use without due compensation and those suits are pending and the Government is delaying them. Every time they come up for trial the Government delays and has them continued in the hope that Congress will pass this bill and abandon the Boeuf floodway so that those suits will not have to be tried and can be dismissed and in that way settle the controversy. Those are the suits that the gentleman referred to. They are not condemnation suits. I want to answer another argument that has been made.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WILSON of Louisiana. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. McCLELLAN. It has been said that if we want flood control, if you want to solve this problem in the lower Mississippi Valley, we should adopt this amendment to construct the reservoirs. I do not oppose the reservoirs. If they are constructed together with this project, they will solve every flood-control problem that I have in my district and I shall be ready to resign from the flood-control committee and go to some other where I might better serve the further interests of my constituency, but the Army Engineers do not say, as the gentleman from Oklahoma [Mr. NICHOLS] stated—they never have said—that the reservoirs on the White and the Arkansas were of major or greater importance than these floodways or diversion channels. Let me tell you what they have said. They did say that those reservoirs, insofar as the effect of reservoirs on the lower Mississippi Valley is concerned, would contribute more, that they were of more value than reservoirs on the other tributaries, but they say you can construct reservoirs on the White and the Arkansas at a cost of $126,000,000. I say to you read the report and the hearings. It is there repeatedly said in the last session of Congress and in this that you may build them, but you cannot dispense with the Eudora floodway after they are constructed. That these diversion channels are indispensable to the safety of the valley not only for superfloods which may come any time within the next 100 years from now, as they say, but when any flood comes of the proportions of the 1927 flood they will still be necessary even though the reservoirs on the White and Arkansas have been constructed and are in operation.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. McCLELLAN. Not now.

Mr. NICHOLS. I deny that statement.

Mr. McCLELLAN. Get some time and read it. The gentleman can read the record I am speaking of.

[Here the gavel fell.]

Mr. McCLELLAN. If you will give me time I will answer the gentleman. I am referring to the record. I know it is in there.

Mr. Chairman, this Nation, as never before, is conscious of the impelling necessity for legislation adopting projects that will bring relief from the menace, devastation, destruction, misery, and human suffering caused from violent floods such as we have had in the recent past. It would be wonderful indeed if we could, with the enactment of one law, provide for the immediate construction of flood-control projects that would control the waters of every important stream in this Nation and insure the safety of their valleys. Common reason suggests, however, the impossibility of being able by the passage of one bill at this session of Congress to accomplish such tremendous results. So many factors enter into flood control that it is necessary to have investigations, surveys, studies, and the counsel and recommendations of the best engineering staff available to the United States Government. We do not like to proceed by piecemeal, that is true. I am going to support the pending bill because this project is ready. Years of study, surveys, and investigations have been made. Due hearings have been held. This bill has the endorsement of the Chief of Army Engineers, on whom the President of the United States must rely for his guidance in the approval of any legislation involving an engineering plan or construction projects on our navigable streams. It is ready for passage and should have the support of every Member of this House who is in sympathy with flood control. Nothing can be gained by opposing this bill simply because other worthy projects are not included or because it does not embody a comprehensive program throughout the Nation. We should pass this bill and then pass others as rapidly as proper investigation and report can be made and where they are found to be practical, economically justified, and necessary for the conservation and protection of lives and property.

To those who are criticizing this bill and saying that the 1928 Flood Control Act appropriated $325,000,000; and we are now back asking for more money, I wish to direct your attention to the record. When the 1928 floold-control bill was under consideration it was pointed out at that time by the Mississippi River Commission and the Chief of Army Engineers that the cost of the project for the control of floods and protection of the lower Mississippi Valley would be approximately $775,000,000. See General Markham's

statement, page 37 of the Senate hearings on this bill. Therefore, Congress at the time of the passage of the 1928 act was fully advised what the ultimate cost of this undertaking would be. The appropriation now asked is not, therefore, an unanticipated expense.

The highest engineering authority has stated repeatedly that it is necesasry to control or divert 1,000,000 cubic feet per second of floodwaters in case of a major flood in order to insure the safety of the lower Mississippi Valley. I should like to see the construction of the 26 reservoirs on the White and Arkansas authorized at this session of Congress. They are most meritorious, and the valleys of these rivers are entitled to that consideration. In order that there may be no misunderstanding or any misapprehension on the part of any Member when he comes to cast his vote on this legislation, I desire to emphatically assert, based upon the repeated statements of the Chief of Army Engineers and the president of the Mississippi River Commission, that construction of the reservoirs on the White and Arkansas and the cut-off and stream-rectification work now being carried on, will not suffice to control the floods in the lower valley. They will contribute to it substantially. The reservoirs will lower flood heights on the Mississippi 4.2 feet. The effect of the cut-offs has not yet been accurately determined. So far as we know at present the best opinion is, when completed they will possibly lower flood heights 2½ feet.

The reservoirs will withhold approximately 365,000 second-feet of water, leaving a volume of 635,000 cubic feet that must be taken out of the main channel by diversion. If a flood should reoccur, of the proportions of that which came in 1927, with the 26 reservoirs on the White and Arkansas in operation and the cut-offs and stream-rectification work completed, there would still be, Mr. Chairman, a volume of water, if confined, five feet higher than the main channel levees. Therefore, let us regard the proposed amendment for 26 reservoirs on the White and Arkansas solely upon its merit and not labor or act on the erroneous impression that by amending this bill so as to authorize the construction of these reservoirs, the Eudora floodway can be dispensed with. If the Army Engineers and the Mississippi River Commission are competent, if they are giving and have given us the benefit of their best judgment, if they are worthy of our relying upon them for correct engineering data, information, and recommendations, then we should follow them and adopt the plans they submit and recommend for the solution of these engineering problems. I, for one, do not feel competent to dispute the judgment of the Army Engineers in matters of engineering. In that respect I subordinate my judgment to theirs. In matters of economics and in the practical provisions of legislation dealing with the execution of the plan and administering the law, then I rely upon my own judgment and from my experience as a lawyer and as a Member of Congress.

Others contend that we should adopt the 151 reservoirs program at a cost of $1,125,807,000. The record reveals that it would take from 20 to 30 years—another generation—to complete such a program. During that time this great valley would continue to be exposed to the ravages of torrential floods. Shall we delay? Is it wise to procrastinate? The plan is approved. It is time to act, and we can be assured that with the passage of this legislation, either with the amendment for the 26 reservoirs on the White and Arkansas or without it, that it is ample to and does provide for a complete and final solution of the flood-control problem in the largest and most fertile valley in all the world.

Mr. Chairman, I trust that the membership of this House will rise above partisan influence and that we shall be guided not as Democrats or Republicans but as representatives of a wonderful people, and act and vote as Americans, in the interest of America, and for the common welfare. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WILSON of Louisiana. Mr. Chairman, I ask that all Members who have spoken on this bill may have permission to revise and extend their remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. RICH. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include a few short quotations.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. WEARIN. Mr. Chairman, the accent of the present administration is upon soil and moisture conservation as far as the farm and agricultural program is concerned. It seems to me that the thought is wrapped up very closely with the flood-control program. It has been my pleasure to cooperate with this committee, to some extent, as far as it was possible to do so, in the matter of this legislation, which in my judgment is not an answer to flood-control problems. The time is coming when the United States Government is going to have to devise a Nation-wide program for flood control that will conserve the moisture at the points of its origin, rather than building levees higher and higher along any of the streams.

Mr. COLDEN. Mr. Chairman, will the gentleman yield at that point?

Mr. WEARIN. I will a little later on.

I happen to live along one of the principal tributaries of the Mississippi River; namely, the Missouri. It carries a tremendous volume of water into that great Father of Waters. Unfortunately, we have accentuated our interest in that major stream rather than in the tributaries that go to make up the body of its flowage. It seems to me that we, the Committee on Flood Control, the Congress, the War Department, the Soil Conservation Service, the Forestry Department, and National Planning Board, and any other related agencies, should be cooperating with a view to advancing a complete coordinated national program of water conservation composed of reservoirs and of basins along the tributaries of the Mississippi, and in turn their tributaries, as well as other river systems, all of which would couple up nicely with the conservation of our soil and the moisture in our small streams. Then and only then will we have a complete answer to this unfortunate condition that prevails in the lower reaches of the Mississippi River.

It should be evident that the proposed program would properly reach back to the tiniest of trickling streams that mark the beginning of the entire trouble. The present disastrous floods near the mouth of the Mississippi are a result of many crude and thoughtless abuses of nature on the part of man. We have stripped the Nation of its vast forest resources that at one time held back tremendous volumes of water both at the roots of the trees and in their foliage. In fact, we have not even paused long enough in our headlong dash for profits to take stock of what happened to China as a result of a similar program. We have hurriedly dipped our plows into the sod of prairie lands that should never have been turned over, because their characteristics were such that they were not suitable to profitable cultivation. The result has been the hastening of many little waters through the sandy loam-washing gullies in a dash to the great rivers. At the elbow of the plowman has come the dust storm and all its attendant evils just because we did not realize the sod we destroyed had been conserving moisture and acting as an insurance policy against floods. We have hastened, in order to provide employment for dredge operators, to straighten out innumerable little creeks and rivers that used to wind their way through fertile valleys, holding up the waters at their bends and in their deep, cool pools that were invaluable as beauty spots and conservers of wildlife, in addition to being reservoirs the contents of which seeped down into the subsoil and preserved the productivity of the area. In the valley where I live a crude,

aimless, unplanned ditch ruined a beautiful little stream with wildlife resources, power and local industry sites, and lowered the natural water level until we have been forced to go from 15 to 20 feet deeper for good wells.

I mention these things because they have all, in addition to being local calamities, added to the problem of flood control not only on the lower Mississippi but upon every great river. The building of higher and higher levees does not solve it. We should be spending millions to correct such past mistakes, but only after we have devised a thoroughly coordinated program in some such manner as I have suggested, taking all angles of the situation into consideration and mapping it out for the entire Nation. Unless we do this our problem is going to become more and more complicated with the passing of the years. The situation reminds me of some correspondence I have been having recently with that able, thoughtful, and noted American, Gutzon Borglum. He attached a copy of a letter concerning his trip through a flooded area to one he wrote to me, and I want to quote a few paragraphs from it, because they indicate one of a number of solutions, if we really wanted to do something about it all.

I was on a train slowly feeling its way through the water which washed above its running gear. We all felt angry and impatient and ashamed as we stared into the pale faces on those wet, bedraggled sufferers waiting in cars and trucks on the side track to let us go by. Just beyond was the mad current of the main body of the river. Everything was flooded. A little frame church teetered by, bumped along, careened, its little bell clapping one or two faint tolls, then silent, gone. God! Why don't we do something, rushed over me. Then I remembered we were only a democracy and that we were at peace—we were not at war, and the vote out here was really not worth very much to any party. The waters of the Missouri and Mississippi Rivers and their tributaries rampant represent one, if not the most, ruthless force on the American continent and are a menace to the sources of a vast part of our life and wealth.

* * * I noticed after we passed the Red River there were no more flood waters. The great ravines and river beds through Texas were fairly dry and carried easily the little water that trickled through them. Then I recalled the great Missouri with its tributaries. It drains all of Montana, the third greatest State in the Union, Texas and California alone leading. Tributaries of the Missouri drain three-fourths of Wyoming, all of North and South Dakotas; the Platte, that wild, masterful flood, drains part of Wyoming, the northeast corner of Colorado, and all of Nebraska. In Kansas there are the Kansas and Arkansas Rivers; the Red River between Oklahoma and Texas and all of this eastern slope of the Rocky Mountain range for 2 months has been in flood, pouring its volumes down through the narrow throat of the Mississippi into the Gulf. America little realizes that a strip from 800 to 1,000 miles in width, from Canada in the north to Texas in the south, east of the Rocky Mountains, drains into the Mississippi. * * *

The following idea has occurred to me recently and I have made it known through one public address: Tap the flood waters which flow into the Mississippi River from the eastern Rocky Mountain watershed, starting at such point as will insure the greatest amount of drainage and deliver the water to the most necessary points, traveling south. An exact location cannot be suggested in this letter. The important matter is to cut the great arteries, beginning with the Missouri, carry the great canal south across the Platte, the Kansas, Arkansas, and Red Rivers. This process could prevent all flood water west of, let us say, longitude 970 from ever going into the Mississippi and could be so effective that the little water that would enter the rivers east of the great canal would be of no importance. At other times the great gates would automatically allow the streams to continue their natural flow. Such a plan would protect the Mississippi Basin from all the Rocky Mountain water in times of danger. Very little imagination will tell anyone instantly what a bond of security that would establish in the hearts of every property owner in the great Mississippi Valley from Iowa south to the Gulf. But that is only half the picture. That flood water would be available in Nebraska during dry period, in Kansas and in Oklahoma. * * *

In Texas a system of lakes could be easily established to receive the whole 10,000 square miles of water without loss to anyone. * * *

Mr. Borglum's proposal is worthy of consideration in connection with the establishment of reservoirs, basins, forest areas, power projects, soil-conservation work, and all of the other outdoor problems so closely associated with water, that product we have been wasting so wantonly when it should be stored like any other crop.

At the present time the water that we need in Iowa, Nebraska, and the upper sections of that river system is being stimulated and hastened in its flow out into the Gulf of Mexico, along with tremendous volumes of rich soil that never ought to have been washed away. It might be well for us to observe that along the Nile, with its heavy load of silt, they have devised a plan of spreading the waters, under control, for the sake of the fertility of the soil. The loss of our waters and our fertile soil will not be improved materially from the standpoint of permanence, by any program of levee construction. I am not necessarily opposing the bill, but I deplore its failure to cope with the problem.

I am aware of the fact that the people in the section affected are deserving of consideration and protection. I want to protect them, but at the same time I hope we will not forget that this particular bill is like putting salve on an ingrown toenail. It eases the pain, relieves the complications, but it does not eliminate the cause of the evil, which without attention will grow worse and worse. That is what we, as statesmen, if we are such, should attempt to do—eliminate the cause with a constructive plan. I trust that either before this Congress adjourns or before another Congress passes into history, the Flood Control Committee will be able to come before this House with a program of national water conservation that I think we need and which I think should be coupled up with the agricultural program, the soil-conservation program, the forest and other conservation work.

When we do that we will have solved the major portion of our flood problems in the lower regions of the Mississippi River, and all our other large river systems. We can in that manner make a tremendous contribution to the national welfare, a contribution that will result in the preservation of our soil fertility, our national water levels in the various sections of the Nation that have been lowered materially through short-sighted drainage policies, not only along the major streams but along the minor streams, and the water thus saved in the territory where it is needed, and used in the proper manner, either for irrigation or for the preservation of an atmospheric condition that is necessary if we are to have as a permanent asset fertile, productive areas in the United States. I am doing everything in my power to assist with the advancement of a Nation-wide program such as I have suggested.

I now yield to the gentleman from California.

Mr. COLDEN. The gentleman from Iowa and others who have discussed this question have referred to flood control, erosion, and irrigation. Why have you not mentioned the development of power and of navigation that are so closely interwoven with this question of flood control?

Mr. WEARIN. I am in thorough accord with the New Deal power-production program that should be incorporated with the matter of water conservation in the United States, and I trust it will be advanced and spread throughout the whole United States. The Tennessee Valley Authority has demonstrated the possibility of producing and distributing electricity, after proper allowances for depreciation, taxes, and operating costs, to the public at a fraction of its present cost. The people should not be denied such privileges and the program of power production can very well be consolidated with flood control and its associated fields. I will have more to say about that particular subject a little later on. [Applause.]

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield 3 minutes to the gentleman from Washington [Mr. KNUTE HILL].

Mr. KNUTE HILL. Mr. Chairman, I was born and reared in the Mississippi Valley, so I am quite familiar with conditions there. About a quarter of a century ago I went out West. One good thing in going out West is that it gives you a different viewpoint. Coming to the point, I want to say that in spite of the fact that quite a number of those who are standing for flood control opposed us yesterday in trying to get money for irrigation and reclamation in the West. I am strongly and heartily in favor of flood control, whether it be in the Mississippi Valley, whether it be in the upper Mississippi Valley, or whether it be on the New England coast, and I will tell you why. Although I am a resident of the West, I am a citizen of the United States and

believe in taking care of our people, whether they be down in the Mississippi Valley, up in New England, or out West. I believe in the motto "Live and let live."

They talk about a pork barrel. I wonder if it is a pork barrel when we are trying to save the homes of the people or where out West we are trying to build homes for the people?

I say to you here and now I am in favor of the Miller amendment. Why? Because we are taking care of conditions at the headwaters. "As the twig is bent the tree is inclined." Taking care of the headwaters through the use of dams is a control of the difficulty at the source, and I believe in taking care of them all along the eastern watershed of the Rocky Mountains all the way from Canada to the Gulf of Mexico. Taking care of waters there will prevent floods in the lower portions of the river.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. KNUTE HILL. I yield.

Mr. COLDEN. Why not build power plants on these tributaries and let them pay for themselves?

Mr. KNUTE HILL. That is all right; I am in favor of building power plants, building homes, and so forth. I am in favor of all those things.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. KNUTE HILL. I yield.

Mr. RICH. How would the building of dams for power plants provide for flood control?

Mr. KNUTE HILL. I said I was in favor of power development, too.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. KNUTE HILL. I yield.

Mr. RANDOLPH. The gentleman will agree, then, that all over this country the construction of reservoirs and small dams on the headwaters of streams is our most effective method of flood control.

Mr. KNUTE HILL. The gentleman is correct.

I want to emphasize that I am in favor of flood control, that I am talking for it and voting for it—a little different from the attitude taken by the chairman of our Committee on Appropriations on yesterday, when he said he was for reclamation and then talked and voted against it. [Applause.]

[Here the gavel fell.]

Mr. WILSON of Louisiana. Mr. Chairman, I yield 4 minutes to the gentleman from Missouri [Mr. ZIMMERMAN].

Mr. ZIMMERMAN. Mr. Chairman, I want to take a few minutes of the time of the Committee this afternoon to explain my interest in this bill and why I am for this bill. Those of us who have studied this question of flood control by means of reservoirs know that reservoirs constructed for the generation of hydroelectric power cannot be used as a means for the preventing of floods.

Mr. COLDEN. Mr. Chairman, will the gentleman yield at this point.

Mr. ZIMMERMAN. I yield.

Mr. COLDEN. What about the Tennessee Valley undertaking?

Mr. ZIMMERMAN. In other words, it costs so much to construct a dam that may be used for the generation of electric power that it is not economically justifiable as a flood-control proposition.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. ZIMMERMAN. I yield.

Mr. GRISWOLD. General Markham testified, did he not, that dams constructed for creating reservoirs to be used for the generation of hydroelectric power were not helpful in the prevention of flood control?

Mr. ZIMMERMAN. That is right. General Markham, Chief of the Board of Army Engineers, said that reservoirs constructed for power purposes were not available for flood-control purposes.

Mr. GRAY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. ZIMMERMAN. I yield.

Mr. GRAY of Pennsylvania. Is it not true that any reservoir that is constructed for the purpose of producing power is filled with water?

Mr. ZIMMERMAN. That is right.

Mr. GRAY of Pennsylvania. Whereas a reservoir or dam constructed to control floods is empty except during that season of the year when the floodwaters need to be checked.

Mr. ZIMMERMAN. Yes; they must be dry during most of the year.

Mr. COLDEN. Mr. Chairman, if the gentleman will yield further, that is not true in the case of Boulder Dam in our part of the country.

Mr. ZIMMERMAN. That was constructed, I am sure, on a different principle.

Mr. COLDEN. That was for the purpose of flood control and the generation of power.

Mr. ZIMMERMAN. My colleague the gentleman from Arkansas [Mr. MILLER] has referred to the placing of the St. Francis River in this flood-control project. The gentleman from Arkansas did not tell this committee that the people in the St. Francis Basin have already contributed $50,000,000 toward building the levee along the main stream of the Mississippi River to keep the water of the Mississippi River out of the St. Francis Basin. Because the Ozarks have been denuded of their forests, because our hillsides have been cleared and plowed during the last 10 or 15 years the run-off has been so rapid and fast that the waters debouched down into the St. Francis Basin and have destroyed the levees which we built at our own cost and expense just as the levees were built along the White River and the Arkansas River; but, in addition to building our own levees at our own expense, levees which have been destroyed, we have contributed $50,000,000, and are now paying taxes to maintain the levee along the Mississippi River to keep the waters of that river from spreading over the rich St. Francis Valley. I may say further that we have lost annually $1,500,000 during the last 15 years. The Government finally recognized the necessity of treating the St. Francis River and have gone in there and spent over $1,000,000 repairing the levees that were destroyed by floodwaters from the St. Francis River. This, Mr. Chairman, is why the St. Francis River and the Yazoo River have been included in the lower Mississippi project by the Army Engineers.

Let me emphasize the fact that if we adopt this amendment and add $126,000,000 to this program the Army Engineers will not approve it; and if we pass this bill and the Senate concurs in this amendment I doubt seriously if it can receive Presidential sanction. We ought to be practical about these matters.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. ZIMMERMAN. I yield.

Mr. JOHNSON of Oklahoma. The gentleman has just made an interesting statement. If I understood him correctly, he stated that he doubted seriously if it can receive Presidential sanction if the amendment is adopted. Will the gentleman tell us on what authority he makes such a bold statement?

Mr. ZIMMERMAN. Because the Army Engineers have refused to recognize the feasibility of adding reservoirs to this project.

Mr. JOHNSON of Oklahoma. What has that to do with the President's attitude? Surely the gentleman does not mean to state that any Army engineers anywhere speak for the President of the United States.

Mr. WILSON of Louisiana. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. ZIMMERMAN. Mr. Chairman, something has been said about these reservoirs having been placed in a bill last year. May I say to the Members that the pending bill has never been before the House prior to the present time? No bill has been brought to the Seventy-fourth Congress providing for treatment of the lower Mississippi Valley situation. We did include these 26 reservoirs in an omnibus bill which passed this House last year, but we all remember the fate of that bill. It was laughed out of court when sent over

to the Senate. It was held up to ridicule and, as a consequence, the bill lies dormant today.

This bill has passed the Senate. It has received the approval of the Army Engineers, as well as the Mississippi River Commission. If we load the bill down with amendments I doubt if there is any chance to have it enacted at this session of Congress.

Mr. RICH. Will the gentleman yield?

Mr. ZIMMERMAN. I yield to the gentleman from Pennsylvania.

Mr. RICH. Have the Army Engineers approved section 5?

Mr. ZIMMERMAN. They have not approved section 5, but they will not object to it if incorporated in this bill, so General Markham stated to the committee the other day.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. FORD].

Mr. FORD of California. Mr. Chairman, I do not suppose a great many Members of the House fully realize the situation that exists in the Mississippi Valley as a result of the floods of the Mississippi River. We read about the situation in the papers and we know something about it in a general way. But, Mr. Chairman, I lived on that river for a great many years, and I know something about the situation. Millions of dollars have been squandered on various types of improvement on that river with the idea of checking floods, but I am convinced the only way the floodwaters of the Mississippi River can be controlled is by going to the source, and through the medium of dams and reservoirs we may make that river safe.

We had a similar condition in California and Arizona under the Colorado River project. The Colorado River some years came down and flooded the whole area, and for a long time it hung like the sword of Damocles over the Imperial Valley. A dam was built at Boulder Dam which has served to check the situation and it has made life and property safe in the Imperial Valley.

Mr. COLDEN. Will the gentleman yield?

Mr. FORD of California. I yield to the gentleman from California.

Mr. COLDEN. Is it not true that at Boulder Dam, and generally throughout the country, flood control, navigation, and power go hand in hand?

Mr. FORD of California. They do. I should like to see this made a power project, but if it is not made a power project I am still in favor of it for the reason that flood control in a great, rich, magnificent area, such as is included in the Mississippi River Valley, is absolutely essential. The building of a purely flood-control dam does not necessarily mean that later on a dam which would produce power cannot be built there. For this reason I am heartily in favor of any measure that will take away from those people who live along the Mississippi River the danger and the fear of the appalling tragedy that occurs there ever so often when a flood comes along.

As a little boy I saw the Mississippi River come up over our farm and cover a thousand acres of corn to a point where if you went out in a boat and reached down you could not touch the top of the corn. That was rich ground and the corn grew high. Just about 18 or 20 miles below St. Louis, where the Meramec River joins the Mississippi River, I have seen our farm under 20 feet of water.

Mr. Chairman, I hope this measure will be passed.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield 4 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, there is one thing this debate has developed, and that is the fact that as a national policy we have no policy so far as flood control is concerned. We picked up the lower Mississippi River in 1928 and used it as an individual project. We picked up the Sacramento flood-control project and used it as an individual project on a different basis. Then we picked up the Lake Okeechobee project. Those are the only three Federal-controlled projects and every one of them works on a different basis.

Let us take these various hearings: I do not care whether you take the hearings on the omnibus bill or the hearings on this bill or any other bill, you will find that all through the hearings runs the thread of thought that it might be better to control the water at the source—in other words, in the tributaries; but the Congress started, as General Markham stated, to establish a policy on the lower Mississippi of controlling the water after it got down there. That is the policy we are now requested by General Markham in these latest hearings to adhere to, because the Congress has established this policy in this single case. If Mr. Hoover and General Jadwin conceived an erroneous plan and Congress put it into execution in 1928, there is no reason why Congress should not in 1936 correct the error of the past.

We forget about all these other places that need flood control. General Markham in his latest testimony testified as to the economic loss, not in the lower Mississippi River country, but in the tributaries. He testified to the loss from the recent flood up in Pittsburgh, which was something like $250,000,000 in one particular section, the city of Pittsburgh. Yet, on the lower Mississippi River in 1913, the loss from the whole flood of that year, according to the Mississippi River Commission figures, amounted to only $160,000,000.

Mr. Chairman, I am in favor of the Federal Government going into the flood-control business as a national policy, and we should tackle the problem of these tributaries and congested districts where the loss is much greater than down where the floodwaters finally arrive. Unless we take care of these tributaries and take care of the economic loss in these tributaries, there will be no good come from these flood-control projects. We should consider the losses this past spring from the floods that occurred in New York, Connecticut, Ohio, Indiana, and elsewhere. We are not establishing a national policy. We are just keeping on with the old individual system which segregates one section from another or one region from another. Until we can reach the place where we have a national system, eliminate the economic loss in these tributaries, and confine the waters at the source, we will not accomplish anything. If we go to work on the lower Mississippi, or any other stream, we should take care of the tributaries as well. We have it on the testimony of General Markham and other officers of the Army Engineers that the great flood of 1927 in the lower Mississippi was caused by water that came out of the Arkansas; that the other floods were a result of the floodwaters in the Ohio. He further stated, "It is the combination that gives you the superflood", and that the Ohio floodwaters came from "small lakes and cracks in levees up the Wabash and up the Ohio." A national policy should make provision for impounding the water at the source.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I yield the balance of my time to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Chairman, the great problem of flood control is one in which every Member of this House is or ought to be tremendously interested and deeply concerned. When I came to the Congress a few years ago I was anxious to be placed on the Flood Control Committee and was very much disappointed, as most new Members are, when I was not made a member of the committee that I had my heart set on. Two years later, however, I was given a place on the Flood Control Committee. During my service on that important committee I made considerable study of the Nation-wide problem of flood control. I enjoyed my service on that committee. It was a pleasure to serve with some of the most excellent gentlemen in this Congress, some of whom are still serving with distinction on that committee. But, frankly, I soon became convinced that the majority of the members on the Flood Control Committee were concerned primarily in legislation for the lower Mississippi. It seemed to me they were not very much interested in a Nation-wide flood-control system in which I was so deeply concerned. Our hearings and investigations were confined largely to the lower Mississippi River. The tributaries were practically ignored.

I wanted to approach the flood-control situation from a national viewpoint. I believed then, and am more fully convinced now, that if we are ever to have a comprehensive and effective flood-control plan in America that we must stop the waters on the upper reaches of the Mississippi and the other rivers and streams of the country and not wait until the water gets down toward the mouth of such streams where it is absolutely impossible to control the raging devastating floods that sweep everything before them.

May I say that I am tremendously interested in flood control on the Mississippi, as well as on its tributaries? But I am thoroughly convinced that there will never be any real flood control by constructing levees and dykes only on the lower Mississippi.

A few years ago I went with the Flood Control Committee down the lower Mississippi on an inspection tour. We were on a little boat on the Mississippi where we rode most of the way from Cairo, Ill., to New Orleans. We crossed the Mississippi many times, and strange as it may seem, when our committee got within less than 50 miles of New Orleans our little boat, with a clearance of only 5 or 6 feet, struck a sand bar and there we were stranded for hours because of the millions of tons of soil that had been washed from Oklahoma, Missouri, Iowa, Ohio, Illinois, and the other States down near the mouth of the Mississippi. When we reached the mouth of the great Father of Waters we saw that red dirt going out for miles and miles into the Gulf of Mexico, and I became more and more convinced that if we were to solve this gigantic problem we must build a system of reservoirs on the upper reaches of the Mississippi and its tributaries in connection with a real Nation-wide soil-conservation program. [Applause.]

Our committee was taken out in the lower valley, 15 or 20 miles from the channel of the Mississippi River, where we saw houses in treetops 20 feet high, a pitiful sight to behold. Such scenes should convince anyone that it would be absolutely impossible to build dikes, levees, and floodways to control that ocean of raging water on the lower Mississippi at flood stages. I know it cannot be done if we continue to ignore the upper tributaries. Frankly, I have a deep feeling that it is wasteful extravagance to continue to pour millions of dollars into the lower Mississippi and fail and refuse to make any effort to check the floods before they get to the lower Mississippi.

It is needless for me to say that I am going to support the pending amendment of the gentleman from Arkansas, because I am convinced it points the way to sane, sound, and practical flood control. If adopted, not one of the 26 proposed reservoirs will be constructed in the district I have the honor to represent in Congress, so I cannot be charged with having a selfish interest.

May I add that I shall support the Miller amendment for the further reason that I am convinced it proposes the proper policy concerning the great, perplexing problem of flood control? Now or later this Congress is going to be compelled to adopt a policy with reference to flood control, and we are never going to solve the flood-control problem until we approach it in the sane, sensible manner of building reservoirs and stopping the water—or at least checking it—near where it falls. [Applause.]

May I stress the thought that, in my judgment, now is the time the Congress ought to adopt a permanent flood-control policy? It is high time that the Congress should decide if we shall continue the present makeshift method of wasting money on the lower Mississippi with utter disregard to the upper tributaries from whence all floods come.

Of course, Mr. Chairman, we hear the old story that if this amendment is adopted, it kills the bill. That is an old gag we have been hearing for many years—"if this amendment is adopted it will kill the bill" is always resorted to when sound argument cannot be offered.

Mr. DRIVER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I shall be delighted to yield to my good friend from Arkansas.

Mr. DRIVER. Can the gentleman point to any one project that this Congress has ever authorized that was not based upon the recommendation of the Army Engineers?

Mr. JOHNSON of Oklahoma. No; I know of none. But since the gentleman raises that question, may I remind him that each of the 26 reservoirs provided to be constructed under the Miller amendment has received the approval of the Army Engineers. Of course, we all know that the Army Engineers have favored the lower Mississippi Valley and that very few of them look with favor on reservoirs. And yet they admit that these proposed 26 reservoirs would lower the Mississippi at flood stage more than 5 feet.

Mr. DRIVER. Mr. Chairman, will the gentleman yield further?

Mr. JOHNSON of Oklahoma. Yes; I yield again to my distinguished and able friend from Arkansas.

Mr. DRIVER. My statement is made in view of the fact that the project bill now pending in the Senate carries $365,000,000 of authorized projects recommended by the engineers.

Mr. JOHNSON of Oklahoma. Oh, yes; but who in the world can tell what the body at the other end of this Capitol Building will do about flood control or on any other matter of legislation? [Applause.]

[Here the gavel fell.]

Mr. WILSON of Louisiana. Mr. Chairman, I yield 15 minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

FLOOD-CONTROL WORKS IN THE ALLUVIAL VALLEY OF THE MISSISSIPPI RIVER

Mr. WHITTINGTON. Mr. Chairman——

Mr. FULLER. Mr. Chairman, I want to ask the chairman of the committee a question.

The CHAIRMAN. Does the gentleman from Mississippi yield to the gentleman from Arkansas?

Mr. WHITTINGTON. No; I do not yield. Mr. Chairman, the bill under consideration involves no new plan, no new projects. It is an amendment to the Flood Control Act of May 15, 1928. It provides for the enlargement and expansion of that act.

It is confined to the alluvial valley of the lower Mississippi River. The Flood Control Act of May 15, 1928, was passed after the most exhaustive hearings ever conducted by the Committee on Flood Control.

Mr. FULLER. Mr. Chairman, the gentleman is making a very interesting speech and he ought to have a better audience. I suggest the absence of a quorum.

The CHAIRMAN. The gentleman from Arkansas makes the point of no quorum. The Chair will count. [After counting.] One hundred and seven Members are present, a quorum.

Mr. WHITTINGTON. Mr. Chairman, the bill under consideration for flood-control works in the alluvial valley of the Mississippi River involves no new projects. It provides for an authorization of $272,000,000 to be expended over a 6-year period. The bill is an amendment to the Flood Control Act of May 15, 1928. That act was passed by Congress after most thorough and exhaustive investigations. The Mississippi River has been studied by the Corps of Engineers for more than a hundred years.

The Flood Control Act of 1928 is sound from an economic and engineering standpoint. Levees along the main river were raised, strengthened, and enlarged; they were supplemented by floodways and diversions. The New Madrid floodway was to protect the territory in the vicinity of Cairo; the Boeuf diversion was to protect the area between the Arkansas and the Red Rivers; the Atchafalaya floodway was to provide for an additional outlet to the Gulf; the Bonne Carre spillway was primarily for the protection of the city of New Orleans.

At the time the project was adopted, all methods of flood control were considered, including the reservoir plan. The act provided for additional studies with the view to substituting reservoirs between Cape Girardeau and Baton Rouge for the Boeuf diversion. Further studies were made; the policy of diversions was reaffirmed. The Flood Control Committee of the House on January 28, 1932, requested the Chief of Engineers to examine and review the project with the view of determining if changes or modifications should be made in its final execution.

Prior to the great flood of 1927 all of the natural outlets had been closed; the last outlet to be closed was Cypress Creek in the vicinity of Arkansas City. There was a natural outlet in the vicinity of Arkansas City that provided for the escape of excessive floods through the Boeuf and Tensas Basins. Prior to 1916 this outlet was 12 miles wide. The Mississippi River Commission, representing the Government, permitted the outlet to be closed. In 1919 it was only 1,200 feet wide. In 1921 the Cypress Creek outlet was closed; the Mississippi River Commission committed a blunder; a monumental mistake was made. It was thought that levees only would solve the problem of flood control in the lower Mississippi Valley. As a result of the closing of Cypress Creek, the lands were cleared, cities were established, drainage canals were constructed, and highways were built. The people relied upon the Government.

In the Flood Control Act of 1928 a fuse-plug levee was provided at the head of the so-called Boeuf diversion. Other levees above and below and on the opposite side were raised, strengthened, and enlarged; the fuse-plug levee was to remain substantially at the 1914 grade. The plan is and was that excessive floodwaters would crevasse the weaker and lower levee and thus divert the waters through the Boeuf Basin. Guide levees were provided.

Section 4 of the Flood Control Act of 1928 declared that the United States would provide flowage rights for the destructive waters that were passed by reason of the diversion from the main channel. The people in the Boeuf Basin construed the act to mean they would be entitled to payment for flowage rights. An opposite view is entertained by the Chief of Engineers.

I opposed the fuse-plug levee. I advocated then, and advocate now, an automatic, controlled diversion, with compensation for flowage rights. The fuse-plug levee has always been a source of irritation and dissatisfaction.

Meantime, property owners in the Boeuf Basin filed suits for large amounts of damages. These suits are pending. After carefully studying the adopted project, Maj. Gen. Edward M. Markham, Chief of Engineers, on February 12, 1935, in House Flood Control Committee Document 1, Seventy-fourth Congress, first session, submitted a report and recommended an amendment to the Flood Control Act to provide for the substitution of a controlled diversion at Eudora for the Boeuf diversion, to provide for the Morganza floodway and the Atchafalaya floodway and to provide for projects for the St. Francis River and the Yazoo River, important tributaries of the Mississippi River, located wholly within the alluvial valley.

AMENDMENT

The pending bill contains the recommendation of the Chief of Engineers. It is approved in the main by him. The purpose is to modify, enlarge, and perfect the plan adopted in the act of May 15, 1928.

The Flood Control Act of May 15, 1928, declared that the problem in the lower Mississippi Valley was national. The act affirmatively declared that the people of the lower Mississippi Valley had complied with the principle of local contribution and stated that they had contributed prior to 1927 approximately $292,000,000. The act further declared, and I quote:

> No local contribution to the project herein adopted is required.

While the act specifically provides that the Federal Government will pay for the flood-control works, it required the local interests to furnish the rights-of-way for levees along the main river. This involved large expenditures. The local interest are now paying heavy levee taxes. There were outstanding bonds for works that had been constructed prior to 1927; interest and maturities must be met. The local interests were required to maintain the works. As shown by a letter of the Chief of Engineers to the chairman of the Flood Control Committee of the House dated April 23, 1935, the local interests in the lower Mississippi Valley, since May 15, 1928, up to that time—more than a year ago—had expended an additional $41,413,680.66.

The act of May 15, 1928, authorized an appropriation of $325,000,000. Of this amount approximately $100,000,000 was in aid of navigation.

The pending bill, which is an amendment of the act, authorizes an appropriation of $272,000,000, of which approximately $72,000,000 is for navigation works. The Mississippi River is the longest navigable river in the world; the Ohio is navigable; the Missouri is being made navigable. It is interesting to recall that the total tonnage along the Mississippi River in the very heyday of steamboat activities and prior to the elimination of river traffic by railways was around 6,000,000 tons. The annual tonnage is now around 20,000,000 tons. The Mississippi River is the most important navigable river in the United States; for 300 miles above its mouth it has a channel 30 feet deep; ocean-going vessels are accommodated the year round. The large expenditures made for navigation along the Ohio, the upper Mississippi, and the Missouri Rivers would be in vain if provision were not made for navigation in the lower Mississippi River. The navigation works are continuous; bars in rivers must be cleared and bars in harbors must be removed.

ESTIMATE

Of the $325,000,000 authorized in the Flood Control Act of 1928, expenditures have been made, properly chargeable to improvements for flood protection, aggregating about $205,000,000. Some $70,000,000 has been expended for improvements for navigation. The authorization of $325,000,000 was an estimate. I quote from the report of the Senate Committee on Commerce on the Flood Control Act of May 15, 1928, which report is dated March 24, 1928:

> This work is of such magnitude that the sum of $325,000,000 must be considered as simply an estimate; the actual cost of the work will doubtless be much more. If, as the work nears completion, an additional sum is found to be necessary, there can be no doubt but that Congress will authorize its appropriation.

Gen. Edward M. Markham, Chief of Engineers, emphasized that no responsible person ever entertained the idea that $325,000,000 would complete the project authorized by the act of May 15, 1928. He called attention to the fact that the Mississippi River Commission, in its report, stated that it would cost, roughly, $775,000,000.

SOUND

The gentleman from Arkansas [Mr. MILLER] urges that the Arkansas and the White Rivers be accorded the same treatment as the lower Mississippi River. The friends of flood control will not be deterred. He speaks disparagingly of the pending bill by calling it sacred. He has used an incorrect term. Sacred is hardly a proper term to apply to legislation, whether it be on the lower Mississippi River or its chief tributaries; in fact, I doubt if the word "sacred" is applicable to legislation generally, but it is important that legislation be sound. It is important that it be economically justified. It is because the pending bill is sound and economically justified that no amendment should be made.

All projects should stand on their merits. The Arkansas and White Rivers are entitled to the same treatment accorded to other tributaries and to other similar rivers. The case is not on all fours with the St. Francis and Yazoo. These rivers are influenced by the waters of the Mississippi River and are located wholly within the alluvial valley.

NATIONAL FLOOD CONTROL

Two bills are pending in Congress. The Overton bill has been passed by the Senate and is now under consideration here. The omnibus flood-control bill to provide for the Arkansas, White, and other rivers, has passed the House and is now under consideration in the Senate.

I believe that flood control is a national problem. The administration is attacking the problem in two bills. The Mississippi River presents entirely different questions from those that occur on other streams. The pending bill is applicable to the alluvial valley. I am sympathetic with flood control on all rivers and on all streams. I will continue to promote all worthy projects in the Omnibus Flood Control Act. Public opinion has been focused upon flood control as

a national issue by the destructive floods of the past few years. I believe that those who dwell along the tributaries of the Mississippi River will promote national flood control by insisting that worthy projects be retained in the omnibus bill, that all projects stand on their merits, and that the Federal contributions be most liberal. At the same time national flood control will be promoted by the passage not only of the omnibus bill but of the pending bill.

I voted for flood-control works along other rivers. Without criticizing, I thought it would be unwise to oppose reservoirs along the Monongahela, along the Colorado, along the Tigret, along the Columbia, and along the Tennessee Rivers merely because those acts did not provide for the lower Mississippi River. I did not pursue the unwise course of undertaking to amend the Tennessee Valley Authority or other projects by insisting that they embrace the lower Mississippi Valley. As I have stated, all legislation should be considered on its merits.

ARKANSAS AND WHITE RIVERS

The gentleman from Arkansas [Mr. MILLER] and the gentleman from Arkansas [Mr. TERRY], repeatedly stated before the Committee on Flood Control, and they now state, that they do not oppose the pending bill or any of the projects in the bill, but they ask that it be amended so as to include reservoirs along the Arkansas and White Rivers.

Personally, I should like to see the reservoirs constructed at Federal expense, but the Chief of Engineers and president of the Mississippi River Commission state that the building of the reservoirs would not eliminate the Eudora diversion; in other words, the Chief of Engineers has repeatedly stated that he favors the pending bill, but that he would oppose it if provision is made for the building of the Arkansas and White reservoirs at Federal expense. He maintains these reservoirs are valuable primarily for local flood control. At the same time, he is frank to admit, as I am glad to say, that they are the best reservoirs for flood control insofar as the lower Mississippi River is concerned. He asserts that equivalent protection at much less cost to the people of the country can be provided by the Eudora diversion.

DAMAGES

It has been repeatedly urged that much of the authorization of $272,000,000 will be used to pay for lands and flowage rights in the Eudora and other floodways.

The Public Treasury is protected. Only a small part of the authorization can be devoted to acquiring lands and flowage rights for floodways.

Under section 12 of the bill, a floodway 10 miles wide and more than 100 miles long is contemplated. Improved lands, highways, and canals are involved. The area in the Eudora floodway and in the set-back levee district in the vicinity of Arkansas City is approximately 822,000 acres. It is well to keep in mind that the Chief of Engineers recommends the Eudora floodway as a substitute for the Boeuf floodway, because the Boeuf floodway would be more expensive and would embrace more than a million acres of land.

The pending bill provides that not more than $20,000,000 shall be paid for 75 percent of the flowage rights and rights-of-way in both the Eudora and Morganza floodways. In the Morganza floodway there are some 65,000 acres of land. I repeat, but a small part of the authorization is for lands and flowage rights; it is to be devoted to flood-control works, including levees and spillway structures.

MINORITY REPORT

There is a minority report signed by the Republican members of the committee, with one Democrat. Those signing the minority report do not oppose the pending bill; they admit that legislation for the lower Mississippi is imperative, but they ask that no bill be passed unless that bill embraces all rivers in the United States. The administration has a different plan. The problem is to be solved by two bills. The Overton bill deals with the lower Mississippi River; the omnibus flood-control bill embraces other rivers in all other parts of the country. The administration evidently favors both bills. The Republican members of the committee advocate delay. The country demands flood-control legislation. We have postponed the matter long enough; the time for action has arrived.

It is passing strange that those who are responsible for the minority report advocate for tributaries of the Mississippi River the exact provisions of the pending bill for the Yazoo and St. Francis Rivers. They fail to discriminate; they fail to consider all of the factors; they overlook the fact that these two rivers are wholly in the alluvial valley; that they are unlike any other stream. They overlook the fact that these two rivers are now and have been for 75 years contributing to flood-control works along the lower Mississippi River.

The south bank of the Arkansas and the west bank of the Red River have been provided for. The pending bill merely does for the Yazoo and the St. Francis in the headwater area what has been done for the Arkansas and Red in the backwater areas.

It is easy to criticize; it is most difficult to construct. The minority report calls attention to a newspaper interview purported to have been given by General Ferguson, president of the Mississippi River Commission, to the Times-Picayune on April 8, 1936. This is but a sample of the fallacy of the minority report. When Mr. MILLER, of Arkansas, referred to the matter in his statement before the Flood Control Committee, as shown by the hearings April 30–May 1, 1936, page 47, General Ferguson wired as follows:

No statement made by me to newspapers was intended to infer that my views on the need of Eudora or other floodways have been changed from those given before the House Flood Control Committee in 1935.

If the minority report had been fair, instead of quoting from a newspaper report, General Ferguson's statement to the committee would have been quoted. General Ferguson stated before the Flood Control Committee of the House in 1935 and before the Commerce Committee of the Senate in 1936 that the construction of reservoirs along the Arkansas and White Rivers would not eliminate the necessity for the Eudora floodway. Maj. Gen. Edward M. Markham, Chief of Engineers, repeatedly over and over again stated that the reservoirs along the Arkansas and White would be additional factors of safety, but that he could not recommend that they be constructed at Federal expense. He emphatically stated that equivalent relief at much less cost could be obtained by diversions.

Mr. Chairman, in this connection, under consent given, I include the following letter from General Markham, the Chief of Engineers, to the chairman of the committee, dated April 28, 1936. The letter is as follows:

APRIL 28, 1936.

Hon. RILEY J. WILSON,
Chairman, Committee on Flood Control,
House of Representatives, United States,
Washington, D. C.

DEAR JUDGE WILSON: When I received from you several days ago certain newspaper articles quoting statements attributed to General Ferguson with respect to the control of the Mississippi River by means of cut-offs, dredging, and sand dikes, I instructed General Ferguson to wire me what he wished to say having any relation to the necessity for the Eudora floodway. In answer I have received the following telegrams:

CHIEF OF ENGINEERS, UNITED STATES ARMY,
Munitions Building, Washington, D. C.:

The Eudora floodway is necessary. I urgently recommend that all the engineering work recommended in the report of the Mississippi River Commission be authorized.

FERGUSON.

CHIEF OF ENGINEERS, UNITED STATES ARMY,
Munitions Building, Washington, D. C.:

Re tel twenty-fifth no statement made by me to newspapers was intended to infer that my views on the need of Eudora or other floodways have been changed from those given before House Flood Control Committee in 1935.

FERGUSON.

Pertinent testimony by General Ferguson on this subject will be found on pages 75, 76, 77, and 78 in hearings before a subcommittee of the Committee on Commerce, United States Senate, Seventy-fourth Congress, second session, on S. 3531, a bill to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928 (Jan. 27, 28, 29, and 30, 1936).

The ultimate effects of cut-offs, dredging, and sand dikes on the control of the floods of the Mississippi River are at this time unknown. The beneficial effects which can be hoped for by such

measures are not sufficiently large to warrant the consideration of them as a substitute for the floodways and other positive measures that have been recommended by me.

Yours very truly,

E. M. MARKHAM,
Major General, Chief of Engineers.

Mr. Chairman, also in this connection, under the consent given, I include a letter from the Chief of Engineers to the chairman of the committee, reporting on the bill under consideration and approving the bill, as I have stated, except as to section 5, which letter is dated April 30, 1936, and is as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, April 30, 1936.

Hon. RILEY J. WILSON,
Chairman, Committee on Flood Control,
House of Representatives, Washington, D. C.

DEAR JUDGE WILSON: In compliance with your request to me at the hearings before the Flood Control Committee of the House on April 30, 1936, I have to inform you that bill S. 3531, a bill to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended and passed by the Senate on April 21, 1936, with the exception of section 5 now conforms to the views of the Department and satisfies the objections urged to the bill in the report of the Secretary of War of February 15, 1936, to the Commerce Committee of the Senate, which report was made prior to the amendments that were adopted by the Senate.

Yours very truly,

E. M. MARKHAM,
Major General, Chief of Engineers.

ECONOMICALLY JUSTIFIED

Those who advocate flood-control works under the guise of solving the problem in the lower Mississippi River, but in reality for local flood protection along the tributaries, often assert that the money heretofore appropriated by Congress for flood protection along the lower Mississippi Valley has been wasted. The statement is utterly inaccurate. Every dollar appropriated under the act of May 15, 1928, will be conserved; all levees constructed will be continued; all works will be utilized. The whole purpose of the pending bill is to expand and to enlarge the project so as to provide for the execution of the plan contemplated.

RESERVOIRS

Reservoirs provide an ideal method of flood control from a strictly engineering standpoint, but for the control of the floods in the alluvial valley of the Mississippi River the costs are excessive. The costs of reservoirs on the headwaters or tributaries for flood control in the lower stretches of alluvial rivers are really prohibitive.

Reservoirs are effective for the control of floods especially along the smaller streams and tributaries of the larger rivers.

The reservoirs for protection of the areas along the headwaters of the tributaries of the Mississippi River will not provide for the prevention of floods along the main river. It is essential that reservoirs for this purpose be located close to the alluvial valley, as in the case of the reservoir along the St. Francis River and the reservoirs along the Yazoo River system.

Reservoirs for flood control along the lower Mississippi River have been advocated especially by those who live along the tributaries.

Section 10 of the Flood Control Act of 1928 directed the Mississippi River Commission to investigate most thoroughly reservoirs along the tributaries. The purpose was to ascertain if reservoirs could be constructed so as to eliminate provisions for diversions or floodways.

A comprehensive report was submitted and was published as House Document 259, Seventy-fourth Congress, first session. One hundred and fifty-seven reservoirs were investigated; the total capacity was approximately 94,000,000 acre-feet; the estimated cost was $1,126,121,000. The Chief of Engineers, the Board of Engineers for Rivers and Harbors, and the Mississippi River Commission reported that if these reservoirs along the Mississippi River were constructed and in operation, a diversion either through the Boeuf Basin or through the Macon Basin at Eudora could be eliminated, but they further reported, as all accomplished engineers agree, that the levee system that now obtains, with the reservoir system, would be imperative and must be maintained to protect the lower Mississippi Valley from maximum floods.

Those promoting reservoirs for local flood control along the tributaries of the Mississippi River make the mistake of asserting that the policy of levees has failed. In their eagerness for local protection at Federal expense they would destroy protection in the lower Mississippi Valley.

Gen. H. B. Ferguson, President of the Mississippi River Commission, in testifying before the Flood Control Committee of the House in May 1935, said that about 12 percent of the storage of the 157 reservoirs at about 14 percent of the estimated costs of the 157 reservoirs had been constructed at Fort Peck, on the Muskingum, the Tigret, and the Tennessee Rivers, but he stated that the combined effect would be to reduce the floods only 50,000 cubic second-feet at the mouth of the Arkansas River, where in a maximum flood there are a million cubic feet that must be diverted. The effect would be to reduce the floods at the mouth of the Arkansas River one-half a foot.

Again, Gen. Edgar Jadwin, Chief of Engineers, estimated that in the flood of 1913 if all of the water flowing by Pittsburgh on the Ohio River, all of the water flowing by St. Paul on the Mississippi River, and all of the water flowing by Sioux City on the Missouri River had been held back by reservoirs, the flood waters south of Cairo would have been reduced by only 2 percent.

The reservoirs on the Miami River in Ohio contribute to reducing the Cairo gage one-fifth of an inch.

Arthur E. Morgan, Chairman of the Tennessee Valley Authority, made the following statement in connection with the great Mississippi flood of 1927:

> The excessive rains which cause any single flood seldom extend over more than 20 percent of the whole drainage area of the Mississippi River. * * * Flood control of the lower Mississippi by means of reservoirs on the headwaters of the streams is a delusion.

The Chief of Engineers has repeatedly testified in hearings on flood control that the control of the floods in the lower Mississippi Valley cannot be accomplished by reservoirs on the tributaries of the Mississippi River. The cost of construction is prohibitive and the time required would unduly and dangerously delay protection, but if constructed the diversions are necessary insurance while the reservoirs are being built.

Reservoirs constructed primarily for flood control cannot be used for the development of power or for reclamation. It takes an empty reservoir to provide for flood prevention, while it takes a full reservoir to generate power.

Again, reservoirs constructed for flood-control purposes to benefit the lower Mississippi River cannot benefit the local areas as fully and as completely as reservoirs constructed primarily with the view to protecting the local area along the headwaters of the tributaries. The most effective reservoirs for flood control along the lower Mississippi River are those that are located closest to the alluvial valley, as in the Yazoo River project.

But there is a place for reservoirs; they are beneficial for flood control along the tributaries. There are areas that can be protected by the use of dams. This is especially true where the benefits will exceed the costs of construction.

The best way to promote reservoirs along the tributaries is to concede that they supplement but cannot substitute for levees or diversions along the lower Mississippi River.

MISSISSIPPI RIVER

The alluvial valley of the Mississippi River extends from Cape Girardeau, Mo., to the head of the passes where the river flows into the Gulf of Mexico. The distance by river is 1,100 miles, but as the crow flies the distance is 600 miles. The valley ranges from a width of 20 miles in the vicinity of Natchez to a width of 80 miles in the vicinity of Greenville, the average width being 50 miles. Twenty million acres, before the building of levees, were subject to overflow. The

major floods come on an average of once in 15 years. Ordinary or minor floods occur from 5 to 10 years. The area includes the St. Francis Basin in Arkansas, the Yazoo Basin in Mississippi, the Tensas Basin, composed of the Boeuf and Macon Valleys, the Atchafalaya Basin, and the LaFourche Basin, as well as the alluvial lands adjacent to the Mississippi River on the east bank around Lake Ponchartrain in Louisiana.

The territory drained by the Mississippi River and its tributaries consists of all or parts of 31 States, is equivalent to 41 percent of the area of the United States, and has a total area of 793,600,000 acres.

The problem of flood control in the lower Mississippi Valley involves confining the waters between levees along the main river and diversions and floodways to supplement the levees along the main river that formerly constituted a mighty river 50 miles wide from Cairo to the Gulf of Mexico.

In the pending legislation we are dealing with the greatest valley in the world. The Mississippi River is in reality not only the chief navigable river in the United States, but it is the great drainage canal of the Nation. Hundreds of millions of dollars have been expended along the Ohio, the Missouri, and the upper Mississippi for navigation. Unless there is an outlet to the sea through Mississippi with a dependable channel, improvements for navigation in the upper stretches and tributaries of the Mississippi River are in vain.

Bienville chose the site for New Orleans because it was above high water at the time he found it. The first levee built at New Orleans was in 1717. Ten years later it was the boast of the Governor that the levee was a mile long and 18 feet wide. The country was being settled; lands were being cleared. By 1812 the landowners had leveed the river on both banks for 340 miles above and below New Orleans.

By 1927 the entire levee line from Cape Girardeau to the Gulf had been substantially completed to the 1914 grade. The total amounts contributed by the Federal Government for building the levees, as compared with the local contributions, were small. All of the natural outlets were closed except the outlet through the Atchafalaya River.

The history of the improvement of the Mississippi River is interesting. The improvements were begun and continued until 1927 primarily in aid of navigation. Flood control came in at the back door.

Congress in 1820 appropriated $5,000 to investigate the Ohio and Mississippi Rivers. S. Bernard and Joseph G. Tutten, Army engineers, made the surveys and submitted the report in 1822. It was in 1850, upon the election of Gen. Zachary Taylor as President, that Congress appropriated $50,000 for starting the surveys made by the Army engineers Humphreys and Abbott. General Taylor had been a cotton planter in Louisiana; he had lived on the banks of the Mississippi River. The report of these engineers made in 1861 remains as the most authoritative report ever published on the Mississippi River, or on any other river.

During the War between the States improvements along the Mississippi River were interrupted. Following the war the States and local interests were unable to rebuild. The levees built by the local interests were destroyed during the war by the armies of the contending forces for military purposes. The great floods continued to appear.

From the first Federal aid for improvements along the Mississippi River was primarily for channel stabilization to promote navigation. However, leading statesmen advocated flood control—Henry Clay, John C. Calhoun, Thomas H. Benton, Abraham Lincoln, and James A. Garfield were among the American statesmen who advocated the improvement of the Mississippi River for commerce and for flood control.

The Mississippi River Commission was organized in 1879. In 1881 Congress appropriated $1,000,000 for improvements on the Mississippi River, primarily for navigation.

An appropriation of $4,000,000 in 1882 was vetoed by the President. Subsequent appropriations were increased and by 1912, $6,000,000 was being appropriated annually.

The Flood Control Act of 1917 authorized the first definite appropriation for flood control. The Government contributed one-half the costs of building levees where the local interests had been unable to build them. The work was interrupted and impeded by the World War. A subsequent Flood Control Act was passed in 1923 with an authorization of $60,000,000. It was intended to supplement and reinforce the Flood Control Act of 1917, interrupted, as I have stated, by the World War.

The policy of levees only prevailed. The Cypress Creek outlet in the vicinity of Arkansas City, at the head of the Boeuf Basin, was the last natural outlet to be closed. A monumental mistake was made. This outlet was closed in 1921. The great flood of 1927 demonstrated that levees only would not solve the problem. Two hundred and forty-six people lost their lives; 700,000 people were driven from their homes; the lower Mississippi Valley was flooded from April until August; no crops were made; property was damaged and destroyed, according to the report of the Chief of Engineers, in value from $200,000,000 to $400,000,000. The American people voluntarily contributed, through the American Red Cross, for rescue and relief work, $18,000,000.

Congress, in response to public sentiment, put its hand to the plow. The people of the lower valley had done their best; they had spent $292,000,000, according to the report of the Chief of Engineers, in an effort to protect their lives and their property. It was apparent to the country that they were unable to protect themselves from the waters that came from points as far east as Pittsburgh and as far west as Idaho, and from the waters of all the territory between the Alleghenies and the Rockies.

The local interests had incurred large indebtedness in building the levees to the 1914 grade. There were millions of dollars in outstanding bonds; recurring floods had resulted in bankruptcy to some of the local levee boards. The Flood Control Act of 1928 was passed; $325,000,000 was authorized. The project provided for diversions, spillways, and floodways to supplement levees.

I repeat to emphasize that the pending act is to amend the Flood Control Act of 1928 and to provide for the perfection and completion of that act. I repeat to emphasize that all levees constructed and other flood-control works built will be utilized, and that all of the moneys heretofore appropriated for flood control along the Mississippi River will be utilized. No improvements will be discarded and no money has been wasted.

CONSERVATION

I believe in the conservation of the soil as well as the conservation of all our natural resources. I favor the policy of reforestation. There is no conflict between these measures and plans for flood control. They are worth while; they can stand on their merits. It is not necessary for those who advocate the conservation of natural resources to maintain that the policy will result in the control of floods. Those who advocate reforestation and soil conservation as substitutes for flood-control measures deal in generalities; they fail to submit any data to show either the costs or results of conservation or reforestation as flood relief and control methods; they overlook the fact that long before the soil was depleted or the forests were wasted there were great floods along all of the rivers and streams of the United States. Soil conservation and reforestation are by no means synonymous with works for flood control.

New times and new conditions demand new measures. I am interested in flood control along all rivers and in all States. I am interested in little waters, but I am emphasizing big rivers. The digging of a few ditches, the building of a few dams will not suffice. The planting of grass and trees and soil-conserving crops is not enough. There is a place for the policy of reforestation and soil conservation, but there is also a definite place in the program for flood-control works. There must be levees, floodways, and reservoirs. The two policies should supplement each other.

YAZOO AND ST. FRANCIS RIVERS

The Yazoo River in Mississippi and the St. Francis River in Arkansas are located in the alluvial valley. The Representatives from Arkansas will speak for the St. Francis River. I have studied the project; it is justified. I know

that the residents of both the Yazoo and St. Francis are now and have been for years taxed for flood protection along the lower Mississippi River. I speak especially of the Yazoo Basin.

There are 4,250,000 acres of land in the Yazoo Basin; there are two flood problems—one from the overflows of the Mississippi River and the other from the overflows of the Yazoo River. The Yazoo River system takes its source near the Tennessee line and flows southerly along the foothills of the Yazoo Basin and empties into the Mississippi River at Vicksburg.

As I have stated, the Flood Control Act of 1928 declared that flood control along the lower Mississippi River was a national question, and that the local interests should not be required to make contribution, but the fact remains that at the time of the adoption of the project the local interests were required to maintain the works after completion and to provide for rights-of-way. There were millions of dollars in bonds outstanding. The people in the Yazoo Basin, including the Yazoo River system, are now and have been for 75 years contributing to flood-control works along the Mississippi River; they have contributed approximately $55,000,000. In addition, they have expended, as shown by the report of the engineers, $20,000,000 for local protection. They have taxed themselves to the limit; they have paid for protection which they have not received. The cases of the Yazoo and the St. Francis Rivers are different from any other streams. No other streams, except those now protected in the alluvial valley, are paying for flood works along the lower Mississippi River. Flood-control projects, therefore, along the Yazoo and St. Francis Rivers are included in the pending bill. No other taxpayers have been or are now contributing to flood-control works along the Mississippi River. The valleys of these two tributaries are the largest, most productive, and highly improved along the Mississippi River.

The Yazoo project will protect approximately 1,570,000 acres of extremely fertile and productive land.

There were two maximum and excessive floods in 1932 and in 1933. In the flood of 1932, which was the largest flood in 50 years, 993,000 acres were flooded; in 1933, 600,000 acres were overflowed; in 1935, 550,000 acres were overflowed, with 25 deaths, and damages aggregated $2,000,000. Substantially one-half of the area is cultivated and 90 percent is suitable for cultivation; there are some 400 miles of railways, 700 miles of improved highways, and more than 300,000 people are affected.

The Yazoo River is navigable. One million five hundred and seventy thousand acres in the headwater area and 300,000 acres in the backwater area will be protected. The proposed reservoirs will be located near the foothills. All engineers agree that reservoirs most beneficial for flood control in the alluvial valley are those that are located near the valley. There is an unusual opportunity to demonstrate the reservoir theory in the pending bill.

Under the Emergency Relief Act of 1935 an appropriation for the largest of the reservoirs has been made. During the present session Congress has already made an appropriation for the next fiscal year. One-third of the reservoir work has thus been authorized. The project was favorably recommended by the Director of the Budget and by the President of the United States. I know of no more beneficial project.

The Yazoo River is about 520 miles long. There are many and diverse interests. The Yazoo Delta is the home of long-staple cotton. The project would protect one of the most important and valuable areas of the United States and will demonstrate the practicability and desirability of the so-called reservoir system of flood control along the lower Mississippi River.

The local interests must do their part. Under the recommendations of the Chief of Engineers they are required to maintain the works, to furnish rights-of-way for all levees, and to pay for all highway relocations and damages.

The Yazoo River is the principal tributary of the Mississippi River on the east bank between Cairo and the Gulf of Mexico.

The Chief of Engineers recommends the reservoir system along this river as the most practical and economical method of flood control. He was most careful to state that while the floods along the main Mississippi River would be reduced at Vicksburg by 6 or 8 inches, his recommendation was not based altogether upon this fact. He emphasized the large area, the contributions to flood control along the Mississippi River, the backwater influence, the large expenditures made, and the necessity for a comprehensive plan. I would favor any similar project anywhere in the United States.

ANALYSIS

The bill is short. It was referred to the Chief of Engineers; the bill in its entirety was approved by him, except section 5. His favorable report on the bill appears on page 10 of the committee report. While he does not recommend section 5, it is fair to say that this section deals with an inconsiderable part of the authorization, and that, while the Chief of Engineers did not recommend section 5, this section is recommended, as shown by the hearings, by the Mississippi River Commission.

The committee report contains a careful and correct analysis of the bill section by section. There is no occasion to repeat the analysis here, except to say that the bill is an amendment of the Flood Control Act of 1928; is economically and engineeringly sound; provides for no new project; inaugurates no new policy; contemplates the enlargement and completion of the adopted project, and is recommended by the Chief of Engineers.

CONCLUSION

The Corps of Engineers of the United States are the ablest flood-control engineers in the country; they speak for the country; they are impartial. I know of no better agency to represent the country and the Congress. All projects are treated on their merits. I favor a policy of national flood control. The execution of the project should be under the Chief of Engineers. Congress can make no mistake when the recommendations of the Chief of Engineers are followed and adhered to.

Population is increasing; the hazards of floods are multiplying; the damages are increasing. The Federal interest in flood control is becoming more and more important. In our complex civilization, in our efforts to conserve and preserve our national resources and to protect life and property the policy of flood control will be expanded from time to time to meet new and changing conditions. The increasing hazards demand protection from floods that can be economically prevented.

The Flood Control Act of 1928, as amended in the pending bill, provides for the greatest river improvements in history. There are 20,000,000 acres of land in the alluvial valley; 12,000,000 acres are usable and will be protected when the project is executed; there are 4,000,000 acres in backwater areas and 4,000,000 acres in channels, diversions, and floodways. Eight million acres are protected about half of the time.

The leading nations in all of the ages, as a proper governmental function to promote the general welfare, have provided for public works. Permanent and beneficial public works always contribute to the progress and advancement of our common country.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include therein quotations from the hearings from the statements of General Markham and General Ferguson and a reply made by the president of the Mississippi River Commission to a newspaper article quoted by the minority report, and a letter from the Chief of Engineers to the chairman dated April 28, 1936, and to include a letter from the Chief of Engineers approving the bill under consideration to the chairman of the committee dated April 30, 1936.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. All time for general debate having been exhausted, the Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That the project for the control of floods of the Mississippi River and its tributaries, adopted by Public Act No. 391, approved May 15, 1928 (45 Stat. 534), Seventieth Congress, entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", is hereby modified in accordance with the recommendations of section 43 of the report submitted by the Chief of Engineers to the chairman of the Committee on Flood Control, dated February 12, 1935, and printed in House Committee on Flood Control Document No. 1, Seventy-fourth Congress, first session, as hereinafter further modified and amended; and as so modified is hereby adopted and authorized and directed to be prosecuted under the direction of the Secretary of War and the supervision of the Chief of Engineers.

Mr. MILLER. Mr. Chairman, I offer an amendment. Pending that, Mr. Chairman, I would like to ask someone a question for information. The debate on this amendment will probably run on for several minutes. I wonder if we want to go into debate on the amendment tonight.

Mr. WILSON of Louisiana. Yes.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER: Page 2, line 7, after the word "Engineers", insert a new section, as follows:

"The Chief of Army Engineers, under the direction of the Secretary of War, is authorized and directed to change, modify, and enlarge the engineering plans for the control of the floodwaters of the Mississippi River and its tributaries, adopted by the provisions of the act approved May 15, 1928, in accordance with the report of the Chief of Engineers on 13 reservoirs in the Arkansas River Basin and 13 reservoirs in the White River Basin, described in the report of the Mississippi River Commission of December 15, 1934, and in the letter of the Chief of Engineers, dated May 15, 1935, to Hon. RILEY J. WILSON, chairman, Committee on Flood Control, House of Representatives, the same being Document No. 2 of the Committee on Flood Control, House of Representatives, Seventy-fourth Congress, first session, and, as so modified, are hereby adopted and authorized and directed to be prosecuted as projects, under the direction of the Secretary of War and under the supervision of the Chief of Engineers.

"That the projects for flood control in the Arkansas River Basin and the White River Basin hereby adopted and authorized shall include the acquisition at the cost to the United States of all lands and flowage necessary to the construction of said reservoirs, except flowage of highways, and the project shall not be undertaken until States or responsible local interests shall give satisfactory assurance that they will undertake without cost to the United States all alterations of highways made necessary because of the construction of the reservoirs and pay all damages which may result by reason of highway alterations: *Provided*, That the reservoirs hereinbefore provided for may be located by the Chief of Engineers in his discretion: *And provided further*, That penstocks or other similar facilities adapted to possible future use in the development of hydroelectric power may be installed in any dam herein authorized when approved by the Secretary of War upon the recommendation of the Chief of Engineers.

"All lands taken or used in carrying out the provisions of this section shall be paid by the United States as provided for in section 4 of the act approved May 15, 1928."

Mr. MILLER. Mr. Chairman, under this amendment the 26 reservoirs referred to are the 26 reservoirs that are listed in the Flood Control Committee, House of Representatives Document No. 2. They are the 26 reservoirs that the Army Engineers say will be most effective for the control of the flood waters of the Mississippi River. They are the reservoirs that will control 50 percent of the drainage area of the White River Basin and 55 percent of the drainage area of the Arkansas River Basin, or more than 50 percent of 183,000 square miles of territory, at a cost of $126,719,000. That includes the entire cost, except the cost and damage to the highways. It follows exactly the formula laid down in the original bill with reference to the reservoirs in the Yazoo River system. I may say it follows exactly a provision that was adopted by the Senate this afternoon in an amendment to the omnibus flood-control bill now under consideration in the Senate, with reference to the payment of costs and with reference to the payment of damages for flowage rights for reservoirs that are authorized in that bill to be built in the Ohio Valley and other places.

In addition, Mr. Chairman, this amendment carries a provision authorizing the inclusion of penstocks and other facilities for the purpose of developing hydroelectric energy whenever the Chief of Army Engineers certifies their erection is feasible. This provision also was taken from the omnibus bill and is a provision that was sent to the Senate Committee on Commerce by the Chief of the Army Engineers for the purpose of having those dams, in places where it is feasible, constructed so as to make possible the generation of hydroelectric energy. The erection of the reservoirs, however, is primarily for the purpose of flood control.

I have outlined all this amendment does. It adds $126,000,000 to the bill but, let me say, Mr. Chairman, in all candor—and I appreciate the fact the debate has been rather warm; I appreciate the fact that gentlemen are very much interested in the bill—I am vitally interested personally, but aside from that I am more interested in the establishment in this Nation of a flood-control policy which adopts the reservoir system. [Applause.]

Let me say further that the erection of these 26 reservoirs fits in the general plan of reservoir flood control. They are part of the 151 reservoirs that will some day be built in the Mississippi Valley for the control of the flood waters of the Missouri, the Ohio, and other tributaries of the Mississippi. It is only a step in the ultimate direction. It cannot hurt the bill, arguments to the contrary notwithstanding. Those opposing the amendment express the opinion that it will wreck the bill, that it means the downfall of the bill and failure to obtain a bill, but that is their opinion. The question is, Shall we use our own judgment and do what we know is best or will we permit some department head to tell us what we shall do?

Mr. DRIVER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I addressed the question to a Member this afternoon asking him if he could point to one single measure that has been adopted by this Congress without a specific recommendation of the Engineers, and he answered that he could not; and you Members, including the oldest Member in service in this House, never witnessed any such action on the part of an American Congress.

I hail from Arkansas, a State in which there are more miles of the White River and as many miles of the Arkansas River as there are in all the other States through which these rivers flow. If this bill dealt with the Arkansas and the White Rivers as a treatment of the floods on these rivers and their control through reservoirs I would support it with all the energy I possess, but let me present to you the fact that the bill under consideration is an authorization for the completion of an adopted project.

It is free of other tributaries than those directly connected with the alluvial valley of the Mississippi River. The Army Engineers say to you and to me that even though we adopt this amendment and add $126,000,000 to the authorization it will still be necessary to expend every dollar of the money they recommend in order to effectuate the safety of the alluvial valley. That is the situation we are in. In the light of this statement from the Board of Engineers do you think for one moment the President of the United States will approve a bill that carries $126,000,000 more than the amount recommended by the Engineers? Consider this in all seriousness. Any man who wants to defeat this bill can do it, I am frank to say, by supporting this amendment. There is no use in kidding ourselves. Why should the President, who is guided by the advice of this aggregation of talent we have drawn together, approve a bill loaded as this amendment would load it when the Engineers will tell him that he must still expend the amount of money they recommend in order to effectuate this project?

Members asked me if the President said so. I tell you the President did not say so; but if he had, I would not have said it here, out of the usual regard we have for such communications; but I say to you he did not say so. I still believe, however, that the President is a man who will be guided by the advice of those who are there to give him information; and if he is so guided, do you think he is going to approve a bill that carries such a large sum of money which will have no effect at all on the purpose of the bill to complete the Mississippi River project?

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. DRIVER. I yield gladly.

Mr. JOHNSON of Oklahoma. Is it not a fact that these proposed reservoirs are the best reservoirs that can be built on the upper Mississippi?

Mr. DRIVER. There is no doubt in the world about that. The Engineers in their report have said that the most effective reservoirs would be those on the Arkansas and the White Rivers.

[Here the gavel fell.]

Mr. DRIVER. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. DRIVER. The Engineers have reported that, so far as the White and the Arkansas Rivers are concerned, reservoirs on these rivers will effectuate more complete control than reservoirs on any other rivers tributary to the Mississippi. If, therefore, we disregard the engineering recommendations and look forward to controlling the floods of the Mississippi River by the reservoir system, then the expenditure of this $126,000,000 will reduce the flood height 4½ feet when we need 12 feet to insure the safe passage of the water without destroying the valley. They say we will get 2½-feet reduction from bend cut-offs.

We get 7 feet—5 feet more—which leaves the diversion at the same cost they recommend here, without the inclusion of the reservoirs. If we disregard the Engineers' recommendations and confine ourselves to reservoirs, 26 in number, the cost will be $126,000,000. To get an additional 5 feet in the unfavorable areas, how much more money will it cost? It is a fact if these 26 reservoirs cost $126,000,000 we will need at least $200,000,000 more for less-favorable reservoirs to provide the additional 5 feet.

[Here the gavel fell.]

Mr. WILSON of Louisiana. Mr. Chairman, I would like to submit a unanimous-consent request with reference to time.

Mr. RICH. May I ask the gentleman what the intention of the Chairman is about going on with the debate this evening?

Mr. WILSON of Louisiana. I was hoping we might finish the bill.

Mr. RICH. There are quite a number of Members who want to be heard on these amendments. It is now practically 5 o'clock, and it will be 7 o'clock before we get through. We cannot finish the bill in less than 2 hours.

Mr. WILSON of Louisiana. Can we not agree to limit the debate to 20 minutes?

Mr. RICH. I do not know. There are a lot of Members who want to be heard.

Mr. MILLER. I would suggest that the debate on this particular amendment might be closed in 20 minutes. I do not refer to the section, but to the particular amendment.

Mr. RICH. Is it the intention of the Chairman to go on and finish the bill tonight?

Mr. WILSON of Louisiana. I would be glad to do that if we could. I do not know how many amendments will be offered.

Mr. Chairman, I ask unanimous consent that debate on the pending amendment close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

Mr. WHITTINGTON. Mr. Chairman, reserving the right to object, as a member of the committee, I should like to have at least 5 minutes.

Mr. FULLER. Mr. Chairman, I should like 6 or 7 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

Mr. WHITTINGTON. May I suggest that the gentleman modify his request and make it 25 minutes.

Mr. WILSON of Louisiana. Mr. Chairman, I modify the request and ask unanimous consent that debate on this amendment close in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. FOCHT. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD, at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FOCHT. Mr. Chairman, the day has been given to the question of flood control and water power, and much has been said on the subject that is informative and makes finally clear the fact that our contention made on Monday, April 8, 1935, as to the control of the floodwaters of the Mississippi River finds full support, more than a year later, in many speeches by prominent Members of this body. The CONGRESSIONAL RECORD of April 8, 1935, contains the following:

Mr. CARTER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, for many years I have listened to the discussions of rivers and harbors bills. In the earlier days most of the time was taken up in characterizing the rivers and harbors bills as "pork barrel" bills. It was some time until I fully comprehended what that meant. I am delighted to say today, however, that I have good faith in my friend of all these years, the gentleman from Texas [Mr. MANSFIELD] and chairman of this committee, his knowledge of legislation, and his understanding of what "pork barrel" means, to know that he would not sanction the reporting of any such measure to this House, as was once done. He has given us, furthermore, wonderful information in regard to the purpose of this bill.

Most of the bills that relate to water and the West have had to do with irrigation schemes and plans and with power and lights. I would like to call your attention to another phase which might be encompassed within the range of a rivers and harbors bill. I have read of the devastating floods of the Mississippi. It seems to me these two purposes—irrigation and electric light and power—for which vast sums of money have been appropriated, could well stand aside for a moment while we consider this uncontrolled flood force which destroys but which could be converted to useful purposes if given proper attention; and in the short time at my disposal I shall give you several concrete examples of how it might be done. After I had looked over those two particular instances, I was in great wonderment why the intelligence of this House had not been aroused by the recurrence of these destructive floods on the Mississippi River; how it was they had failed to direct the attention of the committee and the country to putting barriers before these floods on the tributary streams.

I shall cite you two cases in Pennsylvania, and I hope you will investigate at least one. There are Members from western Pennsylvania who are familiar with what we call the Pymatuning Swamp proposition, and they may tell about this wonderful accomplishment.

While I was a member of the Water Supply Commission of Pennsylvania, during a vacation from this House, and associating with eminent men like John Birkenbine, who built many dams in the South, and is known to be one of the greatest hydroelectric engineers in the world, they impounded that water; and that great section, including part of Ohio, has been made safe from floods. The water is impounded during flood times and stored against use in the summer season to give them ample water supply for their mills on Beaver River, a tributary of the Ohio.

But the greatest engineering feat, with completely satisfactory results, is but 60 miles from Washington, at Safe Harbor, just over the line in Pennsylvania.

[Here the gavel fell.]

Mr. CARTER. Mr. Chairman, I yield 3 additional minutes to the gentleman from Pennsylvania.

Mr. FOCHT. The State of Pennsylvania has an area of 45,126 square miles. The watershed that supplies the north and west branches of the Susquehanna River of Pennsylvania covers an area of half the 45,126 square miles of the State; yet the young engineer, John Wails, who later built dams for the Italian Government, can sit in his office and by touching a button have absolute control of the floodwaters of that watershed in Pennsylvania. In other words, when a flood starts or is threatened in the upper sections of the State he opens his wickets. The water does not flow over the dam at all; not a drop goes over, so perfect is the control he has over a mile and a half of dam; but he opens the gates and the water flows into lower portions of the river and basins ready to receive it. If we would do the same things on the tributary streams of the Mississippi River we would not have recurring harrowing stories we read every year of the Mississippi River, with the bottom of the river higher than the surrounding land, breaking dikes and spreading desolation and ruin over that great valley.

No such thing could occur if we would take the money we are going to put into these other schemes and arrest the water of the tributary streams, which would be a complete and definite control of all the waters. That can be seen and the Members will agree with me when they look at this Safe Harbor Dam. They have put that into operation and are even able to control the ice that comes down the river, as well as all kinds of debris. It is the

most complete example of flood-water control the world has seen; yet we go on with these other doubtful schemes and pass by something that would save an untold number of lives and billions of dollars of property and terror those floods cause in the Mississippi Valley.

Do what I have suggested with every tributary and that will be the end of floods in the Mississippi Valley.

(Here the gavel fell.)

Mr. MANSFIELD. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN. Mr. Chairman, I want to compliment the gentleman from Pennsylvania [Mr. FOCHT] on his observations just made.

I hope that the Flood Control Committee of this House at the present session of Congress will at least provide for a survey so that we may construct some dams out there to hold back these flood waters. If they do that, we will not have the situation in the Mississippi Valley that we had this spring.

Mr. FULLER. Mr. Chairman, I am very vitally interested in the pending amendment. I am not opposed to this bill, and, to be frank, I may say that I am going to support it whether this amendment is adopted or not. I think it is of very great importance that this bill or something very similar be adopted so far as the Mississippi Valley is concerned. We have recently read in the newspapers about floods here and there in the East, but they were just baby floods in comparison to the floods that occur down there in the Mississippi Valley.

Mr. Chairman, this bill does not affect my district very much because I am located up in the mountains; however, the White River does run through eight counties in my district. I am principally interested in reservoirs which will be constructed for a dual purpose—flood control and electric power—as provided in this amendment. The Arkansas and White Rivers are two of the biggest rivers in that country and have never received any substantial aid from the Government. Congressmen from my own district and from all over the State of Arkansas have been voting from time immemorial for harbor improvements and flood control all over the country, and have never complained. Now, when there is an opportunity to do something for the Mississippi Valley, I think we should have serious consideration.

Some statements have been made about this bill being so sacred that it should not be amended simply because it is reported by the Flood Control Committee. Of course, this bill never came from the House Flood Control Committee. It was created and born in the Senate and, as a matter of fact, is known as Senator OVERTON'S bill. It is true that the House committee in some sort of form has approved it.

Mr. Chairman, may I say also that this same House committee submitted a bill last year which included these 26 reservoirs that we are seeking to have included in this bill. That bill went over to the Senate, and there it is sleeping. The same power that has brought this bill in here, the same power that is seeking to keep us from amending it is the power that keeps us from getting what we should have.

The pending amendment states that at such time as the engineers deem proper there may be constructed 26 reservoirs of such character that they may be used for electric purposes. In my district alone there is provision for three of them, namely, Wildcat Shoal, Lone Rock, and Norfolk. White River near Cotter is the greatest site for the generation of electric power between the Allegheny Mountains and the Rocky Mountains. The engineers say they can produce electric power there for 8 mills per kilowatt and that there is capacity for 260,000,000 kilowatts each day.

It is important to the people generally that this amendment should be accepted. For many long years the White River Power Co., a New York concern, has had an option or lease upon which is known as the Wildcat Shoals on White River. That option has expired, and they have made application to the Power Commission to have it extended. I fear it will be extended unless saved to the Federal Government.

[Here the gavel fell.]

Mr. FULLER. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. FULLER. Mr. Chairman, the statement is made that the President will veto this bill if it includes the amendment which has just been offered, but no one has any authority to make such a statement.

If the Government does not build these dams which can serve a useful purpose by providing cheap electricity as well as flood control, the utility companies are going to grab them up. This is an absolute cinch and certainty. They are the most valuable properties in this country today, and the utilities have been trying to get them, and there have been hearings held about it. If you do not provide for the building of these dams in this bill, the Power Trust will build them, and with this power they will continue to charge their outrageous and exorbitant prices.

We have voted for your people in California, Washington, Oregon, and the West, and for the Tennessee Valley, as well as over the entire country for similar projects as sought in this amendment. We have helped you to build dams and reservoirs in Ohio so that you would not have any more trouble by reason of such floods, and we now ask you to help us out in this instance.

The engineers have declared themselves in favor of these dams in their reports. They have said that these 26 projects are the most valuable in our country, and at the same time it will be economical from a flood-control viewpoint.

If you only authorize the use of this money as provided in the bill, what will it mean? It will mean that next year or 5 years from now they will come back and ask for more money because some levee has fallen or the river has changed its course; and it is just a matter of continually taking money out of the Federal Treasury for the prevention of the overflow of these great streams, while it is an absolute cinch and certainty that by building these reservoirs you insure flood control, practice economy, and at the same time preserve the power sites for the people.

I hope you will consider the pending amendment seriously and adopt it and let the bill go to conference. The reservoirs were in the bill passed last year and these gentlemen now opposing then favored it. Why fight it now? Simply because they contend this bill is sacred, because it was given to them by the Senate, and they want to pass it exactly like it is, irrespective of the views they have held in the past and irrespective of the wishes of the Members of this House. [Applause.]

[Here the gavel fell.]

Mr. WILSON of Louisiana. Mr. Chairman, I think it is somewhat unfair to the committee and to myself as chairman of the committee to advance the argument that those who oppose the adding of reservoirs in the White and Arkansas Rivers to this particular bill are opposed to these reservoirs which have very great value for many reasons. I sponsored and reported out the bill that carried those projects. I endeavored to secure the passage of that bill after surveys and examinations by the Corps of Engineers, and if the War Department and the Corps of Engineers would approve including them in this bill and if they would eliminate the expenditure of the $103,000,000 for the Eudora floodway, it would be a different matter. However, that is impossible, and rather than see any amendment to this bill that would bring about an unfavorable report from the War Department and cause it to fail of passage, we must oppose the amendment, because it would destroy the opportunity we now have for carrying out the greatest engineering project ever undertaken in America. However, I am in favor of carrying them out by general legislation.

So, Mr. Chairman, I do not want the Members of the Committee to understand that those who are asking for this bill to be passed, after all this work, are not endeavoring in every way to use reservoirs, if they would avoid the necessity for floodways or if they would not receive an unfavorable report from the War Department. The Chief of Engineers in his letter to me has stated that these reservoirs would be factors of safety, but would not eliminate the necessity for the floodways.

Mr. TERRY. Mr. Chairman, will the gentleman yield for a brief remark?

Mr. WILSON of Louisiana. Yes.

Mr. TERRY. I call the gentleman's attention to page 660 of the hearings before the House Flood Control Committee last year, in which General Ferguson, president of the Mississippi River Commission, makes this statement:

These Arkansas and White River Reservoirs, with some modification of the present levees, and with some allowance for future increase in discharging capacity of the river, would obviate the necessity of the Eudora floodway for protection against a flood of the same origin and magnitude as that of 1927.

Mr. WILSON of Louisiana. And I may quote General Ferguson relative to a statement he made with regard to an article appearing in the press:

No statement made by me to newspapers was intended to infer that my views on the need of the Eudora floodway have been changed from those given before the Flood Control Committee in 1935.

He then said the Eudora spillway was necessary. I may also refer to the statement made by General Ferguson before the committee to the effect that he had great hopes for a continued shortening of the channel of the Mississippi, which has been done under a resolution which I favored and which was approved by the Chief of Engineers, but they say that whatever is done under that provision, the reservoirs will not avoid the necessity for the floodways, and if you added the $126,000,000 to the bill you would still need the floodways, and, furthermore, I do not believe you could get the approval of the War Department.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. WILSON of Louisiana. Yes.

Mr. NICHOLS. I do not think the sponsors of this amendment are against the Eudora floodway. We are willing to go along and support that legislation.

Mr. WILSON of Louisiana. Can you secure approval of the legislation with $126,000,000 added to the bill?

Mr. NICHOLS. Absolutely.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I yield to no man in my advocacy of conservation of our natural resources. I want to see the resources along the Arkansas and the White Rivers developed for power and flood control.

When the Tennessee Valley Act was under consideration I did not oppose that legislation because the Mississippi River was not included in it. I did not ask that it be amended to include the Mississippi River.

I favor a policy of national flood control. For years, in season and out of season, as a member of the Committee on Flood Control, I have promoted such a policy.

Let me remind you that the omnibus bill we passed last session, which I supported, included 13 reservoirs each for the Arkansas and White Rivers. It has been amended in the Senate so as to provide for a flood-control policy and for the prevention of soil erosion.

There have been no hearings before the Flood Control Committee respecting the White River for power development. A reservoir for flood control is useless, according to the Engineers, for power development, because the reservoir must be empty for flood control and must have water for power development. Reservoirs for both flood control and power development are much more expensive than flood-control reservoirs.

Now, just a word about this amendment.

If the 26 reservoirs in the amendment are adopted, it means that on tributaries that have made no contribution toward flood-control works along the Mississippi River the local interests will make no contribution whatever.

It has been asserted that Gen. H. B. Ferguson, President of the Mississippi River Commission, maintained that the bend cut-offs and the 26 reservoirs along the Arkansas and the White would eliminate the necessity for the Eudora diversion. The wish is father to the thought by those who make such a statement. General Ferguson, as shown by pages 75 and 76 of the hearings before the Senate Commerce Committee on the pending bill, emphatically stated that the 26 reservoirs and the bend cut-offs would not eliminate the Eudora diversion. I quote his language in response to a question by Senator OVERTON as to whether there was any reasonable probability that the cut-offs and 26 reservoirs would render a substantial diversion in the middle section unnecessary:

Brigadier General FERGUSON. Our figures now indicate that a flood such as occurred in 1927 would have to have water diverted somewhere below the mouth of the Arkansas.

It is well to keep in mind that the Chief of Engineers repeatedly stated in the hearings that the effects of cut-offs were problematical. The gentleman from Kansas [Mr. CARLSON] stated that the cut-offs had reduced the distance from the mouth of the Arkansas to the mouth of the Red River by some 100 miles. All of the cut-offs are between the levees. The levees are on an average of 25 feet in height in the area mentioned. Cut-offs are across bends; they reduce the low-water length; but in floods the waters are confined between the levees. There is thus substantially no reduction of river length when the floods are within a few feet of the top of the levees.

Fortunately there have been no major floods since the cut-offs were begun some 4 years ago. I think they are beneficial, but General Ferguson and the Chief of Engineers time after time stated that they should not be substituted for the diversion. They are additional factors of safety.

The gentleman from Arkansas [Mr. MILLER] repeatedly referred to Documents 2 and 3, House Flood Control Committee, Seventy-fourth Congress, first session. After stating that the 26 reservoirs along the Arkansas and White would be additional factors of safety in the alluvial valley of the lower Mississippi River, General Markham concluded said Document 2 by saying—and I quote his words:

But these reservoirs cannot be relied on to prevent a flood which would overtop the levees unless a relief outlet is provided.

Again I quote General Markham from said Document 3:

The report indicates, therefore, that the costly system of reservoirs under study would not abrogate the necessity for fuse-plug levees or similar works and diversions from the main channel of the Mississippi River to afford assured protection against extreme floods.

The minority members of the committee, in their minority report, quote General Ferguson as saying that bend cutting has reduced floods that have occurred 2½ feet. I have already referred to the testimony of General Ferguson before the Commerce Committee. I quote from pages 75 and 76:

Senator OVERTON. They [cut-offs and 26 reservoirs along the Arkansas and White] would not dispense with the necessity of having the Eudora floodway for the escape of waters from the Mississippi River?

Brigadier General FERGUSON. You would require a floodway.

The answer to the contention that cut-offs and reservoirs, or either of them, would eliminate the necessity for the Eudora diversion is found in the documents transmitted by the Chief of Engineers, Major General Markham, and by the president of the Mississippi River Commission, General Ferguson. They both state in their reports in House Document 1, Seventy-fourth Congress, first session, that they recommend the Eudora floodway. This is a sufficient answer to the contentions advanced in the minority report.

I may also say in this connection that the quotation in the minority report from General Markham in criticism of the pending bill was before the Senate amended the bill as recommended by the Chief of Engineers. The Chief of Engineers took the position that the local interests should be required to furnish the rights-of-way for reasonable compensation; he objected to condemnation authority. The Senate amended the bill to meet his views. The quotation by the minority in their minority report has no place; it was directed to a provision that has been eliminated from the bill.

It is amusing to see the minority quote the President in their minority report. The administration has a plan. The problem is being attacked by perfecting the omnibus flood-control bill that passed the House and is now pending in the Senate, and by the passage of the pending bill for the lower Mississippi River.

The minority, in quoting from President Roosevelt, evidently anticipated that he would ask that the problem of

formulating a policy of flood control be continued. The policy of the minority is to delay. The responsible spokesmen for the administration are in control of the Senate and House. The Chief of Engineers speaks for the President. The administration has indicated that it is satisfied with the Overton bill and amendments have been submitted by the Chief of Engineers in line with the views of the administration in the omnibus flood-control bill.

Moreover, and I quote from the language of the President copied by the minority in their report:

It is not suggested that we neglect our main streams.

What stream is more of a main stream than the lower Mississippi River? The President had in mind, evidently, the lower Mississippi River when he stated we should not neglect the main streams and give our whole attention to minor waters.

None have objected to any of the provisions in the pending bill. They merely ask that the provisions of the bill be expanded so as to provide for other streams and other rivers.

In all public works there must be factors of safety. The lower Mississippi Valley had a flood that almost overtopped the levees in 1928 following the flood of 1927. There was another maximum flood in 1929. From the days of De Soto on down maximum floods in the lower Mississippi Valley have occurred on an average of every 15 years. It has been 9 years since the last flood. The 26 reservoirs will be the equivalent of a diversion of from 330,000 to 360,000 cubic feet at Arkansas City. It will eliminate levee heights to the extent of 4½ feet but, according to the testimony of all engineers, it would have taken a levee 9 feet higher than the existing levee, with an additional 3-foot freeboard, or 12 feet, to have contained the flood of 1927. The Chief of Engineers says that even if the reservoirs were constructed a floodway would be imperative. There would be an additional 4½ to 7½ feet to be provided for.

Again the Chief of Engineers opposes the construction of the reservoirs for flood control in the lower Mississippi Valley, and he states very emphatically that the costs of reservoirs to provide for the necessary diversion are a billion and a quarter dollars. Equivalent relief by a floodway at Eudora can be provided at a cost of $103,000,000. Only from twenty-five million to thirty million dollars of this amount will be paid for damages to lands, highways, and other property. The remainder of the $103,000,000 will be expended in constructing diversion works and guide levees.

The flood of 1927 came out of the Arkansas and White Rivers. Floods in the lower Mississippi Valley usually come from the Ohio River. In the event the floods came from the Ohio, the Missouri, or the upper Mississippi River reservoirs along the Arkansas and White would be of no benefit. This is another reason the Chief of Engineers insists upon the Eudora diversion.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to proceed for 3 minutes, which are left, as I understand it, of the time allotted.

The CHAIRMAN. Without objection, the gentleman from Mississippi is recognized.

Mr. RICH. Mr. Chairman, I am entitled to 5 minutes, and I yield to the gentleman.

Mr. FLETCHER. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. Yes.

Mr. FLETCHER. Are any of these reservoirs included in the Muskingum-Scioto-Ohio Valley project?

Mr. WHITTINGTON. They were not included in the pending Mississippi River bill. I do not know whether they have today baen included in the Senate or not in the omnibus bill. If they have not been included, I should personally like to see them included.

Mr. FORD of California. Will not the whole Mississippi Valley, so far as power is concerned, be taken up in the Norris proposition for the T. V. A.?

Mr. WHITTINGTON. I should think so. I want to see the power development on the White as fast as there is demand.

Mr. DISNEY. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I shall yield in a moment.

Mr. DISNEY. But the gentleman keeps saying that, and yet he does not yield.

Mr. WHITTINGTON. I will not yield to the gentleman if he interrupts in such a manner without permission. Mr. Chairman, the 26 reservoirs on the Arkansas and White Rivers, if they are constructed, will provide for about 330,000 to 360,000 second cubic feet. The Chief of Engineers says that you have to divert 1,000,000 cubic feet in order to protect the lower valley. If we add these 26 reservoirs for flood control, he tells us that we would still have to construct the Eudora floodway, because if you added the 26 reservoirs you would still have 650,000 cubic feet down there to provide for, and the Chief of Engineers stated that it will take 157 reservoirs to give the equivalent of the 1,000,000 second-feet diverted by the Eudora floodway, costing one hundred and three million, whereas the 157 reservoirs would cost a billion and one-quarter dollars. I would like to see them all constructed. They will come some day. It may be 25 years or 50 years. When they do come every foot of land used for this diversion down there can be utilized. It will be necessary only to remove the guide levees, but in the meantime the purpose of this legislation, recommended by the Chief of Engineers, is to provide for navigation and flood control in the lower valley.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. Yes.

Mr. NICHOLS. Will not the gentleman admit and agree with me that the addition of these 26 dams to the construction of the Eudora floodway would be of great material assistance to relieve floods in the lower Mississippi.

Mr. WHITTINGTON. I have stated in season and out of season that personally I would like those 26 reservoirs constructed as additional factors of safety, but the Chief of Engineers, the spokesman for the President, says substantially that in the upper stretches of the Arkansas and White Rivers they have paid nothing for flood control along the Mississippi River, that the case is different from the St. Francis, and he says that he cannot and will not support this bill or approve it if they are inserted, because it means $127,000,000 additional to the Federal Treasury. I yield now to the gentleman from Oklahoma [Mr. DISNEY].

Mr. DISNEY. Does what some department says determine the policy for the Congress?

Mr. WHITTINGTON. I might answer the gentleman by saying that the Chief of Engineers is impartial, and represents Congress and the country. I have already said the best way to promote flood control on the gentleman's and on all rivers is to eliminate inadequate and unworthy projects. I represent a district where there are rivers and streams that are not included in the pending bill. I would like to have them included as well as the White and the Arkansas, but I do not believe they ought to be included on the same basis as the rivers in the Mississippi or alluvial valley.

Mr. NICHOLS. The gentleman does not say that ours are inadequate.

Mr. WHITTINGTON. I do not. They were in the omnibus bill when it passed the House, and I voted for the bill.

The CHAIRMAN. The time of the gentleman from Mississippi has expired. All time has expired. The question is on agreeing to the amendment.

Mr. WILSON of Louisiana. Mr. Chairman, I move that the Committee do now rise.

Mr. MILLER. O Mr. Chairman, we had an agreement that we would vote on this amendment tonight. That was the agreement.

Mr. RICH. That was the understanding.

Mr. NICHOLS. I demand a vote upon the amendment.

Mr. WILSON of Louisiana. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion of the gentleman from Louisiana that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. DRIVER) there were—ayes 22, noes 66.

So the motion was rejected.

Mr. NICHOLS. Mr. Chairman, I demand a vote on the amendment.

Mr. WHITTINGTON. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and eight Members present, a quorum.

Mr. MILLER. Mr. Chairman, I ask for a vote upon the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection, and the Clerk again reported the Miller amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. MILLER].

The question was taken; and on a division (demanded by Mr. DRIVER) there were ayes 78 and noes 36.

So the amendment was agreed to.

Mr. LAMNECK. Mr. Chairman, I understood this was the last order of business for the day. I would like to offer an amendment to be considered tomorrow and have it printed in the RECORD, so that it will be available to the membership.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The amendment is as follows:

Amendment offered by Mr. LAMNECK: Page 2, line 7, after the word "Engineers", add the following: *"Provided*, That the Chief of Engineers, under the supervision of the Secretary of War, shall, at the expense of the United States Government, construct a system of levees and reservoirs to adequately control the floodwaters of the Scioto, Olentangy, and Sandusky River Valleys in Ohio: *And provided further*, There is hereby appropriated the sum of $40,000,000 for the carrying out of the above project."

The Clerk read as follows:

SEC. 2. That the Boeuf floodway, authorized by the provisions adopted in the Flood Control Act of May 15, 1928, shall be abandoned as soon as the Eudora floodway, provided for in Flood Control Committee Document No. 1, Seventy-fourth Congress, first session, is in operative condition and the back-protection levee recommended in said document, extending north from the head of the Eudora floodway, shall have been constructed.

SEC. 3. That the levees along the Mississippi River from the head of the Morganza floodway to the head of the Atchafalaya River and down the east bank of the Atchafalaya River to intersection with the west protection levee of said Morganza floodway shall be raised and enlarged to 1928 grade and section.

Mr. RICH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RICH. I understood the gentleman from Louisiana [Mr. WILSON] made the statement that after we had the vote on the amendment offered by the gentleman from Arkansas the Committee would rise. Is that the understanding?

Mr. WILSON of Louisiana. No. I did not make that statement.

The CHAIRMAN. The Chair had no part in any agreement.

Mr. MARTIN of Massachusetts. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FLANNAGAN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 3531, directed him to report that it had come to no resolution thereon.

ROBINSON-PATMAN EQUAL OPPORTUNITY IN BUSINESS BILL

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Speaker, what is the Robinson-Patman bill?

Answer. This bill was introduced in the House on June 11, 1935, and the same bill was introduced in the Senate by the Honorable JOSEPH T. ROBINSON, majority leader, June 26, 1935. It is H. R. 8442 in the House. It is S. 3154 in the Senate. It is a bill making it unlawful for any person engaged in commerce—

First. To discriminate in price or terms of sale between purchasers of commodities of like grade and quality.

Second. To prohibit the payment of brokerage or commission under certain conditions—dummy brokerage.

Third. To suppress pseudo-advertising allowances.

Fourth. To provide a presumptive measure of damages in certain cases.

And to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys from exploitation by unfair competitors.

STATUS OF BILL

2. Question. What is the status of this legislation at this time?

Answer. It was unanimously reported favorably by the Senate Committee on the Judiciary February 3, 1936. It was favorably reported with amendments by the House Judiciary Committee March 31, 1936. It was called up by Senator ROBINSON in the Senate April 28, 1936, and was considered until April 30, when it was passed with amendments. When the bill was sent to the House the Speaker, at our request, permitted it to remain on the table, where it is now. The House Rules Committee the past 3 days has been considering a special rule for consideration of the bill. The Rules Committee will vote on the question tomorrow, May 22. If the rule is granted, I understand it is agreed that the bill will be taken up for House action next Tuesday, May 26. It should not take more than 1 day for House action.

3. Question. If this bill passes the House what will be the next step?

Answer. The next step will be for the Senate to select conferees and the House to select conferees to meet and iron out differences between the two bodies, as there will undoubtedly be differences between the two bills.

4. Question. If conferees of the two Houses agree on the bill, will it then become a law?

Answer. No; the report of the conferees will have to be adopted by both the Senate and the House and then the President will either have to sign it or it will become a law without his signature should he fail to veto it within 10 days.

MANDATE OF DEMOCRATIC PLATFORM

5. Question. Does this bill conform to a mandate in the Democratic platform?

Answer. The Democratic platform of 1932 provides:

We advocate strengthening and an impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices and revision thereof for the better protection of labor and the small producer and distributor.

There is no bill pending before Congress that is being urged that carries out this provision of the Democratic platform except the Robinson-Patman bill. This bill complies in every way with that part of the Democratic platform.

HOW EVILS ARE CORRECTED

6. Question. How does this bill attempt to correct the evils complained of?

Answer. By an amendment to section 2 of the Clayton Act which has been rendered ineffective by weasel provisos and exceptions which crept into the bill, the full import of which were not realized during its consideration by Congress in 1914. Our amendments will carry out the original intentions and purposes of the law.

7. Question. What specific provisions are included in this bill?

Answer. First. Advertising allowances. Large manufacturers have been coerced into giving certain large mass buyers great reductions in prices under the guise of advertising allowances. This bill will not prohibit advertising allowances but it will prohibit advertising allowances to be used as a guise for price reductions and prohibit advertising allowances that are not given proportionately to all customers. In other words, manufacturers will have a right to select their customers but when selected they must deal with them equally and fairly.

Second. Dummy brokerage. A practice has grown up whereby large mass buyers bribe representatives of the seller,

oftentimes the seller representing groups of farmers, under the guise of a brokerage allowance. It is not a brokerage allowance at all; it is a bribe. This bill will not compel the use of a broker but it will prohibit one party from bribing the representative of the other under the guise of brokerage allowances or commissions.

Third. Quantity discounts. The practice has grown up of manufacturers allowing large mass buyers great discounts that their competitors do not receive even for the same quality and quantity purchased under the guise of quantity discounts. This bill does not prohibit quantity discounts where they are based upon differences in cost of manufacture and distribution, but it does prohibit a manufacturer from giving a discount to one customer without giving the same discount to another customer who purchases the same quantity under the same conditions. The bill permits differentials, but prohibits discriminations.

Fourth. Quantity limits. Under this bill the Federal Trade Commission will be permitted to fix a quantity limit under certain conditions where so few buyers are able to purchase certain large quantities that are available to them for a lower price that are not available to others, that such a practice is calculated to promote a monopoly in any line of business. If the Federal Trade Commission finds that to be true, it may fix a quantity limit, which will mean that any one purchasing that quantity will receive the same price per quantity unit as one purchasing a number of such quantity units. In other words, it is the same theory as railroad freight rates. In 1887 the people demanded that discriminations and favoritism in freight rates be prohibited. A bill was introduced for that purpose. The privileged few immediately commenced the propaganda that such a bill if enacted into law would cause prices to increase to consumers, would place a shelter over and reward the inefficient and could not possibly be enforced. Nevertheless, the law was placed upon the statute books, and it has not increased prices to consumers, rewarded the inefficient, or become unenforceable. If one causes to be transported one carload of freight, he pays the same price per car as one who causes to be transported a trainload or any number of carloads. It was admitted by the Interstate Commerce Commission and the Supreme Court of the United States that a trainload could be transported at a cost considerably less per car than individual carloads could be transported, but the ruling fixing the carload quantity has been upheld because if a lower price is granted to those who can transport trainloads and more, this practice will operate in the interest of the large dealers and cause the businesses of the smaller dealers to be destroyed. The only reason that the Federal Trade Commission will have to fix such a quantity limit will be to prevent monopoly in any line of business. It may fix a carload, several carloads, or less than a carload as the quantity limit, depending upon the nature of the commodity, the quantities in which it is usually bought and sold, and its distribution among large and small competitors.

ANTI-BASING POINT

8. Question. Does the bill contain an anti-basing point provision?

Answer. The House bill as reported by the committee under section 5 contains a definition of price, which is really an anti-basing point provision. The Judiciary Committee, however, met today and passed a resolution requesting the chairman to introduce an amendment on the floor striking this provision from the bill. This meets with my approval and I am sure will meet with the approval of a majority of the Members of the House; the Senate bill does not contain such a provision, therefore this question will not be in conference and such a provision cannot be reinserted by the conferees.

CLASSIFICATION SECTION

9. Question. What is the classification section of the bill that is so much discussed?

Answer. This is subparagraph 1 of the House bill as reported by the House Judiciary Committee. This paragraph will be removed upon motion of the chairman of the Judiciary Committee, since he was instructed by the committee this morning to offer such an amendment; and undoubtedly it will prevail.

ESSENTIAL PROVISIONS REMAIN

10. Question. After these amendments have been adopted, what essential provisions will be contained in the bill?

Answer. What the sponsors first proposed and are now insisting upon, that is, an effective law against pseudo-advertising allowances, dummy brokerage allowances, quantity discounts in excess of differences in cost of manufacture and distribution, and authority granted to the Federal Trade Commission to fix quantity limits to prevent monopoly.

HOW WILL LAW BE ENFORCED

11. Question. Who will enforce this law?

Answer. Since this will be an amendment to the Clayton Act, it is backed by all of the remedies afforded by the Clayton Act:

First. By cease-and-desist order of the Federal Trade Commission, enforced if necessary by order of the Federal courts, and punishable for its disobedience.

Second. By injunction suit, prosecuted by the Attorney General.

Third. By similar suit or injunction or damages prosecuted by anyone injured by its violation.

WILL NOT INCREASE PRICES

12. Question. Will this law raise prices to consumers?

Answer. I know it is charged by one man, who, incidentally, receives an enormous salary and bonus from a corporate chain store, that it will increase prices to consumers $750,000,000 a year. There is no basis for this statement, and evidently the party making it was thinking more about losing his enormous salary and bonus, if the law were enacted, than he was about the cost to consumers. The truth is that if corporate chains can save the consumers three-quarters of a billion dollars a year when they are doing only 25 percent of the retail business, the consumers of the country will be saved billions of dollars a year when the independents who do the other 75 percent of the retail business receive prices from manufacturers on the same basis as the corporate chains. This law will make competition keener, and the public always benefits from keen competition. It will not cause manufacturers to charge the corporate chains more, but it will require them to give independents and smaller chains the same price for the same quantity.

BROKERS AND WHOLESALERS

13. Question. Will this law build a fence around brokers and wholesalers, grant them a bonus or subsidy, or benefit them in any way?

Answer. This law will in no way shelter or protect brokers and wholesalers. It will benefit them to the extent only that they are able to render a service at equal or lower costs than anyone else. This law will not compel a broker or wholesaler to be used. Sales may be made directly from a manufacturer to the retailer or to consumers, but if brokerage or wholesale allowances are paid, they must be paid for services rendered and not used as a bribe.

FARMERS

14. Question. How will this law affect farmers?

Answer. Farmers will be benefited. Under existing practices, farmers selling perishable products of any kind are at the mercy of the large mass buyers. For instance, potatoes, tomatoes, and strawberries must be loaded at a certain time in refrigerator cars and be moved toward the markets. The large mass buyers, there being only a few in number, work together, and knowing that these perishable products must be sold before they deteriorate, stay out of the market until such opportune time as they are permitted to buy at their own price. This enables them to use these commodities purchased at robbery prices by almost highwayman tactics as leaders in their stores in the cities to convince their customers that they can sell at such cheap prices. The farmer pays the bill in loss of buying power. The public pays the bill because the farmer has lost that buying power and can-

not buy what other people engaged in other lines of business have for sale. If the business of independents, including brokers and wholesalers, is destroyed the destructive work and policies of a few large mass buyers will be more effective and the farmers left still more at the mercy of the mass buyers. The consumer should always have the benefit of the lowest prices consistent, however, with a fair price to the producer of the raw material, a fair wage to the wage earner who converts the raw material into the finished product, and a fair cost of distribution, including transportation. This bill is in the direction of causing keener competition and restricting the power of a few large mass buyers to control the market in any line of business.

ARE HEAVY INDUSTRIES OPPOSED?

15. Question. Is this bill opposed by cement, lumber, and hardware manufacturers and others in the heavy-industry lines?

Answer. They were opposed to the bill when it had the antibasing point, but I have not heard of anyone engaged in this line of business being opposed to the main purposes of the bill as herein outlined with the antibasing point eliminated.

ALL MANUFACTURERS NOT GUILTY

16. Question. Are all manufacturers guilty of the practices and evils this bill is intended to correct?

Answer. No; many manufacturers, including Cream of Wheat, Kellogg's, and others, have for many years dealt fairly and equally with all their customers. Recently Standard Brands, Inc., adopted the same policy. This bill, if enacted into law, will merely compel manufacturers to treat their customers fairly.

NOT PRICE FIXING

17. Question. Is this a price-fixing bill?

Answer. No; it is opposed to price fixing. Because a manufacturer will be compelled to sell to all of his customers at the same price under the same conditions does not mean that his competitor across the street manufacturing the same quality of merchandise will be compelled to sell to his customers at the same price. It will merely mean that whatever price the competing manufacturer across the street sells for, he must treat his own customers fairly and sell to them at the same price basis.

NOT ANTICHAIN

18. Question. Is this an anti-chain-store bill?

Answer. It is only antichain insofar as it may deprive certain large corporate chains of certain privileges they are now enjoying that they are not entitled to enjoy as a matter of right and justice, and which they enjoy at the expense of their small competitors, whether chains or independents. This law will have no effect whatsoever on retail distribution.

SUGAR INSTITUTE CASE

19. Question. Is this law contrary to the views of the Supreme Court in the Sugar Institute case?

Answer. No; the Sugar Institute prohibited all quantity discounts whatsoever. The Supreme Court decided they should permit quantity discounts reflecting differences in cost. That is exactly what this bill permits.

OPPONENTS OF BILL

20. Question. Who is opposing this bill?

Answer. Naturally, those who are enjoying unfair privileges are opposed to giving them up. One large corporate chain is paying a few of its officials $1,996,692 a year, or one-quarter of what they take in annually in special discounts and allowances. One of these officials receives, including his bonus, $188,000 a year; another $146,000; another $125,000; and others $100,000 on down. If they are placed upon the same competitive floor and are denied the right to coerce and intimidate manufacturers and are denied the right to bribe representatives of farmers and are forced to do legitimate merchandising and permit the independents who are doing 75 percent of the business to grant their customers the same low prices as the corporate chains, these large salaries of these officials will possibly be in jeopardy. People who have certain privileges become greedy. It is perfectly natural that they should. It is also natural that they have gotten used to these special privileges, rebates, and benefits not received by others and are not going to give them up without a struggle. Our bill will force equal rights to all and special privileges to none.

21. Question. Does this bill prevent price changes by manufacturers?

Answer. No; prices may be changed as at present except prices shall not be changed for the sole and only purpose of granting a special favor or benefit to a favorite customer. A bona-fide price may be changed at any time. This right is expressly reserved in the bill.

DANGER OF MONOPOLY

22. Question. Is there a real danger of monopoly in certain lines of distribution?

Answer. Yes; at first, first variety stores represented the principal line of business operated by chains. Then groceries, shoes, drugs, and others have been embraced. As one line of business is taken over and the areas producing the best volume are covered, another line of business is immediately taken up for the same purpose. The Bureau of the Census discloses that in 1933 the variety chain stores in the District of Columbia were doing 96 percent of this business, chain shoe stores 60 percent, chain grocery stores 80 percent, chain drug stores 62 percent. If you limit comparisons to the areas in which corporate chains operate you will discover that they already have a monopoly in the areas producing the greatest and best volume in the cities of this country in many lines of business.

23. Question. Is it a fact that the census figures disclose that the number of independent merchants have increased during the last few years?

Answer. Yes; it is true; but these increases were all over the Nation and in areas not served by chains at all or in lines of business in which the chains were not engaged. Besides, these increases in number of units often represent small filling stations and a small stock of groceries in areas where chains do not operate.

RESULT IF LAW NOT PASSED

24. Question. What will be the result if this bill or a similar law is not passed?

Answer. The people of America must very quickly decide whether they want absentee ownership of business through corporate chains or whether they want local independent merchants. I believe that the interests of the consumers and this country will be served by preserving independent business which forces competition and lower prices to the consumers. If we have absentee ownership of business the public will pay and pay dearly, the profits going to the privileged few. Local communities will be destroyed, since the local reservoirs of credit will be dried up and the opportunities for young people will be very much restricted. In addition, absentee ownership and a few large mass buyers will destroy the buying power of both farmers and wage earners. The 26,000,000 people engaged in agriculture must have good prices or they cannot buy what the 36,000,000 people dependent upon manufacturing and mechanical pursuits offer for sale. If those engaged in manufacturing and mechanical pursuits and dependent upon such pursuits do not receive fair wages, they cannot purchase the services of the 11,000,000 people dependent upon transportation and communication or the 18,000,000 people dependent upon distribution.

PRESENT ADMINISTRATION MADE LONG STEP IN DIRECTION OF TAKING BONUS AWAY FROM COUPON CLIPPERS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, very few people, even Members of Congress, realize how far the present Democratic administration has gone in the direction of converting a billion dollars a year from banks and private individuals, holders of Government bonds, to the aged people of our Nation. Our Government now pays to holders of tax-exempt interest-bearing bonds almost a billion dollars a year in the form of interest charges.

I have been advocating a change in our monetary system that will permit our country to save this amount of annual interest each year, and in my arguments I have often stated that it would be much better for the aged people of our Nation to receive this money than for the Government to pay it in the form of a premium, bonus, or subsidy for the use of its own credit.

BLANKET MORTGAGES ISSUED BY FEDERAL RESERVE BANKS ON PEOPLE'S PROPERTY

The Federal Reserve banks are privately owned institutions. They are owned by private corporations, member banks. Not a penny of their stock is owned by the Government or by an individual. These banks have the power to issue Federal Reserve notes. These notes are money. They do not look like mortgages, but they are mortgages. Every note is a promise by the Government of the United States to pay the bearer a certain amount of money. This Government promise carries with it a mortgage on all the property of all the people, including their earnings. It appears idiotic for the Government to allow corporations owned by other private corporations to use the Government's credit in this way without at least some compensation in return therefor. However, these superbanking corporations have this great right and privilege to use money without paying any compensation whatsoever to the Government for the use of this great privilege. They do not even pay interest to the Government. They do not pay taxes to the Government for this great privilege. They do not pay anything to the Government or to the people in the form of compensation or remuneration for this great privilege of using mortgages on the property and earnings of all the people of this Nation. The only expense they incur by reason of issuing this money is the actual cost of printing the money, which is about 27 cents a thousand dollars. These Federal Reserve banks and other banks of the country now hold about $16,000,000,000 of United States Government securities. These securities are tax exempt and interest bearing. Any of these bonds can be converted into new money at any time. The Federal Reserve banks may use the bonds as a basis for the issuance of currency; pay nothing for the currency except the cost of printing, and continue to get interest on the bonds that are used as a basis for the issuance of the money. Federal Reserve banks should be owned by the Government, the Government giving the member banks credit for the comparatively small investment of $144,000,000 that they have in these institutions. When the Government takes over these institutions it should gradually but eventually cause these banks to purchase and own all outstanding Government securities. This change should not be made quickly but it should be made gradually. After it is made, however, the Government will save the interest that it is now paying for the use of its own credit.

HOW SOCIAL SECURITY ACT AFFECTS THIS SITUATION

Although President Franklin D. Roosevelt and his advisers have not seen fit to go as far as many of us would like to go in this direction, a long step has been made in the direction that we are going in the Federal Social Security Act that became a law August 14, 1935. In title 2 of this act an old-age reserve account is provided for. This account will increase year by year and eventually it will likely be as large as the national debt. Under this law the funds in this account must be invested in Government securities. Therefore, this account should eventually own all outstanding Government securities. Then the interest that is paid by the Government to this account will go for the purpose of providing for old-age security. It will not be paid to Federal Reserve banks, private banks, individuals, or corporations holding Government securities as it is paid to them at this time, but it will be paid into this account which will go to the benefit of the aged people of this country.

Therefore, a great long step has been made by President Roosevelt in the direction of taking an annual bonus away from Government coupon clippers and giving it to the aged people of our country who have contributed so greatly to the building of our country in time of peace and in saving our country in time of war and for whose benefit the wealth of this great Nation should be generously used. This is not pleasing to the American Liberty (Bond) League.

SECRETARY MORGENTHAU'S STATEMENT BEFORE COMMITTEE

Secretary Morgenthau appeared before the Committee on Ways and Means of the House of Representatives in support of the economic security bill. I quote the following as an excerpt from his statement before that committee:

Under our proposal, the Federal Government would guarantee an investment return of 3 percent on all receipts from the pay-roll and earnings taxes that were not currently disbursed in benefit payments. Such sums would be used progressively to replace the outstanding public debt with the new liability incurred by the Federal Government for old-age annuities. To the extent that the receipts from the old-age annuity taxes are used to buy out present and future holders of Government obligations, that part of the tax revenues that is now paid out to private bondholders will be available for old-age annuity benefits; thereby minimizing the net additional burdens upon the future.

SOCIAL SECURITY ACT, SOUNDLY CONCEIVED, BEGINS TO WORK—LET US BUILD IT UP

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

DO YOU WANT A PLAN IN THE AIR OR SOCIAL SECURITY?

Mr. MAVERICK. Mr. Speaker, social security for those who need it, and work for those who can, is what the American people want—and not just a name attached to a word like "plan." The United States Government with its States, backed by the people of the United States, can certainly do more than any individual, whatever his name may be—Smith, Jones, or Townsend.

Revelations have been made recently quite depressing to old people who have been contributing heavily with the idea that some plan will bring back $200 a month.

YOU CANNOT EAT THE FRONT PAGE

Little has been said in the newspapers about the Social Security Act which was enacted last year, and which is getting under way, paying out millions in money and already beginning to be a success.

The Townsend plan may make the front page, but you cannot eat the front page—the Social Security Act is already delivering the goods.

I have always favored pensions and social security, but I want to make sure that the people really get this security. Aside from the fact that the Townsend plan is not a plan, it only applies to old people and does not apply to the citizenship of America at large like the Social Security Act. It is not my purpose to abuse Dr. Townsend, although I have heard him talk in the vaguest terms. Although he admitted getting money, he seemed to have no comprehension of how twenty-eight or more billions could be raised each year to pay out.

No single man or group of men, or any organization, however much they hope for certain things, can get around ordinary business principles. The Social Security Board, without rushing to the front pages, without beating any drums, is working on a businesslike basis through your own Government, the United States of America, and with our several States.

In my own State of Texas, for instance, a million dollars has already been put in the treasury by the Board. The same thing is true of many other States. This will continue.

A $30 BIRD IN HAND WORTH $200 BIRD IN BUSH

In 32 States 600,000 old people are receiving pensions running up to $30 a month, which is better than an old person subscribing money out for a mere hope and getting nothing. A $30 bird in the hand that you can eat is worth far more than a $200 bird in the bush that you cannot even catch.

Besides these 600,000 old people, some 150,000 dependent children in 18 different States are receiving monthly cash payments which support them at home. These payments keep children out of orphan asylums, off freight cars, out of sickness, death, thievery, and crime. Why are they getting help? Because the Social Security Act puts up a dollar for every $2 spent by the State.

Blind persons to the extent of 20,000 are already receiving aid in 17 States.

OLD PEOPLE WANT YOUNG TO PARTICIPATE

At this point let me repeat that the Social Security Act applies to the entire citizenship of the American people and is based on sound economics and workable methods, while the Townsend plan only applies to old people and is based on rushing out the paper money. It seems to me that a well-organized act is the only solution from a viewpoint of common sense, and is also more unselfish. Certainly the old people prefer that young people, others who are blind, crippled, or sick shall likewise receive a square deal.

This problem of old people affects us all, and none of us can keep from getting old or from dying. I have a lot of statistics in mind, but roughly speaking the proportion of old people is increasing very rapidly for the reason that families get smaller and smaller and the pioneer age has passed. And the point is we must approach this problem safely—and with accuracy and intelligence.

Dr. Townsend says that his plan ought eventually to include people down to 50 and 55 years. I wonder why, if we can bring prosperity that way, we could not drop to 40, then 30, and then have one big money machine and there would be no use of having any production of any kind—except paper money.

TWENTY-EIGHT BILLION DOLLARS EXTRA A YEAR WOULD BANKRUPT COUNTRY

Of course, I have said before that it would bankrupt the country to issue $28,000,000,000 in extra currency a year, and after more serious research and conversation with all classes of informed persons I find this to be true. Even should the country not go bankrupt, the purchasing power of the $200 would probably not be over $30. Therefore it seems to me that the reasonable thing is to provide for payments and assistance which we are sure to get.

SECURITY NECESSARY FOR CIVILIZED SOCIETY

Let me now discuss the Social Security Act itself. It is a long-range plan and is as necessary to business and industry as it is to the individual citizen. Should the unemployment of the depression cease, or relief become unnecessary, the social security program would be absolutely necessary if we are to have a civilized society.

OUTLINE OF SOCIAL SECURITY ACT

The Social Security Act has the following groupings:

Unemployment compensation (State and Federal).

Old-age assistance and old-age benefits:

1. Assistance—State and Federal.
2. Benefits—Federal only.

Security for children:

1. Grants to States to assist in meeting the costs of aid to dependent children (mothers' aid).
2. Grants to States to assist in meeting the costs of maternal and child-health services.
3. Grants to States to assist in meeting the costs of child-welfare services.
4. Grants to States to assist in meeting the costs of services for crippled children.

Aid to the blind.

Extension of public-health services.

Vocational rehabilitation.

The methods of financing these programs are widely misunderstood. In the majority of security projects the Federal Government offers to share the expense of a welfare program if the State will set up a system of its own. This method of encouraging State action has proved its success in other fields. It combines the efficiency of local administration with the unity of a national program.

Every State in the Union has registered its approval of the plan by agreeing to cooperate in one or another of the Federal-State welfare programs.

HEADED BY GOVERNOR WINANT, REPUBLICAN

The plan is proceeding satisfactorily under the leadership of John G. Winant, formerly Governor of New Hampshire, a Republican, and one of the brightest and ablest men in the Nation. Associated with him are Arthur J. Altmeyer, who had 14 years' experience in social legislation as chief statistician and secretary of the Wisconsin Industrial Commission, and was Assistant Secretary of Labor at the time of his appointment, and Vincent M. Miles, lawyer and ex-department commander of the American Legion in the State of Arkansas. The act requires that no more than two out of three board members shall be from the same political party. I say this to show that this work is to be nonpartisan. Except for certain experts and attorneys, the administration of the act requires civil service in all its appointments. From the start, politics is eliminated.

Let me discuss what is sought to be done.

First, concerning unemployment, which is connected with all the other problems: There are at least 10,000,000 without jobs. Also there are others forced out of jobs now and again, and among employed persons many become unemployed by accidents and disease. In the year 1933, 55,000 workers were permanently injured by industrial accidents and 14,000 killed. In the same period of time the death rate from other causes was and is higher than in any other civilized country in the world.

These conditions have put what the authorities recognize as some 20,000,000 people on Government relief. I believe the figure of those destitute, unemployed, or suffering a low standard of living will likely prove nearer thirty or forty million. But there are millions enough, and there is no use arguing the number of millions. It is important, however, to know that among those on relief something like 40 percent are children under 16.

All of this is bound up in the general matter of unemployment and the general necessity for social security.

UNEMPLOYMENT COMPENSATION BEGINS TO OPERATE

State unemployment compensation laws do not authorize immediate payments, but the number of persons already protected by them for the future exceeds 7,000,000, almost 40 percent of the total number who would be eligible if all States had enacted laws. This is due to the fact that such highly industrial States as New York and Massachusetts are among those which have already passed such legislation. Others are contemplating action now.

STATES COOPERATE IN FINANCING

Unemployment compensation benefits, as we know, are to be paid out of funds established by State laws. In States with approved laws employers can credit the amount of their contributions to State unemployment compensation funds against 90 percent of a Federal tax on pay rolls. Additional Federal grants are made to States for the cost of administration. The result is that any State may install an unemployment compensation system without increasing either its own expenses or the taxes on its citizens.

I have seen editorials in which it was stated that States must raise enough money to pay for an unemployment compensation program or lose an equal amount of money already collected from their citizens by Federal taxes. The facts are just the opposite. The act is carefully planned so that a State can install unemployment compensation without cost to itself or its citizens.

The act lays a Federal tax of 1 percent in 1936, 2 percent in 1937, and 3 percent thereafter on certain pay rolls. Each State by requiring employers to contribute may establish an unemployment compensation fund from which benefits will be paid to the unemployed. A particular State may require that both employers and employees contribute to this fund. Employers may then credit the amount of their contributions against 90 percent of the Federal tax on pay rolls.

Under this plan, employers all over the country pay the same Federal tax so that their competitive status is unchanged, but in States with unemployment compensation programs the tax is spent at home in providing security for its citizens.

A careful study of the act itself should be made in order to understand its various ramifications. However, I have gathered some figures on public assistance which includes old age, children, blindness, and disability of various kinds; I find that tangible results have already been achieved.

SEVEN HUNDRED AND NINETY-NINE THOUSAND PEOPLE TO BENEFIT BY JUNE—MILLION SOON

For instance, almost 800,000 needy persons will receive cash allowances under the act before June of this year; it will not be many months before this reaches a million citizens of all ages. Among those benefited are 631,000 needy aged, 19,700 blind persons, and 147,800 dependent children. This last group is the one whose homes were in danger of being broken up because of the death or incapacity of a parent. Now, by means of small monthly payments their widowed mothers will be enabled to keep them at home, where they can obtain a normal start in life.

Thirty-nine States are cooperating with the Federal Government in at least one of these public-assistance projects. Eighteen million dollars will be spent on these programs this spring by the Federal Government alone, and State contributions will build the fund up to $36,000,000 before it reaches the beneficiaries.

These sums are trivial compared with the appropriations for general relief, but they all go to support the unemployables—people who are in dire need of aid and unable to do any kind of work. I know of no other expenditures which will do as much good.

PUBLIC HEALTH—CRIPPLED CHILDREN—NATIONAL REHABILITATION

Health measures authorized by the Social Security Act have obtained even wider cooperation. Forty-seven States have submitted plans for an extension of their public-health services with the aid of Federal funds.

Maternal and child health in rural areas are receiving particular attention in these plans. Crippled children will also be aided, and training provided for workers who have been disabled by industrial accidents and otherwise. Often disabled men can learn some new occupation and resume their place in the normal life of the community.

OLD-AGE SECURITY PLAN DESCRIBED—PAYMENTS SHOWN

The foregoing show some general figures on the matter of public assistance. Speaking specifically of old age, the social-security program is divided into assistance and benefits. The first is money paid out by the States to the needy aged in cooperation with the Federal Government. Under the latter is established an old-age benefit system to be financed wholly by the Federal Government.

I have already quoted figures on the old-age assistance payments. They show that this assistance for the needy is substantial, is immediate—if the State cooperates—and that Federal money is being paid now, and will continue to be paid in the States which approve plans.

In contrast to this, Dr. Townsend's plan is impracticable, and no such law is likely to be enacted for years. The sensible thing is, therefore, to build up social security of all kinds and old-age assistance now.

For old-age assistance to those over 65, the Government pays half—but not in excess of $15—and the State half. Those who are now, or by June will be, getting regular checks number 631,743; and they receive each month $11,136,329 in the 32 States which so far have submitted and had approved their plans for old-age assistance.

RETIREMENT BENEFITS START IN 1942

Let us discuss the old-age benefit program, although the old-age protection it affords is all in the future, for no regular benefits will begin until 1942. By next year, however, payments may be made to workers who die or reach the age of 65 before earning enough money to qualify for regular benefits.

This system, you recollect, is supported by Federal payments from the general funds. These future appropriations are balanced by the collection of special pay-roll and income taxes. Elaborate records of employees' earnings must be built up to fulfill our obligations to pay benefits to workers on the basis of their wages in employments covered by the system.

Regular benefits will eventually be paid monthly to qualified workers when they reach the age of 65. The amounts will vary according to the total amount of wages which each worker received in certain employments before he was 65 and after the end of 1936. A man who earns total wages of only $2,000 will receive the minimum benefit of $10 a month until his death. One who works steadily and receives $45,000, say by earning $1,500 a year for 30 years, will receive $50 a month. The maximum monthly benefit will be $85. This Federal system is not a form of relief based on the poverty of the beneficiary, but is a plan to provide for the old age of self-supporting wage earners.

CRITICISM—TOO MUCH, TOO LITTLE

Something should be said about the criticisms of the act and of the Board. They are common enough but not consistent. One set of objectors says the payments are inadequate. Others complain that the program is too expensive. To this I might say such forms of criticism somewhat offset each other. It is true the needy do not get as much as we should like them to have; on the other hand, we are spending more money than some people think is desirable.

Some groups are protesting that security programs are being installed too rapidly; others the opposite. Again we must strike a balance between speed and caution. Hastily installed systems of administration could spoil the whole effect of the law. The act yokes together three wild horses—Federal, State, and county governments. Plenty of power should come out of a team like that, but we must make very sure that the harness is sound.

On the whole it is remarkable how much of the criticism is directed at details and how little at the principles of the act. The Social Security Board is expressly authorized to propose improvements in their system. It will do so as soon as its experience in the various States warrants such action.

Mr. Speaker, let me sum up. The Social Security Act, I repeat, is not anywhere near perfect, but it is a start. It covers a large field of human life; in fact, attempts to cover the whole field of our modern industrial life, with its ups and downs of sickness, unemployment, lack of child opportunity, family break-down, and old age. No system can meet these questions, of course, but we can strive to alleviate suffering and unexpected hardships, and the Social Security Act is a measure designed to that end.

Moreover, if one studies it without prejudice, it will hold water as not only workable but absolutely necessary. The act will directly benefit the businessman against panics and slack periods. And it is not a selfish plan for one class alone but for every free-born American living under these skies.

COOPERATION OF POSTAL INSPECTORS WITH BUREAU OF INVESTIGATION, DEPARTMENT OF JUSTICE

Mr. SUMNERS of Texas. Mr. Speaker, I call up a privileged resolution (H. Res. 508) calling on the Attorney General for certain information, upon which there is an adverse report by the committee.

The Clerk read as follows:

REPORT NO. 2735. REQUESTING INFORMATION FROM THE ATTORNEY GENERAL

Mr. SUMNERS of Texas, from the Committee on the Judiciary, submitted the following adverse report (to accompany H. Res. 508):

"The Committee on the Judiciary, to whom was referred the resolution (H. Res. 508) directing the Attorney General to furnish the House of Representatives with information concerning an allegation that postal inspectors did not furnish information and did not cooperate with agents of the Bureau of Investigation, Department of Justice, in the capture of Sam Coker, an associate of Harry Campbell, alleged mail robbers, at Garrettsville, Ohio, together with copies of correspondence on the subject, after consideration, report the same adversely to the House, with the recommendation that it do not pass.

"There is attached hereto and made a part of this report a communication addressed to the chairman of the committee by the Attorney General with regard to this resolution, as follows:

"OFFICE OF THE ATTORNEY GENERAL,
"*Washington, D. C., May 16, 1936.*

"Hon. HATTON W. SUMNERS,
"*House of Representatives, Washington, D. C.*

"MY DEAR MR. CONGRESSMAN: I have your letter of May 14, in which you enclose a copy of House Resolution No. 508, which has been referred to the House Judiciary Committee, and upon which you request my views.

"Inasmuch as the subject matter of the resolution relates to cooperative action of two executive departments of the Government in their efforts to apprehend and punish law violators, any publication of information as to their methods of operation would be dis-

advantageous to their efficient functioning. Consequently I recommend with great respect that the resolution should be not passed.

"With kind regards, sincerely yours,

"STANLEY REED,
"Acting Attorney General."

Mr. SUMNERS of Texas (interrupting the reading of the report). Mr. Speaker, I ask unanimous consent that the letter be printed in the RECORD and not read.

Mr. MARTIN of Massachusetts. Reserving the right to object, has the gentleman informed the Member who introduced this resolution that it was coming up at this time?

Mr. SUMNERS of Texas. No. It is a unanimous report from the Committee on the Judiciary. I was not in the committee when the gentleman from Missouri [Mr. SHORT] was there, but I believe he has no objection to this procedure. I think everybody agrees to it.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk concluded the reading of the letter.

Mr. SUMNERS of Texas. Mr. Speaker, I move to lay the resolution on the table.

The motion was agreed to.

A motion to reconsider was laid on the table.

CONTESTED ELECTION—LINCOLN ROY M'CANDLESS, CONTESTANT, V. SAMUEL WILDER KING

Mr. GAVAGAN, from the Committee on Elections No. 2, submitted a report (H. Res. 521) on the election contest of Lincoln Roy McCandless, contestant, against Samuel Wilder King, contestee, which was referred to the House Calendar.

EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, I was going to prefer a request for a special order, but the majority leader does not want any more special orders today and I will conform to his desire. So I ask unanimous consent to extend my own remarks and to embrace some data illustrative of my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BLANTON]?

Mr. RICH. Reserving the right to object, Mr. Speaker, I would like to know how much data the gentleman is going to put into the RECORD?

Mr. BLANTON. It will be such data as is needed to be illustrative of my speech.

Mr. RICH. About how many pages of the RECORD will it take?

Mr. BLANTON. The data I will quote will consume only about three or four pages.

Mr. RICH. That is a good many pages.

Mr. BANKHEAD. Mr. Speaker, the regular order.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. BLANTON]?

There was no objection.

TEXTILES FROM JAPAN

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks and include as a part thereof a report from the Tariff Commission which shows that at last they have yielded to our request and will increase the duty on certain cotton textiles from Japan more than 40 percent in some instances. [Applause.]

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, while this is a step in the right direction it will not be enough to take care of the situation. It does not include an increased duty on velveteens, and I must continue my battle. The report of the Tariff Commission follows:

COTTON CLOTH

The Tariff Commission announces that the President has approved the findings of the Commission with respect to the excess of domestic over Japanese costs of cotton cloth, and has issued a proclamation under the provisions of section 336 of the Tariff Act of 1930 increasing the duties on bleached, printed, dyed, or colored cotton cloths containing yarns the average number of which exceeds no. 30 but does not exceed no. 50. The cloths on which duties are changed constituted about 58 percent, on the square-yard basis, of the total cotton cloths imported in 1933, and about 90 percent of the cotton cloths imported from Japan in that year.

The duties on cotton cloths in paragraph 904 of the Tariff Act of 1930 depend on the fineness of the yarn; the higher the yarn number the higher the duty. On bleached cotton cloths within the limits specified in the proclamation the duties under the 1930 act range from 23.85 percent ad valorem for 31s average yarn number to 30.5 percent for 50s; the new duties will range from 34 percent ad valorem for 31s to 43.5 percent for 50s. On printed, dyed, or colored cotton cloths within the limits specified the duties under the act of 1930 range from 26.85 percent ad valorem for 31s average yarn number to 33.50 percent ad valorem for 50s average yarn number; the new duties will range from 38 percent ad valorem for 31s average yarn number to 47.5 percent ad valorem for 50s average yarn number. The proclaimed duties represent an increase over the existing duties of about 42 percent for both bleached cloths and printed, dyed, or colored cloths. The increase in rates does not affect unbleached cloth nor cloth woven with eight or more harnesses, or with Jacquard, lappet, or swivel attachments.

The cost-of-production investigation of domestic and foreign cotton cloths was instituted by the Tariff Commission in response to a Senate resolution. The Commission selected for use as the basis of cost comparisons bleached, printed, dyed, and colored cotton cloths containing yarns, the average number of which exceeds 30 but does not exceed 50. Imports of unbleached cloths as a whole are small, and imports of bleached, printed, dyed, or colored cloths coarser or finer than the 31s–50s range consist of numerous varieties, each of which is imported in relatively small quantities from any one country. Imports within the 31s–50s range constitute nearly three-fifths of the total imports and they come principally from Japan. In its report the Commission compared costs of production of domestic cloths delivered at New York, the principal market, with costs, as evidenced by invoice prices, of similar Japanese cloths delivered at New York.

The United Kingdom supplied the bulk of the cotton cloths imported into the United States prior to 1931. Switzerland was the leading source in the period 1931–34. Late in 1934 the imports from Japan became important, and that country was the principal source of imports in 1935 and in 1936 to date. Of the total United States imports in 1935, amounting to 62,000,000 square yards, Japan supplied 36,400,000 square yards, of which 30,000,000 square yards were bleached, 6,000,000 were printed, dyed, or colored, and 357,000 unbleached. Of these 1935 imports from Japan, about 33,000,000 square yards, or over 90 percent, were within the yarn counts of 31s to 50s on which the duty has been increased. Imports from Japan in the first quarter of 1936 increased to over 21,000,000 square yards.

The imported Japanese cloths are lighter in weight than the most nearly comparable domestic goods, and they have sold at prices per yard which take into account the weight difference. Import prices, in fact, have usually been lower than domestic by more than the disparity in weight and frequently have been lower than the costs of production of the heavier domestic cloths.

The bulk of the cotton cloths imported from Japan in 1935 and the first quarter of 1936 were mulls and shirtings, mostly bleached but including some piece-dyed, finished from gray shirtings; these are competitive in a range of uses with domestic nainsooks and muslins similarly finished from gray print cloth. The main use of the Japanese mulls and shirtings is in the manufacture of nightgowns, children's underwear, and men's handkerchiefs.

Of the total United States production of countable cotton cloths, amounting to more than 7,300,000,000 square yards in 1933, print cloths and sheetings are the largest items. The shift in production of these goods from New England to the Southern States since 1921 has been very noticeable. In the case of print cloth, the Southern States had about 61 percent of the total national production in 1921 and 94 percent in 1933. In 1935 there was very little print cloth produced in New England.

Imports of countable cotton cloths from all sources were equivalent to somewhat less than 1 percent and imports from Japan to about one-half of 1 percent of the total yardage of domestic production in 1935. The competition of imports from Japan is, however, confined to part of the field only—that of print cloths, especially bleached print cloths. The ratio of total imports of shirtings from Japan to total domestic production of print cloths was about 2 percent in 1935, and the ratio of bleached shirtings from Japan to domestic production of bleached print cloths was about 13 percent.

Although the United States is the world's largest producer of cotton cloth, Japan in recent years has been the largest exporter. The United States regularly exports more cotton cloth than it imports, but in recent years its export trade has fallen sharply, the decline due in large part to the competition of cheaper fabrics from Japan. Japan's exports of cotton cloth to the United States constituted in 1935 less than 2 percent of its total exports of such cloth.

The new rates of duty will become effective on June 20, 1936.

AGREEMENT BETWEEN RAILROAD CARRIERS AND THEIR EMPLOYEES

Mr. CROSSER of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes in regard to a matter of importance to the entire membership.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CROSSER of Ohio. Mr. Speaker, with much pleasure I wish to make a statement which I am sure all Members of the House will be glad to hear.

The differences between the railroads of the United States on the one hand and the railroad employees on the other, in regard to the rights of employees in connection with proposed consolidations of terminal facilities have been adjusted. A written agreement was signed today by the representatives of the railroads and by the representatives of the railroad workers. The agreement is for a period of 5 years beginning on June 18, 1936, and does away with the necessity for the enactment of the Wheeler-Crosser bill which would restrict reductions in railroad employment, and which is now pending before congressional committees in the Senate and House of Representatives. [Applause.]

I think it proper to say that much credit is due to both the representatives of the railroad workers and to the representatives of the railroads for the rare intelligence, high sense of justice, and devotion to duty manifested by them in their efforts to reconcile their great and serious differences. In the controversy was involved the loss of the positions of possibly 200,000 men, a very serious matter, indeed, at this time. The management and men have worked out with a great deal of care an arrangement that is mutually satisfactory to management and men.

I think that we should pay tribute to the fine spirit evidenced by both parties for the satisfactory conclusion of the whole matter. When the railway labor bill was before the House for consideration, I stated that the use of the means provided in that bill for mediation in and settlement of railway labor disputes would rapidly develop a spirit of conciliation and cooperation between the workers and the management which would tend to establish good will and harmony throughout the whole industry.

The signing today of the remarkable document to which I have referred, that is, the contract between the railroad companies and their workers, fulfills in a gratifying measure the prediction to which I have referred. It is a triumph of principle over force and advances the cause of justice immeasurably.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. CROSSER of Ohio. I yield.

Mr. McCORMACK. My friend the gentleman from Ohio has been very kind, and properly so, in complimenting the representatives of the employees and of the railroads, but I think that the gentleman from Ohio himself is entitled to be complimented. The gentleman has worked tirelessly on all occasions in behalf of the railroad employees. He has done so on this important question, having introduced legislation to bring about results if an agreement had not been reached. I repeat, the gentleman himself is to be complimented. [Applause.] It has been a pleasure for me to work with the gentleman from Ohio [Mr. CROSSER] on this matter, as I was on the railroad retirement legislation, and I am pleased to hear him advise the House that a settlement has been arrived at.

Mr. CROSSER of Ohio. I thank the gentleman from Massachusetts. I can only say that I have done whatever was in my power to have justice done to all parties concerned.

Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a copy of the agreement I referred to, which was signed here in Washington, D. C., today. It is very important that the Members have it.

Mr. RICH. Mr. Speaker, reserving the right to object, is this a document that should be printed in the RECORD? Should it not rather be printed in pamphlet form?

Mr. CROSSER of Ohio. The trouble is the Members will be asked for it immediately; their constituents will want to know what it contains.

Mr. RICH. I am not going to object, but we are trying to keep the RECORD down; and I am just wondering whether it is proper to print this agreement in an extension of remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The agreement referred to follows:

AGREEMENT OF MAY 1936, WASHINGTON, D. C.

This agreement is entered into between the carriers listed and defined in appendixes A, B, and C, attached hereto and made a part hereof, represented by the duly authorized joint conference committee signatory hereto, as party of the first part, and the employees of said carriers, represented by the organizations signatory hereto by their respective duly authorized executives, as party of the second part, and, so far as necessary to carry out the provisions hereof, is also to be construed as a separate agreement by and between and in behalf of each of said carriers and its employees who are now or may hereafter be represented by any of said organizations which now has (or may hereafter have during the life of this agreement) an agreement with such carrier concerning rates of pay, rules, or working conditions.

The signatories hereto, having been respectively duly authorized as aforesaid to negotiate to a conclusion certain pending issues concerning the treatment of employees who may be affected by coordination as hereinafter defined, hereby agree:

SECTION 1. That the fundamental scope and purpose of this agreement is to provide for allowances to defined employees affected by coordination as hereinafter defined, and it is the intent that the provisions of this agreement are to be restricted to those changes in employment in the railroad industry solely due to and resulting from such coordination. Therefore, the parties hereto understand and agree that fluctuations, rises and falls, and changes in volume or character of employment brought about solely by other causes are not within the contemplation of the parties hereto or covered by or intended to be covered by this agreement.

SEC. 2. (a) The term "coordination" as used herein means joint action by two or more carriers whereby they unify, consolidate, merge, or pool in whole or in part their separate railroad facilities or any of the operations or services previously performed by them through such separate facilities.

(b) The term "carrier" as used herein when it refers to other than parties to this agreement means any carrier subject to the provisions of part I of the Interstate Commerce Act; when it refers to a party to this agreement it means any company or system listed and described in appendixes A, B, or C as a single carrier party to this agreement.

(c) The term "time of coordination" as used herein includes the period following the effective date of a coordination during which changes consequent upon coordination are being made effective; as applying to a particular employee it means the date in said period when that employee is first adversely affected as a result of said coordination.

SEC. 3. (a) The provisions of this agreement shall be effective and shall be applied whenever two or more carriers parties hereto undertake a coordination; and it is understood that if a carrier or carriers parties hereto undertake a coordination with a carrier or carriers not parties hereto, such coordination will be made only upon the basis of an agreement approved by all of the carriers parties thereto and all of the organizations of employees involved (parties hereto) of all of the carriers concerned. No coordination involving classes of employees not represented by any of the organizations parties hereto shall be undertaken by the carriers parties hereto, except in accord with the provisions of this agreement or agreements arising hereunder.

(b) Each carrier listed and established as a separate carrier for the purposes of this agreement, as provided in appendixes A, B, and C, shall be regarded as a separate carrier for the purposes hereof during the life of this agreement: *Provided, however,* That in the case of any coordination involving two or more railroad carriers which also involves the Railway Express Agency, Inc., the latter company shall be treated as a separate carrier with respect to its operations on each of the railroads involved.

(c) It is definitely understood that the action of the parties hereto in listing and establishing as a single carrier any system which comprises more than one operating company is taken solely for the purposes of this agreement and shall not be construed or used by either party hereto to limit or affect the rights of the other with respect to matters not falling within the scope and terms of this agreement.

SEC. 4. Each carrier contemplating a coordination shall give at least 90 days written notice of such intended coordination by posting a notice on bulletin boards convenient to the interested employees of each such carrier and by sending registered mail notice to the representatives of such interested employees. Such notice shall contain a full and adequate statement of the proposed changes to be effected by such coordination, including an estimate of the number of employees of each class affected by the

intended changes. The date and place of a conference between representatives of all the parties interested in such intended changes for the purpose of reaching agreements with respect to the application thereto of the terms and conditions of this agreement shall be agreed upon within 10 days after the receipt of said notice, and conference shall commence within 30 days from the date of such notice.

SEC. 5. Each plan of coordination which results in the displacement of employees or rearrangement of forces shall provide for the selection of forces from the employees of all the carriers involved on bases accepted as appropriate for application in the particular case; and any assignment of employees made necessary by a coordination shall be made on the basis of an agreement between the carriers and the organizations of the employees affected, parties hereto. In the event of failure to agree the dispute may be submitted by either party for adjustment in accordance with section 13.

SEC. 6. (a) No employee of any of the carriers involved in a particular coordination who is continued in service shall, for a period not exceeding 5 years following the effective date of such coordination, be placed, as a result of such coordination, in a worse position with respect to compensation and rules governing working conditions than he occupied at the time of such coordination so long as he is unable in the normal exercise of his seniority rights under existing agreements, rules, and practices to obtain a position producing compensation equal to or exceeding the compensation of the position held by him at the time of the particular coordination, except, however, that if he fails to exercise his seniority rights to secure another available position, which does not require a change of residence, to which he is entitled under the working agreement and which carries a rate of pay and compensation exceeding those of the position which he elects to retain, he shall thereafter be treated for the purposes of this section as occupying the position which he elects to decline.

(b) The protection afforded by the foregoing paragraph shall be made effective whenever appropriate through what is hereby designated as a "displacement allowance" which shall be determined in each instance in the manner hereinafter described. Any employee entitled to such an allowance is hereinafter referred to as a displaced employee.

(c) Each displacement allowance shall be a monthly allowance determined by computing the total compensation received by the employee and his total time paid for during the last 12 months in which he performed service immediately preceding the date of his displacement (such 12 months being hereinafter referred to as the "test period") and by dividing separately the total compensation and the total time paid for by 12, thereby producing the average monthly compensation and average monthly time paid for, which shall be the minimum amounts used to guarantee the displaced employee, and if his compensation in his current position is less in any month in which he performs work than the aforesaid average compensation he shall be paid the difference, less compensation for any time lost on account of voluntary absences to the extent that he is not available for service equivalent to his average monthly time during the test period, but he shall be compensated in addition thereto at the rate of the position filled for any time worked in excess of the average monthly time paid for during the test period.

SEC. 7. (a) Any employee of any of the carriers participating in a particular coordination who is deprived of employment as a result of said coordination shall be accorded an allowance (hereinafter termed a "coordination allowance") based on length of service which (except in the case of an employee with less than 1 year of service) shall be a monthly allowance equivalent in each instance to 60 percent of the average monthly compensation of the employee in question during the last 12 months of his employment in which he earned compensation prior to the date he is first deprived of employment as a result of the coordination. This coordination allowance will be made to each eligible employee while unemployed by his home road or in the coordinated operation during a period beginning at the date he is first deprived of employment as a result of the coordination and extending in each instance for a length of time determined and limited by the following schedule:

Period of payment

Length of service:	*Months*
1 year and less than 2 years	6
2 years and less than 3 years	12
3 years and less than 5 years	18
5 years and less than 10 years	36
10 years and less than 15 years	48
15 years and over	60

In the case of an employee with less than 1 year of service, the total coordination allowance shall be a lump-sum payment in an amount equivalent to 60 days' pay at the straight-time daily rate of the last position held by him at the time he is deprived of employment as a result of the coordination.

(b) For the purposes of this agreement the length of service of the employee shall be determined from the date he last acquired an employment status with the employing carrier, and he shall be given credit for 1 month's service for each month in which he performed any service (in any capacity whatsoever) and 12 such months shall be credited as 1 year's service. The employment status of an employee shall not be interrupted by furlough in instances where the employee has a right to and does return to service when called. In determining length of service of an employee acting as an officer or other official representative of an employee organization he will be given credit for performing service while so engaged on leave of absence from the service of a carrier.

(c) An employee shall be regarded as deprived of his employment and entitled to a coordination allowance in the following cases:

1. When the position which he holds on his home road is abolished as a result of coordination and he is unable to obtain by the exercise of his seniority rights another position on his home road or a position in the coordinated operation, or

2. When the position he holds on his home road is not abolished but he loses that position as a result of the exercise of seniority rights by an employee whose position is abolished as a result of said coordination, or by other employees, brought about as a proximate consequence of the coordination, and if he is unable by the exercise of his seniority rights to secure another position on his home road or a position in the coordinated operation.

(d) An employee shall not be regarded as deprived of employment in case of his resignation, death, retirement on pension or on account of age or disability in accordance with the current rules and practices applicable to employees generally, dismissal for justifiable cause in accordance with the rules, or furloughed because of reduction in forces due to seasonal requirements of the service; nor shall any employee be regarded as deprived of employment as the result of a particular coordination who is not deprived of his employment within 3 years from the effective date of said coordination.

(e) Each employee receiving a coordination allowance shall keep the employer informed of his address and the name and address of any other person by whom he may be regularly employed.

(f) The coordination allowance shall be paid to the regularly assigned incumbent of the position abolished. If the position of an employee is abolished while he is absent from service, he will be entitled to the coordination allowance when he is available for service. The employee temporarily filling said position at the time it was abolished will be given a coordination allowance on the basis of said position until the regular employee is available for service and thereafter shall revert to his previous status and will be given a coordination allowance accordingly if any is due.

(g) An employee receiving a coordination allowance shall be subject to call to return to service after being notified in accordance with the working agreement, and such employee may be required to return to the service of the employing carrier for other reasonably comparable employment for which he is physically and mentally qualified and which does not require a change in his place of residence, if his return does not infringe upon the employment rights of other employees under the working agreement.

(h) If an employee who is receiving a coordination allowance returns to service the coordination allowance shall cease while he is so reemployed and the period of time during which he is so reemployed shall be deducted from the total period for which he is entitled to receive a coordination allowance. During the time of such reemployment however he shall be entitled to protection in accordance with the provisions of section 6.

(i) If an employee who is receiving a coordination allowance obtains railroad employment (other than with his home road or in the coordinated operation) his coordination allowance shall be reduced to the extent that the sum total of his earnings in such employment and his allowance exceed the amount upon which his coordination allowance is based; provided that this shall not apply to employees with less than 1 year's service.

(j) A coordination allowance shall cease prior to the expiration of its prescribed period in the event of—

1. Failure without good cause to return to service in accordance with working agreement after being notified of position for which he is eligible and as provided in paragraphs (g) and (h).

2. Resignation.

3. Death.

4. Retirement on pension or on account of age or disability in accordance with the current rules and practices applicable to employees generally.

5. Dismissal for justifiable cause.

SEC. 8. An employee affected by a particular coordination shall not be deprived of benefits attaching to his previous employment, such as free transportation, pensions, hospitalization, relief, etc., under the same conditions and so long as such benefits continue to be accorded to other employees on his home road, in active service, or on furlough, as the case may be, to the extent that such benefits can be so maintained under present authority of law or corporate action or through future authorization which may be obtained.

SEC. 9. Any employee eligible to receive a coordination allowance under section 7 hereof may, at his option at the time of coordination, resign and (in lieu of all other benefits and protections provided in this agreement) accept in a lump sum a separation allowance determined in accordance with the following schedule:

Separation allowance

Length of service:	*Months' pay*
1 year and less than 2 years	3
2 years and less than 3 years	6
3 years and less than 5 years	9
5 years and less than 10 years	12
10 years and less than 15 years	12
15 years and over	12

In the case of employees with less than 1 year's service, 5 days' pay, at the rate of the position last occupied, for each month in which they performed service, will be paid as the lump sum.

(a) Length of service shall be computed as provided in section 7.

(b) One month's pay shall be computed by multiplying by 30 the daily rate of pay received by the employee in the position last occupied prior to time of coordination.

SEC. 10 (a). Any employee who is retained in the service of any carrier involved in a particular coordination (or who is later restored to service from the group of employees entitled to receive a coordination allowance) who is required to change the point of his employment as result of such coordination and is therefore required to move his place of residence, shall be reimbursed for all expenses of moving his household and other personal effects, and for the traveling expenses of himself and members of his family, including living expenses for himself and his family, and his own actual wage loss during the time necessary for such transfer, and for a reasonable time thereafter (not to exceed 2 working days), used in securing a place of residence in his new location. The exact extent of the responsibility of the carrier under this provision and the ways and means of transportation shall be agreed upon in advance between the carrier responsible and the organization of the employee affected. No claim for expenses under this section shall be allowed unless they are incurred within 3 years from the date of coordination, and the claim must be submitted within 90 days after the expenses are incurred.

(b) If any such employee is furloughed within 3 years after changing his point of employment as a result of coordination, and elects to move his place of residence back to his original point of employment, the carrier shall assume the expense of moving his household and other personal effects under the conditions imposed in paragraph (a) of this section.

(c) Except to the extent provided in paragraph (b) changes in place of residence subsequent to the initial changes caused by coordination and which grow out of the normal exercise of seniority in accordance with working agreements are not comprehended within the provisions of this section.

SEC. 11 (a). The following provisions shall apply, to the extent they are applicable in each instance, to any employee who is retained in the service of any of the carriers involved in a particular coordination (or who is later restored to such service from the group of employees entitled to receive a coordination allowance) who is required to change the point of his employment as a result of such coordination and is therefore required to move his place of residence:

1. If the employee owns his own home in the locality from which he is required to move, he shall at his option be reimbursed by his employing carrier for any loss suffered in the sale of his home for less than its fair value. In each case the fair value of the home in question shall be determined as of a date sufficiently prior to the coordination to be unaffected thereby. The employing carrier shall in each instance be afforded an opportunity to purchase the home at such fair value before it is sold by the employee to any other party.

2. If the employee is under a contract to purchase his home, the employing carrier shall protect him against loss to the extent of the fair value of any equity he may have in the home, and in addition shall relieve him from any further obligations under his contract.

3. If the employee holds an unexpired lease of a dwelling occupied by him as his home, the employing carrier shall protect him from all loss and cost in securing the cancelation of his said lease.

(b) Changes in place of residence subsequent to the initial change caused by coordination and which grow out of the normal exercise of seniority in accordance with working agreements are not comprehended within the provisions of this section.

(c) No claim for loss shall be paid under the provisions of this section which is not presented within 3 years after the effective date of the coordination.

(d) Should a controversy arise in respect to the value of the home, the loss sustained in its sale, the loss under a contract for purchase, loss and cost in securing termination of lease, or any other question in connection with these matters, it shall be decided through joint conference between the representatives of the employees and the carrier on whose line the controversy arises, and in the event they are unable to agree, the dispute may be referred by either party to a board of three competent real-estate appraisers, selected in the following manner: One to be selected by the representatives of the employees and the carrier, respectively; these two shall endeavor by agreement within 10 days after their appointment to select the third appraiser, or to select some person authorized to name the third appraiser, and in the event of failure to agree, then the Chairman of the Interstate Commerce Commission shall be requested to appoint the third appraiser. A decision of a majority of the appraisers shall be required, and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the salary of the appraiser selected by such party.

SEC. 12. If any carrier shall rearrange or adjust its forces in anticipation of a coordination, with the purpose or effect of depriving an employee of benefits to which he should be entitled under this agreement as an employee immediately affected by a coordination, this agreement shall apply to such an employee as of the date when he is so affected.

SEC. 13. In the event that any dispute or controversy arises (except as defined in sec. 11) in connection with a particular coordination, including an interpretation, application, or enforcement of any of the provisions of this agreement (or of the agreement entered into between the carriers and the representatives of the employees relating to said coordination as contemplated by this agreement) which is not composed by the parties thereto within 30 days after same arises, it may be referred by either party for consideration and determination to a committee which is hereby established, composed in the first instance of the signatories to this agreement. Each party to this agreement may name such persons from time to time as each party desires to serve on such committee as its representatives in substitution for such original members. Should the committee be unable to agree, it shall select a neutral referee and in the event it is unable to agree within 10 days upon the selection of said referee, then the members on either side may request the National Mediation Board to appoint a referee. The case shall again be considered by the committee and the referee, and the decision of the referee shall be final and conclusive. The salary and expenses of the referee shall be borne equally by the parties to the proceeding; all other expenses shall be paid by the party incurring them.

SEC. 14. Any carrier not initially a party to this agreement may become a party by serving notice of its desire to do so by mail upon the members of the committee established by section 13 hereof. It shall become a party as of the date of the service of such notice or upon such later date as may be specified therein.

SEC. 15. This agreement shall be effective June 18, 1936, and be in full force and effect for a period of 5 years from that date and continue in effect thereafter, with the privilege that any carrier or organization party hereto may then withdraw from the agreement after 1 year from having served notice of its intention so to withdraw: *Provided, however,* That any rights of the parties hereto or of individuals established and fixed during the term of this agreement shall continue in full force and effect, notwithstanding the expiration of the agreement or the exercise by a carrier or an organization of the right to withdraw therefrom.

This agreement shall be subject to revision by mutual agreement of the parties hereto at any time, but only after the serving of a 60 days' notice by either party upon the other.

For the participating carriers listed in appendix A:

H. A. ENOCHS.
JNO. G. WALKER.
WM. WHITE.

For the participating carriers listed in appendix B:

C. A. CLEMENTS.
E. J. CONNORS.
C. M. DUKES.

For the participating carriers listed in appendix C:

H. A. BENTON.
W. J. JENKINS.
J. B. PARRISH.

For the participating carriers:

H. A. ENOCHS,
Chairman, Joint Conference Committee.

For the participating organizations of employees:

A. Johnston (by W. J. B.), grand chief engineer, Brotherhood of Locomotive Engineers; D. B. Robertson, president, Brotherhood of Locomotive Firemen and Enginemen; J. A. Phillips, president, Order of Railway Conductors of America; A. F. Whitney, president, Brotherhood of Railroad Trainmen; T. C. Cashen, president, Switchmen's Union of North America; E. J. Manion, president, Order of Railroad Telegraphers; J. G. Luhrsen, president, American Train Dispatchers' Association; A. O. Wharton, president, International Association of Machinists; J. A. Franklin, president, International Brotherhood of Boilermakers, Iron Ship Builders, and Helpers of America; Ray Horn, president, International Brotherhood of Blacksmiths, Drop Forgers, and Helpers; John J. Hynes, president, Sheet Metal Workers' International Association; C. J. McGlogan, vice president, International Brotherhood of Electrical Workers; Felix H. Knight, president, Brotherhood Railway Carmen of America; J. J. McNamara, president, International Brotherhood of Firemen and Oilers; F. H. Fljozdal, president, Brotherhood of Maintenance of Way Employees; Geo. M. Hanson, president, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees; A. E. Lyon, acting president, Brotherhood of Railroad Signalmen of America; M. S. Warfield, president, Order of Sleeping Car Conductors; James J. Delaney, president, National Organization Masters, Mates, and Pilots of America; Wm. L. Brown, president, National Marine Engineers' Beneficial Association.

GEO. M. HANSON,
Chairman, Railway Labor Executives' Association.

Signed at Washington, D. C., May 21, 1936.

APPENDIX A

List of carriers in eastern territory parties to agreement

Carrier (1)	Properties and operations included in the authorization as part of, and to be considered as part of, the carrier listed in column 1 (2)
Ann Arbor	
Baltimore & Ohio	
Bessemer & Lake Erie	
Boston & Maine	
Boston Terminal	
Central R. R. of New Jersey	
Cincinnati Union Terminal Co	
Chicago, Indianapolis & Louisville	
Chicago River & Indiana	
Cleveland Union Terminals Co	
Dayton Union	
Delaware, Lackawanna & Western	
Detroit & Toledo Shore Line	
Detroit Terminal	
Detroit, Toledo & Ironton	
Erie	Chicago & Erie; New Jersey & New York, New York, Susquehanna & Western.
Indianapolis Union	
Indiana Harbor Belt	
Lehigh & Hudson River	
Lehigh & New England	
Lehigh Valley	
Long Island	
Maine Central	
Monongahela	
The New York Central R. R. Co	All leased lines.
New York, Chicago & St. Louis	
New York, New Haven & Hartford	
Pennsylvania	Waynesburg & Washington; Baltimore & Eastern.
Pennsylvania-Reading Seashore Lines	
Pere Marquette	
Pittsburgh & Lake Erie	Lake Erie & Eastern.
Portland Terminal Co	
Railway Express Agency, Inc	
Reading	
Rutland	
Staten Island Rapid Transit	
Washington Terminal	
Western Maryland	
Wheeling & Lake Erie	Lorain & West Virginia.

NOTE.—Agreement subject to approval of court with respect to lines in hands of receivers or trustees.

APPENDIX B

List of carriers in western territory parties to agreement

Carrier (1)	Properties and operations included in the authorization as part of, and to be considered as part of, the carrier listed in column 1 (2)
Alameda Belt Line	
Alton & Southern R. R	
Alton R. R. Co., the	
Atchison, Topeka & Santa Fe Ry. Co., the.	Gulf, Colorado & Santa Fe Ry. Co.; Panhandle & Santa Fe Ry. Co.
Atchison Union Railway & Depot Co	
Baltimore & Ohio Chicago Terminal R. R. Co., the.	
Belt Railway Co. of Chicago	
Burlington-Rock Island R. R. Co	
Camas Prairie R. R. Co	
Chicago & Eastern Illinois Ry. Co	
Chicago & Illinois Midland Ry. Co	
Chicago & North Western Ry. Co	
Chicago & Western Indiana R. R. Co	
Chicago, Burlington & Quincy R. R. Co	Quincy, Omaha & Kansas City R. R.
Chicago, Milwaukee, St. Paul & Pacific R. R. Co.	Chicago, Terre Haute & Southeastern Ry. Co.
Chicago, Rock Island & Pacific Ry. Co., the.	Chicago, Rock Island & Gulf Ry. Co.; Peoria Terminal Co.
Chicago, St. Paul, Minneapolis & Omaha Ry. Co.	
Chicago Union Station Co	
Colorado & Southern Ry. Co	
Davenport, Rock Island & Northwestern Ry. Co.	
Denver & Rio Grande Western R. R. Co., the	
Denver & Salt Lake Ry. Co., the	
Denver Union Terminal Ry. Co., the	
Des Moines Union Ry. Co	Iowa Railway Transfer Co.
Duluth, Missabe & Northern Ry	Duluth & Iron Range R. R.
Duluth, South Shore & Atlantic Ry. Co	Mineral Range R. R. Co.
East Portland Freight Terminal	
East St. Louis Junction R. R	
Elgin, Joliet & Eastern Ry. Co	
Fort Smith & Western Ry	
Fort Worth & Denver City Ry. Co	Wichita Valley Ry. Co., the.
Fort Worth Belt Ry. Co	
Galveston, Houston & Henderson R. R	
Great Northern Ry. Co	
Green Bay & Western R. R. Co	
Gulf Coast Lines	New Orleans, Texas & Mexico Ry. Co.; St. Louis, Brownsville & Mexico Ry. Co.; Beaumont, Sour Lake & Western Ry. Co.; Houston & Brazos Valley Ry. Co.; San Antonio, Uvalde & Gulf R. R. Co.; Sugar Land Ry. Co.; Rio Grande City Ry. Co.; Asherton & Gulf Ry. Co.; Asphalt Belt Ry. Co.; San Antonio Southern Ry. Co.; San Benito & Rio Grande Valley Ry. Co.; Orange & Northwestern R. R. Co.; New Iberia & Northern R. R. Co.; Iberia, St. Mary & Eastern R. R. Co.
Houston Belt & Terminal Ry. Co	
International-Great Northern R. R	
Kansas City Terminal Ry. Co	
Kansas, Oklahoma & Gulf Ry. Co	
Lake Superior & Ishpeming R. R. Co	
Litchfield & Madison Ry. Co	
Manufacturers Ry. Co. (St. Louis)	
Midland Valley R. R. Co	
Minneapolis, St. Paul & Sault Ste. Marie Ry. Co	
Minneapolis & St. Louis R. R. Co., the	Railway Transfer Co. of the City of Minneapolis.
Minnesota Transfer Ry. Co., the	
Minnesota & International Ry. Co	Big Fork & International Falls Ry. Co.
Missouri-Illinois R. R. Co	
Missouri-Kansas-Texas R. R. Co	Missouri-Kansas-Texas R. R. Co. of Texas; Texas Central R. R. Co.; the Wichita Falls Ry. Co.; the Wichita Falls & Northwestern Ry. of Texas; Wichita Falls & Wellington Ry. Co. of Texas; Beaver, Meade & Englewood R. R.
Missouri Pacific R. R. Co	Missouri Pacific R. R. Corporation in Nebraska; Fort Smith Suburban Ry.; Natchez & Southern Ry.; Natchez & Louisiana Ry. Transfer Co. (boat); the Chester & Mt. Vernon R. R.; Booneville, St. Louis & Southern Ry. Co.; Cairo & Thebes R. R. Co.; Marion & Eastern R. R. Co.
Northern Pacific Ry. Co	
Northern Pacific Terminal Co. of Oregon, the.	
Northwestern Pacific R. R. Co	
Ogden Union Ry. & Depot Co	
Oklahoma City-Ada-Atoka Ry Co	
Oregon, California & Eastern Ry. Co	
Peoria & Pekin Union Ry. Co	
Port Terminal Railroad Association (Houston).	
Pueblo Union Depot & R. R. Co., the	
Railway Express Agency, Inc	
Rock Island-Frisco Terminal Ry. Co	
St. Joseph Terminal R. R. Co	
St. Joseph Union Depot Co	
St. Paul Union Depot Co., the	
St. Louis & O'Fallon Ry. Co	
St. Louis-San Francisco Ry. Co	St. Louis-San Francisco & Texas Ry.; Fort Worth & Rio Grande Ry.; Birmingham Belt R. R. Co.
St. Louis Southwestern Ry. Co	St. Louis Southwestern Ry. Co. of Texas; Dallas Terminal Ry. & Union Depot Co.
Salt Lake City Union Depot & R. R. Co., the.	
San Diego & Arizona Eastern Ry. Co	
Sioux City Terminal Ry. Co	
South Omaha Terminal Ry. Co	
Southern Pacific Co.-Pacific Lines	
Spokane, Portland & Seattle Ry. Co	Oregon Trunk Ry.; Oregon Electric Ry. Co.; United Railways Co.
Spokane, Couer d'Alene & Palouse Ry. Co	
Spokane International Ry	
Terminal Railroad Association of St. Louis.	St. Louis Merchants Bridge Terminal Ry.; East St. Louis Connecting Ry.; St. Louis Transfer Ry.
Texas & Pacific Ry., the	Weatherford, Mineral Wells & Northwestern Ry. Co., the; Texas-New Mexico Ry. Co.; Abilene & Southern Ry. Co.; Texas Short Line Ry.; Pecos Valley Southern Ry. Co., the; Cisco & Northeastern Ry. Co.
Texas Pacific-Missouri Pacific Terminal R. R. of New Orleans	
Texas & New Orleans R. R. Co	Galveston, Harrisburg & San Antonio Ry. Co., the; Texas & New Orleans R. R. Co.; Louisiana Western R. R. Co.; Morgan's Louisiana & Texas R. R. & S. S. Co.; Iberia & Vermillion R. R. Co.; Houston & Texas Central R. R. Co., the; Texas Midland R. R., Galveston, Harrisburg & San Antonio Ry. Co., the (Austin Div.); Houston, East & West Texas R. R. Co., the; Houston & Shreveport R. R. Co.
Tidewater Southern Ry. Co	
Tulsa Union Depot Co	
Union Railway Co. (Memphis, Tenn.)	

APPENDIX B—Continued

List of carriers in western territory parties to agreement—Con.

Carrier (1)	Properties and operations included in the authorization as part of, and to be considered as part of, the carrier listed in column 1 (2)
Union Pacific R. R.	Eastern district, central district, northwestern district, southwestern district.
Union Terminal Co. (Dallas, Tex.)	
Union Terminal Ry. Co. (St. Joseph, Mo.)	
Wabash Ry. Co.	
Western Pacific R. R. Co., the	
Wichita Union Terminal Ry. Co., the	

NOTE.—Agreement subject to approval of court with respect to lines in the hands of receivers or trustees.

APPENDIX C

List of carriers in southeastern territory parties to agreement

Carrier (1)	Properties and operations included in the authorization as part of, and to be considered as part of, the carrier listed in column 1 (2)
Central of Georgia Ry.	
Chesapeake & Ohio Ry.	
Columbus & Greenville.	
Illinois Central System	
Macon, Dublin & Savannah	
Norfolk & Western Ry. Co.	
Norfolk Southern Ry. Co.	
Railway Express Agency, Inc.	
Richmond, Fredericksburg & Potomac	
Seaboard Air Lines Ry.	
Travares & Gulf	
Virginian	

NOTE.—Agreement subject to approval of court with respect to lines in hands of receivers or trustees.

PERRY'S VICTORY MONUMENT

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3118) to provide for the creation of the Perry's victory and international peace memorial national monument on Put in Bay, South Bass Island, in the State of Ohio, and for other purposes.

The Clerk read the title of the bill.

Mr. RICH. Mr. Speaker, reserving the right to object, can the gentleman tell us whether this has been approved by the Advisory Board?

Mr. O'CONNOR. I may explain to the gentleman that when the Consent Calendar was last considered a similar House bill was passed, and at that time the gentleman engaged in a colloquy which brought out the fact that it was approved and that there was no expense to the Federal Government involved. Through inadvertence an identical Senate bill at the Speaker's desk was not considered. It was only afterward that we found the Senate bill; and I am merely asking now to consider the Senate bill, which should have been taken up at that time.

Mr. RICH. If the Advisory Board has approved the project, I shall not object.

Mr. O'CONNOR. I so understand.

Mr. BLANTON. And an identical House bill has been passed; is that right?

Mr. O'CONNOR. Yes.

Mr. BLANTON. Then the gentleman will move to lay the House bill on the table?

Mr. O'CONNOR. The House bill is now pending in the Senate, and I will advise them of the action of the House.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to establish by proclamation the following-described Government lands, together with the Perry's Victory Memorial proper, its approaches, retaining walls, and all buildings, structures, and other property thereon, situated in Put in Bay Township, South Bass Island, Ottawa County, Lake Erie, State of Ohio, as the "Perry's Victory and International Peace Memorial National Monument", for the preservation of the historical associations connected therewith, to inculcate the lessons of international peace by arbitration and disarmament, and for the benefit and enjoyment of the people: Commencing at the intersection of the middle line of Delaware Avenue and Chapman Avenue, in the village of Put in Bay, and running thence south 83°59′ E. in the middle line of said Delaware Avenue, and the same extended 495 feet to Lake Erie; thence north 49°59′ E. along said lake shore 346 feet; thence north 43°14′ E. along said lake shore 212 feet; thence north 53°13′ E. 400 feet along said lake shore; thence north 46°6′ W. about 730 feet to Lake Erie; thence southwesterly and westerly along said lake shore to the middle line, extended, of said Chapman Avenue; thence south 1°30′ W. along said middle line, and the same extended, about 520 feet to the place of beginning, and containing 14.25 acres of land and known as a part of lots nos. 1 and 2, range south of county road, and a part of lot no. 12, East Point, in South Bass Island, in the township of Put in Bay, county of Ottawa, State of Ohio.

SEC. 2. That the administration, protection, and development of the aforesaid national monument shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916, entitled "An act to establish a National Park Service, and for other purposes", as amended.

SEC. 3. After the said national monument has been established as provided in section 1 hereof, the Secretary of the Interior is hereby authorized to accept donations of land, interests in land, buildings, structures, and other property as may be donated for the extension and improvement of the said national monument, and donations of funds for the purchase and maintenance thereof, the title and evidence of title to lands acquired to be satisfactory to the Secretary of the Interior: *Provided*, That he may acquire on behalf of the United States out of any donated funds by purchase when purchasable at prices deemed by him reasonable, otherwise by condemnation under the provisions of the act of August 1, 1888, such tracts of land within the said national monument as may be necessary for the completion thereof.

SEC. 4. The members of the Perry's Victory Memorial Commission created by act of Congress March 3, 1919, having by their patriotic and active interest faithfully conserved for posterity this important historical area and objects, shall hereafter act as a board of advisers, and with such other powers as the Secretary of the Interior may direct, in the maintenance of such national monument and shall consist of the present surviving and active members of the Commission provided for in said act, namely, on the part of the United States, John A. Johnston and Hugh Rodman, and on the part of the several States: Ohio, Webster P. Huntington, Carl B. Johannsen, and A. V. Donahey; Pennsylvania, Milton W. Shreve, Thomas C. Jones, and George M. Mason; Michigan, James E. Degan; Illinois, Chesley R. Perry, William Hale Thompson, and Richard S. Folsom; Wisconsin, Charles B. Perry, A. W. Sanborn, and S. W. Randolph; New York, Charles H. Wiltsie and Jacob Schifferdecker; Rhode Island, Harry E. Davis; Kentucky, Samuel M. Wilson, W. J. Moore, and Robert H. Winn: *Provided*, That as vacancies occur in the Commission on the part of the United States, they shall remain unfilled until only one Commissioner of the United States remains; thereafter there shall be only one Commissioner of the United States: *Provided further*, That as vacancies occur in the Commission on the part of the several States they shall remain unfilled until only one Commissioner from each State remains; thereafter there shall be only one Commissioner from each State. After the membership of the Commission has been reduced in accordance with the provisions of this act, vacancies shall be filled in the manner set forth in the act of March 3, 1919. The members of the Commission shall receive no compensation or expenses, except actual traveling expenses incurred in attending meetings of the Commission upon call of the Secretary of the Interior.

SEC. 5. Employees of the Perry's Victory Memorial Commission at the time of the enactment of this legislation may, in the discretion of the Secretary of the Interior, be employed by the National Park Service in the administration, protection and development of said national monument.

SEC. 6. That the provisions of the act of March 3, 1919 (40 Stat. 1322–1324), and acts supplementary thereof and amendatory thereto and all other acts inconsistent with the provisions of this act are repealed to the extent of such inconsistency.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HOUR OF MEETING

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. WERNER, for 1 week, on account of official business.

To Mr. MURDOCK, for 10 days, on account of official business.

EXTENSION OF REMARKS

Mr. CROSSER of Ohio. Mr. Speaker, I have unanimous consent to extend my remarks by including the railroad agreement to which I referred. I now ask unanimous consent that I may extend my remarks in this way notwithstanding the rule of the Joint Committee on Printing which requires the obtaining of an estimate on an extension which covers more than a specified number of pages.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. RICH. Mr. Speaker, reserving the right to object—I do not want to object to anything being printed if it is absolutely necessary to have this tonight.

Mr. CROSSER of Ohio. I may say to the gentleman that the Members are very anxious to get this tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 537. An act for the relief of C. O. Meyer;

S. 920. An act for the relief of Ruth J. Barnes; and

S. 3789. An act authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, S. C.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.), pursuant to the order heretofore made, the House adjourned until tomorrow, Friday, May 22, 1936, at 11 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GREENWOOD: Committee on Rules. House Resolution 520. Resolution providing for the consideration of H. R. 12120; without amendment (Rept. No. 2728). Referred to the House Calendar.

Mr. DOXEY: Committee on Agriculture. H. R. 8271. A bill to amend the act entitled "An act to insure adequate supplies of timber and other forest products for the people of the United States, to promote the full use for timber growing and other purposes of forest lands in the United States, including farm wood lots and those abandoned areas not suitable for agricultural production, and to secure the correlation and the most economical conduct of forest research in the Department of Agriculture, through research in reforestation, timber growing, protection, utilization, forest economics, and related subjects, and for other purposes", approved May 22, 1928; without amendment (Rept. No. 2729). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOXEY: Committee on Agriculture. House Joint Resolution 366. Joint resolution providing for the establishment of a game management supply depot and laboratory, and for other purposes; without amendment (Rept. No. 2730). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. S. 3450. An act to regulate the sales of goods in the District of Columbia; with amendment (Rept. No. 2731). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 4038. An act to amend an act of Congress approved March 3, 1863, entitled "An act to reorganize the courts in the District of Columbia, and for other purposes"; without amendment (Rept. No. 2732). Referred to the House Calendar.

Mr. RAMSPECK: Committee on the Civil Service. S. 3160. An act to amend the law relating to residence requirements of applicants for examinations before the Civil Service Commission; with amendment (Rept. No. 2733). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES: Committee on Agriculture. Senate Joint Resolution 38. Joint resolution for the adjustment and settlement of losses sustained by the cooperative marketing associations; with amendment (Rept. No. 2734). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ELLENBOGEN: A bill (H. R. 12814) to provide for a census of population, occupation, and unemployment, and for other purposes; to the Committee on the Census.

By Mr. BACON: A bill (H. R. 12815) authorizing the transfer of Camp Upton Military Reservation, Long Island, N. Y., to the State of New York for forest demonstration, game conservation and management, and public-park uses; to the Committee on Military Affairs.

By Mr. COFFEE: A bill (H. R. 12816) levying a 10-percent ad-valorem duty upon articles imported from certain countries in default of interest on war debts due the United States; to the Committee on Ways and Means.

By Mr. TERRY: A bill (H. R. 12817) to establish the Arkansas Mounds National Monument of America in Lonoke County, Ark.; to the Committee on the Public Lands.

By Mr. SUMNERS of Texas: A bill (H. R. 12818) to authorize the Attorney General to provide instruction and information on the subject of crime control; to the Committee on the Judiciary.

By Mr. RYAN: Joint resolution (H. J. Res. 593) providing for the sale of postage stamps at places other than the post office or its branches, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. GUYER: Joint resolution (H. J. Res. 594) authorizing the Secretary of Agriculture to combat the grasshopper plague in the Kaw Valley in Kansas and making appropriation therefor; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CULKIN: A bill (H. R. 12819) granting an increase of pension to Mary E. Pooler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12820) granting an increase of pension to Henrietta Peavey; to the Committee on Invalid Pensions.

By Mr. ELLENBOGEN: A bill (H. R. 12821) for the relief of Maj. William W. McCaw; to the Committee on Claims.

By Mr. FLETCHER: A bill (H. R. 12822) granting an increase of pension to Rosa E. McEowen; to the Committee on Invalid Pensions.

By Mr. GINGERY: A bill (H. R. 12823) for the relief of Stanley Baker; to the Committee on Claims.

By Mr. GRAY of Pennsylvania: A bill (H. R. 12824) for the relief of the Johnstown Coal & Coke Co.; to the Committee on Claims.

By Mr. MAVERICK (by request): A bill (H. R. 12825) for the relief of Sam Alexander; to the Committee on Military Affairs.

By Mr. McFARLANE: A bill (H. R. 12826) for the relief of James Wilcox; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10933. By Mr. BACON: Petition of 10 residents of Long Island, N. Y., urging legalization of lotteries under Federal control; to the Committee on Ways and Means.

10934. By Mr. COLDEN: Resolution adopted by the Board of Supervisors of the County of Los Angeles, Calif., on May 7,

1936, urging the establishment of a Federal housing agency and appropriation of necessary funds to enable such agency to aid local public housing agencies to develop low-rent housing programs; to the Committee on Banking and Currency.

10935. By Mr. DARROW: Memorial of the Philadelphia Board of Trade, opposing Senate bill 4174, authorizing the Interstate Commerce Commission to approve or disapprove of the consolidation or abandonment of carrier facilities of public service, etc.; to the Committee on Interstate and Foreign Commerce.

10936. By Mr. HIGGINS of Massachusetts: Resolution by the board of aldermen of the city of Chelsea, Mass., opposing admission to the United States of former President Calles of the Republic of Mexico; to the Committee on Foreign Affairs.

10937. By Mr. JOHNSON of Texas: Memorial of J. Webb Howell, chairman, agricultural committee, and Hon. W. S. Barron, chairman, legislative committee, Bryan-Brazos County Chamber of Commerce, Bryan, Tex., favoring House bill 12498; to the Committee on Agriculture.

10938. By Mr. LUDLOW: Petition of the Boonville (Ind.) Press Club to Members of Congress, urging that recognition be given the work of Hon. William Fortune in connection with the George Rogers Clark Memorial by the placing of a tablet inscribed with his name and his accomplishments in this cause in the memorial building at Vincennes, Ind.; to the Committee on the Library.

10939. By Mr. LUNDEEN: Petition of the Minnesota State Conservation Commission, urging the designation of Birch Coulee State Park in Minnesota as a national cemetery; to the Committee on Public Buildings and Grounds.

10940. By Mr. PLUMLEY: Petition of Lodge No. 717, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, favoring the passage of House bill 11609; to the Committee on Interstate and Foreign Commerce.

10941. By Mr. DEROUEN: Petition of the Church of the Brethren, Roanoke, La., adopted at their 1935 annual conference, regarding war; to the Committee on Finance.

10942. By Mr. SADOWSKI: Petition of the Detroit Community Fund and board of directors of the Detroit Council of Social Agencies, suggesting a long-time relief program; to the Committee on Appropriations.

10943. Also, petition of the Detroit Housing Commission, Detroit, Mich., endorsing the Wagner bill; to the Committee on Banking and Currency.

10944. Also, petition of the Wayne County Council, Veterans of Foreign Wars, Detroit, Mich., protesting against the ruling of the Works Progress Administration perpetrated on veterans; to the Committee on Appropriations.

10945. By Mr. SCOTT: Petition of the Utopia Society of America, requesting Congress to institute an official investigation of the activities of the American Ambassador, Jefferson Caffery, for his lack of protection of the rights of American citizens in Cuba, and for his suppression of the real facts on Cuba; for his support of the bloody Fascist regime of Sergeant Batista; and demand the immediate freedom of thousands of political and social prisoners who are being held in Cuban dungeons; and demand the immediate recall of Jefferson Caffery as Ambassador to Cuba, and substitute a real representative of the American people as his successor; to the Committee on Foreign Affairs.

10946. Also, petition of the Central Labor Council of Alameda County, denouncing the action of officials of the United States Bureau of Reclamation who have required workmen to dry drill in seven silica rock tunnels located near Kenneth, Calif., thereby knowingly exposing these citizen workmen to the identical dust hazards of disease and of death that took its deadly toll in the Gauley Bridge, W. Va., tunnel; to the Committee on Agriculture.

10947. By Mr. TINKHAM: Memorial of the General Court of Massachusetts, favoring the permanency of the Civilian Conservation Corps; to the Committee on Appropriations.

10948. Also, memorial of the General Court of Massachusetts, relative to affording the privilege of entry into this country to those persons who are being persecuted and discriminated against in Germany; to the Committee on Immigration and Naturalization.

10949. By Mr. TREADWAY: Resolutions adopted by the General Court of Massachusetts, favoring the permanency of the Civilian Conservation Corps; to the Committee on Appropriations.

10950. Also, resolutions adopted by the General Court of Massachusetts, relative to the entry into this country of certain persons from Germany; to the Committee on Immigration and Naturalization.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 22, 1936

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Merciful Father, invisible and yet the Eternal One, Thou art everywhere save in the hearts of Thy wicked children. Thou art in the majesty of the heavens and in the wide-spreading earth, in the beauty of the flower, in the radiance of the sun, and in the mellow light of the stars; may these challenge us to the highlands of thinking and living. Teach us to be conscious of Thy nearness, and so may we never be afraid. We pray that we may greet this new day with newness of joy. Help us to fill these hours with wise thoughts and generous deeds, and thus make human life a little stronger, sweeter, and richer. Inspire us to be brave and earnest to seize the opportunities of these passing days. In the Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 11747. An act extending the time for making the report of the Commission to study the subject of Hernando De Soto's Expedition.

The message also announced that the Senate had passed, with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 8455. An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes.

MEMORIAL TO OFFICERS OF THE IMMIGRATION AND NATURALIZATION SERVICE

Mr. LANHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (H. J. Res. 439) authorizing the erection in the Department of Labor Building of a memorial to the officers of the Immigration and Naturalization Service and Immigration and Border Patrol who, while on active duty, lost their lives under heroic or tragic circumstances, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the Senate amendment, as follows:

Lines 3 and 4, strike out "Director of Public Buildings and Public Parks of the National Capital" and insert "Director of the National Park Service."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

THE DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. BLANTON. Mr. Speaker, I ask leave to proceed for 2 minutes to deny a malicious falsehood that the Washington Post printed about me this morning, stating that I am unfriendly to the President of the United States, when I am as good a friend to the President as he has in this House.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, it is a fact well known to the Members of this House that the newspapers of Washington deliberately and maliciously play me up daily in a false light, simply because I am chairman of the subcommittee handling the District of Columbia appropriation bill and have refused to give them a $5,700,000 contribution out of the United States Treasury. They are trying deliberately and mendaciously to put me out of Congress; but they cannot do it, as my constituents want me here.

Mr. Speaker, there is no man in this House more friendly to the President of the United States than I am. I was against the Wagner bill and against the Guffey bill, but that does not interfere with my friendly relations with the President. I may not always agree with the President, but I am his friend.

This was a malicious lie that the Post printed about me this morning. It is mad because I am one of those who will not give in to the Senate on all of the 87 amendments they have put on the House bill.

In order to get a bill and not deprive the District of Columbia of some new projects badly needed to which it is entitled, and which projects we gave to the District in the House bill, our House conferees yesterday, as a last resort, proposed to the Senate that if they would recede on just 3 of their 87 amendments the House conferees would recede on the other 84 Senate amendments. That was more than fair, but the Senate does not want a bill; its conferees, as usual, are trying to bulldoze the House, and we are not going to give in to the Senate on matters of fundamental principle any more. The Senate conferees and the Washington newspapers prate much about carrying out the President's Budget. If we held them to that there would be no Eastern High School, no Chain Bridge, no needed fire trucks, and no new police-court building, as none of them are in the President's Budget. They are not sincere in that foolish contention.

Mr. Speaker, on the other question of character education and communism in the schools, the House having refused to allow another $78,660 to be wasted and misapplied by Dr. Ballou, and the Senate wants to waste this $78,660, I already have the permission of the House, and there is printed in the RECORD a carefully prepared speech with much information on that subject.

I hope those interested will look on pages 6551–6568, where they will find ample evidence for keeping this $78,660 out of the appropriation bill and for keeping communism out of the District school curriculum. Communism is something that ought not to be there. My colleagues will find ample reason for voting against the "sissy" bill next Monday, and for not repealing the law that stops communism in the schools.

Character is formed in the home under the direction of the father and mother and the family and not in a public school under the direction of teachers, and this Washington Post and these other Washington papers ought to quit lying about me because I am upholding the rights of the House of Representatives on the District of Columbia appropriation bill.

I ask every person who has access to the CONGRESSIONAL RECORD, and who may read my remarks, to turn back to page 6551 and read my speech printed in the RECORD, and they will then understand fully all the facts about the "red rider" and the "sissy" bill, which seeks to repeal it.

A DISTINGUISHED PHYSICIAN OF YORK, PA.

Mr. HAINES. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HAINES. Mr. Speaker, 51 years ago in my district a young practicing physician, just 50 weeks out of school, administered the first oxygen gas ever administered to a human being. This is one of the great contributions to human welfare.

This gentleman is 74 years old today, and in the city of York distinguished citizens from far and near have gathered to pay tribute to this fine man. Without taking the further time of the House, Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on this subject.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HAINES. Mr. Speaker, I have asked the Congress to award a Congressional Medal of Honor to Dr. George E. Holtzapple, of York, Pa., for his great contribution to medical science and humanity.

On March 6, 1885, Dr. Holtzapple was called to the bedside of a Mr. Fred Gable, residing in Loganville, York County, Pa., who was suffering with pneumonia. He found the man nearing death from the ravages of this disease after all known methods had failed to help. Dr. Holtzapple, then only in his fifty-first week as a practicing physician, returned to his office, where he gathered together chemicals, test tubes, and a blow torch, and equipment to produce oxygen. Returning to the bedside of the victim, and with the help of Mrs. Gable, he produced the oxygen, and in 20 minutes the patient showed improvement and later recovered entirely.

As a recognition for his work there is now placed in the Army Medical Museum a sketch depicting the birth of oxygen treatment for pneumonia sufferers. The story of Dr. Holtzapple's introduction of the oxygen treatment is a tale of triumph by perserverance, science, and confidence over the ills of mankind.

It seems to me to be most fitting that the Congress should award such a medal during the lifetime of this great man.

Dr. Holtzapple was born in York County, Pa., on May 22, 1862. His ancestry goes back to the Revolutionary days. His father, a poor man, was first a shoemaker—when shoes were made by hand—and later a farmer.

He attended schools of his birthplace, graduating from the York Collegiate Institute. He took a course in philosophy at Lebanon Valley College, located in Annville, Pa. He was given a degree, doctor of science, by the Susquehanna University in 1925, as a special honor.

Dr. Holtzapple took his medical course at Bellevue Hospital Medical College in New York City, from which he was graduated in 1884 with the degree of doctor of medicine. Later he took post-graduate courses at Johns Hopkins Medical School, Baltimore, Md., and the New York Post-Graduate Medical School and Hospital. The first 16 years of his medical career were devoted to general practice. Since then his work has been confined to internal medicine. He has been given testimonial dinners by members of his profession in recognition of his services and contributions. He is consulting physician and president of the staff of the York Hospital, and for 24 years has lectured to nurses in training. He is former president of the York County Medical Society and is a member of both the American Medical Association and the American College of Physicians. For many years he has occupied a prominent place in the American Association for the Advancement of Science. During the World War he was the first physician to offer his services, so far as the section of our community is concerned, but could not meet the physical requirements and consequently was rejected. However, that did not stop him. He rendered great services at home; was chairman of the medical advisory board and was a member of almost every local committee. He was director in the York County Chapter, American Red Cross and chairman of the first-aid courses. This fine gentleman deserves all the honor that his generation can bestow upon him, while he lives.

As his Representative and at the direction of a great host of my constituents, I appeal to the Congress for the Medal of Honor, feeling that this fine gentleman richly deserves it. My bill, H. R. 5762, was before the House on the Private Calendar, but was objected to by two Members on the minority side, but my understanding is that these objectors wanted an opportunity to make further study of the bill. I have again appealed to the Committee on the Library, asking that this bill be included in its omnibus bill so that the House may again have an opportunity to pay tribute to one of

America's great contributors to human welfare. The Committee on the Library submitted the following report to accompany H. R. 5762:

This is a bill to authorize the President to present in the name of Congress a medal of honor to Dr. George E. Holtzapple, York, Pa., who on March 6, 1885, administered oxygen in the treatment of pneumonia for the first time on record, thereby saving the life of a human being and blazing the trail of one of the greatest achievements in medical science.

On March 6, 1885, Dr. Holtzapple was called to the bedside of a Mr. Fred Gable, then residing in Loganville, York County, Pa., who was suffering with pneumonia. He found the man nearing death from the ravages of this disease. After all known methods had failed to help, Dr. Holtzapple, then only in his fifty-first week as a practicing physician, returned to his office, where he gathered together chemicals, test tubes, and a blowtorch, and equipment to produce oxygen. He then returned to the bedside of the victim and, with the help of Mrs. Gable, produced the oxygen, and in 20 minutes the patient showed signs of improvement and later recovered entirely. Mr. Gable is living today. As a recognition for this work there is now placed in the Army Medical Museum a sketch depicting the birth of oxygen treatment for pneumonia sufferers as a lasting momento for his work. Edgar Erskine Hume, major, Medical Corps, United States Army librarian, under date of February 8, 1935, acknowledged this sketch in the following letter:

"It is to be regretted that our Government has no medal or similar award which can be made in recognition of the achievements of men like Dr. Holtzapple. We can reward bravery and distinguished service in the Army and Navy and in other branches of the Government service, but pure scientific merit goes on unrecognized by the United States Government, although appreciated by men of science. If we only had a medal for distinguished service in medical science, one might be appropriately awarded to Dr. Holtzapple."

The following is a summary of my own statement to the committee when I appeared before them asking them to report favorably my bill:

Some years ago Dr. Holtzapple wrote to the American Medical Association to find out if anyone had a claim prior to his in administering oxygen to pneumonia patients. The association replied that, according to its records, which go back to a period preceding Dr. Holtzapple's published article of the eventful night, March 6, 1885, which article appeared in the American Medical Association Journal in 1887, that he was the first, but suggested that he check the matter through the Surgeon General's office to make doubly sure. To Dr. Holtzapple's request he was informed that the office was not equipped to fill such requests, but that, if he liked, certain names of people capable of making such research would be furnished him. A Miss B. Cunradi, No. 2 Dupont Circle, Washington, D. C., was selected to make this research, and under date of October 23, 1925, Miss Cunradi wrote as follows:

"In accordance with your request, I yesterday went to the Surgeon General's library in order to make the investigation requested by you. The work of looking up the references on the treatment of pneumonia in the first published series of the library catalog consumed some little time, as in this series they are not classified according to form of treatment, such as occurs in the second and current editions of the catalog. I find that although your article of September 1887 is listed in the first series, as well as in the second, there is no other reference given in the first catalog for treatment of pneumonia with oxygen. Moreover, I verified the statement made by the American Medical Association and find that out of some dozen references contained in the second series of the catalog for treatment of pneumonia with oxygen, yours antedates all the others, the earliest of which falls in the nineties. As you may know, the first edition of the catalog covers the earliest publication contained in the Surgeon General's library until about 1888, while the second edition includes approximately the years 1888 to 1906. I think, therefore, that you can safely claim priority in the publication, at least, of information regarding this method of treatment for pneumonia."

In 1932 the Associated Press released a story of the incident that was published throughout the entire Nation, which statement was never challenged or denied. On July 14, 1932, the National Broadcasting Co. enacted a scene over the radio to an unseen audience giving a word picture of this first treatment, and pointing out how a young doctor manufactured oxygen at the bedside of a pneumonia victim in a little country home and saved the patient's life. That broadcast from coast to coast was not challenged or denied. Dr. Holtzapple's article in the New York Medical Journal of September 18, 1887, aroused the medical world, which led to a long series, extending to the present time, of articles by other scientists.

The script of the National Broadcasting Co.'s coast-to-coast broadcast will also be deposited in the medical library here in Washington to be a part of the record.

My colleagues, I believe that this Congress should approve awarding the medal of honor to this fine gentleman in recognition of his great contribution to humanity while he lives, and I further believe that the evidence submitted after careful research will justify this action. Certainly we can do no less to those whose contribution to human welfare has meant so much. We have honored others for similar contributions, and it cannot be said that in making this award we are establishing a precedent. I am sure the Nation will approve all the honor we confer on this great man, Dr. George E. Holtzapple, of York, Pa.

The death of Great Britain's King, George V, brought to light a message of commendation which he commanded to be sent to Dr. Holtzapple when he learned that it was Dr. Holtzapple's discovery, made over half a century ago, that contributed to his recovery some years ago when he was suffering from pneumonia. The letter to this fine gentleman was prepared by His Majesty's private secretary on royal stationery which bears the name of Buckingham Palace and an engravure in red ink of the British Crown, the letter dated September 19, 1933, reading as follows:

The private secretary presents his compliments to Dr. G. W. Holtzapple and is commanded to thank him for his letter and enclosure of the 8th instant.

The royal letter was in response to Dr. Holtzapple's communication to the King congratulating him upon his recovery from a serious illness, the nature of which was similar to the one which brought about the York physician's discovery on March 8, 1885, while he was a doctor at Loganville, York County, Pa. The administration of oxygen gas to pneumonia patients has since become a universal practice and has contributed as much to human welfare as almost any other discovery by man. The British King's recovery was attributed to the administering of oxygen gas, and millions of other humans have had the benefit of this great discovery on the part of my constituent and friend Dr. George W. Holtzapple.

It seems to me to be both proper and right to honor this fine gentleman, for in doing this we honor one of our finest American citizens. Awards have been made to those who have destroyed other humans in defense of country and flag, but in this instance it is an honor to one who has contributed to the saving of human life. Mr. Speaker, I wish there was a parliamentary situation afforded to me to reconsider my bill in this session; but in the event that this cannot be done, I hope the Committee on the Library will report out with an affirmative report a bill in the next session. If reelected to Congress, I shall reintroduce my bill.

THOMAS JEFFERSON MEMORIAL

Mr. SMITH of Virginia, from the Committee on Rules, reported the following resolution (Rept. No. 2743), which was referred to the House Calendar and ordered printed:

House Resolution 522

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 12027, a bill "to authorize the execution of plans for a permanent memorial to Thomas Jefferson." And all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Library, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

THE CITY OF LYNCHBURG, VA.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 4448) to authorize the coinage of 50-cent pieces in commemoration of the one hundred and fiftieth anniversary of the issuance of the charter of the city of Lynchburg, Va.

Mr. RICH. Mr. Speaker, reserving the right to object, I may say to my friend from Virginia that what Congress appropriates is one thing and where you are going to get the money is another. Now, we are going to make money by coining these 50-cent pieces in commemoration of another anniversary. This is, perhaps, the thirtieth bill of

this kind to come in here this session of Congress. It is surely the beginning of Democratic inflation, and I warn the Members of the House to beware. [Laughter and applause.]

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That in commemoration of the one hundred and fiftieth anniversary of the issuance of the charter to the city of Lynchburg, Va., there shall be coined at a mint of the United States to be designated by the Director of the Mint not to exceed 20,000 silver 50-cent pieces of standard size, weight, and composition and of a special appropriate single design to be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, but the United States shall not be subject to the expense of making the necessary dies and other preparations for this coinage.

SEC. 2. The coins herein authorized shall bear the date 1936, irrespective of the year in which they are minted or issued, shall be legal tender in any payment to the amount of their face value, and shall be issued only upon the request of the Lynchburg Sesqui-Centennial Association upon payment by it of the par value of such coins, but not less than 5,000 such coins shall be issued to it at any one time, and no such coins shall be issued after the expiration of 1 year after the date of enactment of this act. Such coins may be disposed of at par or at a premium by such association, and the net proceeds shall be used by it in defraying the expenses incidental and appropriate to the commemoration of such event.

SEC. 3. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, and for the transportation, distribution, and redemption of coins, for the prevention of debasement or counterfeiting, for the security of the coins, or for any other purposes, whether such laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein authorized.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

IMPROVEMENT OF THE INDIANA HARBOR SHIP CANAL AND THE GRAND CALUMET AND LITTLE CALUMET RIVERS

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SCHULTE. Mr. Speaker and Members of the House, I wish to take this opportunity to address the Members of the House for a few minutes to explain a situation which exists in my district—the First Congressional District of Indiana—with regard to efforts I have made to obtain Federal funds for deepening, widening, and improving the Indiana Harbor Ship Canal and the Grand Calumet and Little Calumet Rivers.

My district is located on the southern shores of Lake Michigan. It has a population of approximately 300,000 persons. The district is highly industrial, with industries so diversified that practically every commodity used by mankind is manufactured in Lake County, Ind. Because of the many different industries the region has often been referred to as "the workshop of America."

It was my pleasure the other day to read an item in a newspaper which stated that the steel mills of East Chicago and Gary had passed Pittsburgh in the production of steel during the last 6 months' period. This is a good sign, and news of this character is welcomed by the people of my district and the people of the Chicago area. When production is stepped up in the steel mills of East Chicago, Indiana Harbor, and Gary, not to mention the various other industries in Hammond, Whiting, and other cities, times are good, business is brisk, and my people are contented. When production is at a low ebb the situation is quite the contrary.

As I mentioned before, efforts have been made to secure an appropriation to improve the Indiana Harbor Ship Canal along with the Grand Calumet and Little Calumet Rivers. However, efforts to secure sufficient funds have been to no avail because of the fact that the United States Army Engineers will not approve improvements deemed necessary to keep pace with the growth and progress of my district. At this time I would like to compliment all officials and citizens who have aided in their efforts to secure funds which would allow us to carry on the work that we now deem expedient to the welfare of the people of my district.

Now the point I am trying to make is this. If the Army engineers would cooperate with us and see the necessity of such improvement, there is no question but that the improvement would be such a boom to industry and commerce that within the next decade the population of my district would exceed a half million people. It has been pointed out to the Army Engineers that even now, with the crowded condition of the ship canal, there is more tonnage going in and out of the canal than from a great many bigger and larger ports of the United States where the Government has spent millions of dollars.

The Federal Government has spent millions upon millions of dollars widening, deepening, and dredging the Alleghany, Monongahela, the Ohio, and Hudson Rivers. I am sure that the need for expenditure of an appropriation to make the improvements in my district is as dire as when Members of this Congress voted to make improvements of the above-mentioned rivers. I feel that since the Government allowed such improvements to be made in other parts of the country that the people of my district should be granted the same concessions, and that the Members of this body should, when the time comes, approve such a measure, since there was no objection to the other grants being made.

Since the building of the canal in 1903, location of various industries has increased, with the result that a great many millions of dollars have been spent by industry in the building of plants and docks. It should be obvious that these industries would never have come to my district if it were not possible to obtain water transportation, and with the vision to the future, that needed improvements would be made, and increased water service would be made available as time and progress permitted.

As it is today, a great many industries have been lost to my district because of the fact that this Government will not appropriate needed funds to carry on the work of deepening and widening the ship canal and the two rivers. I feel that now is the time I would like to have cooperation of the Members of the House in connection with a bill authorizing this Government to proceed with the work that we in the Middle West deem is necessary.

Improvement of this project will not only bring industries to this region but will give employment to thousands of persons now idle. Situated as this region is in close proximity to the Indiana coal fields, the rich Mesabi ore ranges of Minnesota, there is every reason to believe this improvement would not only enhance the commerce of the Calumet region but the entire Middle West.

No doubt there may be some opposition to this improvement from some of the transportation systems owing to the fact they will say it will eliminate the long haul by a number of the railroads. However, this will more than offset the increased number of men that will, of necessity, be employed on switch engines to switch the cars in and out of the industries in the hauling of raw materials and the finished products.

The march of time and the wheels of progress demand that this Government appropriate sufficient funds to make this improvement now. It is necessary, and the people of my district are demanding it. They want action. Officials of the cities and civic organizations approve of these plans and are demanding that this Government allow us to keep pace with the trend of business improvements, and the signs of prosperity which are seen on every hand these days. To make this improvement now will allow the great Middle West to enjoy an expansion, which is so necessary to the welfare of my district, and a prosperity never before realized within the Calumet region, the hub of all activity in the Middle West.

The people of the Middle West demand that the resources of the lake be utilized, and that this Government improve this water transportation.

I wish at this time to give you a brief outline of the history of the Indiana Harbor Ship Canal, located in the cities of East Chicago and Indiana Harbor on the shores of Lake

Michigan, which was prepared by E. W. Wolfe, secretary-manager of the East Chicago Chamber of Commerce:

HISTORY OF THE INDIANA HARBOR SHIP CANAL, 1888–1935

In the year of 1888 the population of the city of East Chicago was only 775. However, those far-sighted citizens realized the potential possibilities of the natural advantages and the geographic location of the district from an industrial standpoint, provided water-transportation facilities were made available. Discussions reached a point in that year where a movement was started to build a ship canal.

Land for construction of the canal was deeded during 1888 and 1889 by Caroline M. Forsythe and husband, the Calumet Canal & Improvement Co., the Standard Steel & Iron Co., and these deeds were duly recorded.

In 1901 the work on the harbor was started and was carried on until its completion in 1903. In the year of 1901 the East Chicago Land Co. commenced the building of the canal, building 7,700 feet in a southwesterly direction from Lake Michigan and thence at a right angle 5,143 feet to White Oak Avenue, constructing a small turning basin just northeast of the Canal Street Bridge, dredging the channel to a depth of between 20 and 22 feet. Due to unforeseen circumstances, the completion of this branch of the canal consumed several years and was not finished until the year of 1914.

The navigable branch of the ship canal, that part running from Lake Michigan to White Oak Avenue, was built to a width of 300 feet from the breakwater to the railroad bridges of the E. J. & E., N. Y. C., B. & O., and the I. H. B. Railroads, and to a width of 200 feet over the balance.

The south branch of the ship canal was started several hundred feet south of Canal Street Bridge and built 1½ miles south to the junction of the Grand Calumet River, which had been designated by the United States Government as a navigable stream. This branch of the canal was dredged to a depth of 15 feet and to a top width of 200 feet to One Hundred and Forty-first Street and to approximately 150 feet top width from that point to the Grand Calumet River.

Records on file indicate that the right-of-way for the entire canal was accepted by the Secretary of War in compliance with the provision in act of Congress approved June 5, 1910, for and in behalf of the United States Government, and from that time the canal has been maintained by the United States Government, assisted, however, by the different industries up until 1929.

Since the building of the canal the location of industry along its shores has been ever constant and a great many millions of dollars have been spent by industry in the building of plants and docks, these industries would never have located in East Chicago (Indiana Harbor) had they not been able to obtain water transportation and with the future thought that additional water service would be made available to them.

The navigable portion of the canal has been in general use from 1914 up to date. A great deal of difficulty was experienced with the turning basin, it being small and not properly protected. On January 11, 1929, during the second session of the Seventieth Congress, House bill 16169 was passed, which authorized the Secretary of War to accept free and clear of all encumbrance a strip of land from the East Chicago Co., the purpose of which was for the construction of a new turning basin.

The work on the construction of the new turning basin was started in 1931 at the junction of the north and south branches of the canal, and the work was completed and the basin ready for service in 1932.

There are now located along the navigable portion of the canal nine huge industries that own and operate all of the property along its shores and who have made tremendous investments in this property. I am setting forth below the names of these different industries in the order in which they located and, wherever possible, their investment in dock improvements.

During the year of 1901 the Inland Steel Co. located in East Chicago and was the first plant to locate on the Harbor Canal. They occupy a frontage of 3,115 feet along the canal, all improved, at a cost to themselves of $416,490.

During the year of 1904 the American Steel Foundries built its large plant along the ship canal, occuping a frontage of 2,848 feet, making their own improvements. We do not have the cost figures for this improvement.

During the year 1910 the Standard Oil Co. built their docks along the north side of the west branch occupying a frontage of 1,430 feet, and all improved at a cost of $74,127.37.

During 1916 the Associated Box Corporation located on the north side of the ship canal, occuping a frontage of 377 feet, all improved, at a cost of $48,000.

During the year 1916 the Mark Manufacturing Co. started to build their big plant on the north side of the ship canal at its mouth, just opposite from the Inland Steel Co., occupying a canal frontage of 3,200 feet. This plant was taken over by the Youngstown Sheet & Tube Co., who built all their dock improvements, and while I do not have their exact cost figures it relatively compares with the cost of the Inland Steel Co.

During the year 1917 the Sinclair Refining Co. located its large refinery on the north side of the canal at Indianapolis Boulevard. They occupy a canal frontage of 1,760 feet. I have been unable to secure the improvement cost; however, there were many thousands of dollars spent on their improvements.

During the year 1918 the Consolidated Oil Co. built its refinery on the south bank of the canal at Indianapolis Boulevard. The properties of this refinery were purchased by the Bartles-Maguire Oil Co., who operated these properties until 1933, when they were merged with the Wadhams Oil Co. who operated them up to 1934, when they merged with the Standard Oil Co. of New York. They occupy 825 feet of canal frontage and it was improved by them at a cost of more than $85,000.

During the year 1928 the United States Gypsum Co. located its large plant on the north side of the canal at Canal Street, building its plant and dock as a unit at a cost of several hundred thousand dollars and occupying 990 feet, all covered by improvements. I cannot give the exact cost of this improvement due to the type of its construction.

During 1928 the Shell Petroleum located its docks along the south bank of the canal, between Indianapolis Boulevard and the turning basin, occuping 604 feet, fully improved by them at a cost of $67,329.42, not including the cost of heads and pipes that had to be brought up to dock property.

During 1928 the East Chicago Dock Terminal Co. built large docks on the south side of the canal between the turning basin and Canal Street. They occupy a frontage of 1,680 feet on the canal, which they have fully improved at a cost of $115,520.

During 1929 the Empire Oil & Refining Co. built its dock along the south side of the canal, between the turning basin and Indianapolis Boulevard, occupying a 600-foot frontage, and fully improved by them at a cost of $185,000.

During 1934 the Texas Co. built its docks and bulk station on the south side of the canal at Canal Street Bridge. They occupy a frontage of 508 feet, fully improved at a cost of $49,400.

In addition to the vast amounts spent by industries for dock improvements they were also called upon during the years up to 1929 to stand a portion of the yearly dredging expense. For example, during the years of 1924 to 1929, inclusive, the Inland Steel Co., the Standard Oil Co., and the Youngstown Sheet & Tube Co. spent $105,090 for the dredging of the canal channel, which was in addition to the $25,000 spent by the Government for maintenance purposes, which was excessively low.

By way of comparison with the previous years since this ship canal has been in service some tonnage figures may prove enlightening. During the period from 1914 to 1928, inclusive, the tonnage handled through the Port of Indiana Harbor by the various industries located on the canal has shown a constant yearly increase, as indicated by the following tabulation:

	Tonnage
1914	1,355,060
1915	1,639,597
1916	1,722,525
1917	1,691,858
1918	2,130,186
1919	1,985,818
1920	2,636,118
1921	2,317,524
1922	2,970,248
1923	3,880,882
1924	3,721,407
1925	4,240,308
1926	5,306,271
1927	5,054,933
1928	5,121,666

For the years of 1929 to 1935, inclusive, I am showing in the following table the tonnage handled by the different industries located on the canal only, and the number of ships using this waterway, showing the total tonnage by year and also the total for the 7-year period.

Tonnage, inbound and outbound

Name	1929	1930	1931	1932	1933	1934	1935	Total over period
Inland Steel Co.	3,453,869	2,831,703	1,788,953	519,071	1,711,549	2,016,868	2,248,825	14,570,838
East Chicago Dock Terminal Co.	253,998	151,759	157,612	131,531	210,852	245,269	233,064	1,384,085
Wadhams Oil Co.					12,870	36,465	79,365	128,700
Empire Oil & Refining Co.		84,057	118,811	106,769	37,394	62,448	226,415	635,894
Shell Petroleum Corporation	134,236	165,267	155,066	200,608	196,419	282,292	346,194	1,480,162
Texas Co.						280,165	250,760	560,925
Standard Oil Co.	1,191,955	965,573	1,044,045	1,009,534	1,010,387	1,065,453	1,100,000	7,416,957
United States Gypsum Co.	125,000	125,000	130,857	70,976	71,852	99,882	103,451	727,012
Youngstown Sheet & Tube Co.	2,895,185	1,209,943	695,166	145,798	405,786	761,422	750,941	6,924,241
Sinclair Refining Co.						164,000	93,222	257,222
Total	8,054,233	5,623,302	4,090,510	2,184,371	3,657,109	5,014,274	5,462,237	34,086,036
Number of ships	1,260	1,546	1,319	870	1,252	1,624	1,981	9,852

Along the south branch of the ship canal—that portion which is unnavigable and which is included in the ship canal, Grand Calumet, Little Calumet, Sag Channel development project, and which extends from the turning basin to the junction of the Grand Calumet River—there are located a great number of heavy-type as well as basic industries, whose investment along the south branch of the canal reaches high into the millions of dollars. These industries are all potential users of waterway transportation; they, for the most part, are prohibited from the use of the existing water service at the present time due to excessive costs in getting to dock facilities. Even under these extenuating circumstances a number do use waterway service, being forced to do so by reason of the fact their competitors have waterway service, and if our concerns are to stay in certain markets they are forced to meet this competition. One industry in particular which is located a short distance from the canal on the Grand Calumet River is the Grasselli Chemical Co., which during the past year handled 53,797 tons, and from 1929 to 1935 handled 242,626 tons.

Many of the industries that have located along the south branch of the ship canal and a strip along the Grand Calumet did so because all land along the harbor canal had been taken and they felt that before long this south branch would be made navigable. The industries of which I speak, and whose plants or properties are on and along the south branch of the canal and Grand Calumet River, are: The Inter-State Steel Co., Buckeye Steel Casting Co., Metal & Thermit Corporation, U. S. S. Lead Refinery, Inc., the Grasselli Chemical Co., Lavin & Son, Graver Tank & Manufacturing Corporation, Weber Insulations, Inc., Calumet Foundry & Machine Co., Continental Roll & Steel Foundry Co., Republic Rolling Mills Corporation, Hyman Michaels Co., International Smelting & Refining Co., the East Chicago City Dock, the Superheater Co. The above named, together with those listed on the navigable portion of the harbor ship canal, are only a portion of the industries located in East Chicago.

The harbor and waterway development in East Chicago has been responsible for the heavy industrial development in the city, and to this development is due the large increase in population that has taken place during the past years, as is shown by the census reports of the United States Government.

Population of East Chicago, United States census

1890	1,255
1900	3,411
1910	19,098
1920	35,967
1930	54,784

The benefits from the development of the Indiana Harbor Port and Ship Canal is vitally important to the entire Calumet region of Indiana, in that the industries in East Chicago normally employ in excess of 32,000 workers, with a weekly pay roll much in excess of $1,000,000, and upon this pay roll the entire district is dependent.

The volume of outbound water-borne tonnage will greatly increase, more industries will be located, more men employed, and greater pay rolls, so beneficial to the district, will be had when the south branch of the ship canal, the Grand Calumet, Little Calumet, and the Sag Channel, is made available for use by the industry of the district.

FLOOD CONTROL ON MISSISSIPPI RIVER

Mr. WILSON of Louisiana. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 3531) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 3531, with Mr. FLANNAGAN in the chair.

The Clerk read the title of the bill.

Mr. LAMNECK. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 7, after the word "Engineers", add the following: "*Provided*, That the Chief of Engineers, under the supervision of the Secretary of War, shall, at the expense of the United States Government, construct a system of levees and reservoirs to adequately control the floodwaters of the Scioto, Olentangy, and Sandusky River valleys in Ohio: *And provided further*, There is hereby appropriated the sum of $40,000,000 for the carrying out of the above project."

Mr. WILSON of Louisiana. Mr. Chairman, I make the point of order against the amendment that it makes a direct appropriation.

Mr. WHITTINGTON. Mr. Chairman, I make the further point of order, but I am willing to reserve it if the gentleman wishes.

Mr. LAMNECK. I am willing that the Chair should rule on the point of order. Mr. Chairman, I want to call attention to the fact that the amendment was presented last evening with the understanding that it was to be an amendment to the section that included the reservoir plan for the White River and the Arkansas River.

For some reason or other the Clerk continued with the reading of the next section. It was my understanding, and the understanding of others, that the amendment would be offered to the section that was discussed last evening when we adjourned. It may not be germane to the section read last but it is germane to the section to which it is offered.

Mr. WHITTINGTON. Mr. Chairman, in addition to not being germane, some of the rivers mentioned in the amendment are not tributary to the Mississippi River, so it cannot be germane to any part of the bill. This is a bill for flood control along the Mississippi River and its tributaries. The Sandusky does not empty into the Mississippi River or into any tributary of the Mississippi River; it empties into Lake Erie.

The proposed amendment to this bill is not germane because the bill under consideration is only an authorization. The amendment proposes an outright appropriation of $40,000,000. In the third place, we are considering section 4 of the bill, to which it is certainly not germane.

The gentleman obtained unanimous consent to have printed in the RECORD his amendment which he proposed to offer when the House convened today for the information of the committee. There was no unanimous consent that we should return to section 1, to which, if it is germane at all, it is germane.

For these reasons the amendment is not in order. Inasmuch as section 1 has been passed, inasmuch as the amendment embraces rivers not tributary to the Mississippi, and inasmuch as the amendment carries an appropriation, I insist on the point of order.

The CHAIRMAN. The amendment proposes to appropriate $40,000,000. Rule XXI provides that no bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations nor shall an amendment proposing an appropriation be in order during consideration of a bill or joint resolution reported by a committee not having that jurisdiction.

Inasmuch as the amendment appropriates money in violation of the rule, the Chair sustains the point of order.

Mr. LAMNECK. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. LAMNECK: Page 2, line 7, after the word "Engineers", add the following: "*Provided*, That the Chief of Engineers, under the supervision of the Secretary of War, shall, at the expense of the United States Government, construct a system of levees and reservoirs to adequately control the flood waters of the Scioto and Olentangy River valleys in Ohio: *And provided further*, There is hereby authorized to be appropriated the sum of $40,000,000 for the carrying out of the above project."

Mr. WHITTINGTON. Mr. Chairman, I make the point of order against the amendment that it is not germane, that the authorizations of this bill and the projects in the authorizations are contained in section 1, that section 1 has been passed, that we are now considering section 4. In addition to that, Mr. Chairman, the proposed amendment does not embrace any tributary of the Mississippi River. My understanding is that the Scioto River and the Olentangy River are located in the State of Ohio, that the Scioto River is a tributary of the Ohio River, and the Olentangy River is a tributary of the Scioto, so that in no event could this amendment be germane either to the bill or to section 1 of the bill.

Mr. LAMNECK. Mr. Chairman, I think these two rivers are tributary of the Mississippi River, indirectly at least, and it seems to me that the amendment is germane to this section of the bill.

The CHAIRMAN. The Chair is ready to rule. This amendment is offered to page 2, line 1, section 1, of the bill, which has already been passed. The only way under the rules in which it can be entertained at this time is by unanimous consent. The Chair, therefore, sustains the point of order, and the Clerk will read.

Mr. LAMNECK. Mr. Chairman, I move to strike out the last word. This flood proposition is beginning to be a very important matter in this country. In my State in 1913 the flood waters of the Miami River Valley were controlled and the costs thereof were paid entirely by benefited property. At the present time in Ohio we are making an improvement in the Muskingum Valley. The Federal Government made an appropriation through the P. W. A. of $24,000,000, and under a State law that we have there was created a conservancy district, and the conservancy board has assessed against the property benefited by this improvement $12,000,000. In many cases the assessment is greater than the value of the property. In Newcomerstown, Ohio, a small city, there is a concern which is on the tax duplicate for $137,000. The assessment against the property is $90,000. There is another concern there whose property is valued at $47,000 and the assessment against the property for that improvement is $30,000. I contend that if we are going to have a flood-control program in this country we cannot assess benefited property in such a way that, in effect, means confiscation, and that is what will happen if the benefited property is supposed to pay a great part of the cost of flood improvement and flood control. Gentlemen ought not to fool themselves when they talk about passing flood-control legislation by thinking the property benefited is not going to be assessed enormous amounts. I know in a little town that I was born and raised in in Ohio the benefits assessed against property are more than the property is worth.

I call attention to another thing. We have the Home Loan Act, and gentlemen know that we loan money on homes up to 80 percent of the assessed value. I know one property that has a home loan on it for $4,000, 80 percent of its value. Along comes the flood-improvement program and assesses that property $2,000 more, so that the assessment and mortgage against that property today is more than its value. The home owner has no equity in the property, and you will be doing the same thing if you assess the cost of improvement against farms. You will assess them for more money than they are worth. In the Miami Valley, in Ohio, there is not a single farm which, as a result of the 1913 flood, as a result of the 1913 act, is worth the money today that the assessment provided for.

Here we are down in the Mississippi Valley making an appropriation for $272,000,000, while up in Arkansas we voted in an amendment, which I voted for, which provides for an expenditure of $126,000,000, and I am here to tell you now that you will never collect $126,000,000 from Arkansas for the improvement made on those two rivers, because the land is not worth that much.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. JENKINS of Ohio. Mr. Chairman, I rise in opposition to the pro-forma amendment. I shall direct my remarks in line with what my good friend Mr. LAMNECK has had to say, and that is to call the attention of the House to the fact that we are in this bill entering upon a very dangerous policy, especially when we consider what was done in the Senate yesterday. Yesterday, in my weak way, I tried to impress upon the membership here that this is a very important bill, and the most important thing about it is that it has no definite policy as to State or local participation. On several of the projects named the bill provides that the Government shall pay for all damages and all rights-of-way. On other projects in the bill it provides that the State or local beneficiaries from the improvement shall furnish the rights-of-way and assume all damages. Yesterday the Senate passed a very important bill, known as the Copeland omnibus flood-control bill, providing for omnibus flood relief. It provides relief for many, if not all, the sections which suffered from disastrous floods this last spring. It touches almost every part of the United States. As I understand it, in that bill a very definite policy has been set forth. It provides that the Government shall pay the expenses of the improvement. Then the communities or States or landowners, those who are immediately interested, must pay for all rights-of-way and for all damages up to the amount that the Government puts into the improvement.

If the damages and the rights-of-way amount to more than the cost of the improvement by the Government, the Government will share with the territory in paying that excess. As an illustration, in the Pittsburgh territory the Government expects to put in improvements worth $20,000,000. The damages and the rights-of-way will cost $30,000,000. The Pittsburgh territory will have to pay that $20,000,000, the same as the Government puts into the improvements. Then the difference between twenty and thirty million, which is ten million, shall be divided equally between the Government and the local authorities. If that is the case, if Pittsburgh and all other sections are going to have to match the Government, so to speak, then what we did yesterday in voting for these reservoirs on the Arkansas and White Rivers is entirely wrong. I voted for that amendment; but if that is the situation, it is entirely wrong, because there the Federal Government is going to pay for everything. I am calling upon those on the Democratic side who have responsibility for this flood-relief program to come forward with a consistent, constructive program. Let us not find ourselves confronted with a situation that will inevitably result in a veto by the President of the United States, and we will have no flood relief anywhere.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. WHITTINGTON. Is it not true that the members of the committee did their best to point out how you were making a mistake in passing that amendment and making discrimination on those two rivers yesterday?

Mr. JENKINS of Ohio. I do not want to take any of that blame myself, because I am for flood control. The country needs it. I am calling upon the Democratic authorities, the Democratic leaders, the Democratic President, and the Democratic administration to get out of this inconsistent position in which they now are, get out of this aura of inconsistency, and come out into the daylight and give us an intelligent program that the President and the Nation will support, and that will be right and consistent and just.

Mr. DRIVER. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. Yes; I yield.

Mr. DRIVER. There is no one who can misunderstand the definition of the duties and responsibilities in the adopted program for flood control on the Mississippi River. It is written into the law. The people there themselves contributed and turned over to the Government $292,000,000. In addition to that, they paid $41,000,000 for land damages that were required under this bill, and we protested as vehemently as anybody possibly could against the inclusion of projects that were based on some other separate definition of responsibility, and the gentleman supported it.

Mr. JENKINS of Ohio. The gentleman no doubt helped write the bill, and for that reason knows more about this bill—S. 3531—than I do, and I call upon him and his able assistants to redraft this bill or amend it so that it will contain a consistent policy.

Mr. DRIVER. Yes. I know all about it.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

The Clerk read as follows:

SEC. 4. That neither of the projects for the flood control of the St. Francis River or the Yazoo River, hereby authorized, shall be undertaken until the States, or other qualified agencies, shall have furnished satisfactory assurances that they will undertake, without cost to the United States, all alterations of highways made necessary because of the construction of the authorized reservoirs, and meet all damages because of such highway alterations, and have agreed also to furnish without cost to the United States all lands and easements necessary to the construction of levees and drainage ditches constructed under this project: *Provided*, That the reservoirs for control of headwater flow of the Yazoo River system may be located by the Chief of Engineers, in his discretion: *And provided further*, That the Chief of Engineers may, in his discretion, substitute levees, floodways, or auxiliary channels, or any or all of them, for any or all of the seven detention reservoirs recommended in his report of February 12, 1935,

for the control of floods of the Yazoo River: *And provided further*, That the Chief of Engineers, with the approval of the Secretary of War, may modify the project for the flood control of the St. Francis River as recommended in said report, to include therein the construction of a detention reservoir for the reduction of floods, and the acquisition at the cost of the United States of all lands and flowage necessary to the construction of said reservoir except flowage of highways: *Provided further*, That the estimated cost to the United States of the project is not increased by reason of such detention reservoir.

Mr. JENKINS of Ohio. Mr. Chairman, I move to strike out the last word. I do this so that I may take up this argument that I was having with the gentleman from Arkansas a moment ago, and to bring out this point: As I said, I am not as familiar with this bill as the gentleman from Arkansas is. I do not claim to be; but, as I look through this bill, I find there are several projects where the Government pays everything. For certain other projects you have stipulations to the effect that the territory benefited thereby must come forward with some contribution. How is it that you do not have a consistent program in this bill?

Mr. DRIVER. It is consistent, if the gentleman will stop to take into consideration the necessities and the engineering recommendations with regard to it. On all levees all damages, the local interests are required to pay it and to maintain the completed structure. That is generally true until you come to the floodways. When this water is taken out of the river—that is, the excess water—and carried through these diversion channels, imposing a burden on the lands, there it does not protect but condemns the land. Necessarily the Government assumes that responsibility. I call attention to the fact that these lands involved here are lands that are protected by levees and have been for many, many years, but because of the increase in the flood heights, the engineers find it necessary to take out of the channels of the Mississippi River this excess water, so the balance of it can pass safely between these levees in the channel. They take that burden out of the Mississippi River and pour it into this protected area, and take the lands of the people for that diversion, for the common good. Of course, you have no basis to cause a contribution on the part of those people who are not benefited but who are destroyed.

Mr. JENKINS of Ohio. So that I may get it plain, let me ask the gentleman this question. Yesterday we passed an amendment to this bill providing for the construction of 26 reservoirs, and that amendment provided that the Government must assume all expense of construction and all expense of damages and all expense of rights-of-way.

Mr. DRIVER. And maintenance; yes. What you did to us was a plenty.

Mr. JENKINS of Ohio. Now, you state that this bill provides, before this amendment was put on, the same thing, that the Government must pay everything except the $41,000,000 which these States have heretofore contributed.

Mr. DRIVER. Oh, no, no. Now, let us get that straight. When the act of 1928 was passed, under which the Government assumed responsibility for building the structures, the local interests had expended $292,000,000 on the levees along the river that were used under the adopted project, and were simply increased in grade and sections. In other words, they were built up higher and stronger by the Government, but the people put those levees there out of their own money, $292,000,000.

When that project was adopted there were certain rectifications the engineers thought necessary, together with some additional levies in order to connect up and make a consistent line of them. They imposed the burden on local interests to pay for every acre of that land, damages, and to maintain the completed structures. Under that responsibility the local interests since 1928 have paid out $41,000,000 and are continuing to pay for and maintain the structures.

[Here the gavel fell.]

The Clerk read as follows:

SEC. 5. The Chief of Engineers, under the supervision of the Secretary of War, shall at the expense of the United States Government construct a system of levees substantially in accordance with general plan shown on map designated as sheet no. 1 entitled "Tributary Levee Location Survey—White River Levee District—Proposed Levee Location" accompanying report dated April 2, 1925, and filed in office of first and second Mississippi River commission districts, Memphis, Tenn. The Chief of Engineers shall have the right to alter, change, or modify said plan as to the grades and levee sections: *Provided, however*, That no work shall be commenced on the above-mentioned project until the State, levee boards, or other responsible local interests have given assurances satisfactory to the Secretary of War that they will (a) provide without cost to the United States all rights-of-way necessary for the construction of said project; (b) provide drainage facilities made necessary by construction of levees; (c) acquire and provide without cost to the United States all flowage and storage rights and easements over, upon, and across the lands and properties within the protected area in the event it becomes necessary in the judgment and discretion of the Secretary of War or the Chief of Engineers to use said area, or any part thereof, for an emergency reservoir; (d) hold and save the United States free from liability for damages on account of the use of said area for reservoir purposes during said emergency.

Mr. RICH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 4, line 1, strike out section 5.

Mr. RICH. Mr. Chairman, I believe all the Members realize it is absolutely necessary to have some nonpartisan organization take care of flood control, an organization in which the Members of the House and the people of the country will have confidence. I do not know of any body of men who can handle flood control to the satisfaction of the people of the country generally better than the Corps of Army Engineers, a nonpartisan organization.

Coming now to section 5, I want to read what Secretary of War George H. Dern wrote on February 15, 1936, to Senator COPELAND:

Section 5 of the bill authorizes the construction of a system of levees to protect land in the backwater areas of the White River and provides for payment by the United States of the entire construction cost of the system. This work is not recommended in the report. The requirement that the Government bear the whole construction cost is not in accord with the policy established by Congress in similar cases. Section 6 of the act of May 15, 1928, provides for the construction by the United States of levees protecting lands in areas subject to backwater influences of the Mississippi River on condition, among others, that local interests contribute 33⅓ percent of the costs of the work. This is a reasonable requirement in all cases of like character, and the Department is unable to recommend that the entire cost of the construction of levees in a backwater area be borne by the United States.

Secretary of War Dern objects to section 5 of the bill, as you note from this letter. I also want to call your attention to a statement contained in a letter written by E. M. Markham, major general, Chief of Engineers, War Department, to the chairman of our committee, the gentleman from Louisiana [Mr. WILSON]:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, April 30, 1936.

Hon. RILEY J. WILSON,
Chairman, Committee on Flood Control,
House of Representatives, Washington D. C.

DEAR JUDGE WILSON: In compliance with your request to me at the hearings before the Flood Control Committee of the House on April 30, 1936, I have to inform you that bill S. 3531, a bill to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended and passed by the Senate on April 21, 1936, with the exception of section 5, now conforms to the views of the Department, and satisfies the objections urged to the bill in the report of the Secretary of War of February 15, 1936, to the Commerce Committee of the Senate, which report was made prior to the amendments that were adopted by the Senate.

Yours very truly,

E. M. MARKHAM,
Major General, Chief of Engineers.

With the exception of section 5. This is the section I strike out by my amendment. Now, are we going to permit the Corps of Army Engineers to handle this flood-control situation under the plan adopted in 1928 or are we going to inject in the bill features contrary to the well-considered plan of the War Department?

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. WHITTINGTON. I agree with the statement made by the gentleman, but it is only fair to say that the gentleman voted against the recommendation of the Chief of Engineers on yesterday when he voted for the Miller amendment, adding $126,000,000 to this bill. That is a fair statement, according to the RECORD, is it not?

Mr. RICH. That is right, and I want to tell the gentleman why I did it. Whenever I can by spending twice the money do eight times the amount of good that could be done by spending half the money, I want to do it. That is sound business.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

Mr. ANDRESEN. Mr. Chairman, I object.

Mr. WHITTINGTON. Mr. Chairman, the gentleman from Pennsylvania is a member of the committee. This is an important part of the bill. I ask unanimous consent that the gentleman from Pennsylvania may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. RICH. I want to answer the gentleman's question first. I realize that the Miller amendment provided that the rights-of-way for the 26 reservoirs were to be paid for by the Federal Government, but I was under the impression that an amendment would be offered striking out that feature on the Arkansas, the White, as well as the Yazoo and St. Francis Rivers.

Mr. WHITTINGTON. But, Mr. Chairman, if the gentleman will yield, the amendment was not modified and did not provide that the cost of rights-of-way should be borne by local interests at the time the gentleman voted for the amendment.

Mr. RICH. Yes; but even now several Members on our side are trying to work out an amendment that will accomplish that result. The amendment will soon be presented; just be patient. If we can do that, it will then be in accordance with the plan of the Army Engineers.

Mr. WHITTINGTON. Just a moment. The gentleman voted for the amendment.

Mr. RICH. I voted for the amendment.

Mr. WHITTINGTON. The gentleman is a member of the committee, is against the bill, signed the minority views, and has done everything he could to try to kill the bill.

Mr. RICH. No. We want to perfect the bill.

Mr. WHITTINGTON. That is exactly what the gentleman is doing; trying to kill it.

Mr. RICH. If an amendment is adopted striking out the obligation of the Federal Government to pay for the right-of-way for these reservoirs and section 5 not approved by Army Engineers, I will vote for the bill. If such amendments are not adopted, I will not.

Mr. WHITTINGTON. But the gentleman signed the minority views and is against the bill with or without the amendment.

Mr. RICH. We are against certain features of the bill that are contrary to the established plan and policy of 1928, and we are trying to get the Members of the House to adopt a bill that will be satisfactory to the Army Engineers. The people in the Mississippi Valley should be treated the same as we treat everybody else. When it comes to the matter of flood control the people in the Mississippi Valley have gotten the lion's share. Now they are trying to secure the inclusion of these other rivers and steal a march on the other people of the country and make the other people pay their burden, a burden they should stand themselves.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. WHITTINGTON. Is it not a fact that the president of the Mississippi River Commission recommended section 5, the section the gentleman has moved to strike out?

Mr. RICH. I am not prepared to say; I do not know. I do not want to comment on it because I do not want to make a misstatement.

Mr. DRIVER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am going to use my colleague's yardstick to support this particular section of the bill. If I do not do it perfectly, I am willing to withdraw the section from the bill.

The justification he offered for his support of a reservoir amendment adopted yesterday, as the Members will recall, was that it would reduce the flood height in the Mississippi River in the vicinity of Arkansas City 4.2 feet. I am commenting on the reasons which the gentleman from Pennsylvania offered for supporting the reservoir amendment; $126,000,000 would reduce the flood height 4.2 feet in the vicinity of Arkansas City. The same Army Engineers he commends have stated in their report on this section of the bill that with $12,000,000 they could reduce the flood height at the same place 6 inches, which means $12,000,000 for 6 inches under this section and $14,000,000 for the like reduction under the amendment which the gentleman from Pennsylvania supported yesterday.

Mr. RICH. Will the gentleman yield?

Mr. DRIVER. I yield to the gentleman from Pennsylvania.

Mr. RICH. The Army Engineers make the statement, do they not, that by building the 26 reservoirs they can reduce the flood height in the lower Mississippi 4½ feet?

Mr. DRIVER. Yes; and 6 inches with $12,000,000.

Mr. RICH. The engineers of Louisiana say it will decrease the height of the flow on the Mississippi River as much as 5½ feet?

Mr. DRIVER. They said 4.2 feet. The Louisiana people estimated it would be possibly 5 feet or slightly in excess, but even then there would be 5 feet additional which we would have to take care of by diversion. It will cost us the same amount of money, notwithstanding the expenditure of $126,000,000.

Mr. RICH. In connection with the two rivers mentioned in the bill, does not the report show we will have to spend $56,000,000 to reduce the flood height 9 inches?

Mr. DRIVER. The reduction in the flood height comes from the Yazoo system. The engineers never offered any justification for the inclusion of the St. Francis on the ground of reducing the Mississippi River flood height. They base their contention absolutely on the fact that the landowners in the St. Francis Basin have contributed equally with every other protected acre in the valley for the construction work on the Mississippi River, and they are today contributing the same amount of money on an acreage basis as are these other protected lands, because every acre of overflow land in the valley is burdened with a debt created through the issuance of bonds and the owners of these overflow lands are just hanging on hoping against hope that they may be protected. They are today paying their proportion on an acreage basis of the maturing principal and annual interest obligations under these bonds. There is the reason for the inclusion of these two streams entirely within that alluvial valley, not on account of reducing purposes, although they do reduce in the Yazoo according to the statement, 9 inches, but nothing in the St. Francis, which is on a different basis entirely.

I may say to the gentleman from Pennsylvania that I am using his own yardstick in order to justify the inclusion.

[Here the gavel fell.]

Mr. CARLSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is rather interesting to listen to the discussion here today after the argument we heard yesterday in regard to the approval or disapproval of Engineers' reports. I am sure you all remember a number of distinguished gentlemen took the floor and made the statement it was impossible to secure enactment of flood-control legislation without the approval of Army Engineers. Now we come in here today with an amendment that has the disapproval of Secretary of War George H. Dern as well as the disapproval of the Chief

of Engineers, Gen. E. M. Markham. It does have the approval of General Ferguson, who is Chairman of the Mississippi River Commission, in his report to the Chief of Engineers.

Mr. DRIVER. Will the gentleman yield?

Mr. CARLSON. I yield to the gentleman from Arkansas.

Mr. DRIVER. Is not the same thing true of the amendment adopted yesterday?

Mr. CARLSON. The gentleman is correct.

Mr. DRIVER. I am using the gentleman's own yardstick.

Mr. CARLSON. I may say to the gentleman from Arkansas that I expect him to demand a roll call which will take that amendment from the bill.

Mr. Chairman, here is a section of the bill that in my opinion should be eliminated for the reasons just stated. The testimony of General Markham shows this is reclamation work.

Mr. Chairman, I hope the House votes to strike out section 5 and eliminate $12,000,000 of the expenditure.

Mr. COLDEN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I am not going to attempt to discuss the merits of this bill. However, all this discussion has impressed me with the necessity of national planning. Here we are pouring millions and millions of dollars into building levees and digging ditches, establishing basins, and so forth, to take care of the water of the river down at the bottom of the slope. I think we should reverse the policy. I do not suppose that can be done at this time, because I presume the necessity for this bill is such that we cannot change the policy at this moment. Every barrel of this destructive water that flows into the lower Mississippi River is of great value in the West and Northwest, and if we could impound this water on the upper Missouri River and its tributaries it would be of great benefit. The water has tremendous value for irrigation purposes in Montana, the Dakotas, in many parts of Oklahoma, Kansas, and Nebraska, and all through the West. If this water were impounded near its source it would protect the moisture of those semiarid territories, and it also has a tremendous value in the development of power which is very greatly needed in those sections of the country. The development of power at the source, or along the course, of these rivers would defray the entire cost of many of these dams and projects.

Mr. Chairman, I make this comment in order to call the attention of the Members of Congress to the necessity of revising our policy to point out the value of national planning and to try to get away from the building of levees and ditches only and get to that greater plan and system of national planning that has already been established on the Tennessee River and its tributaries. As I view it, flood-control, navigation, irrigation, and power development should be correlated.

Mr. DONDERO. Will the gentleman yield?

Mr. COLDEN. I yield to the gentleman from Michigan.

Mr. DONDERO. I understand this section is in the bill contrary to advice of the Army Engineers. Is it not a fact only four times in the history of the Nation has the Congress ever acted diametrically opposite to the advice and information given by the Engineers on matters of this kind?

Mr. COLDEN. I assume the gentleman is correct, but my purpose was not to discuss the merits of the bill but to get an idea before the Members.

Mr. DRIVER. Mr. Chairman, will the gentleman yield?

Mr. COLDEN. I yield to the eminent gentleman from Arkansas.

Mr. DRIVER. For the information of my colleague from Michigan, I desire to say that the Engineers made a special study of this particular area, and it is incorporated in a report they made to the Congress, House Document 202, of the Seventy-third Congress, with a complete engineering plan respecting this particular problem which is on all fours with the matter we have discussed here.

Mr. COLDEN. My idea is that we ought to have a Missouri Valley authority, we ought to have a Platte Valley authority, and we ought to take all of these great basins and develop them under a system of national planning, and this would take care of the floods on the lower Mississippi and that water could be used for conservation of moisture, navigation, irrigation, and power. The Boulder Dam on the Colorado River is a combination of flood control and power development. The Boulder Dam will repay its entire cost and eventually produce a profit. Why not apply this policy in the Mississippi and Missouri Valleys?

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. COLDEN. I yield.

Mr. RICH. If the Army Engineers approved this, why did Secretary Dern write the letter I read on the floor here, and why did Gen. E. M. Markham write the letter that I read on the floor a few moments ago disapproving it?

Mr. COLDEN. I will say to the gentleman from Pennsylvania that I cannot read the mind of either one of the authorities he has quoted.

To build basins and reservoirs for the control of floods in the flat lands of the Mississippi Valley not only destroys the use of great areas of fertile soil but serves only for the promotion of bullfrogs and pony mosquitoes. To store these floods at the source in basins and reservoirs will add greater prosperity to semiarid regions and add to our national wealth. The development of power will repay the cost of many of these projects and add to the convenience and comfort of a large population. Water at its source can be used as an asset if intelligently controlled. If permitted to flow unharnessed and unrestrained, it carries but destruction to those below.

[Here the gavel fell.]

The pro-forma amendments were withdrawn.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. RICH].

The amendment was rejected.

The Clerk read as follows:

SEC. 6. That the United States shall provide the drainage made necessary by the construction of floodway levees included in the modified project.

SEC. 7. That the United States shall construct at its own cost one railroad and one highway crossing over the Eudora floodway and not to exceed three railway and two highway crossings over the Morganza floodway, and not to exceed one railway crossing (together with suitable physical connections therewith) and one highway crossing over the floodway west of the Atchafalaya River provided for in the modified project: *Provided*, That equitable agreements can be made with the railroad and highway authorities concerned and that the appropriate railroad or highway agencies agree to accept and maintain and operate these crossings without cost to the United States: *Provided further*, That the railroads crossing the Morganza and West Atchafalaya floodways agree in consideration for the crossings constructed to waive all claims against the Government for any damages that may occur by reason of overflows in the Morganza and West Atchafalaya floodways: *And provided further*, That other railway and highway damages shall be adjusted as provided for in section 12.

SEC. 8. That, in addition to the construction by the United States of roads in connection with floodways as heretofore provided, the Federal Government may, in the discretion of the Chief of Engineers, and within the limits of available funds, construct additional roads to afford access to those portions of the levee lines not otherwise accessible.

Mr. JENKINS of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENKINS of Ohio: After section 8, line 6, page 6, insert:

"SEC. 8. (a) That no money appropriated under authority of this act shall be expended on the construction of any project until States, political subdivisions thereof, or other responsible local agencies have given assurances satisfactory to the Secretary of War that they will (a) provide without cost to the United States all lands, easements, and rights-of-way necessary for the construction of the project, except as otherwise provided herein; (b) hold and save the United States free from damages due to the construction works; (c) maintain and operate all the works after completion in accordance with regulations prescribed by the Secretary of War: *Provided*, That whenever expenditures for lands, easements, and rights-of-way by States, political subdivisions thereof, or responsible local agencies for any individual project or useful part thereof shall have exceeded the present estimated construction cost therefor, the local agency concerned may be reimbursed one-half of its excess expenditures over said estimated construction cost: *And provided further*, That when benefits of any project or useful part thereof accrue to lands and property outside of the State in which said project or part

thereof is located, the Secretary of War may acquire the necessary lands, easements, and rights-of-way for said project or part thereof after he has received from the States, political subdivisions thereof, or responsible local agencies benefited the present estimated cost of said lands, easements, and rights-of-way, less one-half the amount by which the estimated cost of these lands, easements, and rights-of-way exceeds the estimated construction cost corresponding thereto: *And provided further*, That the Secretary of War shall determine the proportion of the present estimated cost of said lands, easements, and rights-of-way that each State, political subdivision thereof, or responsible local agency should contribute in consideration for the benefits to be received by such agencies: *And provided further*, That whenever not less than 75 percent of the benefits as estimated by the Secretary of War of any project or useful part thereof accrue to lands and property outside of the State in which said project or part thereof is located, provision (c) of this section shall not apply thereto; nothing herein shall impair or abridge the powers now existing in the Department of War with respect to navigable streams."

Mr. WHITTINGTON. Mr. Chairman, I make a point of order against the amendment that it is not germane.

The amendment, if at all germane, would have been germane to section 1 of the bill, which undertakes to provide for methods of financing the projects authorized and which does provide for the financing of the projects authorized in this bill.

The amendment is not germane for another reason. As I understand, the gentleman proposes it as a separate section, and the proposed amendment undertakes to deal not only with flood control but with other matters over which the War Department has no supervision.

If I caught the reading of the amendment aright, it is taken bodily from the omnibus bill that passed the Senate yesterday as an amendment of the bill passed by the House last session. It is not germane to this bill, which is confined to flood control and to navigation only on the lower Mississippi River, and has nothing to do with the benefits that may accrue to power or to irrigation.

So, I say, Mr. Chairman, that section 1 is the section that deals with the financing of the projects and with the conditions on which they shall be financed, and I remind the Chair that section 1 adopts paragraph 43 of Committee Document No. 1 and enumerates the projects and refers to the terms upon which they shall be financed. So, if the amendment were germane to the bill at all it would be germane only to section 1, which has been passed, and is not now under consideration.

It is not germane, I repeat, as an independent section because it deals with matters wholly beyond the scope of this bill, which is limited to flood control and navigation along the Mississippi River and its tributaries.

Mr. JENKINS of Ohio. Mr. Chairman, the amendment is absolutely germane, because it puts a real heart into the bill. Every bill like this providing for an appropriation states how the money shall be expended. That is what the bill does. It is a limitation on the manner and method of spending the money.

This amendment is taken bodily from a bill passed yesterday in the Senate. That was a flood-relief bill and nothing but a flood-relief bill. This is a flood-relief bill and nothing but a flood-relief bill. The amendment meets every test as to germaneness.

If this amendment is adopted it will give some consistency to the bill so that it will be fair and reasonable and so the President will approve it. It will provide that every project in the bill shall be paid for in a certain way—that every project named in the bill shall be paid for in the same way—not paid for by the Government in one instance and by individuals or communities in another instance. It will give consistency to the bill.

This is the language put in the other flood-relief bill in the Senate, language that the President has approved, and that the Army Engineers have approved, and that the conscience of the Nation will approve.

If you want a bill that is consistent, you should adopt this amendment.

Mr. WHITTINGTON. Mr. Chairman, when the gentleman from Ohio mentioned a yardstick, the only discrimination has been for those projects along the Ohio River.

Mr. JENKINS of Ohio. Oh, no; my amendment provides that all similar improvements should be paid for in the same way, regardless of where they are located, and you ought to be willing, if you share the benefits, to share the expense, just as is required of sections in Pennsylvania and Connecticut and Illinois.

Mr. WILSON of Louisiana. Mr. Chairman, I think the amendment of the gentleman from Ohio has no application to this bill.

The CHAIRMAN. The Chair is ready to rule. As the Chair views the matter, the amendment is a limitation on the expenditure of money appropriated in the bill, and therefore the Chair holds that the amendment is germane and overrules the point of order.

Mr. JENKINS of Ohio. Mr. Chairman, in this bill so far we have 26 reservoirs and 10 or 15 different projects, and, as far as I am able to find, there is no set yardstick to measure the local or governmental participation. Each project stands on its own feet. One project in one State might be paid for by the Government in its entirety, while an exactly similar project in the same State or in a different State might be paid for partly by the Government and partly by the State or by an assessment upon the parties or property benefited.

The Senate has been busy for the last 3 weeks formulating a bill which passed the Senate yesterday and which is known as the Copeland omnibus flood-control bill. It is not a Republican Senate, it is a Democratic Senate. This bill contains a definite plan whereby the expense of the construction of the projects is provided. It provides a yardstick by which each project is to be built and paid for. The Chair has ruled my amendment germane. The amendment is germane. It is reasonable and sensible. The language of my amendment is consistent, and it has been approved by the President. The committee should vote for it and every Member should vote for it.

Mr. LAMNECK. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. Yes.

Mr. LAMNECK. Is it not true that this is in line with the Senate bill passed yesterday?

Mr. JENKINS of Ohio. That is correct. This will make it in line.

Mr. LAMNECK. Yes; and I hope every Democrat will vote for it.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. Yes.

Mr. RICH. This is the amendment that we are trying to get through in order that we might put this bill in line with the Senate bill, as requested by me of the gentleman from Mississippi [Mr. WHITTINGTON] a few moments ago. I hope all Members will support the amendment.

Mr. McCLELLAN. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. Yes.

Mr. McCLELLAN. There is one thing the gentleman is overlooking when he is talking about local benefits as affecting the lower Mississippi Valley and compelling them to make additional contributions. Certainly, those landowners ought to pay for these benefits to the limit of their ability, but they have already done it. They have spent $330,000,000 trying to get protection for this valley. To that extent it does place them upon a different basis from territory that has never paid anything.

Mr. JENKINS of Ohio. There is no question but that the Army Engineers can take that into consideration.

Mr. McCLELLAN. But the amendment does not take that into consideration.

Mr. JENKINS of Ohio. It will be construed in that way.

Mr. McCLELLAN. It has the effect of placing a burden on the people and property owners of the valley that they have heretofore fully discharged.

Mr. WILSON of Louisiana. Mr. Chairman, I hope the amendment will not be adopted. This bill proposes to carry out the projects adopted in the act of 1928, when the declaration of Congress was made that all requirements for local contributions had been complied with, that $292,000,000

had been paid by the local interests, and that no other local contribution should be required. That was adopted as a national problem. I think it would be unfortunate to change that policy which this bill recommends for the completion of that great project.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WILSON of Louisiana. Yes.

Mr. JENKINS of Ohio. How is the gentleman, as chairman of this committee, going to come in here next week and defend this program which the Senate has adopted as applying to Pennsylvania and Oklahoma and various other States, and oppose it for Louisiana?

Mr. WILSON of Louisiana. Because the contribution required in that bill, even a greater burden, has been already placed upon the people of the alluvial valley, and they have already discharged it. That is the reason I can defend it. They are burdened with debts now for the payment of it, and the act which we are simply amending stated that on account of the contributions made no other local contribution should be required for the carrying out of the project. That was a declaration of Congress, a declaration of a national program to be completed on that basis. I hope the amendment will be defeated.

Mr. GRISWOLD. Mr. Chairman, I move to strike out the last word. I think the amendment should be adopted, in line with trying to get a policy of flood control that affects all parts of the country alike. We quibbled a lot here yesterday about whether the Army Engineers or someone else should approve this report. In the bill passed in the Senate yesterday, which applies to all the rest of the country, except this special Overton bill territory, it was provided that the Army Engineers would not be considered, and their reports are clear out. The thing that will be considered is what the President wants. He will allocate the funds, he will suggest which works shall have priority, regardless of the Army Engineers' report. I think the only thing this Congress can do, to do justice by all the people of the country, is to adopt a policy that affects all of the country alike, not a policy which says you shall have a system one way in flood control in the lower Mississippi, but in the rest of the United States you shall have some other system. It is preposterous that this Congress should try to legislate flood control by sections or regions. We should legislate it for the whole country, and it should be all alike. All should get justice in spending flood-control money. North, South, East, or West, it is one land and one people affected in each region alike by flood waters. Legislation should apply to all alike. It should be a proposition of flood control, and not flood-control money. [Applause.]

Mr. COX. Mr. Chairman, I move to strike out the paragraph. There is great necessity for flood-control legislation. The best thought in this country on the question of flood control is to be found in the Flood Control Committee of the House. The most important work done by the Congress in the effort to deal with this national problem was begun under the chairmanship of Frank Reid, a Republican from Illinois. The policy of the Government in dealing with this question was laid down in the act of 1928, and unless you know something of the background of this legislation and the conditions that brought it about, you are unable to appreciate the importance of adhering to the bill that has been reported by your committee. No greater mistake could be made by the Congress than recognizing the problem of flood control as purely a Federal problem.

That has not been done. It was not done in the bill of 1928. It is not here sought to be done. The amendment that was adopted yesterday was most unfortunate. That amendment itself probably wrecks the bill. If the pending amendment should be accepted, it will undoubtedly destroy the legislation. The purpose of the pending bill is to carry out a policy that was laid down in the act of 1928. There is no indication of an intention to accept the problem of flood control along the Mississippi as purely a national responsibility, and nothing is proposed by way of benefit to that area that in any way discriminates against any other area of the country. The people along the Mississippi have been dealing with this flood problem for more than a hundred years. They have expended millions of dollars, running up to nearly $300,000,000.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. COX] has expired.

Mr. COX. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. JENKINS of Ohio. Pending that request, Mr. Chairman, I should like to ask what is the parliamentary situation, and how does the gentleman gain the floor? I understood it was by making a motion to strike out the paragraph. I have no objection to his proceeding, but I want to reply.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COX. The contribution that it is proposed the Government shall make in the bill is, in a measure, to match the contribution already made by people in the affected territory. The people erected their own protective works. They were taken over by the Government and further improved. There is no suggestion coming from that area that the people affected be forever relieved of further contribution to any protective measures that may be adopted by the Government.

Mr. Chairman, if we should accept the principle of the amendment adopted yesterday as the policy of the Government and should follow it to its logical conclusion, it would impose a burden of in excess of $11,000,000,000 upon the people of this country.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield.

Mr. MILLER. The amendment adopted yesterday is an exact copy of the provisions of this bill with reference to the Yazoo Reservoir.

Mr. COX. Mr. Chairman, I was for many years a member of the Flood Control Committee of this House and am interested in securing proper legislation. I hope the committee will reject the amendment.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. JENKINS].

The question was taken; and on a division (demanded by Mr. JENKINS of Ohio) there were ayes 57 and noes 34.

Mr. WILSON of Louisiana. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. WILSON of Louisiana and Mr. JENKINS of Ohio to act as tellers.

The Committee again divided; and the tellers reported there were ayes 70 and noes 44.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 9. The sum of $15,000,000 is authorized to be appropriated as an emergency fund to be allocated by the Secretary of War on the recommendation of the Chief of Engineers in rescue work or in the repair or maintenance of any flood-control work on any tributary of the Mississippi River threatened or destroyed by flood heretofore or hereafter occurring: *Provided*, That the unexpended and unallotted balance of said sum, or so much thereof as may be necessary, may be allotted by the Secretary of War, on the recommendation of the Chief of Engineers, in the reimbursement of levee districts or others for expenditures heretofore incurred or made for the construction, repair, or maintenance of any flood-control work on any tributaries or outlets of the Mississippi River that may be threatened, impaired, or destroyed by the flood of 1927 or subsequent flood; and also in the construction, repair, or maintenance, and in the reimbursement of levee districts or others for the construction, repair, or maintenance of any flood-control work on any of the tributaries or outlets of the Mississippi River that may have been impaired, damaged, or destroyed by caving banks or that may be threatened or impaired by caving banks, of such tributaries, whether or not such caving has taken place during a flood stage: *Provided further*, That if the Chief of Engineers finds that it has been or will be necessary or advisable to change the location of any such flood-control work in order to provide the protection contemplated by this section, such change may be approved and authorized.

SEC. 10. After the Eudora floodway shall have been constructed and is ready for operation, the fuse-plug levees now at the head of the Boeuf and Tensas Basins shall be constructed to the 1914 grade and the 1928 section. The fuse-plug levees at the head of the Atchafalaya Basin on the west side shall be constructed to the 1914 grade and the 1928 section. The fuse-plug levees at the head of the Atchafalaya Basin on the east side of the Atchafalaya River shall be constructed to the 1914 grade and 1928 section, and, after the Morganza floodway has been completed, shall be raised to the 1928 grade as provided in section 3 of this act. Thereafter those stretches of said levees which are left as fuse-plug levees shall be reconstructed and maintained as herein provided, subject to the provisions of section 3 of this act. Any funds appropriated under authority of this act may be expended for this purpose.

SEC. 11. That the back-protection levee north of the Eudora Floodway shall be constructed to the same grade and section as the levees opposite on the east side of the Mississippi River: *Provided*, That this levee extending from the head of the Eudora floodway north to the Arkansas River shall be so located as to afford adequate space for the passage of floodwaters without endangering the levees opposite on the east side of the river and shall be constructed contemporaneously with the construction of the Eudora floodway; except that, until the Eudora floodway is in operative condition, there shall be left in this back levee north of the head of the Eudora floodway openings which shall be sufficient, in the discretion of the Chief of Engineers, to permit the passage of all floodwaters to be reasonably contemplated in the event of any break in the riverside fuse-plug levee prior to the time the Eudora floodway shall be in operative condition.

SEC. 12. In order to facilitate the United States in the acquisition of flowage rights and rights-of-way for levee foundations, the Secretary of War is authorized to enter into agreements with the States or with local levee districts, boards, commissions, or other agencies for the acquisition and transfer to the United States of such flowage rights and levee rights-of-way, and for the reimbursement of such States or local levee districts, boards, commissions, or other agencies, for the cost thereof at prices previously agreed upon between the Secretary of War and the governing authority of such agencies, within the maximum limitations hereinafter prescribed: *Provided*, That no money appropriated under the authority of this act shall be expended upon the construction of the Eudora floodway, the Morganza floodway, the back-protection levee extending north from the Eudora floodway, or the levees extending from the head of the Morganza floodway to the head of and down the east bank of the Atchafalaya River to the intersection of said Morganza floodway until 75 percent of the value of the flowage rights and rights-of-way for levee foundations, as estimated by the Chief of Engineers, shall have been acquired or options or assurances satisfactory to the Chief of Engineers shall have been obtained for the Eudora floodway, the Morganza floodway, and the area lying between said back-protection levee and the present front-line levees: *Provided further*, That easements required in said areas in connection with roads and other public utilities owned by States or political subdivisions thereof shall be provided without cost to the United States upon the condition that the United States shall provide suitable crossings, including surfacing of like character, over floodway guide-line levees in said areas for all improved roads now constituting a part of the State highway system and shall repair all damage done to said highways within the said floodways by the actual use of such floodways for diversion: *Provided further*, That when such portion of said rights as to all of said areas shall have been acquired or obtained and when said easements required in connection with roads and other public utilities owned by States or political subdivisions thereof have been provided as hereinabove set forth, construction of said flood-control works in said areas shall be undertaken according to the engineering recommendations of the Report of the Chief of Engineers, dated February 12, 1935 (House Committee on Flood Control Doc. No. 1, 74th Cong., 1st sess.), and the Secretary of War shall cause proceedings to be instituted for the condemnation of the remainder of said rights and easements, as are needed and cannot be secured by agreement, in accordance with section 4 of the Flood Control Act of May 15, 1928: *Provided further*, That in no event and under no circumstances shall any of the additional money appropriated under the authority of this act be expended for the acquisition of said 75 percent of the flowage rights and rights-of-way hereinabove contemplated in excess of $20,000,000: *Provided further*, That the Chief of Engineers is authorized, out of the funds herein authorized to be appropriated, to purchase flowage easements over lands and properties in the floodway west of the Atchafalaya River and lying above the approximate latitude of Krotz Springs: *Provided further*, That none of such easements in said West Atchafalaya floodway shall be purchased until options covering at least 75 percent of the total value of such easements, as estimated by the Chief of Engineers, shall have been obtained at prices deemed reasonable by the Chief of Engineers and not exceeding in the aggregate $2,250,000 for said 75 percent of said easements with respect to the floodway west of the Atchafalaya River: *Provided further*, That easements required in said West Atchafalaya floodway in connection with roads and other public utilities owned by States or other political subdivisions shall be provided without cost to the United States upon condition that the United States shall provide suitable crossings, including surfacing of like character, over floodway, guide-line levees for all improved roads in said West Atchafalaya floodway now constituting a part of the State highway system, and shall repair all damage done to said highways within said West Atchafalaya floodway by the actual use of such floodway for diversion: *Provided further*, That no flowage easements shall be paid for by the United States over properties subject to frequent overflow in the Atchafalaya Basin below the approximate latitude of Krotz Springs: *Provided further*, That payment for rights-of-way, easements, and flowage rights acquired under this section, or reimbursement to the States or local interests furnishing them, shall be made as soon as the Chief of Engineers is satisfied that such rights-of-way, easements, or flowage rights have been acquired in conformity with local custom or legal procedure in such matters; and thereafter no liability of any kind shall attach to or rest upon the United States for any further damage by reason of diversions or floodwaters: *And provided further*, That if the Secretary of Agriculture shall determine to acquire any of the properties within the floodways herein referred to, for national forests, wildlife refuges, or other purposes of his Department, the Secretary of War may, upon recommendation by the Chief of Engineers, in lieu of acquiring flowage rights, advance to or reimburse the said Secretary of Agriculture sums equal to those that would otherwise be used for the purchase of easements desired by the War Department, and the Secretary of Agriculture is authorized to use these sums for the purpose of acquiring properties in the floodways in question.

SEC. 13. That $272,000,000 is hereby authorized to be appropriated for the carrying out of the modified adopted project, and all unexpended balances of appropriations heretofore made for the prosecution of said flood-control project are hereby made available for the purposes of this act.

Mr. MILLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER: Page 12, line 20, after the word "that", strike out "$272,000,000" and insert in lieu thereof "$398,719,000."

Mr. MILLER. Mr. Chairman, the amendment merely provides for an increase in the authorization in accordance with the amendment adopted yesterday.

Mr. HAINES. Mr. Chairman, will the gentleman yield?

Mr. MILLER. I yield.

Mr. HAINES. I thought it was $126,000,000 additional.

Mr. MILLER. It is. It simply adds $126,000,000 to the $272,000,000. That is the only purpose of the amendment.

I will say frankly that the entire sum will not be necessary, in view of the amendment offered by the gentleman from Ohio [Mr. JENKINS]; but in order to keep the bill in proper shape, the authorization ought to be made, so that the money can be appropriated as and when needed. That is the only purpose of the amendment.

Mr. WILSON of Louisiana. Mr. Chairman, I rise in opposition to the amendment.

I would oppose the approval of the additional authorization for $126,000,000, because I hope we can formulate the bill so as to keep within the recommendation of the War Department for the completion of this project and carry that out.

Mr. MILLER. Well, will the gentleman yield?

Mr. WILSON of Louisiana. I yield.

Mr. MILLER. The gentleman will admit that the amendment ought to be agreed to now in view of the amendments that have been adopted by the committee?

Mr. WILSON of Louisiana. Well, yes; but I want to be consistent in voting to keep either one out of the bill.

Mr. MILLER. That is all right, but it ought to be agreed to now.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. CARLSON. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. CARLSON to the amendment offered by Mr. MILLER: After the word "that", in line 20, strike out "$398,719,000", in the Miller amendment, and insert "$295,719,000."

Mr. CARLSON. Mr. Chairman, the purpose of my amendment is to amend this bill so as to authorize the construction of the Eudora floodway and not appropriate the funds for it at this time. This bill as we have now drawn it contains 26 reservoirs, and in the discussion yesterday it was brought out that they would materially reduce flood dangers through that territory.

I am going to read some testimony in regard to the need of immediately constructing the Eudora floodway. This is

found on page 74 of the hearings in the United States Senate on this bill, and is the testimony given by General Ferguson. Here is the testimony:

Senator OVERTON. General, do you think that it is desirable to have a comprehensive flood-control plan adopted now or do you think it would be better to wait, say, another 2 years or more, to determine the effect of cut-offs and reservoirs and additional outlets and bank-stabilization or other works?

General FERGUSON. I think there should be a plan now, and I reported so last year.

Senator OVERTON. Is it practical to proceed with the works recommended in the lower section—the Atchafalaya and the Morganza—leaving the middle section in its present condition and for future determination?

General FERGUSON. As an engineering problem, yes, sir. As a political problem, that is another question.

Senator OVERTON. Well, of course, from an engineering standpoint you could undertake to work on any section of the river and ignore another section?

General FERGUSON. Yes, sir.

I wanted to call your attention to that testimony. We put in those reservoirs, we authorize the construction of this floodway; and if the commission that is now studying the flood problems of the United States make a report next December to the President of the United States that we need this floodway in addition to other reservoirs in the Mississippi Valley Basin I will be for the appropriation; but I do not believe we should pass it today. I think this bill should be passed with the authorization I have offered as an amendment.

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last word.

The bill carries an authorization of $272,000,000. On yesterday the committee adopted an amendment which provides for an additional $126,000,000 for the construction of 26 reservoirs along the Arkansas and the White Rivers. The gentleman from Arkansas [Mr. MILLER] proposes an amendment to increase the authorization carried in the bill by $126,000,000. I oppose that amendment. Other gentlemen today opposing the Miller amendment but voting for it yesterday undertook to correct what they said was an error in passing the so-called Jenkins amendment, under which the people in the floodway districts are required to furnish the rights-of-way. With all deference to my colleague from Kansas, the increase of this authorization by $23,000,000 will by no manner of means eliminate the Eudora floodway.

Mr. CARLSON. Mr. Chairman, will the gentleman yield at this point that I may correct his statement?

Mr. WHITTINGTON. In just a moment. I am saying that if $272,000,000 will provide for the Eudora floodway, certainly $295,000,000 will provide for it. I now yield to the gentleman from Kansas.

Mr. CARLSON. My amendment was for $103,000,000 instead of $21,000,000.

Mr. WHITTINGTON. The gentleman's amendment made the total carried in this section $295,719,000; or, I repeat for emphasis, approximately $23,000,000 more than carried by the bill.

Mr. CARLSON. That is right.

Mr. WHITTINGTON. Under the terms of the bill, with an authorization of $272,000,000, the Eudora floodway is provided for. Pray tell me how you are going to eliminate it by making the authorization $295,000,000? There is no way on earth to eliminate the Eudora floodway except through legislation, and it is now too late for such an amendment. The Eudora floodway is already provided for in the bill.

Mr. Chairman, I submit that in my judgment a mistake was made in the adoption of the Miller amendment. This mistake was further accentuated by the adoption of the Jenkins amendment. The adoption of these two amendments will probably require less than $272,000,000; and I respectfully submit that at least the authorization should remain as reported by the committee, $272,000,000, because all additional amounts that may be required by the Miller amendment will be offset by the amendment of the gentleman from Ohio [Mr. JENKINS]. I submit that both amendments, that of the gentleman from Kansas and the gentleman from Arkansas [Mr. MILLER], should be voted down.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. Yes; gladly.

Mr. RICH. If we cut out the Eudora floodway authorization of $102,000,000 we can build those 26 dams for the people out there in the Arkansas and White River Valleys.

Mr. WHITTINGTON. But on yesterday the gentleman voted for them, even though he was opposed to the bill.

Mr. RICH. I am going to vote for this money to help those people out.

Mr. WHITTINGTON. The trouble is the gentleman is not doing that. We cannot eliminate the Eudora floodway; it is utterly impossible to eliminate the Eudora floodway unless we go back and revise and amend the bill.

Mr. RICH. Then, let us go back and amend the bill accordingly.

Mr. WHITTINGTON. We will cross that bridge when we get to it. The trouble with all amendments favored by you is that they are for the defeat of the bill. At the present time you must admit that the two pending amendments are not in order.

Mr. MAIN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, for my own benefit and, I hope, for the benefit of some of the Members of the House, I want to call attention to some rather significant things about this bill. The first section, apparently, is the meat of the bill, yet I defy anyone on reading the first section of the bill to get the slightest comprehension of what we are attempting to do. It refers to section 43 of a letter from the Chief of Engineers under date of February 12, 1935, and that section appears on page 13 of the Flood Control Committee Document No. 1. It does not mention any figures or allocate any funds for any of these projects.

Therefore, Mr. Chairman, I fail to see how any appropriation or authorization in this bill is going to allocate any portion of the funds to the Eudora floodway. Yesterday we specifically designated $126,000,000 for the reservoirs on the White and Arkansas Rivers. So far so good. But I would like to have some information on the subject of the status of funds involved in the proposed authorization for the Eudora floodway. I do not find it in the bill, and I do not find it in section 43 of the report of the Chief of Engineers under date of February 12, 1935.

On page 28 of a supplemental report in Document No. 1 of the Flood Control Committee, coming from some gentleman with headquarters at Vicksburg, Miss., we find a figure of $103,000,000 as the estimate recommended for the Eudora spillway. But that is in section 44 of a supplemental report on page 28. I find no specific information in the bill or in the section referred to in the bill which throws any light upon this proposed allocation of $103,000,000 for the Eudora spillway.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. CARLSON] to the amendment offered by the gentleman from Arkansas [Mr. MILLER].

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. MILLER].

The amendment was rejected.

The Clerk read as follows:

SEC. 14. If any provision of this act, or the application thereof, to any person or circumstances, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we have now completed the reading of the bill, and the Committee will soon rise. On yesterday the Committee adopted an amendment to provide for 26 reservoirs, offered by the gentleman from Arkansas. Today, in the language of the gentleman from Ohio [Mr. JENKINS], the Committee undertook to correct that mistake by adopting an amendment which he proposed. The amendment which the

gentleman from Ohio offered is taken bodily from an amendment adopted by the Senate to the so-called omnibus flood-control bill, passed by the House in July of last year.

Mr. Chairman, in my opinion that amendment has no place in the pending bill. The omnibus bill passed by the House and Senate does not undertake to deal with the lower Mississippi River. When the Republican Party was in control in 1928 it was ordained by statute that in the lower Mississippi there should be a floodway through the Boeuf Basin. Some of us who lived in that area then and live there now felt that the provisions were inadequate and indefinite. There is no provision for floodways or diversions in the omnibus bill. Only the pending bill provides for floodways.

Mr. Chairman, what is the effect of the language inserted by the Jenkins amendment? It is nothing more or less than that the people living in the Eudora floodway, an area 10 miles wide and almost 100 miles long, will be required to pay the cost of their own destruction. Mr. Chairman, after your Flood Control Committee has considered the pending legislation for a year and a half, will the House now crucify the bill to clarify the Flood Control Act of 1928, passed when the Republicans were in control? In the Overton bill we are undertaking to clarify and to perfect the act of 1928, and the bill follows to the letter the recommendation of the Chief of Engineers, except as to section 5, which is recommended by the Mississippi River Commission.

As pointed out by the gentleman from Arkansas [Mr. MCCLELLAN], there are pending suits aggregating millions of dollars because of defects which this bill undertakes to correct; moreover, there are two floodways in the lower Atchafalaya Basin. Is it reasonable to suppose that the people in the lower Atchafalaya Basin, in the Tensas Basin in Louisiana and Arkansas, called upon to furnish 1,000,000 acres of land, will furnish their land and at the same time pay the cost of their own crucifixion? Such is the effect of the amendment so far as floodways in the pending bill are concerned adopted by the committee today, as proposed by the gentleman from Ohio [Mr. JENKINS].

The Government is protected as to land values in the pending bill. The Senate modified the bill providing for these floodways so as not to permit more than $20,000,000 to be paid for 75 percent of all the land, the flowage rights, the utilities, schools, churches, drainage systems, and all public and private improvements because the Government of the United States made a monumental mistake in ever permitting the Cypress Creek diversion near Arkansas City to be closed in 1921.

I urge that the Jenkins amendment be eliminated or modified in order to prevent the destruction of the bill.

I extend my remarks, under leave granted, by saying that under the Flood Control Act of May 15, 1928, the States and local interests are required to provide rights-of-way for levees along the main river, but under the terms of the act, floodways and spillways were to be constructed at Federal expense. Such a floodway was constructed and took a large area of land in southeast Missouri. The Bonne Carre spillway in Louisiana has been constructed, but the Boeuf diversion in the vicinity of Arkansas City, which will really constitute a new river some 15 miles wide and 100 miles long, has not been constructed because no provision has been made to compensate property owners for damages and flowage rights to approximately 1,000,000 acres of land. The provision for diversion through the Boeuf Basin remains, but no compensation has been made. Suits for millions of dollars in damages are pending. The pending bill to provide for a smaller diversion at less expense to the Government substitutes the Eudora floodway for the Boeuf diversion. The Eudora floodway is approximately 10 miles wide; the lands are located in southeast Arkansas and in the Tensas Basin in Louisiana. The floodway embraces approximately 822,000 acres of land.

There are two additional floodways in the Atchafalaya Basin in Louisiana; they embrace about 175,000 acres.

There are no such projects in the omnibus flood-control bill. The lower Mississippi River is not provided for in that bill. The pending bill carries $72,000,000 for navigation and the remainder is largely for flood-control works; only a small amount will be paid to property owners for damages to property.

In the St. Francis River project, located wholly in the alluvial valley, if levees are constructed, the local interests will pay for the rights-of-way. The same situation will obtain along the Yazoo River. In the St. Francis, reservoirs can only be substituted for levees provided the expense to the Federal Government will not exceed the costs in the event the levee system obtains along the St. Francis River.

The amendment provides for the policy in the omnibus flood-control bill as adopted by the Senate. That bill embraces other rivers in practically every State in the Union. The same yardstick will be applied to all of the States and to all rivers, but in the pending bill floodways are to be provided to accommodate the waters that come from 31 States of the Union and without flood-control works, in maximum floods the entire lower Mississippi Valley constitutes a mighty river 50 miles wide and 1,100 miles long. The floodways are made necessary because of the floods that accumulate largely in the State of Louisiana from 31 States of the Union. They constitute a national burden.

The pending amendment deals with no such situation. It can have no application along the lower Mississippi River; it should be eliminated.

The reservoirs along the Yazoo are recommended by the Chief of Engineers. In his report the Chief of Engineers states that the lands in the Yazoo Basin have paid more than $50,000,000 for flood-control works along the Mississippi River; they are now providing for rights-of-way and for maintenance. In addition, the area along the Yazoo River system has expended more than $20,000,000, according to the Chief of Engineers, to provide local flood-control works that are inadequate. The Yazoo River is affected by the backwaters of the Mississippi River. I repeat, to emphasize, that the Chief of Engineers recommends both the Yazoo and the St. Francis projects just as they appear in the pending bill.

The case is different with the 26 reservoirs along the Arkansas and the White. The areas protected by these reservoirs do not now contribute, nor have they ever contributed, to flood-control works along the Mississippi River. According to the Chief of Engineers, while the Federal Government has expended some $285,000,000 for flood-control in the lower Mississippi Valley and $160,000,000 for navigation along the Mississippi River, in all of the history of the Government, the local interests have fully complied with the principle of local contribution by having paid prior to 1928, $292,000,000, and by having paid since 1928, according to the Chief of Engineers, more than $41,000,000 additional.

I agree that a mistake was made in inserting the reservoirs along the Arkansas and the White. Protection will be provided for the tributaries without any local contribution for rights-of-way. The same is not true of the lower Mississippi Valley. There the people must pay for the rights-of-way for levees along the Mississippi River. The cases of these reservoirs are altogether different from the reservoirs along the St. Francis and the Yazoo; they are not in the alluvial valley; they have never paid for protection in the valley that they are not now receiving.

The gentleman from Ohio [Mr. JENKINS] and the gentleman from Pennsylvania [Mr. RICH] have both stated that they voted for the 26 reservoirs along the Arkansas and White under a misapprehension. The answer is that they voted for the amendment with their eyes open. It was a mistake. The amendment requiring the local interests to provide floodways is another mistake. One mistake cannot be corrected by making another. The remedy is to eliminate both mistakes. The 26 reservoirs along the Arkansas and the White, as provided by the amendment of the gentleman from Arkansas, and the requirement for the local interests

to pay for lands and for flowage rights in the floodways and reservoirs along the lower Mississippi River, should both be eliminated from the pending bill.

Mr. JENKINS of Ohio. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is an impassioned last-minute plea on the part of the gentleman from Mississippi [Mr. WHITTINGTON] in an effort to undo what we did a little while ago after a long, stubborn, and fair debate. He is making this speech with the hope that when the bill comes up for final passage and he demands a separate vote on the Jenkins amendment that you will undo what you have already done by voting down my amendment. You will not be so fickle as to change your minds just to save the pride of the committee. In 1928 this House voted more than $300,000,000 for the improvement and protection of the Mississippi Valley floodway. At that time it was not contemplated that the improvement we are voting on today was absolutely necessary. We spent that much money, and we did everything that the Army Engineers said at that time should be done.

Let us have this out on a fair argument. We voted that amount of money and spent that amount of money in the lower Mississippi Valley. They come forward today with a bill calling for approximately $300,000,000 more, and to that was added yesterday another $126,000,000. This makes a total of nearly $500,000,000 which this Congress is going to appropriate for three or four States in that territory down there. That may be all right, and if it is right I am in favor of it, but I say it is not all right to vote that much money and then come in here next week and vote for an omnibus flood-control bill which takes in Colorado, Iowa, Pennsylvania, New England, Ohio, and practically 95 percent of the United States, and put upon them a different yardstick and a different burden by which they must pay for improvements in their respective sections. That bill will provide for every dollar's worth of improvements which the Government puts into the projects provided for therein. The people must provide the rights-of-way and must provide for the payment of damages. That bill will provide just as my amendment seeks to have this bill provide; it will provide that the Government will not construct any project unless some local authority, State, or municipality will come forward with a substantial contribution.

Mr. Chairman, does the gentleman from Mississippi mean to say that he can conscientiously stand up here next week, when the other flood-relief bill comes up for consideration, and as a member of the Flood Relief Committee, say to the Pittsburgh district, to Pennsylvania, and to all other parts of the United States that they will have to pay for their own improvements while down in the Southland in his State he has provided that the Government shall pay the total cost of their projects without any State or local participation whatsoever? Is this a battle between the Northland and Southland? But why should the three States of Arkansas, Mississippi, and Louisiana have an appropriation of over $400,000,000, free from local participation, while all the other 45 States will be getting about one-half that much and will be called upon to match in most instances dollar for dollar with the Government for all projects constructed in these 45 other States?

Mr. WHITTINGTON. Will the gentleman yield?

Mr. JENKINS of Ohio. No; I prefer not to yield at this time.

Mr. Chairman, I ask in all frankness, are we going to say to one section that we will build their improvements, we will pay everything, and then say to the Ohio Valley, the Connecticut Valley, the northern Mississippi Valley, the Missouri Valley, and all other sections of the United States that if they want the Government to put in improvements they will have to put up dollar for dollar? No; that is not fair; it is not reasonable; it is not just and will not prevail.

I appeal to the Members on the Democratic side to maintain their position on the Jenkins amendment, because the President has put his stamp of approval on it. The position of Senator COPELAND and the action of the Senate yesterday indicate what the position of the President is. He will not approve any plan that does not call for local contributions and local participation. He has already made his position, and if you want your bill passed you should leave the Jenkins amendment in it, because it provides for what the President of the United States wants done.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. WHITTINGTON. Is there any project in the amendment to which the gentleman has referred, passed by the Senate, that provides for three floodways 10 miles wide and taking 200,000 acres of land?

Mr. JENKINS of Ohio. That is not the point. We have not recognized or challenged the merits or the necessity of any of these projects. We have no special interest in that floodway. If that floodway is so necessary, why did you not build it with the $325,000,000 that we gave you last year and the year before? That is simply a continuation of a project that is going to call for about $1,000,000,000, and you want this Congress to vote $1,000,000,000 to your section, and you do not propose to contribute a nickel, but whenever the floods come 25-feet high in the business houses of Pittsburgh, and rise 25 feet in the business districts of New England, and when the beautiful, prosperous, and thickly populated Ohio Valley is inundated from hill to hill with a great sea of murky water 1,000 miles long, carrying danger, sickness, and death to hundreds of its citizens, and hundreds of millions of dollars in damages to the people, the municipalities, and the States, you want to have them stand for this loss year after year; and when they ask for relief from the Government you want to say to them, "You shall not have any relief unless you match dollar for dollar with the Government." No, my friends, do not be misled.

You should stay with your vote on this amendment, because it is reasonable, it is fair, and it is just. [Applause.]

[Here the gavel fell.]

Mr. McCLELLAN. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, it is very unfortunate to have these controversies, but we ought not to proceed here with a misunderstanding and on misstatements of facts put into the RECORD by the gentleman from Ohio.

Those who are now determined to defeat this bill make the statement that back in 1928, when this legislation came up, $325,000,000 was appropriated to carry out and execute this project. I say to you that was only appropriated as a part of the expense then known to be necessary, and the Chief of Army Engineers at that time so reported, and it was known by the Congress in passing on the legislation that an expenditure of $775,000,000 would be necessary to complete this project. The 1928 act was adopted with that knowledge in the possession of Congress at the time and an appropriation was made to carry on the work as far as $325,000,000 would go.

Almost all of this money has been expended, and the Army engineers, acting pursuant to a resolution adopted by your Flood Control Committee, after having made a further study of the matter, report that if you will substitute the Eudora floodway for the Boeuf, the cost of which was included in the estimate of $775,000,000, the work can be done at less expense and at a saving of millions of dollars and that it will conserve 500,000 acres of the most fertile lands of the Mississippi Valley and keep it for utilization instead of converting it into a floodway. The highest authority, the authority upon which the President of the United States must rely and the authority upon which you and I, as Members of Congress, ought to rely for guidance upon technical problems of this sort, has so recommended.

So this is not a plea for more money. It is only legislation for the authorization of the money that was contemplated in the adopted project and plan for the control of floods in the lower Mississippi.

May I make this observation, in conclusion? Mr. Chairman, we have a fight here for flood control. This Nation

is flood-control conscious. They want flood-control legislation. Here is an adopted project that has been recommended by the proper authorities. Vote against this bill today and you vote to retard the progress that this Nation is looking forward to in flood-control legislation. Here is your fight on this—Republican—side of the House. Are we going to follow them today? The chairman of the Flood Control Committee that reported out the original 1928 act and passed it was a Republican. We are trying to carry out the program then adopted. Today you find the opposition to a progressive flood-control program for this Nation over there on the Republican side, where we might expect it. I call upon you as Democrats who sympathize with flood-control legislation, not to crucify this bill with this Republican amendment that will destroy it and delay and postpone the day when we may have protection in this great valley and when you will get flood relief in Pennsylvania, Ohio, and in other States and valleys of the Nation. I ask my Democratic friends to support the bill.

Mr. WILSON of Louisiana. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. RICH. Mr. Chairman, all I wish to say to the committee at this time is that I am not trying to obstruct flood-control legislation, as stated by the gentleman from Arkansas [Mr. McCLELLAN]. I think the time has come when the Nation is flood-control conscious, but there was a bill passed in the Senate yesterday taking care of all the country. The Mississippi Valley now has $63,000,000 to spend at the present time and they will not suffer. We have done more for them than any other section of the country regarding flood control.

I want to see a flood-control bill for the lower Mississippi, but it ought to be handled in the same way that it is in all other sections of the country. Let us treat everybody in this country alike, regardless of where they live.

[Here the gavel fell.]

Mr. GRISWOLD. Mr. Chairman, I regret that the gentleman from Arkansas precipitated a partisan question. This is not a partisan matter. Waters that come down the Wabash, waters that come down the Ohio, waters that come down through Pennsylvania and Connecticut are not a partisan question, and we are only asking justice for those States. Under this bill the reservoirs should be paid for in the same way that flood control is paid for under the omnibus bill passed by the Senate on yesterday. We want to help these people in the lower Mississippi, if it is possible to help them. We also want to help those in other sections who have lost their farms because they could not pay the damages caused by the flood and taxes too.

We want those in other States to have the same rights that you give the people in the lower Mississippi. What is sauce for the goose is sauce for the gander. Let us have it that way. Let us make this Overton bill conform to the omnibus Senate bill as the Jenkins amendment does make it.

The omnibus flood-control bill was passed and went to the Senate last session. For some reason it was held up until the Overton bill came out. The Overton bill was not introduced until this session. That bill passed the Senate and came to the House. It gave the omnibus flood bill the "run around." There was a gentleman in the other body who took the attitude, when the Overton bill was up, that only the Engineers' report could be accepted, and that same gentleman yesterday voted to take the projects in the omnibus bill out of the Engineers' hands and put it in the hands of someone else.

Let us make this bill as it should be. Let us have a national policy. What is sauce for the goose is sauce for the gander. [Applause.]

Mr. WILSON of Louisiana. Mr. Chairman, I want this bill to have a fair and reasonable consideration, but I do not know any way by which we can do it satisfactorily with the amendment of the gentleman from Ohio in the bill. That amendment is connected with the Senate omnibus flood bill, but it has no place in this bill. This project in the lower Mississippi Valley, authorized by this bill, is not on the same basis as any other flood-control project in America.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WILSON of Louisiana. Yes.

Mr. JENKINS of Ohio. When we passed the omnibus bill last year—the bill the gentleman speaks of—the bill went over to the Senate, and the Senate put it on the shelf by reason of a speech by Senator TYDINGS, did it not?

Mr. WILSON of Louisiana. I do not know what it did. I know that we passed it, and that we expect to carry it out, and that we have spent in the Ohio River, without any local contribution, over $160,000,000.

Mr. JENKINS of Ohio. Is it not a fact that the Senate put it on the shelf by reason of Senator TYDINGS' speech, and he made fun of it because it did not have any yardstick in it or measurement at all? That is what they put in the bill yesterday in the Senate.

Mr. WILSON of Louisiana. We are not responsible for that. Take the Ohio River. We spent over $160,000,000 there, without local contribution, but in this alluvial valley the Government, after close consideration, acknowledged a national responsibility to carry out that project to completion. There are some 30,000 square miles of territory that must carry the drainage of practically 45 percent of the Nation. The local communities there had contributed much more than others will under the basis of the Jenkins amendment. They have already complied with it, and because of that and in acknowledgment of this national obligation we come forward here with a recommendation for the completion of the project. I appeal to the membership against the amendment that will destroy this opportunity.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. WILSON of Louisiana. Yes.

Mr. WHITTINGTON. Something has been said about the President's view. Does not the Chief of Engineers recommend this bill, as it is advocated by the committee?

Mr. WILSON of Louisiana. Yes; and in the floodways is where the burden is placed by carrying the water. Take the lower Atchafalaya Basin. There are 60,000 acres in one floodway to carry the water, sometimes as high as a million cubic feet per second. The Government has allotted a little over $2,000,000 to pay for the flowage rights there for all time. In the Eudora floodway there are 922,000 acres, and less than $15,660,000 is allotted to provide for the flowage rights for all time to come. So it is not upon the basis of the other projects. I have advocated those and expect to do so to carry out a comprehensive program. I am free to say that you are getting more relief, more Federal assistance, under the Senate bill for those areas outside of the Mississippi Valley than has been given to the lower Mississippi Valley.

The CHAIRMAN. The time of the gentleman from Louisiana has expired. All time has expired. Under the rule the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FLANNAGAN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 3531, and, pursuant to House Resolution 561, he reported the same back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered. Is a separate vote demanded on any amendment?

Mr. WILSON of Louisiana. Mr. Speaker, I demand a separate vote upon the Jenkins amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put the other amendments en gros. The question is on agreeing to the remaining amendments.

The amendments were agreed to.

The SPEAKER. The Clerk will report the Jenkins amendment.

The Clerk reported the Jenkins amendment.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. JENKINS of Ohio) there were—ayes 74, noes 61.

So the Jenkins amendment was agreed to.

The SPEAKER. The question now is on the third reading of the Senate bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question now is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. WHITTINGTON) there were—ayes 88, noes 79.

Mr. SNELL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 161, nays 156, not voting 109, as follows:

[Roll No. 106]

YEAS—161

Ayers	Dunn, Pa.	McFarlane	Romjue
Bankhead	Eckert	McGehee	Ryan
Biermann	Englebright	McGrath	Sabath
Bland	Faddis	McLaughlin	Sanders, La.
Bloom	Fernandez	McMillan	Sandlin
Brown, Ga.	Flannagan	McReynolds	Scott
Brown, Mich.	Ford, Calif.	McSwain	Secrest
Burdick	Ford, Miss.	Mahon	Short
Cannon, Mo.	Fuller	Maloney	Sisson
Cannon, Wis.	Fulmer	Mansfield	Smith, Wash.
Carpenter	Gassaway	Martin, Colo.	Smith, W. Va.
Cartwright	Gildea	Mason	Snyder, Pa.
Clark, Idaho	Goldsborough	Massingale	South
Cochran	Greenway	Maverick	Spence
Colden	Greenwood	Mead	Stack
Collins	Greever	Meeks	Starnes
Colmer	Gregory	Miller	Steagall
Cooper, Tenn.	Griswold	Monaghan	Stubbs
Costello	Haines	Mott	Sumners, Tex.
Cox	Hamlin	Nelson	Sweeney
Cravens	Hart	Nichols	Taylor, Colo.
Crosby	Healey	Norton	Terry
Cross, Tex.	Hildebrandt	O'Connor	Thomason
Crosser, Ohio	Hill, Ala.	O'Day	Thompson
Cummings	Hill, Knute	O'Malley	Tolan
Curley	Houston	Owen	Turner
Daly	Jacobsen	Parks	Vinson, Ky.
Delaney	Johnson, Okla.	Parsons	Wallgren
Dempsey	Johnson, W. Va.	Patman	Wearin
DeRouen	Kennedy, Md.	Patterson	Weaver
Dies	Kenney	Patton	Welch
Disney	Kocialkowski	Pearson	West
Dobbins	Kopplemann	Pierce	Whelchel
Dockweiler	Kramer	Pittenger	White
Doxey	Lea, Calif.	Ramsay	Whittington
Drewry	Lemke	Randolph	Williams
Driscoll	Lewis, Colo.	Rankin	Wilson, La.
Driver	Lewis, Md.	Rayburn	Zimmerman
Duffy, N. Y.	Lucas	Reed, Ill.	
Duncan	Lundeen	Richards	
Dunn, Miss.	McClellan	Rogers, Okla.	

NAYS—156

Allen	Darden	Hobbs	Marshall
Amlie	Darrow	Hoffman	Martin, Mass.
Andresen	Dietrich	Hollister	May
Andrews, N. Y.	Ditter	Holmes	Merritt, Conn.
Arends	Dondero	Huddleston	Merritt, N. Y.
Ashbrook	Edmiston	Hull	Michener
Bacon	Ekwall	Imhoff	Millard
Beiter	Ellenbogen	Jenkins, Ohio	Mitchell, Ill.
Blackney	Engel	Johnson, Tex.	Moran
Blanton	Evans	Jones	Moritz
Boehne	Farley	Kahn	O'Brien
Boileau	Fiesinger	Kleberg	O'Connell
Buchanan	Fish	Kloeb	O'Leary
Buckler, Minn.	Fitzpatrick	Kniffin	O'Neal
Burch	Fletcher	Knutson	Palmisano
Carlson	Focht	Kvale	Peterson, Ga.
Castellow	Frey	Lambertson	Pettengill
Christianson	Gavagan	Lambeth	Peyser
Church	Gehrmann	Lamneck	Plumley
Citron	Gilchrist	Lanham	Polk
Coffee	Gillette	Larrabee	Powers
Cole, Md.	Gingery	Lehlbach	Ramspeck
Cole, N. Y.	Granfield	Luckey	Ransley
Connery	Gray, Ind.	Ludlow	Reece
Cooley	Guyer	McAndrews	Reed, N. Y.
Cooper, Ohio	Halleck	McCormack	Rich
Crawford	Hancock, N. Y.	McLean	Richardson
Creal	Harlan	McLeod	Robertson
Crowe	Hess	Main	Robsion, Ky.
Crowther	Higgins, Conn.	Mapes	Rogers, Mass.
Culkin	Higgins, Mass.	Marcantonio	Rogers, N. H.
Russell	Snell	Thom	Warren
Sanders, Tex.	Stefan	Thurston	Wigglesworth
Sauthoff	Stewart	Tinkham	Withrow
Schneider, Wis.	Sutphin	Tobey	Wolcott
Schulte	Taber	Tonry	Wolverton
Shanley	Tarver	Turpin	Woodruff
Smith, Conn.	Taylor, S. C.	Umstead	Woodrum
Smith, Va.	Taylor, Tenn.	Vinson, Ga.	Young

NOT VOTING—109

Adair	Chapman	Harter	Quinn
Andrew, Mass.	Claiborne	Hartley	Rabaut
Bacharach	Clark, N. C.	Hennings	Reilly
Barden	Corning	Hill, Samuel B.	Risk
Barry	Cullen	Hoeppel	Robinson, Utah
Beam	Dear	Hook	Sadowski
Bell	Deen	Hope	Schaefer
Berlin	Dickstein	Jenckes, Ind.	Schuetz
Binderup	Dingell	Kee	Scrugham
Boland	Dirksen	Keller	Sears
Bolton	Dorsey	Kelly	Seger
Boykin	Doughton	Kennedy, N. Y.	Shannon
Boylan	Doutrich	Kerr	Sirovich
Brennan	Duffey, Ohio	Kinzer	Somers, N. Y.
Brewster	Eagle	Lee, Okla.	Sullivan
Brooks	Eaton	Lesinski	Treadway
Buck	Eicher	Lord	Utterback
Buckley, N. Y.	Fenerty	McGroarty	Wadsworth
Bulwinkle	Ferguson	McKeough	Walter
Burnham	Gambrill	Maas	Werner
Caldwell	Gasque	Mitchell, Tenn.	Wilcox
Carmichael	Gearhart	Montague	Wilson, Pa.
Carter	Gifford	Montet	Wolfenden
Cary	Goodwin	Murdock	Wood
Casey	Gray, Pa.	Oliver	Zioncheck
Cavicchia	Green	Perkins	
Celler	Gwynne	Peterson, Fla.	
Chandler	Hancock, N. C.	Pfeifer	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Claiborne (for) with Mr. Bolton (against).
Mr. Chandler (for) with Mr. Kinzer (against).
Mrs. Jenckes of Indiana (for) with Mr. Reilly (against).
Mr. Dear (for) with Mr. Gifford (against).
Mr. Hennings (for) with Mr. Seger (against).
Mr. Dorsey (for) with Mr. Maas (against).
Mr. Boykin (for) with Mr. Hope (against).
Mr. Wood (for) with Mr. Bacharach (against).
Mr. Montet (for) with Mr. Wilson of Pennsylvania (against).

General pairs:

Mr. Boland with Mr. Burnham.
Mr. Doughton with Mr. Treadway.
Mr. Sears with Mr. Carter.
Mr. Cary with Mr. Eaton.
Mr. Samuel B. Hill with Mr. Risk.
Mr. Corning with Mr. Wadsworth.
Mr. Granfield with Mr. Perkins.
Mr. Cullen with Mr. Dirksen.
Mr. Hancock of North Carolina with Mr. Fenerty.
Mr. Green with Mr. Wolfenden.
Mr. Sullivan with Mr. Lord.
Mr. Kelly with Mr. Hartley.
Mr. Mitchell of Tennessee with Mr. Gwynne.
Mr. Clark of North Carolina with Mr. Brewster.
Mr. Beam with Mr. Cavicchia.
Mr. Dingell with Mr. Goodwin.
Mr. Bulwinkle with Mr. Andrew of Massachusetts.
Mr. Kerr with Mr. Doutrich.
Mr. Schuetz with Mr. Gearhart.
Mr. Casey with Mr. Robinson of Utah.
Mr. Gambrill with Mr. Werner.
Mr. Eicher with Mr. Murdock.
Mr. Lee of Oklahoma with Mr. Kee.
Mr. Harter with Mr. Pfeifer.
Mr. Gray of Pennsylvania with Mr. Celler.
Mr. Hook with Mr. Barden.
Mr. Shannon with Mr. Deen.
Mr. McGroarty with Mr. Walter.
Mr. Ferguson with Mr. Wilcox.
Mr. Montague with Mr. Sadowski.
Mr. Chapman with Mr. Barry.
Mr. Peterson of Florida with Mr. Keller.
Mr. Carmichael with Mr. Quinn.
Mr. Caldwell with Mr. Kennedy of New York.
Mr. Schaefer with Mr. Bell.
Mr. McKeough with Mr. Sirovich.
Mr. Rabaut with Mr. Buckley of New York.
Mr. Binderup with Mr. Buck.
Mr. Somers of New York with Mr. Gasque.
Mr. Zioncheck with Mr. Berlin.
Mr. Scrugham with Mr. Adair.
Mr. Oliver with Mr. Duffey of Ohio.
Mr. Utterback with Mr. Brennan.
Mr. Eagle with Mr. Brooks.

Mr. ELLENBOGEN changed his vote from "aye" to "no."

Mr. SANDERS of Texas changed his vote from "no" to "aye."

Mr. DELANEY changed his vote from "no" to "aye."
Mr. THOMASON changed his vote from "no" to "aye."
Mr. McFARLANE changed his vote from "no" to "aye."
Mr. RYAN changed his vote from "no" to "aye."
The result of the vote was announced as above recorded.
On motion by Mr. WILSON of Louisiana, a motion to reconsider the vote by which the bill was passed was laid on the table.

INTERIOR DEPARTMENT APPROPRIATION BILL, 1937

Mr. TAYLOR of Colorado. Mr. Speaker, I call up the bill (H. R. 10630) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1937, and for other purposes, and I move that the House further insist upon its disagreement to amendments 24, 53, and 54, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. The gentleman from Colorado moves that the House further insist on its disagreement to Senate amendments 24, 53, and 54, and agree to the conference asked by the Senate.

The question is on the motion of the gentleman from Colorado.

Mr. AYERS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. AYERS. What is this conference report?

The SPEAKER. The conference report on the Interior Department appropriation bill.

Mr. TAYLOR of Colorado. It is on the three amendments still in dispute between the Senate and the House. We have agreed upon 88 of the amendments, but there are three upon which we have not agreed.

Mr. AYERS. Is the gentleman asking that we yield all the rights that we have on irrigation and reclamation?

Mr. TAYLOR of Colorado. We must go back to conference. We do not yield any of the rights.

Mr. AYERS. I want to know if the chairman of the Committee on Appropriations still maintains his right that the House insist on its disagreement to all of the Indian irrigation program amendments that were put in by the Senate.

Mr. BUCHANAN. I will state that this motion is to appoint conferees to consider those three amendments again. We have forfeited no rights, and before they can be adopted they will have to be brought back here for a separate vote.

Mr. AYERS. But when the gentleman says "we have forfeited no rights", it means that you have not forfeited any right that is against all of us from the irrigation districts. Is that right or not?

Mr. BUCHANAN. We have to come back to the House. When I said "we" I meant the entire membership of the House. Whatever is done has to come back to the House for a vote in the House before anything final can happen.

Mr. AYERS. Does that mean the same steam-roller program that was put over on us Wednesday?

Mr. BUCHANAN. I do not know why the gentleman calls it a "steam-roller program." It means the same character of fight, if you insist on those amendments passing. I will state that to the gentleman.

Mr. TAYLOR of Colorado. This is the regular procedure, and the only course we can adopt is to further insist on our disagreements and have a further conference.

Mr. AYERS. All I want to know is, are we 11 States going to have a chance for our "white alley" or are we going to be subdued by New York and the Northeast and Texas, which State has forgotten its rights to us and has gone "New England." Good-bye, Texas; we thought we were associated, but we were wrong. You belong to New England. We are sorry to lose you, but Tammany says what you shall do. And God forgive you—but do it.

Mr. SNELL. Mr. Speaker, the regular order.

The SPEAKER. The regular order is demanded.

The question is on the motion of the gentleman from Colorado [Mr. TAYLOR].

The motion was agreed to; and the Speaker appointed the following conferees: Mr. TAYLOR of Colorado, Mr. JACOBSEN, Mr. JOHNSON of Oklahoma, Mr. SCRUGHAM, Mr. LAMBERTSON, and Mr. WIGGLESWORTH.

DISCRIMINATION IN MERCHANDISING

Mr. SABATH, from the Committee on Rules, submitted the following report (Rept. No. 2753, H. Res. 523) for printing in the RECORD:

House Resolution 523

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8442, a bill "Making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases, and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys from exploitation by unfair competitors." And all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

LOSS TO UNITED STATES GOVERNMENT THROUGH DELIVERY OF CHECKS BY MAIL

Mr. MEAD. Mr. Speaker, I call up the conference report on the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration, and I ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

Mr. BUCHANAN. Mr. Speaker, I make a point of order on the conference report that it includes an appropriation which is contrary to the rules of the House and the Senate.

The SPEAKER. Will the gentleman reserve the point of order until the statement is read?

Mr. BUCHANAN. Yes, Mr. Speaker; I will reserve the point of order.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. MEAD] that the statement may be read in lieu of the report?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate, and agree to the same.

JAS. M. MEAD,
DONALD C. DOBBINS,
PHILIP A. GOODWIN,
Managers on the part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
LYNN J. FRAZIER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The amendments inserted in the bill by the Senate and agreed to by the House conferees add two sections to the bill, as follows:

Section 2, which deals entirely with the mailing of bonds for the payment of the adjusted-service compensation certificates, under an act of Congress recently passed, which legislation is urgently recommended by both the Treasury and the Post Office Departments; and

Section 3, which increases the salaries of the four Assistant Postmasters General from $9,000 to $10,000 per annum. In this

connection it is to be noted that 15 officials, assistants in various capacities to Cabinet officers, are receiving salaries of $10,000 per annum:

Department of State	1
Treasury Department	7
War Department	1
Department of Justice	2
Department of the Interior	1
Department of Agriculture	3

In the so-called independent agencies, where administration is similar in many respects to that of the regular departments, officials in comparable assignments to those of the Assistant Postmasters General are receiving salaries ranging from $10,000 to $12,500 per annum:

Interstate Commerce Commission:	
4 at	$10,000
11 at	12,000
Shipping Board, 3 at	10,000
Federal Power Commission, 4 at	10,000
Federal Trade Commission, 4 at	10,000
U. S. Tariff Commission, 4 at	11,000
General Accounting Office, 1 at	10,000
Board of Tax Appeals, 16 at	10,000
Reconstruction Finance Corporation:	
22 at	10,000
2 at	12,500
Federal Home Loan Bank Board, 6 at	10,000
Veterans' Administration, 1 at	12,000
Federal Communications Commission, 7 at	10,000
International Joint Commission, 3 at	10,000
Mixed Claims Commission, 2 at	10,000
National Recovery Administration, 8 at plus	10,000
Federal Emergency Administration of Public Works, 1 at	10,000
Federal Emergency Relief Administration, 1 at	10,000
Emergency Conservation Works, 1 at	12,000
Farm Credit Administration, 8 at	10,000
Federal Coordinator of Transportation, 6 at plus	10,000
Foreign Trade Adviser and head of Export-Import Banks, 1 at	12,000
Federal Alcohol Control Administration, 3 at	10,000
National Labor Relations Board, 3 at	10,000
Federal Housing Administration, 1 at	10,000
Securities and Exchange Commission, 5 at	10,000

There are approximately 143 officials in the executive branch of the Government in these categories. This group does not include the judicial or legislative branches of the Government.

JAS. M. MEAD,
DONALD C. DOBBINS,
PHILIP A. GOODWIN,
Managers on the part of the House.

The SPEAKER. Will the gentleman from Texas again state his point of order?

Mr. BUCHANAN. Mr. President, I make the point of order against the conference report on the ground that it includes an amendment of the Senate not germane to the bill and on the further ground that the Senate amendment carries an appropriation, which is not permissible on a legislative bill just as, under the rules of the House, legislation is not permissible on an appropriation bill.

The SPEAKER. Does the gentleman from New York desire to be heard on the point of order?

Mr. MEAD. Mr. Speaker, this legislation is for the purpose of enabling the Post Office Department to carry on its work in connection with the distribution and redemption of the adjusted-service certificates.

The House passed the bill some time ago. When it was considered by the Senate Committee on Post Offices and Post Roads an amendment was inserted increasing the salaries of the four Assistant Postmasters General from $9,000 to $10,000 a year. It is not, in my judgment, an appropriation, but is an authorization; and I am advised by the Post Office Department that it will be carried out without requesting an appropriation from this Congress. It will be paid out of savings in the next fiscal year.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Gladly.

Mr. BUCHANAN. Mr. Speaker, I do not contend that the raising of the salaries of the four Assistant Postmasters General is an appropriation. The appropriation is contained in the other section of the bill where the Postmaster General is authorized to estimate the administrative expense of performing certain duties and authorizing the Secretary of the Treasury to allot the money to the Postmaster General.

Mr. MEAD. With regard to that section of the bill, Mr. Speaker, I do not believe the gentleman from Texas has any objection. His objection is lodged against the last section of the bill which authorizes the increase in salary to the four Assistant Postmasters General. I maintain this is an authorization rather than an appropriation.

The SPEAKER. Had the House acted on that? Was that matter in conference between the two bodies?

Mr. MEAD. The House and Senate conferees agreed——

The SPEAKER. That is not the question. The question of the Chair is whether that matter was in conference between the two bodies at the time the conferees met.

Mr. MEAD. Yes; it was a subject of the conference, brought to the conference by an amendment of the Senate.

Mr. AYERS. Mr. Speaker, will the gentleman yield?

Mr. MEAD. I yield.

Mr. AYERS. The gentleman proposes to raise the salary of the four Assistant Postmasters General but not the salaries of the postmasters, I understand?

Mr. MEAD. It pertains only to the four Assistant Postmasters General.

Mr. AYERS. Does not the gentleman think he should include the postmasters who do the work?

Mr. MEAD. Some postmasters in the field now receive more pay than the Assistant Postmasters General.

Mr. AYERS. I disagree with the gentleman. I think the gentleman should include the postmasters out in the field.

Mr. MEAD. We ought to put them under civil service.

The SPEAKER. The gentleman from New York [Mr. MEAD], chairman of the Committee on the Post Office and Post Roads, presents a conference report signed by the conferees on the part of the Senate and the House. The gentleman from Texas [Mr. BUCHANAN] makes the point of order that the conference report is out of order because the conferees on the part of the House in conference agreed to an amendment of the Senate providing an appropriation contrary to the rules of the House.

Senate amendment no. 1 contains the following language:

The Secretary of the Treasury is authorized to advance, from time to time, to the Postmaster General, from the appropriation contained in the Supplemental Appropriation Act, fiscal year 1936, approved February 11, 1936, for "administrative expenses, adjusted-compensation payment act, 1936, Treasury Department, 1936 and 1937", such sums as are certified by the Postmaster General to be required for the expenses of the Post Office Department in connection with the handling of the bonds issued hereunder. Such bonds—

This amendment also contains the following language:

The Secretary of the Treasury shall reimburse the Postmaster General, from the aforesaid appropriation contained in said supplemental appropriation act, for such postage and registry fees as may be required in connection with such transmittal.

Rule XX, clause 2, of the rules of the House of Representatives, reads as follows:

No amendment of the Senate to a general appropriation bill which would be in violation of the provisions of clause 2 of rule XXI, if said amendment had originated in the House, nor any amendment of the Senate providing for an appropriation upon any bill other than a general appropriation bill, shall be agreed to by the managers on the part of the House unless specific authority to agree to such amendment shall be first given by the House by a separate vote on every such amendment.

It is clear to the Chair that the managers on the part of the House in agreeing in conference to Senate amendment no. 1 violated the provisions of rule XX, inasmuch as the amendment provides an appropriation.

The Chair therefore sustains the point of order.

The Clerk will report the first amendment in disagreement.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. Mr. Speaker, if the conference report is out of order, how can we consider it?

The SPEAKER. The amendments are before the House and must be disposed of.

Mr. SNELL. I supposed that the whole report went out.

The SPEAKER. The report goes out, but that leaves the amendments before the House, and some action must be taken on them. It is for the House to say what action it will take.

Page 3, after line 5, insert:
"SEC. 2. Section 4 of the Adjusted Compensation Payment Act, 1936, is hereby amended by adding at the end thereof the following paragraphs:
"'At the request of the Secretary of the Treasury, the Postmaster General, under such regulations as he may prescribe, shall designate postmasters and other employees of the Post Office Department and of the Postal Service to perform, without extra compensation, such fiscal-agency services as may be desirable and practicable in connection with the redemption and payment of the bonds issued under this section; and the Postmaster General may require each such employee to furnish such bond as he may determine for the faithful performance of such fiscal-agency duties.
"'The Secretary of the Treasury is authorized to advance, from time to time, to the Postmaster General, from the appropriation contained in the Supplemental Appropriation Act, fiscal year 1936, approved February 11, 1936, for "Administrative expenses, Adjusted Compensation Payment Act, 1936, Treasury Department, 1936 and 1937", such sums as are certified by the Postmaster General to be required for the expenses of the Post Office Department in connection with the handling of the bonds issued hereunder. Such bonds, when received by postmasters for purposes of redemption and payment, shall be handled by the postmasters under such special regulations as may be promulgated by the Postmaster General. They shall be transmitted between post offices or from any post office to the Treasury Department, or fiscal agent thereof, without advance payment of any required postage. The Secretary of the Treasury shall reimburse the Postmaster General, from the aforesaid appropriation contained in said Supplemental Appropriation Act, for such postage and registry fees as may be required in connection with such transmittal. Whenever it is proved to the Secretary of the Treasury, by clear and satisfactory evidence, that any such bond is lost, stolen, or destroyed while being so transmitted, the Secretary of the Treasury may, in accordance with such rules and regulations as he may prescribe, issue a duplicate thereof without requiring the furnishing of an indemnity bond.'"

Mr. MAPES (interrupting the reading of the Senate amendment). Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. MAPES. Mr. Speaker, supplementing what the gentleman from New York [Mr. SNELL] has said, an attempt was made to get this bill before the House by calling up the conference report and the conference report was held out of order. No further action to get the bill before the House has been taken. There has been no request to bring it up in any other way except through the conference report, and the Speaker, very properly I think, has ruled that the conference report is out of order.

The SPEAKER. The conference report was called up by the gentleman from New York [Mr. MEAD]. The conference report has been held to be out of order, which leaves the Senate amendments before the House for consideration. The House must take some action on them.

Mr. MAPES. How do the amendments get before the House for consideration?

The SPEAKER. They are called up by the gentleman from New York [Mr. MEAD].

Mr. MAPES. No attempt has been made by the gentleman from New York [Mr. MEAD], as I understand, to call them up.

The SPEAKER. The Chair, in answer to the gentleman from Michigan, reads from section 3257 of Cannon's Precedents:

When a conference report is ruled out of order the bill and amendments are again before the House as when first presented, and motions relating to amendments and conference are again in order.

The Chair thinks that completely answers the gentleman from Michigan.

Mr. MAPES. That seems to cover the matter.

Mr. LEHLBACH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LEHLBACH. Are amendments put on a House bill by the Senate privileged?

The SPEAKER. After the stage of disagreement has been reached they are. For this reason it is necessary that the House take some action upon the amendments at this time.

Mr. LEHLBACH. Is it in order to move that the amendments of the Senate be referred to the appropriate legislative committee?

The SPEAKER. The Chair will pass on that question in due time.

Mr. LEHLBACH. Mr. Speaker, I make such motion at this time.

The SPEAKER. The Chair has recognized the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. SNELL. Mr. Speaker, is that the first amendment?

The SPEAKER. The first amendment; yes.

Mr. SNELL. Section 2?

The SPEAKER. Section 2.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment in disagreement.

The Clerk read as follows:

Page 3, after line 5, amendment no. 2, insert:
"SEC. 3. The salary of each of the four Assistant Postmasters General is hereby fixed at a rate of $10,000 per annum, effective on the date of the passage of this act."

Mr. MEAD. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. BUCHANAN. Mr. Speaker, I demand a division of that motion.

Mr. MEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Speaker, during this entire session of Congress, so far as it has been within my power, I have objected to and done everything I could to prevent the increase in salary of any Government employee, and so far as I know, unless it happened when I was in the hospital, no salaries have been increased.

Mr. Speaker, this bill went over to the Senate with no salary increases in it. It has been sent back here with salary increases to four Assistant Postmasters General, allowing them an increase of $1,000 each per annum. These Assistant Postmasters General are now receiving $9,000 a year. Their offices cost them nothing. They are handed to them on a silver platter. They are not like the Members who have to pay out several thousand dollars to get elected.

Mr. Speaker, I think this is not the time nor the occasion to start increasing the pay of $9,000-a-year Government employees.

Mr. TAYLOR of South Carolina. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from South Carolina.

Mr. TAYLOR of South Carolina. Does not the gentleman from Texas think that this tendency would delay the time when we may return the 2 cents postage back to the people of the country?

Mr. BUCHANAN. Maybe so.

Mr. Speaker, I want to call attention to the report of the Senate committee.

Mr. SHORT. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Missouri.

Mr. SHORT. Are these increases due to the fact that the Assistant Postmasters General are compelled to do additional work while the Postmaster General himself is traveling all over the country making New Deal speeches?

Mr. BUCHANAN. I cannot answer the gentleman's question, but I may say to him the Senate committee offered two conclusions in justification of these increases, and these conclusions are as follows:

Your committee being of the opinion that the salaries of these four Assistant Postmasters General, $9,000 each, should be the same as other Assistant Secretaries of Cabinet officers, recommend the passage of this section making the salaries $10,000 each.

Now, let us see what are the facts. You know some subcommittees that are anxious to do a particular thing, for some cause that I know not of, often reach conclusions and advance reasons hastily without examining the facts. There is one Assistant Secretary in the Government service who is getting $10,000, and that is The Assistant Secretary of

War. His place was created by statute and his duties were defined by statute. He is given the important post of purchasing all the munitions of war for that Department, and his salary was fixed at $10,000. This is the only Assistant Secretary in the Government getting this salary.

Mr. WHITE. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. WHITE. Is not the gentleman overlooking the Under Secretaries?

Mr. BUCHANAN. I said Assistant Secretaries and did not say Under Secretaries or Over Secretaries, or Secretaries either. [Laughter and applause.]

Now, I will read this list of Under Secretaries and Assistant Secretaries:

Under Secretary of Agriculture, Mr. Tugwell, $10,000; and one Assistant Secretary of Agriculture at $9,000.

Department of Commerce, two Assistant Secretaries at $9,000 each.

Interior Department, Under Secretary, $10,000; and two Assistant Secretaries at $8,500 each.

Department of Justice, six Assistant Attorneys General at $9,000 each.

Labor Department, two Assistant Secretaries, one at $9,000 and one at $8,000.

Navy Department, one Assistant Secretary at $9,000.

Post Office Department, four Assistant Postmasters General at $9,000 each.

State Department, one Under Secretary at $10,000, one Assistant Secretary at $9,000, and three Assistant Secretaries at $8,000 each.

Treasury Department, one Under Secretary at $10,000 and three Assistant Secretaries at $9,000 each.

War Department, one Assistant Secretary at $10,000.

Adopt this amendment and every Assistant Secretary throughout the Government service will come in and say, "You have given the Assistant Postmasters General $10,000 each, whether they are principal assistants or not, and you should give us $10,000."

I have never yet heard anyone on the floor of this House say that salaries are too much and that they ought to be decreased. The statement is always made that they are too small and ought to be increased.

[Here the gavel fell.]

Mr. MEAD. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, it seems to me there is a real and important responsibility devolving upon the House here today in the matter presented by the chairman of the Committee on the Post Office and Post Roads. It is really a serious question when you talk about raising salaries at the present time, in view of the present condition of the Federal Treasury. The issue is not just the amount of the salary of these four men, but a question of policy. Is there any reason at the present for raising salaries of all Assistant Secretaries?

The Federal Treasury during the time that the present administration has been in power has actually spent a little more than $2 for every dollar that has been received, to say nothing about the contingent liabilities. This is actual money that has gone out, according to the reports of the Treasury Department.

Your party came into power with a definite promise to the people of the United States, and every one of you said that you accepted your platform 100 percent and went before your constituents with this promise. You have done nothing for the last 3 years but increase salaries and create new positions.

There is no reason that any man on God's footstool can advance for raising these salaries from $9,000 to $10,000. According to the statement which the chairman of the Appropriations Committee has just read, there are 19 other Assistant Secretaries who are entitled to have their pay raised to $10,000 if you are going to raise the four assistants in the Post Office Department. I doubt that any of these assistants are going to resign, and I doubt that there would be any trouble in filling the positions at this salary. If you have any trouble, I will agree to furnish some able men to do the work at that figure. [Laughter.]

I appreciate the fact it is up to the majority here what the House is going to do. You have the votes, and if you have made up your minds that you have no responsibility in the spending of the taxpayers' money, you can do it, but I call the attention of the House and the country to what you are doing today. There is not a single reason in the world why this should be done, and every one of you knows it. The argument that there will be delay in the payment of the soldiers' bonus is so silly that the man who presents such an argument ought to apologize to the House. The only other argument—that the Senate has done this and discharged its conferees—is equally weak. When did we surrender to the Senate all our rights to act according to our own judgment in the matter of spending the taxpayers' money? The committee has put up a pretty poor reason in support of its position, and I trust it will be voted down. [Applause.]

Mr. RICH. Mr. Speaker, will the gentleman yield? I would like to ask the gentleman where he is going to get the money. [Laughter.]

Mr. MEAD. Mr. Speaker, this is a fight against paying $4,000 in the carrying out of a measure that requires an expenditure of over $3,000,000,000.

I expected some opposition to this amendment, and I anticipated that perhaps the question of politics might enter into the discussion.

I want to say to you, however, that I have not heard a word either for or against this bill from the Postmaster General, nor have I been importuned by any Assistant Postmaster General in favor of this legislation.

Let me tell you something about the history of this amendment. It was not considered by our committee when the bill was before us, but was inserted by the Senate committee, by unanimous consent of Republicans and Democrats, after the measure passed the House.

It was taken before the Senate, adopted by Republicans and Democrats without a dissenting vote, and was then sent to conference on the part of the House and the Senate, all in accordance with proper order and procedure. The Senate conferees insisted on its retention, and the House conferees agreed to report it back to the House, where we now have it under consideration.

We are anxious to pass this measure because it is imperative to prepare for payment of the bonus. The conference report has been adopted in the Senate and the Senate conferees have been discharged. There is only one more necessary step, and that is the one now before us. We have but a short time before the bonus payments will be made, and it is necessary that we act expeditiously on this matter.

A question was raised in regard to the payment of salaries for comparable positions in other bureaus or departments. I have here an Official Register of the United States for 1934—and remember that prior to 1934 most of these increases were adopted by the party that preceded the present administration. According to that record there are in comparable positions in various departments and commissions of the Government over 140 men whose salaries range from $10,000 to $12,500 a year.

A break-down to more easy terms will show that there is one of these positions in the State Department, seven in the Treasury Department, one in the War Department, two in the Justice Department, one in the Interior Department, and three in the Department of Agriculture.

In addition to that there are assistants, as follows: 4 in the Interstate Commerce Commission, 3 in the Shipping Board, 16 on the Board of Tax Appeals, 32 in the Reconstruction Finance Corporation, 3 in the Federal Alcohol Administration, 5 in the Securities and Exchange Commission, and so on all the way down the line, according to the list of which I have in my hand. When this salary amendment came before us we discussed it with the representatives of the Bureau of the Budget.

We had no opposition from that source. In fact, I believe I can say to you that we had the approval of that Bureau.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes.

Mr. BUCHANAN. I have had no approval from him, and I discussed it with him one way or the other.

Mr. MEAD. Perhaps the gentleman from Texas would have had that approval if the matter had been before his committee, but, fortunately or unfortunately, it is a matter

our committee had to consider as it was inserted in our bill by the Senate. I claim it is not an unusual request, because the House has gone on record in 140 other cases, granting increases that range all the way up from $10,000 to $12,500 a year.

Let us for a moment inquire into the activities of the various bureaus of the Post Office Department, and then in your mind compare them with the activities of the governmental assistants in other departments. Within the last 10 or 12 years we have loaded the Post Office Department with many difficult tasks and assignments. The Post Office Department has control of ocean-mail contracts and subsidies. We have also given them jurisdiction of domestic and foreign air mail, with all of the ensuing contracts and subsidies needed to keep up that service. We have called upon the Post Office Department to classify, handle, and distribute mail for a large number of Government agencies, a task which was not theirs a few years ago. We have called upon them to distribute, sell, and account for the migratory bird hunters' stamps, amounting to some $600,000 annually and entailing a great deal of detail work. We have authorized the Post Office Department to become the bond-selling agency of the Treasury, and we are now selling approximately $300,000,000 of bonds through the post offices of the United States. And after June 15 the Post Office will be called upon to pay the bonus to some three and a half million veterans. Since October of 1933 the custodial care of 1,800 Government buildings located all over the United States has been taken over from the Treasury Department by the Post Office Department. That work alone costs $20,000,000 and employs thousands of additional workers.

Mr. LUDLOW. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes.

Mr. LUDLOW. For the purpose of clarification, just what is the justification for this increase of salary of the Assistant Postmasters General? Is it due to the general increase of the postal business, or is it due exclusively to the increased work imposed upon them by the bonus?

Mr. MEAD. It is my opinion that it was inserted in the bill by the Senate because of the fact that we have assigned to the Post Office Department many additional tasks, and also because the executives of these four bureaus are doing more work with heavier responsibility than is the case in comparable positions in other departments paying higher salaries. It was the merit and the justice of the case that brought about the unanimous adoption of this amendment by both the Republicans and the Democrats in the Senate.

Mr. LUDLOW. Our subcommittee that brings in the regular appropriation bill sat for weeks and weeks and nothing was ever said to our subcommittee in regard to this matter, and, if I am correctly informed, it was never brought before the Committee on the Post Office and Post Roads. Why was it not brought up and treated in the regular way, so that it could be threshed out in the appropriate committee rather than being brought in in this way? I do not agree with our Republican friends who find such welcome diversion in criticism of the Post Office Department from Postmaster General Farley down the line. I think I come into rather close contact with that Department, due to the fact that I am chairman of the Subcommittee on Appropriations for the Post Office and Treasury Departments, and I want to say that the Post Office Department is a well-managed department. It is not a department that runs off after strange fallacies and will-o'-the-wisps. It is conducted on a basis of sound economy and practical efficiency. I wish I might say the same of all of the other Government activities. There is hardly a day when Postmaster General Farley is not assailed by partisan critics, but in this matter, as all others, the proof of the pudding is in the eating. Whatever may be said of Mr. Farley as a politician and a globetrotter, the best evidence that he is a good official is the fine administration he is giving of the Post Office Department.

I know all four of the Assistant Postmasters General whose salaries would be increased $1,000 each by this act. I have sat across the table from them day after day in committee hearings and have thus acquired first-hand knowledge not only of their zeal in the public service but of their personal characteristics. I wish to say that all four of them are fine men and excellent officials, and that they are discharging their public duties in a manner that entitles them to the good opinion of the people of this country.

I am in favor of liberal salaries for these officials, because they are entitled to good salaries on a basis of service performed. But as a member of the Appropriations Committee, believing in orderly procedure, I cannot approve the method adopted to bring about these increases at this time. There has been too much jumping over proper bounds in trying to get appropriations by short-cut methods, and the able chairman of our Appropriations Committee, Mr. BUCHANAN, has very properly taken a firm stand in opposition to such methods. Mr. BUCHANAN stood on this floor the other day and delivered an appeal for the integrity of our budgetary and appropriating system that ought to have appealed tremendously to every Member of this House, and then, with admirable courage, he led a fight that saved the people of this country the enormous sum of $800,000,000, the amount involved in authorizations for irrigation projects which were tacked on to the Interior Department appropriation bill in the other branch of Congress, contrary to every rule of parliamentary procedure, for legislation on an appropriation bill is expressly forbidden. Today Mr. BUCHANAN is again proving his worth to this Nation when he leads this fight to prevent the other body from increasing statutory salaries by amendments brought in at the last hour without debate and virtually without consideration.

There is a right way and a wrong way to do things, and apparently the proponents of these increases chose the wrong way. Our subcommittee which framed the 1937 Post Office and Treasury appropriation bill spent week after week in exhaustive hearings. In those hearings we are not bound by any rules of evidence. The sky is the limit. The testimony brings out everything that is relevant to the Postal Service and many things that are not relevant. But in all of that great volume of testimony, on the record and off the record, not one word was said and not even an intimation was given that the four Assistant Postmasters General were not receiving adequate compensation for their services.

The regular way to bring this matter before Congress would be to submit it to the House Committee on the Post Office and Post Roads, which is the legislative committee having charge of legislation for the Postal Establishment, but as far as I can learn there were no hearings in that quarter and it was never proposed to that committee. Instead we suddenly find these increases attached by a rider in the Senate to a bill where you would least expect them, and where they have no business to be.

I think the Members of the House should stand by the chairman of our Appropriations Committee, Mr. BUCHANAN, who is making such a valiant fight to maintain the integrity of our appropriating and legislative system. If the friends of these capable postal officials will come before our House committees in the regular way and present facts showing that they are entitled to salary increases, I, for one, will be responsive to the merit of their claim, but I do not approve this strange and extraordinary way of trying to attach these increases as a rider to a bill that has no relevancy to salaries in the Postal Service. I dislike to disagree with such good friends as the officials referred to and those Members of Congress who are on the other side of this proposition, but I have a duty to perform, and I am trying to perform it.

Mr. MEAD. I presume, in that connection, but I may be in error, that it is the prerogative of the Senate and of individual Members, just as it is the prerogative of the gentleman's committee or of any other committee of the House, to bring to the attention of the Congress not only this matter but every matter that recommends itself to the individual member or to the committees.

Mr. LUDLOW. Does not the gentleman understand that, if this carries through here, every assistant secretary of every department will come here for an increased appropriation?

Mr. MEAD. That question should have been raised years ago when they increased the salaries of 140 others whose

work, in many instances, in my judgment, is not comparable to the work and responsibility of these four bureau heads.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes.

Mr. McCORMACK. Are their salaries of $9,000 fixed by law at the present time?

Mr. MEAD. I think so; yes.

Mr. McCORMACK. If that is so, why should they go to the Committee on Appropriations? They must have an authorization before the matter could be submitted to the Committee on Appropriations.

Mr. MEAD. As I said before, in my judgment, these matters, along with other similar matters, become the responsibility of every Member of the House and the Senate, and I really believe that we are within our authority in considering and approving this amendment.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes.

Mr. TABER. The work on the bonus will not last over 2 or 3 months, and these people are being paid what they have been paid for years. There is no real, legitimate reason for any increase.

Mr. MEAD. It is no doubt true that a large part of the bonus payments will be completed in a few months, but it will take many months to complete the task and attend to the numerous details.

I want to finish the account of the added responsibility that I was enumerating to you when I was interrupted. In many instances these are permanent duties. While the bonus task is a temporary and passing one, although a major one, the other matters I am bringing to your attention are permanent tasks assigned to these bureau heads. A number of years ago we organized the Interdepartmental Building Committee, and today the Fourth Assistant Postmaster General is the representative of his Department on that committee. That committee has charge of the spending of a large appropriation in the selection of sites and the construction of Federal buildings in the carrying out of vast public-building programs all over America.

In addition, the Post Office Department conducts the largest bank in the world, the Postal Savings Bank, which comes under the Third Assistant Postmaster General.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. MEAD. I should like to finish my statement, if I may.

Our postal executives conduct the largest business in the world, the postal business, with over a quarter of a million employees. It is the most efficient business in the world, and the performance of the present administration, the record of those four men involved in this small, minor authorization, has earned the approval of this House. When they took over the conduct of the Post Office Department they found a net deficit amounting to approximately $150,000,000 a year, but I am pleased to advise that in a year they took the Post Office Department out of the red and put it in the black. In 1934 the surplus amounted to $12,000,000 a year. In 1935 it amounted to $5,000,000 a year. In 1936 the service will approximately carry itself.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. MEAD. I must refuse until finishing my statement, and then I shall be glad to yield.

Now, summing up, where in the Federal service is there an administrator, an undersecretary, an assistant secretary, or anyone else, whose duties can compare with the tremendous responsibility lodged in the authority of these four men? They have specific duties. They have duties that are tremendous.

The Congress of the United States on frequent occasions in the passage of measures affecting the Post Office Department, has placed on them the burden of administration in the Postal Service. They have the ocean and air subsidies. They conduct the largest express business in the country. They are the biggest bankers in the country. They are the biggest bond-selling agency in the country. They operate the biggest business on earth, and they have made that business, formerly a drain upon the Treasury, one that is paying its own way. I say to you, if we are paying 143 men in other departments more money than we are paying these four men whose records stand out so well, we ought to adopt this conference report in its entirety and quit quibbling over $4,000, when we are assigning them a task that amounts to $3,000,000,000.

The Senate has disposed of this measure. It has discharged its conferees. The envelopes are being prepared for the disposition of this huge bonus-paying task. We want to take care of it promptly and expeditiously, and I ask you not to hold up the payment of the bonus to the veterans by quibbling over a minor matter contained in the bill that is before us by the approval of both parties in the other Chamber.

Now, Mr. Speaker, I must yield some time to my colleague [Mr. DOBBINS], and therefore I think it would be an imposition to yield to other Members at this time.

I now yield 5 minutes to the gentleman from Illinois.

Mr. DOBBINS. Mr. Speaker, I think, from inquiries that have come to me, there is some misapprehension as to the nature of this amendment. This is not an award to the Assistant Postmasters General of $1,000 a year for their work in helping pay the bonus. This bill, which was carefully studied during the adjournment of Congress, in conference between the Treasury and Post Office officials, was introduced at the very first of this session of Congress. The purpose of the bill is to provide for the use, in this three and one-half billion dollars of bonus payments, of that same form of envelope that has been in use for 50 years in the payment of pensions to Civil War veterans, and later to other veterans. It provides safety in the delivery of these payments, and places a penalty upon any postal employee who delivers them to the wrong person. It is necessary in the administration of this law. The Senate attached to that as a rider this provision increasing, quite justly, in my own individual opinion, the salaries of these four Assistant Postmasters General from $9,000 to $10,000. The conferees met with this statement when they went to the Senate: "This matter passed the Senate unanimously. There was not a dissenting vote on either side of the Chamber. We Senate conferees, representing both sides of the Chamber, united upon it and insist that it remain in the bill." Something more important than that was paramount in the minds of those representing the House. What was uppermost in our minds was this: The bonus payments are supposed to start on the 15th day of June. Any delay in paying them is going to reflect on our Government, and I say to you Members on this side of the aisle, it is going to reflect on our Democratic administration of this Government if the timely distribution of that three and one-half billion dollars is delayed. It is going to be delayed if we insist on the House amendment. It may take a long while to dispose of this matter if we send this bill back to the Senate again.

Mr. SNELL. Does the gentleman mean to tell the House and the country that payment of the bonus will be delayed for one single minute if we do not increase the salaries of these four Assistant Postmasters General?

Mr. DOBBINS. Because of the parliamentary situation——

Mr. SNELL. Answer my question, please.

Mr. DOBBINS. It is not because of that, but because of the parliamentary situation that will ensue if we refuse to concur in the Senate amendment.

Mr. SNELL. I cannot follow the gentleman in his reasoning.

Mr. DOBBINS. Concurrence of the Senate is needed in this bill to provide needed machinery for the payment of the bonus and the Senate may not concur in its adoption unless we adopt this amendment. Mr. Speaker, I cannot yield further.

Mr. SNELL. Could not the Senate recede and adopt the House bill?

Mr. DOBBINS. Yes; but they have dismissed their conferees and would have to go through the procedure all over again. It might take a week or 10 days.

Mr. SNELL. They could appoint new conferees in a minute.

Mr. DOBBINS. When the question of the payment of the adjusted-service certificates was under consideration in Congress the President was not in favor of it, but immediately after the act was passed and became a law he started the machinery in motion for the prompt payment of the bonus. From that day to this the Treasury Department and the Veterans' Administration have been exerting every effort to get this payment out promptly on the 15th day of June, but I seriously apprehend that they cannot get it out promptly unless we adopt the motion of the gentleman from New York.

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, will the gentleman from New York yield me 3 minutes?

Mr. MEAD. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, there is absolutely nothing to the story that the payment of the bonus will be delayed if we do not adopt this amendment. The bill can go back to the Senate and on Monday the Senate can recede on section 3, pass the bill, and send it to the White House. There is absolutely no question about that; it does not have to go to conference again.

Mr. DOBBINS. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. DOBBINS. The Senate, of course, could do that, but they will not accept the bill as it passed the House. They will insist on their amendment.

Mr. TABER. They will not insist.

Mr. DOBBINS. We are delaying the payment of the bonus.

Mr. TABER. We are not delaying it a minute.

Turning now to the 140 officers who draw more than $9,000 a year, their salaries were fixed by legislative action of the House after careful and scientific investigation. These positions relate to such administrative bureaus as the Interstate Commerce Commission, the Reconstruction Finance Corporation, and similar branches of government.

I am not going to discuss anything of a political character here because I think it would be unseemly. I will not discuss the question of the administration of the Post Office Department. I could suggest that perhaps the Postmaster General might spend more time there, but I am not going to do that. [Laughter.]

It is absolutely ridiculous for us under these circumstances to increase to $10,000 the salaries of men who have never occupied administrative positions of the character calling for even as much, let alone more, money than they are now receiving as salaries, especially with conditions in the country as they are. I hope the House of Representatives will stand for at least a semblance of economy and vote down these increases.

Mr. MEAD. Mr. Speaker, I have no desire to use any additional time. I merely want to point out that it is not a very serious offense to consider a question like this, because the Republican Party increased the salaries of the Assistant Postmasters General when they were in power.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion that the House recede from its disagreement to the amendment of the Senate no. 2.

The question was taken; and on a division (demanded by Mr. SNELL) there were—ayes 22, noes 106.

So the motion to recede was rejected.

Mr. BUCHANAN. Mr. Speaker, I move that the House insist upon its disagreement to the amendment of the Senate no. 2.

The motion was agreed to.

A motion to reconsider was laid on the table.

AIR CORPS TECHNICAL SCHOOL

Mr. LEWIS of Colorado. Mr. Speaker, I call up House Resolution 515, a privileged resolution.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 3398, an act "to establish the Air Corps Technical School and to acquire certain land in the State of Colorado for use as a site for said Air Corps Technical School and as an aerial gunnery and bombing range for the Army Air Corps." And all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. LEWIS of Colorado. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN], and at this time I yield myself 10 minutes.

Mr. Speaker, this is an ordinary, open rule for the consideration of S. 3398, which is a bill to establish the Air Corps Technical School in the State of Colorado. The bill provides:

That the Secretary of War be, and he is hereby, authorized to establish in or near Denver, Colo., the Air Corps Technical School and to accept on behalf of the United States, free from encumbrance or conditions and without cost to the United States, for use as a site for the Air Corps Technical School, the title in fee simple to 640 acres of land, more or less, within the city limits of the city of Denver, Colo., including the property known as the "Agnes (Phipps) Memorial Sanitarium", together with existing buildings and equipment located thereon; and also a tract of land within the State of Colorado, suitable for use as an aerial gunnery and bombing range by the Army Air Corps: *Provided*, That in the event a donor is unable to perfect title to any land tendered as a donation, condemnation of such land is authorized in the name of the United States, and payment of any and all awards for title to such land as is condemned, together with the cost of suit, shall be made by the donor.

In short, the bill does two things. It establishes the Army Air Corps Technical School in Denver, Colo., and it authorizes the United States Government to accept as a donation, free of expense, a site of 1 square mile on the edge of the city of Denver, including some valuable buildings and also a bombing and machine-gun range of 100 square miles, 10 miles by 10 miles, on the plains east of the city.

The bill seeks to consummate a report and recommendation of a board of Air Corps officers, which board was appointed by the Chief of the Air Corps by direction of the Secretary of War, to investigate the entire United States in order to find the most suitable place for the permanent location of this school. The function of the Air Corps Technical School is the training of officers and enlisted men in the care, operation, maintenance, and repair of Air Corps equipment, including armament—and particularly machine guns and bomb racks—and also instruction in radio and in aerial photography.

The school is now located at Chanute Field, adjacent to the small town of Rantoul, Ill., and has been so located since 1921. The War Department advises me that the reasons for using Chanute Field were that in 1921 there existed at Chanute Field buildings which could be utilized for this purpose, and that the War Department was without funds to build the school at any other location. Some of the work of this school had previously been performed at St. Paul, Minn., in temporary facilities, which had to be abandoned. A part of the personnel of the school was located at San Antonio, Tex., in a location which also was most desirable to abandon in order that the repair depot at Dallas, Tex., could be consolidated with the supply depot at San Antonio. Therefore, as the most suitable buildings available existed at Chanute Field at that time, and, as the War Department was without funds for any other buildings at any other location, the school was temporarily established at Chanute Field. These buildings were wartime buildings and by this time have become so dilapidated and so outworn that, in any event, whether the school is retained at Chanute Field or

whether it is moved to another location, a new set of buildings must be constructed.

The present location has never been satisfactory for this particular instrumentality. This, of course, is no reflection on that splendid locality in the State of Illinois where the school is now situated.

The present location is in one of the richest, most fertile, and most productive agricultural regions in the United States, if not in the world. However, the high precipitation and the high humidity, which make for productiveness in agriculture, militate against the availability and suitability of this particular location for the particular purposes of the school and its curriculum to which I have referred. The high humidity as well as the haze interferes with photographic work and weather conditions interfere with everyday flying, which should be done in order properly to carry out the curriculum of this school. Furthermore, it is not possible, except at prohibitive expense, to secure an adequate bombing and machine-gun range, which is absolutely essential for the carrying on of the work of this school. The War Department says that is a most essential thing. As illustrating the value of the land where this school is now located, during the war when the Government secured a square mile of land for the purposes of a primary flying school, the price paid by the United States Government was $325 per acre. It would be impracticable at the present time to secure an adequate bombing and machine-gun range at the present location of the school, to wit, a range of 10 miles by 10 miles, or 100 square miles, except at prohibitive expense.

Accordingly, a board of officers was appointed in February 1934 by direction of the Secretary of War for the purpose of making an investigation throughout the country with reference to the most suitable location.

[Here the gavel fell.]

Mr. LEWIS of Colorado. Mr. Speaker, I yield myself 5 additional minutes.

Mr. Speaker, the members of this board of officers were selected because of their high standing in the Air Corps and because of their knowledge of the requirements of the service. They visited 57 cities throughout the United States and collected a large amount of data concerning 18 or 20 localities in addition to those they visited personally. After having studied the matter from February 1934 to August of the same year they presented a confidential report to the Chief of the Air Corps. The Chief of the Air Corps and his assistants in turn studied the report for some 2 months. The report, strongly approved and recommended by the Chief of the Air Corps, was then sent to the General Staff. From October 1934 until March of 1935 it was studied by the various branches of the General Staff and by the Secretary of War. On or about the middle of March of 1935 this report was sent by the Secretary of War to the Military Affairs Committee of the House and of the Senate and made public; at least, its contents were divulged to the Members of the Congress. Needless to say, I was pleased to find that the city of Denver, Colo., had been chosen as the most available and suitable location for this particular instrumentality of the War Department.

I may say that at the outset, and before the board went out on personal inspections, it sent to various communities in the United States a questionnaire indicating what were the general requirements for an ideal site. This questionnaire was received by our people at home, and I was consulted about it. I said to our people at home, "It would seem to me that with our 350 to 360 flying days in the year in Denver, with our excellent all-the-year-round climate, and with the availability on the plains of an area adequate for a bombing and machine-gun range of 100 square miles—10 miles by 10 miles—we should have a very good chance", but I also said, "This is a matter involving the national defense. If we are chosen, fine; if we are not chosen, I hope there will be no complaints from you, because you will not get one bit of support from me if this board of experts decides against us."

Pursuant to the request of the Board for a statement as to the terms upon which the site could be secured, our people said that if perchance the city of Denver should be chosen, Denver would give a square mile on the edge of the city and would install adequate railroad facilities and would give also, without a cent of expense to the United States, 100 square miles on the plains east of the city for a bombing and machine-gun range. At a municipal election held May 21, 1935, the tax-paying electors of Denver voted $750,000 of bonds to purchase the site and bombing range and to install railroad facilities.

I may add that this offer is no better than those made by some other cities. Two or three of my distinguished friends from Texas know full well that their cities made equally good offers, but the Board decided that Denver was the most suitable place for the permanent location of the school.

One thing more, and I am through. This bill was passed by a very large majority in the Senate of the United States. This was after prolonged hearings in the Senate Military Affairs Commitee. Prolonged hearings were also held in the House Military Affairs Committee, and I may say that some of our good friends from Illinois made the objection that this report was incorrect, that it was biased, and that it was absolutely inaccurate, but after hearing all these objections and complaints throughout three prolonged hearings before a subcommittee of the Senate Committee on Military Affairs, the subcommittee unanimously reported to the whole committee that nothing had been found to impugn the accuracy or integrity of the report of the board and the whole Senate committee ratified the action of the subcommittee. Prolonged hearings on the same alleged grounds were had in the House Military Affairs Committee and the House Military Affairs Committee made a favorable report.

The bill and the report are now before you and I trust the House will carry out the recommendation as made. I may add further that during the hearings before the House Military Affairs Committee the chairman of the committee requested an unequivocal statement from the Secretary of War as to his position, and there is printed at pages 8 and 9 of the committee's report a strong, unequivocal statement by the Secretary of War that the War Department favors the enactment of this legislation as it stands.

Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement by Colonel Chaffee, of the General Staff of the Army, made before the Military Affairs Committee of the House of Representatives on January 31, 1936. This statement, which was expressly authorized by the Secretary of War, sets forth the reasons why the War Department favors the enactment of the bill to establish the Army Air Corps Technical School in Denver, Colo. (H. R. 9087, S. 3398):

The War Department has been called upon by your committee for a report upon the advisability of enacting this legislation, H. R. 9087 (S. 3398). The report of the War Department is now in the hands of the Bureau of the Budget in order that we may ascertain whether or not the legislation is in accord with the program of the President.

On the telephone this morning, I endeavored to expedite action by the Bureau of the Budget on the written report, but was informed that it would be some time before the matter could be processed. However, the War Department was authorized to state its own position, with the understanding made clear to the committee that its statement in no wise prejudiced the program of the President.

The Secretary of War, therefore, authorizes me to state under the above conditions that it favors the enactment of this legislation as it stands. The impelling reasons behind the position of the War Department in this matter are as follows:

First, in order to have proper facilities at the school itself it must be entirely rebuilt. Our report shows that it will cost $400,000 less to build these permanent facilties at Denver than it will at Chanute Field.

Second, the site at Denver gives us without charge an extensive bombing range 10 miles square within quick flying distance from the school airdrome. Such a range is absolutely necessary for the proper carrying out of the curriculum of the school. It is of an extent enabling operations from the air with machine guns and live

bombs to be carried on with safety to the population, and it obviates a long flight over a populated area by planes carrying loaded bombs.

Third, from the report of its board, the War Department believes that flying conditions are better for the purposes of this school at Denver than they are at Chanute Field.

Fourth, the War Department places little or no emphasis upon the surrounding amusement facilities at either place for officers. The officer is sufficiently well paid to allow him to organize this for himself or to enter the facilities of the average civilian in either locality. The War Department does give a certain degree of importance to the surrounding facilities for amusement of enlisted men in their off-duty hours, because these men have not the money to go into other than strictly public amusements of low cost. This whole matter, however, is of lesser importance than the other reasons I have given.

The report of the board of Air Corps officers concerning Denver is as follows:

DENVER, COLO.

FOREWORD

The board visited Denver on May 26–28, 1934, and inspected four sites in that vicinity. Three of these sites were rolling and would require a considerable expenditure of funds for grading and drainage. The site considered best is that marked "A" in the attached brief and is generally known as the Agnes (Phipps) Memorial Sanitarium site.

I. SITE

1. Size and shape: The site is 1 mile square and is situated just within the eastern city limits of Denver.

The distance to the center of the city from the northwest corner is 6½ miles by paved road.

2. Character of soil, drainage, and suitability for foundations: The soil in this area is a mixture of sand and loam which drains readily and is suitable for building foundations without the necessity of any piling or concrete mats.

Samples of the soil which the committee states were tested for physical characteristics show that it is capable of producing a solid turf as well as for landscaping.

The average rainfall is only 14.7 inches. This would make it necessary to irrigate the building and housing area in order to grow trees, flowers, shrubs, etc.; however, this can be done.

The site is gently rolling with slight slope to north and west providing for natural drainage.

Mr. Everett S. Huntington, engineer, of the United States Bureau of Reclamation, estimates that the site could be leveled for $25,000. This grading would provide for a 1° slope for two-thirds of the distance from the north edge of the field and one-half-percent grade for the balance.

3. Natural surroundings, terrain, obstacles to flight, possibilities of expansion: The surrounding country is comparatively level and open and provides many emergency landing fields. There are no obstacles to flight in the immediate vicinity of the site.

It was stated that there would be practically no building development in this direction at least for many years. The trend of building construction in Denver is to the northeast and southwest.

4. Bombing and machine-gun range: No specific site was visited by the board, but it was stated that an extensive area could be acquired for a nominal sum within a few miles from the site. This area would be in the mountainous country to the west of the city.

5. Terms of acquisition: Occupying 40 acres of the northwest corner of the tract are several buildings known as the Agnes (Phipps) Memorial Sanitarium. These buildings were constructed around 1906 and have been unocupied for the past 2 years. (For complete description of these buildings, see Denver brief.)

The buildings are in excellent condition, are of pleasing architectural design, and it is estimated that for an expenditure of $100,000 could be made suitable for Air Corps use. It is thought that these buildings could easily be remodeled in the interior to house post headquarters, school headquarters, hospital, and barracks for at least 100 students. In addition, there is a heating plant which could be expanded, and the superintendent's house which would make an excellent junior officers' set of quarters. It is roughly estimated that at least $200,000 could be saved by utilizing these buildings.

On August 7, 1934, Congressman LAWRENCE LEWIS, of Colorado, received the following telegram from the president, Denver Chamber of Commerce:

"Please advise Colonel Yount, chamber of commerce, joined enthusiastically by mayor and Denver City Council, and supported by newspapers, proposes to arrange for outright donation to Government of entire site with present buildings and equipment. Request this be embodied in Denver prospectus and that consideration of Denver be based accordingly. Buildings and equipment, exclusive of land, cost originally $560,000, now conservatively $325,000."

II. CLIMATE

1. Fog and haze: During 1933 there were only 2 days of dense fog.

During the past 42 years the average number of days of dense fog has been 4.

There is an almost total absence of dew in this area and practically no haze.

2. Rain and snow: The average precipitation for the past 60 years is 14.10 inches. Denver may therefore be classified as a dry region.

A very prolific water supply at reasonable rates makes irrigation comparatively inexpensive.

Denver has an average of about 35 inches (unmelted) of snow per year.

It is stated that snow on the ground very rarely interferes with flying.

3. Wind: The average wind velocity for the past 60 years has been 7.4 miles per hour, the prevailing direction being south. Denver is not generally subject to high winds. The highest wind velocity recorded in 1933 was 33 miles per hour.

4. Temperature: Over a 60-year period the average daily maximum temperature was 62.8°, the average daily minimum 37.5°, and the average 50.2°.

During 1933 the highest recorded temperature was 97° and the lowest 16°. During the same period there were 112 days having a minimum temperature of 32° or below and 5 days with a minimum temperature of 0° or below. There were 23 days with a maximum temperature of 90° or above.

The above figures would indicate that in the vicinity of Denver the climate is severe. Due, however, to the altitude (1 mile), Denver has the reputation of having a delightful climate. Neither the heat nor the cold are oppressive due to the low percentage of humidity and the high altitude.

5. Humidity: Over a period of 46 years the relative humidity has been 63 at 6 a. m. and 42 at 6 p. m. Over a period of 16 years the relative humidity at noon has been 39. The Denver climate should therefore be classed as dry. The humidity rate, taken together with the average temperature, accounts for the fine climate both in summer and winter.

III. MORALE FACTORS

1. Relative cost of living: (a) Foodstuffs: The cost of staple foodstuffs appears to be about average. Fresh fruits and vegetables are available in season at reasonable prices. Colorado is noted for its excellent mountain lettuce, Rocky Ford melons, peaches, celery, potatoes, strawberries, and other similar foods.

(b) Other supplies: Denver has excellent shops of every description. The prices appear to be average.

(c) Domestic servants: Domestic servants may be obtained at from $3 to $10 per week, depending upon the nature of the service desired. White servants are generally preferred, although Negroes and orientals are available.

(d) Rentals: Rentals for houses, apartments, and hotel rooms appear to be very reasonable and compare favorably with other cities of the same size.

2. Recreation: The recreational facilities of Denver are superior.

There are 33 moving-picture theaters, located in all sections of the city, and numerous parks where dancing, swimming, and other amusements are available.

There are several bathing beaches and four municipal golf courses in addition to several country clubs. There are numerous public tennis courts.

Due to its proximity to the mountains, Denver has exceptional advantages for hunting and fishing.

The highest mountains are snowcapped the year around, and winter sports are available just a few miles from the city during the colder months.

Summer cottages are reasonable and may be found in the mountains 15 or 20 miles from the city.

Denver maintains several municipal parks in the mountains, which are noted for their scenic beauty.

3. General: (a) Transportation: Adequate paved public highways are available to the site.

Street-railway facilities are available one-fourth mile from the site, and it was stated that they would probably be extended if the school were located in Denver.

The same applies to bus lines.

(b) Brief description of city: Denver has an estimated 1933 population of 300,000, divided as follows: Native white, 84 percent; foreign-born white, 11 percent; Negro, 2½ percent; other, 2½ percent.

The city is known throughout the country as a health center due to its close proximity to the mountains and its altitude of 1 mile.

It is a city of beautiful homes, fine trees and gardens, and excellent paved streets. (For complete description of city, see attached brief.)

(c) Health and sanitation: Denver is one of the foremost health centers in the United States. There are numerous sanitariums specializing in the treatment of tuberculosis. It is the home of Fitzsimons General Hospital, maintained by the Army. The State, county, and municipal health boards appear to be considerably above the average. General hospital facilities are excellent and adequate.

Street cleaning and sewage disposal are excellent. Storm sewers are exceptionally good.

(d) Schools: The school plant of 80 buildings is valued at $22,000,000. There are 62 elementary schools, 10 junior high schools, and 5 senior high schools.

Denver University includes a graduate school, college of liberal arts, department of art, and schools of chemical engineering, electrical engineering, commerce, and law. It has a total enrollment of 3,387.

The University of Colorado has its medical school in Denver, situated at the Colorado General Hospital.

Other schools of higher learning are the Colorado Women's College, Regis College (Catholic), Iliff School of Theology, Loretto Heights College, and many professional, business, and commercial schools. The University of Colorado is at Boulder, 30 miles distant. The Colorado School of Mines is at Golden, 15 miles distant. Denver has several well-known schools of music and art offering day and night courses.

It was stated that no tuition would be charged for Army children in the public schools.

(e) Religious facilities: All denominations are represented, and the buildings are especially fine.

(f) The fire department is modern and would be available to the site if required.

IV. UTILITIES

1. Water: Water may be obtained from the Denver water supply or by the development of shallow or artesian wells at the site.

City water is present at the site, and there is already an artesian well which could be made capable of developing 200 gallons per minute. The present well is drilled to a depth of 953 feet. Another well of similar capacity would be required.

There is a 12-inch city main on the site which is not heavily loaded and which the engineers estimate would provide for the needs of the field, if city water were used. A 30-inch main is 1 mile distant.

There is no question of the sufficiency of water, either city or artesian. The cost of the city water, on a sliding scale, would be between 10 and 14 cents per 1,000 gallons. It is probable that the Government could provide its own artesian water at a saving. Shallow wells 18 feet deep, furnishing irrigation water, can be developed very cheaply. This method of developing cheap irrigation water is used at Fitzsimons Hospital. The city water is of fine quality, neither hard nor soft, and comes from the mountains.

2. Sewerage: An 8-inch sewerage line is already in operation on the site. This line feeds into the main sewerage system of the city of Denver. It is probable that the Government would install its own sewage-disposal plant. If not ,the outlet to the city sewerage system would have to be increased to 18 inches.

3. Fuels—(a) Electricity: Electric power facilities are already on the site and are adequate to supply the needs of the school. The electric power is furnished by the Public Service Co. of Colorado, which has agreed to extend any additional facilities to the site without cost to the Government. The cost of electric power is average and is based on a sliding scale depending upon consumption.

(b) Gas: Natural-gas mains are within one-half mile of the site. Gas is piped from the Amarillo, Tex., fields. The average rate at Fitzsimons Hospital for 1933 was 14.7 cents per 1,000 cubic feet, which is considerably below average. The Public Service Co. of Colorado agrees to extend the gas mains to the site at no expense to the Government.

(c) Coal: Hard and soft coal is available from the Colorado fields. The price is $15 per ton for the hard and around $5 per ton for the soft coal, delivered.

(d) Wood: Wood is expensive—around $15 a cord. Very little wood is used for heating purposes.

(e) Oil: Bunker C. oil, f. o. b. Denver, is quoted at $2.05 per barrel of 42 gallons. White distillate for fuel purposes will vary from 5½ to 8 cents per gallon.

V. TRANSPORTATION AND COMMUNICATIONS

1. Rail: Denver is served by eight railroads, giving service in all directions.

There are no railroad facilities to the proposed site. There are three proposed switch lines, average from 3 to 4 miles in length, each of which would cost from $60,000 to $75,000 to build, not including cost of right-of-way. (For details see p. 35, Denver brief.) The following telegram was received on August 11, 1934:

"We propose to arrange for outright donation to Government for Air Corps Technical School of entire site with present buildings and equipment and with railway trackage to property.

"(Signed) DENVER CHAMBER OF COMMERCE,
"C. A. SHINN, *President*."

2. Bus: Denver has good bus service. The committee stated that bus service to the site would undoubtedly be furnished.

3. Trolley lines: Good service which would undoubtedly be extended to site.

4. Roads: Good paved roads within and out of the city. Paved road now extends to the site.

5. Water: No water transportation.

6, 7, and 8. Telegraph, telephone, and mail: Usual excellent facilities for a city of its size.

VI. GEOGRAPHICAL LOCATION

1. Relation to Air Corps stations: Denver is about 700 miles from the present center of Air Corps population. Additional Air Corps stations on the west coast and the movement of Chanute Field to the West would shift this location closer to Denver.

2. Recruiting areas: The principal recruiting area for the technical school has been in the Middle Western States. In the past, however, the majority of the men who are anxious to be recruited for this school have been willing to present themselves at the school without expense to the Government. This question is therefore not considered a serious one.

3. Supply points: Denver would receive its Air Corps equipment from, and its equipment would be repaired by, the San Antonio air depot, 800 miles distant. Quartermaster supplies would be received primarily from the Chicago depot, 900 miles distant.

4. Altitude and special features: Denver is approximately 1 mile high. In the opinion of the board, this presents both advantages and disadvantages. Take-offs and landings at a high altitude present certain flying hazards. Photographic missions which are normally flown at an average of 10,000 feet above the ground would require an altitude of 15,000 or 16,000 feet above sea level for their accomplishment. High altitude normally means cold winter and some snowfall. On the other hand, it is the opinion of the board that a high altitude station would furnish valuable experience for Air Corps personnel in altitude take-offs and landings and in high-altitude flying. The motors of our photographic planes will undoubtedly be supercharged in the future, and the advantages to be obtained from a high-altitude site would probably more than offset the disadvantages. The mountainous country close by would offer excellent photographic training. There is no high-altitude station in the Air Corps today.

High altitude means a healthful climate. While it is cold in winter, it is pleasant in the summer, and it is a well-known fact that the dry cold of high altitude is not as disagreeable as that at a low level. Air Corps officers who have done a great deal of flying at Denver state that at no time does the cold interfere with flying and that the snow on the ground interferes very little with landing and taking off.

Denver is well located from a strategical point of view, due to its interior location it would not be susceptible to air attack.

VII. CONSTRUCTION AND LABOR COSTS

Building and labor costs: Building costs are average, and the price of labor is that laid down by National Recovery Administration codes.

VIII. SUMMARY

Denver is a fine city of 300,000 inhabitants which the board is certain would take a great interest in the school and would cooperate fully in its support. The type of citizenry is exceptionally high, with the percentage of American-born considerably above average.

Every type of cultural advantage is at hand and readily available.

Recreational facilities are exceptional due to the progressive attitude of the city and to its close proximity to the Rocky Mountains.

The site proposed is excellent and sufficiently close to the city to afford the personnel all of its advantages.

The climate affords all changes of season, and while it has its cold periods in winter, it should not interfere materially with flying operations. The summer climate is good. The altitude has its advantages and its disadvantages, as stated in paragraph VI 4. It is thought that the advantages outweigh the disadvantages. There is practically no fog or haze and normal visibility is very great due to the high altitude.

Denver is not particularly well located with respect to other Air Corps stations. It is 700 miles from the present center of Air Corps population.

Denver has a very low annual rainfall. This is compensated for by an adequate water supply, which is furnished at a reasonable rate and which makes irrigation inexpensive. The soil is fertile when irrigated.

The cost of living, including foodstuffs, servants, and rentals, is average. Building materials and labor are average.

Schools and religious facilities are considerably above average. In fact, they appear to be superior.

All utilities are available and reasonable in cost.

Rail transportation facilities are excellent. Switching facilities to the site would be furnished by the city.

Communications are on a par with other cities of the same size.

Denver has every attribute to make it popular with the commissioned, enlisted, and civilian personnel pertaining to the school.

IX. CONCLUSION

Denver is considered suitable as a location for the Air Corps Technical School for the following reasons, which, taken together, lead to this conclusion:

(a) Fine, large modern city.

(b) Good site which will be presented to the Government, together with several valuable buildings.

(c) Excellent climate and recreational facilities.

(d) Good location for training in altitude flying.

(e) Good strategical location.

WAR DEPARTMENT,
THE ADJUTANT GENERAL'S OFFICE,
Washington, December 6, 1934.

Subject: Board proceedings re location of Air Corps Technical School.

To: First Lt. Norman D. Brophy, Air Corps, instructor, National Guard, Denver, Colo.

1. A board of Air Corps officers visited Denver, Colo., on May 26–28, 1934, for the inspection of sites in that vicinity as to their suitability for the location of the Air Corps Technical School. The board, under pressure of necessity of inspecting other sites in many parts of the country, was unable to get satisfactory information on the possibilities of an accessible and suitable bombing and gunnery range. It is desired that you furnish this office as soon as practicable with information on this subject. In this connection, the following quotation from the report of the board is furnished you:

"Bombing and machine-gun range: No specific site was visited by the board, but it was stated that an accessible area could be acquired for a nominal sum within a few miles from the site. This area would be in the mountainous country to the west of the city."

2. The general specifications of the site for the Air Corps Technical School state:

"An extensive area on which bombing and machine-gun work can be done is desirable. A water area free from traffic and at least 10 miles square is acceptable. A swamp or other suitable land area of similar proportions used for the purpose must become Government property. It should be uninhabited. The area should not be more than 50 miles from the school site and preferably closer; the approach from the school to the area should be over relatively uninhabited territory for safety reasons; and in the case of a distant area, an emergency landing field should be contained therein."

3. Additional information desired includes a specific location of a bombing and gunnery range in the vicinity of Denver, its size, approaches, landing fields in the area of the range, and any other data you may deem pertinent. The terms upon which a bombing and gunnery site might be obtained should be stated.

4. This matter will be kept absolutely confidential. Those with whom you confer may be informed, if you deem it necessary, that the data now requested is for the purpose of completing the brief submitted by the city of Denver.

By order of the Secretary of War:

ROBERT L. COLLINS,
Adjutant General.

[First endorsement]

OFFICE OF THE AIR CORPS INSTRUCTORS,
COLORADO NATIONAL GUARD, LOWRY FIELD,
Denver, Colo., December 29, 1934.

To: The Adjutant General, Washington, D. C.

1. The following information anent bombing and gunnery range for proposed Air Corps Technical School, Denver, Colo., is hereby submitted:

(a) Description of range:

(1) Size, 10 miles by 10 miles.

(2) Location, approximately 12 miles east by southeast of proposed site of school; 19 miles from city of Denver.

(3) Terrain, slightly rolling prairie land.

(4) Approach to range; no obstructions.

(5) Emergency landing fields: At least four available on range.

(6) Approach from school: Several lanes over uninhabited area, with good emergency fields.

(b) Terms.

The terms upon which bombing and gunnery site can be obtained cannot be stated at this time. I have contacted the chamber of commerce of the city of Denver and they advise me that they will immediately take the matter under consideration and notify me as soon as possible what they will do toward providing this land to the Government. Because of their action with regard to the present site of Fitzsimons General Hospital and their proposed tender of land for the location of the Air Corps Technical School, it is my belief that the city of Denver will provide the gunnery and bombing range without expense to the Federal Government. The chamber of commerce reply anent the subject of terms relative to gunnery and bombing range will be forwarded immediately upon its receipt.

2. After both an aerial and a ground survey of the proposed gunnery and bombing range I am convinced that same is adequate and provides all requirements for its purpose.

NORMAN D. BROPHY,
Captain, Air Corps, Instructor,
Forty-fifth Division Aviation, Colorado National Guard.

Mr. LEWIS of Colorado. It gives me great pleasure at this point to yield 5 minutes to my distinguished friend from Illinois [Mr. DOBBINS].

Mr. LEHLBACH. Mr. Speaker, I also yield the gentleman from Illinois 5 minutes.

Mr. DOBBINS. Mr. Speaker, following a time-honored custom I am going to discuss the merits of the bill rather than the advisability of granting or refusing the rule.

It happens that I have the honor to represent the district where the Air Corps Technical School is now located and where it has been located for many years. It happens by reason of this circumstance that I probably have more familiarity with this controversy and with its inception and with the peculiar reasons that lie back of the controversy than any other man on the floor of this House.

The proposition to move the Air Corps Technical School from Rantoul to somewhere else, no matter where, is not a new one. Our friends from Ohio know that for many years it was advocated that it be moved to Dayton, and as late as 2 years ago the Chief of the Air Corps, in testifying before the War Department Appropriations Subcommittee of this House, said that Dayton was the last choice he had for moving the school. He also stated at that time, and he repeated the statement a year ago, it was not absolutely necessary to move the school at all.

At first, when the moving of this school was proposed, the Army officers were quite frank and open and aboveboard as to their reasons for wanting to move it. They wanted greater social and recreational advantages. Human nature has not changed from that time to this. They still want greater social and recreational opportunities than they feel are available at the present site of the field, but they have learned it is best to subdue or cloak these motives and find some other specious reasons to advance for moving the school. So they come before you and come before the Military Affairs Committee of this House with a report by three Army officers saying that this reason and that and another are reasons why the school should be moved from Rantoul, and in the same breath they advance reasons why Denver above all places is the only place in the world where it could be established. They were absolutely unanimous on that. Independently and collectively, they stated, they had reached the conclusion that Denver is the only place to put this field after investigating 57 cities in the United States that advocated the establishment of the field in their respective localities.

Strange indeed, is it not, that 57 fine cities were bidding for the location and 3 Army officers independently reached the same conclusion in favor of just one of the 57?

They should make some satisfactory explanation why they made such great inconsistencies in their report. Gentlemen, they brought back photographs of our field at Rantoul showing this land with men standing waist deep in water, and presented them to the Secretary of War without any comment whatever. They did not frankly say that the photographs were taken immediately after one of the worst floods that section has ever known.

But sometimes a man will be trapped by his own deception. They overlooked the fact that anyone could tell that these photographs were taken from the air, and that therefore, notwithstanding that condition, the planes from which the pictures were made were taking off from that same field while water stood on parts of it.

Gentlemen, is it not strange that we have got to the pass where our national defense must be entrusted to the tender mercies of a chamber of commerce somewhere in the United States?

This special board, according to their own testimony, in a space of only 39 days visited 34 cities, including Denver, where four sites were supposed to be inspected. Here is the story of their inspection of the Denver sites:

Colonel YOUNT. We arrived in Denver and were met by a small committee of the chamber of commerce. We were invited to a small dinner given at the Denver Club, attended by the president of the chamber of commerce and I think the mayor and four or five prominent citizens. We had a very delightful dinner, at which we discused this school and its purposes.

The next day we were taken on a tour of inspection of the sites which were proposed, and for luncheon we were entertained at the chamber of commerce at a luncheon, I presume, of about 20 men, which was attended by the Governor and several prominent citizens, at which this matter was discussed in a businesslike way, after which there was a small meeting of the executive committee of the chamber of commerce, which was nothing but business.

On the next day we were taken on a tour of the city in order that we might see the parks, the schools, and the churches and have a good idea of the city itself.

We were taken on one short trip out into the mountains to see the recreational areas in that vicinity, and that consisted of our entertainment.

Can you see how, with less than 2 days at their disposal, this poor, overworked board of experts had any time left at Denver for looking into the technical aspects of the proposed locations?

There was brought to my attention about a month ago an issue of the Denver Post published just after the bill had been reported to the House.

Here is what they said in an editorial:

Indications now are that the Army Air School located at Rantoul, Ill., soon will be transferred to Denver. Its location here will mean the investment by the Federal Government of between six and

eight million dollars. The successful campaign for the location of this school in Denver was led by the chamber of commerce.

A news dispatch from Washington in reference to the pending bill published in the same paper on the previous day says:

The Denver Chamber of Commerce has been working steadily in behalf of the bill. Mr. W. B. Redding, an official of the chamber of commerce, has been here for several months.

A member of the chamber of commerce remains here to promote a question concerned with our national defense, or where this school should be located. I say to you that Congress should face its responsibility in this matter, and we should not evade that responsibility by approving a recommendation brought here by a board of Army officers who are deliberately concerned only with the social and recreational aspects of the question that concerns them. The point where this school is located now is the center of the area where the boys come from who attend the school. They are bright young men, high-school graduates, and the waiting list for admission there is long. It takes a year to get into the school after one applies for admission. But two boys came from Colorado last year, while from the eastern half of the United States came about three-fourths of the attendance. It should not be said that the reason but two came from Colorado is because Colorado is so far away from the school, farther away than Illinois, because at the same time 10 came from California, far on the other side of Colorado.

Mr. LUNDEEN. Mr. Speaker, will the gentleman yield?

Mr. DOBBINS. Yes; I am glad to yield to my friend.

Mr. LUNDEEN. Would the gentleman agree with me in this, that we cannot have too many air fields, and this field, being there, should be left there.

Mr. DOBBINS. This field being there should be left there as a matter of justice to this community, and to our great State of Illinois, which is not adequately or proportionately represented in the location of national institutions. It would be an affront to that great State, and would be resented by its citizens and every man who is interested in the welfare of the State to take away from us one of the few such institutions that we have. [Applause.]

Mr. LEHLBACH. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I greatly regret that I am obliged to oppose the special rule which has been presented by my genial and personal friend from Colorado [Mr. LEWIS]. I know he is sincere, but, unfortunately, he is misled by the chamber of commerce of his city. At present I doubt if there is any justification for the transfer of this school in view of the fact that it cannot be done until 1939. I do not see why the resolution should be considered and brought here today under those circumstances. The bill provides that nothing can be done and shall not be done until 1939. Why not then give these great officers another 2 years in which to make an additional investigation. They have changed their recommendations only three times in the last 12 years, to my knowledge. First, they approved the present site, but later on found, as my colleague has stated, the social conditions were not to their liking. It was 12 miles from Urbana and about the same distance from Champaign, Ill., where they have a wonderful State university. I am commencing to feel that these officers are more interested in social affairs and social advantages than they are in endeavoring to serve the Nation, for which they have been originally educated and are now being handsomely provided. It seems to me that they want to have the very best and the most exclusive opportunities for themselves and their families. I regret that these officers should have imposed upon this House by again changing their recommendations. I know that only a few years ago every effort was made to take this school to Dayton, Ohio, because there was already established arrangements for their proper social functions.

Then later on they changed their views again. In 1917 it was found that Rantoul was a most advantageous site and they had the school located there. A majority of the boys come from that section of the country. Most of the enlisted men are obliged to pay their transportation, and why should we call upon these boys who are not fair-weather boys like the officers, to pay additional transportation that would be imposed upon them if the school is moved to Denver. The officers are looking for fair weather, because I read in the report there are 2 more sunny days around Denver than around Rantoul, so they feel they should have the school changed.

Yes, it would appear that the officers lay great stress upon the fact that there are more clear days at Denver than at Rantoul. Do they feel that battles are only fought on clear days?

Mr. Speaker, as I have stated, the underlying reason for the desired change on the part of the officers is that there are limitations to the social activities around Rantoul. The recreational and sports facilities for officers in the community are very restricted and limited as evidenced by the following statement appearing in the War Department board report:

There are no water sports and practically no hunting. Two country clubs at Urbana and Champaign offer limited facilities to officers for golf and tennis.

I concede that the cities of Urbana and Champaign may not compare in grandeur and mountain scenery to Colorado Springs, so close to Denver, where it may be possible greater social advantages and functions would be afforded to the officers.

In conclusion let me state that this House did not ask for this investigation and the change is advocated by these officers mostly for the reasons which I have given. I feel it would be most unfortunate to impose additional hardship on the deserving young men who are endeavoring to obtain schooling to serve the Nation. [Applause.]

Mr. LEHLBACH. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. Mr. Speaker, on April 29, by a far from unanimous vote, the House Military Affairs Committee reported out Senate bill 3398. Today we consider this bill under a rule allowing 1 hour of general debate. In the time allotted me I desire to bring some facts to your attention regarding this bill and the intent thereof.

In the year 1921 there was established at Rantoul, Ill., an Air Service technical school, commonly known as Chanute Field. In the past 15 years since its beginning this school has served the purpose for which it was intended, that of a technical ground school.

During the past several years, since 1928, there has been much agitation here and there for the removal of this field, requests being made to have it moved anywhere, just so that it would be dislocated from its present site in Illinois. Just where this demand for its removal originated is no longer a question, since a thorough investigation can lead an individual to believe but one thing, namely, that the personnel of the Air Corps would appreciate a different location.

After much bickering and a thumbs-down attitude by the Department, although money was appropriated but never allowed to be used to rehabilitate this school, a finding board was set up to investigate and determine when and where this school might be moved. I am wondering who said this school had to be moved. But the board was organized and proceeded to function. Now I make plain to you at this point, if I may, that I do not question these gentlemen who, headed by Colonel Yount, brought in this report on the board findings. However, discrepancies appear in this report which to my way of thinking can readily raise the question of doubt in anyone's mind who might have the time to read the full report and hearings, as to the necessity for the removal of this field and what might be gained thereby for the cause of the Air Corps.

Since my time is limited, I shall not attempt to give you a digest of the board's report or to go into any detail concerning the hearings on this matter. It is sufficient to state

that during the examination of witnesses before the committee many little side lights on the situation were brought to our attention.

The primary purpose for the removal of the school is given as "the necessity of a bombing range", which range site will be available at Denver. The citizens of Illinois were not informed of the necessity of such a site nor given an opportunity to learn whether additional ground might be made available at or near Chanute Field. Certainly little or no consideration was given the bombing range matter when Dayton, Ohio, the site of the Air Corps engineering center, was being favorably considered as the logical place for the technical school. I am not a prophet nor a prophet's son, so I hesitate to predict, in case the school is moved, as to just how much bombing practice will ever take place at the Denver site. But when we search the record and learn that the percentage of total hours of instruction, of enlisted men, for flying is 2.7 percent—page 69 of the hearings—and that such time for the Regular Army officers is less than 15 percent, one must begin to wonder how or when much bombing can be carried on at such an essentially ground school, regardless of its location.

Much ado was made concerning the climatic conditions in Illinois which it was cited in many instances made flying and photographic aerial instruction almost impossible, to successfully obtain profitable results. Statements of the board show that they obtained weather reports, and so forth, from locations at Springfield and Peoria, Ill., whereas such necessary meteorological reports are available at the school at Rantoul. Then why did they not use their own facts taken from actual conditions of past history as found at Chanute rather than go approximately 100 miles distant to gather such information. Frankly, I do not understand such procedure, and it all tends to leave the impression with me that more care might well have been exercised in determining the report of this board.

The report cites such items as higher cost of food in Illinois, which was disproved. Morale was mentioned as being low at Chanute. It is very true that the state of buildings and equipment at Chanute is in a deplorable condition, which possibly has much to do with any low morale that might exist, but that, of course, is for someone else to stand accountable for besides those in charge at the field. Such conditions exist at many of our posts today.

If at any time in the future much flying time is consumed by either the officers or personnel of such a typical ground school, we wonder if they will only be asked to do such work in the clear, fine air of a State such as Colorado. It might be too bad if, when an emergency arises, that our flyers can only manipulate during the best of air conditions and under certain circumstances. What do you suppose might happen to such flyers in time of war? We recently passed through such an experience when Army flyers attempted to carry the mails. They simply were not trained to meet all and any weather conditions which daily confronted them. Emergency landings can be made most anywhere in Illinois, but can such landings be made in a mountainous country? It is questionable.

The Board in its summary makes this statement. I quote:

The geographical location of Chanute Field is good in relation to other Air Corps activities.

Now, listen, as they also make this frank declaration:

It is also a good strategical location for a school.

Quartermaster supplies are furnished from Chicago, a distance of about 100 miles from the present school site, whereas the tentative site at Denver is about 900 miles from this supply center. Most of the students, approximately 421 out of 446 enlistments, from records at hand, come from points east of Colorado. Illinois has 80; Indiana, 33; Iowa, 19; New York, 21; Pennsylvania, 40; Wisconsin, 11, and so forth. In this connection you should know that when students are discharged from such a school, their travel pay back to the original place of enlistment is granted. Try to imagine the additional expense this will eventually mean to the Government. From the foregoing statement you will readily deduce that Chanute Field is well located as to center of population for demands of such a school.

Mr. Speaker, I might state that I am honest and sincere in my belief that no great benefit is to be derived from a change in location of this technical school. As a member of the Military Affairs Committee I feel sure that I have always shown my willingness and intent to promote any and all plans which have as their purpose the furtherance of necessary national defense. If there might be any such question of national defense involved in this bill, it has not been brought to my attention. If such is the case, I think we of the committee should have so been informed, thereby allowing us to study the matter with such a viewpoint before us.

The officers of the school would, of course, much rather be located at Denver than at Chanute Field, for, as brought out and stated in the hearings, Denver was referred to as "the winter playground and the summer vacation land." I do not blame these officers for their zeal in desiring to move to Denver, but I do question the advisability of our acting on their wishes rather than the necessity and practicability of such a change. It is the duty of Congress to determine the question of removal of this school. Do you think that this Congress should function merely as a body to make necessary appropriations available for the Army and Navy, and then allow these forces the privilege of carrying on as they alone see fit? I cannot subscribe to such procedure. The great State of Illinois is vitally interested in this question before us today. Further investigation of this case might profitably be had. From the best information I have at hand, no appropriation will be available for either site during the coming fiscal year, which means that although the War Department may favor this change, nothing can be done about it at present. In the War Department's letter on this bill it is stated that favorable action thereon will not conflict with the President's program provided no funds are included in the Budget before the fiscal year 1939.

Furthermore, I am opposed to the principle of any chamber of commerce or municipality offering competitive inducement for War or Navy Department activities which might eventually prove detrimental to the best interests of our country.

When a judge issues instructions to a jury which is about to go out for a verdict on a case, he informs them that they must decide without a reasonable doubt. Mr. Speaker, a reasonable doubt on this question before us today does exist in my mind, and I am sure, if acquainted with all facts, that you will find yourself in the same position that I am today. I sincerely hope this bill will be defeated. [Applause.]

Mr. LEWIS of Colorado. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Speaker, I would not undertake to pass judgment on the suitability of either one of these sites. To do so would require a technical experience and knowledge which I do not possess, and which, so far as I know, no other Member of the House possesses; but I do know that a board of experts charged with the responsibility of selecting suitable sites visited many places in the United States, including my own town.

After careful and exhaustive investigation they arrived at the conclusion that Denver was the proper place. Certainly I would not undertake to place my judgment in opposition to the trained and experienced judgment of this board. Those who were not successful in securing this desirable school should, it seems to me, acquiesce in the judgment of those whose duty it is and whose qualification and training equip them to select these sites. The other body has passed this bill. The Military Affairs Committee of the House has reported it favorably. The Rules Committee has reported a rule. So it seems to me the least we can do is to authorize the consideration of this bill on the floor of the House and give an opportunity to the author and sponsor of the bill to present it on its merits.

[Here the gavel fell.]

Mr. LEWIS of Colorado. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. HARLAN].

Mr. HARLAN. Mr. Speaker, this is about the eighth year in which this House has been buffeting back and forth the question of the location of the technical school. During 5 of these years I have appeared and presented all of the claims showing that Wright Field at Dayton, Ohio, is the proper location for this school. I am safe in saying that this field at Dayton has every qualification that Chanute Field has because of its advantageous location. It also has some of the advantages that Denver has. However, a bureau of experts has gone over the United States and weighed all of these possibilities. After 5 years of political jockeying whereby we were getting no place, the net result of all our efforts was that the Air Corps was not having a suitable technical school anywhere. The Chief of Staff and Chief of the Air Corps, as between Chanute Field and Wright Field, testified frankly that Wright Field was the preferable place. The Air Corps and the Army refused to accept or use the appropriation to build up Chanute Field because of that controversial situation. The supporters of Wright Field, under the old conditions, had the merits of the case, and Chanute Field supporters had the capacity to hold up the thing, and as a result that is where we were, and we were getting no place.

Mr. Speaker, the world is in no condition for us to "play horse" with this question any longer. The best judgment of the War Department says that Denver is the place for this field. Our entire Air Corps is going to be of no service to us if we do not have a suitably trained technical school personnel to keep these planes in the air. Our entire Army and defense system is not going to be of any avail to us if we do not have an active Air Corps in the air, and it makes no difference how many planes we have in the shops. In the interest of our country we can no longer afford to permit our ships to remain in the air without an adequately equipped technical school.

I will take second place to no man in this House in fighting for my district as against any other district. I have done so on this question for 5 years; but when my district comes up against the interests of the United States and against the interests of our national defense and against the interests of our own sons who have a good prospect of being dragged into war before very long, I think it is time for us to get a technical school in the United States [applause], and it is time for us to quit considering local interests.

The Federal Government can use Chanute Field for the best purpose to which it is adapted. There is no question about that. I do not know what that is. The Federal Government will use Wright Field, at Dayton, Ohio, for the best purpose to which it is adapted; but they say they want this technical school at a place where they can fly all the time, at a place where their facilities for testing bombing planes and machine guns are unlimited, and that they need the industrial surroundings at Denver. So long as they say that and so long as their own lives are involved in the decision, I am perfectly willing to agree with their verdict.

Mr. LUNDEEN. Mr. Speaker, will the gentleman yield?

Mr. HARLAN. I yield.

Mr. LUNDEEN. Did not the War Department select this other field in the first place? They were satisfied then, were they not?

Mr. HARLAN. This field was selected in 1921 for reasons that do not exist at the present time.

[Here the gavel fell.]

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. McSWAIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3398) to establish the Air Corps Technical School and to acquire certain land in the State of Colorado for use as a site for said Air Corps Technical School and as an aerial gunnery and bombing range for the Army Air Corps.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 3398, with Mr. TARVER in the chair.

The Clerk read the title of the bill.

Mr. McSWAIN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. Under the rule the gentleman from South Carolina [Mr. McSWAIN] is recognized for 30 minutes and the gentleman from New Jersey [Mr. McLEAN] for 30 minutes.

Mr. McSWAIN. Mr. Chairman, I yield 10 minutes to my colleague on the committee [Mr. HILL of Alabama].

Mr. HILL of Alabama. Mr. Chairman, I regret to find myself in disagreement with the splendid Representatives in this House from the great State of Illinois, whom I claim among my best friends in this body. I particularly regret to find myself in disagreement with the gentleman from Illinois [Mr. DOBBINS]. I am sure that I express the sentiments of every Member of this body when I say that all of us regret to see him leave this body, as he will, voluntarily, at the end of this session of Congress.

Whatever may be the outcome of the pending bill, I want to testify to the fact that although I do not agree with the gentleman from Illinois [Mr. DOBBINS] on the bill, he has certainly been faithful, diligent, and conscientious at all times in opposing the passage of the bill and the removal of the school from Rantoul, in his district. [Applause.]

We are not interested today, gentlemen, in chambers of commerce; we are not interested in what some newspaper writer may write in a news story, and we cannot let the interest of some community, large or small, in these United States be paramount in the consideration of the question before us. Our concern, first and foremost, must be the interests of the country as a whole, must be what is best for the defense and the safety of our country.

This bill comes here today because Chanute Field, at Rantoul, Ill., is not a suitable place for the technical school of the Air Corps. It does not meet the requirements for the school. The field at Rantoul was taken over by the Government during the World War.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. I shall try to yield to the gentleman a little later.

The Army at that time had no trained expert personnel to pass on the suitability of these fields. We had no Air Crops. We had a little staff tucked away in the Signal Corps that was trying to do something in the air, but we had no Air Corps such as we have today and have had for the past 10 years; no trained prepared experts; and we had no one qualified as experts to pass on the suitability of these fields. Furthermore, during the war we had to act under the pressure of necessity and haste; we had to take these fields more or less haphazardly. In 1921 the Air Corps Technical School was placed at Chanute Field not because the War Department at that time felt that it was the proper place for the school, not because the War Department wanted to put the school there, but simply and solely because the War Department had no other place to put the school. There were temporary wartime buildings at the field, and the War Department had to house the school somewhere, so it was put there simply because the housing necessary for the school happened to be there. Ever since I have been a member of the Committee on Military Affairs, a period of some 12 years, the War Department has insisted that Chanute Field was not the proper place for the school and has made many different efforts to get the school away from Chanute Field.

Reference has been made to the fact that the War Department has changed its mind, that at one time it wanted to take the school from Chanute Field to Wright Field at Dayton, Ohio. Yes; it is true that conditions were so bad at Chanute Field and the field was so unsuited to the needs of the technical school that the War Department did set up a board to see if the school could not be moved to Wright Field. Wright Field was under the War Department; we

had it, and we thought we might be able to house the school there. The board said, "Yes; as between Chanute Field and Wright Field, send it to Wright Field; do not keep it at Chanute Field." But that did not mean that Wright Field was the best place, and the board did not say so; it was just a matter of the lesser of two evils, so to speak.

Some 2 years ago the War Department, at the suggestion of many Members of Congress, selected a board of officers to study the question and make recommendations as to a proper location for the school. I recall that my distinguished colleague from Alabama [Mr. McDUFFIE] was one who took the matter up in person with the Secretary of War and urged that the War Department select such a board.

The board was composed of three officers, three of the most conscientious, the most competent officers in the Air Corps of the Army. The board went all over the country visiting some 57 cities trying to find the best location for the school. The board came into my State of Alabama, visiting at least three cities, and we tried to persuade the board that the best location for the school was in Alabama, but the board did not agree with us. After carefully studying the needs of the school and spending some several days at Chanute Field, and after making a most painstaking and most thorough investigation, the board unanimously reached the conclusion that the best location for the school was at Denver, Colo. I may say that the two cities found by the board to be next in availability to Denver, Colo., were two cities in the State of my distinguished colleague from Texas [Mr. SANDERS], namely, Dallas and San Antonio. Although these Texas cities were the second and third choices, Senator SHEPPARD, of Texas, chairman of the Senate Military Affairs Committee, was so impressed with the fairness and the thoroughness and the correctness of the report of the board favoring Denver that he led the fight on the floor of the Senate when the bill was passed in the Senate moving the school to Denver.

What is the trouble at Chanute Field? I will tell you. We call the school a technical school. It deals with aircraft equipment and matériel—it deals with machine guns used in airplanes, it deals with bombs and bombing equipment, with cameras and photography.

[Here the gavel fell.]

Mr. McLEAN. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. HILL].

Mr. HILL of Alabama. Mr. Chairman, the men in this school have to study this equipment on the ground, but that is not all. After they study the equipment on the ground they must take it in the air, and study it in the air, and practice with it in the air, because oftentimes equipment functions differently at low altitudes than it does at high altitudes; it functions differently oftentimes on the ground from what it does under the stress and strain in the air; metals expand and contract depending on the temperature; and there are many problems of this kind that must be worked out. The only way this school can carry on its training as it should be carried on is by taking these men and the equipment into the air. As it is today the climate, the haze, the fog, the weather conditions are so bad at Chanute Field that in some of the courses the men are not able to finish 50 percent of the flying requirements.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. Not at this point; I have only 5 minutes; I am sorry. Furthermore, you have got to have a bombing range where the men can take these great bombing planes and machine guns and actually fire at targets. They ought to have a range 10 miles square. There is absolutely no way of getting such a range as this at Rantoul or in the State of Illinois, for the State is too densely populated.

The cost of such a range in Illinois is absolutely prohibitive.

Now, what do we find in Denver? We find that the city of Denver is giving the Government a piece of property, or offering the Government a piece of property, which is just as large as the field at Rantoul. In addition thereto there are buildings on the field which the Quartermaster Corps values at $400,000. There is not a single permanent building at Chanute Field. If the school is to remain there, entirely new buildings will have to be built. At Denver there are over $400,000 of permanent buildings already located, and, due to the unusual climate there, there are not over 2 days in a year when flying operations cannot be carried on.

In addition thereto, the school has to have a great bombing range. At Denver, or in its immediate vicinity, we will be able to secure 10 square miles where these men may get the practice that is so essential to their complete education. Furthermore, Denver is a mile above sea level. As the War Department says:

(1) With the advent of the high-powered, highly supercharged aircraft engine, designed to operate at high altitudes, together with highly developed aviation fuel and oil, it has been clearly evident for some time that the basic technical training of officers and men in the care, repair, maintenance, and operation of aircraft material should be carried on in an area more closely simulating atmospheric and climatic conditions encountered in high-altitude flying operations.

Mr. Chairman, 2 or 3 years ago we witnessed in this country the terrible tragedy of the loss of human life when the officers and men of the Air Corps sought to carry the mail. Why did those men lose their lives? Because they had not been properly trained and prepared to use the equipment which was so necessary to protect themselves in flying through the terrible weather. This matter not only goes to the question of the defense of our country and the efficiency of the Air Corps, but involves as well the life and limb of those brave boys who go up into the air in these planes. If we are to meet our responsibility to the whole country, we cannot do less than pass this bill giving to the Air Corps that location for its technical school which the board of experts, the Chief of the Air Corps, the Secretary of War, the Senate, and the majority of your Committee on Military Affairs states is the proper place, the right place, and the suitable place for the school to be located. [Applause.]

[Here the gavel fell.]

Mr. McLEAN. Mr. Chairman, I yield 12 minutes to the gentleman from Vermont [Mr. PLUMLEY].

Mr. PLUMLEY. Mr. Chairman, the report on this bill, which I filed on behalf of the preponderant majority of the committee, pretty well covers the situation. It is a summary of the facts which were made to appear before the Committees of the House and Senate on Military Affairs.

When the "red herrings" of commendable selfish interest, the inclination involved in personal and geographical friendships, social contacts, and political alliances, and other trivialities, superfluities, and generalities which have been drawn across the trail are disposed of, the road leads us, as legislators and thinking men, to the consideration of only one issue: That of national defense and of national safety involved in a recommendation by an Army board of strategy, upon whom rests the proper solution of such questions which, in the opinion of the War Department, are vital and constitute an instrumentality of no secondary importance in the preparation for and maintenance of a reasonable and adequate national defense. When life and the safety of the Nation is at stake, Chanute and Denver are but names. This point must not be minimized, nor lost sight of in our consideration of this measure.

In the first place, Chanute Field was selected as the location for the Air Corps Technical School back in 1921, because there were then buildings existing which could be utilized for this purpose, and the War Department had no funds with which to build a school at any other location. Some of the work done by this school had previously been done at St. Paul in temporary facilities which had to be abandoned. Part of the personnel of the school was at San Antonio, which location was abandoned in order that the repair depot at Dallas, Tex., might be consolidated with the supply depot at San Antonio.

The buildings at Chanute Field were and are wartime buildings, now so dilapidated and outworn as to be positively dangerous for occupancy. If there were any question in your mind as to the suitability, adequacy, and availability of this Chanute Field from the standpoint of the War Department, all questions which arise with respect to this matter ought

to be settled by the fact that board after board has been appointed for the purpose of considering all views and recommendations relative to the question of the location of the Air Corps Technical School elsewhere. This in itself is evidence of the fact that the present location was not considered proper, adequate, or satisfactory.

Recognizing the inadequacy and unsuitability of the present location, the selection of the proper place has been a matter of study for years. The last official action taken by the War Department by order of the Secretary of War with respect to an investigation concerning the selection of a site is found in an order of the Secretary of War to the Chief of the Air Corps of date February 15, 1934, to appoint a board of officers to consider all views and recommendations relative to the question of the location of the Air Corps Technical School and submit a report setting forth the views and recommendations with its conclusions and recommendations.

At the outset, before making any personal inspections, the board of officers prepared a questionnaire and letter of instructions, copies of which were sent to chambers of commerce or designated representatives of many towns and cities in various parts of the United States. In this questionnaire and letter were embodied certain specifications and requirements which, in the light of experience and of recent rapid development of military aviation, the Air Corps and the General Staff regard as characteristics essential to an ideal location for this particular instrumentality—the Air Corps Technical School. The purpose of this questionnaire was to elicit detailed information relative to the proposed sites and the conditions to be found in the neighboring communities and environs in order that such information might be available to the board at the time of its arrival for personal inspection and as an important aid to the board in the preparation of its final detailed report.

The board personally visited 57 cities throughout the United States, inspected proposed sites, and personally gathered a large amount of data in addition to that furnished by the respective local communities. It also received and considered briefs and other information from 25 localities other than those personally visited. Under date of August 15, 1934, the board submitted to the Chief of the Air Corps its confidential and unanimous report and recommendation.

This report and recommendation was checked and studied by the Chief of the Air Corps and was by him approved and recommended in a memorandum dated October 12, 1934. The report and recommendation was then referred to the General Staff, where it was given further careful analysis and consideration. In March 1935 it was transmitted by the War Department to the Military Affairs Committees of the House and Senate.

The board reaches the following conclusions and recommendations:

1. Conclusions: The board concludes that Chanute Field, Rantoul, Ill., is unsuitable as a location for the Air Corps Technical School and that the best location which it has been able to find is at Denver, Colo.

2. Recommendations: The board recommends that the site described in the Denver, Colo., brief be acquired by the War Department and that the Air Corps Technical School be located thereon.

Now, to repeat, may I say the Congress has had under consideration on several occasions the rebuilding of the Air Corps Technical School, now located at Chanute Field, Rantoul, Ill. This school was established at that place in 1921, in order to consolidate in the place then most convenient and in one school the mechanics school, which was located at Kelly Field No. 1, at San Antonio, Tex.; the communications school, then located at Post Field, Fort Sill, Okla.; and the photographic school, then located at Langley Field, Hampton, Va. The governing reasons for the selection of Rantoul, Ill., all things considered, were the availability of buildings on Government-owned land and the convenience of obtaining student personnel.

It is true that in 1928 a plan was considered to move the school to Wright Field, Dayton, Ohio, but after several years of consideration that plan was abandoned. In the meantime, funds appropriated for rebuilding the school were withdrawn in 1933 by Congress, in view of the difficulty of determining where the school had best be located. Efforts made by the War Department since then to obtain funds for rebuilding the school have likewise failed, pending determination of its proper location. The buildings at Chanute Field, which were temporary buildings, constructed during the World War, have deteriorated rapidly in recent years to the extent that all are forced to admit that rehabilitation is no longer practicable or desirable.

Since the difficulty in obtaining funds was inseparably linked with the question of proper location of the school, the War Department, in 1934, presumably at the request of the Chief of the Air Corps, appointed a board of officers to make an extended survey of all suitable sites in this country with a view to recommending the best location for this school, all things considered. The board actually inspected 57 sites and considered a total of 82 sites, and recommended, as preeminently best suited, a site at Denver, Colo. The report of this board of officers is most thorough and convincing; and after detailed analysis in hearings before the subcommittee of the Committee on Military Affairs of the Senate, it still stands as a report which, for comprehensive and logical analysis of all factors involved, cannot be ignored. The Denver site recommended by the War Department board contains material advantages which make it outstanding over other sites for the purpose required. These advantages are clearly set forth in the reports of the Committees on Military Affairs of the Senate and House. The most outstanding advantages are provisions for a gunnery and bombing range within close proximity to the school, a climate which provides the greatest percentage of clear atmosphere for photographic instruction, an altitude which is in keeping with modern training requirements of the school, and buildings up to the value of $400,000.

Since the predominant purpose of the school is to train enlisted mechanics and skilled photographic and communications personnel, the proposed site at Denver, Colo., will provide not alone better facilities but better recreational facilities for the enlisted men. Officers are able to provide for themselves recreational features desired wherever stationed, and the War Department stated that little importance was attached to that feature.

A pertinent advantage to be derived by the Government in the establishment of the school near Denver, as covered by the bill under consideration, is the donation to the Government not alone of the land for the school but also a tract of land for a gunnery and bombing range approximately 10 miles square. For aerial gunnery, in order to insure the safety of personnel on the ground, the tract of land must be large enough to permit effective maneuvering of the aircraft and have an ample safety zone beyond the range of modern .50-caliber aircraft machine guns. The saving to the Government will not alone be approximately $400,000, the difference in cost of reconstructing the school at Denver rather than at Rantoul, Ill., but also the saving in the cost of this large tract of land for gunnery and bombing purposes.

To summarize, a board of practical, as well as technical, experts specially selected because of their integrity, their high attainments in the Air Corps, and their specialized knowledge and skill, devoted 6 months to an intensive study of the availability and suitability of various localities, and personally visited and inspected 57 proposed locations and considered the facilities and advantages of 27 others, in various parts of the United States. Their exhaustive confidential report, after having been checked and studied for 2 months by the Air Corps, was emphatically approved and recommended. The report was then rechecked and restudied throughout 5 months more by the General Staff and by the Secretary of War. After this exhaustive study, extending over 13 months, the report was sent to the Congress for appropriate legislation. The mere submission of the report to the Congress by the Secretary of War constituted a tacit approval thereof by the War Department. But in answer to a direct question by the chairman of your committee, the War Department has given its unequivocal answer that it favors the enactment of this legislation as it stands.

The Army regards this bill as major legislation involving not only the lives of men but also the national defense and hence the national safety. Proper solution of the question transcends personal, partisan, or local interests. It is a national problem. In arriving at its conclusion your committee has been controlled by facts, not by sentiment or by sectional or local considerations. The Air Corps Technical School is a highly important activity in the plan of national defense. It will increase in importance with the development of military aviation. Its permanent location and establishment in a place best suited to the carrying on of its own particular curriculum should be definitely settled without further delay. From the national point of view, it is of minor importance whether the establishment of this school in one place or another will detract from or contribute to the welfare of any section or local community. It is of great, even vital, importance to the national defense that there be selected that location which is best suited for this particular activity, thereby contributing most to the welfare of the United States of America as a whole, to its safety and its adequate defense.

In the opinion of the War Department, in which I concur, the bill involves an important instrumentality in the plan of national defense. It involves a fundamental and underlying question of military strategy, and the War Department, charged with responsibility for the determination of such questions, has said that this field should be located at Denver.

The Secretary of War favors the enactment of this legislation. The War Department has been given to understand and has been authorized to state that its position in nowise prejudices the program of the President.

Personally and officially I do not care to take the responsibility of superimposing my layman's judgment as against that of military technicians, strategists, and experts of the War Department, nor to go against the recommendations of the Secretary of War. I shall follow the recommendation of the War Department, accept its findings and recommendations, and follow its judgment, because of the nature and importance of the questions involved. In taking this position I believe I voice the sentiment of a considerable majority of the Committee on Military Affairs, at whose direction I made the report.

I am reminded in this connection that—

> Those oft are stratagems which errors seem;
> Nor is it Homer nods, but we that dream.

[Applause.]

Mr. McSWAIN. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I think I am as fair and as impartial a judge of this matter as any Member could be, because no city in my district was a candidate for this school, nor have we any Army activities in the district whatsoever. We did have at one time one old recruiting sergeant, and they even took him away from us; so the War Department has no strings on me, yet I am in favor of this recommendation of the War Department.

A large amount of data has been gathered by this board of officers, and I believe they were as fair and as impartial as it is possible for officers to be. I believe their conclusions are justified by facts, and I am willing myself to accept their recommendation. I may say that in the last year or so I visited Chanute Field, and through former visits I am familiar with the situation at Denver, Colo. Since I have no time to go into details, I am asking all my friends and those who have confidence in my judgment with reference to these matters to follow me in my conclusion that it is desirable to establish this school at Denver, Colo.

[Here the gavel fell.]

Mr. McSWAIN. Mr. Chairman, I yield 10 minutes to my friend the distinguished gentleman from Illinois [Mr. DOBBINS].

Mr. McLEAN. Mr. Chairman, when the Seventy-third Congress met it was my great joy to renew a friendship very dear to me, a friendship that had its origin when the gentleman from Illinois [Mr. DOBBINS] and I studied together in law school. June 6 next will be the thirtieth anniversary of the graduation of our class from the law department of the George Washington University. Mr. DOBBINS, at the end of the present session, will retire voluntarily from Congress to resume his active law practice, and, if I know him as I think I do, to give to his home folks a large portion of his time and of himself in useful, unselfish, and patriotic public service. He brought to the House of Representatives a wide experience in the Postal Service born of many years as an inspector in that branch of our Government and an equipment for the public service gained by many years in the practice of law, and we have come to respect him for his sincerity and industry. He goes from us enriched by the experience he has had here and with all our good wishes. He will leave with us that same respect and esteem, that same affectionate regard, that he left with us who knew him so well as a student in his youthful days.

Mr. Chairman, it is my great privilege under the circumstances to yield to the gentleman from Illinois [Mr. DOBBINS] the balance of my time. [Applause.]

Mr. DOBBINS. Mr. Chairman, I am sure you realize I am deeply appreciative of this tribute that comes to me from the gentleman on the other side of the aisle. It comes as a surprise, but none the less it is appreciated. I am also grateful for the compliments paid by the ranking majority Member of the Military Affairs Committee. It is true that I am soon to leave this Chamber, but I leave it with most pleasant recollections of the confidence I enjoyed from my colleagues, not only during the times we found ourselves in agreement, but during those times when unfortunately we found it necessary to disagree.

Mr. LEWIS of Colorado. Will the gentleman yield?

Mr. DOBBINS. I yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. Mr. Chairman, may I say that the fine things said by the gentleman from New Jersey [Mr. MCLEAN] are most heartily shared by all of us from the West, and although we may differ on some matters of policy, we all regret that Mr. DOBBINS, of his own motion, has refused to be a candidate for reelection. We all wish him the best of success in whatever field he may engage. [Applause.]

Mr. DOBBINS. Mr. Chairman, I hope the Members do not get the idea from these generous eulogies that this is a funeral service. [Laughter.] In this case the corpse is very much alive and kicking, and expects to win his point today. He expects to win it deservedly upon the facts in the case.

You were told that in early life I chose the practice of law as my vocation. I have applied that to a study of this so-called evidence which has been discussed before you today, and I intend to let you have the benefit of that study of this very peculiar report that lies in front of the chairman but which I suspect he has never read. I think only one or two Members of this House have read it. I grant that my good colleague from Colorado has read it, and I have read it, but aside from that I challenge anyone to tell me he has read that testimony throughout, and I fancy that as my colleague from Colorado recalls that evidence there are many things in there he wishes were not there.

They talk to you about a board of experts. Can any man apply to himself the title of expert and thenceforth be accepted as one? What is an expert? In this matter he is a man who understands the science of aviation, the science of military aviation and all the problems that go with it. There was a chairman of this board, Lieutenant Colonel Yount. He has been in my hearing several times when I have demonstrated the faults of his report, and never once has he rendered an explanation of them. Perhaps he is within the hearing of my voice right now. This so-called expert who brings to you a report saying that a field 10 miles square, containing 100 square miles, is the absolute minimum for a bombing field, at the outset of this investigation of various sites stated while conducting an investigation at Rantoul that a half square mile, a mere half section, was adequate for the purposes of a bombing field and machine-gun range; and the other two alleged experts belonging to that board sat there with him and did not

contradict or correct the statement. Why, there is hardly a man on the floor of this House today, nonexpert though he may be, who does not know that a half section of land is not adequate for a machine-gun and bombing range. I see the chairman of the committee pointing his hand straight up in the air and indicating that all that is necessary is to drop a bomb straight down and you can hit a half section of land; but that is not the way, I may say to my expert chairman, bombing is done in the Army. A bomb is dropped from a fast-moving plane and a plane that may be 10,000 or more feet in the air. As it is released it travels forward with the speed of the plane, and may land half a mile or more beyond a line perpendicular to where it was released.

Mr. McSWAIN. Mr. Chairman, will the distinguished gentleman yield?

Mr. DOBBINS. I yield, indeed, to the splendid chairman of the Military Affairs Committee.

Mr. McSWAIN. Will not the gentleman admit that he must have misinterpreted entirely the gesticulation I was making?

Mr. DOBBINS. I saw the gentleman, and thought I could correctly interpret his gesture and whispered comment.

Mr. McSWAIN. I submit the gentleman did, but he cannot read my mind, and he did not hear me say anything. [Laughter.]

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. DOBBINS. I yield to the gentleman from Texas.

Mr. BLANTON. What is the distance from Chicago to Denver—something like 900 miles?

Mr. DOBBINS. About 900 miles.

Mr. BLANTON. Is there not plenty of room and need to keep this bombing field where it is and within the 2 years put another one out in Denver?

Mr. DOBBINS. If Denver must have one, there is plenty of room there for one, I am sure.

Mr. BLANTON. I am sure another one 2 years from now would not be too many.

Mr. DOBBINS. I do not think so, but let me tell my friend from Texas that the Army has a bombing field in California, a large bombing field, and it does not use it.

Mr. BLANTON. That is about 600 miles away from Denver.

Mr. DOBBINS. Yes; and it has one at Fort Knox in Kentucky, and our boys from Chanute Field go down there 10 days in the year. They pack up their trucks and go down there and practice bombing. That is all the time they have chosen to require, and I assume it is enough.

Experts will tell you that the best bombing and machine-gun practicing is done over water, shooting at the shadow of the plane in the water, which darts about rapidly and furnishes an excellent target, instead of a fixed target, such as you use if you fly over land. Water is there in abundance just touching the State of Illinois, and only 100 miles away from this field is the whole southern tip of Lake Michigan, not with 100 square miles but 10,000 square miles, on which there is little commerce and which is under the control of the War Department, to be used as it pleases. Within 50 miles of Chanute Field are the Kankakee marshes, where all the land you want can be purchased for from $15 to $25 an acre. Oh, no; it is not the need for a bombing field that motivates our experts. If 100 square miles were essential for their purposes as a military requirement, why did not these experts know it when they set out upon this mission?

Oh, General Foulois told the Appropriations Committee shortly after this board had been set up that great care had been taken in the selection of these men and that an effort had been made to get men who would not be prejudiced against Chanute Field. I do not know why he was so careful to avoid prejudice unless he was conscious that a prejudice existed. This is a very strange statement for the general to make, but let me read what he said just before this board was selected:

> What I am hoping to do is to have a board that knows nothing about it.

I think he got such a board. [Laughter.]

Mr. Chairman, I am now going to yield to the Member who prepared the majority report of the committee, my friend, the gentleman from Vermont [Mr. PLUMLEY], who would not yield to me. I want to ask him whether or not before this report was prepared, the gentleman from Vermont had seen the letter sent to his committee by the Secretary of War, dated February 24, 1936.

Mr. PLUMLEY. I think I heard the gentleman from Illinois refer to it.

Mr. DOBBINS. Did the gentleman ever see the letter?

Mr. PLUMLEY. I do not think I saw the letter.

Mr. DOBBINS. The letter was addressed to the chairman of the committee. Does the gentleman know whether it was read before his committee?

Mr. PLUMLEY. I heard the gentleman refer to it.

Mr. DOBBINS. Is that the first you ever heard of it?

Mr. PLUMLEY. Yes.

Mr. DOBBINS. I am surprised, because there appears in the report of the committee a statement from a colonel in the War Department saying that the War Department favors the passage of the bill.

Why did not the letter from the Secretary of War appear in the report? Here is what the Secretary of War says at the conclusion, after discussing the bill.

He says the transfer and construction will entail an expenditure of something over $7,000,000, and then he concludes by saying that the passage of the bill would not conflict with the financial program of the President provided the expense thereof be not included in the War Department budget prior to the fiscal year 1939.

Subject to the above limitation, he writes, the War Department approves the bill. Why was not that put in the report, instead of what some understrapper said? Why should we have to dig it out of the files of the Military Affairs Committee? I do not know, I submit it to my colleagues for their consideration.

The gentleman from Alabama [Mr. HILL] says it is a matter of life and death, that the country is going to the demnition bowwows if this field is not transferred. Is not it strange that it will not be a matter of life and death for 2 years? For the Secretary of War advocates no moving of the school before 1939.

Mr. LUCAS. Will the gentleman yield?

Mr. DOBBINS. I am glad to yield to my colleague.

Mr. LUCAS. Does the gentleman think that if this field was located in either of their respective districts these gentlemen would object to the transfer?

Mr. DOBBINS. Oh, I would not impute bad faith to them. They have been very fair in dealing with me. But I suspect that if one of them had the present field located in his district he would be just as diligent in inquiring into the real facts of the situation and as reluctant to accept biased conclusions of so-called experts in the matter as I have been.

I discovered as a result of my examination and pointed out to this committee 15 of the grossest misrepresentations of conditions at Chanute Field that could be imagined.

Mr. PLUMLEY. Will the gentleman yield?

Mr. DOBBINS. I yield.

Mr. PLUMLEY. Is it not a fact that this bill is solely one to authorize the selection of a site?

Mr. DOBBINS. It is solely for a purpose which you gentlemen on your side of the Chamber have been condemning for the last 3 years, to rubber stamp a recommendation to carry out the desire on the part of certain Army officers to acquire for themselves greater social and recreational opportunities.

Mr. O'MALLEY. Will the gentleman yield?

Mr. DOBBINS. Yes; gladly.

Mr. O'MALLEY. Is the Chanute Field available for Reserve officers?

Mr. DOBBINS. Yes. Chanute Field is close to the center of population in this country.

Mr. O'MALLEY. In my State the only place the Reserve officers can get their training is down there, and they do not want to go out to Colorado to get it.

Mr. DOBBINS. Mr. Chairman, a great deal of talk has been indulged in about the poor climate of Illinois. Why, the colonel from the War Department admitted, as the facts compelled him to admit, that there is not any better flying place in the country than in Illinois. There are emergency landing fields available everywhere, and they are available only in rare instances in Colorado. They never have mentioned this fact, that the students attending that school will have to travel on an average of about 900 miles or 1,000 miles farther to get to the school if it is moved to the West away from the center of population, and the cost of that every year will be from $25,000 to $50,000. They have not mentioned the question or told this Committee and have made no calculation upon the subject of the cost of transporting quartermaster supplies to this school if it is moved to Denver. They did comment on the fact that the quartermaster supplies would still come from the quartermaster's depot at Chicago, if it is moved out there, and that matériel and flying equipment must still come from Dayton, 900 miles farther away from Denver than Chanute is. Yet these experts are ready to spend the money of the people which this Congress must appropriate and which this Congress must find by taxation, and they gave no thought and no calculation to the amount of that or the increased upkeep cost of this new location.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. DOBBINS. Yes, indeed.

Mr. MAY. The gentleman perhaps knows as a matter of fact that I as one member of the Military Affairs Committee signed the minority report, the only one that I have signed since I have been in Congress. I signed that after reading carefully several times the report of this board on this particular ground, and I want to read to the gentleman from that report:

> There are no water sports and practically no hunting. Two country clubs at Urbana and Champaign offer limited facilities to officers for golf and tennis.

Mr. DOBBINS. Why bring that up? Why embarrass further these discomfited gentlemen?

Mr. MAY. After reading that carefully I made up my mind that the motive back of it was not the training of these boys in a mechanical understanding of this plant, after they had testified that 90 percent of all the work they do is on the ground.

Mr. DOBBINS. Not 90 percent, but 99 percent.

Mr. MAY. That is right.

Mr. DOBBINS. When I read that it made me mad. I know those golf courses and I know that they are good. I asked them what they meant by limited facilities, and their reply in the hearings was that as nonresident members they were not allowed to vote in the annual elections. Think of that!

Mr. O'MALLEY. Then it becomes a fact that you are not furnishing the right kind of social life at Chanute Field, and perhaps they can get a lot better social life in Colorado?

Mr. DOBBINS. Oh, Army officers are human just like the rest of us. The social advantages of Rantoul are not quite equal to what they are in Milwaukee or in the splendid cities of Kentucky or in my own cities of Urbana and Champaign, but they are only 14 miles away from the latter community, and since that prejudice was first formed, transportation facilities between my community and the field have greatly improved.

Mr. MEEKS. Mr. Chairman, will the gentleman yield?

Mr. DOBBINS. Yes. I am glad to yield to my colleague and neighbor.

Mr. MEEKS. The gentleman knows something about drainage. Something is said in the report about that. Knowing that the gentleman has had a great amount of experience with drainage matters in the State of Illinois and in the vicinity of this field, would he kindly make some statement in regard to that?

Mr. DOBBINS. I thank the gentleman for his observation, because that involves 1 of a list of 15 errors that I fear I am not going to find time to point out in detail. They did say in their report that the fall across Chanute Field is insufficient for adequate drainage. They admitted, when testifying in the Senate committee, that 10 feet to a mile is adequate for drainage, and then they submitted the data placed there in front of the chairman, which includes a geological survey map of this square mile occupied by Chanute Field, showing indisputably that the fall across that field is 15 feet to the mile. Also, they said that the cost of living at Rantoul is far greater than it is at Denver. My good friend Mr. LEWIS showed by tables he placed in the RECORD that it is about the same, and I think that gives Denver a break, for my belief is we can live much more cheaply in Illinois than you can in Colorado. They also said the temperature was excessively hot, and that 60 days in the year it got above 90. That was not true. They did not even know that the temperature is regularly taken and recorded right there on the field. So they went over to Springfield, 100 miles away. They did not know, these experts, that at Chanute Field the Army Signal Corps maintains a sort of Weather Bureau service; and when that was brought to their attention, what did they say? They acted just like all pseudo experts do; they were all tangled up.

They said, "Oh, those readings were made by privates, and we could not rely on them." [Laughter.] That was their answer to that.

They said the water there was bad and would not yield to treatment. That was conclusively refuted by the expert testimony of reliable water-service engineers.

On the proposed Denver field they submitted two estimates of the cost of grading that field, where the ground levels have a variable elevation of more than 50 feet. There was an estimate of $25,000 and an estimate of $75,000. They generously accepted the $25,000 estimate. Later on, in their testimony before the Military Affairs Committees, they admitted that it would cost $100,000.

They say in this wonderful expert report, that insect pests are a nuisance at Chanute Field. The only testimony in this record here is by a medical officer who says the insects do not constitute a nuisance. In their report they said that the respiratory disease rate is excessive at Chanute. The medical officer testified to the exact opposite—that the respiratory diseases there were not excessive or different from what they were elsewhere. They testified as to the area of the bombing range, of which I have told you, first saying that one-half square mile was adequate, and later that a hundred square miles was necessary. There you find that old trick of determining just what you want and then afterward writing the specifications, so that that is the only thing you can get. It is a trick, I understand, that has been practiced before even in our great War Department.

Then there was the ridiculing of our country clubs. They did not find golf facilities there. There were not swimming facilities.

They said they had to have a field where they could take off in the prevailing wind without any obstructions. The prevailing wind at this field in Denver is from the south. The square mile immediately south of this proposed field is occupied by a cemetery with tombstones on it, and my nonexpert opinion is that it would be a very poor place in which to make an emergency landing. [Laughter.] But, above all, to cap the climax, here comes our good friend, Mr. HILL of Alabama, saying it is necessary to put this school at Denver because it has a high elevation, and the flyers can go up high. Well, how high is the sky at Rantoul? [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DOBBINS] has expired.

Mr. McSWAIN. Mr. Chairman, I yield 8 minutes to my colleague from Pennsylvania [Mr. FADDIS], a member of the committee.

Mr. FADDIS. Mr. Chairman, I am sorry I do not have time to go into the matter of paying compliments, as I would like, indeed, to pay extended compliments to our distinguished colleague the gentleman from Illinois [Mr. DOBBINS], but I must get to the matter at hand. I fear, however, that the vote upon this matter will be based more upon paying a

compliment to him than upon the real merits of the legislation.

Summing up this matter, it resolves itself into this question: A board of officers of the Air Corps of the United States Army was appointed to decide upon a proper site for the Air Corps Technical Training School. After extended examination of a great many localities throughout the United States, they handed in a very extensive and complete report.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. FADDIS. I cannot yield. I do not have the time.

This report has been quoted in part today. I want to call the attention of the Members of this Committee to the fact that there is a great deal more to the report than that which has been quoted by the opponents of this legislation. This report is very thorough and is composed of a great many other subjects than that having to do with the recreational facilities at this field. It takes up the site. It takes up the climatic conditions, the moral factors, utilities, transportation and communication, geographical location, construction and labor costs, and then a general summary.

The same headings were gone into both as to the Denver site and as to the Rantoul site. I assure you that the Committee on Military Affairs approached this matter with a great deal of deliberation, and that they approached it with a great deal of reluctance insofar as they were up against the responsibility of making a decision as to whether this field should, in the interest of the service, in the interest of national defense, be moved from its present location to another one.

There has been an attempt to becloud the issue. There has been an attempt to lead the minds of this Committee off of the question at issue by referring to that part of the report having to do with the recreational facilities. There has been an attempt to impeach the sincerity of the board and belittle their motives. This is a most unworthy move, as I am sure that the board acted in accordance with their best judgment and with the utmost sincerity. There has been an attempt to imply that the board was influenced in its decision by the Denver Chamber of Commerce. That is an unworthy insinuation. The one essential point in the entire matter is, will the moving of this field be for the improvement of our system of national defense?

Let us just for a moment look into the purpose of this school. The Members of this Committee will remember their college or high-school days and their various studies. Let us take, for instance, physics. When you studied physics you studied the theoretical side and then that study was supplemented by practical demonstrations in the subject matter covered in the study of the theory. The practical demonstration was for the purpose of fixing in your mind what you had studied in theory. It was important that it come in proper time and sequence. This school is run exactly on that same plan. The students study the theoretical side of the question and that study is supplemented with practical demonstrations. You all know how important it is in such a course, that when you have studied the theoretical side, that the practical demonstrations shall be carried out at the proper time and in the proper sequence.

What your Committee on Military Affairs took into consideration above all other things was the very fact that in this course of instruction, while they are pursuing this theoretical instruction, if the weather is not proper to follow it up at the proper time with practical demonstrations, then the students have lost a great deal of the value of the course. The evidence presented to the committee was overwhelming that such is a frequent occurrence. The evidence before the committee showed that in a great many instances students had left that school where they had completed the theoretical course, but had been unable to complete more than 50 percent of the practical course. Their course in such cases was only three-fourths complete.

As to the letter from the Secretary of War, part of it was read and, of course, part of it was not. I wish to read from the letter of the Secretary of War, dated February 24, 1936, in the third paragraph:

> The above report was carefully studied in the War Department. The War Department arrived at the conclusion that the board's rating of the Denver field was fair and accurate, and that the site of the Chanute Field is, as reported by the board, unsuitable for the purpose.
>
> Nevertheless, in view of the interest which had been shown in the matter by the Congress, the War Department transmitted this report to your committee without recommendation but with an expression of hope for an early decision in the matter.
>
> The need for some action in respect to construction of an Air Corps technical school is critical. It is the opinion of the War Department that action to determine the matter should not longer be delayed. The proposed bill offers what the War Department considers an admirable solution. There is a marked lack of Air Corps establishments in the Rocky Mountains. For this reason alone, in addition to the many advantages enumerated by the board, the location at Denver of such a school, with airdrome and bombing and gunnery ranges available for transient units, is considered desirable.

This board was appointed by order of the Secretary of War and pursuant to its duties has recommended the change in good faith to increase the efficiency in our Air Corps.

Another important consideration is the relative cost of making either of the two locations into a suitable school. At Rantoul we must build from the ground up and in addition furnish a bombing range 10 miles square. Taking an average of the figures furnished for the RECORD by the gentleman from Illinois [Mr. DOBBINS], this range will cost $1,280,000. At Denver it will be furnished free. A site for the school will be furnished free at Denver, and this site will have in addition a building worth $400,000. This makes an item in favor of the proposed new location of $1,680,000, a very considerable sum.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

> *Be it enacted, etc.*, That the Secretary of War be, and he is hereby, authorized to establish in or near Denver, Colo., the Air Corps Technical School and to accept on behalf of the United States, free from encumbrance or conditions and without cost to the United States, for use as a site for the Air Corps Technical School, the title in fee simple to 640 acres of land, more or less, within the city limits of the city of Denver, Colo., including the property known as the Agnes (Phipps) Memorial Sanitarium, together with existing buildings and equipment located thereon; and also a tract of land within the State of Colorado, suitable for use as an aerial gunnery and bombing range by the Army Air Corps: *Provided*, That in the event a donor is unable to perfect title to any land tendered as a donation, condemnation of such land is authorized in the name of the United States, and payment of any and all awards for title to such land as is condemned, together with the cost of suit, shall be made by the donor.

Mr. SABATH. Mr. Chairman, this is an important matter. I think we ought to have a quorum present. Mr. Chairman, I make the point of order there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and two Members are present, a quorum.

Mr. LUCAS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I yield to no individual in my advocacy of an adequate national defense, and, for a number of years, as a Reserve officer in the Army and as a member of the Illinois National Guard at the present time, I have taken considerable interest in this very important national question. I know something about the subject matter in hand. Camp Grant, Ill., is one of the most important and up-to-date Army camps existing in America. Every year they have 2 weeks of training with some 15 or 20 airplanes doing all kinds of maneuvering and stunts. We have a sufficient range to take care of all of the bombing practice necessary for those planes; yet, Mr. Chairman, to show the insignificance of that part of Army maneuvers at this particular time in our history, I have failed to see a single bomb dropped from a plane during the last 2 years at Camp Grant.

I have heard considerable about the air, the sky, the invisibility, the clouds, and the low ceiling around Rantoul, Ill. I wonder if we were met with a similar argument when the same generals from the Army testified some 2 or 3 years ago that the weather conditions around Dayton, Ohio, warranted the removal of this school from Rantoul, Ill. At that

time they wanted to move it into Ohio, where they had the same character of climatic and atmospheric conditions and with a population density the same as we have in Illinois. Within 2 years, however, we find the same group recommending that the field go west instead of east.

I am particularly interested in the observations that have been made by my distinguished colleague from Illinois with regard to the recreational and social duties of these men connected with the Army. I know something about that, too, Mr. Chairman. That is the last thing this House should consider when it comes to transferring a school like the one at Rantoul away from that spot and to some place in the West. I agree with the distinguished gentleman from Texas [Mr. BLANTON] that if there is anything this country needs in addition to the fine program of defense that has been given us charitably by Republicans and Democrats alike during the present administration, it is a greater air force, more air schools, and not the transfer of a single one. As a Member of this House I would be happy to vote for any kind of an appropriation that would give Denver the type of school it seeks at the present time; but we in Illinois are asking that you not take away something that has been with us for a period of 20 years, an institution that was established in the beginning by the War Department as a school worth while and one that we believe is still worth while for the people of Illinois and this Nation from the standpoint of national defense. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, I move that all debate on this amendment and on the bill close in 5 minutes.

The motion was agreed to.

Mr. McSWAIN. Mr. Chairman, I took only a couple of minutes on the bill, and did not expect, of course, this motion would be made to amend in this way. I thought we would come immediately to a consideration of the merits of the bill.

As I have said, and as you gentlemen know, I am in no sense at any time the echo of the War Department or any board of officers; but having heard this whole thing in and out for the last 8 or 10 years, being familiar with the ground, being familiar with the problem that confronts the Air Corps in the training of its officers and its enlisted personnel, I am convinced that it is to the interest of national defense that there be established at Denver, in accordance with the recommendation of this board of officers, an Air Corps technical training school.

The passage of this bill does not of necessity mean that there will not be any Army activities hereafter at Rantoul, Ill., at what is now known as the Chanute Field. This bill does not say it shall be removed. This bill does not say that Chanute Field shall be closed. The land there belongs to the Government of the United States and was bought by the Government at a good price; as a matter of fact, for more than it would bring today.

Mr. Chairman, I want to say it is good land from a farm point of view. The land around there is as fertile as I ever saw anywhere, and it would be prohibitive to think of acquiring a bombing range which would include such valuable farm land as is located in that part of the country.

Let me give you a little information from a financial point of view. The buildings alone, which Denver offers to give the Government absolutely free, will save an expenditure of over $400,000. We must have a bombing range. There is no doubt about that. It is true, as stated, that we now have a bombing range in California, and it is being used now. I have seen them dropping bombs myself out there within the last 8 months. I was out there last October.

Mr. Chairman, if we were to acquire the necessary area for a bombing range anywhere within a practical distance of Chanute Field it would require the expenditure of an additional $1,280,000. Add that to the $400,000 which the Government will save in the buildings already constructed out in Denver and there is an advantage of $1,640,000 in favor of Denver.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

By Mr. MAY: I move that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. MAY. Mr. Chairman, as I stated a while ago, in the 6 years I have been a member of the Committee on Military Affairs I have never filed a minority or dissenting report. I have studied this case very carefully, however, and I am very reluctant to take a stand as between my colleagues from the State of Illinois and the State of Colorado. I have always believed in the rule that protects the under dog, and I am usually on his side of the fight.

Mr. Chairman, for 15 years this school has been maintained at Rantoul, Ill. Two or three efforts have been made to remove it from this location. This is perhaps the third effort.

Mr. Chairman, I want to answer very briefly, if I can, the argument made by my distinguished chairman, with whom I dislike very much to disagree, in regard to the question of finances. I might stop here to observe that if I were in his place at the end of the Seventy-fourth Congress of the United States I would apologize to the country and the Congress for raising a question about the small sum of $400,000.

Mr. McSWAIN. Well, I will apologize, if it will satisfy the gentleman.

Mr. MAY. The gentleman stated there would be a gain of $400,000 in connection with the buildings located at Denver and that added to another sum would make a difference of $1,200,000. According to the testimony given by one of the Army officers the difference in cost between leaving this school at Rantoul without any additional improvements there and taking it to Denver and building a new school is $6,758,000. You will find this statement at the bottom of page 68 of the hearings had by the House Military Affairs Committee. In other words, that is $6,758,000 in favor of leaving the school at Rantoul, Ill., instead of taking it up root and branch and moving it 700 or 1,000 miles west so that these Army officers may have the benefit of a golf course or a tennis court. The prairies of Illinois are not broad enough for their use.

Mr. Chairman, I am opposed to this bill because the testimony shows very conclusively that this school should not be moved. I asked about the question of atmospheric conditions so far as the two fields are concerned, and it was shown that there is very slight difference. Furthermore, the evidence shows quite conclusively that more than 95 percent of the activities of these students are in the mechanics on the ground and I am more interested in seeing that the young air-corps students learn something in the way of a useful career than I am that someone has a better and more desirable golf course. Finally, Mr. Chairman, may I refer to a personal consideration by which I have not been influenced, but to which I am pleased to refer. This school is located in the district so long and so ably represented by our distinguished colleague [Mr. DOBBINS], and he has fought such a gallant fight to retain the school at Rantoul, and his zeal and good judgment as one personally familiar with the situation entitles his views to great weight in the determination of this important matter. He is leaving the House at the end of this session and I am sure he not only carries with him the esteem and high regard of all his colleagues, but of him his people can truthfully say, "Well done, good and faithful servant." We must not send him down to defeat in this last great battle for his home community. We will not, and I shall do my small part by voting against this bill, which ought not to pass. [Applause.]

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TARVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (S.

3398) to establish the Air Corps Technical School and to acquire certain land in the State of Colorado for use as a site for said Air Corps Technical School and as an aerial gunnery and bombing range for the Army Air Corps, pursuant to House Resolution 515, he reported the same back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. McSWAIN) there were—ayes 38, noes 97.

Mr. McSWAIN. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and fifty-seven Members are present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 81, nays 206, answered "present" 1, not voting 138, as follows:

[Roll No. 107]

YEAS—81

Andrews, N. Y.	Ekwall	McSwain	Rogers, N. H.
Bacon	Faddis	Mahon	Schneider, Wis.
Bland	Fernandez	Mapes	Smith, Va.
Carlson	Fitzpatrick	Marshall	Smith, W. Va.
Carpenter	Ford, Calif.	Martin, Colo.	Starnes
Castellow	Greenwood	Maverick	Steagall
Clark, Idaho	Greever	Merritt, Conn.	Sumners, Tex.
Coffee	Harlan	Merritt, N. Y.	Tarver
Collins	Hill, Ala.	Monaghan	Taylor, Colo.
Cooper, Tenn.	Hobbs	Moran	Taylor, S. C.
Cox	Jones	Mott	Thom
Crawford	Kloeb	Norton	Wadsworth
Cummings	Kniffin	O'Day	Warren
Dempsey	Kvale	Peterson, Ga.	Welch
Dies	Lambertson	Pettengill	Whelchel
Drewry	Lanham	Pierce	White
Driver	Lea, Calif.	Plumley	Wilson, La.
Duffy, N. Y.	Lehlbach	Polk	Zimmerman
Dunn, Pa.	Lewis, Colo.	Powers	
Eckert	McGrath	Ransley	
Edmiston	McLaughlin	Robertson	

NAYS—206

Allen	Crosser, Ohio	Hildebrandt	Mead
Amlie	Crowe	Hill, Knute	Meeks
Andresen	Crowther	Hoffman	Michener
Arends	Culkin	Holmes	Millard
Ashbrook	Daly	Huddleston	Miller
Ayers	Darden	Hull	Mitchell, Ill.
Barry	Delaney	Imhoff	Nelson
Beiter	Ditter	Jacobsen	O'Brien
Bell	Dobbins	Jenkins, Ohio	O'Connell
Biermann	Dondero	Johnson, Okla.	O'Leary
Binderup	Doxey	Johnson, Tex.	O'Malley
Blackney	Eicher	Johnson, W. Va.	Owen
Blanton	Ellenbogen	Kahn	Palmisano
Bloom	Engel	Keller	Parsons
Boehne	Evans	Kennedy, Md.	Patman
Boileau	Farley	Kennedy, N. Y.	Patterson
Boland	Fiesinger	Kenney	Pearson
Boylan	Flannagan	Kleberg	Peyser
Brown, Ga.	Fletcher	Knutson	Pfeifer
Brown, Mich.	Focht	Kocialkowski	Pittenger
Buchanan	Ford, Miss.	Kramer	Ramsay
Buckler, Minn.	Frey	Lamneck	Ramspeck
Burch	Fuller	Larrabee	Randolph
Burdick	Fulmer	Lemke	Rankin
Burnham	Gassaway	Lewis, Md.	Reece
Cannon, Mo.	Gavagan	Lucas	Reed, Ill.
Cannon, Wis.	Gearhart	Luckey	Reed, N. Y.
Cartwright	Gehrmann	Ludlow	Rich
Christianson	Gilchrist	Lundeen	Richardson
Church	Gildea	McAndrews	Robsion, Ky.
Citron	Gingery	McClellan	Rogers, Mass.
Cochran	Goldsborough	McFarlane	Romjue
Colden	Granfield	McGehee	Ryan
Cole, Md.	Gray, Ind.	McLean	Sabath
Cole, N. Y.	Gregory	McLeod	Sanders, Tex.
Connery	Griswold	McMillan	Sauthoff
Cooley	Guyer	McReynolds	Schulte
Cooper, Ohio	Haines	Main	Secrest
Corning	Halleck	Maloney	Short
Costello	Hancock, N. Y.	Martin, Mass.	Sisson
Cravens	Hart	Mason	Smith, Conn.
Creal	Harter	Massingale	Smith, Wash.
Crosby	Hess	May	Snell
Snyder, Pa.	Taylor, Tenn.	Turpin	Wigglesworth
Somers, N. Y.	Terry	Umstead	Williams
South	Thomason	Vinson, Ky.	Wilson, Pa.
Spence	Thompson	Wallgren	Wolcott
Stack	Tinkham	Walter	Wolfenden
Stefan	Tobey	Wearin	Wolverton
Sullivan	Tolan	Weaver	Young
Sutphin	Tonry	West	
Taber	Turner	Whittington	

ANSWERED "PRESENT"—1

Bankhead

NOT VOTING—138

Adair	Dingell	Hollister	Rayburn
Andrew, Mass.	Dirksen	Hook	Reilly
Bacharach	Disney	Hope	Richards
Barden	Dockweiler	Houston	Risk
Beam	Dorsey	Jenckes, Ind.	Robinson, Utah
Berlin	Doughton	Kee	Rogers, Okla.
Bolton	Doutrich	Kelly	Russell
Boykin	Driscoll	Kerr	Sadowski
Brennan	Duffey, Ohio	Kinzer	Sanders, La.
Brewster	Duncan	Kopplemann	Sandlin
Brooks	Dunn, Miss.	Lambeth	Schaefer
Buck	Eagle	Lee, Okla.	Schuetz
Buckley, N. Y.	Eaton	Lesinski	Scott
Bulwinkle	Englebright	Lord	Scrugham
Caldwell	Fenerty	McCormack	Sears
Carmichael	Ferguson	McGroarty	Seger
Carter	Fish	McKeough	Shanley
Cary	Gambrill	Maas	Shannon
Casey	Gasque	Mansfield	Sirovich
Cavicchia	Gifford	Marcantonio	Stewart
Celler	Gillette	Mitchell, Tenn.	Stubbs
Chandler	Goodwin	Montague	Sweeney
Chapman	Gray, Pa.	Montet	Thurston
Claiborne	Green	Moritz	Treadway
Clark, N. C.	Greenway	Murdock	Utterback
Colmer	Gwynne	Nichols	Vinson, Ga.
Cross, Tex.	Hamlin	O'Connor	Werner
Cullen	Hancock, N. C.	Oliver	Wilcox
Curley	Hartley	O'Neal	Withrow
Darrow	Healey	Parks	Wood
Dear	Hennings	Patton	Woodruff
Deen	Higgins, Conn.	Perkins	Woodrum
DeRouen	Higgins, Mass.	Peterson, Fla.	Zioncheck
Dickstein	Hill, Samuel B.	Quinn	
Dietrich	Hoeppel	Rabault	

So the bill was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. McCormack (for) with Mr. Dirksen (against).
Mr. Richards (for) with Mr. Chandler (against).
Mr. Colmer (for) with Mr. Schuetz (against).
Mr. Duncan (for) with Mr. Schaefer (against).
Mr. Hope (for) with Mr. Kelly (against).
Mr. Dorsey (for) with Mr. Beam (against).

Until further notice:

Mr. Scrugham with Mr. Hamlin.
Mr. Reilly with Mr. Caldwell.
Mr. Peterson of Florida with Mr. Rogers of Oklahoma.
Mr. Carmichael with Mr. Kee.
Mr. Deen with Mr. Robertson of Utah.
Mr. Sirovich with Mr. McGroarty.
Mr. Utterback with Mr. Eagle.
Mr. Duffey of Ohio with Mr. Sandlin.
Mr. Zioncheck with Mr. Sanders of Louisiana.
Mr. Berlin with Mr. Cross of Texas.
Mr. Parks with Mr. Oliver.
Mr. Dunn of Mississippi with Mr. Brooks.
Mr. Lesinski with Mr. Moritz.
Mr. Doughton with Mr. Treadway.
Mr. Woodrum with Mr. Perkins.
Mr. Cary with Mr. Lord.
Mr. Green with Mr. Bacharach.
Mr. O'Connor with Mr. Darrow.
Mr. Sears with Mr. Gifford.
Mr. Cullen with Mr. Stewart.
Mr. Montague with Mr. Andrew of Massachusetts.
Mr. Vinson of Georgia with Mr. Woodruff.
Mr. Clark of North Carolina with Mr. Bolton.
Mr. Bulwinkle with Mr. Eaton.
Mr. Gambrill with Mr. Thurston.
Mr. Hancock of North Carolina with Mr. Brewster.
Mr. Rayburn with Mr. Fish.
Mr. Samuel B. Hill with Mr. Hollister.
Mr. Kerr with Mr. Maas.
Mr. Lambeth with Mr. Seger.
Mr. Wilcox with Mr. Risk.
Mr. Mitchell of Tennessee with Mr. Carter.
Mr. Dingell with Mr. Doutrich.
Mr. Boykin with Mr. Cavicchia.
Mr. DeRouen with Mr. Goodwin.
Mr. Dickstein with Mr. Hartley.
Mr. Driscoll with Mr. Fenerty.
Mr. Buck with Mr. Kinzer.
Mr. Nichols with Mr. Englebright.
Mr. Ferguson with Mr. Gwynne.
Mr. Celler with Mr. Higgins of Connecticut.
Mr. Mansfield with Mr. Marcantonio.

Mr. Hook with Mr. Withrow.
Mr. Dietrich with Mr. Higgins of Massachusetts.
Mr. Quinn with Mr. Gillette.
Mr. Barden with Mr. Houston.
Mr. Sadowski with Mr. Claiborne.
Mr. Lee of Oklahoma with Mr. Sweeney.
Mr. Montet with Mr. Murdock.
Mr. Werner with Mr. Wood.
Mr. Stubbs with Mr. Kopplemann.
Mr. Curley with Mr. Scott.
Mr. Chapman with Mr. Healey.
Mr. O'Neal with Mr. Gasque.
Mr. Brennan with Mr. Hennings.
Mr. Shanley with Mr. Dear.
Mr. McKeough with Mr. Dockweiler.
Mr. Shannon with Mr. Disney.
Mr. Rabaut with Mrs. Jenckes of Indiana.
Mr. Gray of Pennsylvania with Mr. Buckley of New York.

The result of the vote was announced as above recorded.

On motion of Mr. DOBBINS, a motion to reconsider the vote by which the bill was rejected was laid on the table.

MR. AND MRS. A. S. MULL

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8069) for the relief of Mr. and Mrs. A. S. Mull, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 1, line 5, strike out "$5,000" and insert "$4,000."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. TABER. Mr. Speaker, I ask unanimous consent that on Monday next, after the reading of the Journal and disposition of matters on the Speaker's table, I may be permitted to address the House for 10 minutes.

Mr. MAVERICK. I object, Mr. Speaker.

Mr. KNUTSON. Would the gentleman object to a similar request from me?

Mr. MAVERICK. I am objecting because the "red rider" bill is coming up Monday.

STATE PARK IN IOWA

Mr. BIERMANN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 11929) granting to the State of Iowa for State park purposes certain land of the United States in Clayton County, Iowa.

Mr. SNELL. Mr. Speaker, reserving the right to object, I think the gentleman from Iowa should at least tell us what this bill does and what is the emergency for its passage at the present time.

Mr. BIERMANN. Mr. Speaker, this bill deals with some land that a lady named Mrs. Munn and her son, Dr. Munn, gave to the United States Government a few years ago for park purposes. It was to be under the authority of the Biological Survey. They admittedly have not done a good job of taking care of it for park purposes, and this bill would transfer the land to the Iowa Conservation Commission, which is our State park board. There is not a penny of expense involved, and the Committee on Agriculture has unanimously reported it out.

Mr. TOBEY. Mr. Speaker, if the gentleman will permit, I may say to the gentleman from New York [Mr. SNELL] that the Committee on Agriculture unanimously favors the bill. The committee went over it carefully yesterday morning.

Mr. SNELL. And there is no reason why this transfer should not be made?

Mr. TOBEY. No.

Mr. KNUTSON. It is a meritorious bill, and I hope the gentleman will withdraw his objection.

Mr. SNELL. I have no objection to the bill, but I wanted an explanation of its purpose.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby granted to the State of Iowa, upon the conditions and limitations hereinafter expressed, the following-described land of the United States lying and being in the Upper Mississippi River Wild Life and Fish Refuge, in Clayton County, Iowa, aggregating 544.27 acres, more or less, to be held and administered by said State for the purposes of a State public park:

Lots 2, 3, and 4, section 35, township 95 north, range 3 west, fifth principal meridian (excepting, however, from said lot 2 a strip of land on the north side 8 chains wide at the east end and 12 chains wide at the west end, containing 28.72 acres, more or less; and also excepting from said lots 2, 3, and 4, a strip of land containing 6.25 acres, more or less, being the right-of-way of the Chicago, Milwaukee, St. Paul & Pacific Railway), the parcel hereby conveyed containing, according to survey, 127.73 acres, more or less.

Lot 21, block 11; lot 21, block 13; lots 7, 8, 12, 14, and 17, block 14; and lots 4, 5, 6, 7, 8, and 9 block 42; all situate in the James McGregor, Jr., addition to the town of McGregor, Iowa, containing according to survey 1.57 acres, more or less.

A parcel of land in section 22 and 27, township 95 north, range 3 west, fifth principal meridian, described as follows:

Beginning at corner 1, the center of section 27, an established fence corner; thence south 89°23′ east, with quarter-section line, 18.93 chains to corner 2, a 2-by-2-by-15-inch oak stake beside fence corner of land formerly owned by Pearl Johnson; thence with boundary of land formerly owned by Pearl Johnson, north 44° east 7.98 chains to corner 3, an elm post 5 inches in diameter, 4 feet above ground; thence south 54° east exactly 5 chains to corner 4, an elm post 4 inches in diameter, 4 feet above ground; thence south 44° west exactly 4 chains to corner 5, an elm stake 3 inches in diameter, 1 foot above ground; thence south 89°23′ east, with quarter-section line and leaving land formerly owned by Pearl Johnson, 14.60 chains to corner 6, the quarter section between sections 26 and 27, a 6-by-6-by-48-inch post above ground, scribed "US", and a 1½-by-15-inch iron pipe above ground, in a mound of stone, a 10-inch red oak bears north 35° west thirty-eight one-hundredths, blazed and scribed "BT 5–2"; thence north, with the line between sections 26 and 27, 37.90 chains approximate, a 4-by-4-by-48-inch fir post in mound of stone on southwest side of road, exactly 40 chains to the line between sections 22 and 27, exactly 43 chains to corner 7, a point on west bank of the Mississippi River and in the east line of section 22; thence north 28°11′ west, with west bank of the Mississippi River, 5.30 chains to corner 8, in the south line of "C" Street of the town of McGregor; thence south 86°48′ west, with south line of "C" Street, 4.20 chains to corner 9, a 2-by-2-by-12-inch ash stake, above ground, at a point determined as the northeast corner of the unnumbered town lot owned by Eva Jordan; thence south 3°12′ east, with the east line of the Eva Jordan lot as determined by this survey, 1.51 chains to corner 10, a 2-by-2-by-12-inch ash stake; thence with four lines in rear of block 14, south 86°48′ west, 10.27 chains to corner 11, a point; thence south 77°21′ west, 4.19 chains to corner 12, a point; thence north 49°38′ west, forty-two one-hundredths chain to corner 13, the east corner of lot 19, block 14, a 4-by-4-by-36-inch fir post above ground in a mound of stone, scribed "US Corner 5–8"; thence south 40°22′ west, 6.19 chains to the line between sections 22 and 27, 6.33 chains to corner 14, the east corner of lot 1, block 13, a 7-by-7-by-36-inch butternut post above ground, scribed "US 5–9", in a mound of stone; thence south 49°38′ east, 1.51 chains to corner 15, a 9-inch white oak tree with a 5-by-5-by-24-inch ironwood post above ground, scribed "US 5–10", in a mound of stone, beside it, a 15-inch red oak bears north 50° east eighteen one-hundredths, blazed and scribed "BT 5–10"; thence south 40°22′ west, 1.51 chains to corner 16, an 8-by-8-by-36-inch ironwood post above ground, scribed "US 5–11", in mound of stone; thence north 49°38′ west, 1.51 chains to corner 17, a 1-by-4-by-36-inch oak stake above ground, at the east corner of lot 3, block 13; thence south 40°22′ west 18.75 chains to corner 18, the east corner of lot 5, block 11; thence south 49°38′ east 1.59 chains to corner 19, a 2-by-2-by-12-inch elm stake above ground, in mound of stone; thence south 0°24′ east, 1.66 chains to corner 20, a 2-by-2-by-12-inch elm stake; thence south 20° east 1.11 chains to corner 21, a 2-by-2-by-12-inch oak stake on the north line of Fayette Street; thence east, with the north line of Fayette Street, 2.83 chains to corner 22, at the intersection with the east line of State Street; thence south 0°24′ east, with the east line of State Street, 9.09 chains to corner 23, at the intersection with the south line of Howard Street, a 4-by-4-by-36-inch fir post above ground, scribed "US Cor. 5–18", beside a 24-inch red oak; thence west 6.36 chains to corner 24, in the quarter-section line between the northwest quarter and the northeast quarter of section 27, a 4-by-4-by-36-inch fir post above ground, scribed "US Cor 5–19", a 14-inch white oak bears south 20° east sixty one-hundredths, blazed and scribed "BT–19"; thence south 0°24′ east, with the quarter-section line between the northwest quarter and the northeast quarter of section 27, 4.53 chains to corner 25, a 4-by-4-by-36-inch fir post above ground, scribed "US Cor 5–20", an 8-inch hickory bears north 85° west fifty one-hundredths, blazed and scribed "BT 5–20"; thence north 70°37′ west 4.36 chains to corner 26, a 2-by-2-by-12-inch elm stake above ground; thence south 19°23′ west, with line in rear of block 42, seventy-six one-hundredths chain to the northeast corner of lot 1, block 42, 8.42 chains to corner 27, in the quarter-section line, a 6-by-6-by-48-inch post above ground, in mound of stone; thence south 89°23′ east 6.85 chains to the place of beginning (excepting therefrom a circular piece of ground, 2.27 chains in diameter surrounding the McGregor City Water Reservoir, containing forty-one one-hundredths acre, more or less; and a strip of land containing 1.50 acres, more or less, being the right-of-way of the Chicago, Milwaukee, St. Paul & Pacific Railway), the parcel hereby conveyed containing according to survey 152.35 acres, more or less.

Lots 6, 7, 8, 12, 13, 14, 15, 16, 17, and 18, block 30; lots 1, 2, 3, 4, 5, 6, 7, west half lot 9, all of lots 10, 11, 12, 13, 14, and 15, block 33; lots 1, 2, 3, 4, 5, 9, 10, 11, and 12 block 36; all situate in the James McGregor, Jr., addition to the town of McGregor, containing according to survey 3.72 acres, more or less.

A certain parcel of land in the NW¼ sec. 27, T. 95 N., R. 3 W., fifth principal meridian, described as follows:

Beginning at corner 1, the quarter corner between sections 27 and 28, an established fence corner with a 1½ by 12-inch iron pipe above ground, beside it; thence south 89°23′ E., with the quarter-section line between the NW¼ and the SW¼ of section 27, 11.16 chains to corner 2, an established fence corner; thence north 18°14′ E., 13.31 chains to corner 3, an established fence corner with a 4 by 4 by 36-inch hickory post above ground, scribed "US 6–3", beside it, a 10-inch hickory bears north 25° west 42 blazed and scribed "BT 6–3"; thence south 70°57′ E. 3.93 chains to corner 4, the northwest corner of lot 1, block 37, town of McGregor, thence north 19°3′ E., with rear line of block 36, 10.93 chains to corner 5, a 2 by 2 by 12-inch ash stake above ground, marked "US 6–5", in the south line of Elm Street; thence north 68°55′ W., with south line of Elm Street, 10.44 chains to corner 6, a 3 by 3 by 12-inch ash stake above ground, marked "US 6–6", at the northeast corner of lot 1, block 33; thence south 21°5′ W., with two lines in rear of block 33 1.55 chains to corner 7, a 4 by 4 by 36-inch fir post above ground, scribed "US Cor 6–7", an 8-inch hickory bears south 30° W. .70 blazed and scribed "BT 6–7"; thence south 73°25′ W. 12.80 chains to corner 8, a point in Spring Creek on the line between sections 27 and 28, a witness corner falls fifteen east on bank of creek, a 4 by 4 by 40-inch fir post above ground, scribed "US Cor 6–8", in a mound of stone, a 30-inch elm bears south eighteen; thence south 0°2′ E., with line between sections 27 and 28, 20.25 chains to the place of beginning, containing, according to survey, 38.55 acres, more or less.

Lots 13, 14, 15, and 16, block 18; lots 1, 2, 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, and the east 20 feet of lot 15, block 26, all situate in the James McGregor, Jr., addition to the town of McGregor, Iowa, containing, according to survey, 1.84 acres, more or less.

A certain parcel of real estate in sections 22 and 27, T. 95 N., R. 3 W., fifth principal meridian, described as follows:

Beginning at corner 1, the point where the line between sections 21 and 22 intersects the south line of the Giard claim, an established fence corner; thence S. 0°2′ E., with line between sections 21 and 22, 9.07 chains to corner 2, a point in fence line; thence S. 69°11′ E., parallel to and 3.40 chains northeast of the northeast side of block 27, 10.13 chains to the line between sections 22 and 27, 18.07 chains to corner 3, the west side of Cemetery Road and northeast corner of the Chapin lands, a 4-by-4-by-36-inch fir post above ground, scribed "US Cor 1–3", beside an established fence corner; thence S. 20°49′ W., 3.41 chains to corner 4, the northeast corner of lot 17, block 26; thence S. 69°11′ E., with the rear line of block 26, 12.12 chains to corner 5, a 1-by-12-inch iron pipe above ground at the rear corner to blocks 18 and 26; thence S. 82°22′ E., with rear line of block 18, 2.85 chains to corner 6, a 1-by-12-inch pipe above ground and an 8-by-8-by-48-inch oak post above ground, scribed "US 1–6", in mound of stones; thence N. 49°47′ W., 1.47 chains to corner 7, a 5-by-5-by-24-inch basswood post above ground, scribed "US 1–8", in mound of stones; thence N. 40°13′ E., 3.03 chains to corner 8, a 5-by-5-by-30-inch basswood post above ground, scribed "US 1–8", in mound of stones; thence S. 49°47′ E., 3.27 chains to corner 9, a 2-by-2-by-15-inch oak stake above ground, at the rear corner common to lots 4 and 5, block 18; thence N. 40°13′′ E. with rear line of blocks 18 and 17, 12.51 chains to the line between sections 27 and 22, 14.46 chains to corner 10, a 2-by-2-by-15-inch oak stake above ground; thence N. 49°47′ W., 2.11 chains to corner 11, a 2-by-2-by-15-inch oak stake above ground; thence N. 40°13′ east 1.14 chains to corner 12, a 2-by-2-by-12-inch oak stake above ground, on the line between lots 5 and 6, block 20; thence north 49°47′ west 1.96 chains to corner 13, the rear corner common to lots 5 and 6, block 20; thence south 40°13′ west with rear line of said lot 6, 1.25 chains to corner 14, an established fence corner in the northwest side of lot 6, block 20; thence north 59°12′ west 1.44 chains to corner 15, a stake; thence north 30°48′ east 1.51 chains to corner 16, in the rear line of block 21 at a point 1.71 chains westerly of the south corner of lot 1, block 21; thence north 59°12′ west with the rear line of block 21, 15.19 chains to corner 17, a 7-by-7-by-48-inch oak post above ground, scribed "US 1–17", on the south line of the Giard claim; thence south 87°49′ west, with the south line of the Giard claim, 25.86 chains to the place of beginning (excepting, however, therefrom, 12.19 acres, more or less, described as follows: Beginning at corner 1, a chiseled cross and mound of stones, on the extreme southwest point of the rock bluff northwest from what is known as Market Square in the town of McGregor, the intersection of Garnavillo Avenue and Buell Avenue bears south 10°35′ east, 5.88 chains distant; thence north 24°40′ west 7.94 chains to corner 2, an established fence corner; thence north 44°10′ east 6.17 chains to corner 3, a 4-by-4-by-36-inch fir post above ground, scribed "US 3–X", in a mound of stones; thence north exactly 64° east 3.50 chains to corner 4, a 4-by-4-by-42-inch fir post above ground, scribed "US 4–X", in mound of stones, on rock point at brink of bluff; thence south 53°50′ east 10.47 chains to corner 5, a 3-by-3-by-36-inch oak post above ground and a 2-by-12-inch iron pipe above ground, in mound of stones which is on brink of bluff over brick schoolhouse, thence south exactly 34° west 2.34 chains to corner 6, a 4-by-4-by-42-inch fir post above ground, scribed "US 6–X", in mound of stones and beside a chiseled cross on a large boulder; thence south exactly 55° west 4.70 chains to corner 7, a 3-by-3-by-18-inch oak stake above ground; thence south 71°55′ west 7.77 chains to the place of beginning) the parcel hereby conveyed containing, according to survey, 53.58 acres, more or less, subject to any existing rights or easements for roads over or across the above-described land.

Lots 4, 5, and 6, block 46, in the James McGregor, Jr., addition to the town of McGregor, Iowa, containing according to survey thirty-four one-hundredths acre, more or less.

A certain parcel of land in the southeast 160 acres of the Giard claim, and within what would be section 22, township 95 north, range 3 west, fifth principal meridian, described as follows:

Beginning at corner 1, the rear corner common to lots 9 and 10, block 3, town of McGregor, or 1.51 chains northwesterly from the south corner of the Goodie Garden Confectionary Building; thence north 48°53′ W., 6.08 chains to corner 2, a 1-by-12-inch galvanized iron pipe above ground, in a mound of stone; thence north 79°5′ W., 8.34 chains to corner 3, in the rear line of block 46 and sixty-nine one-hundredths chain southeast of the north corner of said block 46; thence south 38°53′ E., with the rear line of blocks 46 and 45, 6.26 chains to corner 4, the rear corner common to lots 8 and 9, block 45; thence south 21°43′ E., with two rear lines of block 45, 3.17 chains to corner 5, a point; thence south 49°38′ E., 2.62 chains to corner 6, the east corner of lot 1, block 45, a 4-by-4-by-36-inch hickory post above ground, scribed "US 3–5", a 10-inch oak bears north 45° E., twenty-nine one-hundredths chain blazed and scribed "BT 3–5", an 8-inch hickory bears north 55° W., thirty one-hundredths chain, blazed and scribed "BT 3–5"; thence south 40°22′ W., with the southeast line of block 45, 1.51 chains to corner 7, the south corner of lot 1, block 45; thence north 88°59′ E., with the north line of "A" street, 2.34 chains to corner 8, in the rear line of block 3; thence north 40°22′ E., with the rear line of block 3, 6.56 chains to the place of beginning, containing according to survey 6.11 acres, more or less.

A certain parcel of land, situated in lot 9 of the southeast 160 acres of the Giard claim and within what would be section 22, township 95 north, range 3 west, fifth principal meridian, described as follows:

Beginning at corner 1, a point in the north line of said lot 9 and 11.35 chains east of the northwest corner thereof, being the north corner common to the Munn lands and the Lorang property, a 5-by-5-by-48-inch white oak post above ground, in a mound of stone, a 20-inch white oak bears south 67° east, sixty one-hundredths chain, blazed and scribed "BT 2–1", a 10-inch hickory bears south 6° east, eighty-nine one-hundredths chain, blazed and scribed "BT–21"; thence north 89°59′ east, with the north line of said lot 9, 20.87 chains to corner 2, a 10-by-10-by-32-inch oak post above ground, scribed "US 2–2", and a 1½-by-15-inch pipe above ground, in a mound of stone, at the northeast corner of said lot 9, a 16-inch white oak bears south 20° west, thirty-six one-hundredths chain, blazed and scribed "BT 2–2"; thence south 8°35′ east, with line between lot 9 and lot 8 of southeast 160 acres of Giard Claim, 6.89 chains to corner 3, the northwest corner of lot 7, a 1-by-12-inch iron pipe above ground, between trees with old blazes, a 10-inch twin black oak bears south 38° west, eight one-hundredths chain, scribed "BT 2–3", an 18-inch black oak bears north 10° west, thirty-four one-hundredths chain, scribed "BT 2–3"; thence south 58°14′ west with line between Munn lands and property of the Northeastern Iowa Outers Association, 20.04 chains to corner 4, a 6-by-6-by-42-inch basswood post above ground, in a mound of stones, in the line between lots 9 and 10, a 12-inch butternut bears south 28° east, thirty-five one-hundredths chain, blazed and scribed "BT 2–4", a 20-inch sycamore bears north 68° east, forty-one one-hundredths chain, blazed and scribed "BT 2–4"; thence north 29°51′ west, with two lines common to lots 9 and 10, 9.11 chains to corner 5, a point in said line; thence north 69°15′ west, thirty-five one-hundredths chain to corner 6, a 5-by-36-inch ash post above ground, in mound of stone, the south corner common to the Munn lands and the Lorang property; thence north, with the line between Lorang and leaving the line between lots 9 and 10, 3.46 chains to a 4-by-4-by-42-inch fir post above ground, scribed "US 3.46" with arrow pointing south, being on the north side of the Heights Road, 9.33 chains to the place of beginning, containing 26.62 acres, more or less, subject to any existing rights or easements for roads over or across the land above described.

Lots 4, 5, 6, 7, 8, and 9, block 48, in James McGregor, Jr., addition to the town of McGregor, Iowa (excepting therefrom a strip of land being the right-of-way of the Chicago, Milwaukee, St. Paul & Pacific Ry.), the parcel hereby conveyed containing according to survey sixty-nine one-hundredths acre, more or less.

Lot 7, excepting a strip 1 chain in width along the west side, in the southeast 160 acres of the Giard claim and within what would be section 22, township 95 north, range 3 west, fifth principal meridian, described as follows:

Beginning at corner 1, a 2-by-12-inch iron pipe above ground in a mound of stone, and on the north line of said lot 7, one chain easterly from the northwest corner thereof; thence south 9°7′ east, parallel with and 1 chain east of the west line of lot 7, 6.19 chains to corner 2, a point on brink of cliff in the south line of lot 7; thence north 82°30′ east, with line between lot 7 and lot 6, 3.08 chains to a 4-by-4-by-36-inch fir post above ground, scribed "US 4–3", in mound of stone, on west side of McGregor-Marquette Road, 4.44 chains to corner 3, the corner common to lots 6 and 7 and block 48 of the James McGregor, Jr., addition to the town of McGregor; thence north 8°15′ west, with the line between lot 7 and block 48, 5.72 chains to corner 4, the corner common to lots 7 and 8 and block 48 of the town of McGregor; thence south

88°30' west, with the line between lots 7 and 8, 1.94 chains to a 4-by-4-by-36-inch fir post above ground, scribed "US 4-4", in mound of stone, on west side of McGregor-Marquette Road, 4.58 chains to the place of beginning, containing, according to survey, 2.68 acres, more or less, subject to existing easements for roads and railroads.

A strip of land 4½ chains wide along the north side of lot 1, section 11, township 94 north, range 3 west, fifth principal meridian (excepting therefrom a strip of land containing sixty-five one-hundredths acre, being the right-of-way of the Chicago, Milwaukee, St. Paul & Pacific Ry.), the parcel thereby conveyed containing according to survey 10.89 acres, more or less.

Lot 4, section 11, township 94 north, range 3 west, fifth principal meridian (excepting therefrom a strip of land containing 3.09 acres being the right-of-way of the Chicago, Milwaukee, St. Paul & Pacific Ry.), the parcel hereby conveyed containing according to survey 42.36 acres, more or less.

Lot 1 and the north half of lot 2, section 23, township 94 north, range 3 west, fifth principal meridian (excepting therefrom a strip of land containing 7.56 acres, being the right-of-way of the Chicago, Milwaukee, St. Paul & Pacific Ry.), the parcel hereby conveyed containing according to survey 75.24 acres, more or less.

The State shall improve and maintain the said land for such purpose, and not otherwise, and shall provide adequate conveniences for the public. No fee or other charge shall ever be imposed or exacted for admission of the public to the park or for use and enjoyment of the park by the public under such reasonable regulations as may be prescribed by the State or its authorized officials. The State shall sedulously safeguard the wildlife in the park from molestation and destruction, and shall do everything reasonably necessary to safeguard the park from injury by fire, or otherwise, and shall preserve the timber and other natural growth in the park from depredation and destruction. In the event the State shall fail to maintain the aforesaid granted land as a State park under the conditions and limitations herein prescribed, or upon abandonment of the park by the State, said land and all improvements thereon shall revert to the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AWARD POSTHUMOUSLY OF DISTINGUISHED SERVICE MEDAL TO MAJ. GEN. CLARENCE RANSOM EDWARDS

Mr. CONNERY. Mr. Speaker, I ask unanimous consent for the present consideration of the joint resolution (H. J. Res. 570) authorizing the President of the United States to award posthumously a Distinguished Service Medal to Maj. Gen. Clarence Ransom Edwards.

Mr. WIGGLESWORTH. Mr. Speaker, reserving the right to object, I shall, of course, not object. I simply want to congratulate and commend my good friend and colleague the gentleman from Massachusetts [Mr. CONNERY] and the members of the Committee on Military Affairs for making is possible to pass this legislation today.

During the closing years of his life, Maj. Gen. Clarence R. Edwards, beloved commander of the Twenty-sixth Division, was a distinguished resident of the district which I have the honor to represent. It was he, perhaps as much as any other individual, who made it possible for me to come to Congress. I loved him as a friend. I revere his memory.

No figure of the World War holds a position in Massachusetts comparable to that held by General Edwards. His broad understanding and sympathy for all with whom he came in contact, his outstanding capacity for leadership, his long, brilliant career in the service of the Nation won for him an undying place in the hearts of New England.

The passage of this resolution will do honor, not only to a great character, an outstanding figure of the World War, but to each and every man among the thousands privileged to serve under his command and to contribute to the unforgettable fighting record of the "Yankee Division." [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the joint resolution, as follows:

House Joint Resolution 570

Resolved, etc., That the President of the United States is hereby authorized to award, posthumously, in the name of Congress, a Distinguished Service Medal to Maj. Gen. Clarence Ransom Edwards, who died February 14, 1931, after having organized the Twenty-sixth Division and commanded it with distinction during all but 18 days of its active service at the front. The high qualities of leadership and unfailing devotion to duty displayed by him were responsible for the marked esprit and morale of his command. To his marked tactical ability and energy are largely due the brilliant successes achieved by the Twenty-sixth National Guard Division during its operations against the enemy from February 4, 1918, to November 11, 1918.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEAVE TO ADDRESS THE HOUSE

Mr. CHRISTIANSON. Mr. Speaker, I ask unanimous consent that on Tuesday next, immediately after the reading of the Journal and the disposition of business on the Speaker's desk, I be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to print after my remarks today the report of the board of Air Corps officers on the city of Denver.

The SPEAKER. Is there objection?

There was no objection.

"PLAIN TALK", BY STUDEBAKER, COMMISSIONER OF EDUCATION. A BOOK REVIEW

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

PARALLELS IN HISTORY—"PLAIN TALK"

Mr. MAVERICK. Mr. Speaker, there are parallels in history: At Valley Forge George Washington read an appeal from Tom Paine, that bolstered his wavering troops; today a book, Plain Talk, written by John W. Studebaker, United States Commissioner of Education, is printed at a similar period in American history, to bolster the teachers of today.

Washington was at Valley Forge. The soldiers were hungry and sullen. In modern parlance we would say that it was "zero weather"—but it was bitter cold; the men walked in the ice and the snow, leaving bloody tracks. They had not seen the sight of money for many a day and they were discouraged.

Congress in Philadelphia paid no attention to the Army in its death struggle. No aid was sent in the form of supplies; no money—probably it could not get any money. George Washington was in desperation. Stories came to him of members of the Continental Congress attending parties—with Tories—in Philadelphia.

"THESE ARE THE TIMES THAT TRY MEN'S SOULS"

In the midst of all this there came to him Tom Paine's The American Crisis. It began with these stirring words: "These are the times that try men's souls. The summer soldier and the sunshine patriot will, in this crisis, shrink from the service of their country * * *."

And there came out more flashing, burning, fighting words which brought life to the soldiers' hearts and minds. The shivering soldiers cheered, and the Revolution went on until freedom was won.

All over the Thirteen Colonies Tom Paine's writings were read. Every little settlement or hamlet read his words, and these words, describing the situation, and showing the rights to which the people were entitled, kept the fires of liberty burning. It brought encouragement to the people.

"These are the times that try men's souls"—today, too, we must face a fight which many regard as harder than the Revolution. We now face distortion of the truth, plain misrepresentation, lies about our ancestors, falsehoods concerning our Constitution—propaganda of all sorts from reactionary elements, to make us betray, as Benedict Arnold did, the cause of justice and freedom of our own people.

FREEDOM AND PROPAGANDA—LIBERTY AND DISHONEST ADVERTISING

Plain Talk is a book which distinguishes freedom of thought from propaganda, liberty of speech from dishonest advertising, and tells teachers—and by teachers I mean anyone who tries to teach by giving impartial facts, or anyone who wants to learn by receiving facts impartially—of their rights under the law and of common sense. It goes further, and indicates the teacher has a duty to teach.

THE BILL OF RIGHTS

Let me again mention the Revolution. After it came the Constitution. Selfish men would have put over a mere contract for the preservation of property, omitting entirely any semblance of the Bill of Rights. But the influence of Tom Paine, Thomas Jefferson, and the other great men of that day was so strong that a Bill of Rights was written into the fundamental law of the Constitution. The American people were not to be deprived of freedom of religion, speech, assembly, and press.

Today these rights are as fundamental and as necessary as they were 160 years ago. We have had 6 years of depression and continued unemployment, and we are faced with a new American crisis. In Tom Paine's day there was scarcity and a reason for it. Today we have starvation in the midst of plenty and no reason—or at least no excuse—for it.

So there's one thing at least that we ought to have, and that is freedom of discussion. This is not only reaffirmed by Mr. Studebaker in Plain Talk but it is demanded, and a wise method of adult education and adult forums is proposed.

COMMUNISM AND FASCISM; RAINBOW ROADS

If we do not follow the road of the American Bill of Rights and the democratic processes, then we destroy our democracy. And right now, the American people are facing several different roads. Two of them look good to some, but at the end of each is a mirage or rainbow.

One of these is fascism, or what would in this country develop into military gangsterism; the other is communism. Both of these call for dictatorship and are opposed to American ideals of government. Neither of these roads is satisfactory.

THE MIDDLE ROAD—DEMOCRACY—EDUCATION—LIBERTY

There is still another road, the road that we have traveled before, and that's the road of democracy, or what we might call the "middle road." It's a rough and rocky road, this parliamentary government—but it has always been found to suit people who love free government better.

However rocky and rough the road, it has by its side free schools and places where Americans may congregate and worship their God freely—where people may criticize each other and the Government, and where they may pray, print, and publish what they please. And until just recently it was not a crime for Americans to teach freely.

Democracy is doomed—that's the bunk. We can preserve it if we want to. Other countries which gave up what little democracy they had did so willingly. Some say we must give it up on account of conditions. Some say because of unemployment; others just have the jitters and would go out slaying imaginary Communists and radicals, and I presume others would go shooting Fascists who do not exist.

A BARBAROUS LAW WHICH INSULTS KNOWLEDGE

In the United States today there are such organizations as the American Liberty League, which have no other purpose than to abridge the fundamental rights vouchsafed to every American in the Constitution. Laws have been adopted to curb freedom of speech and freedom of teaching in the States.

In the District of Columbia there exists a law known as the "red rider", one of the most uncivilized and barbarous laws every passed in the history of any government. This "red rider" has no parallel in the entire world's history and no such law has ever existed or exists now, except in the District of Columbia—that is, where one first takes an oath of allegiance and then must be constantly humiliated week after week and month after month by being forced to take additional oaths.

PLAIN TALK—GIVES BACKBONE TO TEACHERS

In view of all this, it is fortunate that a book should be published like Plain Talk. I got a copy and the price intrigued me. I wondered how one could be sold so cheaply. I had not read very much before I said, "Every teacher in this country ought to have a copy." Teachers are a timid lot—and why not? They have been banged over the head by every special interest, every fanatic, every witch burner, every enemy of democracy, every braying ignoramus, for years and years. They have lost their jobs for telling the truth; they have been bamboozled and persecuted to the limit.

TELLS HOW TO MEET THE SITUATION

The book has a splendid introduction by Morse Cartwright, Director of the American Association for Adult Education. Mr. Cartwright tells us that the author, John W. Studebaker, is not only United States Commissioner of Education, but the outstanding advocate of public discussion in the country. He points out that our ideals of democracy were of Anglo-Saxon origin and "were transferred through fire and sword" to our Revolutionary Government.

He reminds us that there were two documents, not one: the Declaration of Independence as well as the Constitution of the United States, and that the former came into American history bringing a new conception of liberty to the young nation and to a none-too-hopeful world; and he further reminds us that the Bill of Rights is as much a part of the Constitution as its other parts.

NATIONAL HOME LIBRARY FOUNDATION

One hundred thousand copies of this book have been made available by the National Home Library Foundation in Washington. This organization, like the American Association for Adult Education, is a cooperative, and non-profit-making undertaking. It has, in the past 4 years, published and distributed, without any thought of profit, nearly 5 million good books at a price within the reach of everyone. Plain Talk, like most of the other millions of books published, costs a quarter, but is a full fledged, A-1, well-bound book, and not a loosely bound, paper-covered affair. The program and policies of the foundation are carried out by a group of 66 of the most distinguished authors, educators, historians, and scientists living today. Its president and editor is Sherman Mittell. He is an idealist who has refused persistently during the 4 years he has guided the foundation's home-library program, to accept a salary higher than $25 per week. But, with his idealism, he has combined a talent for organizing the best minds of America to work toward a common goal—a better informed and more civilized nation.

Plain Talk has been hailed by the National Education Association as the new bill of rights—the American teachers' bill of rights. It ought not to be necessary in a free country to have to print any such book, but at this stage of our national history it becomes more and more necessary to have such a book in every teacher's or other person's hands who cares anything for liberty.

NATIONAL EDUCATION ASSOCIATION PRAISES

In this month's issue of the Journal of the National Education Association, reaching over 250,000 American teachers, there is an editorial which deserves quotation.

It says:

A century ago Horace Mann labored for universal free schools so ably that he has been called the founder of our American system of public education. He and his followers have made elementary schooling universal and secondary schooling nearly so. But that is not enough under the conditions of today to save democracy from confusion and disintegration.

Now comes a new prophet with vision to sense democracy's present need, with the gift of expression, with a genius for organization, and the courage of action which we have long associated with Horace Mann. It is the highest good fortune that this new leader, John W. Studebaker, is United States Commissioner of Education. It would be hard to overestimate the significance of his sustained championship of universal, tax-supported education of adults in the pressing problems of democracy.

This book is especially valuable for summer-school classes, for high schools and colleges, for parent-teacher associations, and for reading groups of every kind in home, school, church, and community.

Every citizen should have an opportunity to study this book.

Notice it says every citizen should read this book. In this I agree—for all persons should know their rights.

MILLION TEACHERS POTENT POLITICAL INFLUENCE

It is good indeed for the American teachers that there is an outstanding champion of academic freedom and that

he is placed as Commissioner of Education for the whole United States of America. This is a high office. And from this high office he strikes out with his book, Plain Talk, in a simple way, with hard rights and lefts, and pulls no punches. He is speaking for over a million American teachers who are rising now for their right to teach and to impart knowledge; to maintain their self-respect, and to really earn their money as giving learning to the children of America.

These teachers are one of the most potent political influences in America, and it is well that the Commissioner of Education comes clean, asserting their rights, telling them that such words as "liberty" can be distorted for sinister ends—explaining what liberty is.

This book shows that liberty is not an empty phrase. It is something precious, something active, and Studebaker realizes that in this complicated industrial civilization, more than ever we must maintain our democratic liberties because if man is to become not even a machine but a mere slave of a machine, life will not be worth living.

ROBE THEMSELVES IN NATIONAL COLORS

Dr. Studebaker knows every American teacher and parent ought to realize that the forces of privilege and those who robe themselves in national colors are making every effort to get control of the public-school system. This has been exposed a half-dozen times by numerous bodies and by the Federal Trade Commission in official investigations and reports. And this is true whether they control powerful chains of newspapers or vast monopolies.

These special interests attempt to distort other freedoms with some sort of misleading, snappy phraseology or labels or mottoes. People should be wary of all this word twisting and false propaganda. "Red riders" and teachers' oath laws fool nobody. They are sponsored for no other reason than to bully the teaching profession.

Remembering some of the goings-on in Germany and Italy, and the destruction of the teaching profession and the labor movement there, a child can see what they are after. And it is a pleasure to read Plain Talk and find in it American definitions of what American liberties ought to mean.

WHAT IS FREEDOM, AND WHO GETS IT?

In Dr. Studebaker's own words, we get an inkling of that meaning:

Freedom to the music lover is the opportunity to hear music. It doesn't satisfy him to be told he is free to hear lectures. That isn't freedom to him. He may not like to hear lectures. Freedom to the hungry is the chance to get bread. To point out to the man in search of a next meal that he lives in a free country where he may say anything he likes doesn't ordinarily make him feel free. If he can't use his right of free speech to get what he desperately wants, that right simply doesn't spell freedom to him.

Again—

One thing is certain, and that is, that democracy belongs to the people who can make it work. We have a right to expect public education to provide for the social intelligence necessary to make democracy work in our complicated age.

He asks a pregnant question:

How can we plan to make public education serve as a genuine bulwark of democracy?

His answer:

Let us keep clearly in mind the fact that the greatest enemy of democratic government is civic ignorance. Those who propose overthrowing democracy for some form of dictatorship are powerless to gain adherents if democracy is working reasonably well in its original function, "the pursuit of life, liberty, and happiness", for the mass of citizens. We deceive ourselves if we try to defend democracy by gagging its critics, as much as we deluded ourselves when we thought we could extend democracy by a World War.

KNOWLEDGE; SOIL CONSERVATION

Speaking of necessity of public discussion in reference to any subject, he says:

Take for example, in this connection, our modern problem of agriculture. Land is a means to the end of growing things by which process the farmer makes his living. Ignorance and apathy concerning soil conservation have brought us to the lamentable state where the forces of wind and water are carrying many of our farms away. We now rush to diffuse understanding of how to protect and preserve that precious top soil. It is a job for public education, and this year a great campaign of education on soil conservation is being planned, using more than 5,000 rural high schools as centers for instruction.

THE GAG KILLS DEMOCRACY

Concerning the gag, Mr. Studebaker says:

What may happen if we fail to do these two things? Will our democracy be overthrown? I think not. Overthrow is not the right word. Disintegration is more likely to set in, or we might say more properly that democracy will commit suicide.

If we neglect our line of defense, and permit freedom of expression to be curbed, even by majority consent, we no longer have democracy. We have a form of autocracy. Political power is no longer in the hands of the people, but rather in the hands of the officials who happen to be in office when civil liberties are curtailed. They may or may not use their power over the civil rights of the people to protect themselves and their policies from criticism and to perpetuate themselves in office.

Nevertheless, practically speaking, democracy does not and cannot exist where the rights of free speech, free press, and free assemblage are gone. By suppressing minorities and gagging discussion we determine that if such minorities have sufficient vitality to enlist large numbers of people their only recourse is violence.

When the mass of the people no longer hold the power to accept or reject minority proposals at the polls, we cannot know when a minority becomes a majority on any issue. In America we have no supreme authority which decides what is good for the people. When such an authority is established, we have dictatorship. Our faith is plainly rested upon the assumption that the people can be trusted to decide what is good for them, and must be left free to choose what they consider good from among the alternatives open to them. If anybody argues that the people cannot be trusted to decide for themselves, he questions the very foundation of democracy itself.

Again:

World-wide economic depression has challenged all democracy with crises. No democracy can long entertain such a breakdown in the social and economic life of the people. If democracy fails to solve the problems of unemployment, poverty, and distress, it cannot survive.

BRANDEIS—MASTER FIGHTER, MASTER BUILDER

Mr. Justice Brandeis is a great American and concerns this story. He has not always been "Mr. Justice." As a young man he was not only a master fighter for human rights but a master builder for human life. He exposed the insurance racket in Massachusetts; he was the father of the savings, loan, and insurance laws of the State of Massachusetts wherein families can protect themselves cheaply and safely. His achievements long before he became a Justice were substantially for the whole American people. On the Court he has not become an ossified automaton who has lost contact with the heart and soul of America.

It is important for teachers, students, citizens of all kinds to know this: that they have a friend in court. He is a man old in the concept of maturity and wisdom, but youthful and joyous of heart insofar as his ideas concern progress and human liberty. He is a man who quietly lashes himself to the mast of a ship in a roaring sea and quietly writes down on a piece of paper the truth and the thunder of his soul.

THINK AS YOU WILL—SPEAK AS YOU THINK

The jacket of Plain Talk quotes Mr. Justice Brandeis on his opinion in Whitney against California. He said in that opinion:

Those who won our independence believed that the final end of the State was to make men free to develop their faculties, and that in its government the deliberative forces should prevail over the arbitrary. They valued liberty both as an end and as a means. They believed liberty to be the secret of happiness and courage to be the secret of liberty. They believed that freedom to think as you will and to speak as you think are means indispensable to the discovery and spread of political truth; that without free speech and assembly discussion would be futile; that with them discussion affords ordinarily adequate protection against the dissemination of noxious doctrine; that the greatest menace to freedom is an inert people; that public discussion is a political duty; and that this should be a fundamental principle of the American Government.

REPRESSION BREEDS HATE—HATE MENACES STABLE GOVERNMENT

They recognized the risks to which all human institutions are subject. But they knew that order cannot be secured merely through fear of punishment for its infraction; that it is hazardous to discourage thought, hope, and imagination; that fear breeds repression; that repression breeds hate; that hate menaces stable government; that the path of safety lies in the opportunity to discuss freely supposed grievances and proposed remedies; and that the fitting remedy for evil counsels is good ones.

Believing in the power of reason as applied through public discussion, they eschewed silence coerced by law—the argument of force in its worst form. Recognizing the occasional tyrannies of governing majorities, they amended the Constitution so that free speech and assembly should be guaranteed.

FOREFATHERS DID NOT FEAR POLITICAL CHANGE

Those who won our independence by revolution were not cowards. They did not fear political change. They did not exalt order at the cost of liberty. To courageous, self-reliant men, with confidence in the power of free and fearless reasoning applied through the processes of popular government, no danger flowing from speech can be deemed clear and present, unless the incidence of the evil apprehended is so imminent that it may befall before there is opportunity for full discussion.

REMEDY FOR FALSEHOODS AND FALLACIES—MORE SPEECH

If there be time to expose through discussion the falsehood and fallacies, to avert the evil by the processes of education, the remedy to be applied is more speech, not enforced silence. Only an emergency can justify repression. Such must be the rule if authority is to be reconciled with freedom. Such, in my opinion, is the command of the Constitution. It is therefore always open to Americans to challenge a law abridging free speech and assembly by showng that there was no emergency justifying it.—Justice Brandeis, in concurring opinion, *Whitney* v. *California*, 1927.

DEMOCRACY—THAT'S WHAT WE WANT

The American people, our teachers, our thinkers, must stand up and claim and demand perfectly obvious rights. We cannot solve any of our problems except by constant and patient search and discussion, as Mr. Studebaker says in Plain Talk. Our problems are so vast that there is no one man nor group of men who can give us an answer, and hence we do not want an oligarchy of selfish men like the Liberty League nor any one man to rule us.

It is true that there have been more inroads on freedom of speech and upon the human mind than ever before, but we still know that the American people should solve their own problems, and this can only be done by the full freedom of thought and discussion.

SPANISH WAR VETERANS' LEGISLATION—$10,000 FOR EVERY SPANISH WAR VETERAN DEATH CAUSED BY ECONOMY ACT—$102,000,000 TAKEN FROM SPANISH WAR VETERANS BY ECONOMY ACT MUST BE REFUNDED

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, I am introducing a bill, H. R. 12918, to provide indemnity benefits of $10,000 to dependents of veterans of the Spanish-American War whose death resulted from the so-called Economy Act of March 20, 1933.

There were 271,765 Spanish War veterans living on January 1, 1936; according to the Veterans' Administration, of these 177,533 were receiving pensions. Each month about 500 of our Spanish War comrades pass into the Great Beyond. In a few more years their number will compare with the approximately 10,300 Civil War veterans now on the pension rolls, who are dying at the rate of 300 a month.

No one knows how many deaths of Spanish War veterans were the result of the vicious, cruel, and inhuman so-called Economy Act of March 20, 1933. There is a record of 853 deaths from suicide among the group of 44,678 cases where pension is being paid by the Veterans' Administration to the dependents of deceased Spanish War veterans. Here is the Veterans' Administration estimate on the number of Spanish War veteran deaths from 1931 through 1935:

1931	4,835
1932	5,117
1933	5,423
1934	6,140
1935	6,503
Total	28,018

Congressman WILLIAM P. CONNERY on June 10, 1933, stated on the floor of the House that according to a Boston newspaper 12 Massachusetts veterans had committed suicide up to that time as a result of the Economy Act.

In addition to suicides caused by the Economy Act, there were deaths caused by worry over financial matters or lack of medical care. The Veterans' Administration does not have information available concerning these causes of death.

BILL TO REFUND PENSIONS TAKEN FROM SPANISH WAR VETERANS BY ECONOMY ACT

On August 15, 1935, 2 days after pre-Economy Act Spanish War pensions were restored, I introduced a bill (H. R. 9145) to provide for the refunding of all benefits to Spanish War veterans and their widows and dependents, of which they were deprived by the Economy Act between the dates of March 20, 1933, and August 13, 1935. During that period of time a total amount of $101,912,194.47 was taken from Spanish War veterans and their dependents by the Economy Act. This amount, according to the Veterans' Administration, was divided between veterans and dependents in this way:

Spanish-American War veterans: $246,380,893.92 would have been paid from March 1933 to July 1935, inclusive, had no Economy Act been passed; $160,785,722.92 was actually paid from March 1933 to July 1935, inclusive; difference, $85,595,171, amount taken from Spanish War veterans by Economy Act from March 1933 to July 1935, inclusive.

Spanish-American War dependents: $42,480,343.23 would have been paid between March 1933 and July 1935, inclusive, had no Economy Act been passed; $26,163,319.76 was actually paid between March 1933 and July 1935 inclusive; difference: $16,317,023.47 taken from dependents by Economy Act.

The total amount taken from Spanish War comrades and their dependents, $101,912,194.47, is about one-tenth of the amount appropriated for war and war preparations in this present year of peace.

Both these bills should be passed. H. R. 9145, to refund pensions taken from Spanish-American War veterans and their dependents while the Economy Act was in force, and H. R. 12918, the bill I am introducing, providing a $10,000 indemnity for dependents of Spanish War veterans whose death is directly or indirectly the result of the Economy Act.

WHAT UNCLE SAM GAINED IN THE SPANISH-AMERICAN WAR

Any cost to the Government which will result from the passage of the Lundeen Spanish War veterans' indemnity bill is insignificant compared with the huge gains Uncle Sam made as a result of the war in which these men were willing to lay down their lives. As a result of the Spanish-American War, Spain lost Cuba, Puerto Rico, Guam, and the Philippines. The islands and possessions gained were among the richest in the world. The war cost the United States about a billion dollars. The value of the possessions we gained was more than thirty billion. The Spanish-American War put $30 in Uncle Sam's pocket for every dollar spent.

WAS THE ECONOMY ACT CONSTITUTIONAL?

There is some doubt as to whether Congress constitutionally had the power to take from the veterans the pensions it had by previous legislation agreed to pay. The constitutionality of the act has never been tested. When Spanish War veterans were placed on the pension rolls it was their understanding that they had a lifetime contract with the United States Government. They incurred their own obligations accordingly. They budgeted their incomes. Many of them bought furniture and homes on the installment plan. They counted on the income that had years ago been promised them by the Federal Government, whose obligations are supposed to be kept.

In the case of *Perry* v. *United States* (no. 532, gold-clause cases, decided Feb. 18, 1935), Chief Justice Hughes stated:

By virtue of the power to borrow money "on the credit of the United States", the Congress is authorized to pledge that credit as an assurance of payment as stipulated, as the highest assurance the Government can give, its plighted faith. To say that the Congress may withdraw or ignore that pledge is to assume that the

Constitution contemplates a vain promise, a pledge having no other sanction than the pleasure and convenience of the pledgor. This Court has given no sanction to such a conception of the obligations of our Government.

The gold-clause cases decision just quoted also mentioned the binding quality of the obligations of the Government as presented in the *Sinking Fund cases* (99 U. S. 700, 718, 719), in which the question was whether certain action was warranted by a reservation to Congress of the right to amend the charter of a railroad company. Chief Justice Hughes, in referring to that case, stated:

While the particular action was sustained under the right of amendment, the Court took occasion to state emphatically the obligatory character of the contracts of the United States. The Court said: "The United States are as much bound by their contracts as are individuals. If they repudiate their obligations, it is as much repudiation, with all the wrong and reproach that term implies, as it would be if the repudiator had been a State or a municipality or a citizen."

When the United States, with constitutional authority, makes contracts, it has rights and incurs responsibilities similar to those of individuals who are parties to such instruments. There is no difference, said the Court in *United States* v. *Bank of the Metropolis* (15 Pet. 377, 392), except that the United States cannot be sued without its consent.

CONGRESS CANNOT ABROGATE WAR-RISK INSURANCE CONTRACTS

In *Lynch* v. *United States* (292 U. S. 571, 580), there was a question of attempted abrogation by the Economy Act, of outstanding war-risk insurance policies which were contracts of the United States. In this case, the Court also quoted the "sinking fund cases", stating:

Punctilious fulfillment of contractual obligations is essential to the maintenance of the credit of public as well as private debtors. No doubt there was in March 1933, great need of economy. In the administration of all Government business, economy had become urgent because of lessened revenues and the heavy obligations to be issued in the hope of relieving widespread distress. Congress was free to reduce gratuities deemed excessive. But Congress was without power to reduce expenditures by abrogating contractual obligations of the United States. To abrogate contracts in the attempt to lessen Government expenditure, would be not the practice of economy, but an act of repudiation.

OTHER SPANISH-AMERICAN WAR BILLS—BILLS TO REPEAL ECONOMY ACT

On May 2, 1933, during the Seventy-third Congress, I introduced H. R. 5393, the first bill to repeal the entire Economy Act. When the Seventy-fourth Congress opened on January 3, 1935, I again introduced the same bill, as H. R. 2825, to repeal the entire Economy Act, and the same day I introduced H. R. 2828 to repeal that part of the Economy Act affecting Spanish War veterans and their dependents. A similar bill, to repeal that part of the Economy Act affecting Spanish War veterans and their dependents, was introduced by Congressman MARTIN F. SMITH, of Washington, and became a law on August 13, 1935. This restored the rates of pension in effect before the passage of the Economy Act on March 20, 1933.

SPANISH WAR VETERANS SHOULD BE ON SAME BASIS AS CIVIL WAR VETERANS

Spanish-American War veterans are now approaching an average age of 62. Their number is being reduced at the rate of 500 per month. They should now be placed on the same basis as Civil War veterans during the declining years of their life. With this view in mind, I introduced in the Seventy-third Congress, and again the opening day of the present Seventy-fourth Congress, on January 3, 1935, a bill, H. R. 1404, to place Spanish War veterans on the same basis as Civil War veterans for pension purposes.

BRIEF SUMMARY OF LEGISLATION AFFECTING SPANISH-AMERICAN WAR VETERANS FROM MARCH 20, 1933, TO AUGUST 13, 1935

Since the passage of the act of August 13, 1935, restoring pensions, the old pre-Economy Act rates are again effective. The provisions of the Economy Act of March 20, 1933, and other economy legislation were administered by the Veterans' Administration. From time to time the President and the Administrator of Veterans' Affairs issued regulations and orders indicating how these laws were to be enforced. As a result of these administrative orders, the status of Spanish War veterans pensions, therefore, shifted slightly from time to time during the period March 20, 1933, until August 13, 1935.

However, during the period of March 1933 to August 13, 1935, Spanish War veterans' pensions passed through five different major stages:

FIRST STAGE—BEFORE ECONOMY ACT

Before the passage of the Economy Act of March 20, 1933, the old rates of pay were in effect. Until 1920 all Spanish War veterans who were drawing pensions had established service connection in accordance with the requirements of the old so-called general law. On June 5, 1920, the Spanish War service pension law was passed. Under this law there was no distinction between service-connected and non-service-connected disabilities. Any Spanish War veteran who applied could receive a pension for varying rates of disability or for age. The same applies for the laws of May 1, 1926, and June 2, 1930, which increased the rates of pension until the maximum of $60 was reached for permanent and total disability, except in cases where the aid and attendance of another person was required, when a maximum of $72 was allowed.

Thousands of Spanish War veterans dropped their claims of service connection under the old general law and applied for the more liberal pension granted under the later laws without regard to service connection. For that reason, prior to the Economy Act, out of about 195,000 Spanish War veterans on the pension rolls, only 600 were recorded as service connected. These 600 merely had neglected to apply for pensions under the new and more liberal law.

Prior to March 20, 1933, the great majority of Spanish War veterans receiving pensions for 90 days or more of service were paid on this scale:

For Spanish War veterans, on basis of disability—per month

10-percent disability	$20
25-percent disability	25
50-percent disability	35
75-percent disability	50
100-percent disability	60
If aid and attendance of another person is needed	72

For Spanish War veterans, on age alone, regardless of disability—per month

Age 62	$30
Age 68	40
Age 72	50
Age 75	60

Spanish War widows received $30 per month, with $6 for each dependent under the age of 16.

SECOND STAGE—ECONOMY ACT, MARCH 20, 1933

Under the Economy Act all Spanish War veterans whose disabilities were not shown to be service-connected, except those over the age of 62 and those who could prove permanent and total disability, were scheduled to be dropped from pension rolls.

The so-called presumptive clause, regulation 12 of the Executive orders under the Economy Act, recognized that Spanish War veterans would be at a decided disadvantage in proving their disabilities to be service connected. This clause stated that these men shall continue to receive a pension under the act at the rate being paid them on the date of enactment of the Economy Act—

It being presumed that the injury or disease causing the disability was incurred in the line of duty in the active military or naval service during * * * the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection.

The burden of proof was to be on the Veterans' Administration to show that the disability was not service connected, but in practice, at least in many cases, Spanish War veterans found the burden of proof on themselves. Little or no consideration was given to this presumption clause.

Under the Economy Act Spanish War veterans who could prove service connection were paid at the same rate as World War veterans whose cases were service connected. The difficulty for Spanish War veterans was that only a very small percentage could prove service connection 35 years after the war, and hundreds of them died before they had a chance to prove service connection. An amendment offered to the independent offices appropriation bill in June 1933 to

prevent reduction of Spanish War pensions more than 25 percent was defeated.

THIRD STAGE—$15 PER MONTH ALLOWED FOR VETERANS IN NEED OVER 55

A slight modification of the Economy Act as it affected Spanish War veterans was made in the Independent Offices Appropriation Act passed in June 1933. This provision stated:

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress (the Economy Act), any veteran of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, who served 90 days or more, was honorably discharged from the service, is 55 years of age or over, is 50-percent disabled, and in need as defined by the President, shall be paid a pension of not less than $15 per month.

This meant that Spanish War veterans who were over 55 years of age and 50-percent disabled could be sure of a $15-a-month pension—if they could qualify under a need clause.

FOURTH STAGE—ACT OF MARCH 28, 1934—75-PERCENT RESTORATION

The act of March 28, 1934, provided that Spanish War pensions should be restored to 75 percent of the amount each veteran received prior to the passage of the Economy Act. This was a frank admission that the Economy Act, at least as it affected Spanish War veterans, was a failure. It had brought misery and despair to thousands of Spanish War veterans and their dependents, and public resentment was aroused. The act and all its regulations, as far as they affected Spanish War veterans, were repealed, and the old laws were made the basis for the act of March 28, 1934. This new act was in effect until August 13, 1935.

FIFTH STAGE—ACT OF AUGUST 13, 1935—FULL RESTORATION

The repeal of the Economy Act as it affected Spanish War veterans was completed by the act of August 13, 1935, which was the Smith bill, already mentioned. The Smith bill was a copy of the Lundeen bill, the first bill to repeal the Economy Act as it applied to Spanish War veterans. This act places back on the statute books all the Spanish War pension schedules in effect as of March 19, 1933.

Although we can never restore the lives that have been lost or erase the long months of anxiety and destitution thrust upon thousands of our comrades by economy hysteria in 1933, at least we can say the Economy Act as it affects Spanish War veterans is repealed. Those of us who fought against this vicious, cruel, and inhuman act from the first can truly say we have won a great victory.

LUNDEEN BILLS FOR SPANISH WAR VETERANS

In concluding my remarks I wish to say that during the present Congress I have introduced four bills for the benefit of Spanish War veterans:

First. A bill (H. R. 2828) to repeal the Economy Act as it affected Spanish War veterans. A bill similar to this became a law on August 13, 1935.

Second. A bill (H. R. 1404) to place Spanish War veterans on the same basis as Civil War veterans, paying pensions of $75 to $100.

Third. A bill (H. R. 9145) to refund to Spanish War veterans and their dependents the sums taken from them while the Economy Act was in force. This would mean $85,595,171 to Spanish War veterans and $16,317,023.47 to their dependents.

Fourth. A bill (H. R. 12918) to provide an idemnity of $10,000 to dependents of Spanish War veterans whose death resulted from the vicious, cruel, and inhuman Economy Act.

I am a Spanish War veteran, having served in Company B, Twelfth Minnesota Volunteer Infantry. I will continue my efforts on behalf of my comrades as long as I have the honor to represent them in Congress.

TEXT OF LUNDEEN BILLS

Spanish War veterans' indemnity bill:

[H. R. 12918, House of Representatives, 74th Cong., 2d sess.]

A bill to provide indemnity benefits to dependents of veterans of the Spanish-American War who died as a result of the enforcement of the so-called Economy Act of March 20, 1933, and for other purposes

Be it enacted, etc., That the sum of $10,000 shall be paid to the dependent of any deceased veteran of the Spanish-American War (including the Philippine Insurrection and the Boxer Rebellion) who was entitled to benefits under the pension laws in force on March 19, 1933, and who died on or after March 20, 1933, and on or before August 31, 1935, if it appears to the satisfaction of the Indemnity Board provided for in section 2 of this act that the application in the case of such veteran of any of the provisions relating to veterans' benefits in the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, or any act amendatory thereof or supplementary thereto, was a factor substantially contributing to his death. A dependent may receive the benefits of this act by an application claiming the benefits thereof filed with the Indemnity Board.

An application not filed on or before July 1, 1937, shall be void.

Sec. 2. (a) The President is authorized to appoint five members for an Indemnity Board, which shall have jurisdiction of applications under this act. The members of such board shall not be, or have been within 2 years prior to appointment, in the employ of the Veterans' Administration. They may be appointed without regard to the civil-service laws, and their compensation may be fixed without regard to the Classification Act of 1923, as amended. Such board shall determine, on all available evidence, the question whether the death of the veteran was caused in the manner specified in section 1 of this act, and shall in their decisions resolve all reasonable doubts in favor of the applicant. The decisions of any such board shall be final.

(b) For the purposes of this act such board or any member thereof is authorized to hold hearings, administer oaths, and require the attendance and testimony of witnesses or the production of books, papers, documents, or other evidence, or the taking of depositions before any designated individual competent to administer oaths.

(c) Such board may appoint and fix the compensation, subject to the civil-service laws and to the Classification Act of 1923, as amended, of such employees, and may make such expenditures, including expenditures for actual and necessary travel and subsistence expenses of members, employees, and witnesses (not exceeding $7 for subsistence expense for any one person for any one calendar day), rent of quarters at the seat of Government and elsewhere, for personal services at the seat of Government and elsewhere, and for printing and binding, as are necessary for the efficient execution of its duties under this act. The expenses of the board shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman of the board.

(d) The board herein provided for shall cease to exist upon the completion of its duties under this act, and upon such completion all records, equipment, and property in its possession shall be transferred to the Veterans' Administration.

Sec. 3. (a) Upon final favorable decision upon any application made under this act the Indemnity Board shall certify such decision and transfer the records relating to the application to the Administrator of Veterans' Affairs. The Administrator shall cause the payments of benefits under this act to be made to the dependent of the veteran, and shall determine all questions arising under this act except the question referred to the Indemnity Board under sections 1 and 2 of this act. The Administrator shall not make any payments under this act to any person other than the eligible dependent, or such representative thereof, as the Administrator shall by regulation prescribe.

(b) No right to payment under this act shall be assignable or serve as security for any loan, and any assignment or loan made in violation of the provisions of this subsection shall be held void. No sum payable under this act shall be subject to attachment, levy, or seizure under any legal or equitable process, or to National or State taxation, and no deduction on account of any indebtedness of the veteran to the United States shall be made from any sum payable under this act.

Sec. 4. (a) Benefits under this act shall be paid to dependents of the veteran in the following order of preference:

(1) To the widow.

(2) If no widow entitled to payment, then to the children, share and share alike.

(3) If no widow or children entitled to payment, then to the mother.

(4) If no widow, children, or mother entitled to payment, then to the father.

(b) No payment under this act shall be made to a widow if she has remarried before making and filing application, or if at the time of the death of the veteran was living apart from him by reason of her own lawful act.

(c) Payment under this act shall be made to a child if under 18 years of age at the time of the death of the veteran.

(d) No payment under this act shall be made to a mother or father unless dependent at the time of the death of the veteran, or if at the time of the death of the veteran the mother was unmarried or over 60 years of age, or the father was over 60 years of age, such mother or father, respectively, shall be presumed to have been dependent.

Sec. 5. As used in this act—

(a) The term "dependent" means a widow, widower, child, father, or mother;

(b) The term "child" includes (1) a legitimate child; (2) a child legally adopted; (3) a stepchild, if a member of the veteran's household; (4) an illegitimate child, but, as to the father only, if acknowledged in writing signed by him, or if he has been judicially ordered or decreed to contribute to such child's support,

or has been judicially decreed to be the putative father of such child;

(c) The terms "father" and "mother" include stepfathers and stepmothers, fathers and mothers through adoption, and persons who have, for a period of not less than 1 year, stood in loco parentis to the veteran at any time prior to the beginning of his service; and

(d) The term "widow" includes widower.

SEC. 6. Whoever knowingly makes any false or fraudulent statement of a material fact in any application made under any provision of this act, or under any regulation made under this act, shall, upon conviction thereof, be fined not more than $1,000, or imprisoned not more than 2 years, or both.

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

Bill to refund pensions taken from Spanish War veterans by the Economy Act:

[H. R. 9145, House of Representatives, 74th Cong., 1st sess.]

A bill to provide for the refunding of all benefits to Spanish-American War veterans and their widows and dependents of which they were deprived by the so-called Economy Acts for the period between March 20, 1933, and August 13, 1935

Be it enacted, etc., That the act entitled "An act granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes", approved August 13, 1935, shall take effect retroactively as of March 20, 1933. All awards and grants of benefits in force on March 19, 1933, under the laws reenacted by such act of August 13, 1935, shall be in full force and effect from March 20, 1933, unless hereafter modified or repealed pursuant to such laws, except in cases where the right to payment under such laws has ceased by reason of the happening of a contingency referred to in such laws. Subject to the same exceptions, benefits accruing under such awards and grants for the period between March 20, 1933, and August 13, 1935, shall be paid without application, after deduction of any like benefits received under pension laws in force during such period.

In the case of any person in receipt of benefits under any of the acts repealed by such act of August 13, 1935, such benefits shall not be reduced or discontinued by reason of the enactment of such act of August 13, 1935.

SEC. 2. Any claim for benefits under the laws reenacted by such act of August 13, 1935, pending on March 19, 1933, may be considered and determined under such laws without any renewal of such claim by the applicant, and any claim for benefits under any act or part of an act repealed by such act of August 13, 1935, pending on August 12, 1935, may be considered and determined as a claim for benefits under the laws reenacted by such act of August 13, 1935. In case of any such claim the applicant shall be afforded an opportunity to present supplementary evidence and to have a new physical examination before his claim is determined, and shall be given notice of such opportunity. Benefits awarded under any such claim shall begin to accrue on the date of filing such claim.

Bill to place Spanish War veterans on same basis as Civil War veterans:

[H. R. 1404, House of Representatives, 74th Cong., 1st sess.]

A bill granting pensions and increases of pensions to certain soldiers, sailors, and nurses of the War with Spain, the Philippine Insurrection, and the China Relief Expedition, and their widows and dependents, and for other purposes

Be it enacted, etc., That all persons who served 90 days or more in the military or naval service of the United States during the War with Spain, the Philippine Insurrection, or the China Relief Expedition, between April 21, 1898, and July 4, 1902, and who have been honorably discharged therefrom, or who, having served less than 90 days, were discharged for disease or disability incurred in the service and in line of duty, shall be entitled to, and shall be paid, a pension at the rate of $75 per month: *Provided*, That any person who served 90 days or more in the military or naval service of the United States during the War with Spain, the Philippine Insurrection, or the China Relief Expedition between April 21, 1898, and July 4, 1902, and has been honorably discharged therefrom, or having served less than 90 days was discharged for a disease or disability contracted in the service and in the line of duty, and who is now or hereafter may become by reason of age, physical or mental disability, helpless or blind, or so nearly helpless or blind, as to require the regular aid and attendance of another person, shall be entitled to and shall be paid a pension at the rate of $100 per month.

SEC. 2. The widow of any officer or enlisted man who served 90 days or more in the military or naval service of the United States during the War with Spain, the Philippine Insurrection, or the China Relief Expedition, between April 21, 1898, and July 4, 1902, inclusive (service to be computed from the date of enlistment to date of discharge, and all leaves of absence and furloughs under General Orders, No. 130, August 29, 1898, War Department, to be included in determining the period of pensionable service), and was honorably discharged from such service, or, regardless of length of service, was discharged for, or died in service of, a disease or disability incurred in the service in line of duty (such widow having married such soldier, sailor, or marine prior to Sept. 1, 1922), shall, upon due proof of her husband's death, without proving his death to be the result of his service, be placed upon the pension roll at the rate of $30 per month during her widowhood: *Provided*, That a widow who is now, or may hereafter reach the age of 70 years shall be entitled to and shall be paid a pension at the rate of $40 per month: *Provided further*, That the widow or remarried widow of any person who served 90 days or more in the military or naval service of the United States during the War with Spain, the Philippine Insurrection, or the China Relief Expedition between April 24, 1898, and July 4, 1902, and having been honorably discharged therefrom, or who having served less than 90 days was discharged for disease or disability incurred in the service and in line of duty (such widow or remarried widow having been the wife of such soldier, sailor, or marine during the period of his service in said wars) shall be entitled to and shall be paid a pension at the rate of $50 per month.

SEC. 3. The provisions of the foregoing section shall apply to a former widow of any officer or enlisted man who rendered service as hereinbefore described and who was honorably discharged, or died in service due to disability or disease incurred in the service in line of duty (such widow having remarried either once or more after the death of the soldier, sailor, or marine) if it be shown that such subsequent or successive marriage or marriages has or have been dissolved, either by the death of the husband or husbands or by divorce on any ground except adultery on the part of the wife, and any such former widow shall be entitled to and be paid a pension at the rate of $30 per month. Any such former widow or any widow mentioned in this section or the preceding section shall also be paid $6 per month for each child under 16 years of age of such officer or enlisted man, and in case there be no widow or one not entitled to pension under any law granting additional pension to minor children, the minor children under 16 years of age of such officer or enlisted man shall be entitled to the pension herein provided for the widow, and in the event of the death or remarriage of the widow or forfeiture of the widow's title to pension, the pension shall continue from the date of such death, remarriage, or forfeiture to such child or children of such officer or enlisted man until the age of 16: *Provided*, That in case a minor child is insane, idiotic, or otherwise mentally or physically helpless the pension shall continue during the life of such child or during the period of such disability; and this proviso shall apply to all pensions heretofore granted or hereafter granted under this or any former statute: *Provided further*, That when a pension has been granted to an insane, idiotic, or otherwise helpless child, or to a child or children under the age of 16 years, a widow or former widow shall not be entitled to a pension under this act until the pension to such child or children terminates, unless such child or children be a member or members of her family and cared for by her; and upon the granting of pension to such widow or former widow payment of pension to such child or children shall cease, and this proviso shall apply to all claims arising under this or any other act.

SEC. 4. The pension or increased rate of pension provided for in this act shall commence from the date of filing application therefor in the Veterans' Administration after the approval of this act, in such form as may be prescribed by the Administrator of Veterans' Affairs provided they are entitled to a pension under the provisions of this act, and the issue of a check in payment of a pension for which the execution and submission of a voucher was not required shall constitute payment in the event of the death of the pensioner on or after the last day of the period covered by such check, and it shall not be canceled, but shall become an asset of the estate of the deceased pensioner.

SEC. 5. Nothing contained in this act shall be held to affect or diminish the additional pension to those on the roll designated as the "Army and Navy Medal of Honor Roll", as provided by the act of April 27, 1916, but any pension or increase of pension herein provided for shall be in addition thereto, and no pension heretofore granted under any act, public or private, shall be reduced by anything in this act.

SEC. 6. No claim agent, attorney, or other person engaged in preparing, presenting, or prosecuting any claim under the provisions of this act shall, directly or indirectly, contract for, demand, receive, or retain any fee for such services in preparing, presenting, or prosecuting claims when claimant is already on the pension rolls under the act of May 1, 1926, or any other prior pensions acts: *Provided*, That no claim agent, attorney, or other persons engaged in preparing, presenting, or prosecuting any original pension claim for, demand, receive, or retain for such services in preparing, presenting, or prosecuting such original pension claim, a sum in excess of $10, which sum shall be payable upon the order of the Administrator of Veterans' Affairs under such rules and regulations as he may deem proper to make; and no claim agent, attorney, or other person shall contract for, demand, receive, or retain a fee for services in preparing, presenting, or prosecuting claims for increase of pension under the provisions of this act; and any person who shall, directly or indirectly, or otherwise, contract for, demand, or retain a fee for services in preparing, presenting, or prosecuting any claim under this act, or shall wrongfully withhold from the pensioner or claimant the whole or any part of the pension allowed or due to such pensioner or claimant under this act, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall, for each and every offense, be fined not exceeding $500 or be imprisoned not exceeding 1 year, or both, in the discretion of the court.

SEC. 7. That all acts and parts of acts in conflict with or inconsistent with the provisions of this act are hereby modified and amended only so far and to the extent as herein specifically provided and stated.

Bill to repeal Economy Act as it affected Spanish War veterans:

[H. R. 2828, House of Representatives, 74th Cong., 1st sess.]

A bill to restore benefits for veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, and for other purposes

Be it enacted, etc., That so much of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, as amended, and of all acts or parts of acts amending or supplementing such act, as relates to veterans and widows and dependents of veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, is hereby repealed.

SEC. 2. (a) All public laws granting medical or hospital treatment, domiciliary care, compensation, and other allowances, pensions, or retirement pay to veterans and the dependents of veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, which were repealed by section 17 of title I of such act of March 20, 1933, are hereby reenacted to read as such laws read on March 19, 1933, with the same force and effect as such laws had on such date with respect to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection.

(b) All awards and grants of monetary benefits in force on March 19, 1933, under the laws reenacted by this section, shall be in full force and effect from the effective date of this act until modified or revoked pursuant to such laws, except in cases where the right to payment under such laws has ceased by reason of the happening of a contingency referred to in such laws.

(c) All claims for benefits under the laws reenacted by this section pending on March 19, 1933, may be considered and determined under such laws without any renewal of any such claim by the applicant, but such applicant shall be afforded an opportunity to present supplementary evidence and to have a new physical examination before his claim is determined, and shall be given notice of such opportunity. Benefits awarded under any claim pending on, or filed after, the date of enactment of this act shall begin to accrue on the effective date of this act, or the date of the filing of the claim, whichever is the later date.

SEC. 3. This act shall take effect on the first day of the calendar month next following the month during which this act is enacted.

Bill to repeal entire Economy Act:

[H. R. 2825, House of Representatives, 74th Cong., 1st sess.]

A bill to repeal Economy Act approved March 20, 1933, and for other purposes

Be it enacted, etc., That such provisions of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933 (otherwise known as the "Economy Act", which repeals all public laws granting medical or hospital treatment, domiciliary care, compensation, and other allowances, pension, disability allowance, or retirement pay to veterans and the dependents of veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, and the World War, or to former members of the military or naval service, except so far as they relate to persons who served prior to the Spanish-American War and to the dependents of such persons, and the retirement of officers and enlisted men of the Regular Army, Navy, Marine Corps, or Coast Guard, which gives to the President of the United States the power to issue regulations under which certain classes of persons may be paid a pension, and under which the salaries of Federal employees have been reduced as much as 15 percent) and of all acts or parts of acts amending or supplementing such act, as have not heretofore been repealed, are hereby repealed, and all laws or provisions of law amended or repealed by such act of March 20, 1933, or by such amendatory or supplementary acts or parts of acts, not heretofore reenacted, are hereby reenacted to read as such laws or provisions of law read prior to March 20, 1933.

SEC. 2. This act shall take effect on the first day of the first calendar month following the month in which this act is enacted.

DR. TOWNSEND AND THE TOWNSEND MOVEMENT

Mr. BURDICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BURDICK. Mr. Speaker, when the Bell resolution to investigate the Townsend old-age-pension organization came before the House, I was one of the three who voted against it by a standing vote. I did that for the reason that I did not believe the Congress should spend $50,000 to investigate this poor people's organization, when the Members of Congress were aware of the direct expenditure of funds here in Washington to stop the will of the people.

I refer to the fact that the power companies last year spent something over $3,000,000 to prevent the passage of the holding-company bill. This sum was not spent in organizing a movement, but for the direct and specific purpose of unlawfully preventing legislation which the people demanded. A committee was set up in the House to investigate this matter, but nothing has been done, and I can confidently predict nothing will be done.

Dr. Townsend and his associates have spent no money to prevent legislation which the people demanded. They have spent a large sum of money in organizing a national movement to secure legislation that millions of people want. The money came from the people, and it is reported in the news items that something like $1,000,000 has been contributed. That seems to be the sin that has been committed by Dr. Townsend—that he collected a million dollars from poor people. The next sin, according to the newspaper accounts, is that the people who contributed this money got nothing for it, and Dr. Townsend, therefore, must have gotten the money. Let us see what the facts are.

First. Dr. Townsend and Mr. R. E. Clements founded an idea of old-age pensions. It is immaterial where they got the idea—whether they originated it themselves or whether they borrowed it from somebody else. The fact remains they put out the idea in a way which got the attention of the people.

The one thing about the Townsend plan which gave it such tremendous momentum was the fact that it placed the responsibility for the protection of the aged on the Federal Government. Under the plan, the aged, wherever they are in the United States, are eligible to receive benefits. Under any other plan the aged must established a "legal residence" in some locality. They cannot move—they must remain glued to the spot if they are to be eligible for pension benefits.

Again, under other plans, and under the Social Security Act, the aged cannot qualify unless they can prove they are paupers and have neither relatives nor friends able to support them.

In other words, the Townsend plan put the plan of old-age security on a high, dignified, and honorable plane and removed it from the standard of a shameful, groveling, and abject begging position.

Second. While at the head of it, Dr. Townsend and his associates built a great organization numbering many millions of people in every State of the Union. The building of this organization was of immense value to the aged people and others interested in the welfare of the aged. When it is said that this organization gave the people nothing back for their $1,000,000, I say that statement is absolutely untrue. The fact that this organization exists and has existed for the past 2 years has been of real value to the people fighting for justice for the aged.

To unite 5,000,000 people in one movement by the membership method on an expense of $1,000,000 is a most moderate cost. If there are 10,000,000 members, then the cost is still less. In any event, the leaders built the organization at a cost of not to exceed 25 cents per member. I have had experience in organizing the people of a State, and I found it could not be done for 50 cents per member if the organizers were to eat and sleep. Dr. Townsend says he has not over $500 left in money and no property. I believe it. No man living could put over an organization such as the Townsend organization is for less than a million dollars. Whatever the people put in the organization spent, and that is what they should have done.

Some say that the Townsend organization as now organized has been of no value to the people who believe in old-age pensions. I desire to dispute that statement forcefully. Is there anyone in this country who can honestly say that the Townsend organization did not influence the passage of the only law to protect the aged we have on the statute books of the United States? I personally know, as a Member of Congress, that the Townsend movement did influence the passage of the social-security bill. The appeal was made that the social-security bill would prevent the passage of the Townsend plan. That argument was used in my own case. I refused to be swayed by it and voted against the social-security bill. I was sure it would turn out to be nothing but

a starvation dole, and that is just exactly what it has turned out to be in my State. There is no pension about it; it is a relief dole, and before an aged person can get any of the dole he is required to deed his property over to the commissioners in charge of the plan, no matter how little value the property has.

But even though the Social Security Act is a dole, it is better than what we ever had before. We must make the social-security bill more liberal—we must make it possible in this country for the aged to receive respectable pensions for the few years they have to live after reaching the age of 60 years. The one organization that will bring this about is not the power lobby, the Chamber of Commerce of the United States, the Liberty League, or the Democrats, or the Republicans—it will be the Townsend organization.

During both sessions of Congress the McGroarty bill has been before the House. It was sponsored by one of the finest men in public life today, Hon. JOHN STEVEN MCGROARTY, of California. His bill was the official Townsend bill, and I know how hard MCGROARTY has worked to get this bill before the House for debate. It cannot come up until 218 Members will sign a petition to bring it up.

This Townsend organization is larger now than Townsend ever was—he could not stop it if he wanted to, and he does not want to. Like the leaders in the past, he can be attacked, he can be belittled, he can even be persecuted, but the movement will go on. The more he is abused or persecuted, the more vitality the movement will show. The reason why this is true is because the cause he has fostered is right, it is just, and from this movement will finally come a law that will treat the aged of this country as they should be treated by a great Government that has long neglected one of its most important functions.

The money to build this great movement has come from the people—it has not been supplied by some slush-fund contributor who intends to corrupt Members of Congress. It has come from the people, and I am sure the contributors are proud of what they have been able to give. In return for their sacrifices they have built a great militant organization that has and will continue to build a public opinion so strong in this country in favor of adequate old-age pensions that some Congress in the not far-distanct future will provide the remedy.

The organization may not have spent all of this money wisely in every particular; someone more versed in business might have done better. The fact remains, however, that they have built in this country the largest organization in our history on the least amount of money of any organization expense known so far. The best endorsement for Townsend is that today he has no money, no property. The people never have petitioned Congress to investigate the movement—they are satisfied, so I venture to say that Congress has little right to rush into the fray to determine who put in a dime and what was done with it.

There is one outstanding fact now well established, and that is that none of this $1,000,000 was used unlawfully or corruptly to influence Members of Congress. Can that much be said for the power company? Again, I ask, why drop this power-lobby expenditure of $3,000,000 to corrupt Congress, and start out with guns drawn to chase down the dimes Dr. Townsend used to build public opinion in favor of a just cause.

In my opinion, the sponsors of the present investigation were not as much concerned with the protection of those who contributed their dimes and nickels as they were in trying to prevent those dimes and nickels from being used against their reelection as Members of Congress.

Millions will be raised and poured into the coffers of the Republicans and the Democrats to carry on the coming campaign. Will Congress later appropriate $50,000 to investigate who put in the money, whether it was wisely spent, whether some employee got too much salary, or whether the candidates for the Presidency rode in a new Buick or an old Lincoln automobile? Nothing like it will be undertaken.

Just plain old-fashioned horse sense should dictate that Congress has enough to do to attend to its own business and let the people of this country have an organization of their own, financed by themselves and directed toward a worthy and justifiable end.

In closing this statement, let me say that if Dr. Townsend had not talked a third party, no investigation would have been undertaken. The old parties will stand for almost anything as long as a third party is not suggested. Both old parties know each other. When necessary they can sleep in the same bed and rest comfortably. Just as soon, however, as someone suggests a third party, then the permanency of the old parties is put in jeopardy, and they rush at their common enemy with a concerted attack. Their reign has been threatened—their right to rule over the destinies of the American people is questioned. They dread the loss of this power—their very political lives are at stake (so they believe), and their combined attack is savage and desperate.

There is one power, however, that neither of the old parties can withstand. They are powerless before it, and that is the power of public opinion. The Townsend movement is building public opinion and will express itself, no matter who desires or attempts to divert or destroy that opinion.

Finally, that public opinion will be so definitely fixed in this country that Congress will respond to it. When that day comes, the people's fight for a just pension system will end, but not until then. How long the Townsend movement will remain depends on how long it will take Congress to make up its mind to grant to the aged of this country just, honorable, and adequate security.

Congress is wasting its time and the taxpayers' money in trying to stamp out this movement by investigations. No amount of calumny heaped upon the head of Dr. Townsend will stop the movement—any such procedure would actually increase the people's zeal for the movement.

I may be mistaken in my forecast of the future, but I will venture to guess that the people are about to investigate Congress. If I am correct, then, as Members of Congress, we should remember the Golden Rule: "Do unto others as ye would others should do unto you."

CIVILIAN CONSERVATION CORPS

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. KENNEY. Mr. Speaker, it has been a source of gratification to me that I had the privilege of serving as a member of the committee which undertook successfully to extend the life of the Civilian Conservation Corps. Its benefits are noteworthy in my State and throughout the Nation. To its responsible head I wish to pay compliment in recognition of his able, effective direction of its activities. My colleagues in the House of Representatives and I with them appreciate the great achievement of the Director of Emergency Conservation Work, Robert Fechner.

In operation more than 3 years, the Civilian Conservation Corps program was created by an act of Congress approved March 31, 1933, and extended by the Emergency Relief Appropriation Act of 1935. The legislation was designed to relieve acute distress by supplying productive employment primarily to young men whose families were on public-relief rolls, to provide for the restoration and protection of our country's natural resources, and to aid in the stimulation of business recovery through supplying a market for large quantities of foodstuffs, clothing, heavy machinery, automotive equipment, and other supplies.

By Executive Order No. 6101, April 3, 1933, President Roosevelt established the office of Emergency Conservation Work and named Mr. Robert Fechner, of Boston, as director. In the order the President directed the War, Interior, Agriculture, and Labor Departments to assist the Director in carrying out the provisions of the act. To make the law effective, a Nation-wide chain of work camps was established in the forests, parks, and fields of the country. By July 1, 1933, camps had been established in every State. The camps have been limited to unmarried men between the ages of 17 and 28, to war vet-

erans who may be enrolled regardless of age or marital status, and to a limited number of experienced men living in the vicinity of each camp.

The Director of Emergency Conservation Work has throughout been responsible for the execution of the C. C. C. program. Four Government departments—Labor, War, Interior, and Agriculture—cooperate in its operation. The Director coordinates the functions performed by these departments through an advisory council composed of one representative from each department. These council members act as liaison officers between the Director and the cooperating departments.

During the time that the Civilian Conservation Corps has been functioning more than 1,600,000 persons have been given employment under the program. At present approximately 350,000 men are enrolled in the corps. These men are working out of 2,107 camps.

Enrolled men have benefited greatly in health and morale as a result of outdoor life, good food, regular hours, and steady work, which characterize the Civilian Conservation Corps program. Care of the health of the C. C. C. enrollees starts at the time of enrollment, as only those men are selected who can stand the work in the forests and who are free from contagious disease. When the enrollees are accepted they are sent at once to camps and are kept under careful medical supervision. Smallpox and typhoid vaccinations are given immediately.

A medical officer is assigned to each camp to look after the health of the young men. Not only does he take care of the sick and the injured, but he is responsible for the sanitation of the camp, the protection of the water supply, seeing that the men get proper food and bathing facilities, providing first-aid instructions, and giving lectures on personal hygiene and disease prevention.

The men are housed, for the most part, in barracks of either portable or permanent type. Sleeping quarters are carefully heated and ventilated in order to prevent the spread of communicable diseases, especially of the respiratory type. Besides the buildings constructed to shelter the enrollees, the camps have mess halls, recreation halls, and administrative buildings.

Veterinary officers are used to inspect meat and dairy products. These veterinarians inspect slaughterhouses, packing plants, dairy farms, and creameries to see that the food comes from the right kind of places. The food itself is inspected to see that it comes up to specifications and answers sanitary requirements.

The great majority of the enrollees leave the corps better equipped in every way to face the problems of modern life than before their service. Most of them have acquired new skills which open additional job opportunities.

The cash allotments of enrollees to dependent families have made it possible for many families to be entirely removed from public-relief rolls. Many other families have been materially assisted. The consensus of opinion is that the ultimate results of Emergency Conservation Work will prove of lasting value, not only to the men of the Civilian Conservation Corps but also to the entire Nation.

In my State of New Jersey there are now 36 Civilian Conservation Corps camps engaged in forest protection and improvement, park development, soil-conservation projects, and mosquito-control work. With an average of 162 enrolled men in a camp, a total of approximately 5,832 men will be working this summer on C. C. C. projects in New Jersey. About 4,000 additional New Jersey men will be located on C. C. C. projects in other States.

In the period from April 5, 1933, to April 1, 1936, fully 47,835 New Jersey citizens were given employment by the Civilian Conservation Corps. Of these, 43,043 were enrolled men. Nonenrolled personnel included those employed in supervisory, technical, clerical, professional, or similar capacities, or who were engaged in the construction and maintenance of camps or other skilled and unskilled labor. As of March 1, 1936, there were 10,176 New Jersey enrollees in the corps.

Total obligations for operations of the C. C. C. in New Jersey through March 20, 1936, approximated $17,443,000. They were incurred for compensation to enrollees and supervisory employees and purchase of materials, supplies, shelter, foodstuffs, clothing equipment, transportation, and the like. Almost every type of industry has benefited through expenditures made by the Civilian Conservation Corps. Of the total amount of money earned by New Jersey enrollees, $4,762,000 was sent home to dependents in the form of allotments. The basic cash allowance of each enrolled man in the corps is $30 a month. All of the young men and many war veterans allotted and still allot from $22 to $25 of their monthly cash allowances to needy dependents. These allotments are mailed direct to the families of the boys by the War Department. Besides receiving cash allowances which permit them to contribute substantially to the support of their families, New Jersey enrollees are housed, fed, clothed, given medical care, and afforded recreational and educational opportunities.

Included in the 36 camps being operated in New Jersey are 12 in State forests, 3 in private forests, 7 on mosquito-control projects, 3 on soil-erosion prevention projects under the supervision of the Soil Conservation Service, 9 on State and National parks, and 2 on conservation projects on military reservations.

In the course of the past 3 years the C. C. C. have accomplished a great deal in the upbuilding of New Jersey's forest resources. Carried on by companies assigned to State and private forests this work has been supervised by the United States Forest Service in cooperation with the State conservation authorities. Large areas of New Jersey were originally covered with good pine forest, but they have been cut over year after year until the growth of pitch pine has become seriously impaired. However, there are still many reproductive trees in the area, and through the labors of the C. C. C., including collection of cones, planting, and extensive prevention measures against fires, the forests are being brought back into productivity. More than 5,000 acres have been planted with trees, and the C. C. C. has put in more than 10,000 man-days on nursery work growing seedlings for further reforestation. More than 7,000 tree seeds have been collected.

To increase the area accessible for fire control the C. C. C. has built a total of 279 miles of truck trails and 61 miles of foot trails. These also serve to provide access to many scenic and historic sites in the forests and parks for the benefit of the people of New Jersey. To further enhance the value of New Jersey's forests, timber-stand improvement work has been completed over an area of 25,922 acres. The C. C. C. has constructed 383 miles of firebreaks. These are lanes cut through forested areas to serve as barriers to halt the progress of spreading fires. Fire hazards have been cleared from 12,568 acres of woodland. Timber estimates have been made over an area of 11,780 acres, and enrollees have spent 10,220 man-days on tree-surgery activities.

New Jersey forests, like other forested areas in the East, are threatened with serious destruction caused by tree-insect pests and tree diseases. The C. C. C. men in New Jersey are conducting an intensive campaign against the ravages of the gypsy moth, the white pine blister rust, and the Dutch elm disease. White-pine blister rust and Dutch elm disease control operations have been carried on over 36,269 acres, and a total of 5,611 acres have been scouted for the eggs of the gypsy moth.

C. C. C. activities also include mosquito-control operations, which involved the digging of 14,360 lineal yards of ditches and the staking of 16,000 yards, carried on over an area of 11,427 acres. The camp at Teterboro, in my district, is performing a long-needed service in its efforts to eradicate the notorious New Jersey mosquito from the meadows of the Hackensack River. As a part of the work, salt and woodland marshes and stagnant, polluted pools are drained by a series of ditches. Such work has not impaired but has increased the value of such areas as wildlife breeding and feeding grounds.

A Civilian Conservation Corps company has been assigned to the development of the Morristown National Historical Park at Morristown. Activities of the C. C. C. in this area have been of wide scope, including work in forestry, archeology, landscaping, and guiding visitors. The park constitutes the site of the encampment of the Continental Armies in the Revolutionary War during the winters of 1777–79.

The Wick and Guerin houses, both eighteenth century dwellings associated with the Morristown encampment of the Continental Army, have been restored. Brigade encampment sites of the Continental Army have been suitably marked. Signs, made and erected by C. C. C. enrollees, show positions, composition of the brigades, names of commanding officers, and the time of encampment in the Jockey Hollow area of the park.

Dutch-elm disease control has been of prime importance in this area to prevent its spreading throughout the park and to adjacent areas. Removal of dead chestnuts has improved the appearance of the park and furnished material for cabins, fences, and picnic campfires.

Twelve C. C. C. camps have been engaged in work on State and local parks at one time or another during the past 3 years. This work is supervised by the National Park Service in cooperation with State and local park and conservation authorities. All of the New Jersey parks serve the metropolitan populations of New York, Philadelphia, or Camden. The work of the C. C. C. in New Jersey parks has consequently been of unusual value in affording greater use of these heretofore unplanned and undeveloped recreational facilities. This has been especially true of the camps in Bergen and Camden Counties.

An average of approximately 400 C. C. C. men have worked in the New Jersey section of the Palisades Interstate Park. In the lower portion of the park, which is a spot of natural beauty, the main work has been on the talus slope, which can be seen from the Hudson River. This slope has in some places been eroded by the elements and by the river tide. The lower area is being preserved for its recreational as well as its scenic value. It is in my congressional district, directly opposite New York City, and attracts a large number of visitors. The work in this park is now being continued by one company of 162 men.

Another 400 men were assigned to the development of High Point State Park, which is under the jurisdiction of the High Point Park Commission. This park covers an area of some 11,000 acres, for the most part a wooded section on the top of a ridge. A point of special interest in this area is the so-called cedar swamp, where grows, among other species, a variety of white cedar not usually seen in that part of the country. Prior to the establishment of the C. C. C. camps only a small area in the immediate vicinity of the point had been used for camping, bathing, and picnicking. This area has been greatly extended by the work of the two companies. About 10 to 12 miles of park roads have been built, and more is contemplated to make accessible other areas for recreation. All these operations are working toward a well-planned program, which not only opens this area to recreation but also preserves its natural character.

The boys have nearly finished one dam which will create a lake of some 20 acres, and another dam is under construction which will provide a lake of some 40 acres. These lakes will not only enhance the scenic value of the park but will serve as reservoirs in time of fire, and their banks will provide sites for camps. Development of picnic areas and special overlook points is also planned.

The company located in Parvin State Park near Vineland, an area of nearly 1,000 acres, is laying out interesting nature trails through the cedar swamps and other woods. In the past this park has been used chiefly for bathing, camping, and picnicking, in the vicinity of Parvin's mill pond. The C. C. C. boys have razed a group of unsightly buildings and have turned the site into a well-planned camping area. Plans are afoot for developing the beach through building a new bathhouse and a group of utility buildings.

A small ravine at one side of the park, called the Thundergust, is being developed as a narrow half-mile lake to be utilized for campers and picnickers.

Another C. C. C. company is located in Voorhees State Park at High Bridge. This park, on the edge of the New Jersey highlands, is interesting mainly for its scenic values from park drives and picnicking areas. Considerable reforestation has been undertaken here.

An average of 400 men were assigned to the Cooper River and Great Egg Harbor parkways in Camden County during the past 3 years. One company is reclaiming the silt-filled Cooper River, which at one time was navigable as far as Haddonfield. The other company, which was doing similar work in the Great Egg Harbor stream, completed its general development program last summer and was withdrawn. These two parkways are part of a proposed parkway across New Jersey from Camden to Atlantic City.

Twin camps were established in the South Mountain Reservation at Orange to develop this reservation for general recreational use. Improvements under way include the construction of park roads, guard rails, and incidental shelters. One company was moved out of this park last month.

A total of 400 men is working in Union County in cooperation with the Union County Park Commission. One company is situated in Watchung Reservation and is doing work similar to that undertaken at South Mountain. The other is working along the Rahway River, reclaiming the silt-filled stream and developing recreational facilities along its course.

The character and location of the camps now in operation in New Jersey and for which my State is the richer in its resources are as follows:

Camp designation	Land ownership (National, State, or private)	County location	Post-office address
S–51	State	Sussex County	Branchville.
S–52	do	Burlington County	New Lisbon.
S–53	do	Cape May County	Woodbine.
S–54	do	Passaic County	Butler.
S–55	do	Burlington County	New Gretna.
S–56	do	Atlantic County	Mays Landing.
S–59	do	Burlington County	New Lisbon.
S–60	do	do	Chatsworth.
S–62	do	Warren County	Hackettstown.
MC–63	Private	Cape May County	Tuckahoe.
MC–64	do	Morris County	Morristown.
P–65	do	do	Danville.
P–66	do	Passaic County	Hewitt.
P–67	do	Somerset County	Raritan.
S–70	State	Passaic County	Oak Ridge.
S–71	do	Sussex County	Branchville.
S–72	do	Gloucester County	Glassboro.
MC–73	Private	Cape May County	Dias Creek.
MC–74	do	Cumberland County	Cedarville.
MC–75	do	Atlantic County	Port Republic.
MC–76	do	Ocean County	Manchahawkin.
MC–79	do	Bergen County	Hasbrook Heights.
SCS–1	do	Hunterdon County	Clinton.
SCS–2	do	Monmouth County	Freehold.
SCS–3	do	Burlington County	Wrightstown.
NP–1	Morristown National Historical Park.	Morris County	Municipal Building, Morristown.
SP–1	High Point State Park	Sussex County	Sussex, R. F. D.
SP–4	Parvin State Park	Salem County	Norma.
SP–5	Voorhees State Park	Hunterdon County	High Bridge.
SP–7	Essex State Park	Essex County	Orange.
SP–8	High Point State Park	Sussex County	Sussex, R. F. D.
SP–10	Camden State Park	Camden County	Haddonfield.
SP–12	Palisades State Park	Bergen County	Englewood.
SP–13	Rahway River Parkway	Union County	Cranford.
Army–2	Military Reservation	Burlington County	Camp Dix.
Army–3	do	Monmouth County	Fort Hancock.

SUMMARY

	Camps
State forest	12
Private forest	3
Mosquito control	7
Soil Conservation Service	3
National park	1
State park	8
Army	2
Total	36

Symbols: S, State forest; P, private forest; SCS, Soil Conservation Service; MC, mosquito control; NP, national park; SP, State park.

AWARD POSTHUMOUSLY OF THE DISTINGUISHED SERVICE MEDAL TO THE LATE MAJ. GEN. CLARENCE R. EDWARDS

Mr. CITRON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CITRON. Mr. Speaker, from my State came many of the men who served in the Twenty-sixth Division under the leadership of a great general, the late Clarence R. Edwards. They will appreciate the award posthumously of a Distinguished Service Medal to the great leader of that division more so than even a personal award to themselves.

The Gold Star Mothers and the relatives and friends of the men in that division will also consider the passage of this resolution a deserving tribute to the man they learned to know and love in the years following the war. Clarence R. Edwards loved his men in the war and maintained an interest in their welfare after the armistice and up to the time of his death.

To all who came to know him, General Edwards was a great friend, loyal citizen, and trustworthy adviser. From the statements and letters to me of men who knew him on the battlefield or who made his acquaintanceship since the war, I know the devotion and respect which these men held for him during his life and which has increased since his death.

Our distinguished colleague from Massachusetts, Hon. WILLIAM P. CONNERY, is to be commended for sponsoring House Joint Resolution 570, making this award. The people of the State of Connecticut are proud of the record of the Twenty-sixth Division and its late war leader, whom we are honoring. As a Member at Large from that State, I can only, in my humble fashion, express their thanks for the thoughtfulness and sincerity of Mr. CONNERY for introducing and moving the passage of this resolution.

THE FIFTH NATIONAL SCHOOL-SAFETY PATROL PARADE

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. CHURCH. Mr. Speaker, tomorrow the city of Washington will witness the fifth national school-safety patrol parade, under the auspices of the American Automobile Association. All of us recognize the important part that school patrols have played in the protection of the lives of the children of America.

Mr. Speaker, I think we should take this opportunity to commend the youth for their work, and it is our duty to encourage them by public recognition. We should commend those who sponsor the school patrol organizations, and an expression is due those who are responsible for the fifth national school safety patrol parade.

During the year 1935, 36,000 persons were killed by automobile accidents and 1,000,000 were injured. It is an appalling death rate, due in large part to negligence and nonenforcement of our motor vehicle laws. By safety education programs, proper law enforcement, and engineering efforts this death rate by automobile accidents can be appreciably reduced.

It is with a great deal of pride that I call attention to the fact that as a result of its educational, engineering, and law-enforcement programs my home town of Evanston, Ill., was recently awarded the 1935 title of "the safest city in the United States." A contest was conducted by the National Safety Council among 801 cities in the United States, and for the third time in 4 successive years the grand prize went to Evanston, which has a population of about 65,000.

Eight hundred and one cities reported to the National Safety Council on their accidents during 1935. Their reports showed that the national average of accidents was 18.1 per 100,000 population. The city of Evanston, however, last year had only 2.9 per 100,000 as an average.

Naturally I am proud of the city. It is the "safest city in the United States." I call attention to its record for safety, not only because of my just pride but because I think it clearly indicates what can be accomplished by civic pride on the part of the people and by a proper educational and law-enforcement program. It is indicative of how fundamentally important the fifth national school-safety patrol parade tomorrow in Washington is as a factor toward a reduction in accidental deaths. It is something in which all of us should take a real interest.

STOP LYNCHING NOW

Mr. FORD of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. FORD of California. Mr. Speaker, as the sponsor of H. R. 2776, a bill to assure to persons within the jurisdiction of every State the equal protection of the laws and to punish the crime of lynching, I hope the Members of this House give my bill sincere and unbiased consideration. Similar bills have been before Congress many times, but either apathy, prejudice, or a question as to constitutionality has prevented passage.

Surely there is no Member of this House who will defend lynching. All agree that it is a disgrace to this Nation; that it puts to shame our sense of justice, of decency, of humanity. But many argue that efforts to abolish it must be left to the individual States. With this I totally disagree.

Lynching has long disgraced this Nation. The States have had the power to deal with it; to pass drastic laws to insure punishment to all having a part in any lynching, including those public officials who by their remissness, their cowardice, their criminal collusion with the mob, permit lynchings to occur. But nothing has been done. Lynching is unchecked.

On April 28 a Negro farmer by the name of Lint Shaw was shot to death at Colbert, Ga., by a mob of 40 men, 8 hours before he was to go on trial on a charge of attempted criminal assault. This man had been saved from a mob about 2 weeks before at Danielsville, Ga., when Superior Judge Berry I. Mosely single-handedly broke up the mob with a speech from the steps of the jail. The man was then rushed by a National Guard unit to Atlanta for safekeeping. After a week or 10 days he was returned to Danielsville for trial before the same judge who had saved him from the mob, but when the citizens heard of his presence in the jail they became menacing and he was moved to Royston, Ga., from which jail he was removed by the mob and lynched near Colbert.

Weak efforts had been made to save Shaw by moving him from one jail to another. But when brought back for trial he was taken by a mob from the jail at Royston, Ga., and lynched near Colbert. The State of Georgia proved itself unable to cope with the situation. If H. R. 2776 were made a law, the fear of quick and sure punishment would have prevented the cowardly mob from committing this abominable crime.

On April 29 Willie Kees, 19, was taken from the city marshal of Lepanto, Ark., and shot to death by a masked mob. Kees was said to have attempted an attack on a white woman April 18, but, curiously enough, at that time he was only warned to leave town. He returned on April 27, and the lynching was the result. He was arrested by the city marshal the morning of April 29 and was taken from that officer while the two were on the way to the jail.

On May 3 John Ruskin, a farm hand, was shot to death by a mob of 200 men at Pavo, Ga. He was charged with the slaying of a white man. He was not brought to trial; he was not heard on the charge; he was, instead, murdered by an infuriated mob.

I could recite instance after instance of mob violence. And in every case the facts are the same: The mob either

intimidates the local law-enforcement officers and takes the accused by force, or these local officers connive at the crime. And no punishment follows.

Most progressives have come to the conclusion that the power of the Federal Government must be used if this worst of all crimes is to be stamped out.

Do not be deceived by the cry of unconstitutionality. Eminent lawyers declare that this bill is constitutional. If we are to be estopped from this effort to stamp out lynching on the grounds that the Constitution will not permit it, then our guaranties of liberty, of trial by due process of law, of orderly government in the United States are lost.

I have no hesitancy in saying that the cry of unconstitutionality is being used right now to prevent the passage of progressive measures in the interest of the common people. It is a partisan move, and all liberals should unite to condemn it. The Constitution is a charter of liberties, subject to interpretation as new issues arise. It was not intended to remain unchanged. Without frequent amendments, this Nation would long ago have become disrupted. Without freely exercising the right to amend the Constitution, we would have had neither the thirteenth, fourteenth, or fifteenth amendments, which means that we would still have slavery in the United States.

In my opinion the danger to our liberties today comes not from passing measures that may later be declared unconstitutional but in refusing to press liberal and enlightened legislation on the specious and partisan cry that it is unconstitutional.

We must face the issue squarely. We must be bold enough to pass progressive measures, such as the antilynching bill, and to leave it to the Supreme Court to decide the moot question as to constitutionality. If the decision is adverse—and many of our best attorneys say it will not be adverse—we shall then face the issue of a constitutional amendment.

To raise the cry of unconstitutionality for partisan reasons is indefensible. Yet that is being done. I think no true lover of the Constitution, white or black, will be deceived by this specious outcry.

THE WORKS PROGRAM

Mr. MORAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by the W. P. A. administrator in the State of Maine.

The SPEAKER. Is there objection?

There was no objection.

Mr. MORAN. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address by Albert Abrahamson, Maine works-progress administrator, before the Woodfords Club, at Portland, April 24, 1936:

According to the newspapers, you were addressed last month by a college dean who asked you not to blame the colleges of this country for the activities of "brain trusters" recruited from their faculties. When I read the story I was reminded of the famous sign always posted in the saloons and dance halls of early western communities. In bold, black letters over the piano there was this request, "Don't shoot the piano player; he's doing the best he can."

Since Dean Marriner made his speech there has been a bull market in "brain trusters." The Republican Party, after building up a good issue of opposition to "visionary, inexperienced, impractical professors", has now a "brain trust" of its own. Its leader is a former student of Felix Frankfurter. Two of its members are retired Harvard professors. Another—and please keep this secret—once campaigned for a Socialist candidate for the board of aldermen in Buffalo. What is most significant of all, however, is that all the members of the Republican "brain trust" are being paid at least $200 per week. I confidently predict that little boys will soon transfer their ambitions from wanting to be President to wanting to be an economics professor.

It is a real pleasure to appear before the Woodfords Club. While I know nothing about your organization, I do know Mr. Mathes, your president, who is director of finance and reports for the Maine W. P. A. He is doing a thorough, efficient, and gratifying job. If Government service could always be blessed with the services of persons like Mr. Mathes, there would be far less complaint about the lack of efficiency and integrity in public life. Of course, there are complaints about Mr. Mathes. I am repeatedly told that he is a Republican. But who am I to take such a complaint seriously? I am accused not only of being a Republican but, in addition, I have been called many other names, which I shall not repeat.

My subject tonight is the works program. I intend to sketch briefly the background of the program and the way it is working out in Maine.

One cannot start such a discussion without again calling attention to the most troublesome tendency in the current economic scene—increased industrial production does not bring with it increased industrial employment. This tendency has serious implications. According to the March survey of business, recently released by the American Federation of Labor, "When production outstrips buying power, sooner or later the increase in production must stop for want of a market. When this happens men are laid off, profits decline, and depression follows. It is important for labor to recognize that the next depression begins here and now, while we are recovering from the last."

At the turn of the year I took an economist's holiday, and spent a great deal of time reading the business reviews of the year 1935, published in newspapers and magazines. A man from Mars might have thought all was well—until he looked at the figures on employment and unemployment. Production had been increasing in almost every line—in heavy as well as light industries and in consumers' goods as well as producers' goods. Some industries, indeed, showed the greatest production ever. The construction industry, regarded by many observers as the most important index, showed gratifying progress. Corporate profits increased in 1935 by an estimated 47 percent, and were reflected in a booming stock market. All along the economic front there was and is apparent prosperity. I say "apparent prosperity" advisedly, for, in my opinion, there is no real prosperity as long as approximately 10,000,000 people are without jobs and derive their support from their own reserves, from family and friends, or from organized charity—either public or private.

What is prosperity, anyway? Have we ever really experienced it? Many persons now yearn for the good old days of 1929 as if economic conditions at that time were ideal. Yet there is abundant evidence that in 1929 there were many economic sections unblessed by good times. Farmers as a group were certainly not prosperous in 1929. The New England textile industry was having its difficulties even before processing taxes and unionization were introduced. The bituminous-coal industry was definitely sick. Several millions were unemployed throughout the country in 1929, even though no one knew or cared how many. Additionally millions of families, although employed, were existing on incomes far below the amounts believed necessary to yield a decent standard of living.

In 1929 several skeptical writers investigated the genuineness of our prosperity. Some of you may recall Stuart Chase's Prosperity: Fact or Myth, a popularization of several more serious studies, including Recent Economic Changes and Middletown. In this book Chase proved rather conclusively that prosperity was distinctly an unevenly distributed state, both geographically and by economic groups. There was another significant book written a bit earlier by Miss Clinch Calkins. It was called Some Folks Won't Work, the title being a repetition of a comment frequently made by persons when they were informed of the fact several millions were out of work. Miss Calkins showed definitely that prosperity did not mean employment for all, and that in most instances unemployment was not a voluntary state, but a form of economic slavery imposed by a chaotic business organization. The conclusion seems fairly clear that prosperity, 1929 model, was no economic paradise for millions of our citizens. We were, of course, better off than any other country, but we were still far removed from the standard of living to be expected in a country overflowing with the milk of natural resources and the honey of human ingenuity.

If prosperity in 1929 had faults, they were at least below the surface. But our 1936 prosperity shows its fundamental weakness so that all may see. Our present joblessness is more acute, more evident, and more hopeless. Until quite recently it was hoped that recovery in production would be accompanied by the absorption of most of the jobless. Yet we have the restored production, and we still have the bulk of our unemployment. Optimists speak glibly of "natural forces" bringing about reemployment and want nothing more than a prolonged "breathing spell." Realists are concerned lest the breathing spell become a sinking spell, and wonder whether there will ever be substantial reemployment.

No one denies that increased automobile production means more employment in Detroit, or that employment in general improves with increased production. The trouble is that there is not enough absorption. And the reasons are fairly apparent.

1. Much of our present employment is described by the high-sounding word "technological." Business, seeking profit, has always been anxious to produce cheaply. Labor cost is a large part of the cost of production. Machines have displaced expensive labor. Workers have been taught methods of speeding production. The net result is invariably fewer employment opportunities. Let me be specific. Raymond Clapper, writing in the New York World-Telegram, recently says:

"During a private discussion of unemployment here this week Senator GUFFEY, of Pennsylvania, said the steel industry is spending millions of dollars installing labor-saving machinery.

"Take the new strip-sheet steel mills being erected around Pittsburgh. The old-type mill using hand labor needed a force of 375 men working around the clock. They could produce 60,000 tons a year. The new-type mill needs only 126 men—one-third as

many. It will produce as much in a month as the old-type mill in a year.

"This isn't a move to increase capacity. The industry has been operating at less than 50 percent capacity. It never has operated at full capacity. Obviously, the purpose of these improved installations is not to produce more steel but to use fewer men.

"The National Industrial Conference Board says that if industrial activity reaches the 1929 level again it will absorb only about one-third of the unemployed. So where are we getting?"

All of us can add further illustrations. We know the effects of the dial telephone in reducing work opportunities for girls. We know that talking movies and the radio threw thousands of musicians out of work. Mergers and consolidations are present everywhere—and generally they mean that one job grows where two jobs grew before. Industries still flit about New England, bringing booms to some sections, and leaving others in distress. Nationally, industries also move about without regard for consequences to labor.

It is possible to argue that eventually, and in the long run, such improvements mean lower prices, that lower prices mean greater consumption, and that greater consumption means more jobs. This virtuous cycle is satisfactory intellectual fodder for those who think in terms of the long run. But the worker has to eat every day, and to him the long run may be long enough to result in starvation.

Two. A less important cause of our present situation lies in the perfectly justifiable practice on the part of industry of dismissing its least efficient men first when hard times come. Those that remain produce more abundantly in any case, but they are also driven harder during depressions, and are aided by machines so that they produce even more. The reabsorption of the least efficient is consequently postponed. This aggravates the problem. It also offers hope that a sudden increase in production will absorb large numbers, for a doubling of production will necessitate more than a doubling of workers, since the workers added are admittedly less efficient. This boom in production is, some hope, just around that eternal corner.

Three. A further reason for the swelling of the numbers of the unemployed arises from the fact each year since 1929, 600,000 persons have grown up and become available in the labor market at a time when the demand for labor was falling. Between 4,000,000 and 5,000,000 persons have thus been added to the toll taken by technology and depression. These young people present a peculiarly distressing situation. They have neither skill nor economic background. A special effort is being made to meet their problems through the National Youth Administration, which derives its funds from the $4,800,000,000 Emergency Relief Appropriation Act of 1935.

These factors account in part, I believe, for our present state of jobless prosperity. There used to be complaints about "profitless prosperity", but our present situation strikes me as infinitely worse. And this leads us to the next problem: What can be done about it?

2. I envy those simple souls who would leave the unemployed alone and rely upon the functioning of brutal laws of economic survival and upon the hope that private industry will eventually absorb the relatively few worthy unemployed. Most of the unemployed are shiftless, it is claimed, and they should be left alone. The proponents of such a policy will never admit that this means distress to the point of starvation, that it means the application of economic survival principles long since abandoned by civilized persons in the fields of physical health, and that it means punishing persons who are in trouble through no fault of their own. We care for the physically sick—or, at least, we make the effort with the admittedly imperfect instruments at our command. Is not economic distress fully as worthy of society's attention? I do not think there is need of arguing at any length about its desirability. I suggest that you consider what would happen if we were to stop all forms of relief to the unemployed and then decide for yourselves whether this is the proper policy in an allegedly civilized era.

Many of you probably feel that while a pure laissez-faire attitude is unthinkable, the problem can best be handled through private charity and local governmental aid. However much this approach may be preferred in normal times, it seems to be fairly clear that at the present time neither private charity nor local units of government have the resources to perform the task. Certainly the overwhelming evidence that comes to me from Maine communities is that even with Federal aid there are not enough resources to meet the demands. There is hardly a community in the State that does not constantly ask for more assistance. I suspect that this is inevitable; that no matter how much the Federal Government does, no matter what its rules and regulations are, no matter how thoroughly a relief load is absorbed, there will always be disgruntled local officials asking for more. And it is quite amazing to read those letters which complain in one sentence at the tyranny and stupidity of Federal aid and in the very next sentence ask for more of it.

There is a further suggestion for handling relief through what is commonly called the Federal dole. This theory is widely held, and some of my best friends are constantly presenting it to me. This school of thought admits that men suffer in times like these. It admits that society has a responsibility. It doubts that private industry, private charity, and local governments can do much at the moment. Admitting all this, it nevertheless insists that the cost of Federal relief be kept at a minimum. People should be fed, clothed, and housed in extremely modest fashion. They should, furthermore, remain at home and wait for the revival of private industry.

The chief argument in favor of this plan is its apparent cheapness in a money sense. Against such a policy may be suggested the tremendous loss in both human and money costs. Direct relief means a complete demoralization of individual and family life. It involves a tremendous waste of human resources and skills. Here are millions of men, many of whom are able, eager, and skilled. Here, at the same time, are jobs to be done. Roads, bridges, parks, sidewalks, and playgrounds need repair and await construction. Precious historical documents need preservation and analysis. Challenging problems demand investigation. Why not join the manpower and the social needs? For a little more than the cost of the dole, society will derive unquestioned advantages and individuals will acquire, retain, and improve invaluable skills and abilities. And the cost of the results is the amount by which the expenditure for such a program exceeds the cost of direct aid.

This is the theory behind the Federal works program. How has the program been applied in Maine?

3. The works program of the Roosevelt administration was designed to give employment to 3,500,000 employable persons who have been so wounded by the depression that they have been forced to accept public relief. Actually the number employed under the program reached 3,800,000 at one time. It is assumed that the local governments and private charity, while unable to care for all the unfortunates, will nevertheless care for all the unemployables and some of the employables. It is also intended that persons who still have savings, or other means of support, will yield to those who had reached the end of their resources. I emphasize these points, for there is much misunderstanding as to why some unemployed received employment while others do not. The attempt has been made to care only for the most extreme cases. In doing this, elaborate machinery set up under Maine E. R. A. for investigation as to the needs of applicants. The results of these investigations were made available to W. P. A., and the list of eligibles comes from this source.

The Emergency Relief Appropriation Act of 1935 allotted $4,800,000,000 to care for these 3,500,000 persons for a year. Because of delay in transition from earlier programs, some of this money was given to E. R. A. in the several States to continue that program until the works program began to function. The rest of the money has been given to various agencies by a board of allotment headed by President Roosevelt. To avoid the complications of vast sums, I shall confine my discussion of the program to Maine.

W. P. A. has two distinct functions: (1) It has charge of coordinating and planning the activities of all the agencies using funds from the act; (2) it operates projects of its own where other agencies have not absorbed the relief load. In Maine we keep one eye on the certified relief load and the other on the labor demands of agencies (like Quoddy or the Resettlement Administration) operating under the act. Where there are gaps we devise projects of our own within the limits of our funds.

Thus far approximately $28,000,000 of the $4,800,000,000 has been allotted to Maine. Of this sum, $4,000,000 went to E. R. A. This left $24,000,000 for the works program proper. The allotments by agencies have been roughly as follows:

Agency	Sum	Percentage
War Department (Quoddy)	$7,000,000	29
Works Progress Administration (including $2,000,000 for flood)	6,000,000	25
Bureau of Public Roads	4,000,000	17
Civilian Conservation Corps	4,000,000	17
Public Works Administration	1,000,000	4
Resettlement Rahabilitation	1,000,000	4
Others (Census, Department of Labor, Soil Erision, etc.)	1,000,000	4
Total	24,000,000	100

The War Department appropriation is being devoted to building Quoddy, and 2,500 persons are now employed on that project. Of this number, 1,500 are from the relief rolls. There are approximately 3,000 boys at C. C. C. camps doing sundry useful works in the field of conservation. The Bureau of Public Roads, while employing approximately 500 now, will employ between 1,500 and 2,000 in the spring, not only in the construction of roads but additionally in the elimination of grade crossings. The P. W. A. is embarking on a heavy construction program financed by combinations of loans and grants. The Resettlement Administration is developing Camden and Acadia National Parks. It is also developing park areas at Naples, Weld, Liberty, Old Town, and Edmunds. Fifteen hundred workers are already at work on these projects.

I mention these other agencies because their existence is not widely recognized at the moment, as far as providing jobs is concerned. But in a month or so they will constitute a more important part of the program. All over the State they will employ between 4,000 and 5,000 workers, most of whom will come from W. P. A. projects. In accordance with our attitude that we are in no sense first claimants on the labor supply, we are glad to terminate our own projects when the labor on them is demanded by other agencies operating under the act.

My own concern is naturally with W. P. A. projects. Approximately half our efforts are devoted to the construction and improvements of roads not cared for by other programs. The remainder of our men and money is being applied to other projects, including the improvement and construction of sidewalks, sewers, playgrounds, and airports. Recognizing the importance to Maine of its tourist trade, we are continuing work on the largest fish hatchery in the world at Gray and a fish ladder at Veazie. For unskilled women our typical project is a sewing room, with the product going to those in distress. The distribution of such material, as well as of other surplus commodities furnished by the Federal Surplus Relief Corporation, is in the hands of the State department of health and welfare.

Occasionally we are able to build structures like the Community Building in Rockland, now under construction. We are also building a tourist-information building in Portland. Our ability to do this depends on the extent to which materials are contributed by the sponsors and the availability of skilled laborers, for with us there is always present the necessity of maximizing employment. If large sums are spent for materials, there is less remaining for wage payment.

The recent flood has given us a new field of usefulness. When the flood came 2,000 W. P. A. workers were engaged in efforts to save life and property and to meet emergency conditions engendered by flood. Now we are swinging into permanent repair and replacement of public property damaged by flood. Two million dollars have been allotted for this purpose, and since we have already submitted projects over this sum, another million is being made available. Already 23 projects, employing 660 persons, are in operation, and we will shortly enlarge our activities. In all road and bridge projects we are in close contact with the State highway department.

The flood changed our program radically. Previously our main concern was with the labor supply, and we devised projects to provide employment for a particular group. Now we have a job to do, and we must find the labor. Because of this, we are empowered, when necessary, to go beyond the relief rolls to obtain the proper personnel.

Such projects answer in part the problem of the manual laborer—both skilled and unskilled. But what about the person who normally works with his brain or who applies highly developed technical skills? It is quite the fashion now to ridicule white-collar projects. Yet to me the development of projects for this class constitutes one of the most gratifying sections of our work. There is great dismay in finding an accountant digging ditches because he felt that he could not get work if he applied as an accountant. And there is a genuine satisfaction in transferring such a man to a white-collar project and enabling him to work in his regular field. This incident has actually taken place, and is not isolated. Nor is it confined to men. Trained women have been taken from sewing rooms and put at work more in harmony with their background and training.

The latest figures available show that approximately 1,000 men and women are at work on white-collar projects. Because this work strikes me as extremely important, I should like to tell you what is being done. One hundred and twenty-one trained musicians are giving concerts from time to time throughout the State. Twelve artists are engaged in various projects. Some of them are working in conjunction with the safety campaign now being conducted by the State of Maine. One of them is painting a mural based on Mother Goose at the Children's Hospital in Portland. Another recently completed the painting of a clipper ship which was presented to Rockland High School. There is also a group of 37 actors, giving performances at C. C. C. camps and other public and quasi-public institutions. All of these persons were selected carefully after impartial groups had passed on their professional qualifications. They are not amateurs, but qualified persons who normally earn their livings at the several callings.

There is also a writers' project of 67 which is engaged in preparing part of a national guidebook to be published later. The history and attractions of Maine will be presented in it as a direct result of this project, and there will also be a byproduct of material that will be useful for local and State purposes.

The Maine State Planning Board is enabled to continue its work under our program, and 30 members of its staff are paid from W. P. A. funds. A survey of Federal archives is being conducted, and 50 Maine persons are participating. The Bureau of Labor Statistics is employing 26 people to make a study of consumption of goods in Portland. There are 162 persons engaged in educational projects, including nursery schools, literacy classes, and adult education.

All through the State, finally, approximately 150 persons are at work on projects sponsored locally. These include research into town records, the survey of property, and other works which have been requested by the local officials concerned.

In this field, as in others, we are making every possible effort to fuse the labor supply, its peculiar skills, and the needs of the State into a product that will be of greatest value to all concerned. Naturally, we have our problems and our difficulties. Civil wars break out in towns over the problem of who shall be timekeeper on a project. Sponsors are rarely satisfied and always ask for more. There is present that small fringe that is on the lookout for an opportunity to chisel and cheat. In moments of despair we wonder whether anything we do is right. But we try to do what we think is fair and honorable, fully realizing that universal approbation and satisfaction are luxuries reserved for persons other than those administering relief.

I have tried to give you some idea of what we are doing and why we are doing it. In general, the plan and program seem worth while. Not unmindful of its shortcomings, I suggest that if you "know of a better 'ole, go to it."

4. What of the future of relief? The present program will be over in large part by June 30. What then? And what about the next year? The answer to these questions depends, of course, on what Congress does to the suggestions made by President Roosevelt. All we can do is make a few comments based on the facts of economic life about us.

The first fact is that Federal aid in some form must continue at least for the next few years. Private industry, the States, and the localities are not yet in a position to assume the burden. I do not believe that the next administration can ignore the demands for Federal aid in 1937. Whether the next President is Mr. Roosevelt, or a Republican, or a Socialist, Federal relief will go on. Republican candidates may talk about Budget balancing, but they will not deny the reality of the human suffering that is inevitable without some form of Federal aid.

While positive of the need for Federal aid, I am willing to admit that the sort of aid and its amount are open to doubt and discussion. As to the type of program, my own feeling is that the sort of thing now being done by W. P. A. is a relatively happy solution. But I can see the validity of the claims, both of those who want direct relief—the dole—and of those who want large, expensive, monumental projects. In both theory and expense the present program is a compromise between these two.

As to the extent of Federal aid, I expect eventual contraction, with a gradual lightening of the burden to the Federal Government. I look forward to some relief from the social-security legislation, which will probably need modification, and from the gradual assumption on the part of the States and localities of their predepression activities in the field of relief. But these are only expectations. What will actually take place depends, of course, on answers given to more fundamental questions. Are we going back to laissez-faire, and economic liberty? Or are we to move in the direction of conscious social control over economic and social activity? Or, more probably, are we to continue to try combinations of both? The final answer to these questions is just one more of those sweet mysteries of life.

ATTORNEY FEES

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a letter from Judge Green, of the United States Court of Claims, concerning attorneys' fees in cases before that court.

The SPEAKER. Is there objection?

There was no objection.

Mr. COSTELLO. Mr. Speaker and Members of the House, through inadvertence, certain remarks appearing in the daily RECORD, at page 7725, concerning the allowance of attorney fees have been attributed to me, although I was not the author of those remarks. It has always been my policy to make certain that the attorney fees granted in any private bill on the calendar should be maintained at a minimum and at no time should they exceed 10 percent. I have adopted this policy not only because it is in keeping with the custom of the House but also because it is my opinion that when the Congress is granting relief to an individual due to loss or damages sustained, then such relief should be given to the beneficiary in its entirety as far as possible.

In order that the Members may be informed as to the policy of the Court of Claims in the matter of granting fees to attorneys, I am inserting the letter of Judge William R. Green, which letter was addressed to me in this connection. The statement to which the letter refers was made by another Member of the House upon information which he had received and which he believed to be correct. The letter follows:

UNITED STATES COURT OF CLAIMS,
Washington, D. C., May 20, 1936.

Hon. JOHN M. COSTELLO,
House Office Building, Washington, D. C.

MY DEAR MR. COSTELLO: I notice in today's RECORD that you made a statement at yesterday's session of the House that it was the practice and custom of the Court of Claims to allow a 20-percent attorney's fee, referring to cases in which judgment was awarded.

I have no doubt that you made this statement upon information which you considered absolutely reliable. Nevertheless, it is erroneous. The Court of Claims has no authority to allow any attorney fees whatever except in cases where a case is referred to it by bill and the bill specially authorizes the court to allow attorney fees. This does not happen in 1 case in 500, probably out of

the cases of all kinds before the court in one in a thousand. I have no recollection of such a provision being made in any except in some Indian cases. Even then nothing over 10 percent is allowed. The chief justice, who has been on the bench 30 years, informs me that he does not know of any case in which more than 10 percent was allowed and that in most of them the amount allowed was less.

Thinking that you would like to know the exact facts in the matter, I am writing this letter.

Very respectfully yours,

WM. R. GREEN.

ADJOURNMENT OVER

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BUCK, for 1 day, on account of official business.

To Mr. DEEN, for the balance of the week, on account of illness.

To Mr. CURLEY, for 5 days, on account of important business.

To Mr. DUNN of Mississippi, for 3 weeks, on account of important business.

To Mr. DRISCOLL, for 2 days, on account of important business.

To Mr. WOOD, indefinitely, on account of important business.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 925. An act to carry into effect the findings of the Court of Claims in the case of William W. Danenhower; and

S. 1360. An act for the relief of the estate of Teresa de Prevost.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.) the House, under its previous order, adjourned until Monday, May 25, 1936, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

851. Under clause 2 of rule XXIV a letter from the Secretary of State, transmitting a translation of a letter dated March 20, 1936, addressed to The Honorable Congress of the United States of North America, by the Commission of the Mexican Library of Congress, in which the commission requests the cooperation of the Congress of the United States, was taken from the Speaker's table and referred to the Committee on Foreign Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12416. A bill to authorize funds for the prosecution of works for flood control against flood disasters along the Battenkill in New York; with amendment (Rept. No. 2737). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12418. A bill to authorize funds for the prosecution of works for flood control against flood disasters along the Mettowee River in New York; with amendment (Rept. No. 2738). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12458. A bill authorizing a preliminary examination of the Intracoastal Waterway throughout Broward County, Fla.; without amendment (Rept. No. 2739). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12490. A bill authorizing a preliminary survey examination of the Levisa Fork of Big Sandy River in the vicinity of the Breaks of Sandy; with amendment (Rept. No. 2740). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12509. A bill providing for a survey of the Colorado River, Tex., above the county line between Coke and Runnels Counties; with amendment (Rept. No. 2741). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 12554. A bill authorizing an examination and survey of the Black and Moose Rivers and their tributaries in Herkimer, Lewis, Jefferson, Oneida, and Hamilton Counties, N. Y.; with amendment (Rept. No. 2742). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 522. Resolution providing for the consideration of H. R. 12027; without amendment (Rept. No. 2743). Referred to the House Calendar.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 12734. A bill to amend an act entitled "An act to distribute the commissioned line and engineer officers of the Coast Guard in grades, and for other purposes", approved January 12, 1923; without amendment (Rept. No. 2744). Referred to the Committee of the Whole House on the state of the Union.

Mr. SCHULTE: Committee on the District of Columbia. S. 3514. An act to regulate the manufacturing, dispensing, selling, and possession of narcotic drugs in the District of Columbia; with amendment (Rept. No. 2745). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H. R. 12355. A bill to authorize wrestling in the District of Columbia, and for other purposes; with amendment (Rept. No. 2747). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H. R. 12495. A bill to amend an act entitled "An act to provide for vocational rehabilitation of disabled residents of the District of Columbia, and for other purposes" (Public, No. 801, 70th Cong.); without amendment (Rept. No. 2748). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. H. R. 12532. A bill to authorize the furnishing of steam from the Central Heating Plant to the District of Columbia; without amendment (Rept. No. 2749). Referred to the Committee of the Whole House on the state of the Union.

Mrs. O'DAY: Committee on Immigration and Naturalization. H. R. 12762. A bill to extend the definition of an alien veteran, for naturalization purposes only, so as to include certain alien enemies and nationals of Turkey and Bulgaria who rendered active service in United States armed forces with personal record of loyalty to the United States, and for other purposes; with amendment (Rept. No. 2750). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on the District of Columbia. House Joint Resolution 588. Joint resolution for the designation of certain streets or avenues in the Mall as Ohio, Missouri, Oklahoma, and Maine Avenues; without amendment (Rept. No. 2751). Referred to the House Calendar.

Mr. CARPENTER: Committee on the District of Columbia. S. 3976. An act to amend the act approved February 27, 1931, known as the District of Columbia Traffic Act; without amendment (Rept. No. 2752). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 523. Resolution providing for the consideration of H. R. 8442; without amendment (Rept. No. 2753). Referred to the House Calendar.

Mr. DOXEY: Committee on Agriculture. H. R. 5168. A bill authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission, of Maryland, for park purposes; with amendment (Rept. No. 2754). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. S. 5. An act to prevent the adulteration, misbranding, and false advertising of food, drugs, devices, and cosmetics in interstate, foreign, and other commerce subject to the jurisdiction of the United States, for the purposes of safeguarding the public health, preventing deceit upon the purchasing public, and for other purposes; with amendment (Rept. No. 2755). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2756. Report on the disposition of executive papers in the Post Office Department. Ordered to be printed.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2757. Report on the disposition of executive papers in the War Department. Ordered to be printed.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2758. Report on the disposition of executive papers in the Department of Agriculture. Ordered to be printed.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2759. Report on the disposition of executive papers in the Treasury Department. Ordered to be printed.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2760. Report on the disposition of executive papers in the United States Employees' Compensation Commission. Ordered to be printed.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2761. Report on the disposition of executive papers in the Federal Reserve Board. Ordered to be printed.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2762. Report on the disposition of executive papers in the Department of Commerce. Ordered to be printed.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2763. Report on the disposition of executive papers in the United States Veterans' Bureau. Ordered to be printed.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2764. Report on the disposition of executive papers in the Federal Trade Commission. Ordered to be printed.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2765. Report on the disposition of executive papers in the Civil Service Commission. Ordered to be printed.

Mr. COLDEN: Committee on Disposition of Executive Papers. House Report 2766. Report on the disposition of executive papers in the Department of State. Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mrs. NORTON: Committee on the District of Columbia. H. R. 11522. A bill to amend the charter of the National Union Insurance Co. of Washington in the District of Columbia; with amendment (Rept. No. 2746). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. H. R. 10876. A bill for the relief of Adele Fowlkes; with amendment (Rept. No. 2767). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. H. R. 8418. A bill for the relief of the estate of Catherine Harkins, deceased; with amendment (Rept. No. 2768). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 8274. A bill for the relief of Bertha M. Harris; with amendment (Rept. No. 2769). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 11869. A bill for the relief of William L. Jenkins; without amendment (Rept. No. 2770). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 11860. A bill to provide an additional sum for the reimbursement of certain officers and enlisted men of the Navy and Marine Corps for personal property lost, damaged, or destroyed as a result of the earthquake which occurred at Managua, Nicaragua, on March 31, 1931; without amendment (Rept. No. 2771). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H. R. 11863. A bill for the relief of Clark F. Potts and Charles H. Barker; without amendment (Rept. No. 2772). Referred to the Committee of the Whole House.

Mr. BEITER: Committee on War Claims. H. R. 10504. A bill for the relief of Booth & Co., Inc., a Delaware corporation; without amendment (Rept. No. 2773). Referred to the Committee of the Whole House.

Mr. BEITER: Committee on War Claims. H. R. 12311. A bill for the relief of the P. L. Andrews Corporation; without amendment (Rept. No. 2774). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H. R. 12827) to prescribe the effective date of naturalization in certain cases; to the Committee on Immigration and Naturalization.

By Mr. DUNN of Pennsylvania: A bill (H. R. 12828) to provide a pension of $60 per month for all men and women in the United States and its possessions who have attained the age of 55 years and whose incomes are less than $1,200 per year; to the Committee on Ways and Means.

By Mr. BACON: A bill (H. R. 12829) to extend the civil-service merit system by placing the position of postmaster in first-, second-, and third-class offices in the competitive classified service; to provide for promotion within the Postal Service to the position of postmaster as a reward for merit, and for other purposes; to the Committee on the Civil Service.

By Mr. GILLETTE: A bill (H. R. 12830) to amend the act of May 17, 1910, entitled "An act to establish a permanent Commission of Fine Arts"; to the Committee on the Library.

By Mr. KOPPLEMANN: A bill (H. R. 12831) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of Hartford, Conn.; to the Committee on Coinage, Weights, and Measures.

By Mr. SMITH of West Virginia: A bill (H. R. 12832) to authorize the disposition of the naval ordnance plant, South Charleston, W. Va., and for other purposes; to the Committee on Naval Affairs.

By Mr. SUTPHIN: A bill (H. R. 12833) to assure to persons within the jurisdiction of every State, the equal protection of the laws, by discouraging, preventing, and punishing the crime of lynching; to the Committee on the Judiciary.

By Mr. TOLAN: A bill (H. R. 12834) to authorize the Secretary of the Treasury to purchase the building now used as a post office in Yosemite National Park, Calif.; to the Committee on Public Buildings and Grounds.

By Mr. SCOTT: A bill (H. R. 12835) to provide financial assistance to the States and political subdivisions thereof, to the District of Columbia, or any Territory of the United States for the elimination of slums, for the construction of decent, safe, and sanitary dwellings at low rentals for families of low income, and for the reduction of unemployment and the stimulation of business activity, and for other purposes; to the Committee on Ways and Means.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Massachusetts regarding the permission into this country of persons discriminated against in Germany; to the Committee on Immigration and Naturalization.

Also, memorial of the Legislature of the State of Massachusetts favoring the establishment of a permanent Civilian Conservation Corps; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. McCORMACK: A bill (H. R. 12836) for the relief of Katherine M. Devenny; to the Committee on Claims.

By Mr. THURSTON: A bill (H. R. 12837) for the relief of Effie Garton; to the Committee on Claims.

By Mr. WHITE: A bill (H. R. 12838) for the relief of Ida A. Gunderson and her three minor daughters; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10951. By Mr. CROWTHER: Petition of citizens of Amsterdam, N. Y., requesting favorable action on House bill 11609; to the Committee on Interstate and Foreign Commerce.

10952. By Mr. KENNEY: Resolution adopted by the Truckmen's Store Door Committee of New York, memorializing the President, Members of Congress, Secretary of Labor, Interstate Commerce Commission, and the American Federation of Labor to repeal door-to-door delivery; to the Committee on Interstate and Foreign Commerce.

10953. Also, resolution of the Eastern Bergen Italo-American Independent Club, Fort Lee, N. J., favoring the adult-education program at their meeting on May 15; to the Committee on Education.

10954. By Mr. KOCIALKOWSKI: Petition of the City Council of the City of Chicago, favoring the enactment of the United States Housing Act of 1936 (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10955. By Mr. KOPPLEMANN: Petition of residents of Hartford County, Conn., asking immediate construction by the Federal Government of the comprehensive system of flood-control dams for the Connecticut Valley, recommended by Army Engineer Corps; Federal Government survey of Connecticut River to determine what measures are to provide for the improvement of the run-off in times of flood and for restoring and raising necessary dikes; to the Committee on Flood Control.

10956. By Mr. KRAMER: Resolution of the Central Labor Council of Alameda County, relative to danger to miners from silica dust and urging Federal laws to prevent further disaster as that which occurred at Gauley Bridge, W. Va., etc.; to the Committee on Mines and Mining.

10957. By Mr. McCORMACK: Memorial of the General Court of Massachusetts, memorializing the President and Congress of the United States in favor of the permanency of the Civilian Conservation Corps; to the Committee on Labor.

10959. By Mr. PATMAN: Petition of H. B. Williams and 13 others, voicing 100-percent approval of the Townsend pension plan; to the Committee on Ways and Means.

10960. Also, petition of W. S. Chance and 12 others, voicing 100-percent approval of the Townsend pension plan; to the Committee on Ways and Means.

10961. By the SPEAKER: Petition of the Bookkeepers', Stenographers', and Accountants' Union, No. 12646, American Federation of Labor; to the Committee on Banking and Currency.

10962. Also, petition of the International Longshoremen's Association, Local No. 231; to the Committee on the Judiciary.

10963. Also, petition of the city of Youngstown, Ohio; to the Committee on Banking and Currency.

10964. Also, petition of the city of Youngstown, Ohio; to the Committee on Education.

SENATE

MONDAY, MAY 25, 1936

(Legislative day of Tuesday, May 12, 1936)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, May 21, 1936, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Holt	Overton
Ashurst	Connally	Johnson	Pittman
Austin	Coolidge	Keyes	Pope
Bachman	Copeland	King	Radcliffe
Bailey	Couzens	La Follette	Reynolds
Barkley	Davis	Lewis	Robinson
Benson	Dieterich	Lonergan	Russell
Bilbo	Donahey	Long	Schwellenbach
Black	Duffy	McAdoo	Sheppard
Bone	Fletcher	McGill	Shipstead
Borah	Frazier	McKellar	Smith
Brown	George	McNary	Steiwer
Bulkley	Gerry	Maloney	Thomas, Utah
Bulow	Gibson	Metcalf	Townsend
Burke	Glass	Minton	Truman
Byrd	Guffey	Murphy	Tydings
Byrnes	Hale	Murray	Vandenberg
Capper	Harrison	Neely	Van Nuys
Caraway	Hastings	Norris	Walsh
Carey	Hatch	Nye	Wheeler
Chavez	Hayden	O'Mahoney	White

Mr. NEELY. Mr. President, I have been requested to announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. McCARRAN] are absent because of illness, and that the junior Senator from Oklahoma [Mr. GORE], the Senator from Kentucky [Mr. LOGAN], the Senator from New Jersey [Mr. MOORE], the senior Senator from Oklahoma [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] are unavoidably detained from the Senate.

Mr. AUSTIN. I announce that the Senator from Iowa [Mr. DICKINSON] and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 3118. An act to provide for the creation of the Perry's Victory and International Peace Memorial National Monument, on Put-in-Bay, South Bass Island, in the State of Ohio, and for other purposes; and

S. 4448. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundred and fiftieth anniversary of the issuance of the charter to the city of Lynchburg, Va.

The message also announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 3531. An act to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928; and

S. 4023. An act to provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers, for the filing of current information and periodic reports by issuers, and for other purposes.

The message further announced that the House had agreed to the amendment of the Senate to the following bill and joint resolution of the House:

H. R. 8069. An act for the relief of Mr. and Mrs. A. S. Mull; and

H. J. Res. 439. Joint resolution authorizing the erection in the Department of Labor Building of a memorial to the officers of the Immigration and Naturalization Service and Immigration Border Patrol who, while on active duty, lost their lives under heroic or tragic circumstances.

The message also announced that the House had disagreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9496) to protect the United States against loss in the delivery through the mails of checks in payment of benefits provided for by laws administered by the Veterans' Administration; that the House had receded from its disagreement to the amendment of the Senate numbered 1 to the said bill and concurred therein; and that the House insisted upon its disagreement to the amendment of the Senate numbered 2 to the said bill.

The message further announced that the House had further insisted upon its disagreement to the amendments of the Senate numbered 24, 53, and 54 to the bill (H. R. 10630) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1937, and for other purposes, agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. TAYLOR of Colorado, Mr. JACOBSEN, Mr. JOHNSON of Oklahoma, Mr. SCRUGHAM, Mr. LAMBERTSON, and Mr. WIGGLESWORTH were appointed managers on the part of the House at the further conference.

The message also announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H. R. 11929. An act granting to the State of Iowa for State park purposes certain land of the United States in Clayton County, Iowa; and

H. J. Res. 570. Joint resolution authorizing the President of the United States to award posthumously a Distinguished Service Medal to Maj. Gen. Clarence Ransom Edwards.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 537. An act for the relief of C. O. Meyer;

S. 920. An act for the relief of Ruth J. Barnes; and

S. 3789. An act authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, S. C.

SUPPLEMENTAL ESTIMATE, HOUSE OF REPRESENTATIVES (S. DOC. NO. 244)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, House of Representatives, fiscal year 1937, amounting to $20,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES, UNITED STATES TARIFF COMMISSION (S. DOC. NO. 243)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the United States Tariff Commission, fiscal year 1936, amounting to $4,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

INTERNATIONAL EXCHANGE OF PUBLICATIONS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, transmitting translation of a letter dated March 20, 1936, addressed to the Congress by the Commission of Mexican Library of Congress, Mexico, D. F., requesting the cooperation of Congress in the matter of the exchange of certain books and documents pertaining to the international exchange of official and other publications, which, with the accompanying paper, was referred to the Committee on Foreign Relations.

REPORTS ON THE TEXTILE INDUSTRY

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, transmitting a report of the Commission entitled "The Textile Industry in the First Half of 1935—Part I—The Cotton Textile Industry", and also copies of reports previously issued by the Commission on the textile industry, which, with the accompanying papers, was referred to the Committee on Education and Labor.

REPORT ON COTTON CLOTH

The VICE PRESIDENT laid before the Senate a letter from the Acting Chairman of the United States Tariff Commission, transmitting, pursuant to Senate Resolution 104 (submitted by Mr. METCALF, and agreed to on Mar. 29, 1935), a report relative to changes in import duties necessary to equalize differences in foreign and domestic costs of production of certain types of cotton cloth, which, with the accompanying report, was referred to the Committee on Finance.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Finance:

Whereas the farmers of the State of New York as well as farmers throughout the United States are known to be in straitened circumstances by reason of their inability to market farm products at a sufficient price to pay for the cost of production; and

Whereas the State and Federal Governments, recognizing this fact are, and for several years past have been, attempting to remedy this situation, by crop control, subsidies, and loans to farmers with varied success; and

Whereas the policy of Government protection for farmers from a ruinous influx of cheap foreign farm products by adequate tariff regulations has been, since the formation of these United States, demonstrated to be the only sound and effective method solving the farmers' problem; and

Whereas in conformity with this policy there is now a tariff duty of 3 cents a pound on imported coconut oil which is used in direct competition with domestic dairy, corn, and cotton products; and

Whereas there is now a concerted attempt to have said tariff duty removed or reduced to permit unhampered flooding of this country with coconut oil: Now, therefore, be it

Resolved (if the assembly concur), That it is the sense of the Legislature of the State of New York that the tariff duty on coconut oil should not be reduced below a minimum of 3 cents a pound and that the Congress of the United States be, and it hereby is, respectfully memorialized to retain said tariff duty at not less than 3 cents a pound; and be it further

Resolved (if the assembly concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives and the Secretary of the Senate and to each Member of Congress elected from the State of New York and that the latter use their united efforts to obtain the retention of a 3-cent-per-pound tariff duty on imported coconut oil.

The VICE PRESIDENT also laid before the Senate a telegram from E. O. Hanson, mayor of Santa Barbara, Calif., requesting permission to appear before Congress relative to the activities of the W. P. A. in the city of Santa Barbara, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the national officers of the National Association Federal Employees, New York City, N. Y., favoring the enactment of the so-called Pearson bill, being the bill (H. R. 9258) to create United States Civil Service Boards of Appeals, which was referred to the Committee on Civil Service.

He also laid before the Senate resolutions adopted by the Municipal Housing Board of Jacksonville, Fla.; the Council of the City of Chicago, and the Illinois State Housing Board, Chicago, both in the State of Illinois; the Council of the City of Cambridge, Mass.; and the Council of the City of Youngstown, and Local No. 19366, Office Workers'

Union of Cleveland, both in the State of Ohio, favoring the prompt enactment of Senate bill 4424, known as the Wagner-Ellenbogen low-cost housing bill, which were referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the National Society United States Daughters of 1812, favoring the enactment of legislation providing for the display of the American flag of dimensions approved by the flag code and displayed in accordance with that code at all public assemblages, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter from Ernesto C. Quiñones, of Santurce, P. R., relative to citizenship and immigration problems pertaining to Puerto Rico, which was referred to the Committee on Territories and Insular Affairs.

SUGAR PRODUCTION AND QUOTAS

Mr. OVERTON. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred resolutions adopted by the board of directors of the Farmers and Manufacturers Beet Sugar Association at a meeting in Saginaw, Mich., Tuesday, May 19, 1936, with reference to pending sugar legislation.

There being no objection, the resolutions were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

FARMERS AND MANUFACTURERS BEET SUGAR ASSOCIATION,
Saginaw, Mich., May 20, 1936.

At a meeting of the board of directors of the Farmers and Manufacturers Beet Sugar Association, held Tuesday, May 19, 1936, the following resolution was unanimously adopted:

"Whereas it has now been definitely and finally determined that any act of Congress which by its terms seeks to control, limit, or regulate the business of mining, manufacturing, crop growing, or other local industry is unconstitutional and void; and

"Whereas accordingly any act of Congress which seeks by its terms to limit, control, or regulate, either directly or indirectly, the domestic production of sugar beets, sugar cane, or the products thereof, would likewise be unconstitutional and void; and

"Whereas for the protection of domestic producers and processors of sugar beets and sugar cane it is desirable that some legal and constitutional control legislation be passed at this session of Congress which by its terms will control by quotas the amount of sugar that may be brought or imported into continental United States from the offshore producing areas, and yet not seek to effect, either directly or indirectly, any limitation on domestic production: Now therefore

"This association favors and approves the principles of quota control as set forth in the following bills now introduced in Congress, namely: Vandenberg bill (S. 4423), Overton bill (S. 4560), Woodruff bill (H. R. 12225), and Kniffin bill (H. R. 12295), and the principles of benefit payments as embodied in the following bills now introduced in Congress, namely: Overton bill (S. 4560), Kniffin bill (H. R. 12294), and respectfully urges upon the Representatives in Congress from the States of Ohio, Michigan, Indiana, and Wisconsin that the principles embodied in the afore-mentioned bills be enacted into law before the adjournment of the present session of Congress."

After the adjournment of the meeting of the board of directors of the association, the grower members of the board of directors met independently and unanimously passed the following resolution:

"To protect the welfare of continental producers and processors of sugar beets and sugar cane and domestic consumers of sugar, we, the farmer directors of the Farmers and Manufacturers Beet Sugar Association, representing more than 25,000 sugar-beet growers, endorse the principles set forth in the Vandenberg (S. 4423), Overton (S. 4560), Woodruff (H. R. 12225), Kniffin (H. R. 12295) sugar-quota bills, and the Overton (S. 4560), Kniffin (H. R. 12294) benefit-payment bills, and respectfully urge the passage of legislation at this session of Congress to make effective these principles, which maintain the American market for the American farmer, in the firm belief and conviction that we are justly entitled to the same."

ARTHUR A. SCHUPP,
Executive Secretary.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 4491. A bill for the relief of Arthur Lee Dasher (Rept. No. 2077); and

S. 4652. A bill to provide for the administration of the United States Soldiers' Home (Rept. No. 2078).

Mr. SHEPPARD also, from the Committee on Military Affairs, to which was referred the bill (S. 4565) to authorize the sale, under provisions of the act of March 12, 1926 (Public, No. 45), of surplus War Department real property, reported it with amendments and submitted a report (No. 2086) thereon.

Mr. SHEPPARD also, from the Committee on Commerce, to which was referred the bill (S. 4632) providing for a survey of the Colorado River, Tex., above the county line between Coke and Runnels Counties, reported it with amendments and submitted a report (No. 2083) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 4549. A bill authorizing the State Highway Board of the State of Georgia to replace, reconstruct, or repair the free highway bridge across the Savannah River at or near the city of Augusta, Ga. (Rept. No. 2093); and

H. R. 12370. A bill to authorize a preliminary examination of Big Blue River and its tributaries with a view to the control of their floods (Rept. No. 2094).

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (H. R. 11969) to promote national defense by organizing the Air Reserve Training Corps, reported it without amendment, and submitted a report (No. 2079) thereon.

Mr. WALSH, from the Committee on Education and Labor, to which was referred the bill (S. 4671) to amend the act approved February 1, 1928, concerning actions on account of death or personal injury within places under exclusive jurisdiction of the United States, reported it without amendment and submitted a report (No. 2080) thereon.

Mr. O'MAHONEY, from the Committee on the Judiciary, to which was referred the bill (S. 3700) for the relief of the State of Massachusetts, reported it without amendment and submitted a report (No. 2082) thereon.

Mr. AUSTIN, from the Committee on the Judiciary, to which was referred the bill (H. R. 11616) to fix the compensation of the Director of the Federal Bureau of Investigation, reported it without amendment and submitted a report (No. 2084) thereon.

Mr. JOHNSON, from the Committee on Naval Affairs, to which was referred the joint resolution (S. J. Res. 251) granting the consent of Congress to the city and county of San Francisco to construct a causeway and highways on Yerba Buena Island in San Francisco Bay, and for other purposes, reported it with an amendment and submitted a report (No. 2085) thereon.

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 4346. A bill granting to the State of Iowa for State park purposes certain land of the United States in Clayton County, Iowa (Rept. No. 2087);

H. R. 1997. A bill to amend Public Law No. 425, Seventy-second Congress, providing for the selection of certain lands in the State of California for the use of the California State park system, approved March 3, 1933 (Rept. No. 2088);

H. R. 2737. A bill extending and continuing to January 12, 1938, the provisions of the act entitled "An act authorizing the Secretary of the Interior to determine and confirm by patent in the nature of a deed of quitclaim the title to lots in the city of Pensacola, Fla.", approved January 12, 1925 (Rept. No. 2089);

H. R. 5722. A bill to provide for the addition or additions of certain lands to the Colonial National Monument in the State of Virginia (Rept. No. 2090);

H. R. 8074. A bill to amend the act of March 3, 1925, relating to Fort McHenry (Rept. No. 2091); and

H. R. 8312. A bill to add certain lands to the Rogue River National Forest in the State of Oregon (Rept. No. 2092).

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the joint resolution (S. J. Res. 267) authorizing the President to invite foreign countries to participate in the New York World's Fair, 1939, Inc., in the city of New York during the year 1939, reported it without amendment.

INVESTIGATION OF UNEMPLOYMENT AND RELIEF

Mr. HATCH, from the Committee on the Judiciary, to which was referred the resolution (S. Res. 241) creating a special committee to investigate unemployment and relief (submitted by Mr. HATCH on Mar. 2, 1936), reported it with amendments and submitted a report (No. 2081) thereon, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

INVESTIGATION OF HEALTH CONDITIONS IN METAL MINING—REPORT

Mr. MURRAY. Mr. President, I submit a report adopted by the Committee on Education and Labor, presented to it by a subcommittee, on Senate Concurrent Resolution 34, submitted by me and proposing to create a joint committee to investigate conditions in metal mining. I request that this report be printed in the CONGRESSIONAL RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

The Committee on Education and Labor, to whom was referred Senate Concurrent Resolution 34, to create a joint committee to investigate conditions in metal mining, having considered the same, adopted as its report the report of a subcommittee appointed to investigate the matter, as follows:

Senate Concurrent Resolution 34 concerns the alarming conditions in metalliferous mining to which miners are subjected, such as rock dust, powder fumes, gases, foul air, and extreme heat, inducing silicosis and tuberculosis, which in turn results in inability to work, terrible agony, and premature death.

The findings of this subcommittee show that the Bureau of Mines in the United States Department of Interior has been acutely aware for some years of this problem of pulmonary afflictions caused by such conditions in both metalliferous and coal mines, and that such Bureau has been attempting with the cooperation of mine operators to devise methods of overcoming these unfortunate conditions. It appears that very fine particles of silica and other rock dust lodge in the lungs of miners causing abrasions and scar tissue, weakening their lungs and decreasing respirational capacity, making them easy prey to frequent colds and tuberculosis induced by extremes of heat and humidity. A continued exposure to the rock dust will in itself so injure the lungs as to cause eventually great difficulty in breathing, accompanied by terrible pain and followed by early death.

Among possible methods of overcoming these conditions are wet drilling and ventilation, the former to prevent dust from flying in the course of mining operations and the latter to carry off the gases and polluted air present in mines as well as to relieve the conditions of extreme heat and humidity. In spite of the general awareness of these evils, it is apparent that systematic and organized research will disclose more intimate knowledge of this dust disease, popularly known as silicosis, and its incidental evils, as well as revealing more efficient methods of combating and preventing the conditions leading to it. For instance, it appears that the use of water in mines to avoid the pervasion of dust in the air is not altogether satisfactory since its presence greatly increases humidity which in turn leads to pulmonary trouble.

It has been disclosed to the subcommittee that silicosis occurs not only in metaliferous mining but also in coal mining and tunneling and in many branches of industry not associated with underground mining at all. A pamplet recently issued by the Division of Labor Standards, United States Department of Labor, shows that it is also found in industries using abrasives, in sandblasting, brick and pottery making, glass making, sand pulverizing, metal grinding, granite and slate quarrying, stone polishing and finishing, and in foundry and steel works.

The subcommittee found that State legislation concerning the correction of conditions leading to silicosis or dust disease and compensation for workmen afflicted by this disease is rare, and that such legislation as there is does not deal adequately with the problem. It found that what preventive steps have been taken have resulted largely from the desire of certain mine operators and industrialists to better conditions in their plants.

It appears that the United States Department of Labor has recently initiated a Nation-wide investigation of this silicosis problem in an endeavor to ascertain the real nature of the disease, its causes, and the most effective means of controlling and preventing it. Secretary Perkins recently called a conference of leading doctors, engineers, economists, insurance experts, and representatives of employee and employer groups to take up these questions as well as that of properly compensating workers who have suffered and will suffer from the effects of this disease. Accordingly she has appointed five committees of experts under the Division of Labor Standards in the Department of Labor to study and report on the various aspects of this problem, namely, a committee on prevention of silicosis through medical control, a committee on prevention of silicosis through engineering control, a committee on regulatory and administrative phases of the silicosis problem, as well as a committee to correlate the work of these other four. These committees will study the various aspects of these problems with the cooperation of operators and industrialists, State industrial and compensation agencies, clinics and doctors, and State and Federal public-health services. The reports resulting from this national program will be submitted at the reconvention of the National Silicosis Conference, probably sometime next autumn.

In view of the present disorganized state of information on this silicosis problem, especially since a systematic undertaking to procure the necessary data on all its aspects has been launched and will reach completion during the current year, this subcommittee believes it would be advisable to defer action on Senate Concurrent Resolution 34 until the next session of Congress. Investigation has shown that the need for action is vital but that the problem is so intricate and far-reaching, extending so far beyond the field of metalliferous mining into general industry, as not to be fully understood and dealt with without the further information which is now being secured.

The subject matter of this concurrent resolution is one of greatest importance. An announcement has very recently been made that the Department of Labor has instituted a comprehensive study of the subject and will consider the extent of any proposed legislation in the event it is found that it may be a subject for Federal regulation.

Furthermore, this special committee believes that there are constitutional questions involved that must be given consideration in connection with any proposed legislation. It is, therefore, recommended that the action by the committee on the concurrent resolution be deferred until the next session of Congress and reintroduced for further consideration.

DAVID I. WALSH,
Chairman, Committee on Education and Labor, and Chairman of Subcommittee.
JAMES E. MURRAY,
JAMES J. DAVIS.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 4677) for the relief of Ruth Floyd Jacokes; to the Committee on Claims.

By Mr. DAVIS:

A bill (S. 4678) to reinstate John Frederic Blandy as a midshipman in the United States Naval Academy; to the Committee on Naval Affairs.

By Mr. NYE:

A bill (S. 4679) to authorize the coinage of 50-cent pieces in commemoration of the founding of the International Peace Garden, at the international boundary line between the United States and Canada, in the Turtle Mountains of North Dakota and Manitoba; to the Committee on Banking and Currency.

By Mr. LA FOLLETTE:

A bill (S. 4680) authorizing the State of Wisconsin to construct, maintain, and operate a free highway bridge across the Mississippi River at or near La Crosse, La Crosse County, Wis.; to the Committee on Commerce.

By Mr. METCALF:

A bill (S. 4681) granting a pension to Emma S. Boutwell (with accompanying papers); to the Committee on Pensions.

By Mr. DUFFY (by request):

A bill (S. 4682) authorizing superannuation disability pay for alien employees of the Panama Canal; to the Committee on Interoceanic Canals.

By Mr. HATCH:

A bill (S. 4683) to amend section 3 of the Adjusted-Compensation Payment Act, 1936; to the Committee on Finance.

By Mr. METCALF (for Mr. BARBOUR):

A bill (S. 4684) for the relief of the First, Second, and Third National Steamship Cos.; to the Committee on Claims.

By Mr. SMITH:

A bill (S. 4685) to provide for the use of net weights in interstate and foreign commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. SHEPPARD:

A bill (S. 4686) to amend the act known as the Federal Credit Union Act, approved June 26, 1934; to the Committee on Banking and Currency.

By Mr. COPELAND:

A bill (S. 4687) to extend the laws governing inspection of vessels, and for other purposes; to the Committee on Commerce.

By Mr. WHEELER:

A joint resolution (S. J. Res. 271) amending and repealing certain sections of the Emergency Railroad Transportation Act, 1933, and extending the effective period of such act, and for other purposes; to the Committee on Interstate Commerce.

PUERTO RICAN INDEPENDENCE

Mr. TYDINGS. I introduce for appropriate reference a joint resolution providing for the appointment of a committee to study the question of Puerto Rican independence, the committee to be composed of 17 members, 1 member to be appointed by the President, 1 by the President of the Senate, 1 by the Speaker of the House of Representatives, 1 by the Secretary of State, 1 by the Secretary of the Interior, and 1 member by the central executive authority of each of the 4 major registered political parties in Puerto Rico, and so forth.

The VICE PRESIDENT. Without objection, the joint resolution will be received and appropriately referred.

The joint resolution (S. J. Res. 270) to provide for the appointment of a committee to study the question of Puerto Rican independence was read twice by its title and referred to the Committee on Territories and Insular Affairs.

HOUSE BILL AND JOINT RESOLUTION

The following bill and joint resolution were each read twice by their titles and ordered to be placed on the calendar or referred as indicated below:

H. R. 11929. An act granting to the State of Iowa for State park purposes certain land of the United States in Clayton County, Iowa; to the calendar.

H. J. Res. 570. Joint resolution authorizing the President of the United States to award posthumously a Distinguished Service Medal to Maj. Gen. Clarence Ransom Edwards; to the Committee on Military Affairs.

INTERNAL-REVENUE TAXATION—AMENDMENT

Mr. SCHWELLENBACH submitted an amendment intended to be proposed by him to the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

RELIEF TO GOVERNMENT CONTRACTORS—AMENDMENT

Mr. LONERGAN submitted an amendment intended to be proposed by him to the bill (S. 4377) to amend an act approved June 16, 1934, entitled "An act to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes", which was referred to the Committee on Education and Labor and ordered to be printed.

THE AMERICAN MERCHANT MARINE—AMENDMENTS

Mr. FLETCHER submitted amendments intended to be proposed by him to proposed amendments submitted by Mr. COPELAND, Mr. GUFFEY, and Mr. GIBSON to the bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. McNARY submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, 1936, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 21, line 21, immediately preceding the figure "$156,750,000", to insert the following: "And the acquisition of lands for National and State forests"; and on page 21, line 24, to strike out the last comma and add the words "including forestry."

PRINTING OF TAX HEARINGS BEFORE THE FINANCE COMMITTEE

Mr. HARRISON submitted the following concurrent resolution (S. Con. Res. 40), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Finance of the Senate be, and is hereby, empowered to have printed for its use 1,000 additional copies of the hearings held before the said committee during the current session on the bill "The Revenue Act of 1936."

NAVAL APPROPRIATIONS—CONFERENCE REPORT

Mr. BYRNES submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12527) "making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 6, 7, 10, 11, 12, 13, 15, 21, 28, and 34.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 8, 9, 14, 18, 19, 20, 22, 24, 25, 26, 27, 29, 31, 32, 33, and 35, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,147,500"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$3,395,300"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "including plant, $1,500,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows:

Restore the matter stricken out by said amendment, amended to read as follows: ": *Provided further*, That no part of this appropriation shall be used for the construction of a factory for the manufacture of airplanes"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$7,645,575"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert: "$3,985,509"; and the Senate agree to the same.

JAMES F. BYRNES,
ROYAL S. COPELAND,
DAVID I. WALSH,
FREDERICK HALE,
HENRY W. KEYES,
Managers on the part of the Senate.
WILLIAM B. UMSTEAD,
WILLIAM R. THOM,
GEO. W. JOHNSON,
J. G. SCRUGHAM
(except as to amendment no 14),
CLARENCE J. McLEOD,
J. WILLIAM DITTER,
Managers on the part of the House.

The report was agreed to.

LAKE CHAMPLAIN BRIDGE COMMISSION

Mr. SHEPPARD. Mr. President, I ask permission for the consideration at this time of a joint resolution for the creation of a commission by the States of New York and Vermont for the purpose of building a bridge across Lake Champlain. It is necessary that the papers be signed by June 1. It is a matter of great urgency, and I ask for the immediate consideration of the joint resolution.

The VICE PRESIDENT. The clerk will report the joint resolution by title.

The LEGISLATIVE CLERK. A joint resolution (S. J. Res. 262) granting the consent of Congress to the States of New York and Vermont to enter into an agreement amending the agreement between such States consented to by Congress in Public Resolution No. 9, Seventieth Congress, relating to the creation of the Lake Champlain Bridge Commission.

The VICE PRESIDENT. Is there objection to the request of the Senator from Texas that the Senate give unanimous consent for the present consideration of the joint resolution?

Mr. ROBINSON. Mr. President, I understand that the joint resolution has been unanimously reported by the Committee on Commerce?

Mr. SHEPPARD. It has been unanimously reported by that committee.

Mr. ROBINSON. May I ask if the joint resolution was referred to the Department of Agriculture?

Mr. SHEPPARD. All bridge bills are referred to the Department of Agriculture in order that the Bureau of Public Roads may pass on the proposed bridges. They are also referred to the War Department in order that the engineers may pass upon the effect of the proposed bridges on navigation.

Mr. ROBINSON. I have no objection to the present consideration of the joint resolution.

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the States of New York and Vermont to enter into the amendatory agreement executed on April 1, 1936, by the commissioners duly appointed on the part of such States, amending the original agreement entered into by such States for the creation of the Lake Champlain Bridge Commission, which original agreement was consented to by Congress by Public Resolution No. 9, Seventieth Congress, approved February 16, 1928, and every part and article of such amendatory agreement is hereby ratified, approved, and confirmed: *Provided*, That nothing therein contained shall be construed as impairing or in any manner affecting any right or jurisdiction of the United States in and over the region which forms the subject of such amendatory agreement; which amendatory agreement is as follows:

Whereas the States of New York and Vermont heretofore and on the 11th day of May 1927 entered into an agreement or compact, duly authorized by law, creating the Lake Champlain Bridge Commission; and

Whereas the legislatures of said States have authorized their respective commissioners to enter into an agreement or compact amending said existing agreement or compact: Now, therefore,

The said States of New York and Vermont do hereby enter into the following agreement, to wit:

The agreement heretofore made between the State of New York and the State of Vermont pursuant to chapter 321 of the laws of 1927 of the State of New York, entitled "An act authorizing designated authorities in behalf of the State of New York to enter into an agreement or compact with designated authorities of the State of Vermont for the creation of the Lake Champlain Bridge Commission, the establishment of the Lake Champlain Bridge Commission, and the defining of the powers and duties of such commission and making an appropriation for such purposes", and no. 139 of the acts of 1927 of the State of Vermont, entitled: "An act ratifying a proposed agreement or compact between the State of Vermont and the State of New York relating to the creation of the Lake Champlain Bridge Commission and providing for carrying out the provisions of said agreement or compact", as the same was amended by the agreement or compact entered into the 30th day of March 1935 by and under the authority of chapter 201 of the laws of 1933, as amended by chapter 355 of the laws of 1935 of the State of New York, and by and under the authority of no. 209 of the acts of the General Assembly of the State of Vermont of 1935, entitled "An act authorizing an agreement or compact between the State of Vermont and the State of New York to amend the existing agreement or compact between said States creating the Lake Champlain Bridge Commission, in relation to the construction of a new bridge across Lake Champlain, the issuance of bonds by said commission, and providing for the payment of said bonds", approved by the Governor February 27, 1935, as amended by no. 210 of the acts of 1935 of the General Assembly of the State of Vermont, approved by the Governor March 21, 1935, is hereby amended by adding thereto the following articles:

ARTICLE XXXVI

The Lake Champlain Bridge Commission shall have power and is hereby authorized to issue its negotiable bonds in addition to those issued prior to March 1, 1933, for the purpose of refunding its bonds issued before said date: *Provided, however*, That the aggregate principal amount of such bonds so issued to pay off and refund its bonds issued before said date shall not exceed the aggregate principal amount of the bonds so retired.

ARTICLE XXXVII

Such commission shall have power and is hereby authorized to call for payment and to pay its bonds issued before March 1, 1933, in accordance with the terms under which said bonds were issued and for such purposes to use any funds which it has or shall have in reserves and sinking fund and in investments at the time said bonds are called for payment, notwithstanding any provision heretofore set forth in this or any previous compact or agreement.

ARTICLE XXXVIII

The bonds issued under authority of article XXXVI shall be authorized by resolution of such commission and shall bear such date or dates, mature at such time or times, not exceeding 50 years from their respective dates, bear interest at such rate or rates, not exceeding 5 percent per annum payable semiannually, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption as such resolution or resolutions may provide. Said bonds may be sold at public or private sale for such price or prices as such commission shall determine, provided that the interest cost to maturity of the money received for any issue of said bonds shall not exceed 5 percent per annum.

2. Neither the members of such commission nor any person executing said bonds shall be liable personally on said bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

3. The bonds issued under the authority of article XXXVI shall constitute a first lien upon the property, tolls, and revenues pledged to secure the bonds issued by such commission prior to March 1, 1933, and subject to the terms of any agreement made or to be made with holders of bonds issued by such commission under article XXVI of the amendments to this compact shall be a lien upon the tolls and revenues of the bridge referred to as the Rouses Point Bridge, and in accordance with subdivision 4 of article XXVI of the amendments to this compact any of such tolls and revenues which would otherwise have been payable into the State treasuries of the two States may be pledged to the payment of said bonds.

4. Said bonds shall not be a debt of the State of New York or of the State of Vermont, and neither State shall be liable thereon, nor shall they be payable out of any funds other than those of such commission.

5. Said bonds shall be exempt from taxation, and are hereby made securities in which all public officers and bodies of each State and of its municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, executors, administrators, guardians, trustees, and all other fiduciaries in each State may properly and legally invest the funds within their control.

6. Such commission shall have power out of any funds available therefor to purchase any bonds issued by it at a price not more than the redemption price thereof at the time of such purchase with accrued interest.

ARTICLE XXXIX

Such commission shall have the power to apply to the Congress of the United States or any department of the United States for consent or approval of this compact as amended; but in the absence of such consent by Congress and until the same shall have been secured, this compact, as amended, shall be binding upon the State of New York when ratified by it and the State of Vermont when ratified by it, without the consent of Congress, to cooperate for the purposes enumerated in this agreement and in the manner herein provided and for all purposes that it legally may be.

In witness whereof, by and under the authority of chapters 73 and 219 of the Laws of 1936 of the State of New York, and by and under the authority of Public Act No. 19 of the acts and resolves passed by the General Assembly of the State of Vermont at the special session 1935–36, approved by the Governor December 14, 1935, we have signed this compact or agreement in duplicate this 1st day of April 1936.

SEC. 2. The right to alter, amend, or repeal this joint resolution is hereby expressly reserved.

LOCAL RESPONSIBILITY FOR WELFARE SUPPORT

Mr. VANDENBERG. Mr. President, the Associated Press this morning reports a stimulating demonstration of recurrent local self-reliance in the matter of relief. I refer to the statement from New York by J. Reuben Clark, first counselor in the first presidency of the Latter-Day Saints Church. It ought to be a matter of challenging significance, it seems to me, that this great organization thus proposes to return to the principles of home responsibility for welfare support. In far lesser degree, but in conformity with the principles involved, I have been arguing for a restoration of State responsibility and State control in the matter of relief administration. I have endeavored to prove that the restoration of State responsibility would materially reduce the costs and the exploitation of relief. One of the reasons why I am confident this would be the result—and if it would be the result, Mr. President, instead of passing another bill imposing additional taxes of $500,000,000, or $600,000,000, or $700,000,000, we might well anticipate economies of a like amount as an alternative course—one of the reasons why I think this could be the result is stated most succinctly by Mr. Clark in the newspaper dispatch from which I quote as follows:

Man may have no compunction in taking aid from the Government, but if he has to take it from his brother or neighbor it probably will be a very different picture.

I ask that the article in question be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post of May 25, 1936]

PLAN FOR CARE OF OWN NEEDY IS ANNOUNCED BY MORMONS—88,000 INDIGENT TO BE TAKEN OFF UNITED STATES ROLLS AND GIVEN AID—OCTOBER 1 SET AS DATE FOR NEW PROGRAM—LEADER SAYS HANDLING OF PUBLIC RELIEF IS TOO INDIRECT

NEW YORK, May 24.—The Mormon Church will remove its 88,000 needy members from public relief rolls and support them itself, J. Reuben Clark, first counselor in the first presidency of the Latter-Day Saints Church and former Ambassador to Mexico, announced tonight.

"Our aim is by October 1 to accumulate enough food, shelter, and clothing to care for those who cannot care for themselves", Clark stated at a Mormon Church service here.

"The plan includes provision for those who have nothing to do something useful in return for that which they get", he said. "The president of the church feels it is time we got back to first principles and cared for our own."

Clark said he expected no difficulty in carrying out the work if the 750,000 Mormons in the United States "abide by the church teachings." He predicted it would be of spiritual benefit to all members.

Clark said he was not critical of Government relief, but said any mistakes in public relief administration were due to far-away management.

"Man may have no compunction in taking aid from the Government", he said, "but if he has to take it from his brother or neighbor it probably will be a very different picture."

ALL TO CONTRIBUTE

Clark said each Mormon will be expected to contribute the cost of two meals on the monthly fast day and the tithes rule, contribution of one-tenth of a member's income, will be enforced.

The procedure during the summer, Clark added, would be to take Mormons off home relief first and later to take the others off work relief.

"I believe $1,000,000 a year will take care of the task", he said, "and as for the cost, it will cost us only 45 percent of what it costs the Government to care for these needy, because ours will be a service of love, and none of these persons doing the work will be paid."

Agencies for carrying on the work already are functioning in the church, he explained. Chiefs in each ward will be the bishop and his two councilors. The districts, subdivisions of wards, will be scoured by teachers to determine the needy.

The women's relief society will continue its work both in aiding the needy and soliciting aid.

"The male population of the church, including the elders and priests, will have as their duty the obligation to see that no one suffers", Clark said.

BANKING AND CURRENCY COMMITTEE WORK—ADDRESS BY SENATOR BULKLEY

Mr. FLETCHER. Mr. President, I ask unanimous consent to have inserted in the RECORD the splendid radio address delivered by the Senator from Ohio [Mr. BULKLEY] on the 5th instant on the subject of the work of the Committee on Banking and Currency.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

From the very beginning of the Roosevelt administration the work of the Committees on Banking and Currency of both the Senate and House has been of unusual scope and importance. Numerous bank failures from 1924 on had prepared the way for the general break-down of 1929, and the great crash of that year had caused so many more bank failures and had so weakened the position of all banks that by March 1933 the situation was desperate indeed.

The Senate Committee on Banking and Currency had already been engaged for 2 years in a study of the faults and weaknesses in the structure and administration of our banking system, which had caused or at least substantially contributed to the unsound credit inflation which led up to the financial disaster of 1929. A bill had been drafted in the committee for the purpose of preventing the speculative use of the credit of the Federal Reserve system, and this bill had passed the Senate during the early months of 1933, but failed of final enactment into law.

In March 1933 the administration and the Congress were confronted with a wholly desperate situation. It was necessary to meet not only the problem of removing from our banking system the faults which had in the past caused trouble, but it was absolutely necessary to meet also the problem of tiding over a financial situation which was so bad as to endanger the very existence of our whole banking system. The President closed all the banks in the country before he could even convene the Congress in extraordinary session, and the very first act of the Seventy-third Congress was the Emergency Banking Act of March 9, 1933, which brought about a reexamination of all banks and a reopening of as many of them as could safely be reopened. This act provided for the appointment of conservators and liquidators to protect the interests of the millions of bank depositors. It also provided the authority for the nationalization of gold, which was shortly thereafter accomplished by Presidential proclamation. This proclamation prohibited gold exports and called for the deposit with the Government of all gold and gold certificates held in this country. This took the United States off the gold standard, and for some months our dollar had no legal fixed gold content.

These acts laid the foundation for subsequent legislation authorizing the President to change the gold content of the dollar. Soon after came the resolution approved June 5, 1933, declaring contracts specifying payment in gold of specific weight and fineness to be against public policy and making all United States currency legal tender at face value. Further legislation in January 1934 was necessary to complete the nationalization of gold and fix the rights of Federal Reserve banks with respect to their gold reserves. This was immediately followed by a proclamation of the President fixing the gold content of the dollar at approximately 59 percent of the previous gold content, and so the gold standard was theoretically restored, but neither the act nor the proclamation restored to our currency its absolute redeemability in gold.

Following shortly after the Emergency Banking Act of March 9, the important general Banking Act of 1933 was enacted. This was the act which substantially embodied the results of the 2 years' study of the banking situation by the Senate Banking and Currency Committee. The broad purpose of this law was to place restrictions upon the operating policy of the Federal Reserve banks and member banks in the Federal Reserve System; to limit them to the extension of credit for ordinary business purposes as distinguished from support of speculative transactions. The act also separated national banks and all member banks of the Federal Reserve System from the investment-banking business, whether such business was conducted directly or through affiliates. The affiliate relation was sharply curtailed and the unsound practices connected with affiliate operations were prohibited. This act also set up for the first time a system of deposit insurance. This system has been perfected by amendments carried in the Banking Act of 1935, and each depositor in any of the 14,300 banks which are now members of the system is insured up to the amount of $5,000 in the Federal Deposit Insurance Corporation.

Bank failures, which aggregated about twenty-three hundred in the year 1931 and nearly fifteen hundred in 1932, have been practically eliminated and there have been but few banks closed since the reopening in the spring of 1933. Since the Federal Deposit Insurance Corporation commenced business in 1934, only 53 insured banks with total liabilities aggregating about $13,000,000 have closed, and in these cases all small depositors have been promptly reimbursed by the Federal Deposit Insurance Corporation. The ultimate loss to the Corporation is not yet determined, but will probably be about $5,000,000. Of course, the deposit insurance system has not yet been put to any severe strain. Up to this time, however, the position of the Corporation looks very strong. In establishing the Federal Deposit Insurance Corporation the Congress provided that $150,000,000 should be contributed from the United States Treasury, and the Federal Reserve banks were required to contribute one-half of their surplus accounts which brought $140,000,000 into the Corporation. In addition to this, a total of $40,000,000 has been received from the constituent member banks in payment of premiums on deposit insurance. The temporary insurance plan was wound up on the 30th of last June with no premium cost whatever to the member banks, and all amounts theretofore paid were credited as payments on premiums accruing after July 1, 1935. So small have been the losses and expenses of operation that after all these have been paid the Corporation could, if it were wound up today, repay the entire $150,000,000 contributed by the Treasury, the $140,000,000 contributed by the Federal Reserve banks, the $40,000,000 premiums paid by the member banks, and still have enough left over to pay a 3-percent dividend on the Government and Federal Reserve bank interest in the Corporation.

The Federal Deposit Insurance Corporation has done much more for the banking system than merely to make good losses in closed banks. Its examinations of many thousands of banks and its insistence upon new capital for some of them have been important factors in strengthening the banking situation throughout the country. This work of the Corporation has resulted in additional capital being provided for at least 6,000 banks which needed it. In every such case additional capital is subscribed and paid in the local community, and in many cases there was a stock subscription from the Reconstruction Finance Corporation.

The Banking Act of 1935 not only definitely and permanently established the deposit-insurance system and strengthened its basic law, but it provided a further strengthening of the Federal Reserve banking laws, and reorganized the open-market operations of the Federal Reserve System so as to increase the measure of public control and public responsibility for the administration of national monetary policy. This act not only changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System, but also provided a substantial reorganization of the Board by bringing to an end the service of all members of the Board, so that the Board was reconstituted with a large proportion of new members as of February 1, 1936. The terms of office of the members were lengthened, and salaries increased, with a view to increasing the independence and nonpolitical aspect of the Board.

Further efforts to put the Government sufficiently in control of financial operations in the country to prevent a recurrence of the events which led up to the panic of 1929 are represented by the Securities Act of 1933 and the Securities Exchange Act of 1934, both of which were formulated and reported by the Senate

Banking and Currency Committee, the latter as a result of a very extensive investigation by that committee concerning stock-exchange practices. As a result of these two acts the Securities Exchange Commission, created by the act of 1934, is given general supervision of the issuance of securities, and also over trading on security exchanges of the Nation, and by brokers and dealers who are members of such exchanges. It is much to be hoped that with strong and capable supervision by the Board of Governors of the Federal System and by the Securities Exchange Commission, the country may be saved in the future from the development of such practices as led to disaster in the past.

The Senate Banking and Currency Committee has had to concern itself not only with the problem of preventing the continuance and recurrence of unsound practices but has also been very greatly concerned with the problem of saving the masses of borrowers from the ruin which threatened to result from the pressure of an excessively heavy debt structure. A beginning in dealing with this problem had been made in the previous administration by the establishment of a Government agency, the Reconstruction Finance Corporation, to provide assistance to sound banks, railroads, and insurance companies which were endangered by the unusual pressure incident to the financial collapse. The activities of this Corporation were continued under the present administration and greatly extended so as to give to the Corporation the authority and the means to help business institutions and private borrowers more generally. The funds used by the Reconstruction Finance Corporation are all supplied by the Treasury. Interest at the rate of 2¾ percent is paid on Treasury advances, and the Corporation has paid into the Treasury on account of interest more than $150,000,000. The average rate charged on loans made by the Corporation is 4 percent, which is regarded as a low rate of interest.

The Reconstruction Finance Corporation has rebuilt the Nation's banking structure by investing upward of a billion dollars of new capital in more than 6,000 banks, State and National. This Reconstruction Finance Corporation work under the Roosevelt administration has been an important factor in making our banking system stronger and safer than ever before.

The Reconstruction Finance Corporation has loaned more than $6,000,000,000 to businesses of every character. Three billion five hundred million of this has already been repaid. The activities of the Reconstruction Finance Corporation have been helpful, directly or indirectly, to literally every citizen of the United States. There will be no loss to the taxpayer from these vast operations.

In addition to the Reconstruction Finance Corporation, two other Government agencies have been set up to serve important classes of borrowers. The Home Owners' Loan Corporation was established to relieve distressed mortgagors who were in danger of having their homes foreclosed. In order to qualify for a loan from this Government corporation it was necessary for the applicant to show that he was actually in distress and unable to satisfy the requirements of his existing mortgage. Yet the operation was in no sense a charitable one, as the applicant was also required to show that he had some income or earnings to enable him to support a new mortgage to be given to the Home Owners' Loan Corporation. The emergency with respect to foreclosures of homes is now believed to be past, and for some months the Home Owners' Loan Corporation has not been receiving any new applications. Within a few weeks it will make the last of its loans on applications already pending, and from then on it will continue in business only to hold and gradually to liquidate the mortgages which it has already made. It has made loans in excess of $3,000,000,000 and directly saved more than a million of American homes from foreclosure. It is hard to imagine what disastrous business effect and what disastrous social effect would have followed from the foreclosure sale of a million American homes. Yet it is fair to say that, beyond this vast number of homes which the Corporation has saved by its own direct action, it has also saved a very large additional number by the effect of its operations in restoring confidence in the real-estate market.

A very large percentage of interest and amortization payments, about 70 percent, is being made to the Home Owners' Loan Corporation by its borrowers without delinquency, notwithstanding that each and every one of these borrowers was in distress with his previous loan when he first made his mortgage to the Corporation. There will, of course, be foreclosures and some losses, and it is entirely too early yet to predict with confidence just how well this operation will ultimately work out. The Corporation, however, has been able to borrow money by sales on the market of its bonds, which are unconditionally guaranteed as to principal and interest by the United States Government, at a very low rate of interest. The latest financing was a sale of bonds bearing only 2¼-percent interest, and these are quoted on the market somewhat above par. The Corporation's mortgage loans are made at a rate of 5 percent, a lower rate than had previously been available to the small-home owner. Yet there is a substantial margin between the interest the Corporation pays to its bondholders and that which it receives from its borrowers. There is a real possibility that this margin may be sufficient to meet all expenses and losses. Only time will tell.

The Farm Credit Act of 1933 consolidated under one agency, the administration of the Federal land banks, Farm Board, intermediate credit banks, production credit corporations, cooperative credit agencies, and general emergency farm relief, such as that represented by seed loans. This Farm Credit Administration has saved from foreclosure a vast number of farms, and now owns almost one-half of the number of farm mortgages in the United States. More than $2,000,000,000 have been advanced on about three quarters of a million individual mortgage loans. The Farm Credit Administration has made mortgage loans during a period of less than 3 years in an amount more than the total loaned by the Federal land banks in the 16 years of their operation prior to the spring of 1933. The grand total amount loaned by the Farm Credit Administration during these 3 years is over three and one-half billions of dollars.

The Banking and Currency Committee has also given much attention to the further development of private lending in the housing field, and in order to stimulate it, it has created the Federal Housing Administration which has, in less than 2 years, insured $368,000,000 of loans for renovation of houses and small business properties. These operations have undoubtedly stimulated a large additional amount of private expenditures for renovation. Long-time mortgages have been accepted for insurance to the amount of $264,000,000, and it is believed that the investment of private capital in housing enterprises will be greatly stimulated by the further operation of this system.

We have also been concerned with the extension of building-and-loan operations into parts of the country not adequately served by existing building-and-loan associations. And so, in connection with the Federal Housing Act of 1933, the incorporation of Federal savings and loan associations supported by stock subscriptions from the United States Treasury was authorized, and over a thousand of these Federal savings and loan associations are already in operation, providing needed credit facilities where they were not available before. These new Federal associations have assets of over $500,000,000, less than one-fifth of which was contributed by the Government. During the past year they made loans on homes to the amount of $125,000,000, or more than all banks and insurance companies combined.

We have also provided, through the Federal Savings and Loan Insurance Corporation, for the insurance of accounts in building-and-loan associations. Insurance has been granted to over 1,200 associations, representing about 1,000,000 savers and over $750,000,000 of accounts insured.

The legislation which we have been reviewing and which has been sponsored by the Committee on Banking and Currency during the past 3 years has been of extraordinary importance. The amount of it within so brief a time is, I believe, unprecedented, and some of the legislation is of an unprecedented character. Some of it has been the subject of controversy. Some features of it may prove unwise, but on the whole it seems so far to be proving sound. It has brought a great change in the national outlook. Our banking and financial structure has been remarkably strengthened. Where there was chaos, there is order. Where there was despair, there is now confidence.

NATIONAL ISSUES—ADDRESS BY SENATOR BYRNES

Mr. ROBINSON. Mr. President, I ask unanimous consent to have printed in the RECORD a very instructive speech delivered by the Senator from South Carolina [Mr. BYRNES] on the occasion of the Democratic convention at Columbia, S. C., May 20, 1936.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Under the rules of the Democratic Party of South Carolina a State convention is held in every general-election year. This year there are no candidates for Governor or other State offices to be elected. The only candidates to be voted for other than aspirants for local offices are those who seek to serve as Presidential electors, United States Senators, and United States Congressmen. Therefore any declaration by this convention of the views of the Democracy of South Carolina must necessarily be devoted in great part to issues affecting the administration of the United States Government.

We cannot consider national issues without recalling the days preceding March 4, 1933. For 12 years the Republican Party had been in continuous and complete control of the Government. As a result of their abuse of power, the business of the Nation was paralyzed and fear gripped the hearts of our people. Bank clearings decreased in every State, and credit facilities were denied. Gold was being shipped out of the country. People were withdrawing funds from the banks, and banks were closing their doors, until finally, on the morning of March 4, 1933, a moratorium against the withdrawal of deposits existed in every State in the Union. The railroads were facing bankruptcy, and Government operation was urged as the only solution. As their securities decreased in value, life-insurance companies were in distress, and no man knew whether his insurance policy was worth the paper upon which it was written. Mortgages were being foreclosed upon the homes of the people of the cities and of the country. In the West, as the hammer of the auctioneer fell and people were driven from their homes, mobs stormed courthouses and in some cases judges suffered physical violence. Agriculture was paralyzed. Cotton was selling for 5 cents per pound, tobacco for 9 cents, and wheat for 30 cents per bushel. It was estimated that 16,000,000 men walked the streets seeking employment, and in the great cities of the country hungry men searched the garbage cans.

In New York City one night in January 1933, in company with a group of Senators and Congressmen, I was at the home of Governor Roosevelt discussing the legislative program to follow his inauguration. We heard a noise. It sounded like the cry of a

mob. Afterward we learned that several thousand persons had been stopped by policemen a block from the Governor's home. They wanted to gather before his door and present to him and to the group of legislators a request for food to relieve their hunger. They were hungry men. Hungry men are dangerous men.

The former President of the United States, Mr. Hoover, may not recall the serious conditions then existing, but I recall that just before the adjournment of Congress in 1932 he sent word to a subcommittee of which I was a member, that while he advocated a reduction in the compensation of all Government employees, that an exception should be made as to the enlisted personnel of the Army and Navy, because he did not know what would happen in the next few months and he did not want to have to rely upon an Army that might be dissatisfied because of a reduction in compensation.

In other lands, conditions would have been ripe for revolution, but the people of this land, who believed in a change of policy by government, sought that change not by force of arms but in the only way I hope there will ever be a change in our Government—by the free expression of the will of the people at the ballot box. The people spoke. The Republican administration was repudiated. Herbert Hoover was relegated to private life, and the control of the Government was transferred to the Democratic Party under the leadership of Franklin D. Roosevelt.

At that time there was no criticism of Roosevelt by big business. And, while cries of assistance came from all the people, none cried louder or longer than those who possessed great wealth. With one accord they declared that the emergency was as great, if not greater, than any war emergency; that the ordinary processes of government could not be relied upon. They begged that the President of the United States do something—do anything—to save them and their property. Something was done. Action was substituted for inaction. The President ordered that all banks remain closed until assurance could be given, as a result of examination, that those permitted to open would remain open. The Government loaned money to many banks holding assets that were sound but frozen, in order to enable such banks to open. The people of wealth who had been shipping gold out of the country regained confidence; the savings of the people were returned to the banks; bank deposits continued to grow until today they are greater than ever before in our banking history. In South Carolina deposits in National and State banks increased from $74,522,000 in 1939 to $120,814,000 in 1935, and because of the action of this administration in guaranteeing deposits the people now feel that the money they deposited in the banks they can get out of the banks.

The Democratic administration could follow no beaten path. Those paths had been followed and had led into a wilderness of distress. We had to blaze new trails in the effort to save the Nation and its people. We enacted laws having for their object the restoration of the purchasing power of the people by providing jobs for the unemployed, increasing the compensation of those who were still employed, and by increasing the price of agricultural commodities so that those who had borrowed money would be able to pay their debts with the same kind of dollar they had borrowed.

As a result of the agricultural legislation, cotton, instead of selling for 5 cents per pound, is now selling for 11½ cents. Tobacco, instead of selling for 9 cents per pound, has sold for more than 23 cents per pound. Wheat, instead of bringing 30 cents a bushel, has been selling for approximately 95 cents a bushel.

Of the 16,000,000 men who walked the streets in idleness, more than 5,000,000 have secured jobs in private industry, and the others have been provided for by Government. The labor provisions of N. R. A. resulted in increasing the compensation and shortening the work hours of wage earners. By the decision of the Supreme Court it was abolished, but the labor standards established as a result of that legislation continue in most industries, and wage earners are receiving a fairer share of the profits. The railroads are no longer threatened with bankruptcy. Insurance companies are solvent and prosperous. A permanent banking law was enacted, fair to the banks and, at the same time, placing greater control over the issuance of currency, where the Constitution provided it should be placed—in the hands of the people.

By the Securities Act corrupt promoters have been prohibited from unloading worthless securities upon a confiding people, and by other legislation banks are prohibited from lending the money of their depositors upon worthless securities of foreign governments. Reciprocal-trade agreements have been concluded with 12 governments, lessening tariff barriers.

The Labor Relations Board has been established to arbitrate the controversies between capital and labor, and by the Wagner Act and other legislation labor has been given greater recognition than it has ever received at the hands of any administration in the political history of America.

Farm mortgages have been refinanced, and borrowers now have a long period in which to pay their obligations and are paying a rate of interest as low as 3½ percent. Mortgages on homes in the cities have also been refinanced at 5-percent interest. The annual saving to the people by reduced interest rates will amount to millions of dollars. As these mortgages have been refinanced, an amount has been included to cover unpaid taxes, and the payment of these taxes has enabled the State, county, and city governments to function and pay their employees with something other than script. Let us consider conditions in South Carolina:

In South Carolina the receipts from the sale of the principal farm products in 1932 amounted to $46,219,000. In 1935 the receipts amounted to $92,026,000, an increase of almost 100 percent.

In 1932 the total construction of all kinds in South Carolina amounted to $7,658,800. In 1935 it amounted to $18,493,300.

When people file income-tax returns with the United States Government for tax purposes, you can rest assured that they do not overstate their incomes. In 1933 the total income tax paid in South Carolina was $1,108,624; in 1935 it was $2,976,370, or an increase of 168 percent.

From January 1933 to January 1, 1936, the United States Government paid to the farmers of South Carolina in rental and benefit payments $21,823,284. Of this amount $18,046,506 has been paid on account of cotton, $3,221,464 to tobacco growers, and the balance on account of corn, hogs, and peanuts.

But, say the Republicans, we admit conditions have improved, but too much money is paid to farmers, and you are destroying their "rugged individualism." Well, for three-quarters of a century the farmers of the South have been forced by Republican administrations to contribute to the enrichment of the manufacturers of the North. Never before has the Federal Government paid them a dollar or used its powers to increase the price of their commodities. The farmers have nothing against rugged individualism, but they are awfully tired of "ragged individualism." They may not approve of everything done by some local officials in the name of the Government, but they appreciate the fight Franklin D. Roosevelt has made and is still making against great odds to give to them increased purchasing power, so they can enjoy some of the comforts enjoyed by other people.

New Deal recovery is not restricted to South Carolina. It is being felt throughout the land, and all citizens, even those who now so severely denounce the Roosevelt administration, have been its beneficiaries. Let me give you a few percentages contrasting conditions under the New Deal and under the Old Deal.

Between January 1, 1935, and January 1, 1936, industrial production advanced 51 percent, steel production advanced 257 percent, auto registrations advanced 326 percent. Between January 1, 1933, and December 1, 1935, the dollar value of exports advanced 33 percent and imports 37 percent.

Listed stocks on our security exchanges advanced 134 percent from March 1, 1933, to January 1, 1936. Listed bonds during that period advanced 22 percent.

Finally, for the benefit of our utility friends, who are so worried about the final effect of the Santee-Cooper and Buzzard's Roost projects, let me say that from January 1, 1933, to January 1, 1936, power production increased 19 percent.

In view of this remarkable record of achievement it is difficult to understand the vicious attacks that have been made upon the President and the Democratic administration, unless you recall our political history. For three-quarters of a century, with the exception of 16 years, the Republican Party was in control of the United States Government. Possibly because they were in control, they concentrated great power in the administration of the Federal Government. Through the instrumentality of tariff subsidies and expenditure for public works, the Federal Government developed certain sections of the country controlled by the dominant party, leaving other sections at the mercy of the favored States. These acts of Government contributed to the accumulation of great fortunes in the hands of a few individuals, and these few individuals in turn, used that wealth to continue the Republican Party in control of the Government in order that they might continue to enrich themselves at the expense of the masses of the people.

Among these favored citizens there are a few who have an appreciation of the great responsibility which rests upon them by reason of their wealth. But they are few. To the great majority a new deal means an end to the old deal by which they accumulated their fortunes. They are opposed to that change. They have organized to make war upon this administration because it seeks to give an opportunity to the average man. They are content to let your Government nominally exist in the city of Washington, but they want to return to the financial barons of America the power to dictate the policies of the Government.

What are their arguments against the administration? They say we have increased the national debt. We have; but not one of them is fair enough to say that of the increased debt four and one-half billion dollars is invested in loans secured by mortgages over the farms and homes of America; by liens upon cotton and the assets of banks, and by the securities of States, counties, and cities, and other liens. These loans are so secured that the Government of the United States will not lose a dollar. Some of the securities have already been sold at a profit to the Government.

In their effort to destroy confidence they assert that the credit of the Government is in danger. The fact is, under this administration Government credit is so good that outstanding obligations have been refinanced at a rate of interest as low as 1½ percent.

But say these Republicans and Liberty Leaguers: "You failed to live up to your campaign pledge to reduce expenditures by 25 percent." Every schoolboy knows that after the platform was adopted in June 1932, because of the incompetency and inefficiency of the Hoover administration, the conditions which I have heretofore described and which no one could have anticipated, made it impossible to reduce expenditures. And the last to make this charge should be those who most often make it, namely, the presidents of banks, railroads, insurance companies, and corporations, who, in the dark days of 1933, came to Washington and borrowed millions of dollars from Government agencies in order to save themselves.

As these gentlemen came to Washington with hats in hand and tears in their eyes, begging for financial assistance from the Government, I wonder what they would have said had President Roosevelt told them: "I believe that you need assistance. I believe that the Government must act in order to save the Nation and its people; but in our platform adopted 9 months ago we said we would reduce expenditures, and therefore we must stand by that declaration even though the Government itself should fail."

But they say: "The Supreme Court has held unconstitutional some of the legislation enacted." Well the Republicans should know that during the administration of one of the patron saints of their party, President Lincoln, eight acts were declared unconstitutional, and during the administration of President Grant five were declared unconstitutional.

In every case recently decided by the Court, with one exception, the Supreme Court has been divided. If the Justices of the Supreme Court cannot agree as to whether a law is constitutional, how can you expect the Congress to agree? However, this should be remembered: The Agricultural Adjustment Administration Act which was declared unconstitutional passed the Senate with only six Republican votes against it.

When all other arguments are exhausted, they declare that, in any event, we have spent too much money for relief. A relief bill passed the House 10 days ago. Republicans offered some amendments but not one of them dared to offer an amendment to reduce the appropriation for relief purposes by a single dollar. We must remember that the United States Government never entered into this field of relief until the States of the Union, through their legislatures and their Governors, placed the problem on the doorsteps of the Congress. The original act provided that not a dollar could be advanced to any State until the Governor certified that the State, its subdivisions and its charitable organizations, were unable to care for their needy and their unemployed. And when they denounce this legislation, let me say: When the bill appropriating $4,880,000,000 for relief and work projects was considered in the Senate, if every Democrat had walked out of the Chamber—if not a single Democrat had voted—the bill would have been passed.

The President, through his appointees, has endeavored to administer this fund wisely. Of course, he has made mistakes, and every man appointed to administer it will inevitably make mistakes. If you open your doors and listen to the pleas of those who come asking your aid, no matter how good a judge you may be of human nature, you are bound to make mistakes and give aid to some undeserving people. The more undeserving they are, the more experience they have had in pleading for assistance and the more plausible they are. But because you may make a mistake, are you going to refuse to respond to every plea for assistance?

The President of the United States and Democratic Senators and Congressmen know that expenditures for relief constitute a political liability. We appreciate that some men out of employment who cannot secure a job are dissatisfied. Even when a man is given a job, we know that the political demagogue will try to convince him that he really is entitled to a better job. These dispensers of discord exist everywhere. You recall the parable of the laborers in the vineyard. When the householder went to the market place early in the morning and found men idle, he hired them upon the agreement to work for a penny a day. At the third hour he found others idle and hired them, agreeing to pay whatsoever was right. Again at the sixth, the ninth, and even at the eleventh hour he found men who said they had been idle all the day because no man would hire them. He gave them employment, agreeing to pay whatever was right. When evening came he knew that those hired at the eleventh hour could not live on the compensation to which they would be entitled for the short time they worked, and he therefore gave to all of the laborers a penny. Whereupon those employed in the earlier hours, even though they received the amount for which they had contracted to work, murmured against the goodman of the house. In like manner there are those who are today employed upon public projects and who, because some other person they believe less efficient receives the same compensation, murmur against the Government that is endeavoring to provide them with employment in order to give them food and shelter.

You know, I am satisfied that at the vineyard described in the Scriptures there was a political agitator who caused the laborers to become dissatisfied with the compensation for which they had contracted, and at times I entertain the suspicion that in South Carolina today there are lineal descendants of that agitator who spend their time trying to arouse dissatisfaction in the hearts of the people for whom the Government is endeavoring to provide employment.

The willingness of some persons to disregard human suffering is not new. We are told that long, long ago, on the road to Jericho, there lay a man wounded and suffering. He was in need. That was relief case no. 1. I imagine that the clergyman who passed without heeding his appeals contented himself with the thought that it was a case for the community chest or Salvation Army. Doubtless the Levite who passed and ignored the cry for assistance feared that if he granted relief he would not be able to balance his budget. But fortunately there came a Good Samaritan, who heeded the cries of the unfortunate man. He did not stop to consider budgets. He took him to an inn, paid for his keep, and then, because his credit was good, pledged that credit for whatever amount was necessary to relieve the suffering of a human being. There comes a time in the life of a government, as in the life of an individual, when the spirit of the Samaritan must influence our actions and we must place the relief of human beings above the balancing of budgets.

Direct relief is now the duty of local governments. The Federal Government, however, is seeking to furnish jobs to the unemployed. The Republicans and some disgruntled Democrats charge that they are being employed upon projects of no value. I have no doubt that some projects are of doubtful value because they are applied for by human beings and selected by human beings and they will make mistakes. But judge the truth of their statements, not by what is said to be taking place elsewhere but by what is being done in your own State.

Is it a waste to build a hospital in Laurens and Orangeburg, a courthouse in Richland County, dormitories at The Citadel and at Clemson College? Is it a waste to build farm-to-market roads? Is it a waste to build schoolhouses in rural districts? Is it a waste to advance money to the State of South Carolina to enable it to keep open its rural schools and to give employment to teachers? Is it a waste to make loans to the receivers of closed banks so that they can pay dividends to the depositors? Is it a waste to provide funds for rural electrification to make life more comfortable upon the farms and induce the young men and young women to remain upon the farms? Is it a waste to provide for the Civilian Conservation camps? These camps came to the rescue of young men at a time when they were at the crossroads of life. Without this assistance many of them might have been induced in despair to follow a life of crime. In these camps they have received physical training and moral training. They have been prepared for the battles of life. It cost money, but if it saved these boys it is worth every dollar spent.

This is not the only assistance that has been provided. The Social Security Act was passed to assist the States in caring for the unemployables who were formerly the beneficiaries of relief. Under it the Government will lend financial assistance to the States, but the States have absolute power to control and direct the expenditures.

There is nothing sadder than the plight of an old man and old woman who have no means of support. They certainly cannot secure employment in old age. The depression of the last few years exhausted the savings of a majority of the people. It is the duty and the privilege of children to care for their aged parents. But in many cases where children themselves have dependents it is impossible, and an old man and an old woman, feeling themselves in the way, often pray for the coming of the end. In those cases where need exists and families cannot take care of these old people, Government, through the instrumentalities of this law, will help to make their last days upon earth comfortable and happy days.

Who will dissent from the provisions to take care of the blind? Certainly they cannot earn an income. Unless loved ones care for them, they must go to the street corner, and while holding pencils in one hand, with the other ring a bell, in the hope of awakening a response in the hearts of those who pass by.

What constructive program have the Republicans and the disgruntled Democrats associated with them offered the people? The record will show that in the Congress—certainly in the Senate—a majority of the Republicans have voted for practically every legislative enactment of this administration. When they talk about economy, I tell you that only one amendment to reduce an appropriation has been offered by a Republican Senator during the last 3 years. You have never heard of them advocating new taxes. Well, if they have done nothing to reduce appropriations and nothing to raise taxes, how can they talk about balancing budgets?

In 1935 when we initiated the legislation they now criticize, what plan did the Republicans, either in or out of public life, offer as a substitute? What would they have done then? What would they now repeal? Will they foreclose the mortgages upon the farms and the homes of the people? Will they force upon the market the cotton which is held by the Government as security for loans? Will they discontinue the agricultural program?

The American Liberty League has been called the American Cellophane League, because it is a Du Pont product and because you can easily see through it. At least, we can clearly see through one activity of Mr. Du Pont and his associates.

The testimony before the Black committee shows that they have been practicing the policy of "sharing the wealth." They have advanced thousands of dollars to organizations organized for the sole purpose of attacking the administration. These organizations are masquerading under various names. In the South, one organization secured a most liberal contribution to create discord among Democrats. And then we learned that from the same source money had come to finance the Talmadge convention in Georgia.

A new party was to be formed, the "Jeffersonian Party." By others it was called the "grass-root convention." The Black committee discovered that the roots extended all the way from Macon, Ga., to Delaware, and into the treasury of the Du Ponts. By this time I think the Du Ponts have learned that they are wasting their money in endeavoring to divide the solid South.

Yesterday morning we heard from Mr. Hoover. He declared he was not a candidate for the Republican nomination. "But", said Mr. Hoover—and when a man says "but" that is where the trouble begins—"But", said Mr. Hoover, "it is significant that almost three-fourths of the delegates to the convention are uninstructed and these splendid men and women have no purpose other than to select the best man to serve the Nation in the greatest crisis it has confronted in two generations."

Now, if that isn't a fine appeal to the uninstructed delegates, I never heard one. He is wrong. The greatest crisis that has confronted the country in two generations was the crisis for which he was responsible and which culminated in the closing days of his administration. The large percentage of uninstructed delegates to the Republican convention is due simply to the crisis in the Republican Party. Never in the last two generations has that great political party been so lacking in leadership. This large percentage of delegates is uninstructed because the Republicans do not know for whom they should instruct their delegates to vote.

Every Democrat has just as much right to criticize our Democratic President as I have to praise him. When a party comes into power at a time and under such circumstances as those which faced us in 1933 it was inevitable that we would be forced to do many things as to the wisdom of which men might justly differ. Though I have participated in what has been done by the Congress, I do not approve of every law that has been enacted, nor have I been in accord with every view and act of the President. If today he has any regard for me, I believe it is due in great measure to the fact that when I disagree with him I tell him so; and I and every other Member of the Senate or House have ever found him willing to hear and consider our views. However, we must recognize that no administration can be judged by any one law, nor can a President be judged by his views upon any one question. The record of a Congress or of a President must be judged as a whole. The spirit of Democracy is that we fight our battles within the party and abide by the will of the majority. My earnest hope is that when this convention has spoken and the national convention has spoken those honest and sincere Democrats who have criticized the administration because of some one or two measures will, after consdering the record as a whole, determine to wholeheartedly support the nominee of their party.

But, my friends, no man can be neutral. As a citizen, he has a duty to perform. He is either for us or against us. If, after the convention has spoken, a man who calls himself a Democrat, intends to criticize the nominee of the Democratic Party and the Democratic administration; if he intends to befoul his own nest and give aid and comfort to the enemy, then he should have the courage of his convictions and "take a walk." However, when he starts walking, he should know where he is going. This year there are going to be no "Hoovercrats" and no other kind of "crats" except Democrats. If a man determines to leave the house of his fathers and start walking, he will find no resting place until he nestles in the arms of Joe Tolbert and his gang of patriots.

In politics, we have heard much of the friends of the working men. I want to see how many friends there are of these "walking men." To the end that we may know the sentiment of South Carolina Democrats, I hope this convention will consider a resolution unqualifiedly endorsing the administration, and pledging the delegates of South Carolina to support the renomination of Franklin D. Roosevelt. If in the convention there are those who favor other candidates, I hope they will offer a substitute resolution. Then, I hope there will be a standing vote. I have no doubt about the result. I hope the press will announce that result so that the people of the Nation may know that the few newspapers and individuals in South Carolina who have for 3 years, day after day, and week after week, denounced the President of the United States and the Democratic administration, do not represent the true sentiment of our people; that South Carolina, the strongest Democratic State in the Union, remains true to the Democratic Party and remains loyal to Franklin D. Roosevelt.

THE ADMINISTRATION'S AGRICULTURAL ACHIEVEMENTS—ADDRESS BY SENATOR BULOW

Mr. GUFFEY. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the Senator from South Dakota [Mr. BULOW] on May 22, 1936, on the subject of the Administration's Agricultural Achievements.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Most of my life has been devoted to wrestling with agriculture problems, and therefore I am more interested in farm conditions than any other. When the farmers of the Nation are in a healthy and thriving condition the people of the Nation thrive, and this thrift is Nation-wide and not confined to farming localities. When the farmer is down and out no one thrives. The effort that the Roosevelt administration has made to be helpful to agriculture has no parallel in American history. The vision of President Roosevelt with respect to agriculture, the basic industry of our Nation, goes far beyond that of any other President. The fact that the Nation depends upon those citizens who are engaged in the production of grains, fibers, and meats has been taken as a matter of course, and perhaps because of the fact that most of the citizenry of this country were engaged in these enterprises, it might be said that this was everyone's business and therefore no one's business, and therefore no prior administration made a sympathetic study of the farmer's problem.

It may seem paradoxial to say that when Mr. Roosevelt became President not only the farmers of the country, but also those engaged in other industrial pursuits, were starving in a land of plenty; yet that was a fact. The farmer for some years had not received cost of production for the food that he produced to feed the Nation, and this situation could not continue. The farmer who produces the food that keeps the Nation alive must have cost of production plus a profit.

The Roosevelt plus-profit program was inaugurated to bring this about and the 3 years of this administration reflect a most gratifying result. The work, though showing splendid results, is not ended; the job is not complete but a good beginning has been made and agriculture sees the dawn of a grander day. The time on this occasion does not even permit a full reference to the many activities of this administration—agricultural achievements in behalf of those who till the soil, but the sum total of these achievements are realized by everyone and point with an unerring finger to a star of hope. The critics of the administration do not condemn the agricultural program as a whole but pick out specific things and say this, that, or the other thing was wrong, even though the medicine prescribed cured the patient; yet the medicine prescribed was the wrong medicine, so they say, but they write no prescription of their own. The farm problem is as big as the Nation and the Roosevelt vision is not focused on one locality to the exclusion of others but is a Nation-wide view taking in the entire national picture in which every one is reflected. A nation as large as ours has conflicting interests and different views that must be harmonized and blended into a harmonious whole. A program that is beneficial to some sections of the country is not so beneficial, in fact may be harmful to other sections, and it becomes the duty of an administration in guiding our national destiny to harmonize these conflicting interests as much as possible into a program of national welfare affecting all of our people and making all classes subservient to the general welfare.

The present administration is making a more conscientious attempt to do this than has ever heretofore been made in the history of our Republic. To give you an illustration and a concrete example of conflict between a local and a national view, let me say that at the present time I am receiving complaints from the people of South Dakota, the State I have the honor to represent in part in the Senate, against importations into this country from Canada under the reciprocal trade agreement. It is difficult for our people to reconcile the policy of curtailing home production of grain and meats and permitting importations from foreign countries. The people of my State feel some objection to a Federal program that provides for a reduction in home production of grain and meats and then permits the importation of wheat and beef from Canada. Representing the people of my State and having only the picture of South Dakota in mind, I share in their objections and from the viewpoint of my State it is hard to reconcile the two propositions. But that is a local and State view and not a national picture. My State is basically agricultural and we exchange our products for the products of industry of other States and foreign nations. We are interested in exchanging our products with the people of sister States and foreign nations. The ideal situation to us would be if we could market our surplus products in jurisdictions outside of our State upon our own terms and without competition in these outside jurisdictions as to the products that we produce but that is not the way trade negotiations are conducted. It takes two agreeing minds to make a trade among individuals and the same rule maintains among nations. If I want to trade with my neighbor, I must accept something that he has in return for the horse I trade him.

If we want to sell our automobiles and other products of industry to the Canadians, we must accept something that the Canadians have in return, and whatever that something is, on account of the diversified industries of our country, it of necessity will be stepping on somebody's toes and be objectionable to someone. I do not like the importation of wheat and beef from Canada or from anywhere else in competition with the people from my State, but I do not subscribe to the fear expressed by the critics of the administration and of the New Deal that those importations are going to ruin us. In exchange for these importations we are expecting to export an equal amount of some of our national products. The law of trade balance must govern and, over a period of time, exports and imports must balance.

Neither am I alarmed at the comparative figures constantly quoted by the critics of the administration as to the amount of imports in 1936, compared to a similar period in 1932, before the New Deal came into existence. In 1932, before we had the New Deal, we did not import very much from Canada nor from anywhere else, because nobody had any money to buy imports. Our people could not even sell their home products. There was no market. We were all starving to death in a land of plenty. The New Deal has changed this picture. Let me suggest to those who are constantly lambasting the administration's whole agricultural policy, that they reflect on agriculture's condition before the advent of the New Deal. I don't believe any thinking American willingly wants to go back to those terrifying days of prior administrations.

As before indicated, I hold no particular brief for the so-called Canadian reciprocal treaty, and I regret the importations of wheat and beef in competition with the people of my State, and I wish that the situation might be otherwise. I wish that we might be able to make a treaty not only with Canada but with all the other nations, by the terms of which Canada and these other nations would agree to buy everything that we had to sell at a price we demanded without our agreeing to buy anything from them in return. But that manifestly cannot be done. That would be an ideal treaty from our viewpoint, but even that kind of a treaty would not meet with the approval of some of the critics of the New Deal.

Let us not become too much exercised or too much alarmed about this treaty with Canada ruining the agricultural interests of this country. A careful reading of the treaty provisions will disclose to the fair-minded person that it is not a one-sided affair and that the benefits that this country will derive at least will equal the benefits derived therefrom by the Canadian people. The agreed fixed quotas will prevent any form of dumping, and we ought not to get too much alarmed until we really are hurt. Even if it should be conceded that this treaty was not in the best interest of some agricultural States, it will not be of major importance but minor when we survey the entire administration agricultural achievements as brought about by the entire New Deal program in saving not only the farming industry but the entire national economic structure from total wreckage.

After all, the farmer is far better off under the New Deal selling wheat at a dollar a bushel and beef cattle for 10 cents a pound against this so-called Canadian competition than to be selling wheat for 30 cents a bushel and beef for 3 cents per pound under the "old deal" without such competition.

THE UNITED STATES SUPREME COURT—ADDRESS BY GOVERNOR OLSON

Mr. WHEELER. Mr. President, I ask leave to have printed in the RECORD an address delivered by Governor Olson, of Minnesota, before the Farmer-Labor State convention at St. Paul, Minn., March 27, 1936, relative to the United States Supreme Court.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From the Minnesota Leader of Apr. 4, 1936]

OLSON RAPS SUPREME COURT "USURPATION"—ADDRESS BY GOV. FLOYD B. OLSON, OF MINNESOTA, BEFORE THE FARMER-LABOR STATE CONVENTION AT ST. PAUL, MINN., MARCH 27, 1936

A tremendous and concerted effort is being made by those who champion the perpetual continuation of the present social and economic system to place a halo around the members of the Supreme Court of the United States and to create an impression that the members of that Court and the inferior Federal courts are supermen who sit like all-wise oracles upon the top of some imaginary Mount Olympus, unaffected and uninfluenced by the hopes, aspirations, and prejudices of the more common mortals who inhabit the valleys of the earth.

CRITICISM OF COURT

Added to this endeavor is the further endeavor to place those who criticize the Court in the position of dangerous enemies of the Nation and its continued existence. If one were to believe these contentions, one would conclude that today is the first time when the Court has been the subject of criticism by the people of the United States. Before undertaking an analysis of the Supreme Court and its members and a criticism of its conduct, let us consult the history of the United States and see whether or not this allegedly sacrosanct body has ever before been attacked because of its conduct and if ever before its motives have been impugned.

When we consult history we find a long list of distinguished Americans who have inveighed against the tribunal in language far more critical and bordering more upon invective than any language used during the present time in criticizing the Court. I call the roll:

Following the decision of the Supreme Court in *Marbury* v. *Madison*, where it assumed the powers to nullify acts of Congress upon the ground that they were not consistent with the Constitution, Thomas Jefferson, the author of the Declaration of Independence, and the outstanding champion in all American history of human rights and liberties, said: "But the opinion which gives the judges the right to decide what laws are constitutional and what not, not only for themselves in their own sphere of action but for the legislative and executive also in their spheres, would make the judiciary a despotic branch." So impressive was the stern criticism of Jefferson that it held the Supreme Court of the United States in check for some 55 years, during which time it did not undertake to nullify any act of Congress.

RAPPED BY G. O. P. PAPER

What did the Republican Party of the United States, which is now endeavoring to picture the Supreme Court as the holy of holies, say in the past about that Court? After the Dred Scott decision, in which the right of Congress to abolish slavery in the Territories was set aside by the Supreme Court, the outstanding newspaper spokesman of that party, the New York Tribune, said:

"The long-trumpeted decision having been held over from last year in order not too flagrantly to alarm and exasperate the free States on the eve of an important Presidential election is entitled to just so much moral weight as would be the judgment of a majority congregated in any Washington barroom. It is a dictum prescribed by the stump to the bench."

It further said:

"The vote stood 7 to 2, the 5 slaveholders and 2 doughfaces making up the 7."

COURT OF INJUSTICE

The New York Independent, another Republican newspaper, in an editorial headed "The decision of the Supreme Court is the moral assassination of a race and cannot be obeyed", said:

"The moment the supreme judicial court becomes a court of injustice, a court to carry schemes of oppression against classes of men by forced constructions of the Constitution, that moment its claim to obedience ceases. The moment it becomes the court of a political party and not of the United States, and promulgates falsehoods, that moment its decisions cease to be binding and impeachment, not obedience, belongs to it. The decision is a deliberate iniquity. It is not a mistake, but it is a deliberate, willful perversion for a particular purpose, and that purpose the sanction and perpetuity of human slavery. If the people obey this decision they disobey God."

The Republican Legislature of Maine adopted a resolution stating "that the extrajudicial opinion of the Supreme Court in the case of Dred Scott is not binding in law or conscience upon the Government or citizens of the United States."

The foregoing quoted language not only denoted wanton disrespect for the decision of the Supreme Court and for its members, but it actually counseled rebellion against the mandates of that Court.

The great Abraham Lincoln commenting upon the decision said: "If the policy of the Government upon vital questions affecting the whole people is to be irrevocably fixed by the decisions of the Supreme Court the instant they are made in ordinary litigation between parties in personal actions, the people have ceased to be their own rulers, having to that extent practically resigned their Government into the hands of that eminent tribunal."

The Democratic Party in 1895 and 1896 did not hesitate to use similar language in denouncing the decision of the Supreme Court declaring the Federal income-tax law unconstitutional by a vote of 5 to 4. Many years before the Supreme Court had held such a law constitutional—in fact, in the original decision in 1895, the vote was 5 to 4 in favor of the constitutionality of the income-tax law, but upon reargument, one judge changed his mind and his vote, with the resultant unconstitutionality of the law.

Theodore Roosevelt repeatedly attacked the assumptions of power by the Supreme Court and advocated the overruling of judicial decisions on constitutional questions by recall.

Even though history did not inform us of the repeated criticisms of the Supreme Court in the past, the exercise of our constitutional right of free speech and the upholding of the principle that the people are sovereign, and not the Court, not only justifies, but demands that criticism shall be made of that body for its exercise of powers in a manner contrary to the principles of a democracy.

"It is not my purpose here to denounce the Court nor even to approach the use of language similar to that used upon occasions in the past by critics of the Court. While I dispute the constitutional right of the Supreme Court to nullify acts of Congress, I am willing to assume that because of its exercise of that power over a long period of years that power has become imbedded in our American system of government and I accept it as such. It is not the jurisdiction of the Court that I challenge here, but its use of its jurisdiction."

A TRIBUNAL OF MEN

The claim that this tribunal is one merely of powers is erroneous. It is fundamentally and essentially a tribunal of men. Those men are not supermen. Providence has not gifted them with any capacities foreign to other men. They are subject to the same prejudices and passions and the same influences as other men. Acting as men in the interpretation of the Constitution with reference to legislative acts designed to change the social and economic status of the people of a State or of the Nation, they determine the constitutionality of that legislation not from anything that appears in the written Constitution but from their own ideas as to whether or not the legislation is wise and proper.

My contention is proven beyond a reasonable doubt by the very fact that the men who sit upon that Court continually disagree as to the interpretation of the Constitution with reference to social and economic legislation.

DISPUTES JUSTICES' CLAIMS

These men, acting as such, have sought continually to implant in the minds of the people the idea that their decisions are determined entirely from a reading of the written Constitution of the United States. For example, the claim of Justice Roberts in the A. A. A. decision that the Court lays the law beside the Constitution and determines whether or not the law squares with the Constitution is mere legalistic hypocrisy, because there is no living being who can place a law effecting social and economic change alongside the Constitution and find any definite statement in the Constitution authorizing or forbidding that law.

Can Justice Roberts find any reference in the Constitution to the control of agricultural production? Of course not. The Constitution is a document written in general terms, and, while it is easy for its readers to determine that the use of the word "two" in specifying the number of Senators from each State means two, when the reader comes to words and phrases such as "reasonable", "persons", "property", "necessary and proper", "due process of law", privileges and immunities", the Constitution has, as one judge very aptly said, "a convenient vagueness." Not even the Court has ever undertaken to define those terms in an all-inclusive definition.

JUDGE'S VIEW REFLECTED

The phrase "necessary and proper" means to the reading judge what he thinks it ought to mean in the light of his own viewpoint of life, and of social and economic conditions. So with

"due process of law." What is "property"? What emphasis should be laid upon the word "property" in the Constitution when property rights come into conflict with the rights to life, liberty, and the pursuit of happiness? Which is the end to be attained in our system of government—life and liberty, or property? Is property a means to the end that we may have life, liberty, and the pursuit of happiness, or is it an end in itself to which life, liberty, and the pursuit of happiness must yield? What is a "person?" The Court says it includes corporations, but the Constitution does not so state.

These are but a few of the innumerable questions arising in the interpretation of the written constitution. When a judge undertakes to interpret words of general import in the Constitution, can he do other than interpret them in the light of his own convictions and his own experiences? In other words, in interpreting the Constitution he interprets it not from the lessons of law, but from the lessons of life; and when he does so, of necessity, and because he is a mere human being, he interprets legislation in the light of what he believes to be wise and proper. If he be conservative in his thoughts he will interpret the Constitution from a conservative social and economic viewpoint; if liberal, from a liberal viewpoint. In fact, that has been the history of the decisions of the Supreme Court of the United States.

CHARGES CONSERVATIVE BIAS

If we examine the decisions of that Court we find conclusively that it has interpreted legislation, State and National, not only with a conservative viewpoint, but with a conservative bias.

The Supreme Court set aside the so-called A. A. A. legislation upon the ground that the powers undertaken to be exercised therein by Congress were powers held exclusively by the States. Many of my listeners would join with me in challenging the wisdom of the Agricultural Adjustment Act, but the wisdom of the act is none of the business of the Supreme Court.

CITES NORTH DAKOTA CASE

In the case of the North Dakota Grain Grading and Inspection Act decided in 1922, the Supreme Court of the United States took a position diametrically opposite to the one taken in the A. A. A. case. And curiously enough, the vote in both cases was the same—6 to 3. In 1919 the legislature of North Dakota undertook to stop the systematic defrauding of farmers in the purchase of their grain in North Dakota by establishing a State system of licensing, and of inspection, grading and weighing, and by requiring a purchaser of grain either to pay separately for the dockage on the grain, or to return the same to the farmer.

The Court held that because most of the wheat in North Dakota was shipped in interstate commerce, the law was a burden upon interstate commerce and therefore beyond the power of the legislature of North Dakota to enact. What is true of wheat in North Dakota is true of wheat all over the United States, and what is true of wheat all over the United States is true of every other basic agricultural commodity; that is, that the bulk of that commodity produced within a State is shipped beyond the borders of the producing State.

FOR FAIR PRODUCTION PRICE

The only way to regulate production or to undertake to provide a fair price for the producer of agricultural commodities is by the exercise of the taxing power or by other regulations. Under the A. A. A. decision, the Supreme Court said that the power of regulating production was exclusively one to be used by the States. Under the North Dakota grain decision, it said in substance that every attempt by a State to regulate the production and sale of agricultural commodities constituted a burden upon interstate commerce and was beyond the powers of the States.

And so in the A. A. A. case the astute members of the majority undertook to nullify the act of Congress by asserting a right exclusively enjoyable by the States, which right the Supreme Court of the United States had already taken away from the States.

A conservative majority has continually interpreted the Constitution with respect to social and economic legislation so as to favor the rights of property as against the rights of the human being. I do not charge that they have been corrupt in so doing. I do charge that they have so held because that is their social and economic conception of what should be in this Nation.

The Congress of the United States declared that all combinations and trusts in restraint of trade were unlawful and criminal. The Supreme Court of the United States in an adroit opinion of a divided Court, held in substance that there were good trusts and bad trusts, and that the good trusts were not subject to the sanctions of the Sherman Act.

COURT MAKING LAW

That was not interpretation of a law. That was lawmaking. That was for the benefit of monopoly. On the other hand, they read into the Sherman Act an interpretation that labor unions engaged collectively in a strike were operating in restraint of trade and in violation of the Sherman antitrust law. That was more lawmaking, but this time it was against the human right of collective action by human beings seeking to attain a better standard of living through better wages and through better working conditions.

GENERAL-WELFARE CLAUSE

In the Lochner case the Supreme Court held that the State of New York had no right to limit the working hours in bake shops to 60 hours per week because it interfered with the free opportunity of contract. There is nothing in the Constitution about wages or working hours, but there is a general-welfare clause, which the Court could have applied with greater force in sustaining the law.

The Supreme Court has laid the cold hand of despair not only upon State legislation tending to benefit cooperative enterprise, as in the Frost cotton-gin case, and upon protection of the consumer in the Nebraska bread-labeling case, and in the Oklahoma ice case, but it has sought to perpetuate the institution of child labor by nullifying an act of Congress forbidding the shipment in interstate commerce of goods manufactured within a State through the labor of children.

Just as in the Dred Scott decision it sought to perpetuate the institution of Negro slavery, so has it subsequently undertaken to perpetuate, insofar as its powers can so perpetuate, the institution of child slavery. Even beyond that, its decisions have tended to perpetuate the economic slavery of the producing groups of the United States.

It is of no avail for the champions of the Court to point to the fact that the acts of the legislatures of the several States pertaining to social and economic matters which have been set aside by the Court are comparatively few in number. It is not so much the number of those which have been set aside that is important. It is the great amount of legislation that never was passed by the legislatures which would have been passed were it not for these barriers that have been set up by the Supreme Court in a comparatively small number of cases in which it has held acts of State legislatures to be inconsistent with the Federal Constitution.

CONTRASTS DECISIONS

If anyone doubts the viewpoint of the present court with reference to the protection of property, he need but read the decision in the North Dakota tax case recently handed down, and contrast it with the decision in the Baltimore utility case made only a few years ago.

In the North Dakota tax case the majority opinion declared that the State of North Dakota, in valuing a railroad for the purpose of taxation was obliged to take into consideration the effect of the depression upon the reduction in valuation of its holdings, even though the railroad in North Dakota was taxed upon the same basis and under the same principles as every other citizen and corporation in the State. In the Baltimore utility case, the Supreme Court held that in determining the valuation of the utility for the purpose of fixing rates to be charged the public, that the local government could not take into consideration the effect of the depression upon the reduction in the valuation of the property of the utility.

LEGAL NO MAN'S LAND

By reason of the nullification of acts of Congress and the restraints placed upon the legislatures of the several States in their endeavors to promote the welfare of the citizens of this Nation, the Supreme Court has created a legalistic no man's land within the boundaries of which no representative institution of the people of this country may trespass, because of the "no trespassing" and "no admittance" signs erected by the Supreme Court. Within that no man's land of legal jurisprudence is found all the fundamental problems, all the social and economic oppressions, all the denials of the pursuit of happiness, to which the American people are now subject.

REMADE BY COURT

This situation has been created because the Court has remade the Constitution. The cry of the reactionaries that we "return to the Constitution" is as silly as would be futile our endeavors to so return if we desired. There is no constitution of the founding fathers to return to. It has been remade by the Supreme Court, sitting as a continuous constitutional convention.

Is it only the liberals and radicals of this Nation that so contend? Let us call the roll. Let us see what so-called respectable citizens have said about the exercise of its powers by the Supreme Court.

President Taft said, in substance, that the Constitution was being constantly remolded in the light of the interpretations of it by the Court.

The present Chief Justice Charles Evans Hughes, said:

"The Constitution is what the judges say it is."

And then we have the following statement: "The Supreme Court is a continuous constitutional convention" from none other than Mr. James Beck, counsel in chief of the Liberty League of America.

In addition to the mandates and dictates of the Supreme Court, we are confronted with a huge mass of decisions on the rights of citizens, and interpretations of State and Federal constitutions, by about 200 judicial satraps who preside over the inferior Federal courts. And all of these members of a judicial oligarchy, holding office for life, are operating and decreeing and dictating without any check whatsoever upon their actions by the people of the United States, either directly or through their representatives in the legislative and executive branches of the Government.

That any branch of the American Government should operate without any check whatsoever is contrary to the fundamental principles not only of the Government of the United States, but of any democracy. How then can we check the judiciary?

FOR CHECKS ON COURT

Some desire a check through a constitutional provision which shall require the votes of at least seven of the nine members of the Supreme Court in order to set aside an act of Congress. Some groups advocate a constitutional amendment which will provide that the decisions of the Supreme Court declaring an act of Congress unconstitutional may be overruled or vetoed by a vote of two-thirds of the Members of Congress.

As a means of checking autocratic power these proposals are worthy of great consideration, but one must not overlook the fact that with the potential growth of fascism in this Nation, we could conceivably have a Fascist-minded Congress which would pass sedition laws and other laws interfering with our civil liberties, and that it would be impossible to obtain seven votes on the Supreme Court to set aside those laws. Or if the other possible check be instituted, the sedition laws set aside by the Supreme Court might be reenacted by a two-thirds vote of a Fascist Congress.

It seems to me, therefore, that the most effective means of checking the despotism of the Federal judiciary is to adopt the same check with reference to them that is used by most of the States with reference to State judges—that is, a limited term of office rather than a life term of office.

I propose therefore an amendment to the Constitution of the United States which shall provide that members of the Supreme Court of the United States and its inferior courts shall hold office for a term not to exceed 10 years, and that they shall continue to be appointed by the President, with the advice and consent of the Senate.

It is difficult to determine the presence or lack of ability and the presence or absence of partisanship in a man when he is originally being proposed for appointment to the Federal bench, but after he has served any considerable period as a member of that bench it is not difficult to analyze his capacity and impartiality, or the lack of it. It has been difficult to prevent the original appointment of men who were allegedly biased in their viewpoints, but it has not been difficult to prevent the promotion of members of the Federal bench whose judicial conduct has disclosed a lack of fairness. I need but cite the cases of Parker, Wilkinson, and McIntosh to sustain the claim just made.

CONSTITUTION SILENT

And the proposal is not answered by claiming that it runs counter to the conclusions of the so-called founding fathers, because there is no convincing proof that the founding fathers, in conferring a life term upon members of the Federal judiciary, intended that that judiciary should exercise the power to nullify acts of Congress. In fact, the Constitution itself, in which that power must be found, is absolutely silent on the subject.

And the proposal is not answered by the claim that we would thereby deprive the Federal judiciary of its independence, because independence without check is the equivalent of dictatorship. There is no branch of the American Government that can be absolutely independent of the people, unless we cast aside the fundamental doctrine of popular sovereignty which is the very basis of the American form of government.

STATE JUDGES' TERMS LIMITED

And to challenge the proposal upon the ground that it would subject the members of the Federal judiciary who are subject to reappointment, to outside influence, is to insult the integrity and fairness of every State judge in the State of Minnesota and in all the other States where they are appointed and elected for a definite term of years.

If we appoint them for a definite term, the people will have a check upon them by being able to protest when their terms expire and they are proposed for reappointment.

To fail to take steps to curb the ever-increasing domination of the Federal Court over our Government and our lives is to resign ourselves to the dictatorship of a tribunal having all the attributes of kingship except hereditary succession, and possessing greater powers than any king.

WOMEN'S BUYING POWER—KEY TO RECOVERY

Mr. WHEELER. Mr. President, on Wednesday, May 20, 1936, Hon. I. M. Ornburn, secretary-treasurer of the union-label-trades department of the American Federation of Labor, and Hon. John M. Baer, former Representative from North Dakota, engaged in a dialogue discussion on the subject of the Union Label over the national network of the National Broadcasting Co. Mr. Ornburn is an authority on the subject, and I believe all the Members of the Senate will undoubtedly wish to read this brief discussion. I ask unanimous consent that the discussion may be printed in the CONGRESSIONAL RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Mr. BAER. In leading up to the principal topic of this discussion, I shall ask Mr. Ornburn a few questions, the answers to which, I believe, will give us an important background to his final conclusions.

Mr. Ornburn has always been an ardent advocate of union-label goods and union services. He also has taken a firm American position by consistently urging the buying public to purchase domestic-made goods in preference to foreign-made products. He holds that just so long as one American worker is out of a job American money should be spent for the merchandise of our own industries instead of sending it abroad to buy goods of European and oriental nations.

This problem of foreign buying concerns not only organized labor but it is one that should concern every citizen who works for a living, as well as the taxpayers who are footing the bill for taking care of the 20,000,000 persons now on relief.

It gives me great pleasure to introduce Mr. I. M. Ornburn, one of America's outstanding labor leaders and advocates of "America first." Mr. Ornburn, how can we increase the purchasing power of the masses of the people?

Mr. ORNBURN. There is only one way. It is to increase wages. Wages can best be increased through organization of workers into labor unions. Organized labor has been the single force in raising wage standards in America. The so-called white-collar workers, as well as the unskilled laborers, would still be working long hours for a dollar a day if it were not for the collective efforts of members of labor unions.

The State and National Governments in some instances have set minimum wages, but they have always been initiated through the efforts of labor unions.

Congressman CONNERY, an ardent supporter of union labor, recently wrote into the Works Progress Administration appropriation bill a provision which will require that prevailing wages be paid on Federal relief projects. Such action forces the Federal Government to pay the union scale of wages. Uncle Sam should set an example for private employers by paying the highest wages.

Mr. BAER. How can we obtain employment for the 12,000,000 jobless workers?

Mr. ORNBURN. The only answer is to shorten working hours. Here again the organized-labor movement has been the greatest factor in decreasing the workday and workweek for unorganized workers as well as for union men. Working hours can be written into the contracts between private industry and labor unions.

The productive power of the worker through the use of machinery has increased faster than his buying power. That is the cause of increasing unemployment. There is nothing so disheartening as to see an honest man, willing to work, but unable to obtain a job that will keep his family in ordinary comfort.

Mr. BAER. How can workers safeguard the wages and hours obtained through collective bargaining by labor unions?

Mr. ORNBURN. Organized workers can maintain American labor standards only by buying their own products. These products bear the union label, which is a guaranty that they are union made and it is also the best assurance that they are American made.

Mr. BAER. What is the key to recovery, Mr. Ornburn?

Mr. ORNBURN. The women's buying power, which is estimated at about four-fifths of the wage earner's income, is the key to recovery.

Mr. BAER. Are the women members of the labor unionist's family organized?

Mr. ORNBURN. Yes, indeed; wives of labor unionists have formed women's auxiliaries to the various national and international labor unions of the American Federation of Labor, and also the standard railway brotherhoods. Just last month representatives of the various women's auxiliaries met in Washington and formed the American Federation of Women's Auxiliaries of Labor. It is merely a coordination of the various women's auxiliary movements of American labor. It is destined to be one of the most powerful groups in America. There are now over 2,000,000 members of these ladies' unions, and the potential power of these women and their friends in the market place is greater than any other organized group of society.

Mr. BAER. How can the women help America to recover from this disastrous depression?

Mr. ORNBURN. I wish I were able to effectively emphasize the power that is in the purse of these women. They are able through their purchases for the ordinary household to revolutionize our entire industrial system. Many of these women, however, have come to realize that by patronizing only firms which display the union label, shop card, and button can they protect the wages, hours, and the jobs of their husbands. When the 7,000,000 wives of organized workers come to a full realization of their economic power and also urge their neighbors to buy union-label goods and patronize union services, then the industries of this country will be compelled to recognize the principles of collective bargaining. If firms do not recognize labor unions, which means higher wages, shorter hours, and better working conditions, then they will not be able to sell their products. I emphasize the women's auxiliaries because the members of these organizations are the wives and other members of the labor unionist's family and naturally will take a greater interest in his welfare. There are other women's organizations and also union-label leagues that have many women members. These ladies are doing splendid work for the union label at the present time. The combined membership of these women's organized groups will, I know, create a vast demand for union-label goods and union services within the next year. They know that it is the only way out. They know that the union label is constitutional, and therefore will not be hampered by decisions of our courts. They further know that only by patronizing the firms that recognize labor unions and display the union label, shop card, and button can they uphold American standards and protect the jobs of their breadwinners.

The union label trades department confidently announces that from now on the wives of the unionists will buy collectively in the same degree that their husbands bargain collectively.

Mr. BAER. Will the industries that become unionized receive any benefits from the display of the union label, Mr. Ornburn?

Mr. ORNBURN. Yes; there are mutual benefits to be derived from a labor-union agreement and the use of the union label. We have received numerous letters from large manufacturers who have

stated that they increased their sales immediately upon the display of the union label. Allow me to quote from a letter received from Rolland E. Friedman, president of the American Chemical & Cosmetic Co. of Indianapolis. Mr. Friedman says:

"We known that the fact that our products are union made and that our plant is 100 percent organized has been the reason for the tremendous demand for our barber supplies and cosmetics. This company has shown an average of 400-percent increase each month in its sales. It is due to the cooperation we have received from members of organized labor."

Mr. BAER. If we do not shorten working hours, what will be the result?

Mr. ORNBURN. With the increase in population and the use of machinery unemployment will grow to such an extent that half of the workers will be on doles.

Mr. BAER. Do you think that the union label alone will solve our economic problem?

Mr. ORNBURN. Yes; it will; because the union label is the emblem of a great cause. That cause stands for definite principles, which are higher wages, shorter hours, and greater social justice. One cannot divorce the union label from the labor-union movement. When all the remedies of organized labor are taken as a whole we find that it has set forth the only constructive program for solving our economic ills.

Mr. BAER. But what if these principles are not adopted by American industry?

Mr. ORNBURN. Then America will face a general panic, which will be far more severe than the so-called depression through which we are now passing.

If unemployment continues to increase and something permanent is not done to remedy it, I doubt if enough revenue can be raised by the Government to take care of the idle workers and their dependents. The great majority of unemployables normally supported by workers when they have employment at decent wages are also thrown on relief.

Merchandise and other commodities in themselves are not wealth. It is not until all consumers have sufficient buying power to purchase goods that they become wealth.

America must utilize every possible means to retain its position in the industrial world. We cannot retain our high standards of living if we do not cut off the competition of foreign manufacturers and give the masses of the people sufficient buying power to balance our consumption with our production.

Mr. BAER. What will happen if we do not shut out cheap foreign products?

Mr. ORNBURN. It will destroy American industry and increase our breadlines.

Mr. BAER. If the Federal Government does not eliminate the sweatshop and other unfair products in its own purchases, what will happen?

Mr. ORNBURN. It will destroy the labor conditions of American workers, because many industries point to the Government as a standard when promoting the general sale of their products.

America's wealth is not the gold in its vaults nor the savings in its banks. It is the goods and commodities that labor and farmers produce. When Americans buy foreign-manufactured goods and farm commodities they are increasing the wealth of other nations, creating a surplus at home, and thus decreasing our own wealth.

The purchasers of imported goods are supporting Hitlerism, fascism, and other "ismites" of foreign countries.

Since the Supreme Court has declared the new-deal acts unconstitutional, the only channel through which the American worker can obtain economic freedom is through labor unions.

I implore the workers of America to join a labor union of their own craft, and the wives of the workers to buy only union-label goods. This will do more to offset communism, on the one hand, and dictatorships, on the other, here in our own beloved land of America, than any other single remedy.

The union-label trades is a department of the American Federation of Labor and is the clearing house for information and publicity about union labels, shop cards, and working buttons. These emblems are authorized by the American Federation of Labor for labor unions that display insignia to designate their products or services.

For those who are not familiar with what I mean, the union label is a symbol which is displayed by means of a cloth or paper label, stamp, or other imprint upon products to indicate that they are made in unionized shops, factories, and other industrial establishments.

A shop card is a sign card which is displayed in the window or on the wall of all shops and business places whose employees are unionized.

Working buttons are similar to the insignia of lodges or fraternal orders and are worn in the same manner. The working button gives assurance that the services are rendered by a member of a labor union.

Many forward-looking businessmen have come to realize that increased purchasing power can be obtained only through increasing the income of the wage earner.

Mr. Lucius Tilley, Jr., president of the Rich Maid Manufacturing Co., of Richmond, Va., who, by the way, is a large manufacturer of union-made products, recently stated: "The only way that our Nation can recover is for American business to cooperate with the American Federation of Labor in raising the wages and reducing the hours of American workers."

We were greatly pleased with the response we received from our last broadcast over this national network. Thousands of letters asking for copies of the address and the Union Label Directory came in from all parts of the country. We were especially gratified to receive numerous requests from high-school and college students who desired to obtain information regarding organized labor and union-made products.

We also received requests from college professors who expressed a desire to make the union label a part of their course in economics.

We are anxious to have authentic facts about the American Federation of Labor and the union label, shop card, and button placed in every public library, high school, and university in this country. We prefer to have these facts go out from an official source rather than having distorted statements about organized labor sent out by the propaganda bureaus of the powerful monopolies antagonistic to organized labor.

No course in economics is complete without this information about the American Federation of Labor, which has been the principal factor in bringing about shorter hours, better wages, and more decent living conditions for the average worker.

Economics itself is the effort of man to obtain a living. Surely the effort of organized labor to obtain a better living for American workers is a very vital factor in the economics of our national life.

The union-label trades department is receiving encouraging reports from all parts of the Nation. Here is a message that we received today from the Union Label League of Alameda County in California:

"The demand for union-made products has jumped over 100 percent in the past 8 months, and reports reaching this office show that the merchants are being hard put to keep up with the demands made upon them, not only for the lines already carried but for new lines which have come into the market."

From the Austin Trades Council, of Austin, Tex., comes the encouraging report that—

"The Austin Trades Council is finally making organized labor felt in this community, and prospects look bright for a fast growth during this year. We have succeeded in getting interest created in a union-label league, and they are really working. They already have 200 signers to our pledge 'I promise to buy only from firms that display the union label, shop card, and button.' We have just started, but, believe me, we are going to start something."

From Barre, Vt., this message comes from Brother Cecil V. Crawford, secretary of the Vermont Federation of Labor:

"The labor movement in Vermont is taking a renewed interest in the union label, shop card, and button and any information that you could send us from time to time will be highly appreciated and used to advantage."

From John Burdoft, a merchant of Morgantown, W. Va., we received the following:

"I sell clothes, but I want to know where I can get the union-made lines, for I see where other stores are selling them. I am going to talk union-made every day."

In these new-deal days when the administration desires to have a certain bill passed in Congress, it is called "must" legislation. There are two measures that organized labor should like to see on the "must" list. One is the Walsh bill, which provides that any firm that sells any products to the United States Government shall maintain a fair labor standard in its industry. The other bill is the Black 30-hour-week measure.

Workers must register and vote to elect their friends and defeat their enemies. It is the only way to obtain Members of Congress who will support necessary labor laws.

There are some "musts" for workers in the economic, as well as the legislative field. They are absolutely indispensable if workers hope to retain their jobs, maintain the present wage scale, and uphold American standards.

Members of labor unions must spend their union-earned money for union-label goods and union services. Each day of the year organized workers spend $2,000,000. If this amount is not spent for their own products and their own services, their jobs will be scarcer and wages will be cut lower and lower.

Workers must organize into labor unions.

Workers must buy union-made goods and union services.

Workers must wake up before it is too late.

REGULATION OF COMMODITY EXCHANGES

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity-future exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes.

Mr. SMITH. Mr. President, I ask that the formal reading of the bill be dispensed with, that the bill be read for amendments, and that committee amendments be acted upon before individual amendments are offered and considered.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

Mr. SMITH. Mr. President, I think a preliminary statement is necessary. The bill involves a subject which developed before the committee and will probably develop on the

floor considerable discussion. There has been a unanimous sentiment in the committee that some regulations governing the great market places of the country are essential for the public welfare, essential for those who consume and essential for those who produce.

The Grain Futures Act, which is now the law and is now proposed to be amended by the pending bill, proved upon actual test to contain certain features of essential regulation which were insufficient and inoperative. A bill proposing to amend these shortcomings was introduced in the House, passed the House, came to the Senate, was referred to the proper committee, reported at the last session, and is now on the calendar. Certain interested parties wanted the bill discussed in the committee so their interests might be clearly understood by the committee. That privilege was granted without having the bill referred back to the committee. Members of a subcommittee heard the complaint or the suggestions of those interested in the grain features of the law. In pursuance of those suggestions extended hearings were held and the subcommittee recommended to the full committee certain changes which were approved by the full committee.

For 90 days hearings were held on the cotton-exchange feature. Certain flagrant abuses were made manifest. The time consumed in the hearings made it impossible for all Senators to acquaint themselves with what was brought out before the committee. The last session was a busy session of Congress.

Those who take the trouble to study the economic situation in our country recognize that the two great elements which enter into the welfare of our people are food and clothing. The West supplies the former and the South the latter, in great part.

There have grown up in the commodity futures exchanges abuses which must be regulated either voluntarily by the exchanges themselves or by the enactment of a law which expresses the will of Congress in reference thereto. After due deliberation, the committee this morning recommended certain amendments to the pending bill, the amendments pertaining to what is known as the Cotton Futures Act. It is proposed to add them to the pending bill, though they deal only with practices in cotton trading which are manifestly detrimental and unfair and which tend to burden and repress free and unlimited trading in this great commodity. To my great gratification, the committee this morning reported these amendments.

For the guidance of those who are listening to what I have to say about the matter, I remind them why we passed the Sherman antitrust law. It was because certain great aggregations of capital were preempting and dominating the markets. There was no such thing as the law of supply and demand being availed of without restriction and without interference. We either did the bidding of these dominant forces or we were destroyed if we attempted to enter into the market place.

Just the other day this body gave its approval to proposed anti-chain-store legislation. What was the basis of our action? It was that certain manufacturers sold their entire output to a few great aggregations of capital, so that the local markets were preempted by them and the small merchant had no chance whatever to enter into the retail mercantile business.

The Senate reached the conclusion that even if the consumer had to pay a little more it was of greater importance to let the local man have an opportunity to deal with his people than to have the whole business monopolized by a few gigantic organizations manufacturing the stuff and selling their entire output to a like organization which could distribute it.

Identically the same thing has occurred in the cotton business. The farmers of this country produce the raw material, and a few great concerns distribute it. The representative of one firm testified before the committee that at one time it had practically 2,500,000 bales of cotton at its disposal. Any man familiar with the business knows that, like the domination of a few in the grain exchange, this condition in the case of cotton has practically destroyed the market place. The only market place is in the minds of those who dominate the exchange, and their propaganda has been spread like a cloudburst on the Senate.

Men from the cotton States have said to me they could not agree to these amendments; that the cotton people were opposed to them. I am fortunate enough to have hundreds of unsolicited telegrams from the man in the field and the small man who wishes to do business locally stating that they are in favor of the cotton amendments in toto. Therefore, I desire to thank the members of the committee who heard the entire evidence and the members who did not, because this morning, when the amendments were read and explained, the committee gave them its endorsement.

Mr. President, as the consideration of the bill proceeds, if a debate should arise, I am going to take occasion to explain how I stand not only with reference to the grain features of the bill but with reference to other feaures which will be introduced from the floor; and since I not only produce cotton but have devoted almost my entire political life to trying to bring about a condition where the man who produces this indispensable article of universal human use may have a voice in its sale and distribution, I think I should be accorded the right to have this essential part of the bill considered with the same zeal and earnestness that the Senate considers the grain feature of the bill.

I know the propaganda which has been going on. I know that it has been said, "You may interfere with the manufacturers; you may interfere with the big dealers." I have no interest in any manufacturer or dealer other than seeing that the channels of trade shall not be obstructed by a vast accumulation of wealth, and an organization which spreads not only over North America but over South America and Europe. Two of these concerns have their organization in every market place in Europe, the Orient, South, Central, and North America. They dominate the market; they control the market; and today the cotton trade is absolutely moribund. The most anomalous condition exists.

Mr. President, with these preliminary remarks I think we may proceed to the consideration of the amendments dealing with grain, cotton, and potatoes; and if they shall be accepted, as a matter of course, time will be greatly conserved. The Senator from Iowa [Mr. MURPHY] has the grain amendments, and I shall be glad to have him offer them; and when they shall have been offered, or if the opportunity shall present itself in the interim, I shall offer in behalf of the committee the amendments I have sent to the desk.

Mr. MURPHY. Mr. President, the amendments I am offering on behalf of the committee are in two parts. The first part comprises amendments which are purely technical, and are suggested by the drafting clerk as necessary to perfect the measure. They are lying on the clerk's desk, and presumably are on the desks of Senators. There is no means of briefly differentiating between them. One set of amendments, however, comprises four pages, and the other set two pages. The amendments comprising two pages are purely technical, as I have stated; and unless the Senate desires to go over each one of them I shall offer them en bloc and ask for their approval.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. MURPHY. I yield to the Senator from Florida.

Mr. FLETCHER. Do the amendments appear in the printed copy of the bill as reported by the committee?

Mr. MURPHY. No, Mr. President; this is the House bill that we are considering, with amendments by the Senate committee in the bill before us, but which does not contain the amendments for which I am now asking consideration.

Mr. FLETCHER. I understand; but the Senate committee has reported the bill, with amendments in italics, beginning on page 27.

Mr. SMITH. Mr. President, if I may explain the situation, this bill has been on the calendar for some time. It is unchanged as it appeared on the calendar. The amendments which appear in italics in the print which lies on the Senator's desk have no relation whatever to the amendments

that are now to be offered, following the action of the committee. For instance, all of the amendments that pertain to cotton, beginning on page 27, are to be stricken out and replaced by the amendments which were acted on this morning by the committee, and are to be offered in lieu of all cotton amendments. The same thing is true of the grain amendments.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. MURPHY. I yield to the Senator from Arkansas.

Mr. ROBINSON. I think it is rather unfortunate that the Senate has had no opportunity to see these amendments. I do not refer particularly to the amendments proposed by the Senator from Iowa, but have in mind especially the cotton amendments. It seems, from the statement of the able chairman of the committee, that the amendments which the Senate is actually to be asked to consider were agreed on by the committee only this morning. Is that correct?

Mr. SMITH. Yes. They have been discussed, however, for several days.

Mr. ROBINSON. But the point is that while the bill has been pending on the calendar for almost a year, and while there have been hearings before the committee, the amendments which we are expected to pass on have been reported and have become available for the study of the Senate only this morning, and since the bill was made the special order. I do not know that anything can be done about it, but I do express the regret that there has been no opportunity to study the amendments.

This bill is technical in its terms. Since it was brought forward, there has been no explanation of its primary purposes. I remember that some weeks ago one of the Senators who is a member of the Committee on Agriculture and Forestry did take the floor and make a somewhat prolonged speech in explanation of the primary purposes of the measure. I think that ought to be done now. I do not wish, of course, to interfere with the procedure that is in progress; but before we are asked to vote on anything I think the Senate ought to understand what the bill is about and what abuses it is intended to correct, so that the Senate may have the opportunity of passing on the question whether or not the language employed is appropriate to the purposes in mind.

Mr. SMITH. I agree with the Senator.

Mr. ROBINSON. I have read the bill, and literally hundreds of pages of literature on the subject; and still my mind is somewhat in doubt as to the purposes of the proposed amendments. I do know that the courts have held that on account of the language in the original Grain Futures Act the penalties prescribed by the act are not applicable to offenses which have been completed; that in order to have a remedy against alleged evil practices, the practices must be in progress or in contemplation. That decision at first seems absurd; but when Senators read the language of the act they will see that the proscription is against what is taking place, and not against what has already occurred.

It is my understanding that one of the purposes of the pending bill is to change that, and to insert in the law language which will correct that discrepancy; namely, make the provisions of the law applicable to offenses which have already taken place, instead of limiting their application to transactions which are in progress.

Before this measure progresses far enough for the Senate to begin to vote on the amendments, I shall ask some member or members of the committee who have had opportunity of studying it to explain the intention and the purpose of the proposed legislation. After reading a great deal, I have come to a conclusion as to some of its features; but I am perfectly sure that those who are listening to me are in the same state of mind I have described. They do not know what the proposed legislation will accomplish. They recognize in a general way that there is a desire, and perhaps a necessity, for legislation of this character, but they do not understand how the errors in existing law are proposed to be corrected.

I thank the Senator from Iowa for yielding to me to make this statement.

Mr. SMITH. Mr. President, will the Senator from Iowa yield to me?

Mr. MURPHY. I yield.

Mr. CONNALLY. Mr. President, will the Senator from South Carolina yield to me to ask a question so that he may discuss what I have in mind?

Mr. SMITH. Mr. President, I wish to make just one statement in reference to what the Senator from Arkansas [Mr. ROBINSON], our leader, has said. I agree with him 100 percent that if an amendment, upon a reading of it, is not sufficiently clear, the Senator offering it should explain what is proposed to be done, so that the Senate may have a clear understanding of the purpose of the amendments.

Mr. CONNALLY. Mr. President——

Mr. MURPHY. I yield to the Senator from Texas, who desires to ask a question.

Mr. CONNALLY. If I may, I wish to supplement what the Senator from Arkansas has said to the Senator from South Carolina, and to suggest that one of the most important amendments, if not the most important, is that proposed by the committee striking cotton from the provisions of the bill as it passed the House. I should like to have someone who understands the subject explain that.

Mr. ROBINSON. Mr. President, I may say to the Senator from Texas that it is my understanding that that amendment is to be withdrawn; it is not to be voted on.

Mr. CONNALLY. I am glad to hear that.

Mr. ROBINSON. I understand that the cotton amendments which were reported by the committee this morning are in lieu of the amendments which appear in the first report of the committee bill.

Mr. CONNALLY. I thank the Senator from Arkansas. I have a copy of the amendments, and I tried to examine them in my office briefly; but those of us who have not had time to examine carefully the amendments which were presented only this morning were not in possession of the information which the Senator from Arkansas now conveys to us, to the effect that cotton is to be restored to the bill, and some new amendments are now presented for the first time. So I should like to have these amendments explained in detail before we swallow them in their entirety.

Mr. SMITH. They will be explained.

Mr. McNARY. Mr. President, I was unable to attend the meeting of the Committee on Agriculture and Forestry this morning, and I am curious to know whether, after the elimination of cotton from the original bill, the amendments now submitted by the Senator from South Carolina embody the views of those who are supporting the cotton amendment.

Mr. CONNALLY. Mr. President, I will say to the Senator from Oregon that, so far as my investigation has enabled me to comprehend what is proposed in the amendments, they do not represent the views of the junior Senator from Texas. I favor the House bill as it came to us.

Mr. McNARY. Let me ask the chairman of the committee whether the amendments proposed by the Senator from South Carolina, now on the desk, meet the views of his committee.

Mr. SMITH. They do, without a dissenting vote.

Mr. McNARY. Action was taken this morning?

Mr. SMITH. Action was taken this morning; and the amendments have been thoroughly discussed, modified, and finally whipped into this shape. They were read seriatim.

Mr. ROBINSON. Mr. President, may I ask, in that connection, in order to understand the actual endorsement the amendments have, what representation of the committee membership was present?

Mr. SMITH. Each amendment was read and explained.

Mr. ROBINSON. That is not what I mean. How many members of the committee were present participating in the action?

Mr. SMITH. Nine.

Mr. BORAH. Mr. President, will the Senator from Iowa yield to me?

Mr. MURPHY. I yield.

Mr. BORAH. Mr. President, I presume these amendments have just come to the desk. This is the first I have seen of them. What I should like to understand is whether any substantive change in the bill as it appears on the calendar is proposed before we reach page 27, where the cotton controversy arises.

Mr. MURPHY. There are some substantive changes, and there are some technical changes, and it is my purpose to discuss the substantive changes when they are reached. It is not my purpose, as to the amendments I am presenting on behalf of the committee, to touch cotton. That subject is separately dealt with in the amendments tendered by the Senator from South Carolina.

Mr. GEORGE. Mr. President, that was the point about which I wished to ask. Is it understood now that the committee amendment on page 2, which would eliminate cotton, is to be disagreed to?

Mr. MURPHY. Yes. The committee is not disturbing the inclusion of cotton as it appears in the House bill.

Mr. GEORGE. Is it understood that the committee amendment on page 27 of the bill I hold in my hand—and this is the only bill I have——

Mr. MURPHY. As to those amendments, I will say to the Senator from Georgia that a few moments ago the Senator from South Carolina stated that they will be withdrawn from the bill, and he has other amendments which he is offering this morning.

Mr. GEORGE. That is, that the entire section 13, beginning on page 27, is to be eliminated?

Mr. SMITH. That goes out.

Mr. GEORGE. The amendments on the desk to be proposed by the chairman of the committee are to be considered?

Mr. SMITH. Yes.

Mr. GEORGE. Those are the only ones relating to cotton which are to be considered?

Mr. SMITH. That is correct.

Mr. MURPHY. I should like to have the Senator from South Carolina confirm the statement I made to the Senator from Georgia, to wit, that it is unfortunate that the print before us is a print as amended, that what we intend for consideration is the House bill, and that the word "cotton" occurs in the House bill.

Mr. SMITH. Yes.

Mr. MURPHY. And that considering this measure we are assuming that the word "cotton", where it appears in line 9, page 2, as stricken out, shall be restored.

Mr. SMITH. That is correct.

Mr. GEORGE. I understand the situation. I thank the Senator.

Mr. MURPHY. Mr. President, with this explanation I recur to what I have referred to as the purely technical amendments, and I ask unanimous consent that they may be considered en bloc.

Mr. BORAH. Mr. President, when the Senator say "technical amendments", does he mean that they are corrections of the language or something of that kind?

Mr. MURPHY. I may say to the Senator from Idaho that they are suggested by the drafting clerk, and none of them is substantive.

Mr. BORAH. They are supposed to put the bill in better form?

Mr. MURPHY. That is my understanding.

Mr. BORAH. They seek to express the same purpose?

Mr. MURPHY. Just that.

Mr. FRAZIER. Mr. President, will the Senator from Iowa yield?

Mr. MURPHY. I yield.

Mr. FRAZIER. There is one amendment to which I seriously object, and I should like to have it voted on separately. I refer to the amendment striking out butter and eggs.

Mr. MURPHY. The Senator has confused my reference. Has the Senator the other group of amendments offered by me?

Mr. FRAZIER. The Senator's motion is as to the technical amendments?

Mr. MURPHY. Just that.

Mr. FRAZIER. Very well.

Mr. NORRIS. Mr. President, I believe the Senator's explanation to the Senator from North Dakota answers the question I had in mind. There are some committee amendments upon which members of the committee are divided.

Mr. MURPHY. Yes.

Mr. NORRIS. Never yet, so far as I can remember, have I heard of adopting a lot of amendments en bloc. I have no objection, if it is understood that they are the technical amendments which were submitted by the Department of Agriculture and agreed to unanimously by the committee.

Mr. MURPHY. That is what they are.

Mr. NORRIS. If the Senator includes only such amendments, of course I have no objection.

Mr. MURPHY. I ask for action on my motion.

The PRESIDENT pro tempore. The clerk will state the motion.

The LEGISLATIVE CLERK. It is moved that the Senate adopt en bloc the following amendments:

On page 1, line 3, before "title" insert "1934 ed.,".
On page 1, line 4, strike out "This" and in lieu thereof insert "That this".
On page 1, line 6, before "title" insert "1934 ed.,".
On page 2, lines 5 and 6, strike out "(U. S. C., title 7, sec. 2)" and in lieu thereof insert "(U. S. C., 1934 ed., title 7, secs. 2, 3, and 4)".
On page 2, line 18, before "title" insert "1934 ed.,".
On page 4, line 2, before "title" insert "1934 ed.,".
On page 4, line 11, before "title" insert "1934 ed.,".
On page 16, line 2, before "title" insert "1934 ed.,".
On page 16, line 15, before "title" insert "1934 ed.,".
On page 16, line 22, strike out "changed" and insert in lieu thereof "changes".
On page 19, line 17, before "title" insert "1934 ed.,".
On page 21, line 3, before "title" insert "1934 ed.,".
On page 22, line 2, before "title" insert "1934 ed.,".
On page 24, line 23, before "title" insert "1934 ed.,".
On page 26, line 14, before "title" insert "1934 ed.,".

The PRESIDENT pro tempore. The Senator from Iowa asks unanimous consent that the amendments be considered en bloc. Is there objection?

Mr. ROBINSON. Mr. President, it is my understanding that these amendments are merely corrective of the language in the bill.

Mr. MURPHY. That is my understanding. They are just as the drafting clerk gave them to me, and he suggested the necessity of having them in the measure.

Mr. ROBINSON. I, of course, have no objection to the disposition of these amendments; but my suggestion made a few minutes ago is renewed, that some Senator who is familiar with the bill and with its fundamental purposes undertake to explain it to the Senate before we attempt to pass on more substantial amendments. There is no objection to making corrections such as the proposed amendments seem to make of the language that is in the bill; but before we pass upon a point that is material there ought to be a general explanation of the measure.

Mr. McNARY. Mr. President, there is so much confusion in the Senate Chamber that I must confess I do not know the nature of the request made by the Senator from Iowa.

The PRESIDENT pro tempore. The Senator from Iowa asks unanimous consent to consider en bloc the several amendments which he has moved to adopt. Is there objection?

Mr. McNARY. I object. It is an unusual practice. I have not been able to determine the nature of the amendments of the Senator from Iowa. It is seldom that we attempt to act on a number of amendments en bloc. They may be wholly unrelated in their subject matter. Are they amendments which have been offered by the committee? Are they committee amendments in character?

Mr. MURPHY. I will say to the Senator from Oregon that it is my purpose to offer later the amendments which are substantive in their nature. They are printed separately.

Mr. NORRIS. Mr. President, I desire to join in the request of the Senator from Iowa. The present proceeding is an exceptional one. The request made by the Senator from Iowa is exceptional; but, as I understand his request, he has offered only amendments which do not change substantive portions of the bill and only amendments which were unanimously agreed to by the committee. As I understand, they are technical amendments changing a word here and there. I think he would have gotten through with the whole matter had he taken up the amendments separately.

Mr. McNARY. That may be so; but I observe that the amendments are technical in character. They are offered for the committee, and so they are really committee amendments?

Mr. NORRIS. Yes.

Mr. McNARY. That is a different matter.

The PRESIDENT pro tempore. Is there objection to considering the amendments en bloc?

Mr. McNARY. I object.

Mr. LEWIS. Mr. President, I desire information along the lines indicated by the able leader on this side of the Chamber, the Senator from Arkansas [Mr. ROBINSON]. I wish disclosure concerning certain matters.

The constituency known as the Board of Trade of Chicago—naturally, under the circumstances, a constituency of mine—is of the opinion that somewhere in the bill is a purposed injustice against its interests. I should like to ask the able Senator from Iowa, knowing he would be perfectly frank with me, whether any of the amendments alluded to do in their nature touch the business or the affairs, as he understands them to be, of the board of trade dealing with futures in the city of Chicago; if so, in what way do they affect them?

Mr. MURPHY. The bill as drawn is directed at the grain exchanges and commodity exchanges—the board of trade in Chicago no less than the boards of trade in other cities in the country. The proposed legislation has been the subject of discussion for a number of years. Two weeks ago the Senator from Idaho [Mr. POPE] made a speech which was printed in the RECORD in which he reviewed the purposes of the legislation. There is a report accompanying the House bill dated March 18, 1935, covering the provisions of the bill. Yielding to the request of the Senator from Arkansas for a general statement of the provisions of the bill as they relate to the commodity exchanges, while I myself am perfectly conversant with all its provisions and heartily favor the passage of the bill, nevertheless, as a courtesy to the Senator from Idaho, who is very deeply interested in the bill and who has already spoken upon it, I yield to him to set forth briefly the principles of the bill.

Mr. POPE. Mr. President, as the Senator from Iowa has said, about 2 weeks ago I attempted to point out the important features of this bill, which amends the original Grain Futures Act. That original act was passed in 1922 to regulate the various grain exchanges of the country. During the 12 years or more which have elapsed since that time certain practices have developed in trading on the grain exchanges which are thought to be injurious to the producers of and the traders in grain. The pending bill amends certain features of the original act.

The first section of the bill, which is section 2 in the print before the Senate, changes the word "grain" to "commodity." "Grain" was defined in the original act to include wheat, corn, oats, rye, flaxseed, and grain sorghums. The word "commodity" is defined in this bill to include those commodities and, in addition to them, cotton, rice, millfeeds, butter, and eggs. It can be seen that the only point in that section is the change in the word "grain" to "commodity", and the enlargement of the scope of commodities to be dealt with in futures on the grain exchanges.

With reference to that matter, when the bill came over from the House to the Senate the word "cotton" was in the bill and was one of the additional commodities provided for. In the original consideration given by the Committee on Agriculture and Forestry the word "cotton" was stricken out, as shown by the print on the desks of the Senators. Then at the end of the bill a long amendment relating to cotton was inserted. The Cotton Futures Act was amended as indicated by the italicized portion of the bill, which is on the desks of Senators. The bill was reported to the Senate and went to the calendar. There was a great deal of pressure upon the part of those interested in grain that the bill be passed. After that a hearing was had before a subcommittee of the Committee on Agriculture and Forestry, at which representatives of the grain exchanges, and particularly the board of trade in Chicago, were heard, and also representatives of those administering the Grain Futures Act, and those who are interested in having the bill passed.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. FRAZIER. Was the hearing before a subcommittee or a full committee?

Mr. POPE. The hearing was before the full committee. I stand corrected. However, a subcommittee which was appointed recommended certain amendments growing out of the hearing before the full committee. Later on a session of the full committee was had, and the amendments were adopted by the committee informally, because the bill was still on the calendar and was not formally before the Committee on Agriculture and Forestry. Those are the amendments which the Senator from Iowa is now offering and are the amendments which relate to the grain-futures part of the bill. They have nothing to do with the cotton amendment.

Some consideration was given from time to time of cotton amendments other than those in the printed form of the bill. Several sessions were held on that subject. No action was taken on the subject by the committee. The committee was called to meet several times, but the meeting was postponed until finally this morning the amendments referred to by the Senator from South Carolina [Mr. SMITH] were presented to the committee. A number of the members of the committee were present. I was present part of the time, but was unable even to read the amendments. However, the committee reported favorably upon the amendments of the Senator from South Carolina. The one who made the motion, as I recall, reserved the right to vote otherwise on the floor. I think that was the Senator from Nebraska [Mr. NORRIS].

Mr. SMITH. Mr. President, may I call the Senator's attention to the fact that the Senator from Nebraska stated that if upon the floor a showing was made that they were not as he understood them to be, then he reserved the right to vote otherwise than as he then voted. He also reserved the same right with regard to the other amendments. The chairman replied that he reserved the same right, not only as to the cotton amendments but as to the amendments affecting grain.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. WALSH. Are the amendments which were acted upon by the committee this morning different from the amendments appearing on page 27 of House bill 6772, proposing to amend the United States Cotton Futures Act?

Mr. POPE. Yes.

Mr. WALSH. So the Senate committee first acted on the amendments appearing on pages 27, 28, 29, 30, 31, and 32, proposing to amend the United States Cotton Futures Act, and this morning the committee proposed amendments to those amendments?

Mr. SMITH. No. I should like to make a statement in regard to that matter which should have been made in my introductory remarks. The intent of the committee is to strike from the bill the italicized cotton amendments and to substitute the amendments which were agreed upon this morning.

Mr. WALSH. Have they been printed?

Mr. SMITH. They have been printed and are available in that form.

Mr. BORAH. Mr. President, may I interrupt my colleague?

Mr. POPE. I yield to the senior Senator from Idaho.

Mr. BORAH. I do not want to urge the suggestion I am about to make, but, as we all know, this is a very technical bill. Is there anything engaging the attention of the Senate tomorrow which would make it inadvisable to consider the bill tomorrow after we have had time to take counsel as to the effect of these amendments, and so forth? We are now proceeding blindly.

Mr. SMITH. Mr. President, I think it would have been a good idea for someone who was thoroughly conversant with the intent and purpose of the original bill and the amendments to give a general statement, and then I think the Committee on Agriculture and Forestry of the Senate ought to be authorized to have a reprint of the bill as it is now proposed to amend it. Take the original text and wherever it is proposed to amend it print the amendments in italics, so that the Senate when it comes to consider them will have the original text and all the proposed amendments right before it. I think that ought to be done, and I think we would not lose any time if the committee were authorized to do that for the convenience of the Senate, so that the Senate might be advised.

Mr. ROBINSON. Mr. President, there can be no objection to a new print of the bill, but I wish to point out to the Senate the fact that this bill must either be disposed of within the next day or two or, in all probability, it cannot be acted upon during the present session. Once the Senate takes up the relief bill and the tax bill, we will be busy here all day and part of the nights.

I have moved to adjourn and recess the Senate day after day in order that the committees of this body might have an opportunity of considering the measures before them and of bringing in their reports. This bill has been on the calendar for almost a year, and on the very day when it is to be actually taken up for consideration, after it has been made the unfinished business, a group of new amendments are brought in.

My suggestion is that the Senate go ahead and discuss this bill and the purposes of the proposed legislation. We can discuss the amendments which will be proposed. The measure will not be disposed of today, and this evening an order may be made, if the Senator from South Carolina will so request, for a reprint of the bill, so that the amendments which are proposed today by the committee will be substituted for the amendments which were reported many months ago.

I shall object, under the circumstances, to recessing or adjourning the Senate at this time. We ought to go ahead. We should discuss the measure, and we can discuss the amendments. I shall not ask that a vote be taken on them today; but the result of taking a recess now or adjourning until tomorrow would be that we would then come in here with a new print on our desks in the morning—the print will not be made until tonight—and we would have the same situation tomorrow that we have now. Let the bill be reprinted now, for that matter, but let us go ahead and discuss the measure and discuss the amendments.

Mr. BORAH. Mr. President, I agree with the Senator from Arkansas that we ought to go ahead with the bill, but, so far as anyone is concerned outside of the members of the committee, the discussion will be very unintelligible if we have not time to read the amendments.

Mr. NORRIS. Mr. President, will the Senator from Iowa yield for a statement? I do not wish to take the Senator off the floor.

Mr. POPE. Mr. President, I have the floor.

Mr. MURPHY. I had the floor and yielded to the Senator from Idaho for a statement.

The PRESIDENT pro tempore. The Chair will state that the Senator from Idaho has the floor.

Mr. MURPHY. I yielded to the Senator from Idaho to make some remarks, but I did not yield the floor.

Mr. POPE. I now yield to the Senator from Nebraska.

Mr. NORRIS. As I understand, the Senator from Idaho has not the floor and he cannot yield.

The PRESIDENT pro tempore. The Senator from Idaho has the floor, and he yields to the Senator from Nebraska.

Mr. MURPHY. Mr. President——

Mr. POPE. I yield first to the Senator from Nebraska, and then I will yield to the Senator from Iowa.

Mr. MURPHY. I said that I would yield to the Senator from Idaho to make a statement in connection with this bill.

The PRESIDENT pro tempore. The Chair will say that the Senator cannot farm out the time, and when he yielded to the Senator from Idaho for a statement he yielded the floor.

Mr. POPE. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I hope the Senate will have a proper understanding of the parliamentary situation of this proposed legislation.

It is very important. It was reported to the House by the Committee on Agriculture of that body after extended hearings, and was passed by the House at the last session of Congress. It was brought to the Senate, reported by the committee, and placed on the calendar, where it has been for nearly a year. The cause of all this delay—and I am not going to complain about it; it arose in such a way that I do not think any complaint can be made—the cause of all this difficulty and this delay has been cotton. The grain men, so far as I know, are unanimously in favor of this proposed legislation. The Agricultural Department has been urging it. It is necessary that this grain exchange bill be passed at this session, because this is the last session of the present Congress, and, if the Congress shall adjourn without passing it, it will be necessary to start again at the next Congress; at any rate, it will be necessary for those who may be here at that time to start all over again. There is danger even now as to getting it into conference, and a dispute about cotton may endanger the entire grain provisions of the bill.

As to the amendments, some pertaining to grain, which came from the Agricultural Department in the ordinary routine, are technical in nature and have been approved by the committee. There has not been any division and no opposition, so far as I know, in the committee or from the Agricultural Department. The Chicago Board of Trade was opposed to this proposed legislation. They do not want it; they have fought it, as they have a right to do, I concede; but it is not right that all the grain farmers of America should have to suffer what they believe to be a legal wrong because there happens to be a dispute about cotton.

Why not go on with the bill; consider the technical amendments that will be offered in regard to grain—just a few of them—pass on them, and then take up the cotton amendments which the Senator from South Carolina, the chairman of the committee, will offer; debate them, discuss them, and vote them either up or down; so that this bill may go to conference and be ready for final disposition before the Congress shall adjourn?

Mr. BORAH. Mr. President, may I ask to interrupt my colleague again for a moment?

Mr. POPE. I yield to the senior Senator from Idaho.

Mr. BORAH. I wish to ask again, as I undertook to ask sometime ago, are there any amendments in the list of proposed amendments which have any substantial bearing with reference to the grain features of the bill?

Mr. POPE. I will say to my colleague there are two or three amendments, as I attempted to point out some few weeks ago in an address to the Senate, which are important. One has reference to the matter of margin deposits. Another has reference to the payment by federated grain cooperatives of certain remuneration to their regionals. Though not of great importance, they are of sufficient importance that the Secretary of Agriculture and the Grain Futures Administration thought them desirable in this bill.

Now, if I may go on——

Mr. NORRIS. Mr. President, may I say that, so far as I know, there is no dispute about those amendments.

Mr. POPE. There is none at all.

Mr. NORRIS. They are suggested by the Agricultural Department.

Mr. POPE. So far as the Committee on Agriculture and Forestry is concerned, and the Grain Futures Administration, the Secretary of Agriculture, and those who will have the administration of this bill, there is no dispute about them. There is, however, some opposition to various portions of the bill by the representatives of the grain exchanges, particularly the Chicago Board of Trade.

Mr. LEWIS. Mr. President——

Mr. POPE. I yield to the Senator from Illinois.

Mr. LEWIS. May I ask the Senator a question, if he will allow me to interrupt him, as I wish to refer to the observations of the Senator from Nebraska [Mr. NORRIS]? As I understood the senior Senator from Nebraska, he said there was no opposition from the grainmen to the bill. I assume that the able Senator meant the grain producers and not those who dispense the grain through the trade agencies. May I ask the Senator from Idaho, will he at some convenient moment disclose wherein the present bill changes the law as it exists as to regulations of the Agricultural Department or otherwise as affecting the board of trade, to which he alludes as the board of trade of Chicago? I am anxious to have their rights protected. I am anxious to have no law enacted which would perpetuate injustices, if they can be disclosed. If the Senator would be so kind as to let me know wherein these amendments, if adopted, would change the law as it previously existed and in what way the changes would operate, I should be under great obligations to him.

Mr. POPE. I was undertaking to do that. I had referred to the first change which this bill would make in the original Grain Futures Act, which would be to enlarge the scope of the act to include certain other commodities.

May I say with reference to the commodities included in the bill, which are proposed in an amendment to the original act, that there has been some difference of opinion as to whether butter and eggs should be included among the commodities. There is no question that there are dealings in butter and eggs futures on various exchanges. On the Chicago Mercantile Exchange futures are dealt in with reference to butter and eggs. But there is some difference of opinion among members of the committee and, I understand, among other Senators as to whether butter and eggs should be included in the bill.

I shall offer during the consideration of the bill an amendment to include potatoes as one of the commodities. The people of my State desire such an amendment. I have a letter from the Grain Futures Administration recommending that potatoes be included in the bill. The committee this morning unanimously voted to recommend that potatoes be included among the commodities covered by the bill.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. POPE. I yield.

Mr. NORRIS. The Senator has touched upon two amendments which are not fundamental. Whether butter and eggs go in or stay out, the bill ought to be considered and acted upon anyway. The same suggestion applies to potatoes. There may be some other items similar to those which are in dispute, but such amendments are not material; they are not technical. The Department of Agriculture is in a tentative attitude in reference to them. They are willing such commodities should be included in the bill, but they will not object if we leave them out.

Why not go on with the consideration of the bill, let the Senator from Iowa [Mr. MURPHY] offer the other amendments relating to the grain business, consider them, and vote as to whether we shall incorporate them in the bill? Then let us vote whether we shall include butter and eggs and whether we shall include potatoes. Let us settle those matters and then come to the cotton feature of the bill, which I understand those interested in cotton will take some time to discuss.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. POPE. I yield to the Senator from Iowa.

Mr. MURPHY. As suggested by the Senator from Nebraska [Mr. NORRIS], I stand ready to proceed with the amendments, but the Senator from Arkansas [Mr. ROBINSON] desired that committee amendments be first considered. For that purpose I yielded to the Senator from Idaho [Mr. POPE]. I did not think I yielded the floor. I thought I merely yielded to the Senator from Idaho until I was in position again to take up the amendments. Whenever the Senator from Idaho shall have concluded his explanation I shall be ready to proceed with the amendments which it is my intention to offer.

Mr. POPE. I had intended to state that one of the amendments of the Senator from Iowa deals with the matter of butter and eggs, and will come before the Senate for a vote in due course.

Mr. McNARY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Oregon?

Mr. POPE. Certainly.

Mr. McNARY. The bill about which the Senator is speaking and which we have before us for consideration, as it was reported by the committee does not contain the item of butter and eggs.

Mr. POPE. The Senator is correct.

Mr. McNARY. The Senator from Iowa has suggested that he intends to offer an amendment to exclude butter and eggs from the bill. I understood that the committee adopted an amendment to exclude butter and eggs. If that is the case, why not proceed with the bill? Why should the Senator from Iowa [Mr. MURPHY] be proposing now to exclude something from the bill which has heretofore been excluded by the committee?

Mr. POPE. As the bill came from the House it contained the item of butter and eggs. Sometime in August 1935 the committee acted and approved of leaving the item of butter and eggs in the bill. In other words, we did not strike that item from the bill. During the last few weeks the committee has acted informally and by a bare majority voted to strike the item of butter and eggs from the bill. That action is now in the form of an amendment which the Senator from Iowa will present in due time. As the committee originally acted on the bill which was reported on the calendar, the item of butter and eggs was left in the bill.

Mr. McNARY. Am I to understand the Senator from Idaho to state that while the committee had excluded butter and eggs, he is now pleading for an amendment which the Senator from Iowa will offer proposing to include them again?

Mr. POPE. I so understand. The bill was on the calendar and not before the committee, notwithstanding the fact that hearings were had sometime ago. Afterward the committee met and informally voted upon certain amendments which the Senator from Iowa [Mr. MURPHY] will present. As I understand, it means that the Senator from Iowa will present those amendments individually, but they have the informal support of the majority of the members of the Committee on Agriculture and Forestry. That, it seems to me, is an unusual way to proceed in this matter, but it is the procedure which was adopted by the committee in this instance.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. POPE. I yield to the Senator from Maryland.

Mr. TYDINGS. Am I to understand that the bill was placed on the calendar without the action of the committee?

Mr. POPE. No. The committee acted on the bill and reported it favorably with one or two amendments. It went to the calendar. Afterward there was a hearing on the bill before the committee; and the committee, without having the bill referred back to them, acted informally upon certain amendments which appeared to be desirable, growing out of that hearing.

Mr. TYDINGS. I cannot see how the committee had any authority to act on the bill after the committee had concluded its hearings, and the bill had been reported to the Senate and was placed on the calendar. If the committee

was going to reconsider the bill the obvious course was to take it off the calendar and have it recommitted to the committee. The amendments would not be committee amendments if they came in subsequent to the time the committee reported the bill and had it placed on the calendar.

Mr. POPE. I think the Senator is entirely correct. They are not committee amendments, but they are amendments which have received the approval of a majority of the committee acting informally, for whatever that may be worth.

Mr. SMITH. Mr. President——

Mr. POPE. I yield to the Senator from South Carolina.

Mr. SMITH. This point ought to be clearly understood. There was a suggestion that the bill be recommitted to the committee. There was opposition to that being done. Then the suggestion was made to leave the bill on the calendar and let the committee meet and consider and agree upon such amendments as in their judgment were germane and report the amendments to the Senate without the bill losing its place on the calendar. This is what has caused the confusion.

The committee were authorized to make certain recommendations as to amendments. Obviously the thing to do now is to authorize a reprint of the original bill, leaving out those things which were suggested to be left out, and incorporating in the proper places the amendments now proposed so that each Senator may have the bill before him with the original text and the amendments now proposed informally by the committee.

That is the confused situation arising from the mistake of not recommitting the bill to the committee. The committee met, acted, and made certain suggestions. If we are allowed to have a reprint of the bill, the measure in proper form will be here for the consideration of Senators.

Mr. POPE. Mr. President, I think when the bill is explained in detail—as I hope to do—and then the committee amendments are presented in the order in which they have been prepared, the matter will be clear to Members of this body and we can proceed to vote. I am attempting as I proceed with the explanation of the bill to point out where the amendments will appear, and perhaps I shall indicate the reasons for the amendments.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. WHEELER. I think the confusion comes about by referring to these as committee amendments. Strictly speaking they are not committee amendments. If they were committee amendments they would have been incorporated in the bill as the bill was originally reported.

Mr. POPE. Let me try again to make that clear. The only two amendments which the committee made to the bill were to strike out the word "cotton", on page 2, and to add a cotton amendment at the end of the bill. As the bill now stands on the calendar, those are the amendments which the committee made. All the amendments which have been referred to by the chairman of the committee [Mr. SMITH] and by the Senator from Iowa [Mr. MURPHY] are really individual amendments, but they do have the informal approval of the committee. They are not, however, actual committee amendments.

Mr. McNARY. Mr. President, I desire to make an inquiry. We are working under an agreement to consider, first, committee amendments. If it be true that the amendments to be offered by the Senator from Iowa [Mr. MURPHY] are simply individual amendments having informal endorsement, they would not come under the classification of committee amendments.

Mr. POPE. The Senator is entirely correct. They are not committee amendments; and the only two amendments that can be considered at this time, under the unanimous-consent agreement, as I understand, are those to which I have referred—the one striking out "cotton", on page 2, and the cotton amendment which appears at the end of the bill.

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. POPE. I yield to the Senator from Iowa.

Mr. MURPHY. While the amendments to which reference has been made by the chairman of the committee and myself are not technically committee amendments, nevertheless they express the mind of the committee.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The Senator will state it.

Mr. McNARY. I am advised by one distinguished Member of this body that the amendments in question are not committee amendments, and by another distinguished Member that they are. I should like to have a ruling on that point from the Chair. It becomes vital, because we have a unanimous-consent agreement to consider, first, committee amendments. If we follow out that procedure, we should take up the cotton amendment printed in the bill before we take up the butter-and-egg amendment.

The PRESIDING OFFICER. The Chair understands the parliamentary situation to be that the bill was originally reported with certain amendments recommended by the committee, and that thereafter, while it was still on the calendar, the committee approved certain other amendments which have been presented by the Senator from Iowa [Mr. MURPHY]. If the amendments presented by the Senator from Iowa have the approval of the committee, they have the same effect as committee amendments. The Chair, of course, is unable to state whether or not those amendments actually come here with the approval of the committee.

Mr. McNARY. I assume from the statement of the Chair that the decision is somewhat uncertain at this time.

The PRESIDING OFFICER. It cannot be otherwise until the Chair has a statement from the committee that these are committee amendments.

Mr. POPE. Mr. President, now I shall proceed. If there are those who are following the bill, I will say that in section 3 of the bill, subsection (b), there are certain definitions—a definition of a cooperative association, for instance, on page 2; a definition of a member of a contract market at the top of page 3; a definition of a futures commission merchant on page 3; a definition of a floor broker; and then, proceeding to section 4, there are certain technical amendments to the original Grain Futures Act. As I construe the amendments in section 4, they simply make more accurate the language, but do not change the meaning or effect of the original Grain Futures Act.

In section 5, a number of new amendments have been added which will interest the Senator from Illinois [Mr. LEWIS], who inquired a few minutes ago as to the effect of this bill upon the grain exchanges of the country. In section 4 (a), on page 4 of the bill, there is a provision giving to the Commodity Exchange Commission power to fix limits on future trading in these exchanges. It has developed within the past few years, since the original act was passed, that certain injurious practices grew up because of the fact that there was no limit on the amount of trading in futures; that, for instance, under that situation, Mr. Arthur Cutten, to whom I have referred, traded very largely in grain.

At one time he had as many as 7,000,000 bushels, I believe, of grain futures that he had purchased. He failed to report according to the regulations of the Grain Futures Administration, and charges were brought against him for failing to report as required by the original Grain Futures Act. His case went to the United States Supreme Court and was decided 3 or 4 days ago. In that case it was held by the circuit court of appeals and by the United States Supreme Court that because of the wording of the original Grain Futures Act, which was to the effect that when it is found that a trader on an exchange is violating the provisions of the act, he may be deprived of the privilege of trading on the exchange. The use of the present tense prevented a charge or a complaint for past offenses. It appeared from the complaint in the Cutten case that he had violated the law continuously for some 2 years before the complaint was filed, but was not violating it at the time the complaint was filed. Therefore it was held that he had not violated the act. In this bill there is a provision to correct that condition by

making past offenses, within a reasonable time, I assume, a basis for a complaint that would enable the Commodity Exchange Commission to deprive one of trading privileges on one of these exchanges.

Mr. CONNALLY. Mr. President——

Mr. POPE. I yield to the Senator from Texas.

Mr. CONNALLY. Of course, I assume that the narrow construction of that language by the court was because of the fact that they regarded it as a penal statute and construed it strictly as against the Government.

Mr. POPE. Yes. I put into the RECORD 2 or 3 days ago the decision of the Supreme Court, which was just to that effect. They said it was perfectly clear in the original statute that the present tense was used, and that past offenses, therefore, would not constitute offenses under the statute.

Mr. LEWIS. Mr. President——

Mr. POPE. I yield to the Senator from Illinois.

Mr. LEWIS. May I ask what was meant by the remark of the able Senator from Idaho with reference to a futures-trading commission? Have we a commission in this Government which exists under the law to pass upon the question of trading by boards of trade or exchanges?

Mr. POPE. Oh, yes. Under the original Grain Futures Act, there is what is called the Grain Futures Commission, which consisted of three Cabinet officers—the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General. They have certain powers given to them to regulate grain exchanges, to recognize them, and to permit them to act as contract markets under the law. All those powers were given to the Commission by the original act.

Mr. LEWIS. The Senator has referred to the case of Mr. Cutten, taking it, as I gathered, from history. Do I understand the Senator from Idaho now to say that there is really before this body a bill which revives acts of past conduct, and designates them retroactively as criminal, making criminal conduct that is long since past and gone?

Mr. POPE. The same provision is put into this bill relating to the individual violator of its provisions as now exist, as to the grain exchanges themselves. The Senator will remember that certain language is used with reference to the conduct of the grain exchanges themselves which is not limited to the identical moment when the complaint is filed. Different language was used in the original act as it applied to a member of the exchange, to an individual, for instance; so if this bill shall be enacted, the same language will be used with reference to the individual violator of the act as it was used in the original act with reference to the exchange itself when it violated the law. That does not mean that the Commission will go back an indefinite period of time to find facts upon which to base a complaint, but if the acts have been committed with some reasonable reference to the time when the complaint is filed, the present provision will apply.

Mr. LEWIS. Then under this provision we would enact an ex-post-facto law, would we, contrary to the Constitution of the United States protecting the rights of the citizen? Does the Senator understand that the bill would so operate?

Mr. POPE. I do not so understand it, if the Senator please. As I understand, if acts have been committed after the passage of the law which are a violation of it, a complaint may be filed based upon the commission of such acts. That does not mean that complaints may be based upon acts occurring before the time when the act was passed; but, just as in the case of any criminal statute, after the statute is passed, if an individual violates it by performing an act prohibited by the statute, he then may be complained against, and the complaint would not be limited to an act committed at an identical moment the complaint is filed.

Mr. LEWIS. And yet the bill would make criminal an act that was done at a time when there was no law prohibiting it?

Mr. POPE. Not at all. That is just the distinction. The Commission could not go back beyond the time when the law was enacted; but a complaint could be based upon acts committed at any time after the law was enacted, up to the time when the complaint was filed.

Mr. MURRAY. Mr. President——

Mr. POPE. I yield to the Senator from Montana, who desires to enter into this colloquy.

Mr. MURRAY. The Senator is under a misapprehension. This bill is not intended to go back and affect any acts that may have been committed prior to its enactment, so that a case like that of Mr. Cutten would not be affected as the result of the passage of this bill. It has reference only to acts that may occur in the future. It merely provides that it is not necessary to catch the person in the act of violating the law; but if at any time it is discovered that the law is being violated or has been violated, the law becomes operative and the offender may be punished.

Mr. POPE. I think that is a very clear statement of the matter. For instance, under the original Grain Futures Act the Commission attempted to file a complaint against Mr. Cutten for acts committed after the law was passed, but before the complaint was filed; and because the language of the act was limited to the present tense, the Supreme Court has now held that the defendant had not violated the act. This bill is to correct such a situation as that.

On pages 5 and 6 of the bill there is a provision which is rather important, which defines bona-fide hedging. I attempted to cover that in my address to the Senate sometime ago.

Bona-fide hedging is defined to be the sale of futures when actual grain has been purchased, to the extent of the amount of the actual grain purchased, or, in the sale of grain, futures may be purchased in that amount. Bona-fide hedging is, therefore, limited to the amount of grain which may be purchased or sold, and that, according to the Grain Futures Administration, and according to the traders generally, is a very fair provision. In other words, no limits could be placed upon bona-fide hedging by the Commodities Exchange Commission, as can be done in the case of future dealing without reference to the existence of any actual grain. That provision is found on page 6.

It is interesting to note that not only actual grain bought or sold may be hedged against, but grain to be grown within 12 months by one who owns land or who has a lease upon it, and products and byproducts of grain may be hedged against. Hedges may be bought or sold as against the products or byproducts.

In connection with that an interesting amendment will be presented by the Senator from Iowa, who proposes that an amendment be made enlarging the scope of the definition of hedging where certain interests handle package goods, like Quaker Oats. The Senator will explain the amendment when it is presented; but it does at this point in the bill present an interesting enlargement of the definition.

On page 7 of the bill there is a provision that this limitation as to hedging shall apply to commission merchants and to brokers, but that it does not apply to the United States Government.

On page 7, section 4 (b), and continuing over onto page 8, there is a general provision prohibiting cheating, making false reports, or deceiving by any means, and also a provision prohibiting bucketing orders.

On page 9, section 4 (c), of the bill there is a provision prohibiting certain practices which have grown up in trading on the exchanges. For instance, wash sales, cross trades, accommodation trades, dealing in privileges and indemnities, are all thought to be undesirable in the administration of the law, and they are prohibited.

In my address 2 or 3 weeks ago I attempted to explain the technical meaning of all these terms, but, as I then said, they are practices which are pure gambling. For instance, in the matter of dealing in indemnities, an option is given for the purchase or the sale of grain on the market depending upon whether the market price of the particular grain increases or decreases on the following day or during the following week. I think those practices are just as much

speculating as bucketing orders, and, as I think all here know, when orders are bucketed, nobody is represented at all except the individual who receives the orders and attempts to fill the orders, when he has no grain and represents nobody. He is simply speculating, and these practices are simply speculative practices.

At the top of page 10 of the bill there is a provision that nothing in the law shall impair any State law regulating the exchanges, and in section 4 (d) there is a provision that future commission merchants must register. In the original act there was no provision for registration of commission merchants or floor brokers. Therefore it was difficult for the Department to obtain information and to check the activities of these commission merchants and floor brokers on the exchanges. This section provides for annual registration. It is, however, a formal matter. Unless the registration certificate of the commission merchant or floor broker has been revoked or suspended, after full hearing, with an opportunity for judicial review, then the commission merchant or the floor broker may not be refused registration on application.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER (Mr. BURKE in the chair). Does the Senator from Idaho yield to the Senator from Michigan?

Mr. POPE. I yield.

Mr. VANDENBERG. I am sorry I have not been able to study the pending bill in the detail it deserves. I should like to ask the Senator whether the bill would have any effect, for example, upon the miller who, of necessity, and in a thoroughly legitimate fashion, is forced to hedge against his purchases of grain.

Mr. POPE. It would not. As I explained a few moments ago, the definition of bona fide hedging, in the opinion of those who have administered the present act, and in the opinion of the traders with whom I have talked, is broad enough fully to protect the rights of the millers. Millers appeared at the hearing and testified, and I heard no complaint as to this definition of hedging being broad enough to cover their business.

Mr. VANDENBERG. Does the interpretation of legitimate hedging rest upon the language in the bill, or is it referred to some regulatory body?

Mr. POPE. It is very definitely defined in the bill.

Mr. BORAH. Mr. President, will my colleague yield?

Mr. POPE. I yield.

Mr. BORAH. On page 26, subdivision (5) provides that the Secretary of Agriculture is authorized "to make and promulgate such rules and regulations as, in the judgment of the Secretary of Agriculture, are reasonably necessary to effectuate any of the provisions or to accomplish any of the purposes of this act."

Did the committee give any particular study to that provision with reference to the power there granted?

Mr. POPE. In the course of the hearing there was considerable testimony on that point. It was the contention of the representatives of the Chicago Board of Trade that this provision is invalid, or unconstitutional, for the reason that it would delegate powers to the Secretary which would not come under the recent decision of our Supreme Court. But there were those who appeared on the other side, who took a different view. For instance, in the Packers and Stockyards Act there was almost identical language which has been upheld by the Supreme Court of the United States. I think there are one or two other laws containing similar language which have been upheld. At any rate, the committee, after such consideration as was given to the matter, thought the provision did not go beyond the provisions of law which have been upheld by the Supreme Court, particularly that in the Stockyards Act.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. POPE. I yield.

Mr. VANDENBERG. Referring to the question which I asked the Senator a moment ago in regard to the definition of legitimate hedging, would the provision on page 26 to which the senior Senator from Idaho just referred confer any authority on the Secretary of Agriculture to specify or circumscribe what we may deem to be legitimate hedging under the prior terms of the bill?

Mr. POPE. I do not think so, for the reason that the definition of bona-fide hedging, which appears in the first part of the bill, is so specific that no regulation could be made by the Secretary of Agriculture contrary to it or extending the definition.

I think the definition of hedging is very specific, and is limited strictly to the amount of cash grain either bought or sold, plus the amount of grain that may be raised for a period of 1 year by one who owns or has rented land or the products and byproducts of the commodity. That is so specific and is so definite that, in my opinion, and in the opinion of others who appeared before the committee, there would be no reason to say that the Secretary could go beyond that definition or extend the definition of hedging.

Mr. LEWIS. Mr. President, if I am not interrupting the Senator from Michigan. I should like to ask the Senator from Idaho, if I correctly understood the Senator to say that the provisions as to hedging apply to different persons and institutions but not to the Government? Is there an exception made as to the Government? Does the able Senator think the Government is assuming to put itself in the position where it may take the number of bales of cotton it now holds outright or which, because of an advance of money, it now controls; would it indicate that the Government would hedge, as the Senator calls it, and commit what would be made an offense when done by an individual, and yet the Government under that act would be exempt?

Mr. POPE. All I can say to the Senator from Illinois is that the act provides that it shall not apply to the United States Government. Of course, I may say to the Senator that in the testimony it appears that the Government is now closing out its cotton pool, and while in the past it has dealt in futures and has, of course, dealt in hedging, the pool is now being closed out and there may be a practical matter to consider. I have no further answer, however, to make to the Senator with reference to the United States Government being permitted to engage in unlimited fashion in dealing in futures.

Mr. LEWIS. I thank the Senator. It is a little strange to think of the Government taking to itself the right to do that which is an offense when done by an individual. However, I thank the Senator for the information.

Mr. POPE. I call attention of the Senate to the provision at the bottom of page 7 which corrects the abuses which appeared in the recent Cutten case. It is provided in that section that past offenses, committed, of course, following the passage of the act, would be a basis for complaint.

On page 12 there are certain general provisions requiring commission merchants and floor brokers to give information to the Commission and to the Secretary of Agriculture. The commission merchants are required to post their certificates in prominent places. On page 13, section 4 (g), there is a penalty for violation of the law by revocation of registration.

On page 14 there are certain other provisions with reference to false reports and the failure to make reports regularly to the Secretary of Agriculture.

On page 15 there is a requirement that certain books be kept by the various contract markets, commission merchants, and brokers.

On page 16 there is a rather interesting provision that gives to the Secretary of Agriculture power to extend the time within which delivery may be made at the end of a month. The obvious purpose of that is to prevent squeezes which have often occurred at these exchanges. There is also a provision at the bottom of page 16 which gives a certain time for notice when delivery may be expected under a futures contract. There are some general provisions as to the inspection of books and papers which follow very generally, as I understand, the Packers and Stockyards Act.

There is an important provision which occurs on pages 19, 20, and 21, which gives to the Secretary of Agriculture power to deal with individual violators of this act. The power to

deal with contract markets is still left to the Commission, but because of the number of such small violations it is proposed to give the Secretary of Agriculture power to deal with them. That appears, as I said, on pages 19 and 20 and extends on over to page 21.

There is an important provision at the top of page 22 dealing with cooperatives. Heretofore when a complaint was lodged against a cooperative organization the cooperative was immediately deprived of the right to operate on the market. However trivial the complaint might be that was filed, it would have to refrain from operating. Now it is provided that until final hearing the cooperative association may continue to operate on the market. That appears on page 22 and the top of page 23.

Mr. DAVIS. Mr. President, do I understand that cooperatives are exempt from the provisions of the bill?

Mr. POPE. No, Mr. President; cooperatives are not exempt from the provisions of the bill. They are permitted to trade on the market in the same way as any other individual or corporation, but heretofore the law has been construed to relieve a cooperative of the right to operate on the market immediately the complaint was filed. This bill provides that while the complaint is pending, until it is determined, he may continue to operate on the market.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. POPE. I yield.

Mr. VANDENBERG. The Senator will forgive me for returning once more to my question of bona fide hedging. I assume that in event of an argument whether a transaction is bona fide within the language on page 6 the decision would rest with the Commodity Exchange Commission; is that correct?

Mr. POPE. Perhaps in the first instance, with a right of appeal to the court.

Mr. VANDENBERG. That is what I want to ask the Senator. Is there a court appeal permitted?

Mr. POPE. Yes. There is a general provision, I will say to the Senator, authorizing an appeal to the courts from any order that has been made. I cannot refer to it by page just now, but as I recall there is such a provision.

Mr. VANDENBERG. There is no doubt in the Senator's mind that a right of court appeal exists?

Mr. POPE. No; there is no doubt in my mind about that at all.

Mr. DAVIS. Mr. President, the exchanges themselves have committees to pass upon such questions?

Mr. POPE. Oh, yes. The exchanges do have committees that deal with this matter of infractions of the rules of the exchanges, and exchanges have certain penalties they impose upon their members for violation of the rules of the exchanges. The rules are broad. They cover most of the offenses, or many of these offenses, to which we have referred. The difficulty is that in the past, in the Cutten case, for instance, or in the Howell case, the action of the exchange has not been effective.

Mr. DAVIS. They cannot enforce their rules against what they call some of their powerful members?

Mr. POPE. They cannot or they have not. They have not enforced them, so the offenses by Cutten, by Howell, by others, have gone on and have had a very serious effect upon the price of grain upon the markets. I may say to the Senator that one of the contentions of representatives of the board of trade is that they would clean house, they would take care of these matters themselves, but since the passage of the original act, although they have had regulations of the exchanges requiring them to do it, they have failed to do so.

On page 23 there is a provision which is one of the important provisions of the bill, which authorizes cooperative associations to remunerate their regionals for services rendered. However, the regionals in this provision of the bill are prohibited from granting a rebate to their members from whom they purchase grain. I think that is a very wise and desirable provision in both respects. I think it is desirable that the federated cooperatives may retain the support of their regionals, retain their organization, and may remunerate them for the services that the regionals perform for the national cooperatives, but it is also important that they not be permitted under the guise of dividends, or any other way, to give a rebate to those from whom they purchase grain.

Mr. LEWIS. Mr. President——

Mr. POPE. I yield to the Senator from Illinois.

Mr. LEWIS. It was asserted in letters received by Senators and by expressions in certain publications that the cooperative societies or similar organizations, under this bill, are allowed privileges to do things that are made criminal offenses if done in the same manner by exchanges, such as the exchanges to which the Senator has alluded, for instance, the one at Chicago and others elsewhere known as stock exchanges.

Mr. POPE. I will say to the Senator that in my study of this bill I have found that to be entirely untrue. What was sought by this bill was to place the cooperatives on the same basis as any other trader on the exchanges, with no more and no less rights. The only possible basis for such a suggestion would be the provision to which I have referred, under which a national cooperative may compensate regional cooperatives for services they might perform.

Mr. LEWIS. May I ask the Senator if the compensation to which the Senator alludes, from a general association to a regional one, is not but a mere matter of adjustment to equalize the return or offset losses?

Mr. POPE. Perhaps so.

Mr. LEWIS. And seemingly a very fair thing?

Mr. POPE. I think the Senator has expressed the thought admirably. Throughout the bill, however, I will say to the Senator, the cooperatives have not been granted any special privileges or special consideration; but we have sought to prevent the cooperatives from being discriminated against, our thought being that the cooperative, as an association, should be treated like any other individual or corporation that deals on the exchanges.

On page 24 of the bill there is a rather interesting and important provision. Now, when under the law a contract market is authorized to exist by the Commission it may continue to operate until a complaint is filed against it. When complaint is filed it is required to cease its operations. The amendment provides that it may continue its operations, but that the Commission may issue a cease-and-desist order, requiring the exchange to desist from the practice for which complaint has been made.

This simply means that the benefits of the exchange may be continued notwithstanding a complaint has been filed; but the exchanges are required to desist from any practice complained of until hearing and a final determination of the matter.

On page 25 of the bill will be found the general powers given to the Secretary of Agriculture. It is under that provision that the questions raised a few minutes ago by my colleague the senior Senator from Idaho and the Senator from Michigan arise. However, according to my view of the matter, comparing the language of this proposed legislation with the language of other statutes which have been upheld by the courts, the powers of the Secretary are well within the constitutional limits, as I indicated in answer to the questions of the Senators a few moments ago.

There are certain other provisions requiring information to be given by the exchanges as to the practices that may be followed by the exchanges.

There is also a provision to the effect that if any provision of this measure shall be held to be unconstitutional the original Grain Futures Act, which has already been held to be constitutional, shall apply.

The final section of the bill provides that it shall take effect 90 days after its passage. That is to give time for any adjustments which may be necessary in anticipation of the act going into effect.

Then follow the so-called cotton amendments which have been referred to today.

I have attempted to give to the Senate in some detail the provisions of this bill. There are only two or three important

provisions, but they are exceedingly important. If this bill should not do anything else than prevent a recurrence of the Cutten incident on the board of trade it should be passed. However, there are other provisions that I have indicated which are important.

In discussing the bill I forgot to mention that there is a provision with reference to margin deposits. In the past margins have been received by commission merchants from both the buyer and the seller of future contracts. Such deposits have been intermingled with the money of the commission merchant, and he has used that money for his own business operations. In some instances the commission merchants have failed, leaving the depositors without any legal redress. It is provided in this bill that the margin deposits must be kept separate from the individual funds of the commission merchant. In other words, the funds of traders deposited for margins still belong to the traders and not to the commission merchants. That is a rather important feature, because a considerable amount of money has been lost by innocent traders on the grain exchanges, as the commission merchants have intermingled the funds, have used them for their own purposes, and when they have failed an injury has resulted in many instances to the traders on the market. That also is included in this bill and is an important provision.

Mr. WALSH. Mr. President——

Mr. POPE. I yield to the Senator from Massachusetts.

Mr. WALSH. The Senator does not intend, does he, to discuss the proposed amendments to the United States Cotton Futures Act?

Mr. POPE. No.

Mr. WALSH. The Senator is confining himself entirely to the amendments to the Grain Futures Marketing Act?

Mr. POPE. Yes. This morning the Senator from Arkansas and other Senators suggested that a rather careful explanation be made of the pending bill and how the committee proposes to change the original act. I have done so with reference to the grain provisions.

Mr. WALSH. May I be permitted to say that the Senator has done so ably and well? I wanted to ask him some questions about the proposed amendments to the Cotton Futures Act if he intended to discuss them, but I understand he is not going to do that.

Mr. POPE. No.

I may say in conclusion that, as I understand, the Senator from Iowa will present amendments to the grain-futures portion of this bill. I have already indicated that some of those amendments, in my opinion, are good amendments. Some of them are merely technical, for the purpose of clarifying the language. There are one or two other rather important amendments that will be presented by him as to the grain-futures portion of the bill.

Mr. WALSH. The operation of the present law has been quite satisfactory, I am informed.

Mr. POPE. Yes; I will say to the Senator that it has been very satisfactory, but in the administration of the law certain very definite defects in the original Grain Futures Act have been disclosed, and it is to correct those defects that this bill is offered.

Mr. WALSH. It is somewhat similar in character to the bill the Senate had under consideration a few days ago changing, modifying, and strengthening the Federal Trade Commission law in cases where the administration of the law disclosed certain defects and certain limitations, and the department administering the law made recommendations. I assume that this is, in a general way, the same kind of a bill.

Mr. POPE. Yes; and I may say that every Secretary of Agriculture for several years has recommended that such a bill as this be passed in order to remove the defects which have been disclosed.

Mr. WALSH. Just as in the case of the amendment to the Federal Trade Commission Act which the Senate passed a few days ago.

Mr. POPE. Exactly. Secretary Wallace recommended it; Secretary Hyde, before him, and I believe some other Secretaries of Agriculture recommended that the holes which appeared in the original act be stopped in this way. I may say also to the Senator that the various farm organizations throughout the country—the National Grange, the Farm Bureau Federation, the Farmers Union, and, so far as I know, all the other great farm organizations—are very strongly supporting this measure; and that the Grain Futures Administration, the body which has been actively engaged in administering the present law, is very strongly supporting this proposed legislation. For several years in the reports which have been made by the Grain Futures Administration they have pointed out the defects and have recommended such legislation as this. So it is not a new thing.

This bill has been before the Congress since early in 1935. It passed the other House in 1935, and has been before the Senate during the present session, but, as we all know, has been delayed by reason of the cotton amendments which have been offered to the bill.

Mr. WALSH. It is the portion of the bill relating to that feature in which I am interested and in which a good many of my constituents are interested.

Mr. POPE. I think that question will be discussed later. Those representing the grain interests in the Senate have taken the attitude that while we do what is best for the country with reference to the cotton amendments, still we feel that the cotton representatives in the Senate know better what amendments they want than we know.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. RANDOLPH PERKINS, late a Representative from the State of New Jersey, and transmitted the resolutions of the House thereon.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following bills and joint resolution, and they were signed by the President pro tempore:

S. 925. An act to carry into effect the findings of the Court of Claims in the case of William W. Danenhower;

S. 1360. An act for the relief of the estate of Teresa de Prevost;

H. R. 8069. An act for the relief of Mr. and Mrs. A. S. Mull;

H. R. 8599. An act to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board and increase efficiency in administration of the steamboat-inspection laws, and for other purposes;

H. R. 8766. An act to authorize municipal corporations in the Territory of Alaska to incur bonded indebtedness, and for other purposes;

H. R. 11747. An act extending the time for making the report of the commission to study the subject of Hernando De Soto's Expedition; and

H. J. Res. 439. Joint resolution authorizing the erection in the Department of Labor Building of a memorial to the officers of the Immigration and Naturalization Service and Immigration Border Patrol, who, while on active duty, lost their lives under heroic or tragic circumstances.

CONTINUATION OF TRADING IN UNLISTED SECURITIES

The PRESIDING OFFICER (Mr. TRUMAN in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 4023) to provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers, for the filing of current information and periodic reports by issuers, and for other purposes, which were: On page 4, to strike out line 25 and insert "been"; on page 7, line 6, after "to" where it appears the second time, to insert "clause (1) of"; on page 9, line 14, after "dealer", to insert "whether prior or subsequent to becoming such"; and on page 11, to strike out lines 11 to 23, inclusive, and insert:

(c) No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any

transaction in, or to induce the purchase or sale of, any security (other than commercial paper, banker's acceptances, or commercial bills) otherwise than on a national securities exchange, by means of any manipulative, deceptive, or other fraudulent device or contrivance. The Commission shall, for the purposes of this subsection, by rules and regulations define such devices or contrivances as are manipulative, deceptive, or otherwise fraudulent.

Mr. FLETCHER. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

MISSISSIPPI RIVER FLOOD CONTROL

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 3531) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928.

Mr. COPELAND. I move that the Senate disagree to the amendments of the House and ask for a conference thereon, and that the Chair appoint the conferees on the part of the Senate. Furthermore, I assume that the bill will be printed showing the amendments of the House. May I ask whether that is correct?

The PRESIDING OFFICER. Yes; the bill will be printed with the amendments. The question is on the motion of the Senator from New York.

The motion was agreed to; and the Presiding Officer appointed Mr. COPELAND, Mr. FLETCHER, Mr. SHEPPARD, Mr. OVERTON, Mr. MCNARY, Mr. JOHNSON, and Mr. VANDENBERG conferees on the part of the Senate.

Mr. CLARK subsequently said: Mr. President, I have been absent from the Chamber attending a meeting of the Finance Committee. I find that during my absence the Senate took action on the bill (S. 3531) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928. The Senate disagreed to the amendments of the House and asked for a conference. I desire to enter a motion to reconsider the vote by which the House amendments were disagreed to and a conference asked, for the purpose, if I have an opportunity and my present motion should prevail, of moving that the Senate concur in the amendments of the House.

The PRESIDING OFFICER. The motion will be entered.

REGULATION OF COMMODITY EXCHANGES

The Senate resumed the consideration of the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity future exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes.

Mr. MURRAY. Mr. President, in accordance with the suggestions of the Senator from Nebraska [Mr. NORRIS] and other Senators, I wish to make an argument in general support of the measure now before the Senate.

I am one of those who firmly believe that the reestablishment of prosperous and happy conditions in this country depends absolutely upon the rehabilitation of agriculture, the main source of all our wealth. In harmony with that conviction I have, since becoming a Member of this body, supported and voted for every important piece of sound agricultural legislation advocated by organized agriculture and designed to relieve the distress, protect the interests, and promote the welfare of our farming population.

For many years organized agriculture has sought legislation to curb the excessive speculation on the grain exchanges in the well-founded belief that the grain producer's income will be materially increased if the wild orgies in grain speculation can be controlled. In support of the farmers' contention we have before us the annual reports of the Grain Futures Administration, repeatedly pointing out the ill effects on American grain producers resulting from price manipulations caused by the speculative rise on the grain exchanges by relentless grain gamblers.

We have before us now the bill (H. R. 6772) to amend the Grain Futures Act to remove obstructions and prevent burdens being placed upon the interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes. The essential features of this bill were passed by the House during the Seventy-third Congress after having given the subject the most thorough consideration. Hearings were again had on a similar bill before the House Committee on Agriculture early in the first session of the Seventy-fourth Congress. The House bill was favorably reported and passed the House, and came to the Senate Committee on Agriculture and Forestry, and was reported shortly before adjournment last summer. It has been on the Senate calendar ever since. It is imperative in the interest of the farmers of this country that the bill be now passed.

A short time ago the Senator from Idaho [Mr. POPE] addressed the Senate in support of the measure, explaining in detail the purposes of the bill and the necessity for its enactment into law at this session. It was a clear, logical, and convincing presentation of what is intended to be accomplished by the enactment of this proposed legislation. Along with his fine analysis of the bill he presented in factual detail the sordid history of the malpractices daily occurring on our American grain exchanges and principally upon the Chicago Board of Trade, which is the outstanding grain-trading center of the world. He demonstrated beyond any fear of successful contradiction the serious effects of these speculative orgies upon the incomes of the grain producers of this country. He also showed the utter disregard or failure of the officials of the Chicago Board of Trade to take any action looking to a correction of the evils complained of.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Illinois?

Mr. MURRAY. I yield.

Mr. LEWIS. Will the able Senator from Montana permit me to ask him the source from which he obtained the information to which he referred in speaking of someone criticizing and publicly condemning some actions of the Chicago Board of Trade? What was the source of the information referred to by the able Senator from Montana or what was it from which he read quoting someone in criticism of or calling attention to certain actions of the Chicago Board of Trade?

Mr. MURRAY. My source of information was the hearings before the Committee on Agriculture and Forestry.

Mr. LEWIS. In the House?

Mr. MURRAY. In the House and in the Senate.

Mr. LEWIS. I thank the Senator.

Mr. MURRAY. Mr. President, my State, Montana, produces millions of bushels of grain annually. Grain is our main agricultural crop upon which our level of prosperity largely rests. My State produces the highest quality of high-protein hard wheat. This wheat produced in Montana is commonly referred to as "gold nuggets", indicative of its great value in making the finest white flour manufactured in all the world. Montana grain producers, therefore, rightfully demand that they be permitted to receive cost of production for producing this vital commodity so greatly desired by the consuming public. They perform a most important function in our economic life and are justly entitled to protection from any dishonest manipulations effecting their incomes.

I, therefore, respectfully submit that it is the responsibility of this body to enact appropriate legislation to protect these grain producers of my State and other States similarly situated in order that they may be permitted to continue the needed supply of grain each year. I contend that it is the duty of our Government to furnish these farmers with protective laws designed to assist them in receiving a just return for their economic efforts.

I am sure that before this problem was called to the attention of this body few Members realized that the price American farmers receive for their grain is dominated and controlled by the gambling price manipulations on the Chicago Board of Trade. The farmers' price starts with the speculative price determined by these gamblers at Chicago.

From this fictitious price the service charges, transportation costs, profits to handlers, and so forth, are all deducted in order to reflect a net price to the farmers of the Nation. The only modification to this statement is the premium or discount which is determined by the inspection of each wagonload of grain brought to an interior warehouse.

Therefore, since the gambling prices fixed at Chicago control the price received by the farmer, as a representative of my State, I am interested to see that these gambling markets are properly supervised and policed by some independent and unbiased agency of the people, such as the Department of Agriculture, acting through its Grain Futures Administration. The history of these operations shows that the grain exchanges themselves, interested in the great volume of gambling and the service charges and profits accruing therefrom to the members of the exchanges, have a profit interest inimical to the welfare of the grain producers. I desire to briefly discuss the bill in this light and point out what it seeks to accomplish.

First. The measure is intended to correct a defect in the present Grain Futures Act of 1922 disclosed by a decision of the United States Circuit Court of Appeals, and recently affirmed by the Supreme Court of the United States. I refer to the case of Arthur W. Cutten against Henry A. Wallace, Secretary of Agriculture, and others.

Under the ruling in the Cutten case it has been pointed out the act may be flagrantly violated so long as the wrongdoer is not caught in the act. In other words, a speculator may violate all the rules and regulations established for the protection of the public. He may manipulate the trading; he may make false reports; in fact, commit any act that is prohibitive provided he concludes his unlawful activities before being detected. This act seeks to correct this situation.

I shall not undertake to discuss this point further. It was discussed in detail by the Senator from Idaho [Mr. POPE], and repetition of that argument is unnecessary. There can be no legitimate objection to this correction or amendment of the Grain Futures Act. The necessity for the amendment is obvious.

Second. The bill is designed also to prohibit excessive speculation. I have before me a chart prepared by the Grain Futures Administration which shows the startling range in the price of wheat at Chicago during the last 13 or 14 years. This chart, which I shall ask to have incorporated in the RECORD in connection with my remarks, shows that in 1922 the Chicago May wheat gambling price had a range of 46⅝ cents, and the years following the annual price ranges were as follows: 22¾ cents, 14⅜ cents, 86¼ cents, 50⅞ cents, 26 cents, 44¾ cents, 40⅜ cents, 64 cents, 41 cents, 24¼ cents, 31¼ cents, 56⅝ cents, 34½ cents, and 18½ cents. The average during these years in this price range was over 42 cents per bushel.

Mr. NORRIS. Mr. President, will the Senator yield there?

Mr. MURRAY. I yield.

Mr. NORRIS. I should like to have the Senate get the picture which the Senator has just painted. It is all shown in the hearings; and I wish the Senator would be just a little more explicit, and give the time when these transactions took place.

Mr. MURRAY. I have a chart with me, which I desire to call to the attention of the Senate, giving the average fluctuation during the year.

Mr. NORRIS. If the Senator intends to cover the point later on in his address, I shall not ask him to do so now.

Mr. MURRAY. I shall incorporate the figures in the RECORD for each year; but I stated that it started in 1922, and that the annual price ranges subsequent to that time were as follows, which would mean 1923, 1924, and so on, right up to the present time, showing that each year these remarkable fluctuations occur in the price of wheat, brought about entirely by these fictitious sales in Chicago.

The annual production of wheat in the world, excluding Russia and China, runs around three and one-half billion bushels, with a variation from year to year of ordinarily two to three hundred million bushels. The demand for wheat is constant; the supply does not vary over 10 percent from year to year on the average; yet, as I have pointed out, prices vary as much as 50 percent within a year.

Mr. NORRIS. Oh, yes; I think the record shows that they have varied as high as 80 cents. They go above 50 cents, and they are often just below 50 cents—46 cents, 47 cents, and so forth.

Mr. MURRAY. The Senator is entirely correct.

During the period which I have mentioned the high price for wheat was $2.05⅞ and the low was 43¼ cents. These prices are all for Chicago May wheat. These are the prices which determine what may be paid to our wheat producers for their grain. No one with any pretension to sanity or honesty would attempt to justify such a range of prices as resulting from the free operation of the principle of supply and demand. Obviously conditions which produce such disastrous results must be remedied.

Third. The bill also seeks to register commission merchants handling funds of the public and floor brokers executing the orders. This procedure is necessary to secure control of these activities. The registration would be subject to suspension for revocation for cause. The only purpose of this provision it effectively to bring the commission merchants and floor brokers of the grain exchanges within the enforcement of the rules and regulations adopted by the grain exchanges themselves. These operators and merchants can find no reasonable objection to being supervised and policed in order to carry out their own rules and regulations and whatever additional regulations the Federal Government may provide in the interest of protecting the producers. History shows that they do not through an effective system of self-policing enforce their own rules and regulations against the big wheat gamblers. There can be no legitimate objection to this provision. It is in the interest of common honesty and fairness.

Fourth. The bill, through section 4d, page 10, seeks to safeguard margins deposited by the public, declaring it to be unlawful for commission merchants to use such funds for their own private operations, or to extend credit to others. This section merely provides that the public's money put up for margins shall be in fact treated as belonging to the customer, and held in trust. Who can object to this?

The Grain Futures Administration has found the common practice to be that commission merchants receiving margin moneys in excess of the amounts required by the exchanges to be deposited use these excess margin deposits as their own capital, and for any purpose they choose. It is a common practice by the commission merchants to use the excess margins deposited by the herd of small speculators. Frequently they utilize these margins by extending credits to large preferred speculators who are often in the market on the opposite side of the trading. To this extent the small traders furnish the capital for margin requirements not only for themselves but oftentimes for the very operators who take the opposite side in order to fleece them as lambs.

If there is to be any confidence maintained in grain exchanges, and if the public is to continue to trade on the grain exchanges, the best interests of all will be served by putting the exchanges and all their operations in a figurative goldfish bowl, where everyone may see what is going on.

The recent failure of a large commission firm in Chicago finds the public "holding the sack" for almost a million dollars in margin moneys as the result of these absurd practices. These depositors of margins rank only as general creditors. Surely they thought their margins were regarded as trust funds and would be handled with a reasonable degree of integrity. It would seem that this mere statement of the provision under consideration would be sufficient to justify its acceptance.

Fifth. The bill seeks to minimize cheating or fraudulent practices by outlawing so-called trading in privileges (puts and calls), wash sales, cross trades, accommodation trades, and other fictitious transactions. There hardly is need for any comments on these provisions. The Senator from Idaho [Mr. POPE] has already clearly explained what is meant by the terminology used to express these different kinds of trades. The subject was covered in general detail by the distinguished Senator from Idaho in his able discussion of the

bill on April 27. Similar irregular practices in the securities exchanges of the country have been ruled out by the provisions of the Securities Exchange Act. There is much greater reason for ruling out these underhanded practices in the commodities exchanges.

Sixth. The bill seeks to prohibit commission merchants and floor brokers from taking customers' orders into their own account. This merely means that merchants and floor brokers may not be both agent and principal in the same transaction. It is a fundamental principle that no man can serve two masters. The application of this principle in the present bill cannot be challenged.

Seventh. The bill provides protection to cooperative associations or producers. The present law requires the admission to contract markets of cooperative associations complying with certain statutory provisions. Needed protection to such cooperatives is provided which would prevent the arbitrary suspension or expulsion from membership of such cooperatives by commodity exchanges, as it would not be possible to deprive cooperatives of the rights and privileges of contract membership, meanwhile forcing them to await the result of litigation arising from the appeal to the courts by a commodity exchange from an order of the Grain Futures Commission.

The bill proposes to amend the present act so that the rights of cooperative associations on exchanges would be expressly preserved pending such appeal. The hearings on this bill constitute complete proof of the unfairness dealt to the cooperatives by grain exchanges. The cooperatives, of course, constitute a direct threat to the business of the private grain trade, and therefore the private grain trade disadvantages the cooperatives in every way possible in the hope that they will fail and leave the market to the private operators. In such circumstances cooperatives cannot cope with the grain exchanges and hold membership thereon, where the rules and regulations of the exchanges are interpreted in all instances against the activities and conduct of cooperatives. The cooperatives have been denied membership; they have been suspended, fined, and punished in every conceivable way, at a great cost to the producers' cooperative associations. All of these punishments and fines, and so forth, have been well publicized through the press in an effort to destroy the good will of the country and to weaken the morale of the producer-members of the cooperative associations. Surely the producer-cooperatives should not rest in a position where their natural enemy judges them, tries them, and punishes them. It is a species of kangaroo court which deals everything but justice.

Eighth. Under the present act, the penalty for violation of the act by a commodity exchange is the suspension or revocation of contract market designation of such exchange by the Commission. It will be seen at a glance that the imposition of such penalty would penalize innocent producers through the closing of their market. It would be visiting punishment on the innocent producers rather than on the wrongdoers. This situation would be remedied by the present bill, which provides that in lieu of revoking the designation of a contract market the Commission may direct the market to cease and desist from its violation of the act, failure of the market to comply with such cease-and-desist order subjecting it to a fine of not more than $10,000, or its officers to imprisonment for not more than 1 year, or both such fine and imprisonment. This provision hardly needs discussion, since it merely attempts to provide a method by which the degree of punishment may be measured against the degree of violation. It protects the interests of the producers and traders, while at the same time it provides an adequate penalty for violations of the act.

Ninth. Under the provisions of section 6 (b) of the present act, trading privileges on contract markets may be denied violators of the act only by order of the Commission created by the act. In order to enforce this provision of the existing act it would be necessary to convoke the Commission by assembling the three members of the President's Cabinet befor violators could be dealt with. Such a cumbersome procedure is, of course, wholly unnecessary. By the provision contained in this bill (sec. 8 (a), p. 25), the defect in the existing law is corrected by placing in the control of the Secretary of Agriculture the power of applying the penalties. The proposed provision in this bill will facilitate the carrying out of the regulations at a minimum of trouble and expense, and will deprive the accused of none of his rights or privileges.

I now wish to speak of an amendment urged by the Secretary of Agriculture which is incorporated in his letter to the chairman of the Senate Committee on Agriculture and Forestry dated June 27, 1935. On page 3 of the Secretary's letter the following amendment is proposed:

Page 19, following subparagraph 6 of section 5a add another subparagraph as follows:

"(7) Require that receipts issued under the United States Warehouse Act (U. S. C., title 7, secs. 241–273) shall be accepted in satisfaction of any futures contract made on or subject to the rules of such contract market, without discrimination and notwithstanding that the warehouseman issuing such receipts is not also licensed as a warehouseman under the laws of any State or enjoys other or different privileges than under State law: *Provided, however*, That such receipts shall be for the kind, quality, and quantity of commodity specified in such contract and that the warehouse in which the commodity is stored meets such reasonable requirements as may be imposed by such contract market on other warehouses as to location, accessibility, and suitability for warehousing and delivery purposes."

The purpose of this amendment proposed by the Secretary is to break and stop the monopoly of a certain clique of public elevators at Chicago, Ill. The satisfaction of a futures contract purchased in Chicago for any delivery month may be completed upon the delivery of the quantity and grade of grain called for by the contract—which is a no. 2 grade of wheat—or a warehouse receipt covering the quantity and grade of grain issued by a regular warehouseman. A regular warehouse is one licensed by the State of Illinois and approved by the Chicago Board of Trade. The State and the Chicago Board of Trade have preempted the field for licensing and designating a grain warehouse as "regular." The Chicago Board of Trade and the State of Illinois refuse to designate as "regular" a warehouse licensed under the Federal Warehouse Act.

The proposed amendment sought by the Secretary in effect denies the State of Illinois the right to preempt the field exclusively to the State.

The Supreme Court in many decisions has certainly settled that the Federal authority is supreme in dealing with this matter. This particular phase has never been specifically settled by the Supreme Court of the United States. No cooperative association has undertaken to devote the time and the great expense necessary to battle the Chicago Board of Trade and the State of Illinois to overthrow their control in this matter. The inclusion of the provision sought by the Secretary of Agriculture will bring the matter up for immediate determination. It is proper that this be done, as I shall attempt to explain.

I have previously stated that the Chicago speculative price, which is the futures contract price, determines the farmers' price. I have also stated that the only warehouse receipt which may be used in satisfaction of a futures contract is one issued by a regular house and which, in turn, is only regular at the pleasure of the Chicago Board of Trade and the State of Illinois.

This collusive arrangement at Chicago has meant a monopoly in the field. Whereas at Chicago the annual volume of futures trading is about 12,000,000,000 bushels of grain, the actual regular warehouse space averages around 13,000,000 bushels. There are about 1,000 bushels of speculative trading in grain futures to every bushel of regular warehouse space; it is 1,000 to 1. The incoming cash grain to the Chicago market and other warehouses there not regular is ineffectual to meet speculative corners in the market which occur too frequently. Bear in mind that a warehouse in Chicago which is not regular is put to the expense of loading grain out in cars on track at about 1½ cents per bushel, or about $20 per car, in order to satisfy a futures contract. This is too great a penalty to the warehouseman who does not enjoy the favorable designation as "regular."

It must be obvious that the very foundation of trading in futures rests upon the actual grain in store, and the only grain in store which enjoys advantages is that which has already come to market and has been deposited in a regular warehouse. It must be to the interest of the public and the producer that the largest possible volume of regular space be maintained at all times in order to minimize the possibility of corners and squeezes. This may only be done by taking the privilege to designate out of the hands of those who are interested in maintaining a monopoly of the business. This needed correction is what is sought by the Secretary of Agriculture in his request for the amendment which provides that public warehouses under Federal license may be designated "regular."

Before closing I desire to offer a few observations. Congress has given prolonged and careful study to the public's interest in the operation of securities exchanges and has enacted legislation to minimize unfair exchange practices by its members. While commending Congress for its efforts in this regard the producers of agricultural commodities quite properly inquire of the Senate, "Why do you fail to give similar attention to commodities exchanges?"

Speculation by the public in the capital stock of a corporation or in its bonds of debt seldom affects the management, operating account, or profit and loss account of the industry, but speculation in the price of a commodity such as wheat or butter vitally affects the producer's operating account, his profit and loss account—yes; it reaches his fireside and often dispossesses him of his home.

I desire to quote from the hearings before the Senate Committee on Agriculture and Forestry from a statement prepared by Mr. M. W. Thatcher, Washington representative of Farmers' National Grain Corporation and the Northwest Farmers' Union:

Picture the following: The President, the Congress, and an army of employees engaged in the program known as the A. A. A., to carry relief to the wheat farmers, amongst others. On July 9, 1933, the Secretary of Agriculture declared the imposition of a 30-cent rate of processing tax on each bushel of wheat processed. This tax yielded to the farmer about 28 cents per bushel on the wheat domestically consumed, which represented about 15 cents per bushel on the total historic production. On July 19, 1933 (10 days after the official declaration referred to), one group of speculators in Chicago wheat futures broke the market 28 cents per bushel. This occurred at the time the winter-wheat harvest was going to market. The farmers suffered loss of income in marketing all of their grain as the result of the repercussions from that price debacle.

We have properly approved legislation with the object of relieving the farmer of the serious distress under which he has been laboring. I refer to the legislation contained in the Agricultural Adjustment Act, the Farm Credit Act and amendments thereto, and the new Soil Conservation and Domestic Allotment Act. All these various measures may prove to be utterly futile in their purpose to increase the farmer's income if we permit the commodity exchanges to be operated as gambling institutions and permit them to continue their malpractices and orgies of speculation, which too frequently destroy commodity prices, upon which farm income is determined.

I call attention to the very large appropriation which is provided each year to sustain and maintain the Grain Futures Administration. I ask Senators to observe that year after year in its annual report the Grain Futures Administration has called attention to the bad practices of the grain exchanges, together with the ill effect upon the farmer's income; year after year the Grain Futures Administration has urged Congress to enact remedial legislation suggested in their reports; yet we do not follow or even carefully examine their suggestions. Surely, with this startling picture of the malpractices of commodity exchanges which has been brought to the attention of the Senate, it will no longer delay giving to the farmers of this country what they seek through this bill as additional help in assuring a reasonable stabilization of their price structure and protection against these violent manipulations of gamblers affecting the price of the producer's grain.

I am certain this body will not countenance the continuation of an impotent system of self-regulation by a group of grain operators whose real interest lies primarily in encouraging the volume of trading so that they may have increased earnings therefrom. Their interest is not in the consumer; their interest is not in the producer of the grain; their interest is in volume and profits therefrom. They naturally shrink from punishing or driving from the market places the big operators who, by spectacular operations and headline stories in the metropolitan newspapers with reference to these great price changes, stir up the speculative fever and provide the stimulation in trading which allows these grain gamblers to make money.

In conclusion I wish to say with all the emphasis possible that the farmer's interest, the consumer's interest, and the Nation's interest are bound up in the purposes sought by the pending bill, and I respectfully submit that it must be favorably acted upon now if we are to do justice to this most serious national problem.

Mr. COPELAND. Mr. President, I ask that there be printed in the RECORD certain telegrams which I have received in opposition to the pending bill.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., *May 22, 1936.*

Hon. ROYAL S. COPELAND,
Senate Office Building:

The Smith amendments to the commodity bill is expected on the floor Monday. While these amendments are not as drastic as they were, still they are absolutely unfair, and I shall consider it a personal favor your not only opposing it but getting as many of your associates to do the same. Regards.

WILLIAM W. COHEN.

PERRY, N. Y., *May 22, 1936.*

Hon. ROYAL S. COPELAND,
United States Senate:

We respectfully request that you strongly oppose limitation amendment to the commodities-exchange bill.

THE PERRY KNITTING CO.,
GEORGE M. TRABER, Jr., *President.*

NEW YORK, N. Y., *May 22, 1936.*

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.:

Understand Senator SMITH'S amendments are due to come before Senate Monday. We oppose limitation of legitimate hedges, as it will work to disadvantage of farmer, mill, and consumer, and drive business to foreign merchants.

MINOT, HOOPER & CO.

NEW YORK, N. Y., *May 22, 1936.*

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.:

I earnestly request you to strenuously oppose the Smith amendments, particularly limitation which will be discussed in the Senate on Monday, as it will be most detrimental not only to the welfare of the cotton farmers but to the cotton trade as a whole.

JOHN H. MCFADDEN, Jr.

NEW YORK, N. Y., *May 22, 1936.*

Hon. ROYAL S. COPELAND,
Senate Office Building, Washington, D. C.:

As an individual interested primarily in the cotton trade, I would like to call your attention to proposed amendment to commodity bill (H. R. 6772), and go on record as being strongly opposed to said limitation amendment for the following reasons: First, highly discriminatory in nature; and, secondly, volume purchases spot cotton by larger interests serve useful and constructive purpose in yearly distribution American crop.

FRANK S. BROWN, Jr.

NEW YORK, N. Y., *May 23, 1936.*

Senator ROYAL S. COPELAND:

Believing so-called Smith amendments to commodity bill harmful to cotton trade, would appreciate your continued opposition to them when again presented.

R. R. ROTHENBERG.

NEW YORK, N. Y., *May 23, 1936.*

Senator ROYAL S. COPELAND:

Understand so-called Smith amendments to commodity bill will again be offered for consideration Monday. Believing that they are harmful to the general cotton trade, would appreciate your continued opposition thereto.

FRANK J. KNELL,
Manhasset, N. Y.

NEW YORK, N. Y., *May 23, 1936.*

Hon. ROYAL S. COPELAND,
United States Senate:

Earnestly hope that you will strenuously oppose H. R. 6772 (Smith amendments) to be discussed Monday, it would be most detrimental to entire cotton trade and the farmers.

PHILIP B. WELD.

NEW YORK, N. Y., *May 23, 1936.*

Hon. ROYAL S. COPELAND,
United States Senate:

I am not in favor of Smith amendments as they are detrimental to welfare of cotton exchange and cotton trade in general, as well as cotton farmers. Urge you strenuously oppose them.

G. I. TOLSON.

NEW YORK, N. Y., *May 22, 1936.*

Senator ROYAL S. COPELAND,
United States Senate:

I consider the proposed limitation of hedging transactions by cotton merchants extremely unwise and an undue restriction of legitimate business. Hope you will oppose this proposal in the Smith amendment.

WALTER L. JOHNSON.

UTICA, N. Y., *May 22, 1936.*

Hon. ROYAL S. COPELAND,
United States Senate:

We respectfully request that you oppose most strenuously the limitations amendment to the commodities-exchange bill.

RICHARD K. CONBOY.
HERBERT A. T. SMITH.
I. M. TOWNSEND.

UTICA, N. Y., *May 22, 1936.*

Hon. ROYAL S. COPELAND,
United States Senate:

We respectfully request that you strongly oppose limitation amendment to commodities-exchange bill.

UTICA KNITTING CO.

NEW YORK, N. Y., *May 22, 1936.*

Hon. ROYAL S. COPELAND:

Strongly oppose limitation of trading in cotton futures market. Believe broad flexible market will render best service to all branches of the trade.

WILLIAM J. WALSH.

UTICA, N. Y., *May 22, 1936.*

Senator ROYAL S. COPELAND:

Respectfully request you oppose the cotton amendment to the commodity-exchange bill.

ONEITA KNTG. MILLS,
F. R. DEVEREUX.

NEW YORK, N. Y., *May 23, 1936.*

Hon. ROYAL S. COPELAND:

I strenuously object to Senator SMITH's proposal to amend H. R. 6772, commodity-exchange bill, especially insofar as such amendments, if adopted, will limit the quantity of hedges dealt in on our cotton exchanges which any spot-cotton merchant may legitimately wish to make. Limitation of this sort will have a tendency to further restrict the already gradually lessened volume of business currently being transacted on the American cotton exchanges.

CLARENCE A. MILLNER,
New Rochelle.

NEW YORK, N. Y., *May 22, 1936.*

Hon. ROYAL S. COPELAND,
United States Senate Building, Washington, D. C.:

Understand Senator SMITH, South Carolina, will introduce Monday amendment H. R. 6772, limiting volume cotton hedges permitted any one firm. As largest American firm, handles under 14 percent total crop. There is certainly no monopoly, and that firm must buy right or would not get the cotton. Such limitation unfair, both farmers and consumers, because will widen distribution costs by eliminating most efficient units in business. Moreover, will make gift of business now done by large American firms to foreign firms who can hedge unhampered in foreign markets. Earnestly request you vigorously oppose this amendment.

T. C. FIGGATT.

NEW YORK, N. Y., *May 22, 1936.*

Hon. Senator ROYAL S. COPELAND,
Senate Office Building, Washington, D. C.:

Understand Senator SMITH intends introduce his amendments to H. R. 6772 Monday, which will limit legitimate hedging transactions in cotton. This legislation is so drastic that it would have very adverse effect on general cotton business. The bill covers 13 commodities, and while it places restrictions on speculative transactions in same does not prohibit bona-fide hedging transactions; therefore cannot see why cotton hedges should be limited, as Congress cannot control transactions of foreign merchants. They could easily trade here in different names and evade the limitation law and return to the Liverpool market the domination of American cotton which it had before the war. As a member of New York Cotton Exchange, I earnestly request you to oppose any legislation of this nature.

WILLIAM J. JUNG,
Greatneck, N. Y.

NEW YORK, N. Y., *May 20, 1936.*

Senator ROYAL S. COPELAND,
Care United States Senate:

From the study I have made of the Smith amendments to the commodities exchange control bill, it does not seem that the interests of the producer and consumer have been kept in mind. The important thing is for cotton to move easily and freely, and the southern delivery arrangement helps a great deal to accomplish this. Furthermore, the restrictions regarding hedges in any one month would, in my opinion, interfere with normal business operations, and the prohibition against delivery of high-density bales against contracts at Houston, Galveston, and New Orleans seems uncalled for and would create a serious condition for the interior presses. I hope, therefore, that you will vote against all of the Smith amendments.

J. L. CLEVELAND, Jr.

Mr. SMITH. Mr. President, I wish to make a request which is not for the purpose of shutting off debate. It is very evident, however, that the consideration of the bill cannot be concluded today, and Senators do not have the bill and amendments in convenient form to study them. I ask that the Senate Committee on Agriculture and Forestry be instructed to have made a reprint of the original bill, containing the language proposed to be stricken out as well as the amendments. I ask that it be done for the use of the Senate in the morning.

The PRESIDING OFFICER (Mr. MCGILL in the chair). Is there objection to the request made by the Senator from South Carolina? The Chair hears none, and it is so ordered.

Mr. MURPHY. Mr. President, I should like now to proceed with the committee amendments to the bill.

The PRESIDING OFFICER. The first amendment will be stated.

The CHIEF CLERK. In section 3, page 2, line 9, after "wheat", it is proposed to strike out "cotton", so as to read:

SEC. 3. Section 2 of the Grain Futures Act (U. S. C., title 7, sec. 2) is amended by—

(a) striking out the third sentence of paragraph (a) and inserting in lieu thereof the following: "The word 'commodity' shall mean wheat, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, and eggs"; and

Mr. MURPHY. Mr. President, I ask that the amendment on page 2, line 9, be rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 2.

Mr. AUSTIN. Mr. President, I have very little knowledge of the amendment and its effect, but I should like to inquire whether it is the amendment concerning which there has been some controversy in the Committee on Agriculture and Forestry.

Mr. MURPHY. I will state the situation.

The bill, as passed by the House, included cotton as a commodity subject to regulation by the Grain Futures Administration. The bill, as first reported to the Senate, strikes out cotton as one of those commodities. If the amendment now pending shall be rejected, cotton will be restored as one of the commodities which will be subject to regulation by the Grain Futures Administration.

Mr. AUSTIN. Can the Senator inform me whether the amendment is the same which is referred to in the telegram which I am about to read? It is from Russell T. Fisher, secretary of the National Association of Cotton Manufacturers, and was sent from Boston, Mass. The telegram is dated May 18, 1936, and is as follows:

Understand Senator SMITH proposes to offer amendments concerning cotton to commodities exchange control bill. These amendments already voted down in Senate Agricultural Committee. Believe such amendments detrimental to future interest of cotton industry, and urge that you use your efforts to defeat them.

I have another telegram to the same effect from Harold Amory, secretary of the New England Cotton Buyers' Association. I have not had the advantage of having been in the committee which heard the matter.

Mr. MURPHY. The reference in the telegram which the Senator has read is not to the amendment which I have asked the Senate to reject. I think the reference in the telegram which the Senator read is not to the cotton amendments which appear in House bill 6772, before us. The telegram probably refers to the amendments which the Senator from South Carolina reported favorably today and which he will presently offer as amendments to the bill. When we reach the cotton amendments which appear at the end of the bill, beginning on page 27, in order to restore the bill to the form in which it passed the House, the chairman of the Committee on Agriculture and Forestry will ask that those amendments be rejected; so for the present I think the amendment to which the Senator's correspondents have reference is not before the Senate and will not come before the Senate until the Senator from South Carolina shall have offered his amendment.

Mr. POPE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. POPE. I understand that the question arises on agreeing to the committee amendment and that a negative vote on the committee amendment will accomplish what the Senator from Iowa desires.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment. A vote "aye" will be in favor of retaining the amendment. A vote "nay" will be to reject it.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Holt	Overton
Ashurst	Connally	Johnson	Pittman
Austin	Coolidge	Keyes	Pope
Bachman	Copeland	King	Radcliffe
Bailey	Couzens	La Follette	Reynolds
Barkley	Davis	Lewis	Robinson
Benson	Dieterich	Lonergan	Russell
Bilbo	Donahey	Long	Schwellenbach
Black	Duffy	McAdoo	Sheppard
Bone	Fletcher	McGill	Shipstead
Borah	Frazier	McKellar	Smith
Brown	George	McNary	Steiwer
Bulkley	Gerry	Maloney	Thomas, Utah
Bulow	Gibson	Metcalf	Townsend
Burke	Glass	Minton	Truman
Byrd	Guffey	Murphy	Tydings
Byrnes	Hale	Murray	Vandenberg
Capper	Harrison	Neely	Van Nuys
Caraway	Hastings	Norris	Walsh
Carey	Hatch	Nye	Wheeler
Chavez	Hayden	O'Mahoney	White

The PRESIDING OFFICER. Eight-four Senators having answered to their names, a quorum is present.

The question is on the amendment reported by the committee to strike out "cotton" on page 2, line 9.

The amendment was rejected.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The CHIEF CLERK. On page 27, after line 16, it is proposed to insert sections 14, 15, 16, and 17, as follows:

SEC. 14. That section 1 of the act of August 11, 1916, known as the United States Cotton Futures Act, as amended, is amended by inserting after the words "United States Cotton Futures Act", the following new paragraphs:

"For the reasons hereinafter enumerated, transactions in cotton involving the sale thereof for future delivery as commonly conducted on cotton-futures exchanges and known as futures and the other transactions hereinafter described are affected with a national public interest which makes it necessary to provide for regulation and control of such transactions and of practices and matters related thereto in order to protect and effectively regulate interstate and foreign commerce:

"(1) Such transactions are carried on in large volume by the public generally and by persons engaged in the business of buying and selling cotton in interstate and foreign commerce; (2) the prices involved in such transactions are generally quoted and disseminated throughout the United States and in foreign countries as a basis for determining the prices to the producer and the consumer of cotton and to facilitate the movements hereof in interstate and foreign commerce; (3) such transactions are utilized by shippers, dealers, manufacturers, and others engaged in handling cotton in interstate and foreign commerce as a means of hedging themselves against possible loss through fluctuations in price; (4) the transactions and prices of cotton on such cotton-futures exchanges are susceptible to speculation, manipulation, and control, and sudden or unreasonable fluctuations in the prices thereof frequently occur, as a result of such speculation, manipulation, or control, which are detrimental to the producer or the consumer and the persons handling cotton in interstate and foreign commerce; (5) such speculation, manipulation, or control is frequently effectuated, and such sudden or unreasonable fluctuations of prices are at times brought about by purchases or sales of future contracts in large quantities by some person acting alone or in association with other persons or affiliations; (6) that owing to conditions naturally incident to the growing and marketing of the cotton crop and the uncertainty as to its grades and qualities, such speculation, manipulation, or control, and such sudden or unreasonable fluctuations of prices, cannot be prevented unless only standard forms of future contracts are made and dealt in upon such cotton-futures exchanges and matters relating thereto necessary to insure fulfillment of such contracts are regulated; (7) and that such speculation, manipulation, and control, and such fluctuations in prices are an obstruction to and a burden upon interstate and foreign commerce in cotton and render regulation of such cotton-futures exchanges, and the dealing thereon, imperative for the protection of such commerce and the national public interest therein."

SEC. 15. Section 5 of such act of August 11, 1916, as amended, is amended by striking out paragraph "Sixth" and substituting therefor the following:

"Sixth. Provide that any cotton tendered under such contract shall contain not more than three grades, which shall be contiguous, in each 100 bales; that such tender shall be the full number of bales involved in such contract, except that such variations of the number of bales may be permitted as is necessary to bring the total weight of the cotton tendered within the provisions of the contract as to weight; that on the seventh business day prior to delivery and not later than the eighteenth calendar day of the delivery month the person making the tender shall give to the person receiving the same written notice of the date of delivery; and that on or prior to the date so fixed for delivery, and in advance of final settlement of the contract, the person making the tender shall furnish to the person receiving the same a written notice or certificate stating the grade of each individual bale to be delivered and, by means of marks or numbers, identifying each bale with its grade; that delivery shall be made only on one of 4 days in each delivery month, which shall be fixed in regulations prescribed by the Secretary of Agriculture as delivery days; and that the delivery of cotton on such contract shall be made at a place where a cotton-futures exchange is located."

SEC. 16. Section 6 of such act of August 11, 1916, as amended, is amended by striking out the words "sixth business day" and inserting in lieu thereof "eighth business day."

SEC. 17. Such act of August 11, 1916, as amended, is amended by inserting after section 22 the following new section:

"SEC. 23. (a) No person who is a member of a clearing house or clearing association of any cotton-futures exchange, or a member of any organization performing the functions of a clearing house for any cotton-futures exchange, shall, directly or indirectly, be engaged in the business of a spot-cotton merchant or have any financial or other interest in, or lend any financial aid to, any such business; and no person engaged in the business of a spot-cotton merchant shall, directly or indirectly, have any financial or other interest in, or lend any financial aid to, any such member.

"(b) The tender upon futures contracts more than once by the same person in the same calendar month of notices of delivery of the same cotton is hereby prohibited.

"(c) Each member of a cotton-futures exchange engaged in the execution for others of orders for the purchase and sale of cotton for future delivery shall demand and receive from both members and nonmembers of such exchange for whom he executes such orders, and shall require to be maintained at all times subject to reasonable provisions for call and notice, minimum margins on their net open interests, with respect to such orders, in purchases and sales of cotton for future delivery. Such margins for members of the cotton trade or textile manufacturers shall be not less than 5 percent and for other persons not less than 10 percent of the current market price of the cotton involved.

"(d) Any person who shall sell any cotton for shipment from one State to another, or export to a foreign country, on credit terms shall, upon the fixing of the price of the cotton involved, demand and receive from the buyer or his agent a margin of not less than 10 percent of the market price of such cotton; and in no case shall any such seller ship or deliver for shipment from one State to another or to a foreign country any cotton involved in any such sale on which the price shall not have been fixed.

"(e) Any person who violates any of the provisions of this section shall, upon conviction thereof, be fined not more than $1,000, or be imprisoned not more than 6 months, or both, for each such violation."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment which has just been stated.

The amendment was rejected.

The PRESIDING OFFICER. The bill is still before the Senate and open to amendment.

Mr. SMITH. Mr. President, it is evident that the Senate in nowise understands this bill and these amendments. I have certain amendments which were agreed to by the committee. The Senator from Iowa has certain amendments which he intends to offer. I have made the suggestion, and it has been agreed to, that the committee be authorized, without action being taken on the bill, to have a reprint of this bill with the amendments in their proper place, indicating what it is proposed to change. I insist if there is no other explanation to be given that we ought now to allow the committee to have a reprint of the bill showing the amendments, so that they may be thoroughly understood and voted on intelligently.

If this bill is to become a law, I know we have got to take advantage of the time when other bills, such as the tax bill and measures necessary for the running of the Government, are not before us, but I insist here and now that the Senate proceed on this bill decently and in order. I do not want the confusion that may be incident to the somewhat irregular manner in which these amendments have come before the Senate to operate against a thorough understanding of each and every one of them.

I am entitled, as are those whom I represent, to have a fair understanding of the amendments I have proposed. One Senator has risen in his place and read telegrams opposing amendments that nobody knew anything about, in a way, until this morning. I think that is unfortunate, but I am here to say that every word that has been said in behalf of regulating grain exchanges applies to cotton exchanges. I do not want to adopt a dog-in-the-manger policy, but I am here battling for the recognition of the interest of those whom I represent, and the Senate is going to have an opportunity to hear the amendments explained before it votes on this bill, if I am accorded the recognition that every Senator has a right to ask.

I am aware of the propaganda that has gone out; I know that it is an easy matter to use the influence of money and organizations. I have been battling here for 28 years. I have not made any very great progress, and I do not think the agricultural interests have had any very signal success. We have all attempted to bring about certain legislation that would enable the agricultural producers to have some trade resistance, but we have not accomplished it. Certain evils have grown up in our exchanges which are amenable to regulation. I am asking that the Senate shall consider these questions as they appear in the amendments which I propose and which have met the approval of hundreds of men who actually produce the commodity, whose response, without my solicitation, shall be placed before the Senate.

Mr. President, it is impossible to know where these amendments occur and what portions of the bill they propose to amend in the form in which they presently appear; but I am asking at this stage, now that there has been given a very extensive, clear, and lucid explanation of the intent and purpose of the bill, that there shall be a reprint made showing where the amendments will come in with reference to the particular text proposed to be amended, and that the part to be stricken out be indicated. I think it will expedite matters if we will take that course. No time will be lost. I shall content myself with explaining from the text the amendments that I have had the honor to propose and which have been endorsed by hundreds and hundreds of those who have taken the time to read and understand them.

Mr. President, I think the whole matter can be expedited if that course shall be pursued.

Mr. CAPPER. Mr. President, it would be most regrettable if this Congress should fail to pass the pending bill, H. R. 6772, amending the Grain Futures Act.

For years every wheat grower in the United States has been regularly victimized and our great milling industry upset by "bear raids", by "May squeezes", by vicious short selling on a huge scale at the hands of big manipulators who virtually have been in control of the board of trade and have used it unscrupulously to accomplish their ends. I frequently hear the statement made by western farmers that the board of trade has become one of the world's greatest gambling places. They believe it fixes the price for the benefit of the speculator and against the producer and consumer.

We have had too many men like Cutten depressing the farmer's market by their fictitious operations in "ghost" wheat, or "paper" grain. Option sales in wheat on the Chicago Board of Trade for the month of July last year amounted to more than the entire estimated crop, including the carry-over for the entire United States.

In 1 month this country's visible supply of grain was sold 31 times.

The stocks of wheat on track and in elevators in Chicago were sold 376 times. And this country's total primary receipts were sold 26 times.

Mr. President, it is time that the Federal Government should step in and at least limit the amount of gambling in foodstuffs. These grain gamblers buy and sell wheat that never was planted, wheat that never was harvested, wheat that never came to market, wheat that never will be ground into flour, wheat that never will be baked into bread. Through manipulating prices these gamblers run the prices down while the farmer is marketing his grain, then run the prices up on the consumer.

Gambling in the necessities of life costs the farmers millions and millions of dollars in the prices the farmer gets for grain. Such gambling also costs the consumers millions and millions of extra dollars for the food which they buy and eat. It is time the gambling on the grain exchanges is limited as much as possible.

Mr. POPE. Mr. President, referring to the suggestion of the chairman of the committee [Mr. SMITH] made a few minutes ago, I call attention to the fact that the amendments of the Senator from Iowa [Mr. MURPHY] are printed and on the desks of Senators. If not, they can be placed there in a few moments by a clerk. I suggest that the Senate proceed to the consideration of those amendments and act upon them. I believe that the printed amendments of the Senator from Iowa, which are before Senators, will give them the necessary information so that they may vote intelligently upon them, as each amendment refers to the line and page of the pending bill which is proposed to be amended.

Mr. MCNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Oregon?

Mr. POPE. I yield.

Mr. MCNARY. I am not sure that I am conversant with the proposal made by the Senator from Idaho [Mr. POPE]. Early in the day I objected to the consideration en bloc of the amendments offered by the Senator from Iowa [Mr. MURPHY] because such a procedure is unusual, and I thought, if followed in this instance, would lead to confusion and possibly to bad legislation. However, upon investigation, I determined that they were purely clerical, referring to the year 1934, and it was my intention then to withdraw my objection, which now I do for the purposes of the RECORD.

Mr. POPE. Mr. President, I may say that the original amendments recommended by the Committee on Agriculture and Forestry have been acted upon, so that now amendments are being offered from the floor. In that category come the amendments offered by the Senator from Iowa [Mr. MURPHY]. They have already been printed and they are now before Senators, just as in the case of any other amendments which have been printed and are offered from the floor. I see no reason why we cannot proceed with them.

Mr. NORRIS. Mr. President——

Mr. POPE. I yield to the Senator from Nebraska.

Mr. NORRIS. Then let us have those amendments agreed to. There was only one objection, and the Senator from Oregon [Mr. MCNARY] has now withdrawn the objection. Why can we not dispose of them right now?

Mr. POPE. I rose——

Mr. SMITH and Mr. MURPHY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield, and, if so, to whom?

Mr. POPE. I desire first to make a statement. I rose to meet the suggestion made by the Senator from South Carolina that the Senate suspend consideration of this bill until a reprint could be made of the measure, including the amendments. I think we can proceed with the consideration of the amendments to the bill and make use of the time now at our disposal.

Mr. SMITH obtained the floor.

Mr. MURPHY. Mr. President, will the Senator from South Carolina yield long enough to permit us to have a vote on the amendments?

Mr. SMITH. No; I prefer to make my statement now.

Mr. President, I clearly see the strategy is to get the grain amendments all agreed to, and then the cotton amendments can take their chance. I maintain that they amend the text of the Grain Futures Act in different places. They are not addenda to the act. They are part and parcel of it.

Mr. NORRIS. Mr. President, will the Senator from South Carolina yield?

Mr. SMITH. I yield.

Mr. NORRIS. If it be true, and I think it is, that there is practically no objection except to one or two quite unimportant amendments, why not have them agreed to? That will leave the cotton amendment for consideration and disposition. After the other amendments are agreed to, if the Senator wants to have the bill reprinted, I see no objection to that course.

The Senator ought not to put anyone in the wrong attitude by suggesting that it is the strategy of those who want to defeat the cotton amendment to pursue this course. I am sure I do not want to defeat the Senator's cotton amendment. Here are some amendments pertaining to grain exchanges, to which, if we are correct in our understanding—as I think we are—there is practically no objection; but the cotton amendments are going to be the subject of some discussion. Why not dispose of the other amendments to which there is no objection and then take up the cotton amendments in the regular way?

Mr. SMITH. Mr. President, I know how the Senator feels, but, so far as I am concerned, the amendments which I have proposed and which the Committee on Agriculture and Forestry in good faith voted to report will be taken up along with the other amendments because they are amendatory of the text of the Grain Futures Act just as the other amendments are.

All I am asking is a fair and square discussion of and action upon the cotton amendments. I am going to fight for them just so long as it is possible for me to stay on my feet. I know the propaganda that is abroad. I could bring here telegrams and affidavits by the score.

It is to the everlasting disgrace of those of us who represent this great industry that while we were conducting hearings and an investigation extending over some 90 days, involving the very life of nearly one-third of this Nation, only three or four Senators representing the cotton States put in their appearance. When we came to the question of grain, the committee room was filled. Those who produce the commodity which I stand here representing, both as a producer and as a Senator, do not propose without being heard to have organized capital propaganda and far-flung organization throttle the cotton amendment. It may be a weak voice, but I propose to outline the situation de novo.

This is one time when, in the interest of the producer, we are attempting to regulate the market places. The Senate is going to regulate them for my commodity as well as the others; or, if I can prevent it, we are not going to make fish of one and fowl of the other. I know the disposition here. I know the propaganda that has gone forth. I know the sources from which it comes. The Senator from Nebraska heard part of it for he was present during the committee hearings. He knows the tremendous power behind that propaganda. I shall take the time of the Senate to read telegrams from practically every cotton State in the Union protesting about the matter.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nebraska?

Mr. SMITH. Certainly.

Mr. NORRIS. I am not finding fault with what the Senator advocates. It seems to me, however, he ought to be willing that amendments to which there is no objection should be disposed of. I am not trying to prevent the Senator from doing all he says he wants to do, but he is holding up something to which he himself has no objection in order to do the other thing. I am not finding fault with the Senator if he insists upon pursuing that course, but the effect of it is that we are going to waste all our time and not pass the bill. I am afraid that is what will happen.

Mr. SMITH. Mr. President, with the condition in which the market finds itself, which was explained under oath before the committee—and the Senator from Nebraska heard it—I cannot describe how I feel when I realize, standing here representing a commodity which is of as much importance to America perhaps as any other, that not a voice but mine seems to be raised in behalf of those who are suffering more today than are the grain producers. Every commodity has risen to 70 or 80 percent of parity except cotton, and that is down to 40 percent of parity.

What help have I? Who from the cotton-growing States has opened his mouth here except in derogation of what I am attempting to do? Now, I am asked to sit down quietly and have those who properly represent grain put through their amendments. Then the battery of opposition from organized millions would be turned upon the cotton amendments. The Senator from Nebraska heard one witness testify under oath that he had 2,500,000 bales of cotton and in 6 years had made a net profit of $13,000,000. That is in the record. The Cotton Shippers Association are opposed to the bill. Why? Because they are organized to see that the markets of the country are controlled by organization and capital.

Mr. President, I voted to report from the committee, amendments proposed to the Grain Futures Act. If there is to be no reprint of the text so that Senators may understand it, then as soon as those amendments are agreed to I am going to take up the other amendments and read them as they would appear in their proper place in the text, and ask to have them voted on. The proper order would have been that these amendments should have appeared in the bill along with the others. I am determined that those whom I represent shall get some relief from the intolerable condition which exists.

Let me call the attention of the Senate to a significant fact: In May 1934, with the domestic consumption of cotton at its lowest ebb, with export of cotton to foreign countries at its lowest ebb, with the carry-over—that is, the old stock the Government and others had accumulated, aggregating something like 12,000,000 bales—cotton went to 14 cents a pound. Now, with organization getting in its work, with domestic consumption up to nearly 6,000,000 bales, with foreign exports greater than they have been for years, with a crop of hardly more than nine and three-quarter million bales, and the carry-over reduced to something like 8,000,000 bales, the price of cotton is from fifteen to $20 a bale less than it was in 1934; and who gives a snap about it?

Here we are, with the Senate deluged with letters and telegrams protesting against any interference with the beautiful game of the farmers producing cotton, and three concerns, or four at the most, distributing it at their sweet will!—the very condition which existed, or was alleged to exist, in the grain market—and here I stand, with the threat that "grain is all right, but cotton will be controversial"—why? The South is solid. It is not necessary to get any votes in the Senate from the South. The Civil War froze us into one party. Therefore, why extend the South any kind of political courtesy? But where it is doubtful, "For God's sake, let us get out and do something!"

I am tired of being made the victim of this situation. Senators should be big enough to view the matter on its merits and not sit down complacently and listen to propaganda. What do we get down there? Nothing. "They are hitched, anyhow." When the Republicans are in power, they say, "There is nothing there for us." When the Democrats are in power, they say, "What is the use of fooling with them? We have them, anyhow"; and it is like the old doctrine of predestination:

I can and I can't;
I will and I won't.
I'll be damned if I do.
And damned if I don't.

[Laughter.]

There you are. It is the most frightful situation in the world.

I will guarantee that what I am saying would not fall on deaf ears if there were more political hope than now exists. I hate to say that, but 28 years of bitter fighting has led me to know that this is true, horribly true. It is a matter of the greatest humiliation in the world to me that a product which means life or death, financially speaking, to my section of the country, shall be treated with indifference, if not with actual opposition.

I was gratified this morning when the committee acted upon these amendments just as they acted upon the other amendments. I am just as anxious to see grain relieved as I am anxious to see cotton relieved; and unless my health and strength fail me, I think they will go together, Mr. President. Yes; I think so. I think so. There is not a member of the committee but who knows that the discussion of these amendments appealed to their judgment. I will ask the Senator from Nebraska if that is not so.

Mr. NORRIS. Mr. President, I have tried time and time again to say that to the Senator; but, because I have agreed with the Senator on cotton, it seems to me it does not follow that amendments that have no objection to them, but are vital, should not now be disposed of. Then the Senator may discuss at his own sweet will the disputed items on cotton.

I am not complaining that the cotton Senators have not agreed. I am willing, when they get through debating the matter, to vote according to my best judgment. I think the Senator from South Carolina is willing, and, whether the amendments are voted up or whether they are voted down, I am willing to take the result and take my medicine.

The Senator from South Carolina ought to do that. He ought to let other cotton Senators who do not agree with him debate the matter; and when we get through, the Senate, like a jury, will pass on it.

Nobody is trying to prevent the Senator from having his say and doing what he thinks is right. There are many Senators here who are now following him. He will drive them away from him if he continues in this kind of a course, and says that unless he gets what he wants in cotton we shall have no legislation for grain or anything else.

Mr. SMITH. Mr. President, I know how the Senator from Nebraska feels, and I know how the Senator from South Carolina feels. Sometimes I have felt that I have been engaged in an absolutely hopeless task.

Mr. NORRIS. Mr. President——

Mr. SMITH. Let me finish what I have to say. That has not been because I have not had the support of the Senator from Nebraska. I have the support of some Senators who perhaps never saw a cotton field; and yet here we are, with this propaganda going from one end of the country to the other, and the amendments that I propose exactly in accord in their regulatory features with those that are proposed for grain; and yet——

Mr. NORRIS. Mr. President, now will the Senator yield?

Mr. SMITH. Yes.

Mr. NORRIS. I desire to make a suggestion to the Senator with the idea of getting somewhere with this proposed legislation. I suggest to him that he offer his cotton amendments now, and let the grain amendments follow. Let us take up the cotton amendments right now, debate them as long as anybody wishes to debate them, and then vote. Then let us take up the other amendments afterward.

If the Senator would like to have his cotton amendments considered first, let us take them up first. He may offer them at this moment, and they will be before the Senate for debate. The Senator from South Carolina may be heard, and those who oppose his amendments may be heard.

Mr. SMITH. Mr. President, I think that is a pretty good suggestion. I ask to have the clerk read the amendment on page 8, after line 26.

The PRESIDING OFFICER. The Senator from South Carolina offers an amendment, which will be stated.

The CHIEF CLERK. On page 8, after line 6, it is proposed to insert the following new paragraph:

Nothing in this section or in any other section of this act shall be construed to prevent a futures commission merchant or floor broker who shall have in hand, simultaneously, buying and selling orders at the market for different principals for a like quantity of cotton for future delivery in the same month, from crossing and executing such buying and selling orders at the then fair market price: *Provided*, That any such crossing and execution shall take place on the floor of the exchange where such orders are to be executed and shall be duly reported, recorded, and cleared in the same manner as other orders executed on such exchange.

Mr. SMITH. Mr. President, let me explain that amendment.

A man is a broker on the cotton exchange. He gets an order to sell a thousand bales, and simultaneously he gets an order to buy a thousand bales. The orders are from different individuals, in different parts of the country. He has an order to sell which would tend to put the market down, and an order to buy which would tend to put it up. It is alleged in the hearings that such orders have been received, and that the broker wishing to have the market go up would execute the buying order, and reserve the selling order until the buying order had its effect, and then put in the selling order.

Under this amendment, if a broker gets two such orders, he must offer them simultaneously on the floor, at the market, so that the effect of one will not be felt before the effect of the other is felt. That is all there is to the amendment; and it provides that this shall be done openly, instead of having the selling order executed and the other order transferred to someone else to execute for the broker at a different time.

That is all the amendment provides for. This is what is known in the Grain Act as cross selling. The amendment provides that if a broker gets two such orders under these circumstances, he shall execute them simultaneously at the market, so that the effect of one will not be offset by the precedence of the other.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

Mr. CONNALLY. Mr. President, I desire to ask the Senator from South Carolina why the necessity for making that provision over the present law?

Mr. SMITH. Because it was testified before the committee that orders coming in would be segregated, and that the broker would execute his selling orders and affect the market, and then later put in his buying orders.

Mr. CONNALLY. I thank the Senator.

Mr. President, that does not seem to me to be a sufficient reason for adopting the amendment, because just a little while ago the Senator from South Carolina said that the depressing effect on the market of the sale was offset by the uplifting effect of the purchase. Of course, I understand now that he means that a sale might be made at 2 o'clock and force the price down a little, and a purchase might be made at 4 o'clock and bring it back.

Mr. SMITH. Yes.

Mr. CONNALLY. The Secretary of Agriculture, however, is not in agreement with the Senator from South Carolina as to the wisdom of this provision.

Mr. SMITH. All right; let us hear what he has to say about it.

Mr. CONNALLY. I desire to say that I regret very much the necessity of differing with the Senator from South Carolina on the subject of cotton. I realize that the Senator has spent many years in studying cotton from the legislative and market standpoints, and I congratulate him, and I am very sorry that I cannot follow his banner. I do not think the Senator, however, ought to manifest what seems to be some feeling on his part because everybody from the cotton States does not fall in line and shoulder arms and march right along behind the Senator from South Carolina.

Mr. SMITH. Just one moment. I do not want to have any of my colleagues shoulder arms and march along. I want them to shoulder arms and study the proposition as it is entitled to be studied.

Mr. CONNALLY. Mr. President, I have a very high regard and affection for the Senator from South Carolina, but, when it comes to a choice between the interests of our constituents and those of a Senator from another State we have to side with our constituents.

Mr. McKELLAR. Mr. President, may I ask either one of the Senators which amendment we are now considering?

Mr. CONNALLY. The first cotton amendment.

Mr. McKELLAR. The one on page 8, after line 26?

Mr. CONNALLY. That is it. The effect of the amendment would be, as I understand, that the broker could handle the whole transaction himself. It is as if there were a broker sitting up in New York, who would get a call from Florence, S. C., to sell a thousand bales of cotton, and also get a telegram from Texas to buy a thousand bales.

Mr. SMITH. That is correct.

Mr. CONNALLY. Without anybody's intervention at all, this broker takes a thousand bales out of one pocket and puts a thousand bales in the other pocket. It does not need to go through the exchange at all. Is that correct?

Mr. SMITH. Yes; the bill provides that. But in order to execute the order for his clients, he shall sell and buy at the market, offer this commodity for sale and seek that commodity for purchase at the market, in the open market. That was discussed before the committee.

Mr. NORRIS. Mr. President, will the Senator from Texas permit an interruption?

Mr. CONNALLY. I yield.

Mr. NORRIS. I have no object except to vote on the cotton amendments according to my conviction as to what is right. I do not understand that there could possibly be any harm in this amendment, and great good might result from it.

If the Senator were a commission man, and he received an order from me to buy a hundred bales of cotton, and at the same time he received an order from another man to sell a hundred bales of cotton, it would be within his power, as a commission man, as I understand, to injure either one of the customers, because he would have to go on the market, and if he went on the market and bought a hundred bales of cotton, it would have one effect, and if he went on the market and sold a hundred bales of cotton, that would have the opposite effect.

Suppose the Senator should go into the market and say, "I want to buy a hundred bales of cotton and I want to sell a hundred bales of cotton." That would give everybody a fair show. That would be open and aboveboard, and the effect on one side would just equal the effect on the other side. It would not cheat either one of the clients. Each one of them would get a square deal, as I see it. If that would not be the effect, I should like to be informed as to what the effect would be. Who would be hurt by that transaction?

Mr. CONNALLY. Mr. President, I wish to say to the Senator from Nebraska that it seems to me the case he puts presupposes absolute fairness and equitable dealing by the broker. Of course, in any case where that occurs, things will be all right. But the mere power which the Senator suggests the broker would have to control the market by balancing it would give the broker the power to do something else if he wished to do so.

Listen to what the Secretary of Agriculture said about it. This comment is with relation to another amendment of the Senator from South Carolina, at some other time, but it is the same proposition. In a letter, under date of May 18, to the chairman of the Committee on Agriculture and Forestry, the Senator from South Carolina [Mr. SMITH], the Secretary said:

> However, paragraph (c) of such section authorizes the offsetting or matching of purchase orders against selling orders received simultaneously without actual execution of the orders in the exchange ring or pit provided for such trading.

The Secretary further said:

> There may be times when better executions can be effected by commission merchants by the simple process of offsetting or matching orders but it seems to us to be a practice fraught with temptation, and the experience of the Grain Futures Administration has suggested the desirability of prohibiting such practice by law.

Mr. SMITH. Mr. President, that is exactly the point I am making, and that is exactly what is provided in the Grain Futures Act, that they cannot have these cross sales to the detriment of either one of the clients. That is exactly what the Secretary says, and what is in the Grain Futures Act, that it must be a simultaneous transaction, and not prejudice the market by executing one order at this hour and later on getting the benefit of the effect of that and executing the other order.

Mr. FLETCHER. That is in the amendment.

Mr. CONNALLY. Mr. President, let me ask the Senator from South Carolina a question. In section 10 of the old amendments, page 44, it was provided that all purchases and sales of cotton for future delivery should be made by public outcry. Is that in the amendments we are considering?

Mr. SMITH. Yes.

Mr. CONNALLY. Paragraph (c) in the former amendments, to which I am now addressing myself, was a subsection of that clause which provided that the transactions must be by public outcry, and this paragraph (c) is a weakening of the effect of that provision.

Mr. SMITH. Oh, no. It is nothing in the world but a restatement of it. There is too great a temptation, as the Secretary says, unless we prohibit it by requiring that the two transactions shall be simultaneous. The letter of the Secretary is exactly in accord with what I have put into the amendments, and what occurs in the Grain Futures Act.

Mr. CONNALLY. I beg the Senator's pardon, but I do not understand it in that way. I will confess that I am not familiar with the technical manipulations and operations of cotton exchanges, but I am trying to become familiar with them—I am studying them. I am going by what the Secretary of Agriculture says as to the operation of the Grain Futures Act.

Mr. SMITH. The Secretary refers to precisely what we are attempting to correct in the Grain Futures Act and also in this amendment.

Mr. POPE. Mr. President, will the Senator from Texas yield to me?

Mr. CONNALLY. I yield.

Mr. POPE. Let me ask the Senator from South Carolina whether there is anything in the original act—that is, the Grain Futures Act, without this amendment—which would prevent a broker from representing two different traders in just exactly the same way that is described here?

Mr. SMITH. No.

Mr. POPE. In other words, the Senator's statement here is as to the sort of thing that would occur if the bill were enacted as it now stands, without this amendment?

Mr. CONNALLY. That is it exactly.

Mr. SMITH. No.

Mr. POPE. What does the amendment accomplish, then?

Mr. SMITH. The amendment simply prohibits the practice of making cross sales.

Mr. POPE. Let me ask the Senator this question. Since cotton is in the bill now, would not the whole section relating to wash sales, cross trades, accommodation trades, and

all such pernicious practices, apply to cotton and the cotton exchange so as to amply protect traders on the exchange from those very practices?

Mr. SMITH. No, Mr. President; the point I am making is that the nature of the cotton business is different from other businesses. When one brings forward a load of grain and it is graded he cannot follow its identity to save his life. That ends it. It is put in an elevator, and he has a receipt for a certain character of grain. An individual bale of cotton can be followed to the Orient and identified, and its character determined, for its marking is a matter of record until it goes to the breaker room in the factory.

Mr. CONNALLY. Mr. President, it seems to me the Senator from Idaho has put his finger on the point in the case. We have included cotton in the general Grain Futures Act. It is treated there as a commodity just like grain or any other commodity. If what the Senator from South Carolina says he wants to do is already being done with grain, there is no occasion to insert this particular provision in the form of an independent amendment.

The Senator says that the amendment is intended to prohibit the doing of what I suggested could be done. Let us see what the amendment provides:

Nothing in this section—

That evidently refers to the general section in the Grain Futures Act which prevents this sort of thing. I will ask the Senator from Idaho to look that matter up. It is on page 8, line 26:

Nothing in this section or in any other section of this act—

A sweeping provision—

shall be construed—

To prohibit something? No—

to prevent a futures commission merchant or floor broker who shall have in hand, simultaneously, buying and selling orders at the market for different principals for a like quantity of cotton for future delivery in the same month, from crossing and executing such buying and selling orders at the then fair market price: *Provided*, That any such crossing and execution shall take place on the floor of the exchange where such orders are to be executed and shall be duly reported, recorded, and cleared in the same manner as other orders executed on such exchange.

Let me suggest, Mr. President, under that provision if it should be enacted, what would prevent a broker from getting an order at 10 o'clock this morning and keeping it in his pocket until 4 o'clock this afternoon until he got an order on the other side, and by that means probably manipulating the market?

Mr. SMITH. No, Mr. President; the provision says "simultaneously."

Mr. CONNALLY. Simultaneously so far as we know, but there would be no reason on earth why the broker should not do as I suggested. That is what the Secretary of Agriculture had in mind when he said that the view of the Department is that this kind of a provision is subject to the temptation that assails the brokers and the manipulators on the cotton exchange.

Mr. POPE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. POPE. I will say to the Senator that the section which it is proposed to amend prohibits generally cheating, defrauding, making false reports, or bucketing orders, and then in the next section there is prohibition against crosstrade and the other practices to which we have referred. The point about the amendment, it seems to me, is that it is an exception to the general provision as to cheating, defrauding, and making false reports.

Mr. SMITH. Oh, no, Mr. President. The Senator should be fair about this. The provision simply provides that when orders come in simultaneously, as they do, that one shall not be pocketed and the other sold. The very language which the Senator read from the Secretary of Agriculture referred not to this provision alone, but to the general practice of using one order to offset another order. There is not a Senator who believes that a broker, when he receives two orders, one to buy and one to sell, should be allowed to use one order even incidentally to the detriment of the other.

Mr. CONNALLY. Mr. President, let us see what the amendment is about. The Senator from Idaho [Mr. POPE] referred to it. Section 4 (b), on page 7 of the bill with which we are dealing, provides:

SEC. 4. (b) It shall be unlawful for any member of a contract market, or for any corresponding agent, or employee of any member, in or in connection with any order to make, or the making of (1) any contract of sale of any commodity in interstate commerce, or (2) any contract of sale of any commodity for future delivery made, or to be made, on or subject to the rules of any contract market for or on behalf of any person if such contract for future delivery is or may be used for (a) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, (b) determining the price basis of any transaction in interstate commerce in such commodity, or (c) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof—

What is unlawful? What is it that is condemned?—

(A) to cheat or defraud or attempt to cheat or defraud such person;

(B) willfully to make or cause to be made to such person any false report or statement thereof, or willfully to enter or cause to be entered for such person any false record thereof—

What else is condemned?—

(C) willfully to deceive or attempt to deceive such person by any means whatsoever in regard to any such order or contract or the disposition of execution of any such order or contract or in regard to any act of agency performed with respect to such order or contract for such person; or—

To do what? This is one of the things we are aiming at.

(D) to bucket such order, or to fill such order by offset—

Mr. SMITH. Bucketing does not have anything to do with it.

Mr. CONNALLY. Does the Senator desire me to yield to him?

Mr. SMITH. No, Mr. President; I merely said that bucketing does not have anything to do with it.

Mr. CONNALLY. The language is—

to bucket such order.

What is bucketing? Bucketing is when the broker wants to take the risk himself. When he holds an order from 10 o'clock in the morning until 4 o'clock that afternoon to see if he cannot get an order on the other side he has the opportunity to bucket an order, or to make a profit, or to make a loss, as the case may be, according to his judgment on the fluctuations of the market. That is one of the things we are trying to prevent by the legislation now before us—

To bucket such order, or to fill such order by offset.

I should like the Senator from Nebraska to listen to this language. It is dealing with grain as well as cotton.

(D) to bucket such order, or to fill such order by offset against the order or orders of any other person, or willfully and knowingly and without the prior consent of such person to become the buyer in respect to any selling order of such person, or become the seller in respect to any buying order of such person.

In one paragraph we condemn bucketing and offsetting of orders in grain. If it is sound to do it in grain, why should we except cotton, I ask the Senator from Nebraska? If it is fair and just to say that a man operating on the Chicago wheat pit——

Mr. NORRIS. Mr. President, if the Senator desires to ask me that question, I will say no.

Mr. CONNALLY. I am appealing to the Senator from Nebraska.

Mr. NORRIS. I have no hesitancy in answering the question the Senator asked me.

Mr. CONNALLY. I thank the Senator. My reference was not hostile, because I knew the Senator would agree to it.

Mr. NORRIS. I have no objection to curtailing what is wrong on the cotton market as well as on the grain market.

Mr. CONNALLY. I am sure of that. That is why I appeal to the Senator. I knew when he knew the facts about the amendment he would agree that it ought not to

be adopted. That is why I addressed the question to him to divert his attention from the very interesting piece of literature he was reading at the moment.

Mr. President, the Senator from Nebraska and other members of the Committee on Agriculture and Forestry say that it is necessary to insert paragraph (D) as to grain and other commodities, and to prevent the very thing in the case of those commodities which the amendment of the Senator from South Carolina [Mr. SMITH] specifically authorized in the case of cotton.

Mr. SMITH. Mr. President, in my own time I shall explain the difference between bucketing and cross sales.

Mr. CONNALLY. Mr. President, I do not contend that bucketing and cross sales are identical. What I did say was that this would give the dealer an opportunity to bucket if he wanted to. He could hold the order from 10 o'clock in the morning until the afternoon.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SCHWELLENBACH. I should like to submit a question to the Senator from Texas which I think all the Members of the Senate from the grain States would like to hear discussed. We had brought to us from the House a bill to regulate grain exchanges, and with the amendments we have worked out we feel that it is a desirable bill. The bill included cotton. The Senator from South Carolina, the chairman of the committee, takes the position, and took the position before the committee, that cotton was different from grain; that there were certain conditions existing which required a different treatment of cotton, and that therefore it was not desirable to have cotton regulated by the same agency of the Government or the same branch of the department of Government which regulated grain, and that it should be handled by some other department in the Department of Agriculture.

We Senators from the grain States do not know about the details of the handling of cotton. What we should like to have discussed is whether cotton can be handled by the same agency and in the same way and under the same rules and regulations as to grain. We think we have worked out a grain bill which is desirable. We do not know whether cotton can be handled in that way or not; and, so far as we are concerned, we are perfectly anxious and willing that cotton shall be handled in the way that the Members of the Senate who know about cotton and are interested in it know will work out. However, we do not feel that the cotton side of the question should interfere with the regulation of the grain side. We should like to have all the Senators from the cotton States discuss that one question, which our chairman has presented to us, who says that cotton is different from grain and cannot be handled in the same way as grain or by the same agency.

Mr. CONNALLY. I am glad to have the interruption of the Senator from Washington. Let me suggest, however, at the outset that when he says he does not want the Grain Futures Act interfered with by cotton, that so far as I know the Senators interested in cotton have shown no disposition to interfere with the grain part of the bill. We are in sympathy with and in hearty accord with the wishes and aims of the Senators from the grain States. However, if cotton, being an agricultural product, must be handled with the same legislation as grain, we crave your indulgence and your patience, because we cooperated with the grain people and expect to do so in the future.

Mr. SCHWELLENBACH. Mr. President, I should like to say that there was nothing in my remarks intending to suggest the thought that there was any desire on the part of the cotton people to interfere with the grain part of the act.

Mr. CONNALLY. No, Mr. President.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. McGILL. There has been no disposition on the part of the representatives of grain States to exclude cotton from the same provisions of law as apply to grain. It has simply been a question with us as to whether or not the cotton States desire a different law from that which the grain States desire.

Mr. CONNALLY. I thank the Senator from Kansas.

Mr. POPE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. POPE. I should like to ask the Senator from Texas if the same practices exist on the cotton exchange in a general way that exist on the grain exchanges? In listening to the testimony it has seemed to me that the same conditions and practices existed with regard to cotton as existed with regard to grain. There may be some difference in detail, but, on the whole, the same sorts of transactions are engaged in and the same sorts of evils exist in the exchanges as to cotton and as to grain. Then, if it be true that the same condition exists and the same practice prevails, why would not the proper way to handle the situation be to include cotton in this bill, subjecting cotton exchanges, therefore, to the same regulations as those to which grain exchanges are subjected, and dealing in the same way with vicious practices which have grown up in some of the other exchanges? That is a matter that has interested me for many days.

Mr. CONNALLY. I thank the Senator from Idaho. The Senator's question presupposes that I know about both cotton exchanges and wheat and grain exchanges more than is known by the Senators from the grain-producing States. That is a very violent presumption, for I know very little about either kind of exchanges and their operations. I never bought a bale of cotton or sold one on an exchange in my life; I never bought a bushel of wheat or other grain or sold one on an exchange; but I know from reading in the press and otherwise that brokers and operators on the exchanges, whether grain exchanges or other exchanges, in general, indulge in the same practices. They are the same kind of human beings, they have the same sort of temptations, and they usually find an outlet in the same channels.

Mr. President, if that be true—and no one denies it—why is it that one law would be good for the wheat exchanges and a different law for the cotton exchanges? The Senator from South Carolina at first did not want cotton included in the Commodity Exchange Act at all, as I understood his position. He secured an amendment at one time in the committee to strike out cotton entirely. Is not that true, I will ask, in turn, the Senator from Idaho?

Mr. POPE. The Committee on Agriculture and Forestry, of which the distinguished Senator from South Carolina is chairman, reported the House bill striking cotton from its provisions.

Mr. CONNALLY. The committee struck cotton from the bill. When this bill passed the House of Representatives, it contained provisions for cotton just as in the case of any other commodity; there was no distinction. I assume that the House Committee on Agriculture, in its hearings and its study of this measure, ascertained whether, according to its view, they should be dealt with in the same fashion. They did determine the question and brought in a bill applying to cotton, wheat, and other grain, all in the same way. Now, why should we have a different rule?

If paragraph (D), which I read a moment ago, is good in the case of corn and oats and wheat, why should the Senator from South Carolina insist when it comes to cotton that we must adopt a different provision? Remember what I read:

(D) To bucket such order, or to fill such order by offset—

The bill specifically prohibits in the case of grains the offsetting of one order by another order. Why is that provision made? Because the Secretary of Agriculture has stated that the operations of the grain exchanges have proved that practice to be bad, have proved it to be filled with temptation in the case of grain exchanges. Why the necessity, then, to have a different provision in the case of cotton exchanges?

Mrs. CARAWAY. Mr. President——

Mr. CONNALLY. I yield to the Senator from Arkansas.

Mrs. CARAWAY. Would the fact that cotton is perishable while grain is not perishable make any difference in connection with the futures market?

Mr. CONNALLY. The Senator from Arkansas asks the Senator from Texas whether cotton, not being perishable, and wheat and grain, being more or less perishable, would have any effect on the futures market? Frankly, like many questions that intelligent and charming women ask, that is not easily answered. [Laughter.] I do not know just what effect it would have on the market, but basically I should assume as to a product that is not perishable there would be less danger of fluctuation by reason of that fact than if it were a perishable product and subject to the hazards of deterioration and weather and conditions of that character.

Mr. McKELLAR. Mr. President——

Mr. CONNALLY. I yield to the Senator from Tennessee.

Mr. McKELLAR. I desire to ask a question, merely for information. What evil practice now being indulged in is this amendment designed to protect the public against?

Mr. CONNALLY. The Senator refers to the amendment offered by the Senator from South Carolina?

Mr. McKELLAR. Yes; to the amendment offered by the Senator from South Carolina. What I wish to know is just what evil practice that now exists and that is now indulged in is this amendment designed to do away with?

Mr. CONNALLY. As I see it, the amendment of the Senator from South Carolina is a softening of the provisions of the main bill; it is an exemption from its operations. It exempts the cotton broker from the provisions of paragraphs A, B, C, and D of the main bill, and provides that in the case of a cotton broker he can do the things which are prohibited to the grain broker.

Mr. SMITH. Mr. President, will the Senator allow an interruption there?

Mr. CONNALLY. I am glad to yield to the Senator from South Carolina.

Mr. SMITH. Mr. President, the amendment is diametrically opposite to what the Senator from Texas has said. It provides that when the broker gets an order to sell and an order to buy he shall not bucket either one; that he shall offer them on the market at the market price simultaneously and not hold one back; that he shall not sell one contract, for instance, that would tend to put the market down and then, later on, execute the other order. We ask that he not be allowed to bucket one; that is, buy it himself and then wait to see if he can "do" the market, and report to his client what he has bought at, but that he shall buy at the market open and aboveboard.

Mr. McKELLAR. Does it go through the regular channels of the exchange itself?

Mr. SMITH. Let me explain. Say, I am a broker and I get an order from the Senator from Arkansas and one from the Senator from Tennessee, one to buy and one to sell. In place of bucketing of them around, I am to offer them in the ring, open and aboveboard, the order to sell and the order to buy at the market, and let the orders be executed there in the presence of all men. It is just exactly the opposite of what the Senator from Texas is trying to make appear. How does it exempt anybody? It simply emphasizes and makes specific and unlawful the very practice referred to in the particular paragraph of the Grain Exchange Act. It brings it down to a specific case and makes it unlawful to do that thing.

Mr. McKELLAR. What is the meaning of the words—and I ask for information only—on page 1 of the amendment of the Senator from South Carolina—"from crossing and executing such buying and selling orders at the then fair market price."

To my mind, that indicates that the broker may establish the fair market price. I do not think those words should be in the amendment under any circumstances.

Mr. SMITH. I do not think the word "fair" should be there. It should be at the market price for the orders at that time. That is what it means and that is all it does mean.

Mr. McKELLAR. Yes; but it would give the broker, it seems to me, the right to fix the price rather than the price that exists on the market at the time.

Mr. SMITH. He must sell at the market, as is indicated by the provision.

Mr. CONNALLY. Let us see now if that is true. The Senator from South Carolina—and I speak with all respect—now says that his amendment prohibits just what the Senator from Tennessee is talking about and prohibits just what is inveighed against in the main bill. Let us see if it does. I read what is prohibited in paragraph D of the bill. Among other things, it is prohibited—

To bucket such order or to fill such order by offset against the order or orders of any other person—

That is prohibited by the main bill—

or willfully and knowingly and without the prior consent of such person to become the buyer in respect to any selling order of such person or become the seller in respect to any buying order of such person.

What does the amendment of the Senator from South Carolina provide?—

Nothing in this section—

Nothing in that section—

or in any other section of this act shall be construed to prevent a futures commission merchant or floor broker who shall have in hand simultaneously buying and selling orders at the market for different principals for a like quantity of cotton for future delivery in the same month from crossing and executing such buying and selling orders at the then fair market price.

If this amendment does not intend to soften the terms of the original bill it would not be offered; there would be no sense in offering an amendment which does the same thing that the bill already does. But the amendment takes the teeth out of the main bill not as to grain but as to cotton only, and the cotton broker will be permitted to do that which in the case of the grain broker is unlawful and under the prohibition of the law.

Mr. SMITH. Mr. President, in reference to that statement——

Mr. CONNALLY. I shall be glad to yield for a question, but the Finance Committee is in session, and I must go to it as quickly as possible. I want to be courteous to the Senator, but the Senator is in charge of the bill and will have plenty of opportunity to discuss it. I want to get my views in the RECORD and conclude.

This is the Senator's amendment:

Provided, That any such crossing and execution shall take place on the floor of the exchange where such orders are to be executed and shall be duly reported, recorded, and cleared in the same manner as other orders executed on such exchange.

The Senator from Tennessee suggested that under the language of the amendment it might be possible for a broker to fix the price of the selling orders. Suppose it does not permit it as a matter of law, what is to prevent him from doing it, in fact, if we leave the matter open and give him the opportunity of offsetting one order against another? He can accept the orders. He might violate the law. Of course, those who steal and rob and commit other crimes all violate the law. What would prevent him from telling one correspondent "your order came in and I could not market it at that figure"?

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. CONNALLY. I am glad to yield to the Senator for a question.

Mr. SMITH. Suppose the broker receives the orders simultaneously, what would he do with them under that provision where he is prohibited from offering both of them at the market?

Mr. CONNALLY. Here is the bill that applies to cotton as well as grain. The first thing provided is that the broker cannot bucket it and he cannot fill it by offsetting it. He would have to come in and put them both on the exchange just as he would do if he got one of them alone. He would have to sell a thousand bales for John Smith and buy a thousand bales for Henry Brown.

Mr. SMITH. That is what the amendment provides.

Mr. CONNALLY. That is the right way to do it, but the Senator wants to exempt from official operation that sort of thing and let the broker do it that way in his office.

Mr. SMITH. Oh, no; the Senator does not understand it. It does not do anything of the kind and does not even intimate any such thing.

Mr. CONNALLY. Then what does it do?

Mr. SMITH. It says he shall execute it on the exchange, open and aboveboard.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from Texas yield to the Senator from Tennessee?

Mr. CONNALLY. I am glad to yield.

Mr. McKELLAR. It seems to me it is very necessary to provide that where a broker gets two orders simultaneously he shall be required to go on the floor of the exchange and execute those orders. He cannot execute them simultaneously, but one at one moment and the other at another moment. There should be exchange operations. No authority should be left in him to determine the matter.

What bothers me about the amendment are the words in the last line of the first page and the first line of the second page reading as follows:

> From crossing and executing such buying and selling orders at the then fair market price.

The word "fair" unquestionably would indicate discretion in someone.

Mr. CONNALLY. There cannot be two market prices.

Mr. SMITH. The thing I had in mind was that he could not shade it on account of anything.

Mr. McKELLAR. Someone has to determine what "the fair market price" is, and apparently the broker is allowed to fix what is "the fair market price." I think the word "fair" ought to be stricken out.

Mr. CONNALLY. If it goes through the exchange regularly it is bound to be at the market price.

Mr. SMITH. Of course it is.

Mr. CONNALLY. If we are going to let the brokers say what the fair market price is, it will not go through the exchange.

Mr. McKELLAR. That is the difficulty I find in reading the amendment.

Mr. CONNALLY. If it goes through the exchange like the original bill intends it should go, it has to be at the market price, because there is the market price quoted; but if we allow the broker to offset and juggle the two orders in his office, how do we know what is going to be the market price?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

Mr. SMITH. Mr. President, has the Senator from Texas yielded the floor?

The PRESIDING OFFICER. He has.

Mr. SMITH. Mr. President, I shall not take much of the time of the Senate. When the language is so plain, what is the use for me to attempt to explain what has been attempted to be confused? The effect of the amendment is exactly the opposite of the argument that has been made. The broker shall not be allowed to sell and buy when acting in the capacity of a broker. He gets an order to sell and an order to buy. He must execute them and he ought to be allowed to execute them. He should have no interest except to get the fair market return on his orders. Therefore, he sells without prejudice and he buys without prejudice—a thousand bales to sell and a thousand bales to purchase at the market. As quickly as those orders can be executed the thing is over and done. That is all the amendment means.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. SMITH. Certainly.

Mr. ROBINSON. I notice that in all the illustrations used it is assumed that the broker receives an order to buy and an order to sell simultaneously for exactly the same amount. I apprehend that in the regular course of business he might receive an order to sell a thousand bales and an order to buy, say, 5,000 bales.

Mr. SMITH. I think that is taken care of under the other amendment. I was undertaking in this amendment to take care of those cases which were developed in our investigation where the orders were similar and of the same volume and received simultaneously.

Mr. ROBINSON. Then the amendment applies only to cases where the broker has an order to buy and an order to sell at the same time, the two orders involving identical amounts?

Mr. SMITH. Yes; and he is not allowed then to use one to depress the market to the same extent that the other might raise it, but he must execute them at the market.

Mr. ROBINSON. If he must sell at the market in a regular transaction and must have the transaction recorded, as I think the language indicates is required, what is the effect or advantage of the use of the words "at the then fair market price?" The use of the words "fair market price" implies discretion somewhere to determine what the price is. If he is selling at the market, he sells at the market price and not at what we term "the then fair market price."

Mr. SMITH. The object I had in view there was that on account of grade or color or other element, he should not shade it in his report to the party for whom he bought or executed the order. I am perfectly willing that the word "fair" shall be eliminated and to have it read "at the market price."

Mr. ROBINSON. May I ask if the provisions in the bill relating to grain transactions forbid a broker to execute orders for purchase and sale at the market?

Mr. SMITH. Yes, sir; they do. They prohibit any cross-sale, as the Senator will read in the bill.

Mr. ROBINSON. The object of that being to prevent deception and fraudulent practices?

Mr. SMITH. Yes; that is correct. That is where the orders are simultaneous, and the effect of one would offset the effect of the other.

We had testimony before the committee as to the necessity of this very kind of an amendment. Anyone reading it will see that it would be fair to the broker and fair to the buyer and fair to the seller—that is, the man who has a selling order and the man who has a buying order. That is the reason why it was incorporated in the bill.

Mr. President, I am astounded that any question of "bucketing" should be brought into this equation, because this is the very thing that will prevent it. This provision requires a broker to go on the floor and transact his business openly and aboveboard, and to have orders of this kind recorded, and let them go to the clearinghouse just as if the broker had gotten a single order.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. SMITH].

Mr. McKELLAR. Mr. President, I believe the Senator from South Carolina said he would strike out the provision about "fair" market price.

Mr. SMITH. I am perfectly willing to have the amendment amended in that way.

Mr. McKELLAR. I move to amend the amendment of the Senator from South Carolina by striking out the words "then fair" in line 1, page 2, of the amendment, so as to read "at the market price."

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Caroline, as amended. [Putting the question.] By the sound the noes seem to have it.

Mr. SMITH. I call for a division.

On a division, the amendment, as amended, was rejected.

Mr. SMITH. Mr. President, I see the tendency of what is going on. In the circumstances, with a matter as plain and palpable as this is, I do not believe what has just been

done should be taken as final action on this amendment. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Holt	Overton
Ashurst	Connally	Johnson	Pittman
Austin	Coolidge	Keyes	Pope
Bachman	Copeland	King	Radcliffe
Bailey	Couzens	La Follette	Reynolds
Barkley	Davis	Lewis	Robinson
Benson	Dieterich	Lonergan	Russell
Bilbo	Donahey	Long	Schwellenbach
Black	Duffy	McAdoo	Sheppard
Bone	Fletcher	McGill	Shipstead
Borah	Frazier	McKellar	Smith
Brown	George	McNary	Steiwer
Bulkley	Gerry	Maloney	Thomas, Utah
Bulow	Gibson	Metcalf	Townsend
Burke	Glass	Minton	Truman
Byrd	Guffey	Murphy	Tydings
Byrnes	Hale	Murray	Vandenberg
Capper	Harrison	Neely	Van Nuys
Caraway	Hastings	Norris	Walsh
Carey	Hatch	Nye	Wheeler
Chavez	Hayden	O'Mahoney	White

Mr. NEELY. Mr. President, I repeat the announcement made on a former roll call in regard to the absence of the Senator from Colorado [Mr. COSTIGAN], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Alabama [Mr. BANKHEAD] on account of illness.

I also announce that the senior Senator from Oklahoma [Mr. THOMAS], the Senator from Kentucky [Mr. LOGAN], and the junior Senator from Oklahoma [Mr. GORE] are unavoidably absent.

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. MCNARY. Mr. President, I should like to ask the Senator in charge of the bill whether it is his desire at this time to go on with the consideration of his amendment. Does the Senator propose to have a vote at this time?

Mr. SMITH. Mr. President, I realized that there were very few Senators present, and it looked as though the few who were here did not fully understand the amendment. I do not think we will have a vote on the pending amendment at this time.

I may say that I have confidence in the common sense of the Senate, and I should like to submit this observation on the amendment. Suppose a broker were to receive simultaneously an order to sell and an order to buy the same amount of a given commodity, whether of grain or of cotton. Under the provisions of the Grain Futures Act he could not execute both orders. That act prohibits a cross sale. I have provided that where such a thing occurs he should be allowed to sell simultaneously at the market.

The logic of the situation is that a broker, if he is going to sell today, must discard all purchase orders. I want every Senator present to hear that; if a broker is in the market with clients, he must discard either all buying orders and execute only selling orders, or vice versa. He cannot execute buying and selling orders at the same time.

Of course, if a broker had an order for October to sell and an order for January to buy he might execute them at different times, but if he has two orders for the same month at the same time, he must discard either one or the other. I have merely provided that where such a thing occurs he may sell at the market.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. McGILL. It is proposed in the bill that certain rules be fixed so far as concerns trading in grain and other commodities, with the exception of cotton, and that will be accomplished if the Senator's amendment shall be agreed to. What is interesting us who are from States other than those which produce cotton and what we would like to be informed about, is why there should be a different rule with reference to cotton and any other commodity. On an answer to that question our votes will largely depend. Unless it can be demonstrated that there is a reason for a different rule regarding cotton from that obtaining with regard to other commodities, I shall have to vote against the amendment of the Senator.

Mr. SMITH. I really think the rule ought to apply to grain as well as cotton. Where a broker receives an order to buy and an order to sell the same amount of grain on the same market in the same month, he should not be required to reject one and proceed with the other, but if the amounts are the same, if it is the same market and in the same month, he ought to be allowed to offer them both simultaneously, because it would not be fair to his clients to provide otherwise. I think in place of applying to cotton alone, the provision should be modified so as to apply to both grain and cotton.

Mr. McGILL. Then, it is the Senator's position that there is no real distinction between commodities?

Mr. SMITH. In this particular I do not think there is, but later on I will show a distinction.

Mr. ROBINSON. Mr. President, many Senators are not familiar with details pertaining to market transactions. It, therefore, follows that in the consideration of language which necessarily is more or less technical there is difficulty in giving the language proper application.

With respect to the particular amendment just voted on by the Senate, having given attention to the debate and the explanations which have been made respecting the amendment, I reached the following conclusions:

First, that the object of the legislation is, or should be, to prevent deceptive or fraudulent transactions. Any language which accomplishes that end is worthy of consideration. Second, there ought not to be adopted language which will have the effect of preventing honest transactions. A broker has the right to buy and sell for his clients. He has no right to do it in a way that will sacrifice the interests of one client for the benefit of another, or the interests of any client for his own personal advantage. His relationship to the subject, as I understand it, is that of an agent. Under the practice that prevails, brokers may at the same time take and execute bona-fide offers for the purchase and for the sale of commodities on exchange.

The law should not be so framed as to make a broker either a "bull" or a "bear." The broker ought not to be permitted, much less required, to exercise his influence and the influence of his clients to manipulate the market or to affect the market further than naturally results from the transactions in which he engages.

What is the situation of a broker, for instance, who this morning, before the exchange opened, received an order to sell and an order to buy from different individuals the same amount of a certain commodity? Under the proposed act, as it is framed, must he either elect to execute one of the orders to the exclusion of the other, or must he refrain from carrying out the orders?

Mr. POPE. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. POPE. The interpretation which the Senator has just given to the law as it stands I think is incorrect. The only thing which is prohibited is a cross trade. A cross trade means a fictitious trade, where one broker deals with another broker, and they register the trade as though it were an honest bona-fide trade. It is strictly a fictitious trade. That is the meaning of a cross trade as the term is used according to the Cotton Futures Administration.

Mr. ROBINSON. It is a deceptive and, in a sense, a fraudulent transaction. I am speaking now of a bona-fide transaction. Take the case I cited: This morning, before the exchange opened, a broker received an order to purchase a thousand bushels of wheat from one person and received from a different person an order to sell a thousand bushels of wheat. What can the broker do?

Mr. POPE. Will the Senator yield?

Mr. ROBINSON. Certainly.

Mr. POPE. Under my interpretation of the law as it stands, without the amendment of the Senator from South Carolina he can proceed and execute both of those orders by

registering them in the usual way, even though they be simultaneous. That is the reason why I said, a few minutes ago, that this amendment, in my opinion, does not change the laws as it now exists.

Mr. ROBINSON. However, it has been contended that the amendment modifies very materially the provision that is in the bill, as reported, relating to grain exchanges. It has been contended on the floor of the Senate that the amendment proposed by the Senator from South Carolina to this section completely changes the provisions in the bill.

Let me follow through, now, on the thought of the Senator from Idaho. His thought is that the interpretation which the amendment places on the proposed act is sound. The language is "Nothing in this section shall be construed to prevent", and so forth. The Senator from Idaho merely says that the language is unnecessary, and does not change the statute. However, it is contended by other Senators that it marks a very material and a vicious change in the proposed law.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. SCHWELLENBACH. I should like to suggest that the word "cotton" be stricken out, and the words "a commodity" be inserted. I think the words "crossing and" should also be stricken out as the word "crossing" raises some doubt as to the purpose.

Mr. SMITH. Mr. President, the Senator from Idaho misinterprets that word. The word "crossing" means that a broker will cross a purchase with a sale.

Mr. ROBINSON. I think the suggestion of the Senator from Washington is a good one.

Mr. SMITH. I do, too.

Mr. ROBINSON. Together with the suggestion of the Senator from Tennessee which has already been agreed to, it eliminates the implication that it might be a questionable transaction. The sale is not crossed in any objectionable sense, but the broker goes on the open market and offers both the purchase and the sale at the same time, and the transactions are made of record. I think by the elimination of the words "crossing and" the language should be acceptable, and that there ought to be no objection to its incorporation in the bill.

What I am anxious to do is not to penalize an honest transaction but to give the fullest possible freedom to any fair business transaction, and at the same time do everything that is reasonable and necessary to prevent the crooks that sometimes operate on the market from influencing it.

Mr. POPE. Mr. President, with the amendment suggested by the Senator from Washington, I think there is nothing undesirable about the amendment of the Senator from South Carolina.

Mr. ROBINSON. As a matter of fact, this discussion is not in order at this time.

The PRESIDING OFFICER. The Chair will state that the amendment offered by the Senator from South Carolina was rejected by the Senate.

Mr. ROBINSON. Yes; but we all understand that it has not been finally disposed of. The Senator from Texas, I see, has returned to the Chamber. I had just stated, before the Senator came in, that with the elimination of the words "crossing and", on page 1, in line 8, and the elimination of the words "then fair", which has already been agreed to, I see no objection to this amendment.

The PRESIDING OFFICER. The Chair is advised that earlier in the day several amendments were offered by the Senator from Iowa [Mr. MURPHY], and they are still on the clerk's desk. The Senator from Iowa requested unanimous consent that they be agreed to en bloc, but objection was heard. Subsequently that objection was withdrawn.

The amendments offered by the Senator from Iowa will be stated.

The CHIEF CLERK. The amendments proposed by Mr. MURPHY are:

On page 1, line 3, before "title", insert "1934 ed.,".
On page 1, line 4, strike out "This" and in lieu thereof insert "That this".
On page 1, line 6, before "title", insert "1934 ed.,".
On page 2, lines 5 and 6, strike out "(U. S. C., title 7, sec. 2)" and in lieu thereof insert "(U. S. C., 1934 ed., title 7, secs. 2, 3, and 4)".
On page 2, line 18, before "title", insert "1934 ed.,".
On page 4, line 2, before "title", insert "1934 ed.,".
On page 4, line 11, before "title", insert "1934 ed.,".
On page 16, line 2, before "title", insert "1934 ed.,".
On page 16, line 15, before "title" insert "1934 ed.,".
On page 16, line 22, strike out "changed" and insert in lieu thereof "changes".
On page 19, line 17, before "title", insert "1934 ed.,".
On page 21, line 3, before "title", insert "1934 ed.,".
On page 22, line 2, before "title", insert "1934 ed.,".
On page 24, line 23, before "title", insert "1934 ed.,".
On page 26, line 14, before "title", insert "1934 ed.,"

The PRESIDING OFFICER. Without objection, the amendments will be agreed to en bloc.

The next amendment in order is the amendment offered by the Senator from South Carolina [Mr. SMITH].

Mr. SMITH. Mr. President, am I to understand that the amendment which I offered was proposed to be amended by the Senator from Washington so that it would apply to wheat as well as to cotton?

Mr. McKELLAR. Which amendment is the Senator now talking about?

Mr. SMITH. The one we were talking about a few moments ago.

Mr. ROBINSON. It would be necessary to reconsider the vote by which the amendment was rejected. I wonder if the Senator from Texas objects to that.

Mr. CONNALLY. If the Senator desires to have that action taken, I see no objection. I see no objection at all to changing the amendment.

Mr. ROBINSON. Mr. President, I move to reconsider the vote by which the amendment of the Senator from South Carolina was rejected.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas. [Putting the question.] The ayes seem to have it.

Mr. CONNALLY. I call for a division.

On a division, the motion was agreed to.

Mr. McKELLAR. Mr. President, I understand that the Senator from Washington [Mr. SCHWELLENBACH] has asked that certain other words be inserted.

The PRESIDING OFFICER. The amendment offered by the Senator from Washington will be stated.

The CHIEF CLERK. On page 1 of the amendment of the Senator from South Carolina, line 8, it is proposed to strike out the words "crossing and."

The amendment to the amendment was agreed to.

Mr. SCHWELLENBACH. I now offer another amendment. In line 7, I move that the word "cotton" be stricken out and that the words "a commodity" be substituted therefor.

Mr. CONNALLY. Mr. President, it is so late it seems to me the matter might well go over until tomorrow and let us determine exactly where we are. I suggest that the amendment of the Senator from Washington go over until tomorrow so we can read the amendments and understand the situation.

Mr. ROBINSON. Mr. President, I think the suggestion of the Senator from Texas, in view of the course we have taken, is a fair one. I inquire whether the perfecting or correcting amendments of the Senator from Iowa [Mr. MURPHY] have been agreed to.

The PRESIDING OFFICER. They have been agreed to.

Mr. MURPHY. They have been agreed to. May I inquire the status of the amendment just offered by the Senator from Washington [Mr. SCHWELLENBACH]?

Mr. JOHNSON. Mr. President, what is the condition of the Smith amendment at this time?

The PRESIDING OFFICER (Mr. MURRAY in the chair). It has just been amended by the amendment of the Senator from Washington [Mr. SCHWELLENBACH] striking out the words "crossing and." The Senator from Washington has offered a further amendment, which the clerk will state.

The CHIEF CLERK. On page 1 of the amendment of the Senator from South Carolina [Mr. SMITH], in line 7, it is proposed to strike out the word "cotton" and insert the words "a commodity", so as to read:

Nothing in this section or in any other section of this act shall be construed to prevent a futures commission merchant or floor broker who shall have in hand, simultaneously, buying and selling orders at the market for different principals for a like quantity of a commodity for future delivery in the same month, from executing such buying and selling orders at the then fair market price.

Mr. JOHNSON. That is a perfecting amendment, as I understand?

The PRESIDING OFFICER. It is an amendment to the amendment.

Mr. SCHWELLENBACH. Mr. President, the Senator from Texas [Mr. CONNALLY] has requested that my second amendment go over until tomorrow. There is another amendment I should like to offer of the same nature, to wit, on page 2, line 2, to strike out the words "crossing and."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In the amendment of the Senator from South Carolina on page 2, line 2, it is proposed to strike out the words "crossing and", so as to make the proviso read:

Provided, That any such execution shall take place on the floor of the exchange where such orders are to be executed and shall be duly reported, recorded, and cleared in the same manner as other orders executed on such exchange.

Mr. MURPHY. Mr. President, I ask that the two amendments to the amendment may go over until tomorrow.

The PRESIDING OFFICER. Without objection the amendments to the amendment will be passed over until tomorrow.

AGRICULTURAL DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. RUSSELL submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11418) "making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1937, and for other purposes", having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 8, 9, 10, 11, 15, 18, 21, 26, 42, 52½, 54, 57, 60, 63, 74, 77, 83, 89, 90, 93 and 94.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 5, 6, 7, 22, 29, 47, 53, 55, 58, 61, 75, 76, 78 and 79, and agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$22,107,870"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,494,089"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$3,861,024"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$769,503"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$669,935"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$5,258,194"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$10,063,963"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$629,099"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$697,094"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,140,454"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$4,551,206"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$565,232"; and the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,803,445"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$950,984"; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$964,487"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,180,069"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with the amendment, as follows: In lieu of the sum proposed, insert: "$1,663,590"; and the Senate agree to the same

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,665,988"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$559,307"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,019,304"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$897,817"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$110,959"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$10,815,950"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert "$608,361"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$200,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$91,295"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following: "$269,152: Provided, That $170,000 of this appropriation shall be available only for maintenance in nurseries of existing stocks and for the free distribution thereof to farmers, in liquidation of the so-called shelter belt project of trees or shrubs in the plains region undertaken heretofore pursuant to appropriations made for emergency purposes."; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment, as follows: In lieu of the

sum proposed, insert: "$13,462,919"; and the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,655,007"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"For the acquisition of forest lands under the provisions of the Act approved March 1, 1911 (36 Stat., p. 961), as amended (U. S. C., title 16, secs. 500, 513, 515, 516, 517, 518, 519, 521. 552, 563), $2,500,000: Provided, That not to exceed $50,000 of the sum appropriated in this paragraph may be expended for departmental personal services in the District of Columbia."

And the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$17,738,505"; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$50,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,398,272"; and the Senate agree to the same.

Amendment numbered 59: That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$173,625"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$5,317,675"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$95,000"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$138,149"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$300,000"; and the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$130,798"; and the Senate agree to the same.

Amendment numbered 68: That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$335,772"; and the Senate agree to the same.

Amendment numbered 69: That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$79,753"; and the Senate agree to the same.

Amendment numbered 70: That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,961,224"; and the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$400,669"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$438,269"; and the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$321,665"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$5,966,244"; and the Senate agree to the same.

Amendment numbered 82: That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$5,992,896"; and the Senate agree to the same.

Amendment numbered 84: That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$1,600,000"; and the Senate agree to the same.

Amendment numbered 87: That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$601,512"; and the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$20,000"; and the Senate agree to the same.

Amendment numbered 91: That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$22,853,485"; and the Senate agree to the same.

Amendment numbered 92: That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$24,869,265"; and the Senate agree to the same.

Amendment numbered 95: That the House recede from its disagreement to the amendment of the Senate numbered 95, and agree to the same with an amendment as follows: In lieu of the sum propesed insert "$21,364,000"; and the Senate agree to the same.

Amendment numbered 96: That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$8,000,000"; and the Senate agree to the same.

Amendment numbered 97: That the House recede from its disagreement to the amendment of the Senate numbered 97, and agree to the same with an amendment, as follows: In lieu of the sum proposed, insert: "$4,500,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 2, 16, 71, 85, and 86.

RICHARD B. RUSSELL, Jr.,
CARL HAYDEN,
E. D. SMITH,
CHAS. L. MCNARY,
HENRY W. KEYES,
Managers on the part of the Senate.

CLARENCE CANNON,
M. C. TARVER,
WILLIAM B. UMSTEAD,
W. R. THOM,
J. P. BUCHANAN,
LLOYD THURSTON,
JOHN TABER,
Managers on the part of the House.

The report was agreed to.

SILVER AND THE MONETARY POLICY

Mr. PITTMAN. Mr. President, I wish to call attention to an article which appeared in the newspapers this morning. There was a report to the effect that 82 members of the National Committee on Monetary Policy today recommended to Congress that all silver legislation be repealed. The article states that this is on the ground that such policy reduces confidence in the national currency and that it has accomplished no good. The article also states that a petition has been prepared by this body which will be sent to Congress for the purpose of requesting Congress to repeal all silver-purchase acts and also to attempt to annul the agreements which the President of the United States entered into with other governments at the London conference with regard to silver.

I do not intend to discuss the matter at this time in detail because it is not officially before the Senate. I assume, however, that tomorrow or later the report will come to the Senate so we may examine it in its details. It carries one announcement which attracted my particular attention. In reading the list of members, I find that it is the largest group of professors that has yet attempted to influence legislation. I do not want anyone to take this as a reflection on professors. Personally, I think they accomplish a good purpose. In fact, in their own line they accomplish just as much good as any other artisan, such as a plumber or brick mason accomplishes in his own line.

The reason the matter becomes particularly important is that there are 82 professors in this group. I do not believe we have over six professors in our brain group in this admin-

istration. I understand, however, the Republican National Committee has 13 professors in its brain group. We shall have to find some method by which we may weigh the value of this expert influence. We must find some measure of their value, some natural measure that we may understand, whether by the bushel or the pound or the number or some other way. In this particular case there are 82 professors. That offsets our "brain trust", and it offsets the Republican "brain trust."

I really believe, however, that instead of referring the matter to the Congress, which possibly would not be able to understand their reasoning, they should refer this recommendation on their part to the "brain trust" of the Republican National Committee, and they in their turn should refer it to the platform committee at the Republican national convention.

That convention will meet in a few days. They no doubt have already listened to some monetary plans. Nobody can advise them better than these 82 professors; and at the head of this list is Professor Kemmerer, of Princeton. Professor Kemmerer believes we should instantly return to the old gold standard at the old gold value of $20.67 an ounce. He also believes we should instantly return to gold redemption. He believes we should instantly condemn silver for use as money at all. That was the advice which the Republican Party followed in the past, and it seems to me that advice should be given to the professors of the Republican National Committee, and by them to the platform committee of the Republican Party. I hope that method will be pursued.

These distinguished gentlemen state that silver has diluted and debased the currency of the United States. Mr. President, practically every country in the world today uses silver as money. Over 3,000,000,000 ounces of silver today are used in the world as money. In our own country, from the very beginning of this Government, we have used silver as a part of our monetary system. In fact, down to the time of the demonetization of silver in 1873 we had true bimetalism in this country. A debt could be paid either in gold or in silver. So many grains of silver constituted a dollar. So many grains of gold constituted a dollar. The only change that was made in that policy was that in 1873 silver was demonetized by an act of Congress stating that it should not be legal tender for any debts whatsoever. That policy has been changed by this administration. Today every kind of currency that we issue is legal tender.

Let us see how wise it was to do that.

If, as a result of the enactment of our parity act it is necessary to maintain the parity of all our currency, it is certainly wise to give as much intrinsic value to that currency as can be given to it. It is said that the Government of the United States has been injured in its trade and commerce by virtue of the passage of the silver act. I challenge that statement as baseless. I challenge it as malicious. I challenge it as based upon an ancient prejudice.

As a matter of fact, our commerce has steadily increased since the Silver Act was passed, and with practically every country. I do not mean to say that the increase in that trade was due to the Silver Act, but I say it is just as absurd to state that the passage of that act was injurious to our trade and commerce as it would be for me to say that the increase in our commerce and trade was due to the passage of the Silver Act.

It is said that we have ruined China. I say to you, as a matter of fact, that Dr. Kemmerer knows that is not true. What were the factors that ruined China? They are perfectly simple. When did they commence? They commenced in 1930. How? The action of India in beating down the price of silver created a boom in China as a result of foreign money going in and buying that cheap money, and with that property at exorbitant prices; and then what followed that? They had as big a boom in China in 1930 and 1931 as was ever seen in Florida or Los Angeles; and when it fell, as it had to do, and liquidation commenced, banks commenced to fail. That was the first step.

What was the second step in the destruction of China? In 1932, when Japan invaded and took possession of Manchuria and established the state of Manchukuo, she deprived China of one of China's largest export markets. What was the next step that followed in that line? When the Japanese came south of the wall and actually took possession of North China, they took away from China another of her great export markets. What was the next step? When Japan took control of North China she took control—through Chinese, it is true—of all the customhouses; and then what happened? The chief revenue of China disappeared. How did it disappear? If I had made the statement earlier, it would have been charged as an unfriendly act toward Japan; but now we find our Government, by the advice of our Ambassador to Japan, asking the State Department to protest to the Japanese Government against the smuggling of Japanese goods around the customhouse into China. That now is an admitted fact. By these acts the purchasing power of China was destroyed.

When the Silver Act was passed in 1934, China was dying financially; and she added to her own misery by her unfortunate actions with regard to the silver policy which we adopted in this country. What did she do? I have here the newspaper accounts. I shall not read them; but in the middle of 1934 the Chinese Government commenced to protest to the United States, demanding that we cease our silver policy; and when they were told that we could not do so, what did they do? They did what any foolish banker would do and what no wise banker would do. They commenced deliberately to put out rumors from the National Government of China to the effect that if the United States did not change its silver policy they would go off the silver standard. The poor, misguided people over there thought going off the silver standard would affect the people of the United States! The rumors continued. The next rumor—and it was an official rumor, coming out of the office of the Minister of Finance—was, first, that they were going to put an export duty on silver; second, that if that did not work, they would put an embargo on it; and third, that they would nationalize silver.

What would have been the effect on any bank in this country if it had announced that after a certain date it was not going to redeem any more of its paper? There would have been a run on the bank prior to that date. That is what happened in China. I received a letter from Sir Henry Deterding from London at the time, in which he stated that by reason of the threat to nationalize silver—that is, to take all the silver into the treasury and use nothing but paper as a circulating medium—he had withdrawn from China 80,000,000 ounces of silver; and you will find also that all the great foreign companies doing business in China which had kept hundreds of millions of silver on deposit there for years withdrew that silver. So we find that China finally caused the silver to be withdrawn from the reserves of the banks to Shanghai and the other big cities through her own acts, and it was not the silver act which was responsible for it.

It is stated that we are ruining China. Here is the report of Dr. Kung, from Shanghai. He states that in 1931 the price index in China was 126.7. At that time ours was about 60. In 1932 the price index in China was 112. In 1933 it was 103. In October 1934—that was the time of the high price of silver—it was 90.

In other words, I say to you that the hardship China had to undergo with regard to the deflation of commodity prices was never over 9 percent, while our commodity prices went down 40 or 50 percent—I have forgotten exactly how much. The deflationary effect on her commodities of the rise in the price of silver was not over 9 percent. That did not injure China, and at the same time China was purchasing cotton and other materials in this country at a reduction of 25 percent below the normal price, by reason of the high exchange rate of silver; so we find there is nothing in that.

If nothing else on earth had been accomplished as a result of the authority which we gave to the President of the United

States in the silver act, the aid which it permitted us to give China was sufficient recommendation for it. When China was threatened by reason of the action to which I have referred, the United States Government bought $70,000,000 worth of silver from China, and placed it here as a stabilization fund. That was the first in the series of actions that led to the prolonging of the economic life of China.

What has happened? The United States, by virtue of the power under this act, has agreed to purchase more silver from China, because the Chinese Government desires to take the American fund paid for that silver and place it in the United States for its stabilizing effect on their exchange, because China intends to establish a 65-percent reserve behind a currency issue, having 25 percent of that in silver, and the rest of the 65 percent in United States currency or gold.

China intends to have a new silver-currency issue. It will consist of the yuan, or Chinese dollar, and the half yuan, or Chinese half dollar. The unit will be smaller, and instead of being 90 percent pure silver, it will be 72 percent pure silver. It will be pure enough so that there will not be danger of its being counterfeited, yet it will be of low enough grade so that with the fluctuations of exchange the silver will not be melted up and sent out of the country. In other words, in the opinion of the great statesmen of China—and there are some great statesmen there—the aid which our Government has extended has saved the monetary situation in China, and that could not have been accomplished except under this act. Repeal this act, and there will be no further power to assist. I repeat, if the act had had no other result than that I have recounted, it would have justified itself.

But there are great Latin American countries to the south of us, and their monetary systems, with the exception of one or two, are also chaotic today. During the boom days of silver, when it was selling at $1.38 an ounce, the silver which circulated all through Latin American countries being more valuable as silver than coins, was gathered up and sold as bullion, and today such countries which used silver from the beginning of civilization have little silver.

We will not buy silver from Latin America. We will lend them the silver if they use it safely and honestly, in accordance with the plan satisfactory to our Government. Our action means the beginning of stabilization not only in China, but the stabilization of the currencies of Latin American republics, and it will be of advantage to us that they are supported by our Government, instead of by some other government. It brings closer to us socially, commercially, and in every other way, not only China, but all of the great Latin American countries to the south of us.

In spite of these things, these great professors have nothing to say to us except that our action has not resulted in any good. They ask us to destroy the law; but what do they offer in its place? They have read the books which their fathers read, and which their fathers got from their grandfathers. They cry "Gold standard! Gold standard!" What kind of a gold standard? Where are other governments to get the gold?

I think it was in 1930 that Professor Kemmerer was employed by the Chinese Government to recommend a monetary system to them, and he advised them to debase their silver coin, to sell their silver, and to go on the gold standard, just at the time when the whole world was getting ready to go off the gold standard; and it did go off the gold standard inside of 2 years.

The Chinese knew too much about silver to do that. They had seen that the efforts in India to force silver out of India had been an utter failure. They knew that debasing their coins and dumping their silver as bullion would drive the price down until they would get nothing.

Yet these professors say to us, "Your present monetary system is all wrong. You have no gold standard now. Go back on the gold standard or the people will lose confidence in your securities, your bonds, and your currency."

They have been saying that for 2 years. Yet today the currency, the credit, and the securities of our Government stand higher than those of any other government in all the world. In fact, the conditions here are so good that gold flows into this country for safety. Yet these professors say that our credit will be damaged.

During this transaction, up to date, our Government has made a profit of $500,000,000, as can be seen by reference to the Treasury reports. On the silver the Government has purchased it has already issued $685,972,458.39 in new silver certificates, and those silver certificates, which represent dollars, which are legal-tender dollars, cost our Government in the neighborhood of only about 45 cents apiece. Therefore the Government has made this profit.

This has been the fairest, the most sensible inflation that possibly could have been had in this country. I have read the figures. The Government has inflated six-hundred-odd million dollars in currency, and there is a dollar's worth of silver back of every dollar of it, at the market price. It cannot be depreciated currency. There is more back of it than the Federal Reserve notes ever had back of them, because the silver can be sold anywhere in the world, and every certificate redeemed, dollar for dollar.

In addition to this, the Government has the power today to issue $315,000,000 more of silver certificates at the prices paid for the silver, and on that they will make a profit. So who has been injured? We added to our currency the soundest form of currency which exists in the world today, and we needed that currency. It has probably prevented an inflation which many think would be dangerous. As a matter of fact, I am always afraid of a fiat inflation. I am afraid of fiat currency. I am afraid of a managed currency, unless it be managed on a metallic base. All currencies are managed, more or less, but there is but one measure in the world that I know of that is sound in restricting currency issues, and that is the use of gold and silver. The history of the production of gold and silver for 400 years—and the statistics in regard to this are the most accurate in the world—discloses that gold has increased in production to the extent of only about 3 percent per annum, just about the percentage of the increase in population. The statistics also prove that the production of silver has increased but about 3 percent per annum; in other words, that the ratio of the production of gold and silver for 400 years has been about 14½ ounces of silver to 1 ounce of gold.

Yet these professors refer to this "base, dishonest, depreciated metal", when today nearly half the people of the world know no other money than the silver of which these "professors" speak so contemptuously.

In my opinion, if the stability of international exchange is ever reestablished, that effort will have to be supported by silver, not because, for instance, silver needs to be a part of the measure, but because today there are not over $18,000,000,000 of monetary gold in the world, even at the present price. How far do Senators think $18,000,000,000 would go toward stabilizing the currencies of the world?

There was a time when a very little gold stabilized vast currency issues and secured vaster credits, but when the World War was over, and there was talk about payment of war debts, and we realized that there was not enough gold in the world to pay the war debts, people began to see that gold was very scarce. When we found out that $138,000,000,000 of American securities were payable by contract in gold, and we had only $5,000,000,000 in gold, people commenced to realize the scarcity of gold.

We hear talk about going back to the old gold standard, and gold redemption. How could we afford to redeem our currency in gold? We should have all our paper currency in the Treasury in 30 days, and all of our gold in the hands of speculators, and then, getting in the hands of speculators, it would go to those places in foreign countries where gold buys more than our paper currency. In other words, we should have a brief delightful time of redemption for 30 days, and after that the gold would be gone from our shores, and it would be necessary to reissue fiat currency, and then the only currency in this country that would be respectable would be the silver certificates, behind every dollar of which

there is a dollar's worth of silver. It is the only money today that has any intrinsic value back of it, that can be recovered by the holder.

Compared with this great galaxy of professors, our little coterie of professors in the present administration sinks into insignificance. Of course that is the fault of Congress. Had Congress appropriated more money, more professors and better professors could have been employed. In the present situation we are doing the very best we can.

I admire professors. A distinguished one is sitting in front of me. I think they are the best whetstones for a good active blade that can be found anywhere in the world. Some professors themselves have been active blades. Some of them have had practical life, and have taken into their classrooms not only what they have read from the fathers' books but the experience of life, and have given their students the benefit of a broad experience. Those men have become distinguished professors. Some of them have entered the United States Senate, as did my distinguished friend who honors me with his presence, the Senator from Utah [Mr. THOMAS].

I have known other professors whose ability has been recognized. President Wilson was a distinguished professor. We have had others who were distinguished. However, I say to Senators that they are the exception, because those men are the exceptions who go into life, and meet people, and, take part in incidents, and get to know realities. Those who cloister themselves, as most professors do, and revel in their books and in their own imaginations, attain for themselves a delusion of greatness which is frequently not real.

They are coming down here to tell the Congress of the United States what to do. They give us their ipse dixit. "We know what you should do. Repeal the Silver Purchase Act. Violate the agreement of the President of the United States, made on behalf of this Government with nine other great powers with regard to silver. Violate that agreement." That is what they are going to tell him to do. They are going to tell us in very plain language in this Congress, "Do not do anything for silver."

I have already painted you a picture of what the power we granted the President relative to silver has done for our own country in giving it an honest inflation of currency, and what it has done for China, and what it will do for other countries as it continues. When these professors speak about subsidizing the silver mines of this country, let me say to Senators that for every dollar that the silver miner gets for all the risks he takes and all the work he does, our Government gets approximately $2 for coining the silver into coin at a cost of a cent a coin.

There is not another industry in this country that would stand for a minute a government making such an unholy profit from it; but we have submitted to it. We have submitted to it by reason of the narrow prejudice that permeated this country long ago in a great silver fight. But when these 82 professors come out of their cloisters without their hoods, and walk into this body and tell us what we shall do with regard to legislation, when they say to the Senate, which by nearly two-thirds vote passed the Silver Purchase Act, "You will have to repeal it; you made a mistake; you will have to condemn the President of the United States for entering into an agreement with nine other powers by which our Government benefits", I say to you that their delusions of greatness will be deflated.

Senators, so far as the mining States are concerned, this act was the best relief act that was ever passed, because it enabled mining people first to initiate their own work and employ their own idle.

I say to the Senate that since this act was passed 4,000 new mining industries have started up in the Western States. That is the reason why today, in the State of Nevada, we can hardly get enough men on the relief rolls to carry out any of our projects. That is the kind of work we want. These are not great industries. They are 4,000 little new industries, with miners starting in on leases, miners starting in on old mines, miners starting in on new prospects.

Let us tell these professors in advance that when they come in with their facts, if they have any, we have a special committee appointed by this body for the investigation of the silver question to which such facts will be referred. We have had experts working on statistics for months and they are now working on them. They are coordinating the price of silver with our exports and with our imports, and they are following up the changes in the monetary systems in all countries. We are now ready to make a preliminary report; and I say to Senators that it will deny each and every charge made by the distinguished gentlemen to whom I have referred.

INCORPORATION OF VETERANS OF FOREIGN WARS

Mr. NEELY. Mr. President, some days ago Senate bill 4100, to incorporate the Veterans of Foreign Wars of the United States, was passed by the Senate. There is now pending before the Judiciary Committee of the Senate House bill 11454, which is similar to the bill which the Senate unanimously passed last week. It is my purpose to ask unanimous consent that the Committee on the Judiciary be discharged from the further consideration of House bill 11454, and then to ask unanimous consent that the House bill be passed by the Senate and that Senate bill 4100 be recalled from the House.

I now ask unanimous consent that the votes by which Senate bill 4100 was ordered to be read the third time, and passed, be reconsidered.

The PRESIDING OFFICER (Mr. CLARK in the chair). Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. ROBINSON. Mr. President, has an identical bill already passed the Senate?

Mr. NEELY. Yes; unanimously.

Mr. ROBINSON. The Senator now proposes to have the House bill passed, so that the legislation may be concluded?

Mr. NEELY. Yes.

I move that the Judiciary Committee be discharged from the further consideration of House bill 11454, to incorporate the Veterans of Foreign Wars of the United States.

The motion was agreed to.

Mr. NEELY. I now ask unanimous consent for the present consideration of the House bill.

There being no objection, the Senate proceeded to consider the bill (H. R. 11454) to incorporate the Veterans of Foreign Wars of the United States, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the following persons, to wit: James E. Van Zandt, Altoona, Pa.; Bernard K. Kearney, Gloversville, N. Y.; Scott P. Squyres, Oklahoma City, Okla.; Robert B. Handy, Jr., Kansas City, Mo.; Henry F. Marquard, Chicago, Ill.; William E. Guthner, Denver, Colo.; Edward J. Neron, Sacramento, Calif.; Joseph C. Menendez, New Orleans, La.; Paul L. Foulk, Altoona, Pa.; Robert E. Kernodle, Kansas City, Mo.; Walter I. Joyce, New York City, N. Y.; George A. Ilg, Cranston, R. I.; James F. Daley, Hartford, Conn.; Charles R. Haley, Pittsburgh, Pa.; F. C. Devericks, Clarksburg, W. Va.; John J. Skillman, Miami, Fla.; Ellie H. Schill, New Orleans, La.; Gerald C. Mathias, Lagrange, Ind.; James W. Starner, Effingham, Ill.; Leon S. Pickens, Wichita, Kans.; Archie W. Nimens, Minneapolis, Minn.; Harvey W. Snyder, Denver, Colo.; Charles O. Carlston, San Francisco, Calif.; Walter L. Daniels, Seattle, Wash.; John E. Swaim, Tulsa, Okla.; Peter J. Rosch, Washington, D. C.; and their successors, who are, or who may become, members of the Veterans of Foreign Wars of the United States, a national association of men who as soldiers, sailors, and marines have served this Nation in wars, campaigns, and expeditions on foreign soil or in hostile waters, and such national association, are hereby created and declared a body corporate, known as the Veterans of Foreign Wars of the United States.

SEC. 2. That the said persons named in section 1, or their successors, and such other persons as are duly accredited delegates from any local post or State department of the existing national association known as the Veterans of Foreign Wars of the United States, under its constitution and bylaws, are hereby authorized to meet and to complete the organization of said corporation, by the adoption of a constitution and bylaws, the election of officers, and to do all other things necessary to carry into effect and incidental to the provisions of this act.

SEC. 3. That the purposes of this corporation shall be fraternal, patriotic, historical, and educational; to preserve and strengthen comradeship among its members; to assist worthy comrades; to perpetuate the memory and history of our dead, and to assist their

widows and orphans; to maintain true allegiance to the Government of the United States of America, and fidelity to its Constitution and laws; to foster true patriotism; to maintain and extend the institutions of American freedom; and to preserve and defend the United States from all her enemies, whomsoever.

SEC. 4. That the corporation created by this act shall have the following powers: To have perpetual succession with power to sue and be sued in courts of law and equity; to receive, hold, own, use, and dispose of such real estate, personal property, money, contract, rights, and privileges as shall be deemed necessary and incidental for its corporate purposes; to adopt a corporate seal and alter the same at pleasure; to adopt, amend, apply, and administer a constitution, bylaws, and regulations to carry out its purposes, not inconsistent with the laws of the United States or of any State; to adopt, and have the exclusive right to manufacture and use such emblems and badges as may be deemed necessary in the fulfillment of the purposes of the corporation; to establish and maintain offices for the conduct of its business; to establish, regulate, or discontinue subordinate State and Territorial subdivisions and local chapters or posts; to publish a magazine or other publications, and generally to do any and all such acts and things as may be necessary and proper in carrying into effect the purposes of the corporation.

SEC. 5. That no person shall be a member of this corporation unless he has served honorably as an officer or enlisted man in the Army, Navy, or Marine Corps of the United States of America in any foreign war, insurrection, or expedition, which service shall be recognized as campaign-medal service and governed by the authorization of the award of a campaign badge by the Government of the United States of America.

SEC. 6. That said corporation may and shall acquire all of the assets of the existing national association known as the Veterans of Foreign Wars of the United States upon discharging or satisfactorily providing for the payment discharge of all its liabilities.

SEC. 7. That the said corporation shall have the sole and exclusive right to have and to use, in carrying out its purposes, the name "Veterans of Foreign Wars of the United States" and the sole and exclusive right to the use of its corporate seal, emblems, and badges as adopted by said corporation.

SEC. 8. That said corporation shall, on or before the 1st day of January in each year, make and transmit to the Congress a report of its proceedings for the preceding fiscal year, including a full and complete report of its receipts and expenditures: *Provided, however,* That said financial report shall not be printed as a public document.

SEC. 9. That as a condition precedent to the exercise of any power or privilege herein granted or conferred, the Veterans of Foreign Wars of the United States shall file in the office of the secretary of state of each State the name and post-office address of an authorized agent in such State upon whom legal process or demands against the Veterans of Foreign Wars of the United States may be served.

SEC. 10. That the right to repeal, alter, or amend this act at any time is hereby expressly reserved.

On motion of Mr. NEELY, it was

Ordered, That the House of Representatives be requested to return to the Senate the bill (S. 4100) to incorporate the Veterans of Foreign Wars of the United States.

REPUBLICAN PLAN TO STOP GRAZING

Mr. O'MAHONEY. Mr. President, from the beginning of this administration until the present time it has been the practice of some spokesmen of the livestock industry of the West to criticize as detrimental to the interests of the West some of the policies which have been inaugurated since March 4, 1933. The administration has been represented as hostile to the best interests of the livestock industry. Sometimes it was charged that the acts and policies would destroy the wool industry. Again it was charged that other acts and policies would destroy the livestock industry.

Of course, the predicted disasters never actually came. Conditions in the West have constantly improved as they have in every other section of the country, and the people of the far West are now in much better position than they were at the beginning of the administration.

There has been some suspicion that the purveyors of these charges were more interested sometimes in partisan advantage than they were in the advantage of the industry itself. With respect to that, however, I offer no opinion.

Nevertheless, I think it is of great importance that the attention of all of the livestock growers of the West should be called to an article which appeared in the Washington Post of this morning written by Mr. Hilding Siversen, special correspondent of the Post at Chicago. This article outlines a program which it indicates is to be presented to the Republican national convention for its approval. The authors of the program are, among others, Hon. William Allen White and Hon. Harry J. Allen, of Kansas, sponsors, I understand, of the gentleman who is represented as the leading candidate for the Republican nomination for the Presidency. Another sponsor of this new program is the Honorable Don Berry, of Iowa. What these leaders propose to the Republican convention is the complete suspension of grazing upon the public domain.

They would retire from use as grazing lands all of the public domain as well as put a complete stop to reclamation, their purpose being to transfer to the Middle West and to the East all of the livestock activity that is now carried on in the public-land States. Mr. President, it seems to me to be of importance that all of the livestock interests of the far West, regardless of partisan affiliation, be advised as to this program in order that it may be repudiated before it is even offered to the Republican national convention.

I, therefore, ask unanimous consent that certain excerpts from the article by Mr. Siverson may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

[From the Washington Post of May 25, 1936]

William Allen White and Henry J. Allen, of Kansas; Don Berry, of Iowa, and others have been interested in an idea which would look toward a permanent Government policy of land use and land control.

UNITED STATES OWNS VAST PUBLIC LANDS

Such a program would take cognizance of the fact that the United States Government has actual or potential control of hundreds of millions of acres of grazing lands, Indian lands, areas subject to reclamation, areas subject to erosion control, areas that could be purchased at a very small sum and retired, areas which are tax delinquent and which are now being taken over by various States, areas that should be retired from agriculture and planted to forests, areas that have been drained, but which should have remained marshland. At present there is no coordinated program along these lines.

The free Government grazing land, or that which is leased for a fraction of 1 cent per acre net, after paying administrative costs, constitutes actual, if indirect, competition for the farmer of the humid area. The land under great Federal reclamation projects, formerly desert, constitutes real competition for the farmer in the humid area.

Under the Grand Coulee real-estate project, for instance, between one and two million acres will be transformed from desert into intensively farmed land. In fact, all the marginal land, which amounts to at least half a billion acres in the aggregate, constitutes very real competition to the farmer in the humid area, who has paid a high price.

* * * * * * *

WITHDRAWAL OF PUBLIC GRAZING LANDS PROPOSED

There are, according to conservative estimates, something like 14,000,000 head of livestock on public grazing lands, most of which is being used without remuneration to the Government (which means the taxpayers). This constitutes real competition to the farmer on the family-size farm as well. If these cattle and sheep were shifted to the humid areas they would require more than 20,000,000 acres of pasture, and that, in turn, would retire that much cropland, automatically restrict the production of corn, wheat, and other staple crops, and raise the price of those crops.

Nobody expects that all this Government grazing land will be retired all at once, but certainly a substantial beginning could be made, especially since the Government allegedly has set out to help the man on the small farm by putting on his heels an army of bureaucrats to tell him just how much he can raise, what kind of crops he can raise, and where he can raise them. It just doesn't make sense. There is a vast national hodge-podge instead of an intelligent, far-sighted land-use policy.

If the Republican Party does not tackle this general land-use problem in a statesmanlike way and promise to contract the total cropland area to the area needed for domestic consumption and thus raise farm prices by a broad national program without regimentation, it will be overlooking the biggest bet of the century. However, it might be expecting too much of the old-line politicians, for it is not likely that they have read the voluminous reports of several Federal administrations, and do not realize the vastness and grotesquery of the contradictory hodge-podge that has taken the place of what should be a real land-use policy.

The politician can be expected only to take the line of least resistance, which is to let an already almost bankrupt Treasury pay out direct benefits, permitting large-scale land practices to continue which are almost criminal. The Democrats do not dare to adopt a land-use policy as described, because the party machinery is too deeply imbedded in the localities chiefly involved, and special interests would desperately demand a hands-off policy on grazing, reclamation, etc.

Mr. PITTMAN. Mr. President, in connection with the remarks just made by the Senator from Wyoming [Mr. O'MAHONEY], permit me to say that it seems to be forgotten that the Original Thirteen States owned all the land within their borders; that Texas, for instance, when she came into the Union, owned all the land within her borders. It is now

forgotten that in my State, for instance, 87½ percent of the land within its borders is held in Federal Government ownership. Every effort to pass the title of that land into the State, so that it might become potential taxable property, has been fought by the great majorities in the other States where all the land within their borders is subject to State taxation. It is unfair; it is unreasonable, in the extreme.

Those who come from the great States of the Middle West, the farming States, who have received the support and the votes of the Senators from the States that have public lands in Government ownership, have forgotten that fact. Having held back from us all public lands so they could not be taxed by the State, it is now proposed to enact a further law under which we would not be permitted even to use the lands within the borders of our own States.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. CLARK in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the Committee on Appropriations, reported favorably the nomination of Morris L. Cooke, of Pennsylvania, to be Administrator of the Rural Electrification Administration for a term of 10 years, pursuant to the act of Congress approved May 20, 1936.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees the Clerk will state the first nomination in order on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc. That completes the calendar.

DEATH OF REPRESENTATIVE RANDOLPH PERKINS, OF NEW JERSEY

Mr. ROBINSON. Mr. President, I move that the Senate resume legislative session.

The motion was agreed to; and the Senate resumed legislative session.

The PRESIDING OFFICER. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The legislative clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES,
May 25, 1936.

Resolved, That the House has heard with profound sorrow of the death of Hon. RANDOLPH PERKINS, a Representative from the State of New Jersey.

Resolved, That a committee of four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect the House do now adjourn.

Mr. ROBINSON. Mr. President, the senior Senator from New Jersey [Mr. BARBOUR] and the junior Senator from New Jersey [Mr. MOORE] are both necessarily absent from the Senate. In their absence I send to the desk resolutions which I ask to have read and immediately considered.

The resolutions (S. Res. 304) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Senate Resolution 304

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. RANDOLPH PERKINS, late a Representative from the State of New Jersey.

Resolved, That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Under the second resolution the Presiding Officer appointed the Senators from New Jersey [Mr. BARBOUR and Mr. MOORE] as the committee on the part of the Senate to attend the funeral.

Mr. ROBINSON. Mr. President, as a further mark of respect to the memory of the deceased Member of the House, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was unanimously agreed to; and (at 5 o'clock and 36 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, May 26, 1936, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 25 (legislative day of May 12), 1936

PUBLIC HEALTH SERVICE

Senior Surgeon Carlisle P. Knight to be Medical Director in the United States Public Health Service, to rank as such from March 25, 1936.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO AIR CORPS

Second Lt. John Burroughs Cary, Corps of Engineers, with rank from June 12, 1934.

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONEL

Lt. Col. James Howard Laubach, Quartermaster Corps, from May 14, 1936.

TO BE LIEUTENANT COLONEL

Maj. Parley Doney Parkinson, Infantry, from May 14, 1936.

TO BE MAJOR

Capt. William Rebert Gerhardt, Ordnance Department, from May 14, 1936.

PROMOTIONS IN THE NAVY

Chief Carpenter William F. Twitchell to be a naval constructor with the rank of lieutenant, on the retired list of the Navy, from the 1st day of September 1936, in accordance with the provisions of an act of Congress approved April 14, 1936.

Lt. (Jr. Gr.) William W. Graham, Jr., to be a lieutenant in the Navy from the 30th day of June 1935.

Naval Constructor Edmund R. Norton to be a naval constructor in the Navy with the rank of captain, from the 1st day of July 1935.

Midshipman Randolph Meade, Jr. to be an ensign in the Navy, revocable for 2 years, from the 4th day of June 1936.

POSTMASTERS

ALABAMA

Max B. Wells to be postmaster at Ashford, Ala., in place of C. L. Jackson. Incumbent's commission expired April 4, 1936.

Maude A. Bosarge to be postmaster at Bayou Labatre, Ala., in place of M. A. Bosarge. Incumbent's commission expired February 9, 1936.

Mack Karrh to be postmaster at Berry, Ala., in place of J. L. Miller. Incumbent's commission expired January 25, 1936.

Hugh H. Dale to be postmaster at Camden, Ala., in place of H. H. Dale. Incumbent's commission expired June 10, 1936.

Maunsell Gabbett to be postmaster at Camp Hill, Ala., in place of J. P. Aaron. Incumbent's commission expired May 19, 1936.

James E. Summerour to be postmaster at Henagar, Ala., in place of O. P. Williams. Incumbent's commission expired April 4, 1936.

Lucie L. Parnell to be postmaster at Maplesville, Ala., in place of J. E. Wallace. Incumbent's commission expired February 9, 1936.

Grover C. Warrick to be postmaster at Millry, Ala., in place of G. C. Warrick. Incumbent's commission expired April 4, 1936.

Jennings B. Key to be postmaster at Parrish, Ala., in place of W. L. Jones. Incumbent's commission expired June 1, 1936.

Leslie Booker to be postmaster at Phenix City, Ala., in place of A. R. Sherrer. Incumbent's commission expired April 4, 1936.

Stella K. Martin to be postmaster at Plantersville, Ala. Office becomes Presidential July 1, 1936.

ARIZONA

S. Paul Shoemaker to be postmaster at Buckeye, Ariz., in place of L. W. Harper. Incumbent's commission expired March 22, 1936.

Peter Riley to be postmaster at Clifton, Ariz., in place of R. B. Anderson. Incumbent's commission expired May 19, 1936.

Bertha L. Hastings to be postmaster at Hayden, Ariz., in place of J. A. Williams. Incumbent's commission expired March 22, 1936.

George L. Noel to be postmaster at Holbrook, Ariz., in place of Luther Cadwell. Incumbent's commission expired January 7, 1936.

Vernon Hubbs to be postmaster at Kingman, Ariz., in place of O. D. M. Gaddis. Incumbent's commission expired January 9, 1934.

Floyd H. Miller to be postmaster at Tempe, Ariz., in place of Dilworth Baird. Incumbent's commission expired January 7, 1936.

Lee B. McAleb to be postmaster at Willcox, Ariz., in place of C. A. Williamson. Incumbent's commission expired January 7, 1936.

George T. Stevens to be postmaster at Winslow, Ariz., in place of A. R. Kleindienst. Incumbent's commission expired January 7, 1936.

ARKANSAS

William Earl Polk to be postmaster at Corning, Ark., in place of J. H. Magee. Incumbent's commission expires May 26, 1936.

William B. Martin to be postmaster at Mena, Ark., in place of J. W. Martin, deceased.

CALIFORNIA

Harry S. Sumners to be postmaster at Artesia, Calif., in place of H. W. Crider. Incumbent's commission expired January 9, 1936.

Manuel C. Joseph to be postmaster at Irvington, Calif., in place of M. K. Blacow. Incumbent's commission expired January 26, 1936.

May C. Baker to be postmaster at Paradise, Calif., in place of M. C. Baker. Incumbent's commission expired May 10, 1936.

Thomas Budd Van Horne, Jr., to be postmaster at Reseda, Calif., in place of M. H. Turner. Incumbent's commission expired May 10, 1936.

John Ira Fiscus to be postmaster at Rio Vista, Calif., in place of L. P. Miller. Incumbent's commission expired May 10, 1936.

William W. Truby to be postmaster at Cross Roads, Calif. Office became President April 1, 1936.

Sydney W. Balding to be postmaster at Willowbrook, Calif., in place of J. J. Hunter, deceased.

COLORADO

Leo F. Houston to be postmaster at Sugar City, Colo., in place of Emmons Ringle. Incumbent's commission expires June 28, 1936.

CONNECTICUT

Arthur A. Lawrence to be postmaster at East Berlin, Conn., in place of L. M. Root. Incumbent's commission expired January 9, 1936.

Clinton A. Theis to be postmaster at Madison, Conn., in place of J. H. Derenthal. Incumbent's commission expired January 9, 1936.

FLORIDA

George C. Johns to be postmaster at Lake Butler, Fla., in place of M. E. Johnson. Incumbent's commission expired February 9, 1936.

John B. Jones, Jr. to be postmaster at Oviedo, Fla., in place of C. E. Mariner. Incumbent's commission expires June 1, 1936.

GEORGIA

Robert C. Ayers to be postmaster at Royston, Ga., in place of G. G. Ridgway. Incumbent's commission expired January 7, 1936.

IDAHO

James B. Poynor to be postmaster at Council, Idaho, in place of G. W. Prout. Incumbent's commission expired February 5, 1936.

Wallace H. Hanson to be postmaster at Shelley, Idaho., in place of L. J. Holland. Incumbent's commission expired April 12, 1936.

ILLINOIS

Pearle Paxton Bruner to be postmaster at Augusta, Ill., in place of F. W. Pitney, deceased.

Harry Bruns to be postmaster at Camp Point, Ill., in place of G. W. Mockmore. Incumbent's commission expired January 7, 1936.

Raymond O. Huffman to be postmaster at Catlin, Ill., in place of C. V. Champion, Sr., deceased.

Guy E. Ferree, Sr., to be postmaster at Hamilton, Ill., in place of R. W. Miller. Incumbent's commission expired February 14, 1935.

Mildred Conwell to be postmaster at La Harpe, Ill., in place of R. C. Hallowell. Incumbent's commission expired March 17, 1936.

George A. Kreuter to be postmaster at Livingston, Ill., in place of J. A. Livingston. Incumbent's commission expired April 27, 1936.

Alice C. Nichols to be postmaster at Plymouth, Ill., in place of H. H. Cravens. Incumbent's commission expired February 9, 1936.

Guy George Gillespie to be postmaster at Pocahontas, Ill., in place of Ethel Gates. Incumbent's commission expired March 17, 1936.

Esper Ziegler to be postmaster at Warsaw, Ill., in place of Henry Zobel. Incumbent's commission expired January 7, 1936.

Edward C. Jobusch to be postmaster at Waterloo, Ill., in place of E. W. Loehr, resigned.

INDIANA

Morris A. Draper to be postmaster at Amboy, Ind., in place of G. K. Mast. Incumbent's commission expired January 9, 1936.

Fred Finney to be postmaster at Martinsville, Ind., in place of H. F. Dutton, removed.

Don W. Workman to be postmaster at Worthington, Ind., in place of H. J. Baker. Incumbent's commission expired January 9, 1936.

IOWA

James M. McCoy to be postmaster at Creston, Iowa, in place of W. F. Busby. Incumbent's commission expired February 19, 1936.

Elmer A. Billings to be postmaster at Fayette, Iowa, in place of C. S. Parker, removed.

Walter J. Barrow to be postmaster at Iowa City, Iowa, in place of C. A. Bowman. Incumbent's commission expires June 23, 1936.

Harold J. Long to be postmaster at Rock Valley, Iowa, in place of A. N. Dixon. Incumbent's commission expired January 12, 1936.

Amber Bailey to be postmaster at Royal, Iowa, in place of H. P. Hendricksen. Incumbent's commission expired January 12, 1936.

Joe A. Clark to be postmaster at Sloan, Iowa, in place of W. E. Witten. Incumbent's commission expired January 12, 1936.

KANSAS

William S. Harris to be postmaster at Kiowa, Kans., in place of H. B. Lawton, resigned.

Ralph W. New to be postmaster at Norcatur, Kans., in place of C. C. Andrews. Incumbent's commission expired February 5, 1936.

Iris C. Schoepf to be postmaster at Utica, Kans., in place of W. M. Wheatcroft. Incumbent's commission expired May 19, 1936.

KENTUCKY

Mary Elvira Johnson to be postmaster at Kevil, Ky., in place of T. A. Russell. Incumbent's commission expires June 1, 1936.

LOUISIANA

Pierre Mistrot to be postmaster at Arnaudville, La., in place of R. D. Melanson. Incumbent's commission expired January 9, 1936.

MARYLAND

Elsie V. Botts to be postmaster at Darlington, Md., in place of E. S. Worthington, removed.

Michael G. Labuda to be postmaster at Fort Howard, Md., in place of M. B. Workman. Incumbent's commission expires June 1, 1936.

John W. Murray to be postmaster at Hampstead, Md., in place of E. L. Murray. Incumbent's commission expired January 28, 1935.

Alfred F. Gough to be postmaster at Leonardtown, Md., in place of H. M. Jones. Incumbent's commission expired February 9, 1936.

Madeleine L. Bosher to be postmaster at Riverdale, Md., in place of M. C. Worley. Incumbent's commission expired January 22, 1935.

MASSACHUSETTS

Joseph A. Morgan to be postmaster at Gilbertville, Mass., in place of J. A. Fulton. Incumbent's commission expired January 9, 1936.

James E. Bellew to be postmaster at Mansfield, Mass., in place of C. L. Bessom, transferred.

Thomas W. Curran to be postmaster at Norton, Mass., in place of A. S. Hopkins. Incumbent's commission expired April 27, 1936.

Thomas F. Welch to be postmaster at Rutland, Mass., in place of M. A. Putnam. Incumbent's commission expired February 9, 1936.

Robert A. Glesmann, Jr., to be postmaster at South Hadley, Mass., in place of J. H. Preston. Incumbent's commission expired January 27, 1936.

Alice Fitzgerald to be postmaster at Sterling, Mass., in place of C. M. Edwards. Incumbent's commission expired April 27, 1936.

MINNESOTA

Evelyn I. Reintjes to be postmaster at Big Lake, Minn., in place of C. L. Lewis. Incumbent's commission expired March 17, 1936.

Glen M. Squires to be postmaster at Blackduck, Minn., in place of Martin Leet. Incumbent's commission expired March 31, 1936.

Clifford J. Fitzgerald to be postmaster at Dilworth, Minn., in place of R. C. Peterson. Incumbent's commission expired March 17, 1936.

Edward B. Anderson to be postmaster at Elbow Lake, Minn., in place of E. B. Anderson. Incumbent's commission expired April 27, 1936.

Joseph O. Ellevold to be postmaster at Fairfax, Minn., in place of W. G. Lammers, removed.

Andrew Lubinski to be postmaster at Greenbush, Minn., in place of C. A. Anderson. Incumbent's commission expired April 12, 1936.

Edna M. Matzke to be postmaster at Hills, Minn., in place of J. M. Johnson. Incumbent's commission expired March 10, 1936.

Joseph M. Hilger to be postmaster at Iona, Minn., in place of L. W. Galour. Incumbent's commission expired March 31, 1936.

Robert J. Mayheu to be postmaster at Ironton, Minn., in place of A. C. Gilbertson. Incumbent's commission expired March 31, 1936.

Gordon J. Dewar to be postmaster at Lewisville, Minn., in place of W. J. Westensee, removed.

Joseph J. Gaffney to be postmaster at Morris, Minn., in place of Louis Vinje. Incumbent's commission expired March 31, 1936.

Henry Falardeau to be postmaster at Oklee, Minn., in place of E. J. Soland. Incumbent's commission expired March 17, 1936.

Leonard Reiland to be postmaster at Rollingstone, Minn., in place of Mathew Rivers. Incumbent's commission expired February 3, 1936.

Charles C. Baxter to be postmaster at Walnut Grove, Minn., in place of H. W. Fingarson. Incumbent's commission expired February 17, 1936.

MISSISSIPPI

Luna C. Davis to be postmaster at Belmont, Miss., in place of W. W. Shook. Incumbent's commission expired February 17, 1936.

Marshall Duell Wall to be postmaster at Calhoun City, Miss., in place of J. B. Going. Incumbent's commission expires June 1, 1936.

DeWitt D. McEachern to be postmaster at Ruleville, Miss., in place of H. E. McClurg, deceased.

MISSOURI

Walter Fraser to be postmaster at Bolckow, Mo., in place of Fred Robinette. Incumbent's commission expires June 20, 1936.

Charles V. Hollady to be postmaster at Illmo, Mo., in place of Maurice Craig. Incumbent's commission expired February 1, 1936.

Anna L. Robinson to be postmaster at Oak Grove, Mo., in place of E. E. Wyatt. Incumbent's commission expired February 1, 1936.

Willie L. Hixson to be postmaster at Ozark, Mo., in place of B. C. Maples. Incumbent's commission expired February 9, 1936.

MONTANA

Esther M. Evenson to be postmaster at Broadview, Mont., in place of W. J. Hartman. Incumbent's commission expired April 27, 1936.

NEBRASKA

Fay J. Clough to be postmaster at Allen, Nebr., in place of M. M. Martin, resigned.

C. Glenn Magee to be postmaster at Arapahoe, Nebr., in place of M. R. Cox. Incumbent's commission expires June 1, 1936.

Dolores Jensen to be postmaster at Hampton, Nebr., in place of Elizabeth McGuire. Incumbent's commission expired May 23, 1936.

Magnus P. Hemmingsen to be postmaster at Marquette, Nebr., in place of C. O. Lewis. Incumbent's commission expires June 1, 1936.

Orval C. Myers to be postmaster at Nelson, Nebr., in place of F. E. Bottenfield. Incumbent's commission expires July 13, 1936.

Harley G. Moorhead to be postmaster at Omaha, Nebr., in place of F. C. Patton. Incumbent's commission expires June 1, 1936.

Agnes E. Sullivan to be postmaster at O'Neill, Nebr., in place of M. R. Sullivan, deceased.

Bessie A. Freed to be postmaster at Pender, Nebr., in place of B. A. Freed. Incumbent's commission expires July 15, 1936.

Martin Slattery to be postmaster at Shelton, Nebr., in place of Roy Hauke. Incumbent's commission expired February 5, 1936.

Jake R. Hanks to be postmaster at Thedford, Nebr., in place of D. W. Hyndshaw. Incumbent's commission expired February 24, 1936.

Elmer L. Bunger to be postmaster at Upland, Nebr., in place of C. E. Benson. Incumbent's commission expired March 10, 1936.

J. Marie D. Rutledge to be postmaster at Wilsonville, Nebr., in place of L. A. Rice. Incumbent's commission expired May 23, 1936.

NEW HAMPSHIRE

Edward W. Clement to be postmaster at North Woodstock, N. H., in place of E. H. Stevens. Incumbent's commission expired February 5, 1936.

Louis T. Pike to be postmaster at Pike, N. H., in place of L. T. Pike. Incumbent's commission expired January 7, 1936.

Ralph Edward Brackett to be postmaster at Sanbornville, N. H., in place of J. H. Garvin, Jr. Incumbent's commission expired April 27, 1936.

Frank Hutchins to be postmaster at Wolfeboro, N. H., in place of C. D. Grant, removed.

NEW JERSEY

Andrew R. Brugler to be postmaster at Blairstown, N. J., in place of S. D. Mitchell. Incumbent's commission expired January 9, 1936.

Austin W. Thompson to be postmaster at Chester, N. J., in place of A. P. Green. Incumbent's commission expired February 9, 1936.

Graham B. Coe to be postmaster at Delair, N. J., in place of F. J. Allen. Incumbent's commission expired January 26, 1936.

Charles Roth, Jr., to be postmaster at East Paterson, N. J., in place of R. F. Reihl. Incumbent's commission expired January 26, 1936.

William D. Hand to be postmaster at Nixon, N. J., in place of John Ellmyer, Sr., removed.

Harry W. Barry to be postmaster at Palmyra, N. J., in place of G. I. Harvey. Incumbent's commission expired January 9, 1936.

James W. Potter to be postmaster at Riverdale, N. J., in place of A. F. Jordan, Sr. (Appointee not commissioned.)

Herbert Schneider to be postmaster at Riverside, N. J., in place of Raymond Johnson, resigned.

James Powers, Jr., to be postmaster at Sewell, N. J., in place of M. E. Tomlin, resigned.

Rose C. O'Hanlon to be postmaster at South Orange, N. J., in place of J. J. O'Hanlon, deceased.

Otto F. Heinz to be postmaster at Springfield, N. J., in place of B. H. Smith. Incumbent's commission expired April 12, 1936.

Thomas H. Heslin to be postmaster at Wharton, N. J., in place of H. C. Lussy. Incumbent's commission expired February 9, 1936.

Peter H. Larkins to be postmaster at Yardville, N. J., in place of D. M. Adams. Incumbent's commission expired January 26, 1936.

NEW YORK

Elmer C. Wyman to be postmaster at Dover Plains, N. Y., in place of E. C. Wyman. Incumbent's commission expired April 29, 1936.

Matthias F. McDonald to be postmaster at East Williston, N. Y., in place of W. E. Lent. Incumbent's commission expired February 17, 1936.

Bernard H. Powers to be postmaster at Oyster Bay, N. Y., in place of J. T. Mills. Incumbent's commission expired February 17, 1936.

Stephen F. Barker to be postmaster at Saugerties, N. Y., in place of J. D. Fratsher. Incumbent's commission expired February 17, 1936.

Robert W. Siver to be postmaster at Sidney, N. Y., in place of M. J. Kipp. Incumbent's commission expired March 23, 1936.

NORTH CAROLINA

Gladys O. Howard to be postmaster at Cornelius, N. C., in place of G. E. Sweet. Incumbent's commission expired May 19, 1936.

Thad T. Russell to be postmaster at Granite Falls, N. C., in place of H. C. Whisnant. Incumbent's commission expired March 17, 1936.

Angus Raymond McRacken to be postmaster at Kenly, N. C., in place of E. E. McRacken. Incumbent's commission expired April 4, 1936.

William E. Blakely to be postmaster at Kings Mountain, N. C., in place of J. S. Ware. Incumbent's commission expired May 19, 1936.

Miriam H. Calhoun to be postmaster at Laurel Hill, N. C., in place of C. C. Snead. Incumbent's commission expired May 19, 1936.

Robert A. Rudisill to be postmaster at Maiden, N. C., in place of G. E. Hunsucker. Incumbent's commission expired January 18, 1936.

Herbert O. Phillips to be postmaster at Morehead City, N. C., in place of J. A. Klein. Incumbent's commission expired February 9, 1936.

Harry H. Llewellyn to be postmaster at Mount Airy, N. C., in place of J. B. Sparger. Incumbent's commission expired May 19, 1936.

Oliver L. Hoffman to be postmaster at Mount Holly, N. C., in place of W. F. Ballard. Incumbent's commission expired March 17, 1936.

Leon A. Mann to be postmaster at Newport, N. C., in place of B. H. Edwards. Incumbent's commission expired January 18, 1936.

Lewis Taylor Bartholomew to be postmaster at Spring Hope, N. C., in place of J. C. Matthews. Incumbent's commission expired January 18, 1936.

James C. Helms to be postmaster at Wingate, N. C., in place of F. L. Perry. Incumbent's commission expired April 29, 1936.

NORTH DAKOTA

Albert A. Glotzbach to be postmaster at Anamoose, N. Dak., in place of G. E. Abelein. Incumbent's commission expired March 22, 1936.

John Urbon Pavlik to be postmaster at Buffalo, N. Dak., in place of E. S. Brown. Incumbent's commission expired January 26, 1936.

Mabel E. Goetz to be postmaster at Dodge, N. Dak., in place of Marie Sivertz. Incumbent's commission expired May 3, 1936.

Frank C. Schroeder to be postmaster at Leonard, N. Dak., in place of G. T. Elliott. Incumbent's commission expired January 22, 1935.

Mary Olivia Hutchison to be postmaster at Rhame, N. Dak., in place of O. J. Goshorn. Incumbent's commission expired April 27, 1936.

Albert J. Bateson to be postmaster at Rolla, N. Dak., in place of A. M. Marchand. Incumbent's commission expired January 7, 1936.

Chester A. Johnson to be postmaster at Scranton, N. Dak., in place of V. C. Wilson. Incumbent's commission expired March 10, 1936.

OHIO

Roy T. Smith to be postmaster at Degraff, Ohio, in place of A. L. Brunson. Incumbent's commission expired March 10, 1936.

Terrence B. King to be postmaster at Deshler, Ohio, in place of I. F. Sherman. Incumbent's commission expired April 14, 1936.

John J. Boyle to be postmaster at Hubbard, Ohio, in place of O. G. Randall. Incumbent's commission expired April 12, 1936.

Luther D. Whitwood to be postmaster at Jefferson, Ohio, in place of C. S. Case, removed.

James E. Warren to be postmaster at McArthur, Ohio, in place of G. E. Sharp. Incumbent's commission expired January 7, 1936.

William D. Goodwin to be postmaster at Masury, Ohio, in place of John McCleery. Incumbent's commission expired February 24, 1936.

Harry A. Marceau to be postmaster at Niles, Ohio, in place of D. J. Thomas. Incumbent's commission expired April 14, 1936.

Thornton A. Hassler to be postmaster at West Liberty, Ohio, in place of M. W. Stout. Incumbent's commission expired February 5, 1936.

OKLAHOMA

Jasper Hood to be postmaster at Kiowa, Okla., in place of J. L. Lane. Incumbent's commission expired February 5, 1936.

OREGON

Delbert E. Pearson to be postmaster at Carlton, Oreg., in place of D. E. Pearson. Incumbent's commission expires June 23, 1936.

PENNSYLVANIA

Alice S. Keating to be postmaster at Avondale, Pa., in place of W. H. Harper. Incumbent's commission expired May 10, 1936.

Urban W. O'Donnell to be postmaster at Bethlehem, Pa., in place of H. D. Kutz, deceased.

Lawrence J. Leonard to be postmaster at Butler, Pa., in place of C. G. Dixon. Incumbent's commission expired January 27, 1936.

Ardrey Boyle to be postmaster at Centerville, Pa., in place of E. C. Brannon. Incumbent's commission expired March 18, 1934.

James P. Sullivan to be postmaster at Corry, Pa., in place of C. S. Bentley, retired.

Bernetta B. Deegan to be postmaster at Dushore, Pa., in place of C. R. Kachinka. Incumbent's commission expired February 10, 1936.

Elmer S. Harry to be postmaster at East Petersburg, Pa., in place of H. E. Lupold. Incumbent's commission expired February 10, 1936.

Chester R. Wahl to be postmaster at Evans City, Pa., in place of G. H. Cole. Incumbent's commission expired January 9, 1935.

James B. Eschbach to be postmaster at Florin, Pa., in place of A. D. Garber. Incumbent's commission expired February 10, 1936.

Carolyn T. Foulk to be postmaster at Gap, Pa., in place of L. N. Ammon. Incumbent's commission expired February 10, 1936.

James E. Madigan to be postmaster at Houtzdale, Pa., in place of T. V. Partridge. Incumbent's commission expires July 15, 1936.

Ellis L. Lynch to be postmaster at McConnellsburg, Pa., in place of W. H. Greathead. Incumbent's commission expired May 10, 1936.

Joseph W. Hoover to be postmaster at Mountville, Pa., in place of P. S. Auxer. Incumbent's commission expired February 10, 1936.

Charles D. Fitzpatrick to be postmaster at Trevorton, Pa., in place of G. G. Kuhns. Incumbent's commission expired February 5, 1936.

Roy Wilkinson to be postmaster at Valley Forge, Pa., in place of J. J. O'Connell. Incumbent's commission expired May 10, 1936.

SOUTH CAROLINA

Russell P. Barnett to be postmaster at Campobello, S. C., in place of R. W. Wall. Incumbent's commission expired May 13, 1934.

Bayfield W. Smoak to be postmaster at Moultrieville, S. C., in place of M. C. McInerny. Incumbent's commission expires June 23, 1936.

Earle W. Chadwick to be postmaster at Parris Island, S. C., in place of P. H. Norris, removed.

SOUTH DAKOTA

Charles Gordon Finley to be postmaster at Bryant, S. Dak., in place of L. A. Gage. Incumbent's commission expired January 26, 1936.

Winfield C. Clark to be postmaster at Canistota, S. Dak., in place of R. L. Hazen. Incumbent's commission expires June 15, 1936.

John R. Knapp to be postmaster at Colome, S. Dak., in place of V. J. Fetzner. Incumbent's commission expired January 25, 1936.

Alva I. Addy to be postmaster at Dallas, S. Dak., in place of C. S. Kingsbury. Incumbent's commission expired February 9, 1936.

Gladys W. Stanek to be postmaster at Fairfax, S. Dak., in place of J. A. Stanek, deceased.

Joseph A. Conlon to be postmaster at Faulkton, S. Dak., in place of W. O. Johnson. Incumbent's commission expired January 25, 1936.

Minnie H. Vickers to be postmaster at Langford, S. Dak., in place of Linville Miles. Incumbent's commission expired April 27, 1936.

Olga R. Otis to be postmaster at Pierpont, S. Dak., in place of C. E. Dieter. Incumbent's commission expires June 15, 1936.

Randolph Y. Bagby to be postmaster at Pierre, S. Dak., in place of F. S. Williams, retired.

Harry F. Evers to be postmaster at Pukwana, S. Dak., in place of John Larson. Incumbent's commission expired January 26, 1936.

Otto C. Brubaker to be postmaster at Scotland, S. Dak., in place of C. J. Dickson. Incumbent's commission expires June 15, 1936.

Leroy F. Lemert to be postmaster at Spencer, S. Dak., in place of L. F. Lemert. Incumbent's commission expires June 15, 1936.

James L. Simpson to be postmaster at Veblen, S. Dak., in place of C. O. Steen, deceased.

William A. Bauman to be postmaster at Vermillion, S. Dak., in place of Charles Sundling. Incumbent's commission expires June 15, 1936.

Jesse V. Heath to be postmaster at Vivian, S. Dak., in place of L. E. Hosking. Incumbent's commission expired January 25, 1936.

TENNESSEE

Ottie H. Seaver to be postmaster at Church Hill, Tenn., in place of M. R. Culbertson. Incumbent's commission expires June 11, 1936.

John S. McBride to be postmaster at Covington, Tenn., in place of H. H. Tatlock. Incumbent's commission expired April 29, 1936.

Monie Sandschulte to be postmaster at Loretto, Tenn., in place of C. M. Meister. Incumbent's commission expired March 18, 1936.

Robert W. Simmons, Sr., to be postmaster at Sharon, Tenn., in place of J. A. Horn. Incumbent's commission expires June 11, 1936.

TEXAS

Martha A. Davenport to be postmaster at Ranger, Tex., in place of J. E. Meroney. Incumbent's commission expired June 6, 1934.

Mabel Darden to be postmaster at Holliday, Tex., in place of J. W. Stegall. Incumbent's commission expired April 27, 1936.

Edwin Westbrook to be postmaster at Mart, Tex., in place of Iona Cooke. Incumbent's commission expired January 8, 1936.

Clarence Lamoine Power to be postmaster at Temple, Tex., in place of T. J. Darling. Incumbent's commission expires June 10, 1936.

VIRGINIA

Bard E. Fitzgerald to be postmaster at Gretna, Va., in place of N. L. Adams, resigned.

Charles F. Shumaker to be postmaster at Lovettsville, Va., in place of C. E. Virts. Incumbent's commission expired May 10, 1936.

WASHINGTON

Dewey Harvel Baker to be postmaster at Naches, Wash., in place of J. C. Blevins. Incumbent's commission expired January 28, 1936.

WEST VIRGINIA

Reuben Williams to be postmaster at Glen Rogers, W. Va., in place of Reuben Williams. Incumbent's commission expired February 9, 1936.

WISCONSIN

Elsie M. Dussault to be postmaster at Land O'Lakes, Wis., in place of F. D. Keithley. Incumbent's commission expired April 27, 1936.

Ralph E. Lyon to be postmaster at Strum, Wis., in place of E. E. Strand. Incumbent's commission expired March 29, 1936.

Margaret McGonigle to be postmaster at Sun Prairie, Wis., in place of F. I. Conner. Incumbent's commission expired April 12, 1936.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 25 (legislative day of May 12), 1936

POSTMASTERS

ILLINOIS

Paul Zimmerman, Earlville.
Wilbur C. Gerke, Edwardsville.
Albert H. Winter, Highland.
Walter D. Hayes, Minonk.
Joseph L. Langan, Odell.
George S. Thornton, Oquawka.
Mary M. Spurgeon, Prairie City.
Charles W. McDonald, Wheaton.
Ralph M. Short, Witt.

KANSAS

Raymond R. Staab, Satanta.
James P. Kelley, White Cloud.

MAINE

William G. Chamberlain, Fort Fairfield.
Bess M. Clark, Milo.
Harry V. Smith, Springfield.
Roy E. Swaney, Vanceboro.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 25, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Consider and hear us, O Lord our God: Lead us to walk uprightly and work righteousness and speak the truth in our hearts. We lift our prayer to the throne of Eternal Light, where there is life, joy unspeakable, and which is full of glory. Grant us Thy holy spirit that we may grow in mind, in soul, and in appreciation of all things worth while. Be with us in our struggles and in our triumphs; may we never neglect to praise Thee for that power which brings us into the joy and liberty of life. Heavenly Father, bless our own true America, which is composed of a God-fearing and family-loving people, ever holding to the ideals which have been the guide and the guardian of our destiny. Blessed Master and Friend, be with our President, our Speaker, and the entire Congress. Grant us the largest portion of Thy spirit with which to do the work entrusted to us. When Thy wings spread against the gray nightfall give us rest and peace.

We wait a moment. Again we have been made deeply conscious of the brevity of time and the frailty of human life. Again the roll has been called and there is no response. Again the silver cord has broken and a noble and upright public servant has left us. O give his family and all his loved ones the Christian's peace and consolation. Through Christ. Amen.

The Journal of the proceedings of Friday, May 22, 1936, was read and approved.

PRESERVATION OF THE GIBRALTAR WATERSHED IS OF THE UTMOST IMPORTANCE TO THE CITIZENS OF THE CITY OF SANTA BARBARA

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. STUBBS. Mr. Speaker, one of the loveliest communities in all the world is Santa Barbara, Calif. It has climate, beautiful surroundings, high type citizens, access to the sea, majestic mountains in the background, and everything else necessary to make it the most comfortable community on earth in which to live. I invite you all to visit us, but I warn you now that if you come, come prepared to stay, for few ever desire to leave once they have tasted the pleasure of living in that glorious place.

With all of its natural assets, however, Santa Barbara has always been dependent, and will always be dependent, upon a supply of fresh water which emanates from the Gibraltar watershed in the mountains back of the community.

Soon after coming to Congress civic officials and Government agents in the Santa Barbara area came to me and asked me to sponsor a bill in Congress which would protect the watershed area. This bill was introduced under the title of H. R. 6544. I was able to push it through the various committees and it has become a law—Public No. 526, Seventy-fourth Congress. As the title of the law indicates, its purpose is to conserve the water resources and to encourage reforestation of the watersheds of Santa Barbara County, Calif.

This new law, I am confident, will preserve the city of Santa Barbara from one of its greatest dangers—fire. Fire, the demon of the forests and a ruthless destroyer of watersheds, is an unpredictable element, and the best we can do is to utilize every possible expedient in preventing its inception.

I recently received a letter from S. A. Nash-Boulden, supervisor of the Santa Barbara National Forest, in which he stated:

> If you are successful in getting this bill (H. R. 6544) through Congress, it will mean a great deal to the city of Santa Barbara in the development and protection of the Gibraltar watershed, and may save them considerable trouble and expense in any further development work within the area.

Many interesting points were discussed in the Public Lands Committee of the House when the bill was under consideration, and for the benefit of those who are familiar with the situation out there, I am taking the liberty of quoting from my testimony before the committee.

Hon. RENÉ L. DEROUEN, chairman of the committee, was presiding. My testimony follows:

> The CHAIRMAN. Mr. STUBBS, do you choose to address yourself to this bill?
>
> Mr. STUBBS. I do not think, Mr. Chairman, that much need to be said on this bill, because it is so meritorious. This was requested by the city of Santa Barbara on behalf of the citizens of that community. Most of you know our crying need for water, and this city of about 35,000 inhabitants derives its main supply of domestic water from the Gibraltar Dam, situated in mountains overlooking the city. Some years ago—in 1932, I believe—approximately 132 square miles of 199 square miles of the forest watershed drainage area were practically denuded by the great Militija fire, which resulted in silt flowing into the Gibraltar Dam, and now we find 28-percent silt in this dam, and it was constructed only 10 years ago.

In other words, unless something is done to prevent erosion and these devastating fires, we cannot conceive of what might happen to this beautiful little city and the communities lying about it which represent an additional 15,000 or 20,000 people.

Nothing but good can come from this bill. There have never been any minerals found in this watershed in the course of a century of time, perhaps, as a result of spasmodic explorations which have been chronicled. It will be for the interest of that community, I am sure. It is not my home city, but it is my home county, and there has been no objection raised from any source. In fact, just the reverse is true. Now, the fact that both Departments—Interior and Agriculture—have acted favorably leads me to request the committee to vote out this bill.

Mr. ROBINSON. How does this affect the discovery of oil?

Mr. STUBBS. It does not affect that.

Mr. DEMPSEY. It does affect the entry under the mining laws, as I understand it.

Mr. STUBBS. That is the idea. Men go up there prospecting, and innumerable fires are the result. There is nothing to be accomplished by that prospecting. There is nothing else to do, and the community feels—all the county seems to feel—that the bill should be passed. The superintendent of the national forest there has written a letter urging its enactment. We are continually having trouble with fires.

Mr. WHITE. Let me ask a question. Is the land embraced within the provisions of this bill all now within a national forest?

Mr. STUBBS. Yes.

Mr. WHITE. Could you tell us, if this law was enacted, how you would encourage reforestation or protect watersheds by the terms of the act any more than the Forest Service now protects it?

Mr. STUBBS. Well, perhaps more to prevent future fires. The C. C. C. camps are located in there now. The Government is trying to rebuild this devastated forest area. By replanting of watersheds and building truck trails, and such as that, the Government is spending a large sum of money. A number of C. C. C. camps in the area now are trying to build up the district, and if future prospecting work is carried on there promiscuously we believe that it would serve no good purpose. A devastating fire might occur at any time. The last great fire in 1932 cost an estimated $70,000,000. But there was one authority on the subject who told me that the loss in forest assets would reach $700,000,000. We are trying to save our watersheds. They are California's greatest assets and Santa Barbara needs this one.

Mr. WHITE. Will you tell us how the provisions of this act barring entry of mining claims in this area is going to promote the reforestation or protect the watershed? Can you explain that to us?

Mr. STUBBS. Just as I stated, the Government is spending a good deal of money in there now trying to rebuild that watershed and to prevent soil erosion, which is at the present time the result of these fires. Useless and fruitless prospecting endangers the watershed and the Santa Barbara Reservoir. We all feel that it would provide real protection, and there is nothing harmful that could come from this bill.

Mr. WHITE. Don't you think that if there are mineral resources in there, wealthy mineral in this area, that the passage of this law will bar its development and leave those resources undeveloped and latent?

Mr. STUBBS. Not necessarily so. I think the report from the Secretary of Agriculture states that if there are any healthy symptoms, need for mineral development, that terms can be granted quickly. In other words, it seems like we are trying to regulate a hazardous condition that is endangering the lives and property of a great community.

Mr. MOTT. How big did you say that watershed is—how many square miles?

Mr. STUBBS. Well, the actual number of square miles is 196, affecting the reservoir area, and 200,000 acres in all are involved in this particular bill.

Mr. MOTT. And the town is how big?

Mr. STUBBS. The town is 35,000, but the country—the back country—back of the city of Santa Barbara represents more than 15,000 population.

Mr. WHITE. This is a colony of millionaires in Santa Barbara, isn't it?

Mr. STUBBS. I am glad you asked that question, because I believe it would be apropos to tell you something about the city of Santa Barbara and vicinity, and something about the people who reside there. Santa Barbara is a city which nestles in the cup of a mountain range where it touches the sea. It is famed for its beautiful homes, where many families of great wealth and prestige reside, but it also has many other attractions. It is probably one of the most attractive communities of the world, being surrounded by commanding mountain peaks, and by the sparkling and peaceful Pacific Ocean, where yachts, motorboats, and other types of sea vessels are operated by those who reside there. The people are of the highest type. Many of them trace their ancestry back to the founders of California. All who once see this beautiful community long to remain there permanently.

Regardless of what others might say, it is my belief that Santa Barbara is the paradise of the Pacific, because of its healthy atmosphere, its glamorous air, its high type citizenry, attractive buildings, and other factors which go into the development of a splendid community—all these Santa Barbara has in abundance, and these are what I want to save from destruction. The very lives of the citizens are at stake, because they naturally require pure water in abundance, not only now, but the certainty that this supply will be protected for future generations. Water is king out in my country.

There has been some question raised concerning the protection of current mining development and the right to develop any mineral deposits of value which might be discovered in the future. If you will permit me to refer to the report of the Secretary of Agriculture, you will note that the city obtains its principal supply of water from the forest area. You will also note that the land has not been found, even with prospecting over a long period of time, to contain valuable deposits as far as is known now, but under the existing law they are subject to location and entry under the mineral statutes; but under the mineral laws, in view of the provision for the restoration of valuable mineral lands to location and entry by the President, and upon the recommendation of the Secretary of the Interior and the Secretary of Agriculture, valid rights are adequately protected.

Mr. WHITE. As I understand it, the provisions of this bill would invalidate any mineral location.

Mr. STUBBS. Not present locations.

Mr. WHITE. Is it the opinion of the chairman that, after the passing of the law, they could be easily obtained?

The CHAIRMAN. I cannot pass on that—I am sorry. I do not know how that would be interpreted, or how easy it is.

Mr. MOTT. I will tell you. It is our experience, and I have had several bills in at the last session like this, that you cannot protect your watershed if you let anybody go in there to live, or homestead, or mine, or anything else. If you have a watershed that you want properly protected either from fire or from insanitary conditions, you have to keep people out of it.

The CHAIRMAN. It is moved and seconded that the report on H. R. 6544 be made. All in favor signify by saying aye. [A chorus of ayes.]

Those who are not in favor will say no.

Mr. WHITE. No.

The CHAIRMAN. The ayes have it. One no.

And thereupon, Mr. Speaker, the bill was presented to the House and passed. It passed the Senate with the aid of Senator HIRAM JOHNSON, who defended it in the upper Chamber, and was approved by the President.

This law, I know, will not only protect the water rights of the citizens who depend upon the Gibraltar watershed for domestic and agricultural water needs, but it will assist materially in advancing recreational activities, grazing, propagation of wildlife, and a host of other important and necessary activities which follow naturally when we take good care of our forest and watershed areas.

ROBINSON-PATMAN EQUAL OPPORTUNITY IN BUSINESS BILL

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection.

There was no objection.

Mr. PATMAN. Mr. Speaker, this bill, H. R. 8442, is expected to receive consideration Tuesday, May 26, 1936, immediately after disposal of the vocational education bill. There will be 1 hour's debate on the rule for consideration of our bill and 4 hours' general debate after the adoption of the rule. Then the bill will be read under the 5-minute rule. It will possibly be late Wednesday evening before the bill is finally disposed of, but those of us who are sponsoring the legislation are hopeful that the bill can be disposed of before adjournment Wednesday night. The Honorable JOHN E. MILLER will have charge of the bill for the Judiciary Committee.

OTHER QUESTIONS AND ANSWERS

In the daily CONGRESSIONAL RECORD for Thursday, May 21, on page 7969, I inserted questions and answers relating to this bill. I am inserting herewith additional questions and answers:

STOCK DEFENSE TO ANY EQUAL-RIGHTS BILL

1. Question. What will be the tactics of the opposition?

Answer. As usual, it will be contended by many that they are in favor of just this type of legislation, but opposed to this particular bill. It is the same old stock defense that is used to oppose any kind of legislation along this line. Witnesses appeared before the Judiciary Committee and the Rules Committee of the House and stated that they favored what the bill seeks to do, but offered critical objections to the bill as proposed to do what we wanted and what they wanted, according to their arguments. It is interesting to note that the ones who are opposing this bill have never suggested to the committee that considered it a bill that will do what we want done that they would favor, although they

claim that they favor what we are proposing to do. The House Judiciary Committee considered this bill for almost a year.

FARM ORGANIZATIONS

2. Question. The newspapers a few days ago reported that representatives of several farm organizations have issued a statement in opposition to the Robinson-Patman bill. Are the farmers opposing this legislation?

Answer. I believe the farmers and their organizations will support this bill. It is true that a letter was written to the Honorable JOHN J. O'CONNOR, chairman of the Rules Committee, by representatives of several farm organizations, stating that they were writing on behalf of the farmers of the country and asked that the bill be given further study. In the letter it was stated:

As representatives of the organized farmers of this country, we are in favor of legislation to eliminate false brokerage allowances, false advertising allowances, and unreasonable quantity discounts where such discounts are made available only to a very limited number of customers.

In another part of the letter they stated that—

The bill should go over until the next session of Congress and be more carefully reviewed and studied with a view to writing a bill which will correct the abuses complained of.

At the time this letter was written, our bill contained two amendments that were objectionable to these farm organizations: One was the definition of price, section 5 of the House bill, known as the antibasing point provision; and the other one was the classification section, classifying distributors into groups such as wholesalers, retailers, brokers, jobbers, and so forth. Since that time the sponsors of this legislation have agreed to eliminate both these amendments. The Judiciary Committee has met and instructed the chairman, the Honorable HATTON W. SUMNERS, to offer amendments to the bill on the floor to strike these provisions from the bill. Undoubtedly they will be eliminated.

Therefore these farm organizations will certainly support the legislation in favor of correcting the abuses that our bill is intended to correct.

NOT SUBSTITUTE FOR N. R. A.

3. Question. It has been stated in the public press that the Robinson-Patman bill is a substitute for the N. R. A. Is this true?

Answer. No; it is not true. This bill has no connection whatsoever with the N. R. A. It seeks to correct abuses and unfair advantages that are generally known, condoned by a few but never encouraged or defended by any except the special few who are profiting by reason of them. No one will openly defend these abuses, and the Members of Congress will not hear a Member of the House of Representatives attempt to defend the abuses this bill seeks to correct.

WILL RETAILERS HAVE TO COME TO WASHINGTON BEFORE FEDERAL TRADE COMMISSION?

4. Question. If this bill is passed, will it require the million and a half retail stores to defend their rights before the Federal Trade Commission?

Answer. No; this bill does not deal with the retail distributor. It merely grants one retail distributor the same rights and benefits as other retail distributors under the same conditions. About the only concern that will be called upon to defend itself before the Federal Trade Commission will be the manufacturer who cheats his customers by charging to certain customers more for the same quantity and under the same conditions than he charges others. This practice will be prohibited by this bill, which requires equal rights to all customers and special privileges to none. Many large manufacturers now have this policy. This bill will force all chiselers and cheaters to adopt Golden Rule policies.

PRICES NOT INCREASED

5. Question. Will the bill affect in any way retail prices?

Answer. No; a manufacturer will be compelled to sell all customers the same quantity at the same price. The retailer who purchases from the manufacturer will not be required to maintain a price. Manufacturers will compete among themselves, but each manufacturer must treat his own customers fairly and squarely and not charge one more for the same quantity under the same conditions than he charges another. This is enforcing common honesty.

QUANTITY PURCHASES RECOGNIZED

6. Question. Will this bill prevent a large purchaser from receiving a lower price for a large quantity than a small purchaser receives for a small quantity?

Answer. No; the bill recognizes that there should be a difference in the selling price based upon differences in cost of manufacture and distribution. In other words, if 50,000 units of a commodity are ordered from a manufacturer and he can produce these units for 5 cents less per unit by reason of the large order than he could produce a thousand such units, there is nothing in the bill which will prevent the lower price being given for the large quantity purchased. In this case the buyer of a thousand such units will pay 5 cents more per unit because there is a difference in the cost of manufacture of that amount. The only exception is that where a particular commodity is purchased in such great quantities by a very few large buyers that these large buyers would soon obtain a monopoly in the distribution of that commodity, then the Federal Trade Commission may establish a quantity limit upon the showing that there is danger of a monopoly, and when that quantity limit is fixed, any purchaser or group of purchasers who buy the quantity limit so fixed will receive the same price per quantity unit as the large mass buyers who purchase several such quantity units. This power of the Federal Trade Commission cannot be invoked unless there is danger of monopoly and upon proof being made that there is danger of monopoly.

WILL NOT COMPEL HIGHER PRICES TO CHAINS

7. Question. Will this bill compel chain and department stores to pay a higher price?

Answer. It is not intended to require anyone to pay a higher price, but it is intended to compel a manufacturer who selects a customer—and in this bill power is expressly reserved for the manufacturer to select his customers—to give each customer the same fair deal and the same prices for the same quantities under the same conditions. This bill will not increase prices. It will lower prices to consumers, since independents who are now refused equal rights with other customers of a manufacturer will be given these rights under this law, which will result in a lower price to them. This law will cause keener competition and lower prices to consumers.

MIDDLEMEN

8. Question. Is there anything in this bill that will require middlemen to be used?

Answer. Absolutely nothing. The only provision about brokers and wholesalers will merely prevent fees and commissions ordinarily paid to brokers and wholesalers from being used as bribes.

VOLUNTARIES FOR BILL

9. Question. Are the voluntary groups of grocers, druggists, and other opposing this bill?

Answer. Only where their executives and promoters are making money off of them by exploiting the menace of the chain store to the independent merchant. The bill will make it easier for the voluntary to protect its members against the chain, because it places a halter on chain abuses. And this bill will make the voluntary more effective in securing that protection, because it will guarantee its members prices on pool purchases on an equal basis with their largest chain competitor.

Any voluntary is, therefore, very foolish to oppose this bill. Under existing law, a number of owners of stores can go in together, buy collectively, and receive a better price by reason of the quantity purchased. An investigation has disclosed, however, that such groups do not receive as good a price as the corporate chains, although they purchase the same quantities. Besides, under existing law, manufacturers can cut them off entirely any time they want to and refuse to give them any discount or rebate whatsoever. Some leaders in these groups have been led to believe that they are already getting more than certain other groups, and efforts are being made to get them to oppose the bill. The

fact is that no one knows the special discounts that the other customers of a manufacturer are receiving, and an investigation has disclosed that only the big corporate chains receive certain big rebates.

HOLDERS OF PRIVILEGE OPPOSE BILL

10. Question. Why is this bill so bitterly opposed?

Answer. A few people are enjoying great privileges from manufacturers. These few have become greedy, which is perfectly natural. One large corporate chain is paying its president, vice president, and general superintendents $2,000,000 a year. This $2,000,000 represents about one-fourth of the special rebates this concern receives from manufacturers. Six of these officials draw salaries of more than $100,000 a year each. They are afraid if this law should be passed and they have to pay the same price for the same quantity of merchandise under the same conditions that their big salaries will be in jeopardy; that they will possibly have to accept a reduction. This is not at all pleasing to them. Evidently they have in mind increases rather than reductions.

SECTIONS AND GROUPS AFFECTED

11. Question. Which sections of the country and groups are most vitally affected by this legislation?

Answer. The manufacturer who deals fairly with his customers will not be affected by this bill. It was stated before a committee of the House that 90 percent of those affected by the bill reside in a small area in the heart of New York City. They are profiting to the extent of millions of dollars a year through their chiseling, cheating, racketeering tactics. Their policies are destructive not only to small business, small manufacturers and distributors, but also to the consumers including the farmers and wage earners. All sections of the country are affected, and all groups, but the unfair privileges are held by a small group in a small area.

HOW GREEDY KEEP THEIR PRIVILEGES

12. Question. How do the few greedy people who are opposed to the Golden Rule in business most effectively prevent the enactment of such a bill as the Robinson-Patman Bill?

Answer. By seeking delay, by confusion of the issue, and by downright misrepresentations. A congressional investigation has shown that these people use farmers and other consumers as a front or stuffed shirt to act as their mouthpiece. They do not come out into the open themselves as their arguments will not stand the light; but different methods and tactics are used to get the so-called consumers, farmers, and wage earners to plead their cause for a consideration. One who advocates the enactment of a law is at a great disadvantage since he has such hazards before him as delay and all kinds of misrepresentations. On the other hand, one who is opposing the enactment of a bill has many things to his advantage. A whispering campaign is often resorted to to disturb the members. Every method on earth is used to delay consideration and the more confusion by misrepresentations or otherwise that is injected into the issue, the better chance there is of defeat of the bill.

DANGER OF MONOPOLY

13. Question. Why do you say there is danger of monopoly?

Answer. There is not a danger of monopoly at this time in every line of business, but in the lines of business in which corporate chains are engaged there is already a monopoly in many of the favorite areas in this country. In determining the extent that corporate chains have gone in the direction of monopoly, comparisons should be restricted to the areas in which the corporate chains operate and the lines of business in which they are engaged. For instance, in community A, there is a million dollars' worth of retail distribution business a year. Let us suppose that the corporate chains only do 25 percent of that business, or $250,000. Without further investigation you would say that there is no danger of monopoly, but suppose that the $250,000 of business represents all of the grocery business in that community for that year and that is the only business in which the chains are engaged in that area. That would show conclusively that in the grocery business in that area that they have a complete monopoly although they are only doing 25 percent of the total retail business, which includes all retail distribution.

Suppose a corporate chain has 10,000 outlets, and it opens a thousand new outlets. These thousand new outlets are in competition with local merchants who have spent their lifetime building up goodwill and the business in which they are engaged. This corporate chain desires to destroy the competitors around these thousand new stores. Under the existing system all they have to do is to let these thousand stores have all their secret rebates obtained by reason of their purchases for all their 11,000 stores and this will enable the thousand new stores to soon destroy their competitors. When these competitors are destroyed, a thousand more stores can be opened and their competitors destroyed in a similar manner. The losses in one place are made up not only by the secret rebates obtained on total purchases but also on higher prices charged to consumers in areas where they already have a monopoly of business where their competitors have already folded up.

THE LOW PRICE CONSUMERS SHOULD RECEIVE

14. Question. Is it better for consumers to receive a real low price?

Answer. Yes; consumers should receive the lowest price possible. That does not mean, however, that we should not look into the future and determine the effect of present destructive policies if permitted to continue. For instance, because a corporate chain is bribing or baiting their customers with real low prices while their competitors are being destroyed does not mean that the consumers will continue to get those prices after competition is destroyed; it means that the sky will be the limit as to prices and the people will pay what monopoly says they should pay. On the other hand, the farmers will be compelled to accept the price for what they produce that monopoly says they must accept. The wage earners will be compelled to accept the wage that monopoly fixes. Such a policy in the direction of monopoly is destructive to the best interests of our country. It just happens that the independent merchants are victim no. 1. Farmers and wage earners will be victim no. 2, and the consumers of the country will be victim no. 3.

The consumers are entitled to the lowest price consistent with a fair price to the producer of raw materials, a fair wage to those who convert the raw materials into the finished product, and a fair cost of distribution to the consumers. Remember, that the 26,000,000 people dependent upon agriculture, the 36,000,000 people dependent upon mechanical and manufacturing pursuits, the 11,000,000 people dependent upon transportation and communication, the 9,000,000 people dependent upon professional services, and the 18,000,000 people dependent upon distribution for a livelihood are also consumers and they are interested in fair prices and fair wages.

GOOD PRICES AND GOOD WAGES

15. Question. Why are good prices and good wages necessary?

Answer. The American people owe $250,000,000,000 in debts. The minimum tax burden is fixed for the next 40 years. If prices and wages are reduced 50 percent, our debt burden will be doubled and our tax burden will be doubled in what the people will have to pay with. There is only one way that this country can readjust itself and that is for us to force, if necessary, a policy of live and let live, and compel the Golden Rule in business in order that the people may pay their debts and taxes and in order that they may have purchasing power. The farmers cannot buy what the wage earners and the manufacturing plants of this country produce unless they have buying power.

A TOWNSEND PLAN CATECHISM

Mr. LEA of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection.

There was no objection.

Mr. LEA of California. Mr. Speaker, I submit a catechism on the Townsend plan in the hope it may aid in a better understanding of some features of that proposal:

Question. What is the Townsend plan?

Answer. A plan to pay every citizen over 60 years of age a pension sufficient to make his monthly income $200 per month, provided such person retires from all gainful employment and agrees to spend all the money each month.

Question. What is the main purpose of the plan?

Answer. To provide large incomes for persons over 60, and thus spending this money to aid economic recovery.

Question. Does the plan provide any care or aid for widows, orphans, cripples, blind, indigents, or those under 60 in poverty or distress?

Answer. It does not.

Question. Would large property owners, with little or no net income, be eligible?

Answer. Yes.

Question. Would a man over 60, with $30,000 and an income of $1,200, receive a pension, while a widow under 60, with dependent children and without property, would receive nothing?

Answer. Yes.

Question. If the object of the Townsend plan is to compel the circulation of money, why not compel the person who earns the money to spend it as he sees fit instead of giving it to somebody else to spend?

Answer. It is a harsh thing to take a man's earnings away from him by taxes and give them to others to spend for any old purpose, useful or not.

Question. Can a pensioner 60 or over, having a wife younger than himself, and minor children, make provision for them out of his pension so that they may be cared for after his death?

Answer. He cannot. He must spend his entire pension and save nothing.

Question. In event of the death of a pensioner, leaving a wife under 60 and minor children, how are they provided for?

Answer. They go on county relief as at present.

Question. Could not some kind-hearted pensioner support the widow and family?

Answer. The plan limits all gifts to persons or institutions to 10 percent of the pension and out of this must come all contributions to churches, lodges, and charity.

FINANCING THE PLAN

Question. How is it proposed to finance the plan?

Answer. Principally by what is called a transaction tax of 2 percent.

Question. What is a transaction tax?

Answer. Roughly, it is a tax on all business transactions and on every dollar of wages earned and the value of goods or property bought or sold. It closely resembles a sales tax but is more far-reaching and taxes many transactions now exempt under ordinary sales taxes.

Question. Would the tax apply to food and clothes?

Answer. Yes; to both.

Question. What will be the cost of these pensions?

Answer. That depends on the number who qualify. The advocates of the plan estimate the cost from eighteen to twenty-four billions of dollars per year. There are more than 11,000,000 persons over 60 in the United States and over 10,000,000 eligibles. If all these apply, the cost at the beginning would be twenty-four billions a year. Within another generation the cost would be forty-eight billions a year.

Question. What is the population of the United States?

Answer. 122,775,046, according to the 1930 census.

Question. What must be contributed through transaction taxes to raise this 24 billions annually?

Answer. An average of $195.40 for every man, woman, and child in the United States.

Question. How can you prove that?

Answer. Simply by dividing the amount to be raised by the total number of the population.

Question. What would this transaction tax cost a family of five persons?

Answer. $977 per year or about $2.67 per day, including Sundays.

AMOUNT OF BUSINESS NECESSARY TO RAISE TAX

Question. What amount of transactions or business must be done annually for each man, woman, and child to raise these pensions?

Answer. An average of $9,770.

Question. Enormous! Can you prove that?

Answer. Prove it yourself.

Question. How?

Answer. You have already proved by the census that the cost of raising this pension of 24 billions would be $195.40 for each man, woman, and child. This $195.40, therefore, represents 2 percent of the amount of transactions necessary to raise the pensions.

Question. Correct, so far.

Answer. Now divide this $195.40 by 2 (the percent of the tax) and you have $97.70, or 1 percent of the per capita expense of the pensions.

Question. Correct, but proceed.

Answer. Multiply this 1 percent, or $97.70 by 100, and you have $9,770 as the average amount per capita of the transactions, taxed at the 2 percent, necessary to raise the pensions.

Question. But would not big business pay most of this tax?

Answer. No. The rich man may pay a tax on production, but adds it to the cost, and is repaid by the higher cost paid by the consumer. There are few rich people. They may spend much for their own consumption, but there are so many poor people, or persons of moderate income, who spend much or all their income for their necessities, that over 90 percent of the cost of the pensions would be borne by families having an income of less than $2,500 a year.

Question. How much tax would the average man, if his family averaged five persons, pay from the time he was 20 until he was 60?

Answer. $39,080.

Question. What would he and his family get if he died at 59?

Answer. Nothing from the Townsend plan except hard work to support others. If a good man, he might get a place in heaven. He would have to die to get that reward.

RETIRING AGED PERSONS TO MAKE ROOM FOR YOUNGER ONES

Question. How many people are there in the United States over 60?

Answer. Over 11,000,000. Over 500,000 are aliens.

Question. How many of these does Dr. Townsend estimate to be engaged in productive industry?

Answer. About 4,000,000.

Question. How many over 60 are women?

Answer. Only about 5,525,000.

Question. How many of these earn over $200 a month or have a job of fair wages for a younger person?

Answer. Few. Observe such jobs in your community. So far as the retirement of these 5,000,000 women to make room for younger workers is concerned, it may as well be left out of the calculation.

Question. Well, there still remain 5,000,000 men over 60. How about them?

Answer. Again, answer the question for yourself. How many men about you over 60 have a job they would not give up for an assured income of $200 a month for life? Again, how few, comparatively, have jobs that would be attractive to younger men?

Displacing the aged by younger men and placing on them the burdens of supporting the aged on a scale twice as affluent as the younger men now enjoy gives no promise of helping younger men or younger people.

OTHER EXPERIMENTS

Question. Has any government adopted a plan to bring prosperity by wholesale pensions?

Answer. Yes; Alberta, Canada.

Question. What was that plan?

Answer. To pay $25 per month to every adult, on the theory they would spend it and thus bring back prosperity.

Question. How would that amount, payable to each adult, compare with $200 a month to each person over 60?

Answer. Approximately the same.

Question. How did the plan work in Alberta?

Answer. The candidates pledged to the plan were elected. The government went bankrupt and the officials did not dare to put the plan in effect.

RESULTS OF THE TOWNSEND PLAN

Question. Who would benefit by the Townsend plan?

Answer. Theoretically, all over 60, about 8 percent of the population.

Question. How will it affect the remainder of the people?

Answer. Most people die before 60. They would work all their lives for something neither they nor their families ever get.

Question. But would not the spending of this vast sum bring back prosperity?

Answer. It could not. It would burden our people with a tax equal to nearly one-third of the total national income, nearly one-third of all they earn to spend for themselves.

Question. What is meant by national income?

Answer. Roughly, it means the total actual income received by the entire population.

Question. But would not this pension money go into trade and business?

Answer. Yes. But this money now goes into trade, spent by those who earn it.

Question. Would the Townsend plan create any new money for circulation?

Answer. No. It would simply take existing money from those who earned it and give to others to spend. It takes from Peter to give to Paul. Peter has that much less and Paul no more than he took from Peter.

Question. How about Dr. Townsend's statement that he does not believe in saving but in spending money?

Answer. The prodigal son tried out that theory over 2,000 years ago.

OLD-AGE PENSION DESIRABLE

Question. Is not an old-age pension desirable?

Answer. Not only desirable but necessary.

Question. Would not the Townsend plan serve that necessary purpose of taking care of the needy aged?

Answer. If it would work; yes. Its unbearable burdens would lead the Nation into further poverty and distress. It would bring misfortune to all, even the pensioners themselves.

Many aged people need help. Many do not. To give to all of a ten-million class equally and on a generous scale because part of them are needy would be a folly and improvidence such as the world has never yet known.

Question. What is the true basis of aid to the needy?

Answer. That question was answered in the name of religious duty many centuries ago. Give to the needy "according to their need"; give "with an open hand." We should provide not stingily, but according also to our ability to aid them. We cannot compel 80 or 90 percent of our people to live on beans to feed 8 percent on turkey.

Question. What is a revolving fund?

Answer. A fund that is paid out on condition it will be used and repaid to the one who furnished the money. There is no revolving fund under the Townsend plan. The use of that term is a misnomer.

Question. Is there any assurance that the pension taxes will be repaid to those who pay them?

Answer. None whatever. No more than if the money was thrown to the boys in the street or paid as taxes for any other purpose.

Until we learn how to get something for nothing the Townsend plan cannot work without impoverishing the Nation.

THE WORKS PROGRESS ADMINISTRATION IN WESTCHESTER COUNTY, N. Y.

Mrs. O'DAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mrs. O'DAY. Mr. Speaker, on May 13, 14, and 15 there appeared simultaneously in the Washington Post and Herald Tribune a series of articles purporting to give a picture of the Works Progress Administration as it operates in my county of Westchester. The articles filled approximately 20 columns of the papers and contained some truths, many skillfully perverted half truths, many statements wholly erroneous and misleading, and a great deal in the nature of a general and violent attack on the present administration. Under the camouflage of giving certain alleged facts to the public, the articles are in reality a Republican fulmination by two bitterly partisan newspapers.

These articles have been answered point by point by Mr. Bryan, W. P. A. administrator for Westchester and surrounding counties, but he does not touch upon the interesting background behind this rather venomous attack.

The articles were written by Mrs. Agnes Meyer, whose husband is owner of the Washington Post.

William Ward, until his death a few years ago, was for 37 years the Republican leader of Westchester, and dominated the county where Democrats were outnumbered more than three to one.

He was, however, a benevolent dictator, and his very laudable ambition was to make Westchester the model county of the United States. His plans included the setting up of an elaborate recreation department, and at its head he appointed the wife of his friend and fellow Republican, Mr. Eugene Meyer, who has a home in Westchester.

Mrs. Meyer has great executive ability, and with the aid of a highly paid staff, her own great wealth, generous appropriations from a Republican board of supervisors, and the backing of Mr. Ward she created a model department for the county and for herself a semiofficial political standing as the Lady Bountiful of Westchester.

The death of Mr. Ward was followed by strife among his political leaders and his organization began to crumble. The board of supervisors, long in secret rebellion against what they considered the extravagance of the recreation department, began to cut appropriations and even talked of closing the magnificent county recreation center.

Republican prestige began to wane and the enrollment books of 1932 showed a loss of thousands of Republican names. Mrs. Meyer is an ardent Republican worker, and this, together with the loss of prestige as dispenser of bounty, political and otherwise, probably goaded her into making her reckless statements concerning the W. P. A. and into giving to the public her interpretation of the New Deal.

THE BATTLE OF THE GUMDROPS

It is hard to take seriously her anguish over the fact that "the other day one youth idling about tossed a piece of chalk at a girl across the room. She shouted, squealed, and threw a gumdrop back at him; then, for good measure, tossed another gumdrop down the back of another girl. So much equipment was lost in this office that detectives are now looking for it." Mrs. Meyer does not tell us whether the equipment was lost during the battle of the gumdrops or if the gumdrops were a part of the equipment.

Conceding that there may be venal and unscrupulous persons among the thousands connected with the W. P. A. in one capacity or another, let us look at Mrs. Meyer's condemnation of it as a whole.

In the first paragraph of her first article Mrs. Meyer describes Mr. John Bryan, regional director, as "an engineer of repute, well regarded by everyone as a professional man." Then adds that he said to friend of hers, "Franklin Roosevelt is the man who gave us the money, and I would be the dirtiest kind of a dog traitor if I didn't see that the people

who are 100 percent for him did not receive first consideration." Mr. Bryan brands this story of Mrs. Meyer's unnamed friend as an absolute falsehood.

Mrs. Meyer in her second paragraph takes up the matter of overdue pay. This is admitted and deplored. It was due primarily to an effort on the part of the Treasury Department disbursing office to expedite pay checks at the time of decentralizing the disbursing office in Albany and setting up offices throughout the State. This has been accomplished, and delays are ended.

Mrs. Meyer claims to see "an oppressive atmosphere of terror of the Federal Government which demoralizes the relief workers." I am in close and constant touch with my county of Westchester and can discern no such atmosphere of terror. On the contrary, I find in Republicans and Democrats alike a lively appreciation of what the administration is doing through W. P. A.

Mrs. Meyer deeply resents the fact that in taking over the temporary emergency relief the W. P. A. did not take over bodily its entire staff. Mr. Bryan did absorb such of its employees as were suited to the purposes of his organization.

Mrs. Meyer bitterly resents that some features of her recreation department now come under W. P. A.'s jurisdiction and that the county works bureau was absorbed. She quotes some random cost comparisons of relief work under the bureau and W. P. A. In the matter of salary expenses she says that, prior to the advent of W. P. A., approximately 100 persons carried on the entire operation of the county works bureau while P. W. A. has a force of 250.

She fails to add that the bureau employed only about 3,000 workers, while the district in charge of Mr. Bryan comprises four counties besides Westchester and carries six times the load handled by the bureau.

Mrs. Meyer claims there is discrimination between relief workers of the two major parties, since, with a 3-to-1 majority, the great bulk of relief goes to Democrats. In proof of this she cites a list of 27 supervisors and foreman in the township of Mamaroneck, 23 of whom are Democrats.

The list is entirely misleading in that it is incomplete. She omits to name the field superintendent, a Republican, who receives top salary of $195, and a number of general foreman in the same town, also Republicans, also receiving upper-bracket salaries. The one she lists with a blank against his name is a former Republican district leader, who has been credited with controlling the Italian vote of the township.

Since it is not the policy of the Works Progress Administration to inquire the politics of a worker, Mr. Bryan has no means of knowing the proportion of Republicans to Democrats on relief work.

If the latter are in the majority it is easily explainable. The very wealthy and the comfortably-off of Weschester are almost invariably members of the Republican Party. As such they were well taken care of during the 37 years of Mr. Ward's dictatorship. The poorer Democrats could not get jobs even as day laborers on the building of the county's beautiful parkways, a work of many years, and consequently had no reserve to fall back upon when overtaken by the depression.

Mrs. Meyers claims that totally unqualified supervisors and foremen have been appointed by Mr. Bryan, and cites in proof a number of men and their former occupations. Does Mrs. Meyer, secure in her home among the Westchester hills, not know that unemployment and stern necessity have driven men to accept any work, however humble, rather than go on relief? L. E. H., for instance, a field superintendent, is listed as a mail-truck driver. As a matter of fact, H. has been general superintendent for two large construction companies and was with the General Electric Co. as an air-conditioning engineer at one time. His experience as mail-truck driver was gained 16 years ago when, on his discharge from the Army, and having a civil-service status, he took the first job he could get until he became established in the work for which he was trained.

J. B., listed as a former beer salesman, has had experience of 15 years as superintendent of road construction. When such work was terminated by the depression he temporarily became a beer salesman for his brother-in-law.

U. R. is listed as a saloonkeeper. Records shows no man of that name to have been on the W. P. A. pay roll. Of others listed there are none who have not a background of construction work of some kind. Is it quite fair or honest to class them as workers in jobs they held temporarily in some cases as long ago as 15 years?

Mrs. Meyer claims that field supervisors "reach out among the relief workers and population generally for the formation of new Democratic clubs in every city, village, and town." She offers no proof of this except vague mention of a "blue card" which she has not been able to obtain. If the staff of investigators and lawyers employed in helping her with her articles could not find one it can safely be classed with the mythical F. W., of Rye, whose pitiful case she cites, and the unnamed worker who, in order to get relief, was forced to drink and smoke with a long line of Democratic politicians before attaining his goal.

Does Mrs. Meyer not know that months prior to a Presidential election new political clubs spring up like mushrooms and that there is nothing criminal about a "call for meetings sent out on a postcard" to members?

Does Mrs. Meyer not know that Westchester is covered by a chain of Republican newspapers, that the need for a Democratic one becomes acute as the time comes for a Presidential election, and that one is born and dies away every 4 years? Mrs. Taylor, a district leader who has the courage to try and start one, surely merits a dinner in her honor. Neither starting a newspaper nor giving such a dinner denotes moral turpitude on the part of Democrats.

I have mentioned some of the high lights of Mrs. Meyer's articles. Mr. Bryan specifically denies others, namely:

That W. P. A. has been used in any manner to "intimidate the helpless and to destroy local government."

That he "has no power to select his subordinates—It is done for him by William Cronin, the Democratic boss."

That Democratic project supervisors receive higher pay than Republican supervisors. That "projects were more efficiently operated and at less administrative expense under the Temporary Emergency Relief than under W. P. A."

That W. P. A. is "using large sums of public money intended for the alleviation of unemployment to build a Democratic political machine."

That W. P. A. is "discriminating between American citizens in a most despotic way for political purposes."

That W. P. A. is "guilty of petty extortion from defenseless relief cases to finance local political organizations."

Is guilty of "waste, extravagance, and rank incompetence."

Nor having "so intimidated the people that its tyrannical power is a menace to a free nation."

These unsubstantiated accusations are embodied throughout Mrs. Meyer's violently political outburst. It is well to remember in reading them that prejudice is vagrant opinion without any visible means of support; and a choice must be made between the statements of a person obviously biased and bitter, having no official position, and a public official chosen for outstanding and well-known qualifications and in full possession of actual facts.

RANDOLPH PERKINS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, those of us who linger upon this "bank and shoal of time" were made sad, indeed, this morning when we beheld the flag at half-mast and learned that it indicated the passing of our beloved and distinguished colleague, Hon. RANDOLPH PERKINS, of New Jersey.

It brought a keen and peculiar sadness to me because of our intimate association over a long period of years. We came to Congress at the same time—the Sixty-seventh Congress—and served together on the same committee for many years. There grew up between us one of those friendships

which has been referred to as the flowers that overhang the walls of party politics.

He was one of the best, truest, and ablest Members I have ever known.

The Sixty-seventh Congress, together with President Harding, came in on a Republican landslide. The Republicans captured more seats that year, if I am not mistaken, than have ever changed at one time in the history of the American Congress. Strange to say that Mr. PERKINS was the only one of that number remaining in the House at the time of his death.

The country and the world have undergone many changes and the political vicissitudes have been devastating, but he so held the confidence of the people of New Jersey that he was able to weather the storm, when all his colleagues on his side of the House who came in with him had either been defeated, died, or retired.

During the time that we served together on the same committee we passed through many exciting and a few bitter ordeals; but I never knew him to lose his temper or to utter a harsh or an unkind word. Yet he was firm in his convictions and did not hesitate to retain his position, regardless of pressure or criticism.

He was a profound scholar and an able lawyer. He was probably the ablest trial lawyer in either House of Congress. He was an ornament to the bar, as he was to this House.

I knew him in the intimacy of his home. I never met a more loving and loyal husband and father.

RANDOLPH PERKINS had courage, both moral and physical. Shakespeare says that—

> Cowards die many times before their deaths;
> The valiant never taste of death but once.

RANDOLPH PERKINS never tasted death but once. He is gone—never to be replaced. The position he occupied in this House, and especially in the affections of his fellow Members, can never be refilled.

Others will eulogize him in more fitting terms at some other time, but I could not resist the temptation to come in my feeble way to pay this humble tribute of respect, and with the hand of unfeigned friendship to place a wildflower upon his bier.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 8069. An act for the relief of Mr. and Mrs. A. S. Mull;

H. R. 8599. An act to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board, and increase efficiency in administration of the steamboat-inspection laws, and for other purposes;

H. R. 8766. An act to authorize municipal corporations in the Territory of Alaska to incur bonded indebtedness, and for other purposes;

H. R. 11747. An act extending the time for making the report of the commission to study the subject of Hernando De Soto's Expedition; and

H. J. Res. 439. Joint resolution authorizing the erection in the Department of Labor Building of a memorial to the officers of the Immigration and Naturalization Service and Immigration Border Patrol, who, while on active duty, lost their lives under heroic or tragic circumstances.

THE LATE REPRESENTATIVE RANDOLPH PERKINS

Mr. LEHLBACH. Mr. Speaker, it is with deep personal grief that I have to announce to the House the death of our able and distinguished colleague from New Jersey, Hon. RANDOLPH PERKINS.

On another occasion doubtless the House will note his life and services.

In the meantime I offer a resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 524

Resolved, That the House has heard with profound sorrow of the death of Hon. RANDOLPH PERKINS, a Representative from the State of New Jersey.

Resolved, That a committee of four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

The SPEAKER appointed the following members on the committee: Mr. LEHLBACH, Mrs. NORTON, Mr. MCLEAN, and Mr. POWERS.

ADJOURNMENT

The SPEAKER. The Clerk will read the remainder of the resolution.

The Clerk read as follows:

Resolved, That as a further mark of respect this House do now adjourn.

The resolution was agreed to; accordingly (at 12 o'clock and 15 minutes p. m.) the House adjourned until tomorrow, Tuesday, May 26, 1936, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE PUBLIC LANDS

There will be a meeting of the Committee on the Public Lands of the House Tuesday, May 26, at 10:30 a. m., to discuss various bills pending before that committee.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CROWE: Committee on Public Buildings and Grounds. House Joint Resolution 450. Joint resolution authorizing the erection of a memorial building to commemorate the winning of the Oregon country for the United States; without amendment (Rept. No. 2776). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BEITER: Committee on War Claims. H. R. 12144. A bill for the relief of the Federal Enameling & Stamping Co.; with amendment (Rept. No. 2775). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BACON (by request): A bill (H. R. 12839) to extend the status of veterans of the World War to persons enlisted and serving on United States Shipping Board vessels during the World War in war zones; to the Committee on Naval Affairs.

By Mr. BLAND (by request): A bill (H. R. 12840) to extend the laws governing inspection of vessels, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. BREWSTER: A bill (H. R. 12841) to provide for the establishment of a Coast Guard station on the coast of Maine at or near Frenchboro, Hancock County, Maine; to the Committee on Merchant Marine and Fisheries.

By Mr. JOHNSON of West Virginia: A bill (H. R. 12842) to complete the Point Pleasant Battle Monument, Point Pleasant, W. Va.; to the Committee on Military Affairs.

By Mr. WITHROW: A bill (H. R. 12843) authorizing the State of Wisconsin to construct, maintain, and operate a free highway bridge across the Mississippi River at or near

La Crosse, La Crosse County, Wis.; to the Committee on Interstate and Foreign Commerce.

By Mr. CANNON of Wisconsin: Joint resolution (H. J. Res. 595) providing for an investigation of the abuses prevalent in the insurance business in the United States; to the Committee on Rules.

By Mr. RAMSAY: Joint resolution (H. J. Res. 596) to enable the States of Pennsylvania, Ohio, Illinois, Indiana, West Virginia, Kentucky, and Tennessee to conserve and stabilize the coal-mining industry within said States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BELL: A bill (H. R. 12844) for the relief of Fred W. Ross; to the Committee on Naval Affairs.

By Mr. COX: A bill (H. R. 12845) for the relief of John Benton Jones; to the Committee on Military Affairs.

By Mr. JOHNSON of West Virginia: A bill (H. R. 12846) granting an increase of pension to Mary A. Stagg; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10965. By Mr. BEITER: Resolution passed by the housing committee of the Buffalo City Planning Association, Inc., approving of the objectives of the Wagner housing bill (S. 4424) to place housing on a permanent basis, and opposing certain provisions of the measure, especially the lack of inclusion of personnel under civil service; to the Committee on the Civil Service.

10966. By Mr. COLDEN: Resolution adopted by the Board of City Planning Commissioners of the City of Los Angeles, Calif., asking favorable consideration of the Wagner housing bill (S. 4424); to the Committee on Banking and Currency.

10967. Also, resolution of Office Employees' Local Union, No. 15251, of Los Angeles, Calif., urging the passage of the Wagner-Ellenbogen housing bill (S. 4424 and H. R. 12164); to the Committee on Banking and Currency.

10968. By Mr. WELCH: Resolution of the San Francisco Labor Council, protesting against unlawful and unsafe methods of drilling carried on by the United States Bureau of Reclamation in the seven tunnels at Kenneth, Calif.; to the Committee on Mines and Mining.

10969. By the SPEAKER: Petition of the International Ladies Garment Workers' Union, Local No. 8; to the Committee on Banking and Currency.

10970. Also, petition of the International Ladies Garment Workers' Union, Local No. 101; to the Committee on Banking and Currency.

10971. Also, petition of the Chicago Federation of Labor; to the Committee on Banking and Currency.

10972. Also, petition of the International Ladies Garment Workers' Union, Local No. 189; to the Committee on Banking and Currency.

10973. Also, petition of the city of Chicago; to the Committee on Banking and Currency.

10974. By Mrs. ROGERS of Massachusetts: Petition of the City Council of Cambridge, Mass., requesting early enactment of the United States Housing Act of 1936, Senate bill 4424 and House bill 12164; to the Committee on Banking and Currency.

10975. By Mr. GOODWIN: Petition of the New York State Legislature, memorializing Congress not to reduce the tariff duty on coconut oil below a minimum of 3 cents a pound; to the Committee on Agriculture.

10976. Also, petition of the National Board of Young Women's Christian Association of the United States of America, affirming support of the Costigan-Wagner antilynching bill in the Senate and House; to the Committee on the Judiciary.

SENATE

TUESDAY, MAY 26, 1936

(Legislative day of Tuesday, May 12, 1936)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, May 25, 1936, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on May 22, 1936, the President approved and signed the act (S. 4594) to supplement the act of June 25, 1929 (ch. 41, 46 Stat. L. 41), which authorized and directed the Attorney General to institute suit against the Northern Pacific Railway Co. and others.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark	King	Radcliffe
Ashurst	Connally	La Follette	Reynolds
Austin	Coolidge	Lewis	Robinson
Bachman	Copeland	Lonergan	Russell
Bailey	Couzens	Long	Schwellenbach
Barkley	Davis	McAdoo	Sheppard
Benson	Donahey	McGill	Shipstead
Bilbo	Duffy	McKellar	Smith
Black	Fletcher	McNary	Steiwer
Bone	Frazier	Maloney	Thomas, Okla.
Borah	George	Metcalf	Thomas, Utah
Brown	Gerry	Minton	Townsend
Bulkley	Gibson	Murphy	Truman
Bulow	Glass	Murray	Tydings
Burke	Guffey	Neely	Vandenberg
Byrd	Hale	Norris	Van Nuys
Byrnes	Hatch	Nye	Wagner
Capper	Hayden	O'Mahoney	Walsh
Caraway	Holt	Overton	Wheeler
Carey	Johnson	Pittman	White
Chavez	Keyes	Pope	

Mr. LEWIS. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Nevada [Mr. MCCARRAN] are absent because of illness, and that my colleague the junior Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. GORE], the Senator from Kentucky [Mr. LOGAN], and the Senator from New Jersey [Mr. MOORE] are unavoidably detained from the Senate.

I further announce that the Senator from Mississippi [Mr. HARRISON] is absent because of illness.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Iowa [Mr. DICKINSON], and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Archivist of the United States, transmitting, pursuant to law, a list of certain papers and documents on the files of the Department of the Interior which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking toward their disposition, which, with the accompanying list, was referred to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. NORBECK members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the City Council of Brainerd, Minn., favoring the

prompt enactment of Senate bill 4424, known as the Wagner-Ellenbogen low-cost housing bill, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the executive committee of the American Historical Association, endorsing the recommendation of the National Historical Publications Commission for the enactment of legislation providing for the collection, editing, and issuance as a Government publication of original documentary materials relating to the ratification of the Constitution and the first 10 amendments thereto, which was referred to the Committee on the Library.

He also laid before the Senate a letter in the nature of a memorial from Anna Jarvis (founder of Mother's Day, Inc.), of Philadelphia, Pa., remonstrating against the enactment of the joint resolution (S. J. Res. 115) designating the last Sunday in September as Gold Star Mothers' Day, and for other purposes, which was ordered to lie on the table.

Mr. WAGNER presented a concurrent resolution adopted by the Legislature of the State of New York favoring the retention of the tariff duty of 3 cents a pound on imported coconut oil, which was referred to the Committee on Finance.

(See concurrent resolution printed in full when laid before the Senate by the Vice President on the 25th instant, p. 7832, CONGRESSIONAL RECORD.)

LOW-COST HOUSING

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred lists of national and other organizations that have endorsed Senate bill 4424, known as the low-cost housing bill; also resolutions adopted by various organizations endorsing the bill.

There being no objection, the lists and resolutions were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

NATIONAL ORGANIZATIONS WHICH HAVE ENDORSED THE WAGNER-ELLENBOGEN HOUSING BILL, URGING ITS ENACTMENT AT THE PRESENT SESSION OF CONGRESS

American Association of Social Workers Housing Committee.
American Federation of Labor: Executive council, building trades department; housing committee.
Mayor F. H. LaGuardia, president, United States Conference of Mayors.
National Federation of Settlements.
Federal Council of Churches of Christ in America.
National Women's Trade Union League.
National Public Housing Conference.
National Urban League.
National Board of the Young Women's Christian Association.
American Federation of Hosiery Workers.
Special Conference of American Rabbis; Social Justice Commission; Rabbi Edward L. Israel.
National Association for Advancement of Colored People.
International Brotherhood of Electrical Workers.
Glass Bottle Blowers Association.
International Fur Workers Union.
Brotherhood of Railway Clerks.
National Association of Letter Carriers.
Piano, Organ, and Musical Instrument Workers Union.
Sheet Metal Workers International Union.
International Brotherhood of Teamsters, Chauffeurs, Stablemen, and Helpers.
International Association Marble, Stone, and Slate Polishers, Rubbers and Sawyers, Tile and Marble Setters, Helpers, and Terrazo Helpers.
United Rubber Workers of America.
International Federation of Technical Engineers, Architects, and Draftsmen's Union.
Federation Flat Glass Workers.
United Leather Workers International Union.
International Broom and Whisk Makers Union.
United Wall Paper Crafts of North America.
Cigar Makers' International Union.
National Federation of Rural Letter Carriers.
Operative Plasterers' and Cement Finishers' International Association.
Amalgamated Clothing Workers of America.
United Association of Plumbers and Steamfitters.
International Association of Machinists.
American Federation of Musicians.
International Ladies Garment Workers' Union.
United Mine Workers of America.
Bricklayers, Masons, and Plasterers International Union.
United Hatters, Cap, and Millinery Workers.
Labor Housing Conference.
Scripps-Howard newspapers.

ALABAMA

Housing Authority, Birmingham.
Muscle Shoals Building Trades Council, Florence.
Local Bricklayers, Masons, and Plasterers International Union, Dothan.
Alabama State Federation of Labor.
Birmingham Building Trades Council.
Anniston Central Labor Union.
Central Labor Union, Montgomery.
Central Labor Union, Winfield.
International Association of Machinists, River Front Lodge, No. 261, Mobile.

ARKANSAS

Central Trades and Labor Council, Pine Bluff.

ARIZONA

Mayor of Phoenix.
City Commission, Phoenix.

CALIFORNIA

Los Angeles Commission on Public Housing.
Los Angeles Municipal Housing Commission.
Central Labor Council of San Mateo County.
Central Labor Union of Monterey County, Salinas.
San Francisco Board of Supervisors.
Los Angeles County Board of Supervisors.
Los Angeles City Planning Commission.
San Bernardino City Council.
Mayor C. T. Johnson, San Bernardino.
San Francisco Labor Council.
Fresno Central Labor Council.
Carpenter's Local, No. 180, Vallejo.
Los Angeles Building Trades Council.
Carpenter's Local, Yuba City.
Central Labor Council, Santa Rosa.
Central Labor Council of San Joaquin County.
Consolidated Building and Metal Trades Central Labor Council, Vallejo.
Dressmakers' Union, No. 101, San Francisco.
Cloakmakers' Union, No. 8, San Francisco.
Ladies Garment Cutters, No. 213, San Francisco.

CONNECTICUT

Miss Mary Arnold, Greenwich.
Meriden Central Labor Union.
Mayor Alfred N. Phillips, Jr., Stamford.

DISTRICT OF COLUMBIA

John H. Fahey, Chairman, Federal Home Loan Bank Board.
Settlement Council of Washington, represents nine settlements.
Washington Building Trades Council.
Washington Times.
Msgr. John A. Ryan, National Catholic Welfare Conference.
Catherine Bauer, Labor Housing Conference.
William Green, president, American Federation of Labor.
Dr. John O'Grady, secretary, National Council of Catholic Charities.
Washington Committee on Housing.
Anson Phelps-Stokes.
Miss Jean Cowan.
Harry Bates, chairman, American Federation of Labor Housing Committee.
Michael J. Colleran, president, Operative Plasterers and Cement Finishers' International Association.

FLORIDA

Building Trades Council of Jacksonville.
Tampa Municipal Housing Authority.
Mayor R. E. L. Chancey, Tampa.
Bricklayers, Masons and Plasterers Union, No. 7, Miami.
Orlando Central Labor Union.
International Brotherhood of Electrical Workers, No. 177, Jacksonville.
Bricklayers, Masons and Plasterers' Local, No. 6, West Palm Beach.
Florida Building Trades Conference, St. Petersburg.
International Longshoremen's Association Local, No. 1416, Miami.
Municipal Housing Board, Jacksonville.
Central Trades and Labor Assembly, Tampa.
Building Trades Council, West Palm Beach.
Central Labor Union, St. Petersburg.
Duval County Board of County Commissioners.
Florida Federation of Labor.
United Association of Journeymen Plumbers and Steamfitters, No. 630, West Palm Beach.

GEORGIA

Mayor James L. Key, Atlanta.
City Council, Atlanta.
Mayor Richard E. Allen, Jr., Augusta.
Central Labor Union, Augusta.
Georgia Federation of Labor, Atlanta.
Building Trades Council, Atlanta.
Atlanta Federation of Trades.
Macon Federation of Trades.
Columbus Central Labor Union.
Central Sash & Door Co., Macon.

IDAHO

Central Labor Council, Lewiston.

ILLINOIS

City Council, Bellville.
City Council, Waukegan.
Mayor Mancel Talcott, Waukegan.
Col. R. E. Wood, president, Sears, Roebuck, Chicago.
Chicago Federation of Settlements (34 settlements).
Committee on Housing, Council of Social Agencies, Chicago.
Springfield Urban League.
Local Union No. 98, Terrazo Workers' Helpers, Chicago.
City Council, East St. Louis.
Mayor James T. Crow, East St. Louis.
Alfred K. Stern.
Coleman Woodbury.
Illinois State Board of Housing.
Metropolitan Housing Council, Chicago.
Illinois State Federation of Labor.
Chicago Federation of Labor.
Chicago Building Trades Council.
Local No. 134, International Brotherhood of Electrical Workers, Chicago.
South Chicago Trades and Labor Assembly.
Central Labor Union, Rockford.
Belleville Building Trades Council.
Trades and Labor Council, West Frankfort.
Kankakee Federation of Labor, Kankakee.
Kankakee Building Trades Council.
Blue Island Central Labor Union.
Springfield Federation of Labor.
United Cement Workers, Local No. 20066, Oglesby.
Central Trades and Labor Union, East St. Louis.
Benton Central Labor Union.
Kewanee Trades and Labor Assembly.
Y. M. C. A., Chicago.
Mrs. Willard Hotchkiss, Chicago.
Olof Z. Cervin, architect, Rock Island.
Ladies Garment Workers Union, No. 189, Batavia.
Women's City Club of Chicago.

INDIANA

John W. Kern, mayor, Indianapolis.
Mayor William H. Dress, Evansville.
Central Labor Union of South Bend.
Kokomo Trades and Labor Council.
Evansville Press.
Indiana State Federation of Labor.
Carpenters' Local No. 565, Elkhart.
Central Labor Union of Council Bluffs.
Bloomington Central Labor Union.
Clinton Central Labor Union.
Bricklayers Union, No. 6, East Chicago.
Evansville Advisory Committee on Housing.
Carpenters' Local Union No. 90, Evansville.
International Ladies Garment Workers' Union, No. 116, Fort Wayne.

IOWA

City Council, Waterloo.
City Council, Council Bluffs.
Mayor William Guilfoyle, Council Bluffs.
Sioux City Municipal Housing Commission.
Building Trades Council, Des Moines.
Cedar Rapids Building Trades.
Iowa State Council of Federated Churchwomen.
Mayor of Des Moines.
Central Labor Union of Council Bluffs.

KANSAS

Coffeyville Central Labor Union.
Central Labor Union, Hutchinson.
United Trades and Labor Council, Pittsburgh.

KENTUCKY

Mayor Neville Miller, Louisville.
Planning and Zoning Commission, Louisville.
A. Joseph Stewart, Fidelity & Columbia Trust Co., Louisville.
Housing and Advisory Committee, Louisville.

LOUISIANA

New Orleans Chapter, American Association of Social Workers.
New Orleans Advisory Commission on Housing.
Col. L. Kemper Williams, chairman, New Orleans Advisory Commission on Housing.
Lake Charles Building Trades.

MARYLAND

Rabbi Edward L. Israel.

MASSACHUSETTS

Massachusetts State Board of Housing.
Boston Housing Association.
William Stanley Parker, chairman, Boston City Planning Board.
Boston Housing Authority.
Central Labor Union, Boston and vicinity.
Cambridge Housing Authority.
Building Trades Council, Boston and vicinity.
John Carroll, Massachusetts State Federation of Labor.
Building Trades Council, Lawrence.
Union No. 19859, Wire Workers' Local, Worcester.
Norwood Building Trades Council.
Worcester Building Trades Council.
Lynn Building Trades Council.
Central Labor Union, Lowell.
Massachusetts Federation of Labor.
Mayor of Cambridge.
Cambridge City Council.
International Brotherhood of Teamsters, Chauffeurs, Stablemen, and Helpers of America, No. 49, Lowell.

MICHIGAN

Detroit Housing Commission.
City Council, Dearborn.
Mayor Frank Couzens, Detroit.
Joe Wilson, Detroit Teachers' Agency.
Central Fibre Products of Detroit.
Council of Social Agencies, Kalamazoo.
Calhoun County Council of Social Agencies.
Kalamazoo City Commission.
Michigan Federation of Labor.
Legislative Committee of Trades and Labor Council, Muskegon.
Battle Creek Federation of Labor.
Merchants and Manufacturers' Trade Council, Menominee.

MINNESOTA

Minneapolis Central Labor Union.
Building Trades Council, St. Paul and vicinity.
Winona Trades and Labor Council.
Trades and Labor Assembly, Brainerd.
Minneapolis Building Trades Council.

MISSISSIPPI

Building Trades Council.

MISSOURI

Urban League, Kansas City.
Building Trades Council, Springfield.

MONTANA

C. W. Williams, mayor, Billings.
Billings Housing Authority.
Helena Trades and Labor Assembly.

NEBRASKA

Mayor Roy N. Towl, Omaha.
Helen W. Gauss, Omaha Social Settlement.
Nebraska Chapter, American Association of Social Workers.
Omaha Housing Authority.
Omaha District, Nebraska State Conference of Social Work.

NEW HAMPSHIRE

Manchester Central Labor Union.
Building Trades Council, Manchester.
Cheshire County Trades and Labor Assembly, Keene.

NEW JERSEY

Board of Aldermen, Paterson.
Ironbound Community and Industrial Service, Newark.
M. Batzer, Asher-Batzer Service, Atlantic City.
Atlantic County League of Retail Merchants, Atlantic City.
Walter J. Buzby, president, Hotel Dennis, Atlantic City.
Dyers Local No. 1733, Paterson.
Camden Labor Housing Committee.
Civic Committee for Slum Clearance, Atlantic City.
Municipal Labor Housing Committee, Paterson.
Jersey City Housing League.
Dr. Howard Johnson, State Housing Authority.
State Housing Authority.
Mrs. Edith Elmer Wood.
Federation of Dyers, Finishers.
Camden Central Labor Union.
New Jersey Federation of Labor.
Central Labor Union, Glen Rock.
American Federation of Hosiery Workers, New Jersey and New York District Council.
Atlantic City Civic Committee.
Essex County Building Trades Council, Newark.
Atlantic City Welfare Bureau, Atlantic City.
International Ladies Garment Workers' Union, No. 149, Plainfield.

NEW YORK

New York Times.
City Council of Schenectady.
New York City Baptist Mission.
New York Ethical Culture Society.
Harlem Housing Committee.
Community Councils, New York City.
John Volpe, New York.
Miss Anna Mason, New York, Brooklyn.
Dressmakers Union, No. 22, New York.
Samaritan Alliance, Church of the Saviour, Brooklyn.
Gustave Berger, New York.
Schenectady Building Trades Council, New York.
Joseph M. Brady, building economist, New York City.
Blythe & Co., New York.
United Neighborhood Houses, New York.
Miss Helen Alfred, National Public Housing Conference.
Metropolitan Hygiene Council, New York.
Bricklayers' Union, No. 1, Brooklyn.
Bricklayers' International Union, No. 9, Brooklyn.
International Brotherhood of Electrical Workers, No. 3, New York.
Brooklyn Eagle.
Child Welfare Council, Schenectady.

Board of Aldermen, New York City.
Niagara Falls Central Labor Union.
Louis J. Horowitz, former president, Thompson-Starrett Co.
Langdon Post, chairman, New York City Housing Authority.
Ira S. Robbins, counsel, State Board of Housing.
Mrs. Mary Simkovitch, National Public Housing Conference.
Nathan Straus, president, Hillside Housing Corporation.
Hillside Housing Corporation.
Dr. Worth M. Tippy, executive secretary, Federal Council of Churches of Christ in America.
Walter White, National Association for the Advancement of Colored People.
New York City Housing Authority.
Municipal Housing Authority of Schenectady.
Housing Authority of Port Jervis.
Syracuse Housing Authority.
Yonkers Municipal Housing Authority.
New York City Board of Estimate and Apportionment.
Brooklyn Housing Committee.
Lower East Side Public Housing Conference.
Brooklyn Neighborhood Association.
New York Urban League.
Consolidated Tenants' League of New York City.
Willystine Goodsell, associate professor of education, Columbia University.
Rev. William F. Wefer, Good Shepherd Presbyterian Church, Jackson Heights.
Mayor Joseph F. Lehr, Yonkers.
Mr. Charles C. Webber, Union Theological Seminary, New York.
New York Council on Economics.
City Affairs Committee, New York.
Central Trades and Labor Council of Greater New York and Vicinity.
Modelers and Sculptors of America, New York.
Housing committee, Jewish Social Service Association.
Jewish Board of Guardians, New York.
New York Kindergarten Association.
Brooklyn Kindergarten Association.
Williamsburg Public Housing Conference.
Community Councils for the City of New York.
Welfare Council, housing section.
Plasterers' Local, No. 9, Buffalo.
Women's City Club of New York.
Michael Walpin, Bronx.
Social service commission of New York East Annual Conference of the Methodist Episcopal Church, composed of 307 ministers from New York City, Long Island, and community (presented resolution to annual conference of Methodist Church).
Mrs. Newman Levy, New York City.
Lackawanna City Housing Authority.
Paul Lawrence Dunbar Apartments, tenant subscribers.
Evans Clark, director, Twentieth Century Fund, New York.
Housing Committee, City Club of New York.
Boston University Club of New York.
Capitol District Joint Board, Amalgamated Clothing Workers, Troy.
Operative Plasterers' and Cement Finishers International Association, Riverdale, Bronx.
Central Labor Council, Buffalo.
Gruber Bros., New York.
Fur Trade Foundation, New York.
Greater New York Federation of Churches.
Col. Francis Vigo Post, American Legion, New York.
Nursing Committee, Henry Street Visiting Nurse Society, New York.
Milton Handler, Columbia University.
Brooklyn Committee for Better Housing.
New York State Board of Housing.
Association of Day Nurseries, New York.
Bookkeepers', Stenographers', and Accountants' Union, New York.
Cloak, Suit, Skirt, and Reefer Makers Union, joint board of Greater New York.
New York State Federation of Labor.
New York Building Trades Council.
New York Labor Committee on Housing and Slum Clearance.
International Brotherhood of Electrical Workers, Local No. 3, New York.
International Ladies Garment Workers Union, New York.
Building Trades Council, Brooklyn.
Central Union Label Council, Brooklyn.
Central Union Label Council, Olean.
Red Book Housing Committee, Brooklyn.
Neighborhood Council, Navy Yard District, Brooklyn.
International Longshoremen's Association, Local No. 327, New York.
Kindergarten 6B, Teachers' Association, New York.
International Longshoremen's Local No. 1,100, New York.
Benjamin Andrews, professor of Household Economics, Columbia University, New York.
Rev. Charles McAlpine, Lefferts Park Baptist Church, Brooklyn.
Brooklyn Church and Mission Federation.
American People's School, New York.
International Longshoremen's Association, Brooklyn.
Miss Anna E. Robinson, Julia Richman High School, New York.
Amos I. Dusbaw, Brooklyn.
Association of Journeymen Plumbers and Steamfitters, Tarrytown.

NORTH CAROLINA

Gastonia Gazette.
State Federation of Labor.
Central Labor Union, Winston-Salem.
United Textile Workers, Gastonia.

NORTH DAKOTA

United Association of Journeymen Plumbers and Steamfitters, Local No. 338.

OHIO

North Toledo Community House.
Cleveland Joint Board, Amalgamated Clothing Workers of America.
International Association of Machinists, Local No. 439, Cleveland.
Howard Whipple Green, Cleveland.
Mayor Lee D. Schroy, Akron.
City Council, Akron.
City Council, Toledo.
Mayor Roy D. Start, Toledo.
Cincinnati Metropolitan Housing Authority.
City Council, Lima.
Better Housing League of Cincinnati.
Citizens' Committee on Slum Clearance and Low-Rent Housing, Cincinnati.
Legislative committee, Cincinnati chapters, A. A. S. W.
Friendly New Settlement, Cleveland.
City Council, Cleveland.
City Council, Columbus.
Mr. Travis G. Walsh, Maier, Walsh & Barrett, Cleveland.
F. O. Eichelberger, city manager, Dayton.
John V. Edy, city manager, Toledo.
Central Labor Council, Cincinnati.
Cleveland Metropolitan Housing Authority.
Ernest J. Bohn, Cleveland City Council.
Toledo Central Labor Union.
Cleveland Building Trades Council.
Cleveland Joint Board.
Columbus Federation of Labor.
Toledo Central Labor Union.
Trades and Labor Assembly of Tuscarawas County, New Philadelphia.
Trades and labor organization, Middletown.
Piqua Central Labor Union, Piqua.
Elyria Central Labor Union, Elyria.
Zanesville Federation of Labor, Zanesville.
Jefferson County Trades and Labor Assembly, Steubenville.
City Council, Youngstown.
Mayor Lionel Evans, Youngstown.
Allied Construction Industries, Cleveland.
Paul L. Feiss, member, Cleveland housing committee.
Brotherhood of Painters, Decorators, and Paperhangers, Zanesville.
Mothers' Club, Toledo.
Regional planning council of Hamilton County and vicinity.
August Marx, chairman, Citizens Committee on Slum Clearance and Low-rent Housing, Cincinnati.
Perry County Central Trades and Labor Council, Deavertown, Ohio.
Rev. Francis R. Fochteman, Cleveland.
Cincinnati Joint Board, Amalgamated Clothing Workers of America, Coat, Suit, and Dressmakers' Union, No. 63, Cincinnati.
Toledo Central Union.

OKLAHOMA

Mayor Dr. T. A. Penny, Tulsa.
Enid City Planning of Zoning Commission.
Operative Plasterers and Cement Finishers, Local No. 170, Oklahoma City.
Central Trades and Labor Council, Bartlesville.
Central Labor Union, Ponca City.
Okmulgee Central Labor Union.
Henryetta Central Labor Union.

OREGON

Central Labor Council, Portland.
Astoria Central Labor Union.

PENNSYLVANIA

Earl Harrison, attorney, Philadelphia.
Mrs. Philip R. Hepburn, Rosemont.
Allied Boards of Trade of Allegheny County (40 different civic and commercial organizations, 100,000 memberships).
American Federation of Hosiery Workers, Local No. 10, Reading.
Pennsylvania Federation of Labor.
Central Labor Union, Kittanning.
Mayor S. Davis Wilson, Philadelphia.
Family Society, Philadelphia.
Octavia Hill Association, Philadelphia.
Beth Eden Settlement, Philadelphia.
Neighborhood Center, Philadelphia.
Friends' Neighborhood Guild, Philadelphia.
City Council, Bethlehem.
City Council, Pittsburgh.
Pittsburgh Housing Association.
Irene Kaufman Settlement, Pittsburgh.
Pittsburgh Public Affairs Commission.
Morris Knowles, Inc., Pittsburgh.
S. Leo Ruslander, Pittsburgh.

Public Affairs Commission of the Federation of Social Agencies of Pittsburgh and Allegheny Counties.
Cannonsburg Central Labor Union, Strabane.
Mayor Robert F. Pfeifle, Bethlehem.
J. David Stern, publisher Philadelphia Record and New York Evening Post.
Easton City Council.
International Brotherhood of Electrical Workers, Local No. 5, Pittsburgh.
Francis D. Tyson, professor of economics, Pittsburgh.
George Evans, city councilman, Pittsburgh.
Edwin C. May, prominent businessman, Pittsburgh.
Federation of Women's Clubs, Pittsburgh.
Sidney Teller, settlement director, Pittsburgh.
Nathan Jacobs, president, Civic Club, Allegheny County.
Philadelphia Central Labor Union.
Philadelphia Building Trades Council.
Reading Federated Labor Council.
Bricklayers' International, No. 2, of Pennsylvania, Pittsburgh.
Association of Philadelphia Settlements.
Pennsylvania Security League, Harrisburg.
Armstrong County Central Labor Union, Kittanning.
Central Trades Council of Jeannette.
Central Labor Union, Quakertown.
Central Labor Union, Carbondale.
Erie Building Trades Council, Erie.
United Trades Council, Brownsville.
Central Labor Union of Clearfield County.
Central Labor Union, Lancaster.
Barnesboro Central Labor Union, Marstellar.
Blair County Central Labor Union, Altoona.
Uniontown Trades and Labor Council.
United Mine Workers of America, Local No. 6561, Smithfield.
Casket Makers' Union, No. 19072, Boyertown.
J. W. Freas, Chester.

RHODE ISLAND

United Textile Workers of America, Providence.

SOUTH CAROLINA

Central Labor Union, Spartanburg.
City Council, Greenville.
Charleston Board of Trade.
Tillman Lodge, No. 649, Charleston.

SOUTH DAKOTA

Aberdeen Central Labor Union.
United Brotherhood of Carpenters and Joiners, Local No. 783, Sioux Falls.

TENNESSEE

City Council, Knoxville.
Nashville Housing Committee.
Mayor Watkins Overton, Memphis.
Dr. H. P. Hart, Union Avenue Baptist Church, Memphis.
Nashville Building Trades Council.
Knoxville Housing Authority.
Knoxville Central Labor Union.
Tennessee Federation of Labor.
Robert A. Cerny, Knoxville.

TEXAS

Bexar County Tuberculosis Association, San Antonio.
C. Tranchese, S. J., San Antonio.
Houston Labor and Trades Council.
Mayor R. F. Sherman, El Paso.
United Brotherhood of Carpenters and Joiners of America, Local No. 131, Brownsville.
Houston Building Trades Council.
Building Trades Council.
Beaumont Building Trades Council.

UTAH

Federal Labor Union, No. 19287, Logan.
Building Trades Council, Salt Lake City.

VIRGINIA

National Federation of Post Office Clerks, Norfolk.
Roanoke Times.

WASHINGTON

Clark County National Housing Commission, Vancouver.
Clark County Central Labor Council, Vancouver.
Grays Harbor County Central Union, Aberdeen.
Spokane Building Trades Council.
Pasco-Kennewick Federal Labor Union, No. 19146.

WEST VIRGINIA

Central Labor Union, Williamson.
Central Labor Union, Morgantown.
Central Labor Union, Clarksburg.

WISCONSIN

Mayor William J. Swoboda, Racine.
Mayor Daniel W. Hoan, Milwaukee.
Rev. E. LeRoy Dakin, First Baptist Church, Milwaukee.
Board of Public Land Commission, Milwaukee.
Administrator's Advisory Committee, Milwaukee.
Milwaukee City Council.
Mayor James A. Law, Madison.
City Council, Sheboygan.
Mayor of Sheboygan.
Oshkosh Trades and Labor Council.
Upholsterers' Union, No. 133, Sheboygan.
Federated Trades Council, Milwaukee.
Racine Building Trades Council.
United Association of Journeymen Plumbers and Steamfitters of United States and Canada, No. 167, Madison.
Kenosha Trades and Labor Council.
Green Bay Federated Trades Council.
Waukesha Trades and Labor Council.
Neenah-Menasha Trades and Labor Council.
Building Trades Council.
Milwaukee Building Trades Council.
International Boot, Shoemakers' Union, No. 197, Sheboygan.
Federal Labor Union, No. 18545, Sheboygan.
Phelps Wyman, landscape architect, Milwaukee.
Workers' Alliance, Sheboygan.
Central Workers' Auxiliary, Sheboygan.

WYOMING

Wyoming State Federation of Labor.

BOOKKEEPERS', STENOGRAPHERS' AND ACCOUNTANTS' UNION,
New York City, May 18, 1936.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR: We submit for your consideration enclosed copy of resolution adopted by our organization in favor of the Wagner-Ellenbogen housing bill and hope you will give it your full support.

Very truly yours,

LEONARD BRIGHT, *Organizer.*

[Enclosure]

RESOLUTION ADOPTED BY BOOKKEEPERS', STENOGRAPHERS' AND ACCOUNTANTS' UNION

Whereas a large number of workers in New York City live in obsolete and inadequate dwellings; and

Whereas it is apparent that private enterprise is unable to remedy this situation; and

Whereas many skilled building-trades workers are unable to find employment, although the need for decent housing exists; and

Whereas the American Federation of Labor, in convention assembled last October, resolved unanimously that "a long-term, public-housing policy must be adopted in order to guarantee a minimum standard of decency in housing for all families"; and

Whereas the American Federation of Labor convention resolved that "broad Federal, State, and local legislation, establishing workers' housing as a public responsibility, setting up permanent machinery to effectuate the ends herein set forth, and providing adequate sources of funds must be enacted as quickly as possible, and that all labor organizations should actively sponsor and promote such legislation, and should investigate and publicize the stand on housing of all candidates for office"; and

Whereas the Wagner-Ellenbogen housing bill presents the first concrete forward step toward fulfillment of labor's housing program: Now, therefore, be it

Resolved, That the Bookkeepers', Stenographers' and Accountants' Union heartily endorses the Wagner-Ellenbogen housing bill, and urges its immediate adoption by the Congress of the United States; and be it further

Resolved, That we hereby petition the Congress, while leaving the general policy and administrative set-up as it now is in the bill, to increase the immediate appropriation from $51,000,000 to $100,000,000 and the first bond issue from $100,000,000 to $250,000,000, with corresponding increases for ensuing years; and be it further

Resolved, That copies of this resolution be sent to the President; Chairman WALSH, of the Senate Committee on Education and Labor; Acting Chairman GOLDSBOROUGH, of the House Committee on Banking and Currency; and to Speaker BYRNS.

An emergency resolution memorializing the Congress of the United States to enact the United States Housing Act, being S. 4424, by WAGNER, and H. R. 12164, by ELLENBOGEN

Whereas the availability of decent, sanitary, and safe housing for all of the people is now recognized as a proper concern of government; and

Whereas persons of low income can be housed adequately only by a degree of Government aid; and

Whereas the low-income group is of necessity occupying cast-off housing in what are known as our slum and blighted areas; and

Whereas the continued maintenance of our slums is socially undesirable and an economic waste; and

Whereas the city of Jacksonville has embarked upon a low-cost housing and slum-clearance program with the aid of the Housing Division of the Emergency Administration of Public Works; and

Whereas no funds are available to carry on this work without additional appropriations; and

Whereas it is desirable to preserve the benefits of the emergency housing experiences by providing for a permanent housing agency in the Federal Government; and

Whereas the building trades are still in need of stimulation in order to bring back a greater degree of employment; and

Whereas this resolution constitutes an emergency in that the same provides for the immediate preservation of the public prop-

erty and the usual daily operation of a municipal department: Now, therefore, be it

Resolved by the Municipal Housing Board of Jacksonville:

SECTION 1. That the United States Senate be, and it is hereby, requested to enact at the earliest date possible the United States Housing Act of 1936, being Senate bill 4424, introduced by Senator ROBERT F. WAGNER, and that the House of Representatives enact the identical measure introduced in said House by Congressman HENRY ELLENBOGEN, of Pennsylvania, and being H. R. 12164.

SEC. 2. That a copy of this resolution be sent to the President and to the Vice President of the United States and to the Speaker of the House of Representatives and to Senator DUNCAN U. FLETCHER and the following Representatives: W. J. SEARS, R. A. GREEN, J. HARDIN PETERSON, MILLARD CALDWELL, and MARK WILCOX, of Florida.

Adopted May 11, 1936.

FRED B. BRADSHAW,
Chairman of the Municipal Housing Board of Jacksonville.

Resolution endorsing Wagner bill providing for creation of United States Housing Authority as permanent housing board

Whereas the Senate Committee on Education and Labor in Washington has under consideration bill S. 4424, introduced by Senator WAGNER, providing for the creation of a United States Housing Authority as a permanent housing board to replace the Housing Division of the Federal Emergency Administration of Public Works; and

Whereas the purpose of this Housing Authority will be "to provide loans and grants to the States and localities for the elimination of unsafe and insanitary housing conditions, for the development of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity"; and

Whereas his honor the mayor, in his inaugural message to the common council, reported that notwithstanding the Federal Government's $10,000,000 Greendale housing project southwest of the city and the $2,800,000 Parklawn housing development on the northwest side, there are still thousands of families in Milwaukee's low-earning group who will be inadequately housed, and there is no possibility that private capital will venture to solve the housing problem of the low-paid workers, and the problem must be solved to provide minimum standards of decency and relieve local public agencies of the burden of subsidizing in one form or another the unwholesome and deleterious conditions under which the families of these low-paid workers live; and

Whereas public low-cost housing development is one of the most effective means of providing useful employment and stimulating business activity with a reasonable prospect of recovering the funds advanced for reinvestment in new construction as and when needed: Therefore be it

Resolved, That the Common Council of the City of Milwaukee hereby endorses and recommends for adoption bill S. 4424 as a practical step toward the solution of our housing problems and as an effective means of relieving unemployment; and be it also

Resolved, That copies of this resolution be sent to Senator ROBERT WAGNER, our Wisconsin Senators, ROBERT M. LA FOLLETTE and F. RYAN DUFFY, and to Representatives RAYMOND J. CANNON and THOMAS O'MALLEY, of this city, for their consideration.

A resolution petitioning the Senate of the United States to enact an act known as the United States Housing Act of 1936, being Senate bill no. 4424; petitioning the House of Representatives of the United States to enact the identical measure, known as H. R. 12164; and providing that this resolution shall be an emergency resolution, which shall take effect and be in force immediately upon its passage and approval by the mayor

Whereas it is vitally necessary for the Federal Government to enact a program having for its objective the elimination of unsafe and insanitary housing conditions, the development of safe and sanitary dwellings for families of low income, and to provide financial assistance to the States and political subdivisions for said purposes: Now, therefore, be it

Resolved by the Council of the City of Youngstown, State of Ohio (three-fourths of all members elected thereto concurring):

SECTION 1. That the United States Senate be, and it is hereby, requested to enact in the interest of the public welfare an act known as the United States Housing Act of 1936, being Senate bill no. 4424, introduced by Senator ROBERT F. WAGNER.

SEC. 2. That the House of Representatives be, and it is hereby, requested to enact in the interest of the public welfare the measure introduced in said House by Congressman HENRY ELLENBOGEN, of Pennsylvania, and being H. R. 12164.

SEC. 3. That the clerk be, and hereby is, instructed to forward copies of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, Senator ROBERT F. WAGNER, Congressman HENRY ELLENBOGEN, Senators ROBERT J. BUCKLEY and VIC DONAHEY, and Congressman JOHN COOPER.

SEC. 4. This resolution is hereby declared to be an emergency measure necessary for the preservation of the public welfare, peace, and safety, the emergency being the necessity of initiating a Federal Government program having for its objectives the elimination of unsafe and insanitary housing conditions and for the development of safe and sanitary dwellings for families of low income, and as such this resolution shall take effect and be in force immediately upon its passage and approval by the mayor.

BINGHAMTON, N. Y., *May 22, 1936.*

Hon. ROBERT F. WAGNER,
Senator, Senate Office Building, Washington, D. C.

DEAR SENATOR WAGNER: I have been requested to advise you that Local Union 112 of Journeymen Plumbers and Steamfitters of the United Association, of Binghamton, N. Y., heartily endorse the following resolutions regarding the Wagner-Ellenbogen housing bill (S. 4424; H. R. 12164):

"Whereas the bad, obsolete, and inadequate dwellings in which the majority of workers in Binghamton, N. Y., and vicinity, are forced to live, constitute a mockery of this country's vast resources of land, labor, materials, and technical skill; and

"Whereas an absolute shortage of all kinds of dwelling is rapidly approaching both here and throughout the country, and is forcing rents to exploitive heights and forcing families to 'double up'; and

"Whereas labor's housing program is substantially embodied in the Wagner-Ellenbogen housing bill; and

"Whereas this administration must keep its oft-repeated promises to the American people, to improve housing conditions and increase employment in the building trades, which promises can be fulfilled only by the immediate enactment of the Wagner-Ellenbogen housing bill, preferably with larger appropriations and bond issues; and

"Whereas the provisions of low-rent housing on a nonprofit basis should be a great nonpartisan movement, and this bill should be supported by all Republicans and Democrats alike, who truly represent the interests of the people: Be it therefore

"*Resolved*, That Local Union 112 of Journeymen Plumbers and Steamfitters of the United Association, of Binghamton, N. Y., hereby actively endorses and supports the Wagner-Ellenbogen housing bill, and urges both the President and every Member of Congress to do likewise and to make this bill into law at this session; and be it further

"*Resolved*, That copies of this resolution be sent to the President and to the Senators and Representatives in Congress of New York State."

Trusting you will give this your consideration and approval, I remain,

Yours very truly,

C. H. SCHMIDT,
Recording Secretary, Local Union 112.

DEPORTATION OF ALIENS

Mr. REYNOLDS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Immigration a resolution adopted by the Sixty-eighth National Meeting of the Commandery General, a national patriotic organization with State divisions and locals in the several States.

There being no objection, the resolution was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Whereas there is pending in Congress the Kerr-Coolidge so-called alien deportation bill, which contains three major and four minor discretions that would substitute for existing inadequate but definite written deportation and immigration restriction laws, indefinite, personal immigration restriction and alien deportation, making the bill, as so ably pointed out on the floor of the Senate by Senator REYNOLDS, of North Carolina, really an alien importation bill; and

Whereas during the past 5 years in spite of the patriotic American administrative efforts of the consuls of the Department of State to slow down the alien influx by refusing immigration visas 949,903 aliens have legally entered the United States, and doubtless, judging by the large number of high-powered autos, high-speed boats, and fast airplanes, actually apprehended annually smuggling aliens into our country, as many more aliens entered illegally; and

Whereas of this annual alien influx of almost 200,000, 213,524 were new immigrants at a time when in every State and in every town and in every city in every State there were thousands of unemployed and dependents overtaxing our employers, charities, and people; and

Whereas not only has there been this annual alien influx to further burden our relief agencies and increase unemployment but alien deportations have been reduced from a previous annual average of over 19,000 to less than 9,000 in both 1934 and 1935, even deported alien anarchists like Emma Goldman, Henri Barbusse, Willie Musenberg, and the like, given written permission to enter and preach the overthrow of our Government; and even the number of alien criminals, the number of anarchists, the number of immoral classes, and all other alien degenerates, defectives, and objectionables here in flat violation of law decreased, their deportation being unlawfully "stayed" by the thousands, the number of anarchists dropping from 74 in 1933 to 20 in 1934 and 17 in 1935; the number of criminals deported dropping from 1,770 in 1933 to 1,589 in 1934, and 1,632 in 1935; the number of alien dope peddlers dropping from 167 in 1933 to 122 in 1934 and 111 in 1935; the number of insane and mentally and physically defective dropping from 1,056 to 662 in 1934 and to 510 in 1935 under a temperamental, sentimental alleged "humanizing" of law enforcement: Therefore be it

Resolved by the Commandery General in sixty-eighth annual session at Philadelphia, Pa., this 19th day of May 1936 A. D., That we urge upon Congress the defeat of the Kerr-Coolidge alien deporta-

tion bill and most respectfully suggest that what is needed is more instead of less mandatory immigration restrictions and alien deportation legislation, such as the proposed Starnes-Reynolds bill and the more patriotic and American enforcement of our restriction and deportation statutes, particularly putting on a basis of law the existing administrative discretion to exclude "persons likely to become public charges" by reducing the quotas to 10 percent, applying the quotas to nonquota countries and registering all aliens, our own native born being registered from birth to death; and be it further

Resolved, That the recorder in chief send a copy of this resolution to the President, the Secretary of State, and to every Member of Congress, together with an appropriate letter, and give a copy to the press for immediate publication.

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 4656) to amend the statutes providing punishment for transmitting threatening communications, reported it without amendment and submitted a report (No. 2095) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which were referred the following bills and joint resolution, reported them severally without amendment and submitted reports thereon:

S. 4567. A bill to authorize the Secretary of Agriculture to extend and renew for the term of 10 years a lease to the Chicago, Milwaukee & St. Paul Railway Co. of a tract of land in the United States Department of Agriculture Range Livestock Experiment Station, in the State of Montana, and for a right-of-way to said tract, for the removal of gravel and ballast material, executed under the authority of the act of Congress approved June 9, 1926 (Rept. No. 2096);

H. R. 11821. A bill to correct an error in section 16 (e) (1) of the Agricultural Adjustment Act, as amended, with respect to adjustments in taxes on stocks on hand, in the case of a reduction in processing tax (Rept. No. 2097); and

S. J. Res. 268. Joint resolution to amend the joint resolution entitled "Joint resolution authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic conditions of agricultural producers generally", approved August 27, 1935 (Rept. No. 2098).

Mr. WAGNER, from the Committee on Banking and Currency, to which was referred the bill (H. R. 10101) to amend the Federal Farm Loan Act and the Farm Credit Act of 1935, and for other purposes, reported it with an amendment and submitted a report (No. 2099) thereon.

Mr. FLETCHER, from the Committee on Commerce, to which was referred the joint resolution (S. J. Res. 266) for the appointment of boards to study and report upon the Atlantic-Gulf Ship Canal project, Florida, and the Passamaquoddy tidal power project, Maine, and for other purposes, reported it without amendment.

Mr. OVERTON, from the Committee on Commerce, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 4618. A bill granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a free or toll highway bridge, or a railway bridge in combination with a free or toll highway bridge, and approaches thereto across the Mississippi River at or near Baton Rouge, La. (Rept. No. 2100); and

S. 4676. A bill declaring Bayou St. John, in the city of New Orleans, La., a nonnavigable stream (Rept. No. 2101).

Mr. JOHNSON, from the Committee on Commerce, to which was referred the bill (H. R. 8525) prescribing regulations for carrying on the business of lighter service from any of the ports of the United States to stationary ships or barges located offshore, and for the purpose of promoting the safety of navigation, reported it without amendment and submitted a report (No. 2102) thereon.

Mr. WHEELER (for Mr. MOORE), from the Committee on Interstate Commerce, to which was referred the bill (H. R. 11108) to advance a program of national safety and accident prevention, reported it without amendment and submitted a report (No. 2103) thereon.

Mr. COOLIDGE, from the Committee on Military Affairs, to which was referred the joint resolution (H. J. Res. 570) authorizing the President of the United States to award posthumously a Distinguished Service Medal to Maj. Gen. Clarence Ransom Edwards, reported it without amendment.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on May 25, 1936, that committee presented to the President of the United States the following enrolled bills:

S. 537. An act for the relief of C. O. Meyer;

S. 920. An act for the relief of Ruth J. Barnes;

S. 925. An act to carry into effect the findings of the Court of Claims in the case of William W. Danenhower;

S. 1360. An act for the relief of the estate of Teresa de Prevost; and

S. 3789. An act authorizing the Secretary of Commerce to convey the Charleston Army Base Terminal to the city of Charleston, S. C.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DAVIS:

A bill (S. 4688) for the incorporation of the Ladies of the Grand Army of the Republic; to the Committee on the Judiciary.

By Mr. LEWIS:

A bill (S. 4689) for the relief of Harry W. Dubiske; to the Committee on Claims.

By Mr. SCHWELLENBACH:

A bill (S. 4690) for the relief of Borghild Harner; to the Committee on Claims.

By Mr. WAGNER:

A bill (S. 4691) authorizing the transfer of Camp Upton Military Reservation, Long Island, N. Y., to the State of New York, for forest demonstration, game conservation and management, and public park uses; to the Committee on Military Affairs.

By Mr. SHIPSTEAD:

A bill (S. 4692) for the relief of Harris Bros. Plumbing Co.; to the Committee on Claims.

By Mr. ROBINSON:

A bill (S. 4693) to establish the Arkansas Mounds National Monument of America in Lonoke County, Ark.; to the Committee on Public Lands and Surveys.

By Mr. BACHMAN:

A bill (S. 4694) to provide $50,000 for the care, maintenance, and improvement of the ancestral home of James K. Polk, and for other purposes; to the Committee on Military Affairs.

By Mr. BONE, Mr. MCNARY, Mr. SCHWELLENBACH, and Mr. STEIWER:

A bill (S. 4695) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Commerce.

By Mr. KING:

A bill (S. 4696) to amend the act entitled "An act to provide for the construction of certain public buildings, and for other purposes", approved May 25, 1926 (44 Stat. 630), as amended;

A joint resolution (S. J. Res. 272) to provide for the maintenance of public order and the protection of life and property in connection with the Presidential inaugural ceremonies in 1937;

A joint resolution (S. J. Res. 273) authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President-elect in January 1937, and for other purposes;

A joint resolution (S. J. Res. 274) to exempt from the tax on admissions amounts paid for admission tickets sold by authority of the committee on inaugural ceremonies on the occasion of the inauguration of the President-elect in January 1937; and

A joint resolution (S. J. Res. 275) to provide for the quartering, in certain public buildings in the District of Colum-

bia, of troops participating in the inaugural ceremonies; to the Committee on the District of Columbia.

LAND IN FORT BRADY RESERVATION, MICH.—AMENDMENT

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (H. R. 190) granting authority to the Secretary of War to license the use of a certain parcel of land situated in Fort Brady Reservation to Ira D. MacLachlan Post, No. 3, the American Legion, for 15 years, which was ordered to lie on the table and to be printed.

THE AMERICAN MERCHANT MARINE—AMENDMENTS

Mr. JOHNSON submitted two amendments intended to be proposed by him to proposed amendments submitted by Mr. COPELAND, Mr. GUFFEY, and Mr. GIBSON to the bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. WALSH submitted an amendment intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, 1936, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"Payment to Henry W. Peabody & Co.: For payment to Henry W. Peabody & Co. of claim no. 336, awarded April 18, 1929, by the Commission under a convention between the United States and Mexico concluded September 8, 1923, as extended, $78,120.60: *Provided*, That the 5-percent deduction in reimbursement of the Government of the United States of expenses incurred by it in respect of such claim, provided for in the Department of State Appropriation Act, 1937, shall not be made."

NOTICES OF MOTIONS TO SUSPEND RULE—AMENDMENTS TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. GEORGE. Mr. President, I submit a notice of motion to suspend paragraph 4 of rule XVI and ask that it be read at the desk.

There being no objection, the notice was read, as follows:

Pursuant to the provisions of rule XL of the standing rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 12624) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1936, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1936, and June 30, 1937, and for other purposes, the following amendment, viz, on page 100, after line 13, to insert a new section, to be known as section 7 (c), as follows:

"Not more than $2,000,000 of the sums appropriated by section 2 of the Independent Offices Appropriation Act, 1937, for carrying out sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, shall be available to the Department of Agriculture for the purpose of carrying out the provisions of such act with respect to land devoted to the production of pine oleoresin and its derivatives, gum turpentine and gum rosin."

Mr. GEORGE. I also submit an amendment intended to be proposed by me to House bill 12624, the first deficiency appropriation bill, and ask that it be read, printed, and appropriately referred.

There being no objection, the amendment intended to be proposed by Mr. GEORGE was referred to the Committee on Appropriations and ordered to be printed, and was read, as follows:

On page 100, after line 13, to insert a new section, to be known as section 7 (c), as follows:

"Not more than $2,000,000 of the sums appropriated by section 2 of the Independent Offices Appropriation Act, 1937, for carrying out sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act shall be available to the Department of Agriculture for the purpose of carrying out the provisions of such act with respect to land devoted to the production of pine oleoresin and its derivatives, gum turpentine and gum rosin."

Mr. BILBO submitted a notice of motion to suspend paragraph 4 of rule XVI, which was read, as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 12624) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1936, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1936, and June 30, 1937, and for other purposes, the following amendment, viz, on page 26, after line 7, to insert the following:

"No person who is a candidate for any State, district, county, or municipal office in any primary, general, or special election, or is serving as a campaign manager or assistant thereto for any such candidate or is a member of any campaign committee organized to promote the political interest of any candidate for such office, or holds, either by appointment or election, any such office, shall be employed or continued in employment on administration staffs of the Works Progress Administration: *Provided further*, That this prohibition or ineligibility shall apply to any person employed or seeking employment on nonrelief supervisory personnel on works projects as well as on State, district, and field representative staffs."

PRINTING OF TAX HEARINGS BEFORE FINANCE COMMITTEE

Mr. KING (for Mr. HARRISON) submitted the following resolution (S. Res. 305), which was referred to the Committee on Printing:

Resolved, That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Finance of the Senate be, and is hereby, empowered to have printed for its use 1,000 additional copies of the hearings held before the said committee during the current session on the bill the Revenue Act of 1936.

EXTENSION OF INVESTIGATION OF SO-CALLED RACKETS AND RACKETEERING

Mr. COPELAND submitted a resolution (S. Res. 306), which was ordered to lie over under the rule, as follows:

Resolved, That the authority conferred by Senate Resolution No. 74, Seventy-third Congress, first session, authorizing an investigation of the matter of so-called rackets, with a view to their suppression, and Senate Resolution No. 196, Seventy-third Congress, second session, enlarging the scope of the investigation of so-called rackets and racketeering practiced in the United States, shall be extended and continued in force until the expiration of the Seventy-fifth Congress.

INVESTIGATION OF TRADE ROUTES BETWEEN THE UNITED STATES AND SOUTH AMERICA

Mr. BARKLEY submitted the following resolution (S. Res. 307), which was referred to the Committee on Commerce:

Resolved, That a special committee of five Senators, to be appointed by the President of the Senate, is authorized and directed to make a full and complete investigation of the ocean trade routes between ports of the United States and South America, and to investigate the service now maintained on such routes, the contracts, transactions, and obligations between the United States of America and any steamship line and its trustees, the operation of all American-flag services on such routes, the necessity or advisability of the construction of additional combination cargo and passenger ships for such routes, and what obligations, legal or moral, exist on the part of the United States toward security holders of any steamship line or other operators on account of existing ocean-mail contract or contracts or other transactions heretofore had between the United States of America and any such line; and shall investigate and report upon the recommendations contained in the report of the Secretary of Commerce transmitted to the President of the Senate by the Acting Secretary of Commerce on February 10, 1936.

For the purposes of this resolution the committee or any duly authorized subcommittee thereof is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth and succeeding Congresses, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures within the limits of this resolution as it deems advisable. The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $20,000, which sum is hereby appropriated, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The committee shall report to the Senate as soon as practicable the results of its investigation, together with its recommendations, if any, for necessary legislation.

ADDRESS BY SENATOR RADCLIFFE AT MARYLAND DEMOCRATIC CONVENTION

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD the keynote speech delivered at the Democratic convention of the State of Maryland on May 20 by my colleague the junior Senator from Maryland [Mr. RADCLIFFE].

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Everyone here is, I know, distressed to realize the absence of one of the ablest and most distinguished men that Maryland has ever produced. I refer to the late Albert C. Ritchie. It is my understanding that during the proceedings this afternoon some action will be taken in regard to him. It is instinctive for me, however, to take advantage of this opportunity to refer to my keen personal loss in the death of a lifelong friend.

No one is likely to forget that 4 years ago we of the Democratic Party asked that the running of the Federal Government be turned over to us. It is certainly not necessary to describe the conditions of affairs in this country at that time. It was one of the darkest periods in our history. During the administration of President Hoover the affairs of the country had gone from a state of feverish prosperity to one of severe and unprecedented depression. Throughout the length and breadth of our land economic and financial ruin existed or impended. Matters were going from bad to worse at a most alarming rate. The Republican Party had shown itself utterly incapable of handling the situation.

In November 1932 the people of the United States turned to the Democratic Party for the solution of many harassing problems. Two of these were the following: One was to tide us over existing difficulties. The other was to start our country back toward prosperity.

And now the Democratic Party is asking that it be given a grant of power for 4 more years. It is therefore natural that you, the people of Maryland, should desire to look carefully into the record of the Democratic Party during the existing administration. What have been the aims and objectives of the Democratic Party? What efforts were made by it to handle the depression and what success has been obtained?

No one of us will ever forget the heartening message, with its keynote of courage and confidence, which President Roosevelt gave to the people on March 4, 1933. At that moment the first ray of hope returned to an unhappy and stricken people. President Roosevelt said that the situation could be handled and that it would be done. Immediately efforts were made to stay the tides of disaster and to find ways of rehabilitation. Since the situation was extraordinary, is it surprising that some of the means adopted to handle it were unusual in character?

We may differ among ourselves as to the merits of any particular method used by the administration in Washington. No one will, however, question the fact that President Roosevelt showed supreme courage and optimism. Likewise, he submitted to the American people a program which for comprehensiveness of scope has never been excelled in the history of this country. Nor has there been any other so humanitarian in nature.

Some measures adopted were designed to be temporary only. Other plans embodied the hopes that something worth while of a permanent nature would result. The Bourbon Kings of France could learn nothing. Surely we must believe that the tragedies of the depression can point out to us some ways and means of getting rid of existing troubles. Is it not practical to hope also that something could be done to prevent the return of such calamities?

Each successive year demonstrates more and more clearly the fact that the different sections of this country are becoming so closely interwoven with each other that the interest and welfare of one part concerns those of the rest of the country. New York and Baltimore could not be prosperous if the South and West were suffering from general economic distress. Nor would it be possible for the middle and western sections of the country to thrive if business were stagnant in the East. Any plan of trying to handle the frightful problems of the depression and of promoting recovery had in material respects to cover the country as a whole. Plans of a general nature affecting all parts of the country had to be evolved and put into operation. Likewise it was that different sections often required different kinds of treatment.

Almost each industry had its characteristic troubles. For instance, the problem of the farmer was an acute one. Even before the depression had come to us with its terrors and miseries, the condition of the farmer for a number of years had been on a constant decline. This is not the time nor the place to go into a statement of causes for such. The tremendous shrinkage in foreign markets for our farm products, increases in cost of machinery, labor, and taxes were among the many factors which were adding to the cost of operations of the farmer. But the products which he produced had not increased in price. In fact, the prices of wheat, corn, and certain other commodities had dipped to lowest depths. The Republican tariff bill is not of assistance to him. It is injuring him.

Let us consider conditions in Maryland on March 4, 1933, and give special consideration to the remedial measures in our State. All of our banks were closed. Industry of almost every kind was in a state of distress and demoralization. Many thousands of industrious, hard-working people had been deprived of gainful methods of making a living—in many instances for the first time in their lives. They would have starved if something had not been done to supply them with work or food. The plight of those people required immediate consideration and whatever helpful action was then necessary.

Of course, it would have been better if private capital could have supplied such work and relief, but is there anyone who believes that in March 1933 private capital in Maryland could have so handled the situation? The State of Maryland and its local subdivisions had more than their customary financial problems to reckon with and were illy prepared to take on the added burdens which the depression had thrust upon us. Those in high official position, our business and professional men and women, and many people in other walks of life appealed to Washington for relief and assistance. They insisted that immediate assistance was absolutely essential and that the Federal Government alone could furnish it. Such help was given by Washington in no stinting manner.

Many of our banks and trust companies, basically strong and healthy, were facing storms too severe for them to weather. The Federal Government, through its various agencies, analyzed carefully the condition of these Maryland banks and trust companies. In every instance where the intrinsic worth of such an institution justified support and its assets, though slow in character, yet were sound under normal business standards, the Federal Government loaned that bank or trust company the necessary funds needed for continuing operations.

The giving of insurance by the Federal Government upon deposits in banks was tremendously helpful in the restoration of confidence in our banking structure.

It is significant that when in 1935 the banking bill was before Congress its provisions were considered so far reaching and wise that the bill passed the United States Senate unanimously, and was signed by President Roosevelt with country-wide approval. Does anyone want to repeal that law or the legislation regulating stock exchanges and the issuance of certain kinds of stock certificates and bonds? All of these measures are working satisfactorily in the main.

Many other types of corporations in Maryland received similar help. This was especially true of certain kinds of our insurance companies, such as surety and casualty companies. Baltimore has long been the leading surety and casualty center in the United States. Our companies employed many people, and their operations throughout the country have brought hundreds of millions of dollars to Baltimore. Their continued existence is essential to our welfare. Our most active citizens in public and private life again asked support from Washington for those companies, and that support was freely and wisely given. Is there anyone who believes that our Maryland banks, trust companies, surety and casualty companies should have been allowed to collapse? If not, how else could they have been saved? No one then or now suggests that private capital could have handled the situation. We are forced to the conclusion that many of these financial institutions in Maryland would have failed except for financial assistance given them by the Federal Government.

What has been the result? These financial institutions have fully justified the confidence Washington placed in them. Not a bank, trust company, or insurance company in Maryland has suspended operations during the administration of President Roosevelt and not one given financial support by Washington has failed to show substantial progress toward recovery. Some of these institutions have completely rehabilitated themselves, and every one of them is well on the road to recovery. Never have the business interests in our State been more promptly and effectively served and assisted by the Federal Government than by its successful efforts to save these institutions. Big business in Maryland was helped by Washington as never before.

Would anyone assume that the work of the Federal Government should have stopped there? Not so by any means. The railroads also required and received aid. The needs and problems of the farmer demanded action. Many business corporations or individuals, whether small or large, deserved assistance from Washington. They received it to a noteworthy extent.

The history of our country has been that when measures of unusual and far-reaching character were put into operation, all of them have not stood the test in the courts. That has been especially so during periods of economic and political upheavals. During the administration of President Grant, 12 measures passed by the Republicans were declared unconstitutional by our Supreme Court—7 under Lincoln. For the 12 years immediately prior to Roosevelt's administration, the Republican Party was in charge of our Government. Various acts passed during that period have been held to be unconstitutional by our Supreme Court. The present administration, like other administrations, has accepted the decisions of our Supreme Court as the law of the land. Our Federal Constitution has been amended 21 times. No additional amendment is being suggested to it by President Roosevelt.

The depression brought enforced idleness to many thousands of people in Maryland. Private industry was not able to offer them opportunities of earning a livelihood. What should the city, State, and Federal Government do? That was the harassing problem which faced us. People have never been permitted to starve in our country, and never will they. People may differ as to the relative merits of ordinary relief as contrasted with that afforded by public works, but something had to be done and done immediately. The Federal Government has attempted to do both somewhat simultaneously. It has tried in various ways to find work for men and women on the theory that it is better for the man in the community to work for a living than to live on relief.

It was not possible, however, to find work for all who were on relief. Some people are incapable of working, and for a while suitable opportunities for gainful employment could not be found fast enough for all of the qualified ones. Just now the W. P. A. in Maryland is offering work to every able-bodied, competent person on relief.

A large amount of good, useful work has been found in Maryland for unemployed people. For instance, after the Fifth Regiment Armory was burned, the insurance money and other funds of Maryland available only amounted to about $650,000. To re-

build and refurnish a much larger additional amount was necessary. The Federal Government contributed over $300,000 in cash and about $500,000 in labor through the C. W. A. and W. P. A. We needed the new armory—we have it. If the United States Government had not given over one-half of the cost of the armory, the financial strain upon Maryland in financing all of it at this time would have been exceedingly severe.

Our Baltimore airport and the Howard Street and Fayette Street improvements are among the many wise improvements which we have long sought and which are being made possible by Federal help.

For a hundred years the people of Maryland have been keenly interested in a Chesapeake & Delaware Canal. That old canal clearly needs modernization at this time, and such improvements will prove to be of inestimable value to Maryland shipping. The Federal Government is spending over $10,000,000 for the enlarging and modernization. Much of the work is being done by men who otherwise would be on relief. When completed the distance between Baltimore and Philadelphia will be reduced by 300 miles, from Baltimore to New York by about 150 miles. Even from Baltimore to Europe the reduction will be approximately 150 miles.

The problems of the Chesapeake Bay have received special consideration and support from President Roosevelt. The commission appointed by me as regional head of the P. W. A. was a very active one under the chairmanship of Dr. Thomas S. Cullen. It cooperated closely with boards of various States and with Federal agencies in making careful surveys and studies of the Chesapeake Bay regions. The support of the Federal Government in improvements of sanitary and other conditions was one of the numerous useful things done by Washington in that section.

Also, Washington has taken a very active part in efforts to restore the oyster beds in the Chesapeake Bay. Last year, for instance, the United States Government paid for 200,000 bushels of shells to be planted on oyster bottoms. It will furnish much larger amounts of oyster shells this year.

Over $60,000,000 have been allotted or spent in Maryland for P. W. A. projects. A careful analysis of the W. P. A. and the P. W. A. activities in Maryland lead irresistibly to the conclusion that the projects on the whole have been wisely selected and carefully executed. Many of them had been planned for by Maryland or its subdivision for years. The present situation has furnished opportunities for the doing of these jobs. The fact that relief in Maryland and the Public Works, whether W. P. A. or P. W. A., have been handled on the whole on a businesslike, nonpolitical basis, and that the projects themselves have real intrinsic merit, has never been seriously questioned in Maryland. No one can do so with an eye to the facts.

In this connection do not forget that a total of about 26,000 people in Maryland have been taken from relief rolls and given useful work by the W. P. A. and other Federal agencies. I want to take advantage of this opportunity to refer to the fine spirit which so many people on relief have shown when offered positions. They have shown their desire to work for a living, not to live on relief.

The Federal Housing Administration has insured three and a half million dollars of mortgages in Maryland. Also it has guaranteed in the State over 11,000 modernization and repair loans which have been made available to home owners at low rates of interest. These have provided a great stimulus to the very important construction industry. The Farm Credit Administration has made 9,000 loans of various types to our farmers amounting to about $14,000,000. The Federal land bank has been very helpful.

Many of our building-and-loan associations were hard pressed for cash. The real-estate situation generally was in a very sluggish and depressed condition. The Home Owners' Loan Corporation, the Federal Housing Administration, and various other Federal agencies acted promptly and efficiently. The Government has saved 16,000 Maryland homes from foreclosure, lending $45,000,000 for that purpose in long-term loans. Does anyone question that that has been a wise and fair thing to do? Incidentally, back real-estate taxes have been collected to a remarkable extent. Through the Home Owners' Loan Corporation the city of Baltimore has collected over $2,000,000 of such taxes, and the figures for the rest of the State are just as significant.

The R. F. C. has loaned $125,000,000 to various institutions and businesses in Maryland. Approximately $75,000,000 of the amount loaned has been repaid.

When the bill extending the life of the R. F. C. and broadening its power came up in the Senate in the Banking and Currency Committee, of which I am a member, not one word of adverse criticism of the R. F. C. was heard in committee or on the floor of the Senate. The bill passed unanimously. It was a remarkable tribute to the R. F. C., one of the largest and most successful organizations, whether public or private, which has ever been known.

The Federal Government has given for relief in our State a sum approximating $45,000,000 to prevent suffering, starvation, and misery among our destitute, many of whom had been industrious, hard-working citizens of Maryland. Has anyone claimed that the State or city of Baltimore or the counties or private charity could have been able to furnish such a vast sum of money, or even the larger part of it? You remember the difficulty in getting Maryland to raise through its legislature a small fraction of that amount for relief.

The Social Security Act, which doubtless experience will show will need some amendments, will help the old-age and unemployment situation tremendously. Washington believes that the assistance of this measure and the vast improvement in private business will permit the Federal Government to discontinue relief, and that really has been done. The problem can now be handled as a local one from local resources, public and private.

The C. C. C. has afforded work to almost 16,000 young men in Maryland who, through no fault of their own, found the doors of private employment closed to them. The C. C. C. has done useful work on reforestation, highways, drainage, and numerous other worth-while projects. Many of these C. C. C. workers are now being absorbed in private employment. So universal has been the praise of the C. C. C. organization and its results that it is generally conceded that the C. C. C. will become a permanent fixture. About $14,000,000 has been spent in Maryland for that purpose.

I will not comment further on specific activities. In short, the Federal Government has contributed, by gifts or loans, about $275,000,000 to Maryland—about the average for the entire country. Have the results been satisfactory in Maryland?

No one expects perfection in public administration. It does not occur in private business and cannot be expected from governmental activities; but you and I, as thoughtful people, want to examine carefully what has been attempted in Maryland by the Federal Government, consider the problems involved, analyze the treatment, and tabulate the returns. The results are significant and convincing. They show that the money loaned or given to Maryland has, on the whole, been wisely spent.

President Roosevelt has made resourceful and highly successful progress in developing foreign trade. A few days ago widespread approval met the announcement of the signing of a treaty of reciprocity with France, following closely upon those with Canada and other countries. These treaties will stimulate foreign trade in a constructive manner. For instance, the treaty with France will benefit greatly the tobacco farmer in southern Maryland. It provides especially for a large increase in the amount of tobacco which France will import from us. Cordell Hull has demonstrated that he is one of the most efficient Secretaries of State in the history of our country. He is one of the very many conscientious and competent officials in the Roosevelt administration.

One of the greatest and most useful achievements of the Roosevelt administration has been its remarkably efficient policy in fighting organized crime. The gangster has been stripped of much of his power. One of the greatest menaces to the peace and welfare of our country was the widespread and hideous power of gansters working in bands. Those gangsters have been systematically and relentlessly hunted and many of their leaders who are still living are in Federal prisons. What these results have added to the security and self-respect of the American citizen can hardly be overestimated.

It has been said that a man realizes more vividly his own suffering from toothache than the anguish of millions of cholera victims in India. So it is that a man understands most clearly the problems and needs of his own business. Sometime, also, the man or woman who has found his own business rehabilitated may not realize fully that all other industries have not improved to the same extent. During the depression, we in Maryland faced as severe problems as at any time in our history, yet our lot was infinitely preferable to that of many sections of the country. Our progress toward recovery in Maryland has been rapid and sure.

The conditions in many sections of the country have also improved but not all to the same extent as Maryland. The Federal Government can now believe that many of the problems of the depression have been largely solved. Emergency measures may not be needed as in the past. Some have not proved to be entirely satisfactory, but in the main they have served their purpose well.

The people of our country again took heart on March 4, 1933. However, they would have been helpless or distressingly handicapped if the administration in Washington had not been strong, resourceful, and efficient. The Democratic Party was called to power during a grave emergency, the gravest, doubtless, in our history. Never has a party more fully justified the charge which was placed in its hands. A comparison between March 1933 and March 1936 shows the most startling improvements in the history of this country.

Let me give you a few more Maryland figures. From March 1933 to March 1936 employment in manufacturing industries increased over 40 percent, the pay rolls in these industries no less than 90 percent. Farm income on principal products rose 38 percent from 1933 to 1935. In the important building industry, permits for April 1936 show an improvement of 140 percent over last April. The trade of the port of Baltimore has increased 22 percent during the first 4 months of this year as compared with last year. Power production for this section of the country shows a remarkable improvement, and it is interesting to note that it is an improvement even over the 1929–30 average. Almost 20,000 more new automobiles were registered in Maryland in 1935 than in 1933, an increase of 80 percent. Recovery is being indicated on every trade barometer we have, in bank clearings and deposits, in post-office receipts, in carloadings, and number of streetcar riders. This point is so obvious that "he who runs may read" and know that it is true. And this recovery which we have had in Maryland is merely illustrative of what has been going on all over the country.

During the Hoover administration the national debt increased by billions of dollars and constantly larger deficits were piling up. But the efforts of the Republicans to stop the depression proved totally unavailing and conditions in our country went from bad

to worse. In spite of the enormous expenditures of the Federal Government, during the Hoover administration, the depression continued to grow distressingly in intensity.

Since the Democrats took control of the Government in March 1933, the national debt has increased $10,000,000,000 but satisfactory results have been obtained. The depression has been stopped. A remarkable return toward prosperity has come about. No banks are now failing. The value of stocks and bonds has increased well over $30,000,000,000. In many instances the prices of stocks are 10 times what they were 4 years ago. The farmers are receiving at least twice as much for their products as they did in 1932. The income of the country is increasing enormously.

The national wealth was estimated at $247,000,000,000 in 1932 and $314,000,000,000 in 1935, an increase of $67,000,000,000.

The Democrats have something to show for their purchase. The value of the results obtained by them vastly exceed any outlay made. The increase in the national debt must be considered in relation to tax-paying power. The country is in a better position to stand its present indebtedness than it was that existing in March 1933.

That is not all of the story. So sure and rapid is the march toward recovery and so great is the increase in our national income that we can stand the additional burden of the national debt with less strain than was the situation in 1933. Furthermore, the rising tide of prosperity brings another hopeful result. That is the fact that many of the measures adopted by the Federal Government to tide us over the depression and to start us on the road to recovery have so well accomplished their purpose that it is likely it will not be necessary to make any substantial increases in our national debt. The balancing of our Budget may be reasonably expected within the near future.

The strain upon us resulting from demoralized conditions of European finances made it necessary for this country to make some changes in our monetary policy. Misgivings arose on the part of some people in regard to them. However, the financial condition today of our country is strong and healthy. The funds raised to fight the depression have made necessary issues of additional bonds by our Government. But these new bonds have been bought by our people at the lowest rates of interest in the history of our country. Also the Government has called many existing bonds and replaced them by new bonds bearing rates of interest much lower than were paid on the old ones. These facts furnish overwhelming and conclusive proof that our country is in a strong financial condition.

In the beginning of my talk I referred to two of the serious problems facing the administration. One was to tide over acute troubles. The second was to promote recovery. In discussion the first point is often overlooked. Much has been said as to whether or not any special measure of the administration has or has not aided recovery. It is just as important to know whether or not it helped to stop the downward movement of the depression and made it possible for us to endure the distressing conditions which afflicted our country. It is to the credit of the administration that it has aided the people to pass through trying times with a minimum of suffering. It is likewise to the glory of the administration that in doing so it has started us on the road to recovery at an ever-increasing degree of momentum.

Our people have shown grit and resourcefulness, but the Democratic Party is entitled to a big part of the credit for the remarkable improvement in business conditions and it will receive it. The Democratic Party has demonstrated that it can meet grave problems and handle them effectively. The Democratic Party could not have solved the problems if it had not been that its leader was a most capable man. The times called for a man of vigor and resourcefulness, vision and ability—a man who would have a plan and would attempt to put it into operation quickly and efficiently. Fortunately for our country such a man came to the White House. Franklin D. Roosevelt has been called upon to meet as severe problems as ever fell to any President in our history. No President has worked harder or more conscientiously or has secured in the main better results. Since Franklin D. Roosevelt took the oath of office as President of these United States, our country has made continuous progress toward recovery. He has fought the good fight. He deserves a reelection and he will get it next November.

Vice President Garner has shown himself to be a wise counselor and a very valuable factor in the administration. Probably no other Vice President in the history of our country has been more vigorous, influential, and efficient.

Our Maryland Congressmen—Goldsborough, Cole, Palmisano, Kennedy, Gambrill, and Lewis—have played their parts well and fully deserve reelection. Let us give our entire ticket our wholesouled support and see to it that next November every one of our candidates is continued in the office which he now fills so ably.

ACTIVITIES OF WORKS PROGRESS ADMINISTRATION

Mr. DAVIS. Mr. President, for many weeks and at various times I have urged a thoroughgoing and impartial investigation of the Works Progress Administration. No action has been taken. In view of the continued silence on the part of those whose work and program are now being questioned, I am impelled once more to call attention of Mr. Harry Hopkins, in the only manner now available to me, to the use of Federal funds for the spread of communistic propaganda.

I ask unanimous consent to have printed in the RECORD an editorial in the May 23 issue of Liberty entitled "Inciting to Riot", which I believe will be of interest to an increasingly large number of people.

Is it a mere coincidence that the directress of the Federal theater project who is the authoress of Can You Hear Their Voices? is now using taxpayers' money to stage Triple A Plowed Under in which outstanding representatives of the Communist Party are held up before the eyes of the American public for admiration while the heroic figures of Washington, Jackson, Jefferson, and Lincoln are ignored?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Liberty of May 23, 1936]

INCITING TO RIOT

Strange things are happening in this country of ours. And the climax of dangerous experiment has surely been reached in the Federal theater project, which presents a Communist propaganda play financed by the United States Government.

The thing surpasses belief, but there it is: the red, white, and blue official emblem, U. S. A. Work Program, W. P. A., on the doors of the Biltmore Theater, in New York City, while the drama of hate unfolds within.

We must admire the skill and cheek of the fellows who are working this racket. Their comrades, who are crudely rioting in the W. P. A. headquarters building are amateurs. Mr. Victor F. Ridder, the administrator, promptly issued nightsticks, had their heads cracked, and spoke out in meeting about it. Before the New York Rotary Club at the Commodore Hotel he said recently: "We try to be rough. We are rough. And we are going to be rougher. I am an old-fashioned American. We are not going to stand around and let these cheap rats of agitators fasten their name and tag of vermin on our workers. If there is anything I really want to earn, it is the undying hatred of this crowd of cheap Communists."

Brave words from an official of the national administration in these sad confusing days. For the same people are in the Biltmore Theater, not very far from Mr. Ridder's office, inciting thousands to renewed violence—with American taxpayers' money!

We must get out of our heads, once and for all time, the idea that the Communists in America are a political party. They are nothing of the kind. They are a revolutionary junta working day and night to overthrow our society and Government—not by ballots but by a bloody uprising of an armed minority in an hour of crisis. To print their ballots out of public funds is a crime against law and order. It should be stopped. In more than one European country it is now a felony to preach communism or to join one of its "cells." It should be so here.

For they would not only smash our business world, they would destroy the church, the home, our liberties and our ideals, and blot the name of God from human speech. And on the ruins of it all they would build a great hogpen with a common slop trough. They would give us equality—yes!—and there would be no more unemployment. Of course not! All men and women would be compelled to work, under the lash of a Soviet overseer. Millions of slaves driven by a little group of masters.

History has no habits save the single one of repeating itself. This inexorable fact is worth remembering in the light of what happened 150 years ago in the theater. Pierre Augustin Caron, who assumed the name of Beaumarchais, produced in the Théâtre Français an apparently innocent sequel to his earlier play, the Barber of Seville. It was called the Marriage of Figaro.

Beaumarchais, who had been confidentially employed by Louis XV and later by Louis XVI, previously had been invited to give a command performance in the Petit Trianon. Neither his royal patron nor Marie Antoinette recognized themselves as being lampooned. Later audiences in the Théâtre Français immediately sensed the inflammatory call to revolution. In the words of a subsequent historian: "Beaumarchais wished to fire a squib and he exploded a magazine." It was a spark which helped set France on fire—a conflagration that on January 21, 1793, cost Louis his head. Marie died under the same guillotine on October 16.

The astounding play at the Biltmore, Triple A Plowed Under, is done with skill and dramatic power. Its words are a mere smear of cheap sentiment, but the purpose of the dramatist must be found in the final emotions stirred in the minds of the audience.

In this case nothing is left to chance for any misunderstanding. Mr. Earl Browder, secretary of the Communist Party in America, is impersonated as one of the heroic characters of the play, making the climacteric speech denouncing the Supreme Court of the United States. From start to finish, the method used by the dramatist is to stir the ugliest passions of the poor against the rich and destroy the foundations of private property. In the grand finale we are all urged to join the so-called Communist-Farmer-Labor Party. The play is beautifully and artistically mounted and acted—with money from the United States Treasury!

We stand before the spectacle amazed and confused. At the Port of Authority Building on Eighth Avenue, Mr. Ridder's guards are ordered to crack the heads of Communist rioters. Farther uptown, in a Federal project theater, Communists are inciting the

people to riot—financed by the same Government that is cracking their heads at W. P. A. headquarters.

With increasing wonder we ask how it is that our Relief Administration is infested with thousands of these crack-brained theorists who are grabbing salaries with one hand while they distribute their calls to violence with the other. Surely it is time to get out our rat traps and delousing machinery.

It is inconceivable that the President should knowingly be a party to these infamies.

We modestly inquire, then: Who is really running this country? Certainly Congress should begin at once an investigation that will uncover the mysterious high official somewhere in the shadows of Washington who is responsible for the present activities of Communists in our Government service.

BERNARR MACFADDEN.

INSTRUCTIONS FOR PAYMENT OF ADJUSTED-SERVICE BONDS

Mr. PITTMAN. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Postal Bulletin of May 25, 1936, relative to arrangements for the payment of adjusted-service bonds.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LATEST BONUS INFORMATION

[From the Postal Bulletin of May 25, 1936]

ADJUSTED-SERVICE BONDS

OFFICE OF THE POSTMASTER GENERAL,
Washington, May 22, 1936.

Postmasters and all postal employees concerned are enjoined to read the following instructions relative to the delivery, certification, and payment of adjusted-service bonds.

INSTRUCTIONS

1. Post offices are divided into three classes for the purpose of handling the adjusted-service bonds for veterans.

2. The 59 offices designated as central United States savings bond depository offices will pay adjusted-service bonds certified at their respective offices, and will also pay such bonds received from district offices.

3. There well be 182 offices which will pay only the bonds certified at their respective offices.

4. All other post offices will be considered district offices and will forward bonds certified by them to their central United States savings bond depository offices for payment.

5. Specific detailed instructions have been sent to the 241 paying offices with the checks and necessary supplies.

6. A list of the central United States savings bond depository offices appears elsewhere in this Postal Bulletin, with the territory assigned to each, designating the one to which postmasters in the respective districts will transmit certified bonds for payment.

7. The nonpaying offices are concerned in five major features, as follows:

(1) Receipt of registered letters.
(2) Delivery of registered letters.
(3) Certification of request for payment.
(4) Transmitting the bonds to paying postmasters for payment.
(5) Proper report of expenditures in connection with the additional work involved (first- and second-class offices only).

Receipt of registered letters

8. The bonds in question will be dispatched on June 15, 1936, from 12 post offices, namely, Boston, Mass., New York, N. Y., Philadelphia, Pa., Cleveland, Ohio, Atlanta, Ga., Chicago, Ill., St. Louis, Mo., Minneapolis, Minn., Kansas City, Mo., Dallas, Tex., San Francisco, Calif., and Washington, D. C. The date of receipt in your office will depend on the transit time between the mailing office and your city.

9. Postmasters at all post offices to which the registered letters containing the adjusted-service bonds will be sent are advised that the envelopes containing the bonds will not bear any postage stamps or permit indicia as a special arrangement has been made for the payment of any required charges on these registered letters mailed out by the regional disbursing officers of the Treasury Department and the Treasury Department at Washington.

Delivery of registered letters

10. These registered letters will be marked for delivery to addressee only.

11. Regardless of the fact that the registered letters may be addressed in care of a person or institution, delivery shall be made to addressee only. They must not be forwarded to other offices. If undelivered by reason of death or removal to another office the letter is to be returned to the sender immediately, the reason for return being shown in the space provided on the reverse side of the envelope, as well as the new address, if known. If undelivered for other reasons, they are to be returned to the senders at the expiration of 30 days with the reason shown on the envelope. If the letter is delivered to a local address other than that originally shown, the new address shall be placed on form 3849.

12. The time of delivery at your office will depend upon the transit time from the office of mailing and the necessary time required for distribution to carrier routes after the registered letters are received. Delivery shall be made promptly.

13. When the date of delivery is fixed, wide publicity should be given through the press and radio, and through veteran, fraternal, labor, and civic organizations and any other method which the postmaster believes will be of benefit, it being understood that such publicity will be obtained without cost.

14. The publicity as it relates to delivery should be along the lines that the registered letters will be delivered to addressees only and that the addressees should be at home to receive them, prepared to furnish suitable identification to the carrier, such identification to be made by a person known to the carrier.

15. Carriers will use proper means of identification in delivery of these registered letters, but it is thought that the carrier should go out of his way with a view to effecting delivery, if at all possible, by securing someone in the neighborhood whom he knows can identify the addressee. Of course, where the addressee is known to the carrier, no other identification is necessary.

16. The identifying person should also sign the registry receipt, form 3849, and enter thereon his address. Every effort possible should be used to effect delivery by carriers for the reason that ordinarily they can secure identification much more readily than window clerks. Prior to the date of delivery, specific instructions should be issued to all carriers concerning the necessity of effecting delivery on the routes.

17. It is probable that all registered letters will not be ready for mailing by the Treasury Department on June 15, and veterans making inquiry should be advised that delivery will be made as soon as received.

18. Form 3849, covering the delivery of these bonds, should be kept in a separate file. The original registry number will be used for delivery purposes and, in offices where the inward number is in use, it shall be disregarded in the handling of these registered letters.

19. In recording these registered letters, the prefix "A" shall be recorded as part of the registration number.

20. These registered letters shall be delivered by rural carriers under existing regulations and to addressees only. Delivery must not be made by star-route carriers, but the usual registry notices shall be mailed to the addressees in official envelopes.

21. Each registered letter is accompanied by a registry return receipt which shall be properly signed, dated, postmarked, and promptly mailed to the senders.

22. Where reference is made to form 3849 in the foregoing, the instructions shall apply to window delivery books where such records are in use.

Certification of requests for payment

23. Adjusted-service bonds may be redeemed on and after June 15, 1936. Although they earn simple interest at the rate of 3 percent per annum, no interest is payable on any bonds redeemed prior to June 15, 1937.

24. Veterans who desire to cash their bonds must sign the request for payment on the back of the bonds in the presence of a certifying officer. All postmasters, acting postmasters, and post-office inspectors in charge of post offices, throughout the United States, including Alaska, Guam, Hawaii, Puerto Rico, Samoa, and the Virgin Islands, are authorized to act as certifying officers and may designate any official or regular employee of the post office to act in that capacity. If such designated official or employee certifies to a request for payment, he shall certify in his own name. The signature of the certifying officer must be followed by his official designation; such as, postmaster, assistant postmaster, superintendent of mails, foreman, or designated clerk.

25. Certifying officers will be held responsible for positive identification of the person requesting payment as the one whose name appears on the face of the bond. If the veteran is personally known to the postmaster or designated employee, witnesses are not necessary. If he is not known, one or two witnesses who know the veteran and who are known to the certifying officer must sign the bond in the space provided, with their addresses, in the presence of the certifying officer. Space is also provided on the bond for taking fingerprint impressions in exceptional cases. Postmasters or designated employees must certify to the request for payment of properly identified owners. All certificates at post offices must bear a legible imprint of the post-office dating stamp. The postmarking, M. O. B., or registry stamp may be used for this purpose. Each bond must also be canceled with a punch where a punch has been furnished. The punch perforations must be confined to the space indicated on the back of the bond.

26. The owner must sign the request for payment exactly as his name appears on the face of the bond and must write his address on each bond in the space provided. For example, if the name appears on the face of the bond as "George Washington Jones", the signature should read accordingly, and not "G. W. Jones" or "George W. Jones." Signatures must be in ink or indelible pencil. The owner shall not be required to sign the receipt in the lower left corner on the back of the bond.

27. When bonds have been accepted for payment, the owner shall be given an interim receipt on form ASB–1, which shall be prepared in accordance with the instructions on the form. The complete serial number of each bond shall be recorded on the interim receipt.

28. The certification of the bonds will provide a major problem in that sufficient employees for the certification must be available and adequate space provided to accommodate the number of veterans and witnesses who may call at one time. Facilities for certification should be provided immediately following the delivery of the bonds, and the advance publicity should indicate to the veterans where the certification is to be made. It is incumbent upon postmasters to arrange for this certification so as to prevent congestion at post offices and to eliminate complaint.

29. Postmasters will find veteran organizations and other civic organizations interested and willing to render all assistance possible. The use of outside quarters for certification can no doubt be obtained without cost if necessary during the heavy period. Postmasters will also make use of post-office quarters after business hours and utilize every possible means for prompt handling of the certifications. In classified offices, temporary employees should not be designated as certifying officers. Any regular employee may be designated.

30. No person authorized to certify a request for payment may certify a request signed by himself either in his own right or in any representative capacity. Postmasters are not authorized to certify for payment bonds presented by others than the registered owner whose name is inscribed on the face of the bond. In case of death or incompetence of the registered owner, the person presenting the bonds should be instructed to secure information as to the cashing of the bonds from the Treasury Department, Division of Loans and Currency, Washington, D. C.

31. Bonds may be certified by agencies outside of the Postal Service. (See Treasury Department Circular No. 560, copies of which will be furnished to all postmasters.) Postmasters are not authorized to accept bonds which have been certified by any agency outside of the Postal Service. The owner should transmit such bonds, at his own risk and expense, preferably by registered mail, to the Treasurer of the United States, Washington, D. C. Postage and registry fee (and any required surcharge) will be chargeable on registered mailings of bonds sent by the owners. Postmasters may consider that the estimated cost of duplication of adjusted-service bonds will be the same as the cost of duplication of United States savings bonds as set forth in the notice published on pages 16 and 17 of the April 1936 Supplement to the Postal Guide, under the caption "Postage, registry fee, and surcharge on United States savings bonds." It should be suggested to the holder of bonds who sends them direct to the Treasury Department by registered mail that he pay a registry fee, in addition to the required postage, sufficient to provide indemnity, in case of loss, to cover the full cost of duplicating the bonds.

Transmitting bonds to paying office

32. There shall be no cash payments in any post office of adjusted-service bonds. Payments shall be made only by special Treasury Department checks supplied to the 241 designated paying offices. Each postmaster will inform himself as to the central United States savings bond depository designated as the office to which he is to transmit bonds certified by him. A list of these offices appears elsewhere in this bulletin.

33. All bonds surrendered for payment of nonpaying offices shall be transmitted daily to their respective central United States savings bond depository offices for the issuance of Treasury checks.

34. The bonds sent to the central United States savings bond depository shall be sent by registered mail in envelopes especially provided for the purpose (ASB–7–a for third- and fourth-class offices; ASB–7–b for second-class offices; ASB–7–c for first-class offices.) The bonds contained in these registered letters shall be accompanied by the original invoice form ASB–2 (ASB–2–A when the description for contents cannot be confined to ASB–2).

35. Paying postmasters shall return to the transmitting postmasters, by registered mail, all bonds whereon the request of payment or the certification is incorrect or incomplete. A check shall be issued for the amount of properly completed bonds, and the owner shall be advised by note enclosed with the check as to why the check transmitted does not cover the full amount. The transmitting postmaster to whom the bond or bonds are returned because of any irregularity shall resubmit the bond or bonds when properly completed, accompanied by a letter of transmittal, to the paying postmaster, by registered mail. If such bonds are included with the shipment of bonds transmitted that day for payment, they shall not be again described on form ASB–2, but shall be enclosed in an envelope plainly marked to indicate that it contains bonds previously submitted which were returned for correction.

36. Upon receipt of bonds from a nonpaying office, the paying office will check the bonds with the accompanying invoices and transmit to the nonpaying office a receipt on form ASB–3, using envelope form ASB–8 for the purpose. The paying office will mail the check direct to the veteran at the address furnished by him on the back of the surrendered bonds. The check will be sent as ordinary mail in an envelope to be furnished for the purpose (form ASB–9), which will bear no endorsement requiring restricted delivery.

Advance payment of postage and registry fee not required—Dispatch of certified bonds to paying offices—Statistics

37. No postage or registry fees will be collected by the postmaster at the office of mailing on mailings of bonds to the central United States savings bond depository office. As far as practicable, without missing available dispatches, all bonds transmitted to the central United States savings bond depository office in any one day shall be enclosed in one envelope or wrapper. The registered letter or parcel containing the bonds is to be entered on the registration records in the regular series of registration numbers and the records shall show the postmaster as the sender of the registered article. The registration receipts and office records of the articles shall be marked "ASB" to indicate the reason for acceptance without the payment of postage and registry fee. The registered articles referred to shall be included by the mailing postmasters with the 15-cent paid registrations of their offices when rendering their Annual Registry Statistical Report.

Postmasters shall not be absent from their post offices during the heavy period of work in connection with the handling of these adjusted-service bonds, and it will be necessary for all employees to be on duty during this period. Postmasters at first- and second-class offices, see letter from First Assistant Postmaster General dated May 18, 1936, relative to leave of employees.

JAMES A. FARLEY,
Postmaster General.

THE GUFFEY ACT—EDITORIAL FROM CHARLESTON GAZETTE

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial published in the Charleston Gazette of yesterday entitled "The Guffey Act."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Charleston (W. Va.) Gazette of May 24, 1936]

THE GUFFEY ACT

A year ago, come August, Congress was considering the Guffey bill, which then had been discussed for weeks and months in both Houses of Congress, in the press, and among coal operators and their employees, as well as by businessmen generally. It was then announced that the objections which had been raised against the bill had been smoothed out and that the demand for legislation to save the coal business from the standpoint of both investors and labor could be granted without any reflection on the honor of the Congress. Very soon thereafter the bill was passed and was approved by the President, and the latter proceeded to make the executive appointments required by the bill and necessary to carry out the purposes of the legislation. Very soon thereafter suits were instituted which attacked the constitutionality of the legislation. With few exceptions the bill was accepted by the producing end of the coal business and by all labor, with encouraging results.

Those few exceptions finally brought the matter to the attention of the Supreme Court of the United States in a suit, and the Court, after holding back its decision for quite a long while, finally held the act to be unconstitutional and consigned it to the judicial morgue. The vote of the nine members of the Court was on its face, six to put the law into a coffin and three to treat it as a law as provided in section 7, article 1, of the Constitution.

Since the President is sworn to "take care that the laws be faithfully executed" (art. 2, sec. 3) he proceeded to treat this bill, which had been passed by both branches of the Congress, in manner and form as provided by the Constitution (sec. 7, art. 1) as a law. He could not wait on the Court 1 or 3 or 5 years, nor as was done in the Dred Scott decision, 37 years after the legislative action, to put into effect the machinery for administration provided by this legislative act.

Now six of the judges come, albeit that one of the judges hesitated and gave an excuse for his action which ought to have been incorporated with the action of the three in minority, broke up the Executive machinery and put the mammouth coal business—yes; the fuel business of the United States—back into the condition quo ante which was chaotic. We have received communications from the laboring people, which taken in connection with knowledge, that is everybody's, that leaves little room to doubt that they who go down into mines where there is danger and death, want legislation and they are disappointed that the Supreme Court has again exhibited to the country the danger that lurks in the effort of the Congress and the decisions of the Court to construe the "unwritten part" of our "written Constitution."

We had always understood that where there is doubt of the constitutionality of the act of Congress, then the doubt must be resolved in favor of the constitutionality of the enactment. In other words, since the assumed power of the Court appears nowhere in the grants of power to the judiciary, and since the reasons for enacting the law are entirely within the breast of the legislative department, and the assumed right of the Court to nullify the act of a coordinate branch of the Government, to which has been granted "all legislative power" is still debatable, the nullification of an act of the legislature is conceded to be the most solemn function of the Government. As Senator NORRIS put it in his usual Lincolnian and Benjamin Franklin way, "Where the judges disagree, then the certainty that must proceed the nullification of the act of Congress is bound to be absent." We do not pretend to quote Senator NORRIS's exact words, but we believe that we have stated the substance of his position as stated on the floor of the Senate. With his terse statement as a text, we submit that where the Court itself has three of its learned members in favor of maintaining the constitutionality of the act and the Chief Justice himself, one of the six, expresses doubt upon one of the essential features of the opinion which goes out as the majority opinion, one is not bold in asserting that the res ipsa suggests doubt.

The situation which now confronts the Congress and the President who approved the Guffey law finds in judicial limbo, the old doctrine that in order to set aside the act of the legislature there must be no doubt in the minds of the judges. Since the Court in the A. A. A. case went outside of the record, and held, in effect, that agriculture, no matter what its demands and necessities may be, is exclusively a matter for the States, it is hard for the newspaper editor to get away from the impression that the Supreme

Court proposes now to put labor in the same category and put all production which comes from the joint action of capital and labor into that uncertain judicial "no man's land" called the "reserved power" of the States.

We have heretofore tried to show, as did counsel in the current cases, that such a position cannot stand permanently as the law of the land, much less the supreme law of the land. The dust storms of the West which carry the rich surface soil from one State to another, do not recognize any such judicial interpretation. Irrigation, water power, and navigation, which are a part of labor's heritage as they are the hope and reliance of the farmer, come from the rills, the creeks, and the rivers, which do not stop at State lines. The food and clothing of the people as well as their fuel, cannot be dealt with comprehensively or effectively by the States. The recent floods have shown that the laws of nature do not recognize geographical lines any more than they do political promises and purposes.

The West Virginia coal business is affected both at the point of production and in the markets by other coal fields in other States. How often that has been gone over in congressional investigations and judicial inquiries.

The situation exemplifies the business chaos of horrors that will hound labor and business if it be true that the Constitution is whatever the court may declare it to be. But, until Congress exercises the power given it by the Constitution to regulate the appellate power of the Supreme Court and to make such exceptions as the Congress may see fit, we must deal with the situation as the Supreme Court has said it is.

This heaven-favored, rich State of West Virginia, with its oil and gas, needs to use, as domestic fuel, very little of its coal. At least 90 percent of its coal would not be mined but for the markets beyond the State's lines. Its high carbon-coking coal, underlying a small (comparatively speaking) part of its coal area, is practically indispensable to many of the branches of the country's industry. The Norfolk & Western, the Chesapeake & Ohio and the Virginian Railways, bisect this coal, which constitutes a major part of their freight tonnage. Our domestic and gas coals bear the same relation to the B. & O., and the New York Central Railroads.

Our coal business from mine to home, is about as large as that of raising peacocks for their tail feathers.

It is too plain for discussion that our railroad development and our modern mine equipment had in contemplation interstate commerce.

But there is still the bigger question: Shall the millions invested in coal be told that Congress has no power to help the coal business to realize a fair profit in the production of coal?

Shall labor be relegated to the States which produce coal for the security of a fair wage?

Shall labor be told, as was the farmer, that he is the victim of the failure of his ancestors to define States' rights, and the omission to insert in the Constitution some "nots" that would prevent the courts from holding the business of the country over the hell of uncertainty and technical differentiation, by a horsehair?

REGULATION OF COMMODITY EXCHANGES

The Senate resumed the consideration of the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes.

The VICE PRESIDENT. The question before the Senate is on the first amendment offered by the Senator from Washington [Mr. SCHWELLENBACH] to the amendment offered by the Senator from South Carolina [Mr. SMITH].

Mr. SMITH obtained the floor.

Mr. SCHWELLENBACH. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Washington?

Mr. SMITH. I yield.

Mr. SCHWELLENBACH. The first amendment, the one on line 7, proposing to substitute the words "a commodity" for the word "cotton", I desire to withdraw.

Mr. SMITH. I hope that the Members of the Senate have been furnished with the new print that shows the original bill with the proposed amendments, so that Senators may have the context as well as the amendments thereto. Has the Senator from Washington a copy of that print of the bill?

Mr. SCHWELLENBACH. I have.

Mr. SMITH. On page 9 of the reprint the amendment appears, and I think it would be better for us to refer to that print. The amendment of the Senator from Washington would come in on line 17, page 9, after the words "a like quantity of", to strike out "cotton" and insert the words "a commodity." That, as I understand, is the amendment of the Senator from Washington to my amendment.

Mr. SCHWELLENBACH. Mr. President, after consultation with the Department by the Senator from Idaho and myself, we feel that that amendment would not be advisable so far as grain is concerned. I therefore withdraw that amendment, but I do not withdraw the other amendment proposing to strike out the words "crossing and" on line 18.

Mr. SMITH. Mr. President, as the Senate will have to vote on this question, I wish to say, if there are any Senators who may not be thoroughly familiar with the terms used on the exchanges, that it is impossible for a broker, either on a grain exchange or a cotton exchange, to execute a buying and a selling order without it being called a "cross" sale. The terminology used in this bill was unfortunate. By turning to page 10 of the reprint of the bill there will be found subdivision (A), under which are prohibited and declared to be unlawful "wash sales." Everyone who is familiar with the markets knows exactly what a "wash sale" is. It is a pure, unadulterated fraud.

"Cross trade", or "accommodation trade", or is a fictitious sale.

Mr. President, a "cross sale" is of the nature of what was described and debated yesterday. A broker receives an order for October wheat or October cotton. He receives simultaneously an order to sell and an order to buy. He offers them simultaneously. Under this amendment that is a cross sale, a sale involving an order to buy and an order to sell at the same time. It is provided in the amendment that nothing therein contained shall prohibit a broker from executing such sales open and aboveboard on the floor and having them recorded, so that his customers may know that in good faith he sold for A and bought for B at the market, no matter at what the market may be quoted in that particular month. The terminology here used is unfortunate.

Mr. POPE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. SMITH. I yield.

Mr. POPE. As the Senator understands, is a "cross sale" as he uses the term the same as a "cross trade"? A "cross sale" and a "cross trade" are the same thing, are they not?

Mr. SMITH. I do not know what terminology may be used, but a cross-execution is what I have described. It may be a cross trade. A broker may have an order to sell and an order to buy, and he may simply pocket the order to sell and execute the order to buy and execute the order to sell to the party who bought. My amendment would provide that that can be done in the office or with himself or with anybody, but that the broker must then take the orders and go on the floor and have them duly recorded as a purchase and a sale simultaneously.

Mr. POPE. Since the term "cross trade" was used, as the Senator indicates on page 10 of the new print of the bill, I asked the Grain Futures Administration, who are very familiar with these terms, to give me a definition of the term "cross trade." This is their definition:

Cross trades are fictitious trades recorded and cleared through the exchange clearing house as real trades. They are a device commonly employed by floor brokers for the coming buyers in respect to selling orders of customers and vice versa. They take the form of a recorded double purchase and sale between two brokers. Each broker is recorded as having bought from and sold to the other the same quantity of the same future at the same price.

That is the definition which the Grain Futures Administration gave of the term which is used in the bill.

Mr. SMITH. To my mind that is not applicable to the purpose of the amendment, because the amendment not only defines a cross sale, but specifies how it shall be made and where it shall be made. In other words, if it is not allowed, then the broker has to be a bear one day and a bull the next day because he does not dare, under this definition, to receive simultaneous orders for a given amount to be bought and to be sold, and execute both of them. It is a cross sale. That is what is meant. If there is a cross trade, then we get down to what is known as "bucketing", or, worse than that, the broker utilizing himself as the purchaser or salesman of his

client's business, whereas under the amendment in the event a broker should receive orders in an active market for the same quantity to be disposed of at the market, all he could do, if he were honest and fair, even without the law, would be to indicate to his representative in the pit, or himself if he is active on the floor, that the orders are to be taken and executed at once. If that is not to be allowed, but is to be prohibited, we are putting him into a position to do the identical thing the law is trying to make unlawful.

I know there is a determination on the part of some, no matter how righteous and how fair any of the Smith amendments may be, to defeat them. The evidence of that is visible all about me. There is not a Senator here who does not know that this amendment proposes to do nothing more nor less than to require the broker, if he is going to buy and sell simultaneously, to offer those orders at the market.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. SMITH. I yield.

Mr. PITTMAN. As I understood the Senator from Idaho [Mr. POPE] yesterday, he said the definition of a "cross trade" does not include the character of transaction to which the Senator from South Carolina is now referring. It seems to me, if that be true, that the Senator from South Carolina could preserve his provision against cross trading by the express language here used, that cross trading shall not include the character of transaction he is urging, since it is proposed to strike out the words "crossing and" as suggested by the Senator from Washington [Mr. SCHWELLENBACH].

Mr. SMITH. If those words be stricken out, then under the terminology of the bill we have put the broker in a position where he cannot execute a buying order and a selling order simultaneously.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. McKELLAR. When the broker receives a cross order why cannot he go on the market and either buy or sell or do both, provided he buys at the market price and sells at the market price?

Mr. SMITH. But that is a cross sale. It cannot be avoided.

Mr. POPE. Mr. President, will the Senator yield again?

Mr. SMITH. Certainly.

Mr. POPE. A cross sale is not prohibited under the terms of the bill. It is cross trading as defined by me a few minutes ago. That is the only thing that would be prohibited. As I said yesterday, in my opinion, the sort of transaction included in the Senators' amendment is not prohibited by the bill as it stands without the amendment.

Mr. SMITH. All the trade would understand and the courts would so construe the term as used on the different exchanges, that a cross sale or a cross trade, if you please, has been known ever since exchanges existed as a buying order and a selling order. The complaint made is that some broker will get an order to buy and an order to sell simultaneously, and if he is inclined to favor one client as against another he may use the selling order, if he wants to depress the market, and hold the other for a reasonable time and then execute the other order.

The amendment which I have proposed would provide that he shall not do that; that if he has an order to buy and an order to sell he must execute them simultaneously and get away from the idea that he can withhold one order and execute the other. It seems to me it is so very patent that it does not really need discussion.

The contention was made yesterday that it was going to let in all sorts of bucketing. It is prohibitive of that practice.

Mr. McKELLAR. Mr. President, did not the Senate on yesterday order, and did not the Senator from South Carolina agree, that the words "then fair", in line 19, page 9, be stricken out?

Mr. SMITH. Yes.

Mr. McKELLAR. I see they are in again.

Mr. SMITH. The amendment went over. They were stricken out, and through some misapprehension they appear here.

Mr. McKELLAR. But were not the words "crossing and" stricken out, too; or was I mistaken about that?

Mr. SMITH. No; that amendment was pending.

I desire to explain the use of the word "fair." It is a pity that the markets are so technical and refined that the words we use here do not mean very much to those who are not familiar with them.

Assume that I get an order to buy and sell October. All of you know that October may for an hour be inactive, not a sale made—that is, no record at all is being made—but December is very active, and the last quotation December was 20 points on October. That is a dollar a bale higher. December may be declining or rising; and the word "fair" was used there so that if the broker wanted a quick execution he would sell October and report to his client that he had sold October at the price discounted or premiumized by the difference between December and October. I thought myself, however, after going over the matter, that he should be allowed to wait until October did become active and then sell at the market, so I agreed to have the word "fair" go out. A great many brokers desire to execute their orders; and when a broker has a sale, and a patron wishes it executed in a certain month, if that month happens to be inactive, the broker hates to delay for fear his patron may think he is engaged in some sinister business. That was the reason why I said the order should be executed at a fair price as measured with the active month that it is compared with, like December and October.

Mr. SCHWELLENBACH. Mr. President——

Mr. SMITH. I yield to the Senator from Washington.

Mr. SCHWELLENBACH. I feel that the amendment I proposed does not have as its purpose defeating the amendment offered by the Senator from South Carolina. I think if it were adopted, the original amendment would have exactly the same result, and it would remove the possibility of criticism.

We have said that cross trading in certain transactions is unlawful. Then there is a proviso that nothing in this section or any other section shall be construed to prevent, where orders are received simultaneously in the same amount, the execution of those orders. If we leave out the words "crossing and", the provision will read:

> Nothing in this section or in any other section of this Act shall be construed to prevent a futures commission merchant or floor broker who shall have in hand, simultaneously, buying and selling orders at the market for different principals for a like quantity of cotton for future delivery in the same month, from executing such buying and selling orders.

Mr. SMITH. So far as I am concerned, I should be perfectly willing to accept that amendment if it were not for the fact that if I should execute a buying and selling order, some fellow might report me for a cross trade.

Mr. SCHWELLENBACH. Yes, but under this amendment it would be construed that that was not a cross trade. We have declared in the pending bill that cross trading is unlawful; but we say that under these circumstances there is nothing in this measure which will prevent a person who receives simultaneous orders for execution in the same month from executing them.

Mr. SMITH. That may be all right.

Mr. SCHWELLENBACH. If the words "crossing and" were left in, it seems to me the provision would mean that in those particular cases where orders are received simultaneously for the same month, cross trades are permitted. The words "crossing and" add nothing to the contention of the Senator from South Carolina, but if they should be left in they might be construed to negative the provision which makes cross trading unlawful.

Mr. SMITH. No; my idea was just to limit it to that particular thing. I do not know but that it may be all right to amend the bill by striking out those words. I wish to have it understood that the word "fair" is stricken out.

Mr. McKELLAR. The two words "then fair."

Mr. SMITH. Yes. As I have explained to the Senate, the reason why I put in those words is very obvious—because very often a broker gets an order for a month that is not active for an hour or more. There are no quotations at all; and then, as soon as the market opens, the broker can execute his sales. But if that word does give rise to a rather sinister idea in the minds of my colleagues, I am perfectly willing to have it go out, though that course will retard the execution of a great many contracts.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. SCHWELLENBACH] to the amendment offered by the Senator from South Carolina, to strike out the words "crossing and" on page 2, line 2.

The amendment to the amendment was agreed to.

Mr. SCHWELLENBACH. The same words appear twice. Which print is being used?

Mr. SMITH. Let us use a uniform print.

The PRESIDING OFFICER. The words appear on page 9, line 20, of the new print. The clerks are using the old print.

Mr. McKELLAR. Let it be understood that the words "then fair", in line 19, page 9, have already been stricken out. They were stricken out by order of the Senate last night.

The PRESIDING OFFICER. The Chair understands that that was agreed to yesterday.

Mr. SMITH. Yes; they were stricken out last night.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from South Carolina, as amended.

The amendment, as amended, was agreed to.

WHITMAN NATIONAL MONUMENT

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 7736) to provide for the establishment of the Whitman National Monument, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. WAGNER. I move that the Senate insist on its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MURRAY, Mr. BENSON, and Mr. NYE conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two House thereon, and that Mr. WILSON of Louisiana, Mr. WHITTINGTON, Mr. GRISWOLD, Mr. RICH, and Mr. ENGLEBRIGHT were appointed managers on the part of the House at the conference.

The message informed the Senate that the Speaker had appointed Mr. DOUGHTON, Mr. VINSON of Kentucky, and Mr. REED of New York additional managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3118. An act to provide for the creation of the Perry's Victory and International Peace Memorial National Monument, on Put in Bay, South Bass Island, in the State of Ohio, and for other purposes;

S. 4023. An act to provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers, for the filing of current information and periodic reports by issuers, and for other purposes; and

S. 4448. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundred and fiftieth anniversary of the issuance of the charter to the city of Lynchburg, Va.

REGULATION OF COMMODITY EXCHANGES

The Senate resumed the consideration of the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes.

Mr. POPE. Mr. President, I offer an amendment to section 3 of the bill, which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Idaho will be stated.

The LEGISLATIVE CLERK. On page 2, line 10, after the words "mill feeds", it is proposed to insert "and Solanum tuberosum (Irish potato)."

Mr. POPE. Mr. President, I will say that that amendment was submitted to the committee as a whole informally, and was unanimously approved. So far as I know, there is no objection to it. It includes potatoes as one of the commodities in this bill.

Under the trading which now exists in the mercantile exchange in Chicago, only Idaho potatoes are affected. There are only contracts provided for dealing in futures in Idaho potatoes. The amendment does not affect Maine potatoes, or North Carolina potatoes, or Michigan potatoes, or any other, because they are not traded in in futures; but with respect to Idaho potatoes there is a very considerable trade in future contracts, and the best informed people in my State are of the opinion that they have a depressing effect upon the market. Therefore the people of my State desire to have this amendment included. I have in my hand a statement from Dr. J. W. T. Duvel, Chief of the Grain Futures Administration, in which he approves of the inclusion of potatoes in the definition of commodities.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho.

The amendment was agreed to.

The PRESIDING OFFICER. The Chair believes the question now would come upon the various committee amendments which have not been acted upon.

Mr. POPE. Mr. President, the committee amendments have been acted upon. The amendments which were informally approved by the committee, but which are in reality individual amendments to be offered by the Senator from Iowa [Mr. DUFFY] and the Senator from South Carolina [Mr. SMITH] have not yet all been presented.

Since the Senator from Iowa has entered the Chamber, I call his attention to the fact that the first amendment appearing on page 2, line 19 of the new Senate print, changing "50" to "75" percent of producers, might be presented as the next amendment.

Mr. SMITH. Yes; it is on page 2, line 19.

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Vermont will state it.

Mr. AUSTIN. Has the amendment on page 2, lines 14 and 15, to strike out "butter, and eggs", been disposed of?

The PRESIDING OFFICER. The Chair is informed that that amendment has not as yet been acted upon.

Mr. MURPHY. Mr. President, having reference to the amendment, on page 2, line 19, to strike out "50" and in lieu thereof to insert "75", this amendment raises from 50 to 75 percent the requirement as to proportion of the producer members in a cooperative association, corporate or otherwise, which shall be entitled to membership representation in a contract market—a contract market being a grain or other commodities exchange to which the bill is applicable. It is an amendment suggested by the Secretary of

Agriculture and would appear to admit of no objection on any ground.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, before the Senator from Iowa leaves this particular matter, does he not think it would be well to insert the words "in good faith", on page 2, line 19, after the word "percent"?

Mr. MURPHY. I see no objection to that.

Mr. McKELLAR. Mr. President, I offer an amendment, on page 2, line 19, after the word "percent", to insert the words "in good faith."

Mr. McNARY. I could not hear the Senator's suggestion. Where is the insertion proposed to be made?

Mr. McKELLAR. After the word "percent", in line 19, on page 2. The words "bona fide" are usually employed in such cases, but I am a great believer in good English, which cannot be misunderstood, and I wish to add the words "in good faith." I hope the Senator will agree to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Tennessee.

The amendment was agreed to.

The PRESIDING OFFICER. The Chair invites the attention of the Senator from Iowa to the fact that there has been no action on the amendment, on lines 14 and 15, page 2, to strike out the words "butter and eggs."

Mr. MURPHY. Mr. President, I suggest that we pass this amendment over for the present and take it up later, and that we go on with the amendments as to which apparently there is agreement. I think the next amendment occurs on page 3, line 1, in the new print of the bill, after the word "for", to insert the words "or with."

As passed by the House, the bill provided that business done for the United States of America or any agency thereof should not be considered as member or nonmember business in determining the compliance of any such cooperative association contemplated by the act. The addition of the words "or with" has the effect of providing that business done for or with the United States of America, or any agency thereof, shall not be considered either member or nonmember business in determining compliance. The form of this language is suggested by the Secretary of Agriculture.

Mr. McKELLAR. Mr. President, what is the purpose of the amendment?

Mr. MURPHY. It would affect any transaction conducted for or with the United States of America.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MURPHY. The next amendment appears to be on page 7 of the print before us, the addition of paragraph "(C)."

Mr. McNARY. Mr. President, is the Senator discussing subdivision (C) on page 7?

Mr. MURPHY. Yes.

Mr. McNARY. How did that happen to be written into the bill in the form of an italicized amendment?

Mr. MURPHY. It is an amendment brought in by the committee to the bill as it passed the House.

Mr. McNARY. Did the Secretary of Agriculture suggest this amendment?

Mr. MURPHY. The Secretary of Agriculture did not suggest the amendment as his idea of what the proposed legislation should be, but representations were made when the testimony was taken, and it appeared that the bill as drawn would work an injustice to legitimate interests not concerned with speculation and not desiring to speculate. It was suggested then to the office of the Secretary that it suggest language meeting the objections of these legitimate interests, and with that understanding and on that basis the office of the Secretary then submitted this language.

Mr. McNARY. Did this meet, and does it now meet, with the approval of the farm groups and their representatives?

Mr. MURPHY. I have no information that it does not meet with their approval.

Mr. McNARY. That it does not?

Mr. MURPHY. I have no information that it does not meet with their approval. It has the approval of the committee. As to the logic of it, if the Senator will permit me to develop the purpose of the amendment, perhaps he will be satisfied.

The amendment proposes to enlarge the definition of "hedging" so as to permit manufacturers and millers to buy futures in anticipation of future manufacturing or milling requirements. The Quaker Oats Co., for example, knows from past experience about how much oats in the form of oatmeal can be marketed at a certain price, pursuant to a properly planned advertising campaign. Hence, when oats futures can be purchased at a price which enables the sale of packaged oatmeal at, say, 10 cents per package, the Quaker Oats Co. will wish to buy four or five or even ten million bushels of oats futures without actually having any offsetting sales. If the speculative limit should be fixed at 2,000,000 bushels, this amount could not be exceeded. However, the amendment will permit the Quaker Oats Co. to sell futures to whatever extent is necessary to hedge their anticipated requirements based on past experience, subject to the safeguard that in all such transactions prior approval by the Secretary of Agriculture must be had. In a sense this is a special provision to millers and manufacturers. Conceivably the privilege might be abused once, but not a second time, for the reason that the Secretary of Agriculture thereafter would not give his approval.

The office of the Secretary felt that was a condition it would like to relieve, but it was afraid of the consequences of writing into the law other language than that which is written, because opening the door to possible situations which it wanted to avoid. Therefore, it drafted this amendment, providing that "subject to approval by the Secretary of Agriculture", such a company as that referred to may deal in futures in such amount of such commodity "the purchase of which for future delivery would be a reasonable hedge against the estimated manufacturing or milling requirements of such person during an operating period of not more than 6 months, based on actual past experience."

We may assume that the Quaker Oats Co., desiring to exceed the limitation as it shall be fixed by the Commission, will have to satisfy the Secretary of Agriculture that there is a legitimate business need for such action; and that is all the amendment seeks to do. The company will have to satisfy the Secretary. The presumption is it will have to do that with evidence of sales in the last preceding 6 months or year, and the evidence of a reasonable anticipation of an increase in business.

If any further questions occur to the Senator from Oregon with respect to the proposed amendment, I shall be very glad to attempt to answer them.

Mr. McNARY. Mr. President, I am curious to know what the attitude of the Department of Agriculture is with respect to the amendment. I do not recall that the amendment was discussed while I was present at any committee meeting, and I wondered whether it had been submitted to the Department of Agriculture or to any of the representatives of the farm organizations, and whether they had an opportunity to study it and pass upon it and give their judgment as to its workability, practicability, and fairness.

Mr. MURPHY. Mr. President, I have no specific knowledge of farm organizations having been counseled with in respect to the amendment. All my counseling has been done with the Grain Futures Administration. The matter was thoroughly discussed and thoroughly aired in the subcommittee hearing.

Mr. McNARY. Is the Grain Futures Administration in accord with the purposes of the amendment?

Mr. MURPHY. It is in accord with the purposes of the amendment if it is the judgment of the Senate that we should make some provision for legitimate business, enabling it to exceed the limitations that will be fixed by the Com-

mission, if legitimate business needs to exceed such limitations.

Mr. POPE. Mr. President, will the Senator yield?

Mr. MURPHY. I yield.

Mr. POPE. I am opposed to this amendment for the reason that it extends the power to hedge far beyond the definition contained in the original act. It will be recalled that under that act orders may be hedged to the extent of the actual grain that one owns or may raise on one's own land within 12 months, and also the products and byproducts of the commodity.

Mr. McNARY. Mr. President, may I interrupt to ask a question there?

Mr. POPE. I yield.

Mr. McNARY. Is the Senator referring now to the original act creating the Grain Futures Administration?

Mr. POPE. I now refer to the hedging provision contained in the bill, in addition to the provision in the pending amendment, whereby a large industry—the Quaker Oats Co., for instance, which uses about 10,000,000 bushels of oats a year—may hedge not only against the actual oats and the products and byproducts in its possession, but also for a 6 months' requirement, which would be some 5,000,000 bushels additional; and then, in addition to that, such a company would have the limit on speculation or on speculative trading which any other person would have.

For instance, suppose the Secretary of Agriculture or the Commission should fix a 2,000,000-bushel limit to purely speculative transactions; the Quaker Oats Co. would have that 2,000,000-bushel limit. It could hedge to the extent of all the oats it owns, as well as its products and byproducts and, in addition to that, hedge to the extent of some four or five million bushels more of oats. That would apply to the industries which deal in packages or sell their goods in package form.

I will say that the Grain Futures Administration is opposed to the amendment. The original form of the amendment which was submitted to the Grain Futures Administration was different; and the present amendment was substituted, as giving to the Secretary some power to pass upon the amount of additional hedging.

According to the information I have, the Grain Futures Administration is opposed to the amendment, and farm organizations also are opposed to it, in that it gives the large industries great power of dealing in futures which they might use for speculative purposes, and the amount involved is so great that in some instances they could even corner the market. That is the reason why I oppose the amendment. That is the reason, as given to me, why the farm organizations oppose it, and why the Grain Futures Administration opposes it.

Mr. MURPHY. Mr. President, the design and purpose of the amendment is to restrict speculation. The design and purpose is specifically to avoid interference with legitimate business. We have no right here to hamper unjustly the operations of a processor of grain commodities. The question presented by the objection to the amendment is whether we wish to hamper legitimate industry.

As the bill stands, a legitimate industry having no desire to gamble, having no desire to exceed its legitimate needs in any trading on the grain exchange, but having an actual need in protection of itself to exceed the limitation as fixed by the Commission, yet may not exceed the limitation. The pending amendment does not propose to make the company the judge of the circumstances under which it may exceed that limitation; not at all. It comes to Washington, and it says to the Secretary of Agriculture, under the terms of the amendment: "We want to exceed this limitation as fixed by the Commission. Here is the evidence in support of our request to you to permit us to exceed it." Having satisfied the Secretary of Agriculture in reason that the company ought to be permitted to exceed the limitation, it is granted permission to do so; not otherwise.

I think we owe that in fairness to industry which does not wish to be subject to the hazards of the market, which does not wish to have those hazards reflected in its balance sheets, which desires to do business on a legitimate basis, reassured as to the cost of its raw material and reassured as to the cost of putting its product on the market.

Mr. McNARY. Mr. President, will the Senator yield in order that I may ask him a question?

Mr. MURPHY. I yield.

Mr. McNARY. From the Senator's own remarks, I assume he believes there are only a few industries which could avail themselves of the benefits to be derived from the language proposed in the pending amendment. Is it calculated to help only a few industries in the country?

Mr. MURPHY. Yes, Mr. President; it fits only a few industries in the country.

Mr. McNARY. Is the Senator from Idaho [Mr. POPE] correct in stating that the amendment has met with the disapproval of the Department of Agriculture?

Mr. MURPHY. I thought I had stated the attitude of the Department, but I will restate it as I understand it.

The Department is not sympathetic with the amendment, but the Department submits that it is not a matter for its judgment; that if it shall be the judgment of Congress that we should permit this consideration of legitimate business, then the language of the amendment suits the Department of Agriculture.

Mr. NORRIS. Mr. President, I do not think it is a fundamental matter whether the pending amendment shall be agreed to or rejected. I shall be satisfied with the bill whether or not it contains the amendment. The Senate, however, should know the attitude of the Department of Agriculture with respect thereto.

I do not believe the Secretary of Agriculture or the representatives of the farm organizations or the Grain Futures Administration are bitterly opposed to the amendment. If I am correct in my judgment, I believe they all prefer that the amendment be rejected. The amendment puts it within the power of the Secretary to grant the proposed extention or not to grant it; and, as I understand the attitude of the officials of the Department of Agriculture, they feel that while they prefer not to have the amendment in the bill, yet if it shall be put in the bill, and Congress thinks it ought to go in the bill, they will approach the subject in a friendly attitude, and if Congress thinks it ought to be the policy they have no objection to administering. It will not be difficult for the Department of Agriculture to administer it. However, so far as those in the Department of Agriculture who have to deal with it are concerned, they have a prejudice against the amendment. There are not very many institutions which could avail themselves of it. In a measure, it presents a contest between the larger corporations and the smaller ones. I do not think the amendment will do any harm if adopted, although, under all circumstances, I am going to vote against it.

Mr. LA FOLLETTE. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. NORRIS. I yield.

Mr. LA FOLLETTE. Mr. President, I understand that under the terms of the bill, without the amendment, any concern is permitted to hedge on its entire requirements of a commodity for a year and on the byproducts thereof. Is that correct?

Mr. NORRIS. I think that is substantially correct.

Mr. POPE. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. POPE. Not only on its requirements for a year but as against any grain that may be grown on land owned by the person who desires to hedge for its requirements for a year.

Mr. LA FOLLETTE. That is what I meant; perhaps I did not properly state it. What I cannot understand—and I wish the Senator would explain it to me—is why that is not a sufficient permission to protect them so far as hedging operations are concerned.

Mr. NORRIS. My judgment is that it is sufficient. The Senator from Iowa thinks there ought to be a little greater latitude extended to large organizations which have very extensive operations, and he has very carefully guarded his amendment so that they may not get the extension except with the permission of the Secretary of Agriculture. My judgment is, however, that the amendment is entirely unnecessary.

Mr. MURPHY. Mr. President, in reply to the Senator from Wisconsin, hedging against grain actually bought is not sufficient for the purposes of the corporations affected.

Mr. FRAZIER. Mr. President, as I remember the hearings on this measure, the Quaker Oats Co. were the only ones who asked for an amendment of this kind. The Quaker Oats Co. and other breakfast-food companies make a fair profit on the processing of grain. Oats sell ordinarily at the present time for less than a cent a pound, and very seldom for more than 2 cents a pound. The Quaker Oats Co. charge from 10 to 15 cents per pound for their rolled oats after they have gone through their mills and their factories. So the Quaker Oats Co. and other breakfast-food companies make a fair profit on their handling of the farmer's product in processing breakfast foods, and if there are any concerns on earth that deal with grain that do not need any special protection, it is the breakfast-food manufacturers. Under the requirements of the bill they are entitled to any kind of legitimate bona-fide hedging in their transactions.

So it seems to me that the amendment is entirely unnecessary, and while the Department, of course, would accept it if the Senate and House insist on its going into the bill, I do not believe it is necessary. The representatives of the farm organizations were all opposed to it. I think that the amendment should be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The LEGISLATIVE CLERK. On page 11, line 20, after the word "such", it is proposed to strike out "person or" and insert "person, or"; at the beginning of line 22, to strike out "contracts as" and insert "contracts, as"; and in line 23, after the word "shall", to strike out "not" and insert "be separately accounted for and shall not be commingled with the funds of such commission merchant or", so as to read:

(2) Such person shall, whether a member or nonmember of a contract market, treat and deal with all money, securities, and property received by such person to margin, guarantee, or secure the trades or contracts of any customer of such person, or accruing to such customer as the result of such trades or contracts, as belonging to such customer. Such money, securities, and property shall be separately accounted for and shall not be commingled with the funds of such commission merchant or be used to margin or guarantee the trades or contracts, or to secure or extend the credit, of any customer or person other than the one for whom the same are held.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The next amendment of the committee was, on page 12, line 4, after the words *"Provided, however"*, to strike out:

That such money, securities, and property may be deposited or pledged separately and apart from, or commingled with the deposits and pledges of such futures commission merchant with any bank or trust company and that such share thereof as shall be necessary to margin, guarantee, or secure the contracts or trades of such customer carried with the clearing house organization of such contract market or with a member of such contract market, may be deposited or pledged with such clearing house organization or with such member.

And in lieu thereof to insert:

That such money, securities, and property of the customers of such futures commission merchant may, for convenience, be commingled and deposited in the same account or accounts with any bank or trust company or with the clearing house organization of such contract market, and that such share thereof as in the normal course of business shall be necessary to margin, guarantee, secure, transfer, adjust, or settle the contracts or trades of such customers, or resulting market positions, with the clearing-house organization of such contract market or with any member of such contract market, may be withdrawn and applied to such purposes, including the payment of commissions, brokerage, interest, taxes, storage, and other charges, lawfully accruing in connection with such contracts and trades: *Provided further*, That such money may be invested in obligations of the United States, in general obligations of any State or of any political subdivision thereof, in obligations fully guaranteed as to principal and interest by the United States, and in "investment securities" as defined in and under authority of section 5136 of the Revised Statutes, as amended, and, subject to approval by the Secretary of Agriculture, may be loaned on the security of negotiable warehouse receipts conveying or securing title to readily marketable commodities to the extent of the current loan value of such receipts, such investments and loans to be made in accordance with such rules and regulations and subject to such conditions as the Secretary of Agriculture may prescribe.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COPELAND. I inquire where the clerk is reading?

The PRESIDING OFFICER. The clerk is reading in the committee print or new print of the bill on pages 12 and 13.

Mr. McNARY. What happened to the amendment on page 9?

Mr. SMITH. That was agreed to.

The PRESIDING OFFICER. That amendment, as amended, was agreed to this morning.

Mr. McNARY. When?

The PRESIDING OFFICER. That was the amendment offered by the Senator from South Carolina [Mr. SMITH] yesterday, and, as amended, was agreed to this morning.

Mr. McNARY. Mr. President, may I ask the Senator from Iowa is it a committee amendment which has just been read by the clerk? Has the Senator offered it on behalf of the committee?

Mr. MURPHY. Yes; it is an amendment offered on behalf of the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment which has been stated.

Mr. COPELAND. Mr. President, I have taken pains this morning to ask a dozen Members of the Senate what this bill was about, and I have not been able to find out. I venture to ask the chairman of the committee what the reason is for this bill? Is the country going to the bow-wows if we do not have it? Why do we need it? What is the shouting about?

Mr. SMITH. Mr. President, I would much rather the Senator would ask me an easy question; I am a little weary this morning. Really and sincerely, however, I think that this bill was drawn for the purpose of correcting or regulating certain abuses that had become disastrous in our great exchange places. It will be recalled that just a few years ago, a very few, a certain trader on the wheat exchange, "on a shoestring," nearly succeeded in cornering all the wheat in America, and when there was a slip in the cog the entire trade was demoralized. And as to the cotton market, it was testified under oath, that one firm had 2,600,000 bales of actual "spot" cotton which it had hedged on the market. It was also testified that some of the big traders would sell Europe and buy America, which is called a straddle. The same thing was done in the grain market. Not only would they sell Europe, or buy, as the case might be, to their advantage, and sell America, a straddle, as it is called, but they would have enough of the commodity and enough money to put one down and the other up, and then reap the reward of the manipulation. It went so far that they would straddle from one month to another month; that is, they would buy one month and put the price for that month out of all relation to the price of a near month, and then they would put in their "spot" wherever they had created an advantageous place to put it. These are some of the "high spots." Whether we can meet the situation by legislation remains to be seen.

I wish to state frankly, Mr. President, and let it go in the RECORD, that I have pled with members of the exchange with which I am familiar so to adjust their rules and regulations that there would be a free and open market, for the reason that once we legislate and crystallize a practice or a principle or a policy into legislation, when conditions change, as they do very often, the only way legislation which does not then

apply can be gotten rid of is to go through all the legislative processes over again.

I gave the exchanges all the time they might need. Two or three years have elapsed and conditions have gotten worse instead of better. For that reason I have thought that it might be wise to adopt this plan. Whether or not we should put it under a political subdivision of our Government is a question that ought to be considered. I have thought that if provision could be made for the appointment of a commission, composed of men in whom the Congress had confidence and who could carry out the purposes of the legislation in a manner to meet the exigencies which arise from time to time, it would be better than trying to crystalize all the details into a legislative enactment.

Mr. COPELAND. Mr. President, will the Senator give me a little more information? I take it from what he says that we really ought not to pass the bill. He did not say that directly, but I infer it from his remarks.

Mr. SMITH. We can get a great amount of conjecture out of very little fact.

Mr. COPELAND. As a member of the committee which was appointed to investigate crime conditions, I heard much testimony about how a great moral respect for righteousness may be instilled into a child, but the testimony was that we cannot teach morals by precept. I should like to ask the chairman of the committee, the Senator from South Carolina, about the provision on page 8, for instance. Why is it necessary to enact a new law to provide that in the transactions covered by the bill it shall be unlawful "to cheat or defraud, or attempt to cheat or defraud", or "willfully to make or cause to be made * * * any false report or statement", or "willfully to enter or cause to be entered any false records"; and on page 9, "willfully to deceive or attempt to deceive by any means whatsoever." Do we have to enact new laws to keep people from cheating and defrauding and falsifying and all that sort of thing?

Mr. SMITH. Have we not already such laws?

Mr. COPELAND. Yes; and I thought we had enough. Do we need any more such laws?

Mr. SMITH. I take it that the provision referred to applies to the particular kind of cheating and defrauding of which the public is not generally advised and which goes on within the sacred precincts of the exchanges to which the bill relates.

Mr. COPELAND. As a member of the public I am anxious to know to what it all relates. That is the reason why I am asking the Senator these questions.

Mr. LEWIS. Mr. President, may I interject an interrogations? Do the "sacred precincts" to which the Senator refers exist within the great exchange located in the city which I have the honor to represent in part? Surely no such condition there exists as would justify the necessity for any such enactment as is here proposed.

Mr. SMITH. Mr. President, I am afraid the facts belie the intimation as to the sweet odor arising from the institution to which the Senator refers. He will have to readjust his facts.

Mr. LEWIS. I shall overcome that statement by having the Senator from South Carolina invited by the board of trade to come and sit with them and among them.

Mr. SMITH. O Mr. President, I have enough sins now to answer for. [Laughter.]

Mr. COPELAND. Mr. President, other Senators may know what it is all about, but I declare I do not. I cannot get head or tail to it.

Mr. NORRIS. Mr. President——

Mr. COPELAND. I am going to resume my seat and let the Senator from Nebraska enlighten me.

Mr. NORRIS. Let me ask the Senator if he was present yesterday?

Mr. COPELAND. No; I am sorry I was not. I was engaged in a committee meeting.

Mr. NORRIS. Was the Senator here several days ago when the Senator from Idaho [Mr. POPE] explained the bill section by section, from one end to the other?

Mr. COPELAND. No; I am sorry I was not here then, either. I was engaged in a committee meeting at that time, too.

Mr. NORRIS. As to the language the Senator read, unless the Senator from New York or some other Senator makes the motion, that language is not in controversy at all. The committee has not suggested any such thing. The Senator was reading from a part of the bill which, so far as the committee is concerned, is not in controversy at all.

Mr. COPELAND. Then, am I to understand the remainder of the bill is recommended by the committee as 24 carat and all right?

Mr. NORRIS. So far as I know, it is 24 carat and all right; but if the Senator from New York never attended a committee hearing and was not in the Senate when explanation was made of the particular amendment upon which the Senator stopped the proceedings when he made his inquiry, I do not wonder that he does not understand it.

That is a very important amendment. It applies to an operator on the board of trade who is using a client's money for investment. Complaint has been made, and often demonstrated in the past to be justified, with reference to a misuse of funds which are often trust funds. The law has not always been such that the operators could be punished for abuse and misuse of trust funds. The pending amendment is to rectify that situation and was suggested by the experts who have been studying the question ever since we enacted the original law. It is intended to protect properly the money of the customers and to provide some limitation under which the commission men may use that money to invest.

Heretofore a great many frauds have been committed and a great many things have occurred by which the customer, innocent of all wrong, has been robbed of his funds which he has given to a commission agent for investment and which the agent has invested in some other enterprise. The amendment in particular is one on which the committee had a great many hearings and to which it devoted a great deal of time. While it may not be perfect, it was the best judgment of all the members of the committee, so far as I know, that it would rectify the evils which have heretofore existed in relation to the investment of money coming from clients of members of the boards of trade.

Mr. SMITH. Mr. President, may I suggest to the Senator from Nebraska that one instance which was brought out was that of the broker using the money of his patron or client for the purpose of financing himself or someone else.

Mr. NORRIS. Yes; often.

Mr. SMITH. He put it right into his personal bank account and used it very often, as the testimony disclosed, for purposes which were contrary to the interests of his client.

Mr. NORRIS. I think that is true.

Mr. SMITH. That was brought out in the testimony.

Mr. NORRIS. The only purpose of the amendment is to protect money that is really a trust fund, sent to a commission agent and kept on deposit with him; to protect the margins of the customer and to prevent illegal use of the money for some other purpose. That is all the amendment undertakes to do, as I understand.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. NORRIS. I yield the floor.

Mr. COPELAND. I am considerably out of patience with people who want to get rich in 24 hours by any system of gambling.

Mr. NORRIS. The amendment is not to help the gambler but is to prevent the use of trust funds perhaps for gambling or for any other improper purpose.

Mr. COPELAND. If such use is being made of the money, improperly and indecently and unlawfully, is there not a way now to reach the guilty broker?

Mr. NORRIS. He could be prosecuted under the law possibly, but it would not save the poor devil whose money had been wasted. He would be bankrupt and gone.

Mr. COPELAND. Who is that "poor devil"?

Mr. NORRIS. He may be a miller. He may be a manufacturer of some product derived from wheat or from corn or from some other commodity that is bought and sold on the board of trade. I think all students of the subject recognize that within certain limits hedging is not only justifiable but necessary. The amendment undertakes in a small way to stop some of the gambling which has disgraced various boards of trade.

This is one of the amendments which we think would prevent the use of the funds of clients, which have been deposited with commission men, for some other purpose than that for which they were deposited, perhaps for gambling, and from being used as money belonging to the commission men instead of using it for the purpose of protecting the client's hedge. It may be a large milling concern that may have large deposits to protect the hedges it has on the market, which have been honestly purchased for the sake of protecting itself in the manufacture of wheat into flour.

Mr. COPELAND. I know that a small miller who, in advance of the season, buys wheat for grinding, and who has a storage capacity, has to protect himself against fluctuations in the market.

Mr. NORRIS. That is legitimate hedging.

Mr. COPELAND. Yes; that is legitimate hedging.

Mr. NORRIS. But he would have some money on deposit with his agent in Chicago, we will say; and the object of this amendment is to protect that money so that the agent may not take it and use it for some other purpose, to pay his own private debts with it; or, as the chairman of the committee has said, sometimes it happens that the agent uses the money for the purpose of gambling on the very products in which his client is interested, in which case it would sometimes have a tendency to injure the interests of his own client. In other words, the amendment is to prevent a misuse of funds that have been deposited to protect a legitimate hedge, such as the Senator mentions.

Mr. COPELAND. I can sympathize with the miller in what the Senator has called the legitimate hedge. I have not any sympathy with the man who sends his money forward expecting to make a lot of money in the next 6 weeks through a gambling process; but I suppose the money of the legitimate hedger and the money of the deliberate gambler are so much on the same plane that to protect one it is necessary to protect the other.

Mr. MURPHY. I ask for the adoption of the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

SUGGESTED METHOD OF PAYING DEBTS DUE THE UNITED STATES BY FOREIGN GOVERNMENTS

Mr. LEWIS obtained the floor.

Mr. BONE. Mr. President, is it the purpose of the Senator from Illinois to make some remarks at this time? I have sought the floor to make a few comments on the naval appropriation bill.

Mr. LEWIS. I shall take but a few moments to speak on the subject which I now desire to discuss. I welcome the observations of the able Senator from Washington relative to the naval appropriation bill.

Senators, I take occasion to avail myself of this intrusion to again suggest a subject with which I fear many Members of the Senate have grown sensitive and their patience more or less drawn by me to an extreme point of indulgence.

Mr. President, there is either an honest undertaking on the part of our foreign debtors now to come to some terms with the United States looking to the payment of the debts or the adjustment of them; or there is a deliberate gesture, with its skirmishing for winning the good will of the United States of America, looking to further applications for new loans desired and for further favors to be advanced.

I will not charge the foreign governments who are making the efforts—and I hope sincere efforts—with any other motive than that of an honest undertaking to renew friendships and revive confidences.

However, Mr. President, I cannot overlook, having so often brought this subject to the Senate, what appears to be a new phase constantly and publicly heralded. We are all attracted by the fact that in the late election in France there have arisen new leaders who are asserting to the world that one of the very first undertakings in their behalf is to do something—I quote the exact language as reported—

> To do something to restore the confidence of America by reaching an adjustment of the debt due by France to the United States.

At the same time, Mr. President, there comes from the distinguished head of the great banking institutions at Paris the statement that there are two ways in which this money can be paid. One is by some adjustment looking to advancing the products of France as payment, and that in proportion as we could accept. The other is in obtaining from the United States such loans by France from which a portion of the debt may be paid.

At this moment I advert to the suggestion from the financiers at London in behalf of England. The proposition is based upon the assumption that the United States make a proposal which will embody some suggestion—I quote again, sir—

> That will not disturb the exchanges in money or injuriously affect the pendency of or the tendering of the trade treaties—

I pause to say I could not myself understand the cable line, whether the word was "pendency" of or the "tendering" of the trade treaties. I give it to the Senate exactly as it is sent in to me.

Mr. President, I am alarmed by the fear that there are certain lands in the world that have newly embarked on imperial tendencies and are conscious that if something is not done looking to reviving friendship with the United States, and having behind them the credit of this great land through its confidence, bankruptcy or anarchy will fall to them as the inheritance from that which they themselves have planted. We in America are very fortunate and should, indeed, compose ourselves with great consolation that by our policy, which is an American policy, we have withheld from associations, far from connection, with these foreign countries as have imperialistic policy or disclose purpose of conflict for financial profit or for territorial acquisition.

At this time I am not breaking into the discussion of the measure pending before us to indulge generally in any disquisition upon the affairs of the world such as I will do at some other time, and endeavor to impress upon the Senate my point of view, but I intrude into the debate at this point only to say that I regard the present situation as exceedingly dangerous to the financial security of foreign lands, and to that of our country; also, sir, to what might be called the credit of the treaties which we are making; more disturbing are the evidences of conflict which will surely follow between these lands if the present conditions of conflict, lack of confidence, and want of honor shall continue between them as exhibited in their daily procedures, one with the other.

Mr. President, I turn for the moment to the affairs of the United States in the matter to which I allude—the debts which are due us.

It is intimated from high sources in behalf of two of these large debtors that if some proposal can be made that can be viewed as not disturbing to the exchanges in money nor interfering to the point of disrupting the proposed trade treaties now pending that the proposition will be promptly considered as something that might be availing in result. There is no suggestion that the proposal in any form will be adopted, and I am not here to intimate that there has been any statement that such will be accepted merely because it is suggested; but I am flattered, sir, and may I say here I am complimented that there is allusion in the speeches of these honorable gentlemen of foreign lands and in some of the statements that have come to high departments of this Government to what is designated as constant contention that I, as a humble Member of this body, have assumed to urge in behalf of collecting these debts? I deplore to say that I am held up by one as one who continuously

"irritates the friendship" between the nations. I am charged by another with being "unconscious of how disturbing to the whole world it would be should an attempt be made to pay these debts in money", and that I am giving evidence constantly either of my ignorance or my perversity in not realizing that the payments, if made in the manner such as I have in speeches set forth would be so much more destructive to my country than beneficial. That it all discloses my lack of understanding of this very serious situation—balancing of accounts in gold—I have no comment to make other than to say I naturally would deplore that they should view me in that light, if such there be, but I must insist that the subject cannot be disposed of by merely alluding to those of us here who are insisting upon these debts being paid as lacking in understanding of the form and manner in which such could be done and at the same time preserve what is called the integrity of international finance.

Mr. President, therefore, I accept the suggestion made by the eminent spokesman concerning which the late newspapers and some other sources have brought to us, conscious as we are, on the eve now, sir, of negotiating treaties which will extend our goods to other countries in turn for their goods being extended to us or which will be in a form which will enable any one of the other countries to avail themselves of all the favor and benefit that is granted to some other country by special treaty; conscious as I am, sir, that the money must be paid by the United States in the usual method for some of these products and in other instances, sir, that there are products which we do not produce at all and which we cannot do otherwise than purchase if our need is to be supplied, I propose and tender the suggestion for my own Government, as well as the debtors, that the committee that is now contemplated, the committee supposed to be made up of all the debtors—I think the words are "the principal debtors"—consider the issuing of a joint form of bonds; that such bonds represent the debt according to the amount which in justice may be determined by the representatives of the United States, the creditor, and those who are representing the debtors. As to the exact amount, of course, I can only speculate. I have no assurance as to what may be admitted and what may be adopted. I therefore add the suggestion that these bonds be so constructed in phraseology that if it becomes necessary, as it will, for the United States of America to obtain goods and products which we do not produce but which are necessary to the welfare of our country, instead of paying the money by the United States for such products or exchanging our goods for them, the bonds which I describe shall be receivable as payment for such products as we desire or do obtain from the debtor nations who have that which we need but which we do not produce.

Mr. WALSH rose.

Mr. LEWIS. Does the Senator from Massachusetts desire to interrupt me? If so, I yield.

Mr. WALSH. Mr. President, will the Senator be kind enough to amplify his statement as to the form or character of the committee that is to issue the bonds referred to by him?

Mr. LEWIS. I take the liberty to say that I was suggesting that the committee when it meets should make the suggestion to other countries as to the form of a bond.

Mr. WALSH. The committee itself, then, would not issue the bonds?

Mr. LEWIS. The committee itself would not be the body which would issue the bonds, nor would the bonds issue from the committee as such.

Mr. WALSH. The bonds would be issued by the several nations that are indebted to our country.

Mr. LEWIS. Exactly. I am submitting that the committee should consider the question as to the method and propose to the several debtor countries the form of a bond which I feel would be acceptable to us and would be available.

Mr. WALSH. Let me inquire how the committee is to be organized. I must ask the Senator's pardon, because I was not in the Chamber until a few moments ago.

Mr. LEWIS. I am now referring, I may say to the able Senator from Massachusetts, to a committee of the debtors. The proposition has come to us that the debtors—I think the words are "principal debtors"—shall each designate a committee; that committee shall have a joint meeting; and, in behalf of all the debtors, make some proposition to the United States looking to what they call the adjustment of these debts on the basis of the revival of confiding friendship.

Mr. WALSH. In other words, the State Department might suggest to the debtor countries that such a committee be organized and that representatives be sent by our Government for the purpose of conferring along the line suggested by the Senator from Illinois.

Mr. LEWIS. I may say, if such were done, it would not meet disapproval on my part. I may say, however, to the able Senator that the suggestion does not come from our State Department, but from those who are assuming, in behalf of France and England, to revive the whole subject, so that there will be no longer suspicion on the part of the United States of what they call their honor and their intention to pay, but, to the contrary, something that may revive the friendship between the United States and again resume the mutual confidence of the old friendships as they existed previously to the World War.

I will say to my able friend if my country could consider the proposition, if it should emanate from such a committee, it would not be bad, and it would meet my approval if some committee on our own part were also assembled at the same time in order to reach some concurring action that would be the joint action of them all.

Mr. WALSH. In other words, a joint conference or joint committee of various countries such as come together from time to time for the purpose of studying and considering naval disarmament?

Mr. LEWIS. Something similar to that, it being, from my point of view, desirable that the committee should meet and consider not whether they should pay or what they should pay but that they consider the mere method of payment.

Mr. WALSH. While I am on my feet, I want to express my admiration for the study and thought and enthusiasm which the Senator has given to this important subject, and I sincerely hope his efforts to bring about a solution of this problem and a settlement of the debt question may be amply rewarded.

Mr. LEWIS. I appreciate to a very great degree the approval of the Senator of my efforts to bring about a payment of these debts.

Mr. President, I would ask that these bonds, therefore, not only be acceptable as the payment for the produce or the imports of the other countries, thus saving us the payment of our money or the delivery, sir, of our goods which we may need at home, but again, sir, I would propose that these bonds be so conditioned that whoever shall possess them shall have the privilege, as stated in the bonds, to tender them for taxes; that the owner of the bonds should be able to tender them in payment of taxes due our own Government or such other obligations as are due any other government by any American or any American interest.

Mr. President, I do not know, sir, as my able friend from Massachusetts has well stated, how far our Government will dare to go until some meeting shall have been brought about on the part of the debtors and a proposition from the debtors tendered that we may know the amount they offer or whether the payments are to be by installments or whether they are to be offered in goods or whether there will be a mere matter of exchange accepted between the countries limited to the mere interest that is due.

I cannot gather from the statement the exact limitations and I tender the proposition that it may be considered by my own Government and that of the debtors looking to an

adjustment that may continue the friendship of nations, but above all that they shall discharge the just demands due the United States, that the United States may proceed to discharge its own obligations, meet the heavy taxes about to be laid upon us, pay the debt of the soldier, and there be discharged that debt of honor which those countries owe to us and which we owe to fulfill to our fellow citizens and America. For this object I tender the proposal, hoping the result will fulfill the adage—"all's well that ends well."

NAVAL PREPAREDNESS

Mr. BONE. Mr. President, I have now and sincerely hope I always shall have an intense and wholesome respect for the opinions of others, and particularly the opinions of Members of the Congress of the United States. So what I shall say in commenting on one small phase of the naval appropriation bill is not said in a captious spirit or in a spirit of criticism, but rather is my view and my hope expressed here with the thought that perhaps in the future we may be able to correct a rather unhappy situation.

When the naval appropriation bill came to us from the House and we contemplated the fact that this was probably the largest peacetime naval appropriation in the history of the Republic, my attention was challenged by one brief provision in the bill.

On page 43 of this, the largest peacetime appropriation bill in the history of the Republic, occurred this language:

> That no part of this appropriation shall be used for the construction of a factory for the manufacture of airplanes or for the construction or manufacture in a Government-owned factory or plant of airplane engines other than experimental engines, or airplanes other than airplanes for primary training purposes.

In 1934, after something of a long discussion on the floor, provision was made whereby the President of the United States might allocate, and he did allocate, to a naval airplane factory in Philadelphia a certain definite amount of money to expand that plant, which had gone into disuse long years before and which, so far as the information I have discloses, appeared to be wholly incapable at that time of producing airplanes of the type the Government might have to have.

My purpose in making the fight on the floor of the Senate at that time was to make available to that airplane factory the funds wherewith to expand it to a point where the Government might conduct experiments to determine the primary cost of airplane engines, fuselages, and other materials and equipment which go into completed airplanes.

It was my fortune to serve on the Munitions Committee of the Senate. A number of gentlemen came before that committee one day and there told a story which was merely an amplification of the picture presented to the American people in 1932 and which helped to destroy the Republican Party at that time. It was one of those things which was outrageously scandalous and smelled to high heaven. These amiable gentleman testified that, as I recall, that in a period of 6 years they had rolled up in accomplished profits 1,142,000-percent profit; that is, 11,420 times the capital of their business reflected in profit; and that company made airplane engines used in part by your Government.

There was not a member of the Munitions Committee of this body, and there certainly could not be a Senator here who thinks along straight lines, who would not have been deeply resentful of the fact that any private business enterprise in the country doing business with the United States Government could roll up an 11,000-percent profit, in no small part out of the Government, in 5 or 6 years. If anyone thinks that is good business, he differs from my conception of what constitutes fair business profits; and to him I would say that such men sow the wind and we must reap the whirlwind in public condemnation for allowing it.

We all know, and certainly must feel keenly about the airplane frauds in this country. Almost overnight certain men became multimillionaires out of the airplane business. I doubt if there has been a picture presented to the American people more redolent of excessive profit and reflecting more upon this Government of ours in permitting such things to proceed than some of the activities in certain fields of the airplane industry. I have no objection to men making a legitimate profit, but I would object to men becoming multimillionaires overnight out of the United States Treasury without a murmur of protest from a Democratic Congress representing the New Deal. That is not too harsh a suggestion, because the people sent us here contemplating the fact that we would in reality give them a new deal. I am jealous of the good name and the good intentions of my party.

In 1934, I suggested to the Senate, and the Senate was kind enough to follow the suggestion at times, that we give to this little Government airplane factory in Philadelphia enough money to expand itself to the point where the Government might make a few of the needed airplane engines, just a few of them. The commercial airplane group in this country, for some obscure reason, is more potent than the voice of protest against grave abuses, and so we find in the naval appropriation bill, as it came from the House, a restriction upon even that dinky little factory, set up not necessarily as a yardstick, but just as a signpost, just as a warning to these gentlemen that if they continued this conduct, Uncle Sam might be constrained to manufacture a few airplane engines just to show what it would really cost to manufacture them.

To be sure, the conferees changed the House provisions, but leave in the bill the provision that none of the funds made available shall be used to build a new airplane factory. There is no prohibition against using some of the funds for the Philadelphia factory. That is not the precise point at issue. My complaint is that we have to fight, in conference or otherwise, to protect this small Government airplane factory, each session, against extermination. It is the sentiment reflected in the House provision to which I draw attention. It reflects a studied attitude of hostility to any effort on the part of the Government to protect itself by having this little yardstick wherewith to measure, in a slight degree, the cost of airplane manufacture.

We find these six or seven lines in the House bill, striking out of this, the largest appropriation we have ever made for the Navy in peacetimes, any possibility of Uncle Sam defending himself from practices of profiteering reflected in the example I have given.

I do not believe we can walk away from moral responsibility for this situation. I do not want to do it. I want to face it squarely. I deeply resent the fact that this Government seems to put itself in the position of cringing like a whipped spaniel before our war profiteers. The great mass of the people are going to know about it, because some of us are going to tell them about it. There is no excuse for this Government being rooked. I say that with full recognition of the fact that the men who do this kind of war business with the Government are entitled to a fair profit, but not to 11,000 times their capital in 5 or 6 years.

If we open the doors to that sort of a superglorified raid on the Treasury, which we are here presumably to protect—and certainly that is a violent presumption, if we are going to permit this thing to go on—then every special interest which thinks it can get away with it is going to come here and with every justification in the world say, "You let this other gang get away with this sort of business, and there is no reason why we should not be permitted to do the same thing."

We have presented to the Senate evidence that for approximately $24,000,000 we can expand the Government navy yards to a point where, with new machinery, new dies, new devices of every kind, the Government can handle the entire naval building program contemplated under the naval bill, which involves possibly the naval race contemplated by these larger expenditures.

Yet for some obscure reason, gentleman of the Senate, the very people who protest most vociferously, who are the most highly vocal in protesting that we need preparedness of an order the like of which we have never yet contemplated, object to the United States Government—your Government and my Government—taking out a little insurance against some

of the monstrous failures we had during the war, like the Hog Island scandal up here and other things of that kind. Those gentlemen, breathing fiery imprecations against pacifists on the one hand, breathe almost the same fiery imprecations against those of us who want the Government to prepare as fully and completely as it is possible to prepare by getting its navy yards in complete shape to fully take on this great burden, if it should come suddenly.

Government navy yards of ours, with an expenditure of some twenty-three or twenty-four million dollars, will be able to handle our whole new program. What is wrong with that? How can the most ardent exponent of preparedness object to that? And yet, gentlemen of the Senate, for some obscure reason some professed exponents of preparedness do not want preparedness if Uncle Sam himself stands ready to do it. Therefore, despite an innate desire on my part to be absolutely and wholly fair to all those who may differ with the friends of public building, I am sometimes tempted to question whether these critics would rather not have full preparedness than to have it if it means preparing the Government to do its own work.

For $24,000,000 every exponent of preparedness in this country may know in his heart that this Government will be made ready to build all the warships necessary to meet the naval race that appears to be coming on. I say again—I am not going to talk much longer—that I cannot understand why these gentlemen present to the country this constant, unending demand for preparedness, and yet come down here and object to the efforts of those of us who are trying to put Uncle Sam in a position where he can fully defend himself and can fully prepare on short notice.

On the Pacific coast and on the Atlantic coast are great navy yards that can be expanded with this twenty-three or twenty-four million dollars to do all our naval work. They can announce to the world that Uncle Sam tomorrow, or as soon as those plants are expanded, stands ready to build every ship of his, if need be, rapidly and under the stress of a great naval race. Yet if you tried to get through Congress a bill definitely appropriating $24,000,000 for that laudable purpose, you would run into a fight—a fight from whom? A fight from the very men who assure us of full and undivided allegiance to the theory of national preparedness.

I think there is something unhappy about that attitude of mind. It does not square with professions of loyalty to a preparedness program. The thing that I have adverted to here, the fact that the House has seen fit to interpolate into this bill these four or five lines trying to kill this tiny Government airplane plant up in Philadelphia, is an evidence of the fact that the men who roll up private war profits are determined that this Government shall not fortify itself.

I want to see my Government in position to defend itself, and I feel that it is incumbent upon me to rise and challenge the philosophy which seems to be reflected in this provision bringing death to this Government plant. I do not want my Government to cringe like a whipped spaniel at the very feet of private airplane companies and private naval builders. I would have it say to these men, "when you build these instrumentalities of war we are willing that you should make a legitimate profit, but we are not willing to be rooked by you." I think that those who have respect for good business practices may agree with me.

Why should we demean ourselves by putting in a bill of this character, words of this type, that are in themselves pathetic in their expression of a defeatist philosophy—just smashing at a dinky little factory up there in Philadelphia lest that little thing be used as a yardstick, as a barometer, to measure real values in the airplane world? Men here have seen these airplane-company owners make fortunes out of this war game. You have seen what this subsidy business did, and you have seen a growth of this subsidy program until finally, gentlemen of the Senate, you have seen as an outgrowth other groups come down to Washington and say, "Well, you have been doing it for less worthy folks and we want you to do it for us."

I think the time has come to serve notice here that this Government from now on intends not to be a Hungarian helot, and cringe like a yellow dog every time one of these outfits cracks its whip, but that from now on it is going to stand up in the majesty of Government and tell this crowd that no longer are we going to permit them to come down here and tell us that we cannot create any of our own instrumentalities of war.

I have no quarrel with preparedness; but I do have a quarrel with the men who would not willingly permit us to appropriate one dollar of Government money to make the Government self-sufficient in time of war.

Mr. BYRNES. Mr. President, will the Senator yield to me?

Mr. BONE. I am very glad to yield to the Senator from South Carolina.

Mr. BYRNES. I have been out of the Chamber. Is the Senator under the impression that the conference report on the naval bill as agreed to would prevent the Philadelphia factory from continuing the construction or manufacture of airplanes for the Navy?

Mr. BONE. The Senator, I am sure, has misunderstood the purport of my remarks.

Mr. BYRNES. I was out of the Chamber.

Mr. BONE. I was merely calling attention to the fact that this factory in Philadelphia existed, and that for some obscure reason an effort was made in the naval bill to destroy it, and I am protesting the spirit which seems to animate us in dealing with this matter, rather than with what was done with it.

Mr. BYRNES. I desire to say to the Senator that while it is true that the House inserted the language to which he objects, the Senate struck it out, and in conference the position which the Senator favors was sustained by the conferees; so that under the language of the report, as finally agreed upon, the Philadelphia factory will be permitted to continue to manufacture not only engines but airplanes.

Mr. BONE. I am fully aware of that. The Senator from South Carolina was absent while I was speaking.

Mr. BYRNES. Yes.

Mr. BONE. I am fully aware of that; but what I am pointing out now is that even with a little, dinky appropriation for this little, dinky factory—if I may use that vulgarism—we have this fight each time. I thought in 1934 that we had gotten to a point where we had served sufficient notice on the world at large that Uncle Sam intended to do a little something in the way of protecting himself. I am not criticizing the attitude of my colleagues who were on the committee. I am fully aware of what was done with the bill, because I have it in front of me; but I was trying to point out, in my brief remarks, that in this preparedness program I cannot understand the attitude of public officials who object to this Government fortifying itself by getting ready to build its own equipment. Why do we always appear to very assiduously lick the boots of private naval builders and private airplane companies? Perhaps that is too harsh an indictment; but year in and year out, if we raise a demand here for a dollar of further activity in the direction of public building, we meet this sort of criticism; and next year when the naval bill comes over, or the military bill, we shall have the same little jokers in it that we shall have to fight and try to get out.

Mr. BYRNES. Mr. President, with reference to the remarks of the Senator, I only wish to call the attention of the Senator to the fact that while it is true that in the House language was inserted in the naval appropriation bill which would have discontinued the manufacture of airplanes and of airplane engines at the Philadelphia factory, in the bill as it has passed the Senate and in the conference report the position which the Senate favors is sustained, and there is no prohibition against the Philadelphia factory continuing the manufacture of planes and engines.

Mr. BONE. Again at the expense of being a bit tedious, I may say to the Senator that I raise no issue of that kind. I never raised that issue. I merely am commenting on the fact that those of us who believe in adequate preparedness

find ourselves confronting, right here in the Congress of the United States, under a so-called New Deal, the same peculiar kind of loyalty to the men who, by their extreme conduct—that is a rather mild way of putting it—brought about the revulsion of feeling that put Franklin D. Roosevelt in the White House. These ship subsidies and air-mail subsidies were a stench; and yet, when we try to lay hands on this sort of business, we meet with objections, and I think it does not square with our professions of loyalty to a new deal.

I am not insisting here that the Government manufacture everything it uses; but certainly the small amount of money necessary to expand our naval and military facilities ought not to be challenged as something un-American. The peculiar part of it, I will say to the Senator from South Carolina, is that there is a certain type of mind that sees nothing wrong in a private outfit building a military airplane or a naval airplane engine but sees something sinister, un-American, and corrupt in the Government doing it for its own protection. I cannot follow that kind of philosophy.

Mr. BYRNES. I agree with that. We cannot regulate all kinds of minds; but so long as the majority of the minds are right, the country is safe, and the Senator, I know, will be satisfied.

REGULATION OF COMMODITY EXCHANGES

The Senate resumed the consideration of the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes.

Mr. MURPHY. Mr. President, I ask to have the next amendment stated.

The PRESIDING OFFICER. The next amendment will be stated.

The LEGISLATIVE CLERK. The next amendment appears in the committee print on page 14, line 24, after the word "issued", to insert certain words, so as to read:

All registrations shall expire on the 31st day of December of the year for which issued, and shall be renewed upon application therefor unless the registration has been suspended (and the period of such suspension has not expired) or revoked after notice and hearing as prescribed in section 4g of this act.

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 15, line 14, it is proposed to strike out the word "hereunder" and insert "thereunder", so as to read:

SEC. 4g. If any person registered hereunder as futures commission merchant or floor broker shall violate any of the provisions of this act, or any of the rules or regulations of the Secretary of Agriculture thereunder, or shall fail or refuse to make any report required by the Secretary of Agriculture regarding the transactions of such person, or the transactions of the customers thereof—

And so forth.

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 16, line 12, it is proposed to strike out "delivery that" and insert "delivery, that", so as to read:

SEC. 4h. It shall be unlawful for any person—

(1) to conduct any office or place of business anywhere in the United States or its territories for the purpose of soliciting or accepting any orders for the purchase or sale of any commodity for future delivery, or for making or offering to make any contracts for the purchase or sale of any commodity for future delivery, or for conducting any dealings in commodities for future delivery, that are or may be used for

(A) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or

(B) determining the price basis of any such transaction in interstate commerce, or

(C) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof—

And so forth.

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 18, after line 7, it is proposed to insert:

SEC. 4j. Nothing herein contained shall be construed so as to prevent the suspension or expulsion of any person from membership, or membership privileges, in any exchange or board of trade, or similar institution.

Mr. MURPHY. Mr. President, this amendment is presented by the Senator from South Carolina; and I should like to invite his attention to it.

Mr. SMITH. Mr. President, I wish to say just a word in reference to the amendment, and then I shall have concluded.

Reading the context carefully, my first impulse when I drew this amendment was that it might be possible for someone so to abuse his privileges that the exchange or the board of trade might expel him for good and sufficient reasons; but it has been brought to my attention that this provision would give them power to expel those whose membership in other organizations might not be acceptable.

In view of the fact that the expulsion and license and registration are safeguarded, I have no objection to the amendment being rejected.

Mr. MCNARY. Mr. President, will the Senator yield, that I may suggest the absence of a quorum? A number of Senators on this side have expressed a desire to be present when this amendment was brought up.

Mr. MURPHY. I may say to the Senator that the amendment has been withdrawn.

Mr. MCNARY. Withdrawn temporarily, or permanently?

Mr. SMITH. Permanently.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

The PRESIDING OFFICER. The clerk will state the next amendment.

The LEGISLATIVE CLERK. It is proposed, on page 19, line 21, to strike out the words "when so directed by the Secretary of Agriculture", so as to read:

(3) require the operators of warehouses in which or out of which any commodity is deliverable on any contract for future delivery made on or subject to the rules of such contract market, to make such reports, keep such records, and permit such warehouse visitation as the Secretary of Agriculture may prescribe. Such books and records shall be required to be kept for a period of 3 years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and such books, records, and warehouses shall be open at all times to inspection by any representative of the United States Department of Agriculture or United States Department of Justice.

The amendment was agreed to.

The next amendment was, on page 21, line 2, after the word "congestion", to insert a colon and the words "*Provided, however,* That such order shall not apply to then existing contracts", so as to read:

(4) when so directed by order of the Secretary of Agriculture, provide for a period, after trading in contracts of sale of any commodity for future delivery in a delivery month has ceased, during which contracts of sale of such commodity for future delivery in such month may be satisfied by the delivery of the actual cash commodity. Whenever, after due notice and opportunity for hearing, the Secretary of Agriculture finds that provision for such a period of delivery for any one or more commodities or markets would prevent or tend to prevent "squeezes" and market congestion endangering price stability, he shall, by order, require such period of delivery (which shall be not less than 3 nor more than 10 business days) applicable to such commodities and markets as he finds will prevent or tend to prevent such "squeezes" and market congestion: *Provided, however,* That such order shall not apply to then existing contracts.

The amendment was agreed to.

The next amendment of the committee was, on page 21, line 9, after the word "of", to strike out the words "delivery, at least 3 business days prior to such date" and to insert in lieu thereof the words "delivery at least 1 business day prior to such date of delivery"; and on line 20, after the word "unfair", to strike out the words "practices; and" and to insert in lieu thereof the words "practices: *Provided, however,* That such order shall not apply to then existing contracts", so as to read:

(5) require the party making delivery of any commodity on any contract of sale of such commodity for future delivery to furnish the party obligated under the contract to accept delivery, written notice of the date of delivery at least 1 business day prior to such date of delivery. Whenever, after due notice and opportunity for hearing, the Secretary of Agriculture finds that the giving of longer notice of delivery is necessary to prevent or diminish unfair practices in trading in any one or more commodities or markets, he shall by order require such longer notice of

delivery (which shall be not more than 10 business days) applicable to such commodities and markets as he finds will prevent or diminish such unfair practices: *Provided, however,* That such order shall not apply to then existing contracts.

Mr. McNARY. Mr. President, I do not understand the full meaning of the amendment on line 20. Is it a committee amendment?

Mr. MURPHY. Yes; it is a committee amendment.

Mr. McNARY. Very well.

Mr. MURPHY. The amendment also has the approval of the Secretary of Agriculture, and was suggested by him. It gives warehouse receipts issued by a Federal warehouse the same standing as those issued by a State warehouse.

Mr. McNARY. It places both the Federal and State warehouses on a parity?

Mr. MURPHY. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, on page 22, line 2, after the word "officially" to strike out "promulgated." and to insert the following:

promulgated; and

(7) require that receipts issued under the United States Warehouse Act (U. S. C., 1934 ed., title 7, secs. 241–273) shall be accepted in satisfaction of any futures contract, made on or subject to the rules of such contract market, without discrimination and notwithstanding that the warehouseman issuing such receipts is not also licensed as a warehouseman under the laws of any State or enjoys other or different privileges than under State law: *Provided, however,* That such receipts shall be for the kind, quality, and quantity of commodity specified in such contract and that the warehouse in which the commodity is stored meets such reasonable requirements as may be imposed by such contract market on other warehouses as to location, accessibility, and suitability for warehousing and delivery purposes.

The amendment was agreed to.

The next amendment was, on page 26, line 11, after the words "board of trade", to insert the following proviso: *"Provided, however,* That if any such association or corporation shall fail to meet its obligations with any established clearing house or clearing agency of any contract market, such association or corporation shall be ipso facto debarred from further trading on such contract market, except such trading as may be necessary to close open trades and to discharge existing contracts in accordance with the rules of such contract market applicable in such cases", so as to read:

SEC. 9. The Grain Futures Act is amended by adding after section 6 (U. S. C., 1934 ed., title 7, secs. 8, 9, 10, and 15) the following new sections:

"SEC. 6a. (1) No board of trade which has been designated as a 'contract market' shall exclude from membership in, and all privileges on, such board of trade any association or corporation engaged in cash commodity business having adequate financial responsibility which is organized under the cooperative laws of any State, or which has been recognized as a cooperative association of producers by the United States Government or by any agency thereof, if such association or corporation complies and agrees to comply with such terms and conditions as are or may be imposed lawfully upon other members of such board, and as are or may be imposed lawfully upon a cooperative association of producers engaged in cash commodity business, unless such board of trade is authorized by the Commission to exclude such association or corporation from membership and privileges after hearing held upon at least 3 days' notice subsequent to the filing of complaint by the board of trade: *Provided, however,* That if any such association or corporation shall fail to meet its obligations with any established clearing house or clearing agency of any contract market, such association or corporation shall be ipso facto debarred from further trading on such contract market, except such trading as may be necessary to close open trades and to discharge existing contracts in accordance with the rules of such contract market applicable in such cases. Such Commission may prescribe that such association or corporation shall have and retain membership and privileges, with or without imposing conditions, or it may permit such board of trade immediately to bar such association or corporation from membership and privileges. Any order of said Commission entered hereunder shall be reviewable by the circuit court of appeals for the circuit in which such association or corporation, or such board of trade, has its principal place of business, on written petition either of such association or corporation or of such board of trade under the procedure provided in paragraph (a) of section 6 of this act, but such order shall not be stayed by the court pending review."

The amendment was agreed to.

The next amendment was, on page 27, after line 6, to strike out the following:

(2) No rule of any board of trade designated as a "contract market" shall forbid or be construed to forbid the payment of compensation on a commodity unit basis or otherwise by any such cooperative association to its regional or local member associations for business received by such cooperative association, provided no part of any such compensation other than amounts paid as dividends on capital stock is returned to producer patrons of such regional or local member associations otherwise than on a patronage basis and not more frequently than annually; nor shall the governing body of any board of trade designated as a contract market exclude from membership in, and all privileges on, such board of trade any duly authorized representative of any cooperative association as herein defined, which is otherwise qualified, because of the payment of such compensation.

And to insert in lieu thereof the following:

(2) No rule of any board of trade designated as a contract market shall forbid or be construed to forbid the payment of compensation on a commodity-unit basis, or otherwise, by any federated cooperative association to its regional member-associations for services rendered or to be rendered in connection with any organization work, educational activity, or procurement of patronage, provided no part of any such compensation is returned to patrons (whether members or nonmembers) of such cooperative association, or of its regional or local member-associations, otherwise than as a dividend on capital stock or as a patronage dividend out of the net earnings or surplus of such federated cooperative association.

Mr. McNARY. Mr. President, this language plainly modifies the Grain Futures Act as enacted some years ago. Will the Senator explain the reasons for the modification of the existing act with respect to the contract markets?

Mr. MURPHY. Mr. President, under the original language of paragraph 2 of section 6a on page 27, a central cooperative association might contract with a local member association for business received on a bushelage basis, providing no part thereof was returned to producer patrons of such local association. The Secretary of Agriculture considered this to be a violation of exchange rules against rebating and suggested the substitute language commencing in line 22, on page 27. The only change made by the committee was the insertion of the word "federated" on line 9, on page 28, the effect of which now is to authorize the central cooperative association to contract with its regionals on a bushelage basis for services rendered, but prevents the refunding of such moneys to either the regional organizations or local organizations, except as a result of a duly declared dividend on the capital stock or on patronage out of the net earnings of such cooperative association.

Mr. McNARY. Mr. President, I believe I am correctly informed that the grain cooperatives ask for a modification as specified in the pending language.

Mr. MURPHY. I am sorry there is so much confusion, I cannot hear the Senator.

Mr. McNARY. I am advised that the cooperatives dealing in grain have asked for a modification of the provision of law as contained in this specific language.

Mr. MURPHY. My understanding is that they give agreement to this amendment, except that I think there was one exception. If my memory serves me correctly, the National Grange protested against it, but everybody else seemed in agreement in its acceptance.

Mr. NORRIS. Mr. President, my impression was that all the cooperatives desired to have this provision inserted. There had been disputes between the board of trade and certain cooperatives, the charge being made that rebates had been allowed, and it was claimed they could not operate with that practice in vogue. This amendment is proposed in order to correct that situation. The general cooperative can pay to the regional cooperative for services rendered, and that is made a legitimate operation of a cooperative organization. In fact, this is necessary, unless we would prohibit the cooperative from doing some of the things which are absolutely necessary to be done in order that there may be cooperatives.

Mr. HATCH. Mr. President, I believe I am correct in saying that this is the amendment which was presented by the cooperatives, who stated it was a compromise. It is not

all they desired, but it is the best they could get. They do not think it covers the situation as fully as they desire, but it does represent a compromise among all parties. Is not that correct?

Mr. MURPHY. Mr. President, I have no recollection on that point.

Mr. POPE. Mr. President, I think the statement of the Senator from New Mexico [Mr. HATCH] is entirely correct. It is the desire of the board of trade that the practice of granting rebates by the regionals to their members be stopped, and that has been attempted by the pending amendment. There are some regionals which were opposed to it but the Secretary has reported this as being a fair compromise, a fair provision as between the contentions of the board of trade and certain regionals, and it appears to me to be perfectly fair. It does not seem to me to be fair that a regional may pay out what amounts to a rebate, contrary to the rules of the board of trade, and thus undermine the whole market condition.

Mr. VANDENBERG. Mr. President, not with particular reference to the pending amendment, but more particularly with reference to my colloquy yesterday with the able junior Senator from Idaho [Mr. POPE], I desire to ask either the Senator from Idaho or the Senator from Iowa [Mr. MURPHY] for one further and perhaps final interpretation respecting the general effect of the bill.

I am referring to the right of legitimate hedging. It is quite plain what the bill does in respect to contract markets, floor brokers, commission merchants, and so forth. What I wish to know is, What happens to the little flour miller, of whom there are thousands across the country, who finds it necessary to hedge his wheat purchases? There is no argument anywhere as to the legitimacy of such an operation; and it is my understanding that the bill undertakes definitely, specifically to recognize his right to proceed with legitimate hedging. My question is, What happens in respect to the individual miller if one of his hedging operations is questioned as to its bona fides? What then happens?

Mr. POPE. Mr. President, will the Senator yield?

Mr. MURPHY. I yield.

Mr. POPE. Since yesterday I have studied that matter rather carefully and have come to the conclusion that whether or not the small miller who desires to engage in hedging operations is a member of the board of trade, he may hedge to the full extent of the definition contained in the bill; but if he exceeds in his purchase or sale of futures, the amount or value of the actual grain against which he is hedging, nothing will be done until he exceeds the limit which may be fixed by the Commission—say, 2,000,000 bushels a day—as the amount to which one who is operating on the market may engage in speculative transactions.

If he exceeds the limit fixed by the Commission, he may be punished in two ways, which are provided in the bill. The Commission, after full hearing, and with a right to judicial review, may withdraw from him or deprive him of his privileges to trade on the exchange. Then I find that there is in the bill a general provision which requires that such a man be also prosecuted criminally in the courts. So this is what will happen: If he merely exceeds his right to hedge under the definition in the bill, but does not exceed the limit which may be fixed, nothing, of course, will be done, because he has a right to engage in purely speculative trading, beyond hedging, up to whatever limit may be fixed by the Commission; but when he exceeds that limit he will be subject to the penalties of the statute.

Mr. VANDENBERG. Mr. President, then, from the Senator's statement, I should think that in practical effect there probably could not be any embarrassment or difficulty for the average small miller who is attempting legitimately to hedge, and who might merely miss the limitation by some casual miscalculation.

Mr. POPE. Exactly so. After coming to this conclusion I conferred with the Grain Futures Administration and with their attorney, and found that their judgment confirms the statement I made—that no attention would be paid or could be paid to trading in futures beyond legitimate hedging until the limit that might be fixed for speculative trading should be reached.

Mr. VANDENBERG. I thank the Senator for his statement.

MISSISSIPPI RIVER FLOOD CONTROL

Mr. CLARK. Mr. President, yesterday I entered a motion to reconsider the vote by which the House amendments to the so-called Overton bill, being the bill (S. 3531) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, had been disagreed to, and the bill sent to conference. I did that for two reasons: Because I am very much in favor of the House amendment to the Overton bill providing for certain dams on the White River in Arkansas and Missouri; also, because I personally could not see any reason on earth why the principle of local contribution and State contribution which has been applied in the case of the omnibus flood-control bill should not be also applied to the Overton bill.

After conferences with the majority leader and other Senators very much interested in the measure, I have come to the conclusion that the whole project might be forwarded very much by sending this bill to conference. I therefore desire to withdraw the motion which I entered yesterday for the reconsideration of the vote by which the House amendments were disagreed to and a conference asked with the House.

Mr. NORRIS. Mr. President, a parliamentary inquiry. As I understand the rules of the Senate, the Senator from Missouri may not withdraw his motion to reconsider except by unanimous consent. I have no objection to his doing so, but I desire to have the record correct.

Mr. CLARK. My understanding is that within the 2-day limit the Senator who enters such a motion may withdraw it. I purposely came over to take up the matter this afternoon for that very reason.

Mr. NORRIS. There is a positive inhibition in the rules against the withdrawal of a motion to reconsider except by unanimous consent.

Mr. CLARK. Then I will ask unanimous consent to do so; but I understood that it was the privilege of any Senator within the time limit to withdraw a motion to reconsider, so that he should not preclude any other Senator from entering it.

Mr. NORRIS. But some Senator might be absent, and not be aware of what was done.

Mr. CLARK. Then, to obviate any dispute about the matter, I ask unanimous consent to withdraw the motion to reconsider the vote by which the House amendments to the so-called Overton bill were disagreed to and the bill was sent to conference.

The PRESIDING OFFICER (Mr. MURRAY in the chair). Is there objection? The Chair hears none, and the motion to reconsider is withdrawn.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

REGULATION OF COMMODITY EXCHANGES

The Senate resumed the consideration of the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes.

Mr. MURPHY. Mr. President, the following provision appears in the bill at page 10, line 21:

> Nothing in this section shall be construed to prevent the exchange of futures in connection with cash commodity transactions or of futures for cash commodities, or of transfer trades or office trades if made in accordance with board of trade rules applying to such transactions and such rules shall not have been disapproved by the Secretary of Agriculture.

So that the small individual for whom the Senator is solicitous would suffer no embarrassment at all under the bill. It is primarily designed to cure excessive speculation, whatever that may be determined to be.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 27, line 7.

The amendment was agreed to.

Mr. MURPHY. Before proceeding with the next amendment, on page 31, dealing with cotton, I suggest that on page 2, line 14, there is an amendment which was passed over, to strike out "butter, and eggs." My understanding is that it is the purpose of one of the Senators to take that up.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In section 3, on page 2, line 14, it is proposed to strike out "butter, and eggs."

Mr. AUSTIN. Mr. President, if the pending legislation is to be enacted, and the commodities which dairymen have to buy from other sections of the country and obtain in interstate commerce are to have their prices fixed by a centralized authority such as that to be established by the proposed legislation, all of which I must confess I am not in sympathy with, I think it is economically fair that butter in particular should be included among the commodities comprehended by the bill, because the price of butter affects directly, and almost immediately, the price of fluid milk and of cream. I am informed that if there is need for the proposed legislation on account of speculation in the other commodities mentioned in the bill, by the same token there is need for it with respect to butter.

I am not personally familiar with the facts. Therefore, I rely upon a statement prepared by the National Cooperative Milk Producers' Federation, Charles W. Holman, secretary, 1731 I Street, NW., Washington, D. C., which represents to me with respect to dealing in futures substantially as follows:

Most of the future trading in butter is done on the Chicago futures market. Taking the year 1932 as an example, we find that 400,000,000 pounds of futures were sold on the Chicago market. This represented approximately 25 percent of the total production of creamery butter in the United States for that year. Most of the future trading in butter is done in connection with the storing and holding of butter from the summer to late fall and winter. The maximum amount of butter in storage in the four principal markets of the country in any one month during that year was 49,306,000 pounds. It is reasonable to assume, therefore, that speculative trading was at least nine times more than was necessary to cover legitimate hedging operations. This was approximately the same amount of speculative trading that is found on the wheat and cotton markets.

Mr. President, assuming that statement to be true, it occurs to me that the same objective which the bill apparently has for other commodities should be applied to butter, in order that there may not be a dislocation of the economic rights in the market of those whose principal occupation is dairying, and those whose principal occupation is raising food for dairy cattle, among other things.

I ask unanimous consent to have printed in the RECORD, in connection with my remarks at this point, the entire memorandum to which I have just referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

The memorandum is as follows:

MEMORANDUM RE PLACING BUTTER IN THE COMMODITY-EXCHANGE BILL

The commodity-exchange bill, H. R. 6772, as adopted by the House of Representatives, proposes to regulate speculative trading, not only in grain, cotton, and other similar commodities, but also in butter.

This bill was reported out by the Senate Committee on Agriculture and, after being placed on the calendar, a hearing was granted to certain interests opposed to the bill.

After this hearing, the Senate Committee on Agriculture voted to strike butter and eggs out of the bill.

At the hearing on the bill, Donald Kane, representing the National Cooperative Milk Producers' Federation, a federation of 55 dairy cooperative-marketing associations having a farm membership of more than 360,000 dairy farmers, appeared in support of having butter covered by the bill. The members and submembers of this federation market every kind of dairy products, and their operations cover the whole of the United States.

His appearance was also made specifically for the butter members of the federation, all of whom requested that butter be covered by the commodity-exchange bill, including Land O'Lakes Creameries, Inc., of Minneapolis, a farmers' cooperative organization having 400 local cooperative creamery associations as its members, located largely in Minnesota, Wisconsin, North Dakota, and South Dakota; Challenge Cream & Butter Association, a farmers' cooperative association having a membership of 18 local cooperative creameries in California, Idaho, Wyoming, Colorado, Nevada, and Utah; United Dairymen's Association, a farmers' cooperative association having 12 local cooperative creamery members in the States of Washington and Idaho; the Interstate Associated Creameries, a farmers' cooperative association having a membership of eight cooperative creameries located in the State of Oregon; Dairy & Poultry Cooperatives, Inc., a farmers' cooperative association having a membership of 50 local cooperative creameries in Iowa, Nebraska, North Dakota, and South Dakota; and Mid-West Producers' Creameries, Inc., a farmers' cooperative association having a membership of 19 local cooperative creameries in Indiana and Michigan.

According to a recent report of the Farm Credit Administration, approximately 36 percent of the creamery butter sold in the United States is marketed by cooperative creameries, and of this 36 percent, over 60 percent is marketed by the associations represented by the National Cooperative Milk Producers Federation, and who requested the inclusion of butter in the Commodity Exchange bill.

The inclusion of butter in the bill was opposed by representatives of the organized produce exchanges of New York and Chicago.

In addition to the request that butter be included in the bill on the part of the National Cooperative Milk Producers Federation, the committee was urged to retain butter in the Commodity Exchange bill by representatives of the American Farm Bureau Federation, the National Grange, and the National Farmers' Union.

Accordingly, the issue is clearly drawn. The farmers of the country practically unanimously requested that butter be included in the Commodity Exchange bill. Representatives of the produce markets of Chicago and New York, who make their living out of handling our farmers' butter, are opposed to any regulation. The question involved is a simple one. Will the Senate follow the wishes of the farmers of America in this connection, or follow the wishes of the organized produce exchanges?

It is obvious to anyone who studies a chart of butter prices throughout the year, that the violent fluctuations in butter prices cannot be accounted for in any reasonable manner by long-time supply and demand conditions.

The lowered prices of butter in the flush period when production is heavy and when butter is being put in storage is easy to understand, and is probably economically justifiable. Fluctuations in prices, however, during the winter months when production is at its lowest and when the purchasing power of the public is relatively stable, cannot be justified by normal economic factors. There can be no question but that these price changes in the winter months are occasioned, at least in part, by speculative manipulation on the butter exchanges.

On April 16, just barely a month ago, the price of butter in Chicago dropped 4 cents in 1 day. Although a part of this drop might be attributed to the fact that we are approaching our flush season, the full drop of 4 cents cannot be accounted for in this manner. Speculative influence had their part in causing this terrific 1-day smash which meant thousands of dollars in lower returns to every dairy farmer in the country on the following day when he was delivering his butterfat to his local creamery.

Much is made of the fact that no abuses have been proven relative to speculative operations in butter futures. This is due largely to the fact that up to the present time there has been no power in any Federal agency to require reports and to obtain statistics relative to the operation of speculators in the butter markets. On the other hand, nowhere in the evidence presented by opponents of having butter in the Commodity Exchange bill is any real evidence produced as to why butter should not be in the bill. The representatives of the produce exchanges apparently proceed on the theory that since there is no definite statistical data available relative to the operations of the speculators in the butter market that the speculators are entitled to some God-given right to gamble in the products of dairy farmers without any regard to the effect that it may have upon the prices that our farmers receive for butterfat on the farm.

Not only does the speculative influence of gamblers on the butter market affect the farmers who are delivering their butterfat to creameries, but it likewise affects every dairy farmer, whether he is selling his milk for fluid-milk purposes, for cheese, or for any other manufactured dairy-product purpose. Butter is the fundamental factor involved in the price of all dairy products. The price for other dairy products, including fluid milk and cheese, go up and down as the butter market goes up and down. The influence of butter prices on fluid-milk prices and other dairy-product prices is not felt as rapidly as it is felt by farmers delivering to creameries, but the result over a long-time period is identical.

In addition to the influence of butter prices on fluid-milk prices, i. e., on bottled milk sold for consumption, butter prices have a substantial effect on all fluid-milk areas in their influence on the price of cream for consumption as such and also where used in the manufacture of ice cream. In practically every milk market in the country the price of cream is fixed by a formula based on the price of butter, either at New York or at Chicago; thus the returns to dairy farmers in the fluid-milk areas depends to a considerable extent on the price at which butter is sold.

With all of the dairy farmers of the country so vitally interested in butter prices and with the provision in the bill which exempts legitimate hedging from operations of the bill, it is difficult to see how the Senate committee could vote to take butter out of the commodity exchange bill, with the resultant benefit accruing only to a few speculators whose only interest in the

butter market is the amount of money they can make through their speculations.

Briefly, as far as butter is concerned, the effect of the bill would be as follows:

1. Every commission merchant or broker dealing in butter futures would be required to register with the Secretary.

2. A system of reporting is definitely set up which would enable the Secretary of Agriculture to compile information not now available with respect to speculative holdings, both long and short, in butter.

3. If, under the reporting section mentioned above, evidence becomes available indicating that limits should be fixed on the amount of speculative trading which should be permitted in the butter market, the Commission which is provided for in the act, after due notice and opportunity for hearing, may fix limits on the amount of speculative trading which will be permitted.

4. Certain unfair and illegal practices are prohibited.

5. The bill provides definite protection for farmers' cooperative associations on their operations on the butter exchanges so that they cannot be unfairly discriminated against by private handlers of butter.

There is not one section of the bill which will work a hardship of any honest, legitimate concern, whether it is a cooperative or a private organization.

If the contention of the butter exchanges is correct, that no evil practices are being engaged in, the sole result of the bill will be to require that commission men and brokers register and that they report their speculative trading to the Secretary of Agriculture.

So long as the marketing system of the country permits speculative trading in farm commodities the speculators should have no objection to having some reasonable degree of governmental supervision over their speculation.

The Supreme Court of the United States has said that the future markets of the country are vested with a public interest, and if it is sound and wise governmental policy to exercise this supervision over speculative trading in grain and cotton, it is likewise sound that such governmental supervision be extended to cover butter, which is the cornerstone of the whole dairy industry, an industry which in dollars and cents is more important to the farmers of this country than either the cotton industry or the grain industry.

As far back as March of 1932 Secretary Hyde, the then Secretary of Agriculture, in writing to Senator MCNARY relative to a bill introduced by Senator CAPPER to regulate the future sales of butter and eggs on commodity exchanges, indicated that the Department of Agriculture felt that because of the wide public interest in the operation of future exchanges, legislation covering the future sales of butter and eggs on commodity exchanges should be enacted by Congress. We believe that this opinion is also the opinion of the present Secretary of Agriculture.

Most of the future trading in butter is done on the Chicago futures market. Taking the year 1932 as an example, we find that 400,000,000 pounds of futures were sold on the Chicago market. This represented approximately 25 percent of the total production of creamery butter in the United States for that year. Most of the future trading in butter is done in connection with the storing and holding of butter from summer to late fall and winter. The maximum amount of butter in storage in the four principal markets of the country in any one month during that year was 49,306,000 pounds. It is reasonable to assume, therefore, that speculative trading was at least nine times more than was necessary to cover legitimate hedging operations. This was approximately the same amount of speculative trading that is found on the wheat and cotton markets.

In addition to the reasons which we have set out in this memorandum, a very substantial reason for including butter in the commodity exchange bill is found in the fact that if the speculative operations of gamblers is restricted on the grain and cotton exchanges and the produce exchanges are left open and free from any control, we can expect a substantial influx of speculators in the butter market. Here they will find a fertile field for their operations when such operations become difficult on the grain and cotton exchanges because of the provision in the commodity exchange bill.

Many of our member associations have indicated to us that already many of the speculators who formerly operated in the grain market in Chicago have changed the field of their operations to the butter market to avoid the necessity of placing their speculative operations under the scrutiny of the Secretary of Agriculture. With this situation already existing, we may confidently expect substantial increases in the speculative element on the butter exchanges unless the same checks on speculative operations on butter are imposed as are placed on grain, cotton, and other commodities covered by the bill.

We therefore respectfully request that the Senate defeat the amendment proposed by the Agricultural Committee to strike butter out of the commodity exchange bill.

MAY 20, 1936.

Mr. AUSTIN. Mr. President, I am opposed to striking the words "butter, and eggs" from the bill.

Mr. SCHWELLENBACH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCHWELLENBACH. Is a motion to divide the question as between "butter, and eggs" in order?

The PRESIDING OFFICER. The Chair will state that such a motion is in order.

Mr. SCHWELLENBACH. I make that motion, Mr. President.

Mr. MURPHY. Mr. President, what is the motion of the Senator from Washington?

Mr. SCHWELLENBACH. My motion is to divide the question as between "butter, and eggs", so that first vote will be with reference to butter and then with reference to eggs.

The PRESIDING OFFICER. The question is on the motion of the Senator from Washington to divide the amendment in section 3, page 2, line 14, so as to take separate votes on "butter, and" and "eggs."

The motion was agreed to.

The PRESIDING OFFICER. The question is on the amendment in section 3, page 2, line 14, to strike out the words "butter, and."

Mr. NORRIS. Mr. President, I inquire if any Senator has the floor?

The PRESIDING OFFICER. The Senator from Iowa [Mr. MURPHY] has the floor.

Mr. NORRIS. Very well.

Mr. MURPHY. Mr. President, in connection with the remarks of the Senator from Vermont [Mr. AUSTIN], I may say that the committee in reporting the bill struck out the words "butter and eggs" because there was no adequate showing of any abuses in the trading in futures in those commodities, and the committee felt that, in the absence of a showing of abuse, it was not justified in intruding the hands of the Federal Government into a private business which heretofore has been free from any governmental interference.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. MURPHY. I yield.

Mr. WALSH. Is there any appreciable trading in futures in butter and eggs?

Mr. MURPHY. There is.

Mr. WALSH. But the Senator says the committee found no abuses existing.

Mr. MURPHY. We found no abuses; at least, there was no testimony adduced showing that there was any particular abuse, no such comparable testimony as was piled up in the case of trading in grain futures.

Mr. WALSH. I assume there is a likelihood of some abuses in connection with the other commodities mentioned?

Mr. MURPHY. I think that is the apprehension that suggested the inclusion of those commodities in the bill.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. MURPHY. I yield.

Mr. MALONEY. Was there any outside suggestion that that portion of the bill as written by the House be stricken out?

Mr. MURPHY. Yes, very clearly so. There was outside suggestion that it be left in, and there was outside suggestion that it be stricken out. There were, as I recall, three witnesses representing the egg industry before the committee who asked the exclusion of eggs.

Mr. MALONEY. I should like to say to the Senator in that connection, if I may, that those engaged in the poultry industry in my neighborhood, insofar as I have been able to ascertain their attitude, favor the inclusion of eggs.

Mr. MURPHY. I may say further that we have had a much closer touch with people engaged in the industries since the amendments of the committee were reported than we had during the time the bill was being considered by the committee.

Mr. WALSH. Mr. President, will the Senator yield further?

Mr. MURPHY. I yield to the Senator from Massachusetts.

Mr. WALSH. If I understand the Senator correctly, his position and that of the committee is that when private business behaves itself the Government should not undertake to regulate it?

Mr. MURPHY. That is the belief I have expressed, and it is my own individual view. I am perfectly willing to have

any industry regulated when it is shown that it has made a license out of liberty, but the testimony submitted to the committee in this case did not establish anything of the kind. For that reason, I was influenced to advocate the elimination of butter and eggs.

Mr. POPE. Mr. President——

Mr. MURPHY. I yield to the Senator from Idaho.

Mr. POPE. Mr. President, I desire to read two paragraphs from a memorandum which I asked the Grain Futures Administration to prepare in connection with this amendment. I shall read the two paragraphs and content myself with the statement contained in them. The paragraphs read as follows:

A study of the record of the hearings before the Senate Committee on Agriculture and Forestry shows very clearly that the Chicago and New York Mercantile Exchanges don't want to submit to regulation as provided in this bill. The four representatives who appeared for these two exchanges made a strong effort to show that trading in butter and egg futures differs materially from the trading in grain for future delivery and contended that if legislation was enacted, butter and eggs should be dealt with in a separate measure.

* * * * * * *

The trading in futures in butter and eggs does not differ from the trading in wheat or any other commodity covered by this bill. Future trading in butter and eggs is subject to the same abuses and the same speculative and manipulative influences that apply to wheat and in the interest of the producers of butter and eggs they should be included and such exchanges should be regulated.

The inclusion of butter and eggs was approved by the Department of Agriculture and was strongly supported by the farm groups who appeared before the Senate Committee on Agriculture and Forestry.

I think that is a fair statement of the situation.

Mr. NORRIS. Mr. President, I inquire if an amendment is pending to the committee amendment?

The PRESIDING OFFICER. The committee amendment was divided. The first vote will be taken on striking out the words "butter and".

Mr. NORRIS. Then, there will be two votes on the amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. NORRIS. Mr. President, I wish to say just a few words about the pending proposal.

In my opinion, it is not a fundamental amendment. There never has been as much evil connected with the future trading in butter and eggs as there has been in the grain future trading, but the principle, so far as I can see, is exactly the same. Very little evidence was adduced before the committee on the subject. The Senator from Iowa and the Senator from Idaho have stated the facts as they appeared there. The fear was expressed by some that after the passage of this bill for regulating future trading in grain there would be an increase of future trading in butter and eggs and that all the evils found to exist in the past in connection with trading on the grain futures market would come into being in the trading in butter and eggs. Some evils do now exist, but I do not claim, and I think no one else claims, that the evils are to be compared with those which have grown up on the grain futures trading market.

However, I do not see, in the first place, how anyone will be harmed by the inclusion of butter and eggs in the bill, and it seems, unless they are included, that there will be an increase in gambling operations in them on the two great mercantile exchanges, in Chicago and New York, which are practically the only ones existing now so far as butter and eggs are concerned, although others will probably spring up.

It is said, with some degree of reason I think, that we should not legislate on this subject until there shall have been complaint made and agitation for legislation. So long as no injury can ensue, so long as fundamentally the same principle is involved, I do not believe it is wise, Mr. President, for us to fail to legislate on this subject, and to insist that before legislation is enacted those interested in butter and eggs will have to agitate and make a showing. If they shall have to follow the same proceeding that the grainmen have had to follow, it will be years before they will get any legislation that will rectify the evils which I think will creep into the business to a greater extent than now exists after gambling is prohibited in grain operations by the passage of this bill.

On this proposition I agree with the Senator from Vermont, and I think the butter producers in the main also agree. The grainmen see the necessity of this proposed legislation. The buttermen, especially the leaders in the great farm organizations that have come in contact with the evils that have existed incident to the gambling in futures on the grain exchanges, so far as I know, are all favorable to keeping butter and eggs in the bill, because from their experience they realize that, while the evils are not nearly so great, they do exist now in some minor form, and they fear an increase of those evils if we do not keep butter and eggs in the bill. While it is not necessary to keep butter and eggs in or to keep butter and eggs out to make a good bill of it, it seems to me to round out the bill we ought to keep them in. I myself am opposed to striking either one out.

The PRESIDING OFFICER. The question is on the amendment proposing to strike out the words "butter and."

Mr. COPELAND. Mr. President, may I ask if there was a hearing on the matter of the inclusion or exclusion of butter and eggs?

Mr. MURPHY. The committee held long hearings on the bill, and I think approximately 45 minutes were devoted to witnesses who protested against the inclusion of butter and eggs.

Mr. COPELAND. The information I have from my section of the country is that it is not the desire to have butter and eggs included in the bill. Their feeling is that these commodities, being perishable, are entirely different from cotton, wheat, and other products, but, in any event, they are desirous, before butter and eggs shall be included, that there should be a hearing in order that the view which they hold might be represented. So I hope the amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment striking out the words "butter and."

Mr. COPELAND. How will the vote be taken? How should Senators vote who desire to strike butter and eggs from the bill?

The PRESIDING OFFICER. Those in favor of striking out "butter and" will vote "yea", and those opposed will vote "nay." The question is on the amendment proposing to strike out the words "butter and."

Mr. FRAZIER. Mr. President, in the hearings before the committee the cooperatives representing dairy products and poultry products protested against the striking out of the provision relating to butter and eggs. They were in favor of keeping butter and eggs in the bill.

I have a letter from Mr. Charles W. Holman, secretary of the National Cooperative Milk Producers Federation, with an office in Washington, enclosing a copy of a letter written to the clerk of the Committee on Agriculture and Forestry of the Senate under date of April 17, from which I wish to read just one paragraph:

Our federation, representing more than 360,000 dairy farmers who are engaged in marketing their milk, butter, cheese, and other dairy products through 55 cooperative marketing associations, desires to enter an appearance at the hearing and present evidence giving reasons why we feel that butter should be kept in the commodity exchanges bill.

Representatives of the federation came before the committee and presented statements along that line.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from New York?

Mr. FRAZIER. Certainly.

Mr. COPELAND. I understood the Senator from Iowa [Mr. MURPHY] to state that those who appeared were in opposition to this provision of the bill.

Mr. MURPHY. Mr. President, perhaps I overlooked the attorney for the National Milk Producers Federation, who did suggest the inclusion of these items.

Mr. COPELAND. But with the exception of the attorney the testimony was in favor of striking them out?

Mr. MURPHY. That is the fact, as I recall.

Mr. FRAZIER. Mr. President, I have before me a copy of the hearings held by the Committee on Agriculture and Forestry, at page 189 of which appears the statement of Donald Kane, attorney for the National Milk Producers' Federation. He told how many organizations he represented at that hearing. He said he spoke for a large number, indeed practically all, of the coperative organizations in the country. He made a very strong statement in favor of keeping butter and eggs in the bill. He said trading is going on and there is no way of knowing how much that trading will increase in the future. For the protection of those who produce dairy products and poultry products this provision should be retained in the bill in order to protect them.

In my State the farmers' union organization have a number of cooperative poultry associations which are very strongly in favor of keeping this provision in the bill. The dairy organizations hold the same view. The attorney to whom I refer represents, among others, the Land O'Lakes organization of Minnesota, with over 400 cooperative creameries, all in favor of keeping butter and eggs in the bill.

Mr. President, there are a number of Senators interested in the amendment who are not on the floor at this time. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark	King	Radcliffe
Ashurst	Connally	La Follette	Reynolds
Austin	Coolidge	Lewis	Robinson
Bachman	Copeland	Lonergan	Russell
Bailey	Couzens	Long	Schwellenbach
Barkley	Davis	McAdoo	Sheppard
Benson	Donahey	McGill	Shipstead
Bilbo	Duffy	McKellar	Smith
Black	Fletcher	McNary	Steiwer
Bone	Frazier	Maloney	Thomas, Okla.
Borah	George	Metcalf	Thomas, Utah
Brown	Gerry	Minton	Townsend
Bulkley	Gibson	Murphy	Truman
Bulow	Glass	Murray	Tydings
Burke	Guffey	Neely	Vandenberg
Byrd	Hale	Norris	Van Nuys
Byrnes	Hatch	Nye	Wagner
Capper	Hayden	O'Mahoney	Walsh
Caraway	Holt	Overton	Wheeler
Carey	Johnson	Pittman	White
Chavez	Keyes	Pope	

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

Mr. DAVIS. Mr. President, I am opposed to the committee amendment. Pennsylvania is the second largest egg-producing State in the Union. It ranked first in 1935.

I desire to present for the RECORD a telegram from the Tri-County Producers' Cooperative Association of Montgomery County, Pa., having a membership of more than 400 poultrymen, and marketing nearly 1,000,000 dozen eggs per year; also a telegram from the Bradford County Egg Producers' Association, and a telegram from J. A. Supkan, president of the Lehigh Valley Egg Producers' Cooperative Association with a membership of 400, expressing their opposition to the proposal to strike eggs from the commodity exchange bill.

I urge the Senate to reject the committee amendment and, in support of my position, ask that the telegrams to which I have referred may be printed in the RECORD at this point.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

CENTERPOINT, PA., *May 12, 1936.*

Hon. JAMES J. DAVIS:

An amendment to the Grain Futures Act, known as the commodity exchanges bill, is about to come before the Senate. This bill is designed to control speculation in and manipulation of grain, butter, and eggs by traders. This cooperative, composed of 405 poultrymen, is marketing nearly 1,000,000 dozen eggs per year. Any effort to strike out eggs from this bill would reflect a hardship to the poultry industry. Your support of this bill will be greatly appreciated by this organization.

TRI COUNTY PRODUCERS COOPERATIVE ASSOCIATION,
WORCESTER, MONTGOMERY COUNTY.

ATHENS, PA., *May 11, 1936.*

Hon. JAMES J. DAVIS,
Senator:

On behalf of our association and all other poultrymen of the second largest egg-producing State, demand that you make every effort to retain the amendment to the Grain Futures Act of the commodity exchanges bill, as designed to control speculation and manipulation of grain, butter, and eggs by traders. We shall expect to hear from you just what stand and efforts you have taken relative thereto.

BRADFORD COUNTY EGG PRODUCERS,
CHARLES ZIMMERMAN, *Secretary.*

COATESVILLE, PA., *May 11, 1936.*

The Honorable JAMES J. DAVIS,
United States Senate:

This exchange, representing five hundred-odd members, seriously opposes the striking out of eggs from the commodity exchanges bill. We solicit your support in this matter.

S. S. BUPENMYER EGG PRODUCERS EXCHANGE.

CATASAUQUA, PA., *May 12, 1936.*

Senator JAMES J. DAVIS.

To the honorable Senator: From Lehigh Valley Egg Producers Cooperative Association of 400 producers, urge and pray you to oppose striking out of eggs from commodity exchanges bill designed to control speculation of same. Might we remind you of the fact that Pennsylvania ranked first in production of eggs for 1935 and should therefore ask for adequate protection. May I expect a favorable reply?

J. H. SUPKAN, *President.*

Mr. LA FOLLETTE. Mr. President, it is my understanding the amendment has been divided, and the question will come first on the recommendation of the committee to strike out the words "butter and." Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. LA FOLLETTE. I hope the Senate will not adopt the committee amendment. So far as I know, all the representatives of the farmers who produce butter have advocated that it be included as a commodity subject to the regulations provided in the bill.

Furthermore, it seems clear to me that the fluctuations in the prices of butter cannot be accounted for purely on the basis of the operation of the so-called law of supply and demand. Granting that there are bound to be fluctuations in price as between the flush season of production and the season when production diminishes, I contend that a survey will indicate that there is a speculative factor involved in the prices of butter.

Therefore, in view of the fact that all the representatives of the producers of this farm commodity are appealing to the committee and to the Congress for the inclusion of butter in this measure, I sincerely hope that the Senate will not deny them the protection to both the producer and the consumer, which I believe will be accorded by its inclusion.

So I trust the committee amendment will be rejected.

The PRESIDING OFFICER. The amendment having been divided, the question is on striking out the words "butter and."

Mr. SMITH. Mr. President, I think there is some misapprehension as to the manner in which the question is to be voted upon. I think the Chair should explain what an affirmative vote would mean and what a negative vote would mean in perfecting this amendment.

Mr. McNARY. Mr. President, did the Senator from New York request a division of the vote as between butter and eggs?

The PRESIDING OFFICER. The Senator from Washington [Mr. SCHWELLENBACH] requested it.

Mr. McNARY. Very well. Then the question arises on the adoption or rejection of the committee amendment?

The PRESIDING OFFICER. The part of it affecting butter.

Mr. McNARY. The part of it affecting butter. Those who desire butter to be included in the bill should vote "no" on the committee amendment?

Mr. NORRIS. Yes.

The PRESIDING OFFICER. Those in favor of the amendment striking out the words "butter and" will vote "aye", and those opposed to striking them out will vote "no." [Putting the question.] The noes have it, and the first part of the amendment is rejected.

The question now is on the second branch of the amendment, striking out the word "eggs." [Putting the question.] By the sound the noes seem to have it. The noes have it, and the second branch of the amendment is rejected.

The clerk will state the next amendment.

The LEGISLATIVE CLERK. The next amendment appears on page 31, after line 13, where it is proposed to insert a new section, as follows:

SEC. 12. The Grain Futures Act is further amended by adding at the end thereof the following new section:

"SEC. 13. (a) The provisions of this section shall apply only with respect to cotton and cotton-futures exchanges or similar institutions.

"(b) Notwithstanding the foregoing provisions of this act, the trading limits on the amount of trading in cotton under or with respect to contracts of sale for future delivery on or subject to the rules of any cotton-futures exchange shall be fixed by the commission with respect to any one person trading either directly or indirectly for his own account at a total of not more than 100,000 bales for delivery in any one delivery month with respect to all exchanges and at a total of not more than 600,000 bales for delivery in any 12 consecutive months with respect to all exchanges (said bales being of the approximate weight of 500 pounds each). Such trading limits shall apply to all types of futures-trading transactions, including bona-fide hedging transactions, and shall also apply to both 'market position' and 'market interest' as herein defined. For the purpose of this section, the term 'market position' means a contract of purchase or sale made on any cotton-futures exchange which has not been fulfilled or completed either by actual delivery of cotton or by an offsetting contract of sale or purchase on the same exchange prior to the time specified for delivery; and the term 'market interest' means any outstanding contractual obligation relating to cotton, which is or may be affected in any manner by the advance or decline in the price on any exchange of cotton futures for delivery in some specified month, and such 'market interest' shall be deemed to be held in the month so specified. In computing any such market position or market interest there shall be included therein any market position on or any market interest held with respect to any and all foreign exchanges.

"(c) All trading in cotton futures on any exchange shall cease as to each delivery month on a day not later than the last business day of the preceding month, after which the seller shall have 10 business days within which to give to the buyer written notice of the date and place of delivery, and the buyer shall have 5 business days after receipts of such notice in which to take delivery and make payment. The Secretary of Agriculture, in his discretion, may extend the time to the seller for giving notice of delivery and to the buyer for taking delivery and making payment whenever in his opinion such action is warranted. In making payment in settlement of any contract of sale for the future delivery of cotton in any delivery month the actual commercial differences above or below the contract price which the receiver shall pay for cotton or grades above or below the basis grade shall be determined as of the day on which trading ceased with respect to such delivery month and in accordance with the provisions of section 6 of the United States Cotton Futures Act, as amended.

"(d) All charges and expenses incident to any delivery of cotton in fulfillment of any contract of sale made at, in, or on any exchange shall be borne by the seller.

"(e) Any person who shall purchase, sell, or carry any cotton futures for any other person on any exchange or pursuant to any contract made at, on, or in such exchange for the account of such other person, shall demand and receive from such other person as a minimum margin an amount equal to at least 10 percent of the current market price of such cotton, but in no case less than $5 per bale, which minimum margin shall be maintained at all times with such reasonable allowance for price fluctuation as may be prescribed by the commission. In computing such minimum marginal requirements, all fractions of a dollar shall be brought to the nearest full dollar.

"(f) Each cotton-futures exchange shall make available to the public each day the volume of trading in cotton futures for each delivery month and the total volume of trading in cotton futures for all delivery months, and shall also make available to the public at least once each month the total of all open and outstanding contracts of sale of cotton for future delivery in each delivery month, made at, on, or in such exchange.

"(g) All cotton which shall have been inspected, graded, classed, and certificated as tenderable under the provisions of the United States Cotton Futures Act, as amended, shall be deliverable, on any contract of sale made at, on, or in any cotton-futures exchange, at and for the grade and staple thus certificated: *Provided*, That when such cotton is removed from certificate the final receiver thereof on a contract made at, on, or in a cotton-futures exchange may, if he so desires, call for a review by the United States Department of Agriculture, and in the event such cotton shall be found to be of a lesser grade or staple and of a lesser money value than the certified grade and staple, such final receiver on contract may make claim for any monetary loss so found, and all such claims shall be made on and against a guaranty fund which shall be established and maintained by each exchange by adding to the original inspection fees such amount per bale as in the opinion of the Secretary of Agriculture may be necessary for the purpose of such fund, such additional amount to be held and retained by the exchange on which the original inspection is applied for, and to be paid out only on claims passed on and approved by the United States Department of Agriculture or its duly authorized representative."

WORKS PROGRESS ADMINISTRATION IN WEST VIRGINIA

Mr. HOLT. Mr. President, I have spoken a number of times on the floor of the United States Senate about the political set-up of the Works Progress Administration. I have shown the different parts of the set-up and how it was to operate. Today I hope to show those present how it actually did operate in the State of West Virginia.

First, let me go back to the original letter which I read some time ago about the W. P. A., in which it was said:

The time to correct mistakes is before they are made, if possible; consequently we don't want anyone on these jobs who is not right. These hundreds of applications going in should be taken around to the "designated" leaders in each county and sorted; then the local leaders can't blame the personnel office if the right boys are not on. This to my mind is paramount if this organization is to accomplish what it has to do in the next year.

They wanted the "right boys", and the "designated leaders" were to determine whether the proper set-up was made.

I showed on a previous occasion who actually appointed the W. P. A. officials in the State of West Virginia. I showed who they were and how they got their jobs. This afternoon I wish to show whether they delivered the goods after they did get their jobs, and I wish to produce a number of letters and affidavits to prove it.

In the first place, I desire to read part of an affidavit from a man in Huntington. In his affidavit he says:

I myself was compelled to deliver a certificate for the registration books certifying that I was registered as a Democrat and was required to state under oath that I would vote and work for the election of Senator NEELY in the 1936 campaign.

Let me go a little bit farther and tell you that in the State of West Virginia we have a public registration system. Anyone may check the registration books to find out the party affiliations of any voter. So if a person did not register as a Democrat, and was a W. P. A. worker, he may be in danger of losing his job, and not only losing his job but at a later time being punished by those in control. Not only were the W. P. A. workers told that, but the foremen and bosses went around to the different ones and said, "You know, the registration is being taken now, and we are checking up on the registration to determine the party affiliations of the different ones"; and, of course, a good many whose jobs were between them and hunger, whose job made the difference between starvation and livelihood, changed their registration from one party to another.

I should like to see more Democrats, but I want Democrats by conversion and not Democrats by coercion. There is a difference. I want Democrats who believe in the principles of Democracy, and are willing to go at their own wish and change the registration, rather than changing it for fear of losing their jobs or being punished.

Now let me read another affidavit from the city of Huntington. This Mr. Blank upon his oath deposes and says that as he was leaving the office of the W. P. A., where he was employed, about 5 o'clock on May 8, 1936, Mr. Blank, office manager of the said office, standing in the hall of the building where said office was located, stopped this affiant and asked this affiant to wait a few minutes, as someone in his office wanted to see this affiant, which he did. A few minutes later he called affiant in his office, where affiant met Mr. Blank, former office manager of the W. P. A., and said Blank asked affiant how much he wanted to be put down for; and affiant replied, "Put down for what?" Blank replied, "Put down for contribution to campaign fund"; and this man said he had to see 65 more men to determine how much was to be contributed to the campaign fund.

Here is another signed statement that I should like to read:

On Saturday, April 9, 1936, there was a man on the Sixth Street and Third Avenue project by the name of Blank—

I shall not say who he is, because if I should say, he would immediately lose his job—

who got some blank notes from the Twentieth Street Bank and was going around to all the men on this project and asked for money to buy gasoline to haul voters to the polls on election day. There is a rumor going around that if you did not give anything you would be so messed up—

I am quoting the exact language of this man—

you would wish you had gave.

The man said "had gave" instead of "had given", but, nevertheless, he worked for a living.

Let me go ahead a little bit further:

The man had blank notes, and said when a man would give anything, he would give out the note and make the men sign it.

Of course, there was not any politics at all to that; and day after day, and day after day, the foremen and timekeepers would go around to the workers and say, "Well, you know, we don't actually tell you who to vote for, but nevertheless it is advisable to contact and see that the right men are put into office. Of course, you would not lose your job if you should not vote for our men because of politics, but because there are so many other things that you can lose your job for, we do not have to say that you are losing it for politics; we can state that you did not do your work right"; and, of course, the men were very fearful that that would be the case.

Let me read what a woman down at Charleston said in a statement to me. Of course, Harry Hopkins says there is not any politics in the W. P. A.—none at all—and not only that but there seems to be no investigation of the W. P. A.; but let me read the letter from this lady, in which she says:

I am employed on the W. P. A. in the sewing room of ———. They say there is no politics in the W. P. A. Then why did Mrs. ———, on May 4, dismiss four Republican women from the room and give us this sample ballot marked up, who we must vote for, to take it home and see that we did, under the threat of losing our jobs * * * and that was all between us and our God.

I show the Senate the actual ballot which was marked by the W. P. A. officials, so that anyone can see the W. P. A. slate in West Virginia. The letter proceeds:

Mrs. ——— searched everybody's machine drawers and pocketbooks to see if she had any Republican cards. The next day, four women had their work cards taken from them. * * * What I have wrote you, I can raise my hand to my God above, to be the truth.

O Mr. President, there is no politics at all in the W. P. A. I should like to show the Senate two more marked ballots, from other parts of the State of West Virginia, and I have many more where they are marked for certain people in the W. P. A.

When I said the W. P. A. was a political machine, I did not know it was going to function as smoothly as it did. It certainly delivered in the State of West Virginia.

After they had set up all this political background, on the day of election, the State administrator issued a statement: "Vote as you please." But he issued that only on Tuesday morning, the day of the election, after many of the employees had voted, and after many of them had decided that they were going to vote as they deemed advisable.

Let me read now from a Democratic paper, the Parkersburg Sentinel, in which it is stated:

W. P. A. MONEY IS PAID TO VOTERS—W. P. A. LABORERS INSTRUCTED TO VOTE FOR NEELY AND VIA OR LOSE THEIR JOBS

Persons working about the polls in Parkersburg today declare that W. P. A. officeholders are openly violating the spirit of the law in the interests of the candidacies of Neely and Via. They say that W. P. A. officials send word to W. P. A. workers to come to the polling places to get their pay checks, and when the workers get there they are instructed to vote for Neely and Via or else they will lose their jobs. All W. P. A. offices were closed today and all W. P. A. employees were given a holiday in order that they could get out and work for the nomination of Neely and Via.

They had to go to the place where they would vote before they were to be paid for the work they had done. Then they say there is no politics in it!

I should like to have the expense accounts of these W. P. A. officials in the various districts checked. They became very much interested about projects in the few days before election. They went into the counties and inspected projects, or at least they said they inspected projects. It was strange that they did it on Friday, Saturday, Sunday, and Monday before election, and it is strange that they called upon the various foremen and the various political leaders in inspecting those projects. Of course, we are told again that there is no politics at all in that.

Harry Hopkins ought to be able to find out about it, because he has 118 people to look into it for him. I quote from the Baltimore Sun, which is a Democratic paper, an editorial:

DETECTIVES ON RELIEF

Until last week Harry Hopkins, the Works Progress Administrator, had 98 investigators on his pay roll. Now he has 20 more. It is explained that these investigators are now devoting themselves chiefly to the investigation of charges that the W. P. A. is in many States being used mainly for political purposes. It is further explained that the reinforcements were needed because an election is drawing near and the number of such charges is increasing.

So now Mr. Hopkins has 118 detectives with which to ferret out the political scandals in the W. P. A. But are these sleuths finding any such scandals? That is rather hard to say, though it seems that they are having the devil's own time detecting evidence of political manipulation. To date, according to Roger Bound, the chief sleuth, "we have uncovered only two or three widespread cases of political solicitation and activity and a scattering number of cases involving minor officials." In the remaining cases the charges somehow always turn out to be "unsubstantiated."

This is all very strange, for there are plenty of people, without detective training of any kind, who have been able in recent weeks to turn up quite a bit of evidence pointing to the existence of more than two or three cases of widespread political scandals in the W. P. A. They have found such evidence in New York, Pennsylvania, West Virginia, North Carolina, Indiana, Illinois, Missouri, and several other States. More than that, they have not stood upon mere hearsay but have supplied names and places and dates and have offered documentary material in support of their charges. Yet the evidence they have assembled appears not to be substantial enough for the hard-working detectives the W. P. A. has hired to investigate the W. P. A.

Arthur M. Curtis, Republican national committeeman from Missouri, has come forward with new evidence to show how the Pendergast machine in Missouri has taken "complete control of the W. P. A. organization in that State." He also gives names and places and dates, while he describes in detail the several methods used by the Pendergast machine in coercing W. P. A. workers into supporting the Democratic Party. To be sure, Mr. Curtis is a Republican, and so is not wholly without self-interest in the matter. Yet it can hardly be argued that the facts he has to present miraculously become something other than facts because they have been brought to light by one who is not a member of the Democratic Party. Certainly Mr. Hopkins, that earnest seeker after truth, will not contend that he and his political associates have a monopoly on truth.

It is curious, to say the least, that in the face of this great and growing accumulation of evidence the W. P. A. detectives should have such difficulty finding proof of the manner in which the politicians are using the W. P. A. for their own ends. There is a saying that "none are so blind as those who will not see." But one hesitates even to imply that Mr. Hopkins is using his investigators to cover up the political scandals instead of to uncover them. It is possible that the fault lies with the detectives themselves. Perhaps Mr. Hopkins had better hire, not more detectives, but a whole new set of sleuths.

I wish to read excerpts from a number of letters to show how the political set-up of the W. P. A. in West Virginia works. These are actual statements from W. P. A. workers in the State of West Virginia. Listen to this:

We were told that they were going to lay off a number of men and that if they did not come across at the primary election, that it would be easy to designate those men to go.

As the Members of the Senate know, they were cutting down the forces of the W. P. A. Of course, under the guise of economy they could cut the men off.

We were informed that it would be easy to find some other excuse than politics to dismiss a worker.

Here is another letter which I should like to have go in the RECORD:

We were told who was friendly to the W. P. A. and that it would be advisable to vote that way.

Here is another letter:

I was told that I should be busy Tuesday morning as soon as the polls opened, and if I was not there working for the W. P. A. slate of candidates, I need not report for duty Wednesday morning, and not try to fool them, because they would know who was for them and who was against them. They said that the election clerks were with them.

In other words, if a W. P. A. worker went there and tried to vote the way he desired, they told him that the election clerks on the inside were watching how he voted and would nod to the man on the outside; and if he did not vote the way the W. P. A. crowd wanted him to vote, immediately he might lose his job.

Here is another letter:

They said that they could check every way to see how many votes were cast in any precinct, and, if the result is not there, no excuses would be taken.

Here is another letter. Let me read what a writer at Wheeling said:

They said, "You ought to realize what happened to RUSH HOLT's friends, and, if you do not think more of your jobs than that, anything may happen."

In other words, if a person professed any friendship, they would show what happened to men who had been friendly to me. Of course, they have practically eliminated all those.

I am glad to say that I have nothing to do with the W. P. A. patronage in West Virginia, and that if anyone does not get a job I am not responsible. Before very long, when I go back to West Virginia after the session of Congress adjourns, I intend to let the people know who have gotten the jobs and why they got them.

Here is another letter I should like to read into the RECORD:

Another man wrote me and said that he was called in after the election, and his salary was cut approximately $40 per month, and they told him, "Well, you are still a pal of RUSH HOLT, are you?"

In other words, his family would suffer, his wife and children would suffer, because that man professed friendship toward me at election time.

Harry Hopkins says these charges of politics are not true. Yet there seems to be no investigation. No doubt we are spending between a third of a million and a half million dollars a year to pay the salaries and expenses of these 118 Secret Service men Hopkins has employed, and they cannot find anything wrong with the W. P. A. political machine, though everyone else can. I think they either ought to get a new bunch of detectives, or prod the detectives they have to a little actual determination to find out the facts.

Another man writes me this letter:

I have a marked ballot in my possession which one of the W. P. A. boys gave me and can get an affidavit to the effect that he was told to vote accordingly or not report for work Wednesday morning. I talked to dozens of them and in 90 percent of the cases they were eager to vote for Mr. Hiner but had been told that if they voted different from the marked ballot that the clerks would notify their superiors and their vote would not only be void but they would be fired.

If that fellow had exercised his great constitutional right, the right to vote, and had voted the way he desired to vote, against the people who are in control of the W. P. A., which was keeping him and his family from starvation, that man would go hungry, and would have to find some other employment.

These people realize that in the State of West Virginia 38,000 persons have asked for and been denied work in the W. P. A., and have been told there is no work for them, and many of them have seen this person and that person who has tried to challenge the authority of the W. P. A. lose his job.

Another man writes:

I have a marked ballot in my possession which one of the W. P. A. boys gave me and can get an affidavit to the effect that he was told to vote accordingly or not report for work Wednesday morning. I talked to dozens of them and in 90 percent of the cases they were eager to vote for Mr. Hiner but had been told that if they voted different from the marked ballots that the clerks would notify their superiors and their vote would not only be void but they would be fired.

Mr. President, this is what happened in the election in the State of West Virginia. When I said they set up the W. P. A. for politics, I did not know how well they could set it up. I did not know how perfect they were in setting it up. They not only did this in the district offices but later they went out into the county offices and then the precinct organizations. Then they gave them all the information possible, so that they could work for the proper people on election day.

They say, "Don't say anything about it. This is election year, and nothing ought to be said." I believe it is our duty, as I said before, to clean up those things. I think it is a disgrace that a person cannot vote as he deems advisable without fear of losing his job, under the control of some ward heeler. I think it is a shame that some ward heeler can come in and threaten a woman who is working to save her children from starvation, and tell her that if she does not vote a certain way she will lose her job.

I condemn that sort of practice. I want to tell the Senators that if they do not think the W. P. A. is a political machine, let them just wait until election time comes around. It is the greatest, best oiled political machine this country has ever seen. That is why those in authority do not want the P. W. A. instead of the W. P. A. The P. W. A. is different. They do not get their checks direct from the Government, even though they may be employed. That is why they are fighting anything that would touch the original plan. They can say, "Boys, we are giving you the jobs. Mr. So-and-So in the county recommended you, and therefore you should follow our dictates." Their slogan is "Vote or starve", and that slogan was used in the primary election in the State of West Virginia.

REGULATION OF COMMODITY EXCHANGES

The Senate resumed the consideration of the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The question is on agreeing to the amendment of the Senator from South Carolina [Mr. SMITH].

Mr. ROBINSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Clark	King	Radcliffe
Ashurst	Connally	La Follette	Reynolds
Austin	Coolidge	Lewis	Robinson
Bachman	Copeland	Lonergan	Russell
Bailey	Couzens	Long	Schwellenbach
Barkley	Davis	McAdoo	Sheppard
Benson	Donahey	McGill	Shipstead
Bilbo	Duffy	McKellar	Smith
Black	Fletcher	McNary	Steiwer
Bone	Frazier	Maloney	Thomas, Okla.
Borah	George	Metcalf	Thomas, Utah
Brown	Gerry	Minton	Townsend
Bulkley	Gibson	Murphy	Truman
Bulow	Glass	Murray	Tydings
Burke	Guffey	Neely	Vandenberg
Byrd	Hale	Norris	Van Nuys
Byrnes	Hatch	Nye	Wagner
Capper	Hayden	O'Mahoney	Walsh
Caraway	Holt	Overton	Wheeler
Carey	Johnson	Pittman	White
Chavez	Keyes	Pope	

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

The question is on the amendment offered by the Senator from South Carolina [Mr. SMITH].

Mr. SMITH. Mr. President, I think it is necessary for me to make an explanation of the amendment. It is not at all out of harmony with the purpose and intent of the bill.

After long experience, those of us who have studied the question closely have been led to a belief in the necessity for limiting the quantity of cotton that any one firm, corporation, or individual may deal in on the exchange within a month, and the aggregate open position, as it is called, for the 6 active months of the year. There are but 6 active months in cotton trading.

It was testified before the Committee on Agriculture and Forestry that one firm at one time held 2,500,000 bales of actual spot cotton, and had hedged both at home and abroad

to that amount, which gave that firm alone a practical monopoly of futures and spot trading. The amendment is proposed in order to check, curtail, and regulate such excesses, which have all the elements of monopoly and the effect thereof, to the point where those who are qualified may stand a chance of having an opportunity to engage in legitimate trading.

The only difference between the amendment and the terms of the bill is that in the amendment we have specified the quantity which may be handled by any one firm for a month or for a year. That means that at no time may what are called open positions be taken, actually to hedge and control more than 100,000 bales. What does that mean in money? It means $6,000,000 of trading in a month and $36,000,000 in the 6 months of active trading. If that is not enough for one individual, what in the name of reason would be? There is not a mill in the country, there is not a single manufacturing establishment, which handles 100,000 bales of cotton a month.

Objection has been made to the amendment on the ground that it may result in limiting the amount a mill may have. What mill is there which spins 600,000 bales of cotton a year? Yet under the terms of the bill a mill would be allowed to hedge in the 6-month period to that total amount. If in any one month in which the 100,000 bales were hedged the 100,000 bales were liquidated, the one engaged in the operation might buy another 100,000 bales in that time. It means that at any one time he might hedge 100,000 bales.

It is said that there has been a great deal of opposition to the amendment. Yes, Mr. President, the opposition has come from those who desire to and who do dominate our cotton market to the point where the small men are actually afraid to send in protests. I have before me not all the telegrams and letters I have received, but typical telegrams and letters from those who have dared to face this great octopus.

As I said, the amendment alone does not interfere with so-called call cotton. If a broker or a mill should decide to deal in call cotton, nothing in the amendment would prohibit such dealing to the extent of the limit of 100,000 bales. There is nothing in the amendment that would limit anyone up to that amount.

The remainder of the amendment—it seems to be somewhat lengthy—simply changes the basis of the present law in reference to the cotton exchange from the tax provision to the interstate-commerce clause of the Constitution. In a decision of the Supreme Court, in the case of Secretary of Agriculture against Olsen, the legality of the constitutionality of regulation of the exchanges was established upon the basis of the commerce clause, and so the remainder of the amendment is to accommodate its provisions to the spirit of the prior act. That is all.

Every Senator who is acquainted with the cotton business knows that the amount specified in my amendment is sufficient, in all conscience, for anyone to deal in in any one month. We are trying to curb monopoly and to restrict the domination of our markets. It is proposed to do it through this bill, but on account of the difference in character between cotton and wheat the limitation on wheat is placed in the discretion of the Secretary of Agriculture. Those of us who have the direct proof of the monopolistic condition under which the market is today operating have placed the limit at a point which practically 90 percent of trade thought was sufficient. Of course, the proposal is being fought by those who testified before the committee that they made $13,000,000 in 6 years through their monopolistic power.

All I am asking of the Senate is to adopt this one restriction in order that a definite limit may be established and that others may have an opportunity to enter the market and not be crowded out, domineered, and controlled by at most three firms.

I have gone along with the committee. I have asked Senators to study this amendment. It was the result of 90 days' investigation; and every legitimate trader in the market is in favor of it. I will guarantee that the telegrams and propaganda that have come here can, to the extent of 90 percent, be traced to one source.

Mr. President, as I have said, the remainder of the amendment proposes to do nothing but change the basis of the law from the tax provision to the interstate-commerce clause of the Constitution. It does not propose to change anything else, but simply accommodates the language to the interstate-commerce clause rather than to the taxing provisions.

Mr. NYE. Mr. President, will the Senator yield?

Mr. SMITH. Yes; I yield.

Mr. NYE. Referring again to the restriction of holdings by an individual, let me inquire if those restrictions would be equally binding upon a cooperative? They would be, would they not?

Mr. SMITH. They would be under the text of the proposal.

Mr. NYE. Does the Senator feel that there is any occasion for an exemption so far as cooperatives are concerned?

Mr. SMITH. I do not believe the cooperatives would ever handle in any one month over 100,000 bales of cotton. I have worked and fought for the cooperatives, as the Senator knows, ever since I have been a Member of the Senate, and I do not want to do anything that would limit their operations, and yet, in exempting them, I do not want to open the door for other abuses.

Mr. NYE. I am wholly unprepared to state what the holdings of cooperatives for any single month may be, but I have been advised that their total holdings have been at times in the neighborhood of or beyond 600,000 bales.

Mr. SMITH. That may be true, and, without too great danger, an amendment might be added to this provision to the effect that it shall not apply to bona-fide cooperatives, as was done just a while ago in a provision affecting cooperative organizations where the words "in good faith" were inserted.

Mr. NYE. I suggest to the Senator that he do that. I think the precaution would be worth while.

Mr. SMITH. So far as I am concerned, I would have no objection to that at all; but I want it understood that they will have to be bona-fide cooperatives, as the Senator from Tennessee [Mr. McKELLAR], I believe, provided in an amendment offered by him a while ago to another provision. I wish to say, however, that somehow or other I cannot exactly understand why the cooperatives should use the future market. But I will not question that. If they will help the farmer and the producer to get control of the market to the extent that they can share in the wealth they produce, I will gladly accept an amendment of that kind.

Mr. McKELLAR. Mr. President, the Senator may accept it, but I wish to say to him that it is going to be fought as vigorously as I know how to fight such an amendment.

Mr. SMITH. I predicated my acceptance upon an amendment offered by the Senator from Tennessee under which cooperative associations of producers must have 75 percent of their membership "bona fide" producers.

Mr. McKELLAR. That was offered and adopted, but I do not think that covers this case. In my judgment, the so-called cooperative, the A. C. C. A., as it is called, is nothing in the world but another cotton merchant; it has not the slightest semblance of cooperation; and I intend, before this bill shall be passed, if any such amendment as that is insisted upon, to give the facts as they have been developed after a hearing which I held in Memphis last year. I intend to let the Senate know what it will be doing if it shall vote a special privilege to this monster cotton-cooperative association which does nothing else in the world but, with the help of the Government, to merchandise cotton against other cotton merchants. I wish to explain to the Senate what the actual facts show, and if the Senator from South Carolina will excuse me, I will give an illustration right here and now.

Mr. SMITH. Let me make a statement first. The Senator need not take his seat, because I will yield to him in a moment.

Mr. President, I am afraid there is a misapprehension that the limit of 100,000 for 1 month means for the year. If I had a hundred thousand bales open in May or March

or October and I liquidated them before that fiscal year was out, I could put another hundred thousand bales in, but I could not have at any one time in any one month exceeding 100,000 bales.

To illustrate, suppose any Member of the Senate were on the market and had a hundred thousand bales each of May, March, July, and October. That would be 400,000 bales. Suppose he were to liquidate three of those months; he could then have another hundred thousand bales in 1 month; so that if he should liquidate his position, that is, sell or buy—and if he were short he would sell—1 month and have no accumulation in any other month, then he could either buy or sell to the amount of a hundred thousand bales, but at no time could he have an outstanding open position of more than 600,000 bales or 100,000 bales in any one month. In the name of reason and conscience that would be enough. Does the Senator understand that?

Mr. NYE. Yes.

Mr. SMITH. Very well. I cannot understand how the cooperatives could ever handle more than 600,000 bales at any one particular time. The minute they liquidate a given month, they could put another hundred thousand in; but it is notorious that some months one firm may buy 500,000 bales and in another month sell 400,000 or 500,000 bales. They buy one month until they put up the price to their advantage, and then sell another month in order to take advantage there. It is known as a "straddle." Not only is that true of the month, but it is true of this market and of any market.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oklahoma?

Mr. SMITH. I yield.

Mr. THOMAS of Oklahoma. I desire to invite the attention of the chairman of the committee to page 31, line 24, being part of section 13. The section now before the Senate refers to "any one person"; in other words, a limitation is placed upon "any one person either directly or indirectly trading." As I read the language, this limits and applies to the individual trading on the exchange, but in no sense applies to a firm, or an association, or a corporation. I desire to submit an amendment, adding the following words at the end of the section:

Provided, That the term "person" as used in this subdivision shall be construed to mean person, firm, association, or corporation.

Otherwise the section, as I understand it, is meaningless. It limits persons trading to 100,000 bales during the month and to 600,000 bales during the year, but in no sense would it place any limit upon a firm, an association, or a corporation trading, either monthly or yearly.

I ask the chairman of the committee if he will be willing to agree to my interpretation and accept the amendment in the form of a proviso.

Mr. SMITH. Mr. President, I think the Senator's suggestion ought to be incorporated in the bill. The ordinary definition of what constitutes a person is not in the bill. I think it was the intention of all who had to do with the bill that the word "person" should be defined in the way the Senator from Oklahoma has suggested, which is the definition that generally accompanies provisos of this sort.

Mr. THOMAS of Oklahoma. In order to make it definite and certain I submit the amendment and ask consideration for it at this time.

The PRESIDING OFFICER. The Senator from Oklahoma offers an amendment to the amendment of the Senator from South Carolina which will be stated.

The LEGISLATIVE CLERK. In the new print of the bill, in the amendment of the Senator from South Carolina, on page 32, line 24, it is proposed to insert at the end of the line the following proviso:

Provided, That the term "person" as used in this subdivision shall be construed to mean person, firm, association, or corporation.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma to the amendment of the Senator from South Carolina.

The amendment to the amendment was agreed to.

Mr. THOMAS of Oklahoma subsequently said: Mr. President, earlier this afternoon I offered a suggestion in the form of an amendment to be added at the end of the paragraph at the bottom of page 9 of the new print of the bill. Since offering that amendment and since it was adopted by the Senate I have made further investigation. I find that this section is an amendment to the Grain Futures Act. By checking with the Grain Futures Act I find in section 2 the term "person" is defined, and is defined in the original act in a broader way than I defined it in my amendment. I desire to read paragraph (a) of section 2 of the original law:

The word "person" shall be construed to cover the plural or singular, and shall include individuals, associations, partnerships, corporations, and trusts.

Mr. President, the definition in the original act is broader than in the amendment suggested by myself. In order that the broader definition may prevail and that there may be no misunderstanding, I ask unanimous consent that the vote by which my amendment to the amendment on page 9 of the new print of the bill may be reconsidered.

The PRESIDING OFFICER. Is there objection to the reconsideration of the vote by which the amendment of the Senator from Oklahoma to the committee amendment on page 9 was agreed to? The Chair hears none, and the vote is reconsidered.

Mr. THOMAS of Oklahoma. I now withdraw the amendment to which reference has just been made.

The PRESIDING OFFICER. The amendment of the Senator from Oklahoma is withdrawn. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

Mr. WHITE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Maine?

Mr. SMITH. I yield.

Mr. WHITE. I have just received a telegram which states that almost in the first line there are three new amendments to the cotton-exchange features of the bill now before the Senate. Are there three amendments other than the amendments which appear in the print of the bill?

Mr. SMITH. They have all been acted upon. They were minor, because they did not affect the bill very materially. One of them was a question of terminology as to cross sales in the interest of the brokers on the exchange. I think that is about the only one that really affected the market. There was another providing that the exchanges should have the right to expel a member under the new set-up of the Grain Exchange Act. I withdrew that because of the fact that it might have given them an arbitrary power after the Secretary had given them a license to trade.

Mr. WHITE. What was the third amendment?

Mr. SMITH. The Senator has the third amendment in his hand now.

Mr. WHITE. That is the amendment which appears in the bill?

Mr. SMITH. Yes, in the last part of the bill.

Mr. ROBINSON. Mr. President, recently, but not since the bill was brought forward for consideration, there was discussion of an amendment which was said to have the effect of abolishing what is known as southern delivery. Has that amendment been abandoned?

Mr. SMITH. It has been abandoned. It is not in the bill, nor is there any reference to what is known as call cotton. We contented ourselves with the idea that this monopolistic thing was enough and that if we could get that taken care of we would take our chances with the balance of it.

Mr. ROBINSON. With respect to the amendment now under consideration, the one imposing a limitation of 100,000 bales per month or 600,000 bales per year on both speculative and hedging transactions, under the Grain Futures Act there is no limitation on hedging at all, I understand.

Mr. SMITH. No; that was to take care of the cooperatives directly. May I explain to the Senator from Arkansas that if that provision should remain in the pending bill, then all of our efforts to curb the enormous amount of actual cotton and hedges that any one firm could have would be abortive.

Mr. ROBINSON. What is the object of imposing a limitation on hedging transactions?

Mr. SMITH. Enough wheat was actually bought and enough contracts sold against it to demoralize and destroy the market. It is a notorious fact that two concerns in the cotton trade had enough spot and enough hedges to take up nearly 40 percent of the entire cotton crop. The consequence was that nobody else need apply. They were dominating the market, just like the steel people had all the steel and the oil people had all the oil. The consequence was that they dictated the terms of the market to everyone. This is an effort to curb the monopoly of the cotton market through the purchase of the actual cotton and through the hedging consequently.

Mr. ROBINSON. If there were no cotton that could be bought or sold outside of the cotton that is bought and sold by the large dealers to whom the Senator has referred, I would understand that statement. But I do not see that anyone should be prevented from buying cotton and hedging the transaction. I do not see—at least, it has not been made clear to me—why the buying or the hedging should be restricted.

Mr. SMITH. We have already adopted the limitation which shall be imposed by the Secretary of Agriculture, not only by the month but by the day. We have provided that at his discretion he shall limit the amount that any one individual or corporation or concern may have. We have made this liberal for the reason that we thought perhaps it would be almost unlimited in a way if they should liquidate their positions; that is, really buy and sell, but not monopolize the market.

Mr. COPELAND. Mr. President, if the Senator will yield, what effect will this amendment have upon the exchanges? I have in my hand a telegram from a member of the New York Cotton Exchange protesting against this amendment, which limits legitimate hedging.

Mr. SMITH. Yes, sir; that is, so-called legitimate hedging; and the whole bill limits it. If this provision is left in the bill and the bill passes, the Secretary may bring down the amount to 50,000 bales, if he sees fit.

Mr. COPELAND. I ask unanimous consent to have printed in the RECORD two or three of these telegrams.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegrams are as follows:

NEW YORK, N. Y., *May 25, 1936.*

United States Senator ROYAL S. COPELAND:

My firm, Dyer, Hudson & Co., are members of New York Cotton Exchange. We earnestly ask that you vote against Senator SMITH's amendment to commodity exchange control bill, which limits legitimate hedging.

R. V. WHITE.

NEW YORK, N. Y., *May 25, 1936.*

Senator ROYAL S. COPELAND:

Earnestly urge you support Smith cotton amendments to commodity exchange bill. It means a broader market for the farmer.

J. L. JULIAN.

NEW YORK, N. Y., *May 25, 1936.*

Senator ROYAL S. COPELAND:

Will greatly appreciate your support of Senator SMITH's cotton amendments to commodity bill, as believe they are constructive. Will greatly benefit the cotton exchange, the cotton and textile trade, and the producer.

W. S. R. BEANE.

NEW YORK, N. Y., *May 25, 1936.*

Senator ROYAL S. COPELAND,
United States Senate:

Suggest you support the Smith amendments to the commodity bill, as result will broaden the cotton market and bring about higher prices for the farmer.

W. N. SCHILL.

POUGHKEEPSIE, N. Y., *May 11, 1936.*

Senator ROYAL S. COPELAND:

Speaking for 1,000 farmer members of the Mid-Hudson Cooperative G. L. F. Egg Auction, we urgently request your support in the opposition of striking out eggs from the commodity exchanges bill.

MID-HUDSON COOPERATIVE G. L. F. EGG AUCTION,
H. W. BERMENDER.

BUFFALO, N. Y., *May 13, 1936.*

Senator ROYAL S. COPELAND,
Senate Office Building:

Several hundred poultry producers in western New York shipping eggs to their cooperative egg auction are of the opinion that eggs should be included in H. R. 6772. We sincerely hope that you may see your way clear to use your influence toward this end.

CHARLES H. WILLIAMS, *Chairman.*

NEW YORK, N. Y., *May 18, 1936.*

Senator ROYAL S. COPELAND,
Care United States Senate, Washington, D. C.:

I believe that the new amendments the commodities exchange control bill H. R. 6772 will restrict the free movement of our cotton crops and undoubtedly add to the cost of handling, and will therefore be detrimental to interests of both consumer and producer. I urge you to oppose these new Smith amendments and insist that cotton be reinserted as a commodity subject only to original resolution.

JOHN J. SAMPLE.

NEW YORK, N. Y., *May 18, 1936.*

Hon. ROYAL S. COPELAND:

In my opinion the new amendments proposed by Senator SMITH to H. R. 6772, the commodities exchange control bill, would restrict the free movement of the cotton crop, at times adding to the cost of handling, and is therefore detrimental to interests of both producer and consumer. I urge that you oppose the new Smith amendments and insist that cotton be reinserted as a commodity subject to the provisions of the original resolution.

WILLIAM C. POTTER.

HOBART, N. Y., *May 11, 1936.*

Senator ROYAL S. COPELAND,
Washington, D. C.:

On behalf of the organized poultrymen of New York State I am respectfully requesting that you use all possible influence to oppose the striking out of eggs from the commodity exchange bill now pending. This protection is needed, and your efforts will be appreciated by all members of our State-wide organization.

WALLACE H. RICH,
President, New York State Cooperative,
Official Poultry Breeders, Inc.

Mr. SMITH. Mr. President, I ask unanimous consent to have printed in the RECORD telegrams coming from the exchanges and from individuals.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegrams are as follows:

MEMPHIS, TENN., *May 20, 1936.*

Senator E. D. SMITH,
Chairman of the Senate Agricultural Committee,
Washington, D. C.:

We approve and highly recommend your amendments to the commodity exchange bill, and honestly believe it will do the greatest good for the greatest number.

Frierson & Co., Inc., Memphis, Tenn.; Horace B. White & Co., Memphis, Tenn.; Wm. Hulsey & Co., Memphis, Tenn.; M. E. Hill & Co., Memphis, Tenn.; Austin Bros., Memphis, Tenn.; C. E. Tucker & Co., Memphis, Tenn.; J. Dickens, Memphis, Tenn.; Alex Bernstein, Memphis, Tenn.; Barnwell & Hays, Memphis, Tenn.; Lacy Bros., Memphis, Tenn.; Dairymple Cotton Co., Memphis, Tenn.; C. M. Owen & Co., Little Rock, Ark.; S. R. Nichols, Desark, Ark.; Henry Walkins & Son, Hope, Ark.; J. E. Atkins, Fort Smith, Ark.; Lipscomb & Vaughan, Henning, Tenn.; Ashley Downing, Dyersburg, Tenn.; Rosedale Cotton Co., Memphis, Tenn.

NORFOLK, VA., *May 15, 1936.*

Hon. ELLISON D. SMITH,
Chairman, Senate Agricultural Committee,
Senate Office Building, Washington, D. C.:

We, the undersigned, urgently request that the commodity exchange bill be amended with suitable, sane, and binding legislation for strict Government regulation of all cotton future exchanges. We not only urge this for the protection of ourselves as merchants but for the protection as well of the southern cotton grower to prevent any further exploitation and raids on the price of cotton by manipulations of the future markets which we consider has been proven beyond a shadow of doubt as a result of

recent investigation of cotton business by the Senate Agricultural Committee.

HUNTER A. HOGAN,
RALPH K. DAWSON.
T. RALPH JONES.

DALLAS, TEX., *May 17, 1936.*

Hon. ELLISON D. SMITH,
United States Senate, Washington, D. C.:

As the owner and operator of several Texas cotton farms, I wish to express to you my hearty appreciation and endorsement of your amendments to the commodity exchange bill now before Congress. I am today wiring the President, Secretary Wallace, and both Texas Senators to this effect.

Best regards,

EUGENE BRAGG SMITH.

DALLAS, TEX., *May 20, 1936.*

Senator ELLISON D. SMITH,
Senate Office Building, Washington, D. C.:

Greatly in favor your amendments to the commodity exchange bill, as we think this only salvation to producers and small cotton buyers; also should restore confidence in cotton market.

L. T. Robertson, W. H. Hammond, A. C. Musgrove, W. R. Rutland, A. C. Russell, Harry P. Savage, Lee Skaggs, J. C. Spittlehouse, Harold Cole, L. C. Davis.

GREENWOOD, MISS., *May 20, 1936.*

Senator ELLISON D. SMITH,
United States Senate Office Building:

We emphatically endorse your cotton amendments to the commodity exchange bill as the only cure and salvation for the smaller buyer and merchant who are faced continuously with harrassing by several larger firms.

GREGROY CUMMINGS COTTON CO.

OKLAHOMA CITY, OKLA., *May 21, 1936.*

The Honorable Senator ELLISON D. SMITH,
Washington, D. C.:

We, the undersigned, favor your amendments to the commodity exchange bill.

Guthrie Cotton Oil Co., of Guthrie, Okla.; Anadarko Cotton Oil Co., of Anadarko, Okla.; Lyon Gin Co., of Geary, Okla.; A. G. Powers and Keith Miller and Bob Loveless and Porter Windaham and Gen Dumas and Quint Warren and Edward O'Brien and Harold Cook and Harold O'Brien, of Chickasha, Okla., and Oklahoma City.

The above ginning companies and handlers of cotton represent and handle about 50,000 bales cotton for many hundred farmer customers. Thanks.

HOBART, OKLA., *May 21, 1936.*

Hon. ELLISON D. SMITH,
United States Senate, Washington, D. C.:

Strongly favor Smith amendments to commodity exchange bill. Believe their enactment prove beneficial very large majority cotton trade.

W. E. LAMPKIN.

NEW YORK, N. Y., *May 19, 1936.*

Senator ELLISON D. SMITH,
Senate Agriculture Committee:

In all history there is no record of permanent settlement of a fundamental issue behind closed doors. Your amendments strictly enforced bespeak life, liberty, and pursuit of happiness for the entire South, as well as the cotton farmers. Nothing is ever settled until it is settled right.

WILLIAM LOWNDES WALTHOUR.

BRENHAM, TEX., *May 22, 1936.*

Senator ELLISON D. SMITH,
Washington, D. C.:

We highly endorse your amendments to commodity exchange bill.

Willie Henske, Kenney, Tex.; Carl E. Schaer, Sealy, Tex.; Joe Cherkas, Sealy, Tex.; J. Will Tate, Giddings, Tex.; W. H. Werchan, Gayhill, Tex.; Ed Schmidt, Brenham, Tex.; W. A. Weimann.

CORSICANA, TEX., *May 21, 1936.*

Senator ELLISON D. SMITH,
United States Senate:

We favor your amendments to commodity exchange bill as think will go a long ways in restoring confidence in cotton market.

D. POINDEXTER.
LOUIS SHWARTS.

DALLAS, TEX., *May 16, 1936.*

Senator ELLISON D. SMITH:

Your many friends here favor your amendments to commodity bill.

LEWIS P. GRINNAN.

SWEETWATER, TEX., *May 24, 1936.*

Senator ELLISON D. SMITH,
Washington, D. C.:

We favor strongly your amendment to commodity exchange bill, and hope that you can have the united support of all Senators in its passage.

DR. JAMES T. MCKISSICK.

SAN ANTONIO, TEX., *May 20, 1936.*

Senator ELLISON D. SMITH:

I am heartily in favor of the passage of your bill, H. R. 6772, as no doubt this bill, after enactment, will aid greatly in the stabilization of farm products such as cotton and grain, because it will eliminate the rank manipulation that has been allowed to stifle all cotton and grain interests which has been carried on by one or two large concerns who have taken advantage in creating such tactics.

J. SELIGMANN.

SWEETWATER, TEX., *May 24, 1936.*

Senator ELLISON D. SMITH,
Washington, D. C.:

Your amendment to the commodity exchange bill finds very favorable comment, and all feel that its adoption will go far toward restoring confidence in the cotton market, and will allow the small operators a more even break with the larger interests. I feel that you should have the full support in your efforts at passage.

MILLARD L. COPE, *Publisher.*

TERRELL, TEX., *May 21, 1936.*

Hon. ELLISON D. SMITH:

Your amendments to commodity exchange bill is favored by big majority, and will restore confidence in cotton market.

W. P. ALLEN.

SULPHUR SPRINGS, TEX., *May 21, 1936.*

Senator ELLISON D. SMITH:

Heartily in favor of your amendments to commodity exchange bill.

W. C. PAYNE.

SWEETWATER, TEX., *May 24, 1936.*

Senator ELLISON D. SMITH,
Washington, D. C.:

Farmers and merchants of this area are in full support of your amendments to the commodity exchange bill.

W. R. JOHNSON.

SWEETWATER, TEX., *May 24, 1936.*

Senator ELLISON D. SMITH,
Washington, D. C.:

We feel that your amendments to the commodity exchange bill will be the salvation of the small merchant and should have the support of all who have a vote in its passage.

S. LELAND GLASS.

TERRELL, TEX., *May 21, 1936.*

Hon. ELLISON D. SMITH:

Your many friends this section favor your amendments to commodity exchange bill.

W. H. MURPHY.

TERRELL, TEX., *May 21, 1936.*

Hon. ELLISON D. SMITH:

Much interest is being taken in your amendments to commodity exchange bill, and all that I have talked wi,h are very much in favor of them.

B. T. PULLEN.

TERRELL, TEX., *May 21, 1936.*

Hon. ELLISON D. SMITH:

Majority this territory are very much in favor of your amendments to commodity exchange bill.

BEN SHELTON.

TERRELL, TEX., *May 21, 1936.*

Hon. ELLISON D. SMITH:

Sentiment here in favor of your amendments to commodity exchange bill.

W. B. NICHOLSON.

SULPHUR SPRINGS, TEX., *May 21, 1936.*

Senator ELLISON D. SMITH:

Very much in favor your amendments to commodity exchange bill.

H. D. SARTIN.

SULPHUR SPRINGS, TEX., *May 21, 1936.*

Senator ELLISON D. SMITH:

Am very much in favor your amendments commodity exchange bill.

THOS. KENNEDY.

SULPHUR SPRINGS, TEX., *May 21, 1936.*

Senator ELLISON D. SMITH:

Everyone seems favor your amendments to commodity exchange bill.

W. P. MCCULLOUGH.

SULPHUR SPRINGS, TEX., *May 21, 1936.*

Senator ELLISON D. SMITH:

All cotton buyers favor your amendments to commodity exchange bill.

MCGEE LONG.

SULPHUR SPRINGS, TEX., *May 21, 1936.*

Senator ELLISON D. SMITH:

I very much favor your amendments to commodity exchange bill.

M. SMITH.

SULPHUR SPRINGS, TEX., *May 21, 1936.*

Senator ELLISON D. SMITH:

Your amendments commodity exchange bill meets approval small cotton men.

G. S. NELSON.

SULPHUR SPRINGS, TEX., *May 21, 1936.*

Senator ELLISON D. SMITH:

Favor your amendments commodity exchange bill; will restore confidence in cotton market.

THE JOE TOM WOOD WAREHOUSE,
By JOE T. WOOD.

SULPHUR SPRINGS, TEX., *May 21, 1936.*

Senator ELLISON D. SMITH:

Favor your amendments commodity exchange bill; helps small cotton men.

MANN WOOD.

Mr. ROBINSON. Mr. President, I have a number of telegrams advocating the Smith amendments, and about an equal number, or more, opposing the Smith amendments. Nearly all the telegrams I have received are from persons whom I know, and it is amazing to take note how radically different are the viewpoints of the authors of these telegrams. One group insists that the adoption of the Smith amendments means the ruin of the cotton trade, and the other group insists that the adoption of the Smith amendments means the betterment of the cotton trade.

I do not know how it happens that there can be such marked diversity of opinion on a subject of this character. The viewpoints are so radically and notably different that it makes one wonder whether the opinions of the authors of the telegrams are to be relied on as helpful.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield to the Senator from Massachusetts.

Mr. WALSH. Mr. President, I have had the same experience. I made an investigation, and I find that nearly all the telegrams I have received in opposition to the Smith amendments were instigated by a few dealers whom this bill is directed against, on the theory that they constitute a monopoly.

While the opposition to the amendments at first impressed me very much, I found upon analysis that it had been promoted by the few large brokers, who, at times, it is alleged, have controlled 35 or 40 percent of all the spot cotton and the cotton on the exchanges. I understand that there are about 3,000 other brokers who are in favor of the Smith amendments.

I will say to the Senator from Arkansas that I have found, from my own inquiries—and my position on the bill has changed upon investigation—that most of the telegrams in opposition to the amendments have been instigated by the groups whom the amendments seek to check from possible attempts to control the cotton market.

Mr. SMITH. I do think the Senator is correct, and I think if other Senators would use the same diligence they would find the same facts.

Mr. COPELAND. Mr. President——

Mr. WALSH. Permit me to say to the Senator from Arkansas, furthermore, that two of the proposals which the original senders of the telegrams opposed have been removed by the pending amendment; and there is now only one objection, the very one we are now discussing. When some of these telegrams were sent they were protests against three proposed amendments; but we are now dealing with only one amendment that they are protesting against; all the other objectional amendments having been rejected by the committee and not now before the Senate.

Mr. ROBINSON. Mr. President, in connection with my remarks on the subject, I am going to have printed in the RECORD the telegrams to which I have referred. There is a considerable number of them, but they are not so numerous that they will very greatly encumber the RECORD. I can understand how one interested in the subject matter of legislation may prompt others to send a message to a representative in Congress urging a viewpoint touching proposed legislation.

There are other telegrams on the same subject in my office. I have not them at hand, and I shall not, therefore, ask to have them published in the RECORD; but, as illustrative of how good people may differ about a proposition, I request that these telegrams be printed in the RECORD. Some of them say that the adoption of the amendments will simply ruin the cotton trade of the South. Others declare that the adoption of the amendments is necessary for the protection of every interest that mortal man should hold dear.

The PRESIDING OFFICER. Without objection, the telegrams referred to by the Senator from Arkansas will be printed in the RECORD.

The telegrams are as follows:

LITTLE ROCK, ARK., *May 26, 1936.*

Senator JOE T. ROBINSON,
Senate Office Building:

Senator SMITH's amendments to commodity exchange bill introduced Monday are objectionable to the cotton trade wherein cooperative associations are eliminated from on-call sales restrictions. See MCKELLAR's report on cooperatives. Increase margin requirements are also much opposed.

W. S. TURNER,
Secretary Arkansas Cotton Trade Association.

LITTLE ROCK, ARK., *May 26, 1936.*

Senator JOE T. ROBINSON,
Senate Office Building:

Senator SMITH Monday introduced amendments to the commodity exchange bill which are objectionable to cotton trade. Increased margin requirements are much opposed. Elimination of cooperatives from on-call sales objectionable. McKellar investigation shows they are merchants and dealers in cotton not representing the farmer. I strongly urge your vote against amendments.

W. A. THOMPSON.

FORDYCE, ARK., *May 26, 1936.*

Senator JOE T. ROBINSON:

Friend in Bank of New York & Trust Co. solicit that you see personally telegram sent you this morning by Perry E. Moore regarding commodity exchange bill. Thank you.

A. B. BANKS.

NEW YORK, N. Y., *May 26, 1936.*

Senator JOSEPH T. ROBINSON,
Senate Office Building:

(Personal.)

This is in reference to commodity exchange bill (H. R. 6772) and Smith amendments and is important and should be given your immediate earnest consideration. How can you in any way justify placing cotton, the South's greatest commodity and the country's greatest export commodity, under legislation designed entirely for grain trade, and how can you justify regulation and administration of the product of your farmers' labors by grain administrators who are entirely unfamiliar with cotton problems and problems of the South? The present Secretary of Agriculture is a grain man and naturally favors the commodity exchange bill. This bill gives Secretary of Agriculture blanket powers, but what assurance have you that at some future date we may not have a Secretary who will be hostile to southern cotton producers, and then how will these discretionary powers work out? Think it important that you and your associates have cotton deleted from this bill and vote down Smith amendments, as this legislation destroys the buying power afforded to the farmers and so restricts their outlets and markets that low prices are inevitable to them. How can you justify your position to your constituents in view of the above facts?

PERRY E. MOORE.

FORREST CITY, ARK., *May 26, 1936.*

Senator JOE T. ROBINSON:

Senator SMITH's new amendments to the commodities exchange control bill practically same as his previous amendments. We consider them as dangerous and strongly oppose same.

RAY F. PRICE,
L. R. MULLIKIN.

BLYTHEVILLE, ARK., *May 25, 1936.*

Senator JOE T. ROBINSON,
Washington, D. C.:

Notice H. R. 6772 up today in the Senate; new amendments proposed by Senator SMITH against the best interest of the cotton farmer and cotton merchant. Solicit your opposition to these amendments.

JESSIE TAYLOR.

BLYTHEVILLE, ARK., *May 25, 1936.*

Senator JOE T. ROBINSON,
Washington, D. C.:

Notice H. R. 6772 up today in the Senate; new amendments proposed by Senator SMITH against the best interest of the cotton farmer and cotton merchant. Solicit your opposition to these amendments.

H. J. HALL.

BLYTHEVILLE, ARK., *May 25, 1936.*

Senator JOE T. ROBINSON,
Washington, D. C.:

Notice H. R. 6772 up today in the Senate; new amendments proposed by Senator SMITH against the best interest of the cotton farmer and cotton merchant. Solicit your opposition to these amendments.

J. H. CRANE.

MEMPHIS, TENN., *May 25, 1936.*

Senator JOE T. ROBINSON,
Care of J. R. Brewer, 1722 Nineteenth Street, Apartment 615, Washington, D. C.:

My wire of today is regarding today's amendments of Senator SMITH. They are the same amendments he has been talking about all the time, though they may have on different dresses, and the protests various Senators have received surely apply to them just as much as when their verbiage was different; though understand he says nobody can have received protests, for they are new and any wires received before today consequently out of order. Your remarks that unfortunate to bring them in at such a late date surely true. Hope you can kill them. Regards.

SID Y. WEST.

CAMDEN, ARK., *May 25, 1936.*

Senator JOE T. ROBINSON,
Washington, D. C.:

We, the Camden Chamber of Commerce, wish to register violent opposition to Smith amendment to commodity control bill, which we consider highly discriminatory; is obviously aimed at Anderson Clayton Cotton Co. This company is of great value to all south Arkansas in providing cotton market. This company has best facilities for handling South's export cotton. Why penalize them when we need their facilities and ability to sell American cotton abroad? We enjoy navigation on Ouachita because of cotton movement of Anderson Clayton. We urgently request your active opposition to Smith amendment.

CAMDEN CHAMBER OF COMMERCE,
S. D. HOLLAND, *Manager.*

BALDKNOB, ARK., *May 26, 1936.*

Hon. JOE T. ROBINSON,
United States Senator, Washington, D. C.:

New amendment proposed by Senator SMITH, House bill 6772, very objectionable to cotton trade, detrimental to producers. Hope you will oppose and vote against it.

B. L. OLIVER.
CUL L. PEARCE.
R. G. DEENER.
R. H. DEENER.
L. A. PRYOR.
J. E. LIGHTLE.
HUBERT SMITH.
JOHN CROCKETT.

DARDANELLE, ARK., *May 26, 1936.*

Senator JOE T. ROBINSON,
United States Senate:

Use influence defeat amendment H. R. 6772, proposed by SMITH yesterday.

F. D. MAJORS.

RUSSELLVILLE, ARK., *May 26, 1936.*

Senator JOE T. ROBINSON,
United States Senate:

Please use your influence and vote to defeat new amendment H. R. 6772 as proposed by Senator SMITH Monday.

C. R. LINTOR.

LITTLE ROCK, ARK., *May 25, 1936.*

Senator JOE T. ROBINSON:

Will appreciate your support of Smith amendment to cotton bill.

W. L. MAGNESS.
H. WORLEY.
J. B. HILZHEIM.

LITTLE ROCK, ARK., *May 25, 1936.*

Hon. JOE T. ROBINSON,
United States Senator:

Trust you will support and vote for Smith amendments commodity exchange bill.

R. A. POWELL.

LITTLE ROCK, ARK., *May 25, 1936.*

Senator JOE T. ROBINSON:

For the benefit of cotton producer as well as cotton trade, appreciate your support of Smith amendment.

OLIVER O. SCROGGIN.

LITTLE ROCK, ARK., *May 25, 1936.*

Senator JOE T. ROBINSON:

Believing passage of cotton bill with Smith amendment will be beneficial, entire cotton industry urgently ask your support.

LEO HAMBURG.

LITTLE ROCK, ARK., *May 25, 1936.*

Hon. JOE T. ROBINSON,
United States Senator:

Please use your influence favor Smith amendments commodity exchange bill. Will consider it personal favor.

LUCIEN E. FARRELL.

LITTLE ROCK, ARK., *May 25, 1936.*

Hon. JOE T. ROBINSON,
United States Senator:

Your influence in favor Smith amendments commodity exchange bill will be appreciated.

CHAS. L. HOLLOWELL.
JOE MILLER.

Mr. COPELAND and Mr. SHEPPARD addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Arkansas yield; and if so, to whom?

Mr. ROBINSON. I yield first to the Senator from New York.

Mr. COPELAND. Mr. President, I should like to say to the Senator from Arkansas that I am not so much disturbed about the telegrams, because I have had the same experience—I have received a great many one way, and a great many the other way—but what disturbs me is that I find, in conversation with Senators on the floor of the Senate, that almost with one accord they say they do not know what the bill is about.

Mr. SMITH. Does the Senator mean the whole bill?

Mr. COPELAND. The whole bill. Now, that may be our fault; but here we are, at the end of the session, crowded with work, anxious to get away, and a bill is brought before us that is so important that, as the Senator from Arkansas says, one group assert that the future of the Nation depends upon its passage, and the other group assert that if it shall be passed the Nation will go to the bow-wows. My contention is that we are not well enough informed to pass judgment upon the bill.

Mr. WALSH. Mr. President, I was not informed on the subject until I gave it some study; and I must frankly say that at first the bombardment of telegrams that I received directed me toward favoring the opposition to the amendments, and in opposition to the position of the Senator from South Carolina. When I analyzed the amendments, however, and found out their purpose and objective, I came to the conclusion that they ought to be approved, that they are reasonable amendments and in the public interest.

Mr. CONNALLY. Mr. President, the Senator has explained his reaction to the telegrams he received from those who originally opposed the amendments, and said he had a large number of telegrams from other interests favoring them.

Mr. WALSH. But most of my telegrams have been in opposition. Nearly all of them have been in opposition.

Mr. CONNALLY. Would the Senator mind stating what the other class of people were who favored the amendments?

Mr. WALSH. I should say that about 9 out of 10 telegrams I have received have been in opposition to the amendments; but I have talked to people who have made a study of the bill, and I find that most of them, and particularly some who represent what I may call the independents, the small brokers—there are 3,000 of them—are for the amendments. As I understand this amendment, this one

and some of the others are an attempt to give the small, independent companies a chance to do business on the exchange, and to sell spot cotton, and not to let two or three who have control of the market, and who at one time controlled 30 percent of all the cotton in the country, monopolize the cotton business.

Mr. SMITH. Why, certainly. The purpose and object of the whole bill is to give a free, open market, without the whole business being concentrated in a few hands.

Mr. WALSH. I come from a section of the country where it is desired to have a free sale of cotton, and to have as few barriers as possible, and where cotton is processed into textiles; and I certainly should not favor these amendments if I were not convinced that they are sound and helpful to the producer of cotton, helpful to the manufacturer, and helpful to the broker who is honest and does not want a monopoly.

Mr. COPELAND. Mr. President, I will say that I was called from the floor a little while ago by one of the independents spoken of by the Senator from Massachusetts.

Mr. CONNALLY. Independent of what?

Mr. SMITH. Independent of these three big concerns.

Mr. CONNALLY. I wish to know whether the Senator means a spinner, a broker, a merchant, or a cotton grower.

Mr. COPELAND. A broker. He gave me the same impression that the Senator from Massachusetts has expressed—that the small dealer, the small man, is for the bill, and the big one is against it. Now we have to choose between the big ones and the little ones, and, in my judgment, we are not prepared to do so.

Mr. WHITE. Mr. President, this question as to big and little people prompts me to go on and read a bit more from the telegram to which I made reference a moment ago. I may say that this is a telegram from Boston. The entire telegram is as follows. I will omit the signature:

> Understand three new amendments cotton commodity exchange regulation bill now before Senate. Proposed stringent limitations will, in my honest opinion, prove harmful to all manufacturing concerns, large merchants, and producers.
>
> Protect manufacturer from rising costs of operation unless definite benefits accrue to others. From study of amendments, unable to see benefits to anyone except New York brokerage houses.

Mr. SMITH. It does not affect them at all. What has New York to do with it?

Mr. WHITE. That is what I do not know. Like the Senator from Massachusetts, I have received a great many telegrams, most of the senders insisting that I oppose these cotton amendments; but in no instance have I had a clear explanation as to how the amendments would adversely affect the cotton industry of New England. I have received some telegrams, at least one or two, urging me to support the amendments. I am in a hopeless state of confusion as to what one desirous of being of assistance to an industry of his section, and having due regard to all other interests, ought to do.

Mr. SMITH. Mr. President, let me explain to the Senator that the present monopolistic arrangement puts into the hands of a few the power to dictate the terms upon which the mills and all others have to trade in cotton. I do not want to go into personalities and minute details, but if my colleagues will excuse the personal allusion, my whole living has depended upon the cotton fields of my plantation, outside of the salary I receive as Senator. I have had opportunity not only to grow cotton but to handle it for a farm organization, both for export and on the import side. I think I know the cotton business from beginning to end, and the New England States have petitioned me to see that they get some cotton stored there, and they did not get it. Just follow that out.

I have devoted my whole political life to cotton, and it is a matter of tremendous importance, and I state here today, as one man in the Senate who has devoted his life to cotton, that the hope of the mills, and the hope of the farmers, the hope of the small dealers and of the small cotton merchants lies in this limitation. I make this statement as the result of a lifetime study of this question.

Mr. WHITE. Then, the Senator is in complete disagreement with the manufacturers of New England who think the proposed action would be harmful to them.

Mr. SMITH. Yes; I think they are laboring under a misapprehension.

Mr. WALSH. Mr. President let us consider this matter from the very foundation. I have a letter stating the objections to the amendments originally presented by the Senator. They are three:

> 1. The abolition of southern delivery.

That is out, as I understand. It was originally proposed but it is not now included in the committee amendments?

Mr. SMITH. It is not in now.

Mr. WALSH. The second objection is:

> Arbitrary statutory limitations upon the amount of business that might be handled by any one cotton firm.

That is covered in the amendment now pending before the Senate?

Mr. SMITH. That is correct.

Mr. WALSH. The third objection is:

> The abolition or restriction of buying and selling cotton "on call."

That is not included. That has been removed by the committee, and there is no amendment dealing with that?

Mr. SMITH. The Senator is correct.

Mr. WALSH. So that two-thirds of the objections mentioned in this letter have been met. Am I correct?

Mr. SMITH. The Senator is correct.

Mr. WALSH. There is one objection about which this correspondent and several others have written, which is involved in the amendment now pending. The committee, in its investigation, found that two or three of the large brokers, or possibly four, so manipulated the market that they controlled 35 or 40 percent of spot cotton and of cotton credits on the exchange, which the committee found to be detrimental to the producer, detrimental to the manufacturer, and detrimental to the small broker; and the committee seeks to put this limitation into the bill in order to curb what they think is an abuse in the hands of a few people who control the business on the cotton exchange.

Mr. SMITH. That is correct.

Mr. WALSH. That is all there is to the pending amendment. I understand that the other amendments are largely administrative amendments by which the administrators of this law seek to correct some of the abuses which exist. Only one objection is left so far as I understand the original protests.

Mr. WHITE. Mr. President, will the Senator from Massachusetts yield?

Mr. WALSH. I yield.

Mr. WHITE. Is it to be understood, from what the Senator says, that the pending amendment will give to the cotton manufacturers in New England an opportunity to purchase in a free market?

Mr. WALSH. Yes.

Mr. WHITE. As against a restricted market?

Mr. WALSH. Absolutely.

Mr. SMITH. Absolutely free. Anyone may buy, and one can deal with whom he pleases.

Mr. WALSH. I expect that if we asked the manufacturers of New England what they thought of this amendment those who were customers of the concerns against which this amendment is aimed would protest. I find that all the independents, all the small-business men, think this change will mean a freer market. It is just the same as with grain.

Mr. SMITH. Precisely the same.

Mr. WALSH. Why did we pass a law for the regulation of the grain exchange? It was to prevent the grain of the country being controlled on the exchange by two or three people. Is that not correct?

Mr. SMITH. That is correct.

Mr. CONNALLY. Mr. President, that is already the law. Cotton has been included along with grain, but this amendment makes an exception as to cotton—takes it out of the measure regulating grain.

Mr. SMITH. Oh, no.

Mr. CONNALLY. There is no occasion for amending a law which is already on the books unless we expect to change it.

Mr. WALSH. Mr. President, we had before us for a few days the Federal Trade Commission bill, designed to fill up gaps in that law. The Commission pointed out abuses which had grown up, and they desired to have additional power. We had before us yesterday a bill along the same line. The bill before us now has practically the same object. The Department of Agriculture found that in the administration of the grain-futures law there were certain abuses, that efforts had been made to get around the original law, and, as I understand it, the pending bill is designed to curb what the Department of Agriculture believes to be growing abuses.

Mr. CONNALLY. Mr. President, the Senator says the Department of Agriculture found that there were abuses. The particular amendment before us provides for the limitation of hedging operations. This is what the Secretary says about that:

> The Department has definitely approved the limitation of speculative accounts, but it does not favor limiting legitimate hedging.

And that is what the amendment proposes to do.

Mr. WALSH. Perhaps I should not have said the Department of Agriculture, but I understood the committee of the Senate investigated this very question. Did it or did it not?

Mr. SMITH. It did.

Mr. WALSH. Did the committee unanimously agree that there were abuses?

Mr. SMITH. Yes.

Mr. WALSH. And the committee reported this amendment to correct one of those abuses?

Mr. SMITH. We did. Now, let me explain this "legitimate hedging." That was incorporated in the bill to take care of cooperatives. What is legitimate hedging? Suppose I had money enough to go out on the market and buy up the entire cotton crop, and then, if I saw fit, hedge it. That would be legitimate hedging. The abuse came because of the extent to which it went, just as in the grain trade.

If one gets money enough and corners the cotton market and then insures it with the hedges, he has the cotton market, both on the speculative side and on the spot side. There is legitimate hedging, and the provision as to that was inserted in the bill for the purpose of taking care of the cooperatives.

Mr. SHEPPARD. Mr. President, I desire to ask the Senator from South Carolina to comment upon the position of the Department of Agriculture in this matter. The Department says:

> The objections to this amendment are:
> 1. It would in effect destroy the cotton cooperatives, because the limits are so small that their growth would be so limited that they could not successfully operate. This would be the most important factor in the market, and the producers of cotton would suffer.
> 2. It would unnecessarily limit legitimate trading particularly when one considers both foreign and domestic markets.
> The Farm Credit Administration has loaned many millions of dollars to the cooperatives, and have invested in facilities. This would seriously jeopardize the interests of the Government in these associations.

I think it is both fair and helpful to state the position of the Department of Agriculture at this time, and I should like to have my colleague from South Carolina comment upon these objections.

Mr. SMITH. Mr. President, as I said a moment ago, I could see the necessity for such action if the farmers themselves were handling their cotton, but I never could understand how they could pool their cotton for better prices and then hedge it, for the minute the cotton is hedged the price is frozen until the hedge is lifted.

Suppose today you desire to buy 1,000 bales of cotton. You are in the cotton business. A seller desired to sell the cotton to you, and you bought it. The New York and the New Orleans exchanges are always open and ready to take the risk. Suppose you pay 10 cents a pound for the cotton and the seller brings you the cotton. Immediately you sell a thousand bales at the same price in New York. Now your cotton is hedged.

Let us see how nicely it works. If cotton goes up a cent a pound, you have sold in New York at 10 cents a pound, and it is now 11 cents. You sell your spots at 11 cents and take the $5 extra and send it to New York to make payment there. Let us say that cotton goes down a cent a pound, or $5 a bale. It has been bought in New York at 10 cents a pound; you can sell yours at 9 cents a pound, and the New York firm sends you $5. It is an insurance of the price, and that is called hedging. However, a large concern may pick off its hedges at any minute. It may sell its cotton and transfer its hedges, as was done in the case referred to with respect to pool cotton. In that case the pool representative sold the farmers' cotton and got the money. He bought a like amount on New York. That was not hedging. That was pure speculation. He had disposed of the spots and bought the futures.

Mr. WALSH. Mr. President, the next question, if I may interrogate the Senator, is: Is the limitation in question reasonable, assuming that it was found to be desirable to put a limitation in the amount that one person should directly or indirectly buy? I understand the bill fixes the limitation at 100,000 bales for delivery in any one delivery month with respect to all exchanges, and at a total of not more than 600,000 bales delivery in any 12 consecutive months in respect to all exchanges.

I should like to say that I have reached the opinion that the limitation is reasonable, if any is to be made, because I find from investigation that the number of bales of cotton consumed in all the textile mills in New England is about 70,000 bales. The bill allows one person to handle 100,000 bales in 1 month, when all the consumption of that section of the country is only 70,000 bales per month. Furthermore, the whole consumption in New England for a whole year is only about 600,000 bales, which is the amount any one broker may buy. As the Senator's amendment makes it possible in his limitation that one man may buy and sell all that the textile mills of one section use, I think the limitation is desirable and reasonable.

Mr. SMITH. Mr. President, I wish to state to the Senator what the value of the limitation is. One hundred thousand bales under the present value of cotton amounts to $6,000,000. One man may deal in cotton to the value of $6,000,000, or if he handles 100,000 bales in each of the 6 months, $36,000,000. If he were to liquidate those holdings, then in 90 days he could repeat the operation, and within a year he could handle four or five times that amount. But he must liquidate his monthly holdings, if they are 100,000 bales, before he can put in another 100,000 bales, or if he were to sell 50,000 bales in any one month he could put in another 50,000 bales. The purpose of the provision is to make him turn over his holdings of cotton, and not to monopolize the market by freezing it in the amount of four or five hundred thousand bales in 1 month.

I maintain that the cooperatives would not in any sense be jeopardized by my proposed amendment for the reason that if they had 1,000,000 bales they could put 600,000 bales on the futures market, and then liquidate it from month to month, and handle half the crop within a year.

Mr. WALSH. In a later amendment I understand the situation will be corrected by a requirement for actual deliveries within each month.

Mr. SMITH. Yes. Mr. President, I positively cannot understand how anyone among the Members of this body who favors antimonopoly and free trade can object to the proposed amendment.

Mr. BILBO. Mr. President, if I am to keep the resolution made when I entered the Senate, I shall not attempt to discuss any question of which I have not made a study. As a member of the Committee on Agriculture and Forestry, it has been my pleasure for the past 4 or 5 weeks to take part in an investigation of the cotton situation; and I rise

on this occasion to endorse the position taken and amendments which are being sponsored by the Senator from South Carolina.

Every person who knows anything about the cotton business knows that something is wrong with it. I am persuaded to believe that no matter what we do we cannot make conditions much worse. Congress will convene again in January 1937. If the proposed legislation shall be passed, there will be a try-out of between 6 and 7 months; and I appeal to the Senators who hail from the other sections of the United States to give some consideration to the wish and desire of the Senators from the cotton-producing States who have attempted to find a solution for the trouble that has confronted the cotton growers of the South.

Mississippi is the second largest cotton-growing State in the American Union; and in supporting the amendments offered by the Senator from South Carolina I am persuaded that I am representing the best interests of my constituents.

I, too, have been flooded during the past few days—yea, for several weeks—not only with personal visits but with telegrams and letters from those engaged in the cotton trade, urging me to oppose the pending amendment and the position taken by our veteran leader in the interest of cotton. The more of these telegrams I received, and the more I investigated the source of their inspiration, the more I became convinced that we are on the right track to get relief from a condition which for a number of years has been intolerable.

I trust that Senators from other sections of the United States who are not especially interested in the welfare of the cotton producers, because they have no such constituents, will give our appeal the same consideration that I am inclined to give to those Senators who represent the grain-growing sections of the United States as they seek relief for their constituents.

I shall not undertake to discuss the technical details of cotton manipulation on the cotton exchanges and the boards, but merely content myself with saying that I know something is wrong. I have not had the opportunity of participating in the 90-day hearings to which reference has been made, but from a partial study of the hearings I believe we are on the right track. I appeal to Senators to give the plan proposed a 6 months' trial. If what we believe to be right shall prove to be wrong, then when we return next January I shall be found among the first to present measures of correction.

Mr. McKELLAR. Mr. President, I wish to ask the Senator in charge of the bill if he would be willing to return for a moment to page 9 of the new print of the bill, line 22, and accept an amendment to insert after the word "executed" the words "at public outcry across the ring"?

Mr. SMITH. I have no objection. It intensifies what I am trying to do, and that is to provide that all tradings shall be in the open.

The PRESIDING OFFICER. It will be necessary first to reconsider the vote by which the committee amendment as amended was adopted. Without objection, the vote is reconsidered.

Mr. McKELLAR. I now offer my amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 9 of the new print of the bill, in line 22, after the word "executed", it is proposed to insert the words "at public outcry across the ring", so as to make the paragraph read:

Nothing in this section or in any other section of this act shall be construed to prevent a futures commission merchant or floor broker who shall have in hand, simultaneously, buying and selling orders at the market for different principals for a like quantity of cotton for future delivery in the same month, from executing such buying and selling orders at the market price: *Provided*, That any such execution shall take place on the floor of the exchange where such orders are to be executed at public outcry across the ring, and shall be duly reported, recorded, and cleared in the same manner as other orders executed on such exchange.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee on page 31 of the new print of the bill, proposing to insert certain new sections.

Mr. McKELLAR. Mr. President, it is almost 5 o'clock. I inquire of the Senator in charge of the bill if we may not suspend until tomorrow. I desire to discuss that part of the pending amendment which it is claimed affects cotton cooperatives. I understood the Senator from South Carolina to say he was willing to accept an amendment excepting the cotton cooperatives?

Mr. SMITH. "Bona fides", as the Senator will remember.

Mr. McKELLAR. I cannot agree to that. For that reason I hope the Senator will let us take a recess at this time until tomorrow, when I should like to explain to the Senate exactly the situation as it relates to cotton cooperatives.

Mr. SMITH. I shall be glad to hear that discussion.

Mr. ROBINSON. Mr. President, as I recall from reading the newspaper reports, the investigation to which the Senator has referred produced one impression on his mind and a radically different impression on the mind of his colleague on the committee, the Senator from Alabama [Mr. BANKHEAD].

Mr. McKELLAR. Not radically different, but somewhat different in one respect. Since that time I have received a copy of the report of the investigation by the Department of Agriculture. I shall have that report with me tomorrow. It contains every fact that was reported by the committee.

Mr. ROBINSON. I had earnestly hoped that the bill might be disposed of today. However, I am reluctant to resist the request of the Senator from Tennessee.

May I ask the Senator from South Carolina whether he would like to conclude consideration of the bill this afternoon, or what is his desire?

Mr. SMITH. Mr. President, I had hoped we might get through with the bill today. I am very much encouraged over the aspects of the situation. The one remaining amendment is an accommodation of the Cotton Futures Act to the commerce clause of the Grain Futures Act.

Mr. McKELLAR. Let me say to the Senator that if the cotton cooperatives were included in his amendment I should have no objection.

Mr. SMITH. I have no objection to that.

Mr. CONNALLY. Mr. President, the Senator from Texas has some views to submit on that matter even if the Senator from Tennessee has not. They are not in agreement with his views. I should like to have the matter go over until tomorrow.

Mr. SMITH. Very well.

NATIONAL FLOOD CONTROL

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. COPELAND. I move that the Senate insist on its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. COPELAND, Mr. FLETCHER, Mr. SHEPPARD, Mr. MCNARY, and Mr. JOHNSON conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate messages from the President

of the United States submitting several nominations (and withdrawing a nomination), which were referred to the appropriate committees.

(For nominations this day received and nomination withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of several officers and sundry midshipmen for appointment as officers in the Marine Corps.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the first nomination in order on the calendar will be stated.

RURAL ELECTRIFICATION ADMINISTRATION

The legislative clerk read the nomination of Morris L. Cooke, of Pennsylvania, to be Administrator of the Rural Electrification Administration for a term of 10 years.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. Mr. President, I ask unanimous consent that nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, nominations in the Army are confirmed en bloc.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 p. m.) the Senate took a recess until tomorrow, Wednesday, May 27, 1936, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 26 (legislative day of May 12), 1936

DIPLOMATIC AND FOREIGN SERVICE

Eugene H. Dooman, of New York, now a Foreign Service officer of class 2 and a secretary in the Diplomatic Service, to be also a consul general of the United States of America.

UNITED STATES DISTRICT JUDGE

John W. Holland, of Florida, to be United States district judge, southern district of Florida, vice Halsted L. Ritter, removed by impeachment.

APPOINTMENTS IN THE NAVY

MARINE CORPS

The following midshipmen to be second lieutenants in the Marine Corps, revocable for 2 years, from the 4th day of June 1936:

Frederick R. Dowsett
Ted E. Pulos

CONFIRMATIONS

Executive nominations confirmed by the Senate May 26 (legislative day of May 12), 1936

RURAL ELECTRIFICATION ADMINISTRATION

Morris L. Cooke to be Administrator of the Rural Electrification Administration.

APPOINTMENTS IN THE REGULAR ARMY

Richard Henry Jordan to be assistant to the Quartermaster General with the rank of brigadier general.

Charles Harden Schutt to be first lieutenant, Medical Corps.

Walter Richard Cook to be first lieutenant, Medical Corps.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Capt. Claude Bayles Mickelwait to Judge Advocate General's Department.

Capt. Thomas Russell Howard to Quartermaster Corps.

Capt. Eggleston Westley Peach to Quartermaster Corps.

Capt. Willis Arthur Platts to Quartermaster Corps.

First Lt. Whitside Miller to Cavalry.

PROMOTIONS IN THE REGULAR ARMY

Albert Whitney Waldron to be lieutenant colonel, Field Artillery.

William Oliver Reeder to be major, Signal Corps.

POSTMASTERS

ALABAMA

Mack Karrh, Berry.
Jennings B. Key, Parrish.

ARIZONA

S. Paul Shoemaker, Buckeye.
Peter Riley, Clifton.
Bertha L. Hastings, Hayden.
George L. Noel, Holbrook.
Vernon Hubbs, Kingman.
Floyd H. Miller, Tempe.
Lee B. McAleb, Willcox.
George T. Stevens, Winslow.

ARKANSAS

William Earl Polk, Corning.
William B. Martin, Mena.
Fred Smith, Stephens.

CALIFORNIA

Jeremiah P. Shields, Bakersfield.
Edith Irvin, Clearwater.
Margaret A. Brophy, Hughson.
Cortez B. Combs, McFarland.
Clarence N. Hamblet, Oildale.
Alva Millard Smith, Parker Dam.
George F. Erwin, Sanitarium.
Elizabeth C. Bavier, Truckee.

IDAHO

Robert J. Wood, Weiser.

ILLINOIS

Pearle Paxton Bruner, Augusta.
Harry Bruns, Camp Point.
Raymond O. Huffman, Catlin.
Guy E. Ferree, Sr., Hamilton.
Mildred Conwell, La Harpe.
George A. Kreuter, Livingston.
Alice C. Nichols, Plymouth.
Guy George Gillespie, Pocahontas.
Rufus B. Grissom, Toledo.
Esper Ziegler, Warsaw.
Edward C. Jobusch, Waterloo.

INDIANA

Jack Dolan, Hartford City.
Fred Porter Rensberger, Lakeville.
Vance E. Worrell, Orleans.
Ivan Dale Watson, Russiaville.

IOWA

Charles J. Cash, Jr., Anamosa.
Albert C. Peterson, Corning.
Frank Howard Garrett, Council Bluffs.
John L. McLaughlin, Guthrie Center.
Harold E. Maffett, Murray.
John H. Gribben, Newton.
Ruth M. Pedersen, Pierson.

Charles E. Hudson, Pomeroy.
Henry J. Kelley, Shannon City.
Walter L. Hurd, Stanhope.
George W. Trowbridge, Stuart.
Ella M. Hames, Williams.

MARYLAND

Edgar R. Twilley, East New Market.
Ellwood E. Matthews, Pocomoke City.
Elliott W. Marshall, Snow Hill.
George R. Bromley, Stockton.

MASSACHUSETTS

Edward F. X. Jalbert, Grafton.

MICHIGAN

Regina W. Cleary, Escanaba.

MINNESOTA

Calvin R. Bouvette, Hallock.
Cornelius W. Vahle, Tracy.
Emma C. Nuernberg, Young America.

MISSISSIPPI

Fannie L. Lowry, Houston.

MISSOURI

James G. Skidmore, Barnard.
Benjamin F. Coleman, Center.
Theo J. Quinn, St. Joseph.
H. Sam Jones, Senath.

MONTANA

Emma M. Minette, Cut Bank.
Ethel H. Burchak, Stanford.
Phyllis M. Crockford, Sweetgrass.
Thomas E. Devore, Whitehall.

NEBRASKA

Fred W. Schuman, Osceola.

NEVADA

Olive V. Corbiere, Sparks.

NEW HAMPSHIRE

George F. Garneau, Franklin.
Hugh F. Waling, Keene.

NORTH CAROLINA

Robert A. Watson, Sr., Jonesboro.
John Locke Milholland, Statesville.

NORTH DAKOTA

Albert A. Glotzbach, Anamoose.
John Urbon Pavlik, Buffalo.
Frank C. Schroeder, Leonard.
Mary Olivia Hutchison, Rhame.
Albert J. Bateson, Rolla.
Chester A. Johnson, Scranton.

OHIO

Samuel R. McGuire, Bowerston.
Earle V. Miller, Hillsboro.
Marguerite E. Martin, Monroeville.
Aaron G. Shealy, New Washington.
Loretta H. Duswald, Scio.

OKLAHOMA

Bentley R. Jones, Stilwell.

OREGON

Emil L. Mueller, Clatskanie.
Eldon A. Rush, Elgin.
Lora C. Coykendall, Oak Grove.
Louis Earl Hammer, Tillamook.

PENNSYLVANIA

Harvey F. Ecelbarger, Big Run.
Arthur W. Kinsloe, Burnham.
Michael J. Hoban, Carnegie.
Earl H. Helms, Myerstown.
Andrew T. Urda, Nemacolin.
Edward F. Lawler, Olyphant.
Paul H. Shaak, Sheridan.
Edward J. Quinn, Wilkes-Barre.
Daniel Leger, Wilmerding.

SOUTH CAROLINA

Wiley W. McTeer, Jr., Ridgeland.

TENNESSEE

Ottie H. Seaver, Church Hill.
John S. McBride, Covington.
Monie Sandschulte, Loretto.
Robert W. Simmons, Sr., Sharon.

TEXAS

Mabel Darden, Holliday.
Martha A. Davenport, Ranger.
Edwin Westbrook, Mart.
Clarence Lamoine Power, Temple.

UTAH

Ray K. Bohne, Mount Pleasant.

VERMONT

Lyman W. Sheldon, South Londonderry.

VIRGINIA

S. Thomas Nottingham, Cape Charles.
Archa Vaughan, Floyd.

WISCONSIN

Frank S. Dhooge, Ashland.
Leslie E. Sawyer, College Camp.
Harold P. Van Buren, Hartland.
Charles V. Porter, Menomonie.
Lawrence E. Astin, Milton Junction.
John W. Schnettler, St. Nazianz.
William H. Shay, Somerset.
Julius G. Behm, Woodville.

WYOMING

Orville R. Booker, Basin.
Hazel E. Moore, Edgerton.
Francis R. Peek, Glenrock.
George W. Nance, Midwest.
Cleo H. Massey, Parco.
Daniel D. Spani, Rock Springs.
Bertha I. Frolander, Sundance.

WITHDRAWAL

Executive nomination withdrawn from the Senate May 26 (legislative day of May 12), 1936

APPOINTMENT IN THE NAVY

MARINE CORPS

Midshipman Marvin C. Clayton to be a second lieutenant in the Marine Corps.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 26, 1936

The House met at 12 o'clock noon.

Rev. William Andrew Keese, minister, Metropolitan Memorial Methodist Episcopal Church, Washington, D. C., offered the following prayer:

Almighty God, by whose grace our fathers laid firmly the foundations of this Republic in liberty and equality, grant unto us, their children, we beseech Thee, Thy continued favor, that we may always seek to know Thy will and to walk in Thy laws.

As our forbears subdued the wilderness and conquered the natural frontier, so may we, led by Thy spirit, transform the social frontiers of our times, that out of misunderstanding and inequality we may build the fair city of brotherhood and good will.

Lend encouragement to the strong phophetic voices which challenge us to prepare in our land a highway for our God; send wisdom and strength to all those who have the responsibility of government; and, above all, grant Thine enlighten-

ing spirit to the rank and file of our people to the end that, discerning truth from error and permanent good from temporary expediency, they may follow that manner of life which leads to security and justice for all.

Preserve in us those ancient integrities of the soul which make for peace in our borders and friendship with all the world.

In the day of our opportunity, guide Thou us to create the agencies of cooperation which shall make us all one happy nation in a family of nations. May each home be hallowed by the honor of Thy name; may the humblest of our citizens have a sense of kinship with the highest. Under the fatherhood of God, may the brotherhood of man be attained. And grant that the light of our land, shining through all the world, lead the nations to peace and prosperity, to righteousness and true success. We pray in the spirit of Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On May 18, 1936:

H. R. 10589. An act to amend section 32 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes", approved August 30, 1935;

H. R. 10847. An act to authorize the acquisition of land for cemeterial purposes in the vicinity of New York City, N. Y.;

H. R. 12183. An act for the relief of Gladys Hinckley Werlich;

H. J. Res. 538. Joint resolution to provide for participation by the United States in the Ninth International Congress of Military Medicine and Pharmacy in Rumania, in 1937, and to authorize and request the President of the United States to invite the International Congress of Military Medicine and Pharmacy to hold its tenth congress in the United States in 1939, and to invite foreign countries to participate in that congress;

H. J. Res. 547. Joint resolution providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at Great Lakes Exposition, to be held at Cleveland, Ohio, beginning in June 1936, and for other purposes; and

H. J. Res. 569. Joint resolution to authorize an appropriation for the expenses of participation by the United States in a conference at Brussels to revise the Convention for the Protection of Literary and Artistic Works concluded at Bern, September 9, 1886, and revised at Rome, June 2, 1928.

On May 19, 1936:

H. R. 2119. An act for the relief of Mrs. E. L. Babcock, mother and guardian of Nelson Babcock, a minor;

H. R. 8089. An act for the relief of Joseph J. Baylin; and

H. R. 12162. An act to create an additional division of the United States District Court for the Southern District of Mississippi, to be known as the Hattiesburg division;

On May 20, 1936:

H. R. 2467. An act for the relief of Holy Cross Mission Hospital;

H. R. 5058. An act to convey certain lands to Clackamas County, Oreg., for public-park purposes;

H. R. 7110. An act to authorize the President to bestow the Navy Cross upon Brig. Gen. Robert H. Dunlap, United States Marine Corps, deceased; and

H. R. 8506. An act for the relief of Oliver Faulkner.

On May 21, 1936:

H. R. 9370. An act for the relief of Frank Cordova;

H. R. 9373. An act for the relief of H. L. & J. B. McQueen, Inc., and John L. Summers, former disbursing clerk, Treasury Department;

H. R. 9455. An act for the relief of Robert J. Mann;

H. R. 10308. An act to amend article 3 of the "Rules Concerning Lights, etc.", contained in the act entitled "An act to adopt regulations for preventing collisions upon certain harbors, rivers, and inland waters of the United States", approved June 7, 1897;

H. R. 11036. An act to amend section 4321, Revised Statutes (U. S. C., title 46, sec. 263), and for other purposes;

H. R. 11302. An act to authorize the Secretary of War to lend to the reunion committee of the United Confederate Veterans 3,000 blankets, olive drab no. 4, 1,500 canvas cots, to be used at their annual encampment to be held at Shreveport, La., in June 1936; and

H. R. 11346. An act for the relief of H. R. Heinicke, Inc.

On May 22, 1936:

H. R. 1398. An act to provide for the establishment of a Coast Guard station at or near Crescent City, Calif.;

H. R. 8370. An act to provide for the establishment of a Coast Guard station at Port Washington, Wis.;

H. R. 10321. An act to amend section 4 of Public Act No. 286, Seventy-fourth Congress, approved August 19, 1935, as amended; and

H. R. 10544. An act authorizing the erection of a memorial to those who met their death in the wreck of the dirigible *Shenandoah*.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 11454. An act to incorporate the Veterans of Foreign Wars of the United States.

The message also announced that the Senate had ordered that the Secretary be directed to request the House to return to the Senate the bill (S. 4100) to incorporate the Veterans of Foreign Wars of the United States.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 262. Joint resolution granting the consent of Congress to the States of New York and Vermont to enter into an agreement amending the agreement between such States consented to by Congress in Public Resolution No. 9, Seventieth Congress, relating to the creation of the Lake Champlain Bridge Commission.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 4023. An act to provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers, for the filing of current information and periodic reports by issuers, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12527) entitled "An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes."

The message also announced that the Senate insists upon its amendment to the bill (H. R. 7736) entitled "An act to provide for the establishment of the Whitman National Monument", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MURRAY, Mr. BENSON, and Mr. NYE to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 3531) entitled "An act to amend the act entitled 'An act for the control of floods on the Mississippi River and its tributaries, and for other purposes', approved May 15, 1928", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. COPELAND, Mr. FLETCHER, Mr. SHEPPARD, Mr. OVERTON, Mr. MCNARY, Mr. JOHNSON, and Mr. VANDENBERG to be the conferees on the part of the Senate.

The message also announced that the Vice President had appointed Mr. BARKLEY and Mr. NORBECK members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of executive papers in the Interior Department.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11418) entitled "An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1937, and for other purposes."

The message also announced that the Senate had passed the following resolution:

Senate Resolution 304

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. RANDOLPH PERKINS, late a Representative from the State of New Jersey.

Resolved That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now take a recess until 12 o'clock meridian tomorrow.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1937—MOTION TO INSTRUCT CONFEREES

Mr. BLANTON. Mr. Speaker, I offer a motion of the highest privilege, to instruct conferees under clause I 1–2a, rule XXVIII, section 910, of the rules of the House of Representatives, which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the motion.

The Clerk proceeded to read the motion.

CALL OF THE HOUSE

Mr. SNELL (interrupting the reading of the motion). Mr. Speaker, as this is a very important matter, I think we should have a quorum present. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 108]

Adair	Costello	Hoeppel	Powers
Andrew, Mass.	Crowther	Huddleston	Robinson, Utah
Andrews, N. Y.	Curley	Jenckes, Ind.	Rogers, N. H.
Bacon	Dear	Johnson, W. Va.	Ryan
Barden	Dietrich	Kee	Schaefer
Berlin	Ditter	Kennedy, Md.	Schuetz
Binderup	Dockweiler	Lanham	Shanley
Brennan	Driscoll	Lewis, Md.	Smith, Conn.
Brewster	Duffey, Ohio	Lundeen	Thom
Brooks	Dunn, Miss.	McFarlane	Tobey
Buckley, N. Y.	Fenerty	McGehee	Treadway
Bulwinkle	Ferguson	McGroarty	Turpin
Caldwell	Frey	McLean	Utterback
Carmichael	Goodwin	Marshall	Wearin
Cartwright	Green	Montet	Werner
Cary	Greenway	Murdock	Wigglesworth
Casey	Gwynne	Norton	Wilcox
Cavicchia	Hancock, N. C.	Oliver	Wood
Chapman	Harlan	Patton	Zioncheck
Claiborne	Hennings	Peterson, Fla.	
Connery	Hill, Samuel B.	Plumley	

The SPEAKER. Three hundred and forty-three Members are present, a quorum.

On motion of Mr. BANKHEAD, further proceedings under the call were dispensed with.

PORT NEWARK ARMY SUPPLY BASE—VETO MESSAGE (H. DOC. NO. 497)

The SPEAKER laid before the House the following message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H. R. 9042, "An act to provide for the sale of the Port Newark Army Supply Base to the city of Newark, N. J."

The land on which this base is located was acquired from the city of Newark in 1918 for the storage and shipment of overseas supplies at its then value of $1,330,000. The original outlay of the Government for construction was more than $10,000,000. Since 1924 it has been under lease, chiefly for the purpose of preserving the plant in a saleable condition.

H. R. 9042 extends a very liberal option to the city of Newark to acquire the base for what purports to be $2,000,000, but which is in fact a donation after 20 years, with annual payments by the city of no more than reasonable rent, or 5 percent interest on the arbitrary valuation. This is a departure from previous legislation under which States, counties, and municipalities have been given preferences to acquire surplus military reservations by paying the appraised value in cash. When such properties have been sold at public sale, a down payment of 25 percent has generally been exacted with interest on the unpaid portion of the purchase price.

That part of section 1 which implies an additional consideration moving from the city in the form of maintenance of the inshore channel furnishing ingress and egress to the base is not regarded of any legal effect, as the city has previously bound itself to maintain this channel and such work will inure to the city if it becomes the owner of the base.

Section 4, which is intended to authorize the sale to others if the city does not exercise its option, is open to several objections, the more important being:

It does not give the Secretary of War any discretion in the way of terms of sale, but requires the purchase price to be paid in cash, thereby confining competition to a limited number of bidders.

Disappointed bidders are encouraged to attack any sale.

Repeated offering of the property at public sale under identical conditions is required, irrespective of the success of preceding efforts or the prevailing market, thereby creating an uncertain situation which would seriously interfere with any temporary use of the property pending its permanent disposition.

In general, the bill, in addition to being unduly liberal to the city, establishes an undesirable precedent, and its restrictions, in the event of a public sale, render an advantageous disposition improbable.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 26, 1936.*

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Mr. McSWAIN. Mr. Speaker, I move that the bill, together with the message of the President, be referred to the Committee on Military Affairs and ordered printed.

The motion was agreed to.

Mr. BLANTON. Mr. Speaker, there are several Members present who desire to submit conference reports. With the understanding that it shall not take me off the floor or be taken out of my time, I am willing that these bills be sent to conference; but with the understanding that my rights are still preserved.

The SPEAKER. It will not interfere with the gentleman's rights.

FLOOD CONTROL

Mr. WILSON of Louisiana. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 8455) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference thereon.

Mr. SNELL. Mr. Speaker, reserving the right to object, is the gentleman's purpose merely to ask that the bill go to conference?

The SPEAKER. That is all.

Is there objection to the request of the gentleman from Louisiana? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. WILSON of Louisiana, WHITTINGTON, GRISWOLD, RICH, and ENGLEBRIGHT.

COLLECTION OF REVENUE ON INTOXICATING LIQUOR

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the Speaker be authorized to appoint three additional conferees on the bill (H. R. 9185) to insure the collection of the revenue on intoxicating liquor, to provide for the more efficient and economical administration and enforcement of the laws relating to the taxation of intoxicating liquor, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. DOUGHTON, VINSON of Kentucky, and REED of New York.

INTERNAL-REVENUE LAWS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report on the bill (H. R. 12793) to amend certain administrative provisions of the internal-revenue laws, and for other purposes.

Mr. SNELL. Will the gentleman tell us what bill that is?

Mr. DOUGHTON. That is the bill providing for refund of taxes paid under the A. A. A.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL, 1937

Mr. CANNON of Missouri submitted a conference report and statement on the bill (H. R. 11418) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1937, and for other purposes.

NAVY DEPARTMENT APPROPRIATION BILL, 1937

Mr. UMSTEAD submitted a conference report and statement on the bill (H. R. 12527) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1937, and for other purposes.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1937—MOTION TO INSTRUCT CONFEREES

The Clerk resumed and completed the reading of the motion to instruct conferees, which is as follows:

MOTION OF THE HIGHEST PRIVILEGE

Mr. BLANTON, under paragraph 1½a, of rule XXVIII, section 910, of the rules of the House of Representatives, offered the following motion to instruct House conferees, being a motion of the highest privilege, to wit:

Moved, That managers on the part of the House, who, at the request of the Senate, were appointed by the Speaker on April 24, 1936, for a conference with the managers on the part of the Senate, who were appointed by the Senate on April 23, 1936, respecting the disagreeing votes of the two Houses relative to 87 amendments placed by the Senate on the House bill (H. R. 11581) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1937, and for other purposes, have been in conference more than 20 days without avail, said House conferees having been appointed more than 20 calendar days, and have made no report to the House, that they, the said managers on the part of the House be, and they are hereby, instructed as follows:

First. The House instructs its managers to insist on the disagreement of the House to Senate amendment no. 1, which proposes to appropriate $5,700,000 out of the United States Treasury as a Federal contribution on the local civic expenses of the District of Columbia, and to insist on the House provision appropriating $2,700,000, it being the position of the House of Representatives that inasmuch as the tax rate on the District of Columbia was lowered in 1928 from $1.80 on the $100 to $1.70 on the $100, which remained in effect up to and including 1933; that in 1934 such tax rate was again lowered from $1.70 on the $100 to $1.50 on the $100, which rate still prevails, being the lowest rate of taxation in any comparable city in the United States; and that said 1934 reduction in rate was a saving annually to local taxpayers of $2,445,000 in cash; that also in 1934 the Commissioners arbitrarily lowered the assessed values of real estate $80,000,000, which was an additional saving annually to property owners of $1,200,000; that in 1935 the Commissioners again arbitrarily lowered the assessed values of real estate $50,000,000, which was an additional saving annually to property owners in a large amount; that in 1935 the Commissioners gave a 25-percent reduction in water rates and at the same time granted an increase in the metered allowance of from 7,500 to 10,000 cubic feet, which meant an additional saving to property owners of $600,000 per annum on water charges; that a discount of 10 percent also was allowed property owners on water bills for payment of same within 15 days after being due, which meant an additional saving to them of $100,000 per year; that the local tax rate on intangible properties is only one-half of 1 percent; that the local gasoline tax is only 2 cents per gallon, while in Maryland, just a few miles from the Capitol, it is 4 cents, plus a general sales tax; and in Virginia, just a few miles from the Capitol, and in Arizona, Georgia, Idaho, Kentucky, Louisiana, New Mexico, and the State of Washington it is 5 cents per gallon; and in the States of Alabama, Arkansas, Georgia, North Carolina, and South Carolina it is 6 cents per gallon; and in the States of Florida and Tennessee the gasoline-tax rate is 7 cents per gallon; and in the District of Columbia the tangible personal-property tax paid on many fine Packards, Cadillacs, and Pierce-Arrows, used family automobiles, is in instances as low as $2, $3, and $4 per car; and the annual registration and license-tag charge is only $1 per car, whether it is a Ford or a $12,000 Rolls-Royce; and the annual average charge for water per average family is only $6.60 per year; and each family has exempt from tax $1,000 of household furniture; and each citizen has exempt from tax his private library, whether worth $5 or $50,000; and each person has exempt from tax all wearing apparel, whether worth $5 or $50,000; and there is no charge made on residences for gathering ashes, or gathering trash, or gathering garbage; and no charge is made to contiguous property owners for repairing and repaving sidewalks or for repairing and repaving streets; and there is furnished without charge to all property owners shade and ornamental trees around their property, and the fencing that protect the first years of early growth, the pruning, caring for, spraying, and replacing of them; and there is no annual charge made for sewer service; and there is no local bonded indebtedness with annual interest to pay, because in years gone by the United States Government paid one-half of all the Capital construction expense of paving streets, building bridges, jails, penitentiary, courthouses, municipal buildings, water system, sewer system, 150 schools, parks, and playgrounds, hospitals, and other improvements; and after once paying it out of debt the United States has kept the District of Columbia out of debt; and that outside of the regular Federal taxes the people of all cities everywhere pay, there is in the District of Columbia no estate tax, no inheritance tax, no gift tax, no income tax, and no sales tax; and that in his testimony every fact hereinbefore asserted was admitted to be true by Commissioner Hazen, the President of the Board of Commissioners, who testified that the people of the District of Columbia are better cared for, are the least taxed, and have greater privileges than any other people in the United States; and the Washington Board of Trade having advertised in the Washington Star on April 26, 1936, that during the last 5 years visitors to Washington had spent in Washington the huge sum of $221,547,992, which resulted from the Government's institutions being located in Washington, and inures to the benefit of local residents here, it being the position of the House that under such circumstances, while citizens of Washington are taxed less than citizens of any other comparable city in the United States, it would be unjust and inequitable for the people residing in the States to be taxed to pay more than $2,700,000 as an annual contribution to the expenses of the taxpayers of the District of Columbia.

Second. The House instructs its managers to insist on the disagreement of the House to the amendment of the Senate appropriating $78,660 for so-called character education, the House having refused to allow same, and it being the position of the House that the $63,385 appropriated in the 1935 bill for so-called character education was wasted and perverted, and that the $89,540 appropriated in the 1936 bill has been wasted and perverted, there being no attempt to establish said character education in but 10 of the 175 schools of the District of Columbia, and that no good whatever but harm has been accomplished by the experiment, and as unanimously recommended by the subcommittee, which held an exhaustive hearing on the subject, the Committee on Appropriations in its bill and report refused to appropriate the $4,400 for an assistant superintendent in charge, $17,460 salaries for 12 clerks, and $56,800 salaries of 22 research assistants and counselors, and refused to appropriate said $78,660, and recommended the elimination of all funds for so-called character education, and said committee in its report unanimously recommended that the Board of Education should take immediate steps to eliminate from the public schools all communistic books and magazines.

Third. The House instructs its managers to insist on the disagreement of the House to Senate amendment no. 83, which struck from the House bill the following—

"SEC. 6. No part of the funds appropriated in this act shall be available for the payment of the salary of any officer or employee of the District of Columbia whose salary as such officer or employee is $2,400 or more per annum who is engaged in any outside business or profession in addition to his official duties,"—

and to insist on said House provision, it being the position of the House that judges getting salaries of $8,000, $10,000, and $12,000 per annum, and that attorneys getting salaries up to $8,000 per annum, and that doctors getting salaries up to $7,500 per annum, ought to apply themselves and give their time to their official duties, and ought not to neglect their duties by accepting outside employment.

Mr. SNELL (interrupting the reading of the motion). Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. SNELL. Mr. Speaker, I understand that the motion which the Clerk is reading is a motion to instruct the conferees. It seems to me that there is contained in this motion the argument on one side at least. Is that proper in a motion to instruct conferees?

Mr. BLANTON. Mr. Speaker, may I be heard?

The SPEAKER. The Chair will hear the gentleman.

Mr. BLANTON. Mr. Speaker, I may say this motion is drawn as the basis for the action of the House in instructing its conferees, to show that the House is not acting arbitrarily, but, on the contrary, has reason for thus instructing its conferees. If the gentleman from New York will listen to the next two instructions he will see they are very specific as to instructing the conferees, and the Clerk is about to read those two sections.

Mr. SNELL. Mr. Speaker, in order to get a ruling of the Chair, I make the point of order that the gentleman from Texas in his motion has gone far beyond what is intended to be placed in a motion to instruct conferees.

The SPEAKER. The Chair thinks the motion ought to be read first, so that the Chair may know the full context of the motion before a ruling is made. The Chair may say further that the rule under which this motion is offered would not ordinarily carry with it an argument.

Mr. SNELL. That is my point of order.

The SPEAKER. The difficulty is that one presiding officer may look at a certain motion in one way and another presiding officer look at it in another way. The Chair does not feel that he should be called upon to censor a motion offered by a Member of the House under the rules.

Mr. SNELL. Mr. Speaker, there can be no question in regard to this motion. The whole argument is being presented in the original motion.

The SPEAKER. If the Chair sustained the point of order made by the gentleman from New York, it would be necessary for the Chair to use a pencil and strike out the portion of the motion which occurs to the Chair as being argument; but, as previously stated, another presiding officer might take a different view of the matter. It seems to the Chair that, after all, it is a matter for the House to determine in the final analysis.

Mr. MAVERICK. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. MAVERICK. When argumentation is included in a motion of this kind, if we vote favorably on it, we agree in effect to the various and sundry argumentative statements included therein. We are entitled to vote on a motion which clearly sets forth the instructions to the conferees and, when there is a large mass of argumentation in there, we are being placed in the position of agreeing to the argumentation.

The SPEAKER. The Chair may say to the gentleman from Texas [Mr. MAVERICK] that is a matter of argument.

Mr. MOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MOTT. Inasmuch as we have listened to about 15 minutes of argument in this motion, may I inquire whether it would be proper in calculating the time of the gentleman from Texas to deduct this 15 minutes from his time?

The SPEAKER. No; it will not be taken out of his time. The gentleman is entitled to 1 hour when the reading of the motion is completed.

The Clerk concluded the reading of the motion.

Mr. BLANTON. Mr. Speaker, the conferees of the House are nothing in the world but the servants of the House, and as such servants of the House they do the bidding of the House and carry out the wishes of the House. That is all on earth the conferees in this case want to do. Whatever this House instructs them to do they stand ready and willing to accomplish.

Mr. Speaker, the District of Columbia appropriation bill, containing 83 pages, was before this House under general debate for 3 days. A motion was made on the floor to amend the provision having to do with the lump-sum feature of the bill enlarging it to $5,700,000. A vote was taken in this House, and only 11 Members, as shown by the RECORD, supported this motion. Out of a membership of 435 Members, only 11 voted for a lump-sum contribution out of the Federal Treasury of $5,700,000.

Mr. BOILEAU. Will the gentleman yield?

Mr. BLANTON. Permit me to finish my statement. I cannot yield now. If the gentleman will allow me to proceed I may yield later. Mr. Speaker, that motion failed, and that 83-page bill was not amended in a single particular. There was not one single amendment placed upon it. In order to register their opposition to the cut in the lump-sum and the other provisions some did not like in the bill, and to indicate the combined opposition as against all of its provisions, there was a roll call in the House on the passage of the bill, and upon that roll call there were only 26 Members who registered opposition to the bill in any particular.

The bill then went over to the Senate. There were 87 Senate amendments placed in the bill, some of them involving hundreds of thousands of dollars, and six legislative items. For instance, the House committee was convinced it was necessary to build a new Chain Bridge. The Budget had not authorized this item. But outside of the Budget the House committee voted unanimously to grant $350,000 to build a new Chain Bridge, which was exactly the amount the Commissioners asked for, and it was the amount the Commissioners said they needed. They did not need any more. The Senate added $100,000 to this item over the objection of the Commissioners. Colonel Sultan, Engineer Commissioner, said they did not want it and said they did not need it, but nevertheless the Senate added another $100,000.

There are six legislative items included in the bill that have not been sent to a legislative committee for consideration. For instance, there is a legislative amendment in there to establish pay parking meters all over the Nation's Capital. Whenever a person stopped an automobile on the public streets of the Nation's Capital they would have to dig up money to put into the slot of this parking meter.

This parking meter is owned by one big corporation of the United States. This is to make the people of the Nation who have automobiles every time they park their car pay tribute to one big corporation or monopoly in the United States.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. In just a minute.

Mr. MICHENER. Is there anything like that in this motion?

Mr. BLANTON. Certainly, it is involved in the conference. If the gentleman will not interrupt me I think I can get along much faster.

The SPEAKER. The gentleman from Texas declines to yield.

Mr. BLANTON. There are 87 Senate amendments involved here in this conference. We are asking for instructions on three important ones, but all 87 are in conference. Before this House ever appointed conferees, Mr. Speaker—before the bill ever went to conference—a statement was in the press from the Senate chairman that this was one time that the House conferees would have to accede to every one of the propositions of the Senate or there would be no bill; and when your conferees went to conference the managers on the part of the House found that situation prevailed—that unless we would agree to all the Senate conditions there would be no bill. They said a continuing resolution would be passed giving them what they wanted in the way of a lump-sum appropriation and if we attempted to amend the continuing resolution they would make the President furnish funds out of relief—a ridiculous proposition.

Your House managers did everything in the world to try to get a bill. Under these circumstances we did not want to leave the District without funds. We knew there were needed projects there that ought to be built and in order to try to get a bill, although we knew that lots of these propositions were not sound and that they should not be passed, we proposed to the Senate that if they would recede on just

three amendments, the House managers would recede on 84; in other words, the House managers would bow down and recede on 84 Senate amendments if the Senate conferees would recede on just 3, and they would not do it. They would not accept our generous proposal. They demanded their pound of flesh and demanded that the House should knuckle down to them.

I now want to show, Mr. Speaker, that there is ample authority, justice, and basis for everything that is contained in this motion as read by the clerk.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield for just a moment in order that we may clarify the pending issue before the House?

Mr. BLANTON. I have this statement in my mind——

Mr. BANKHEAD. I have this in my mind, if the gentleman please, and I am trying to assist the gentleman.

Mr. BLANTON. I yield to my majority leader, whom I follow and try to help all the time.

Mr. BANKHEAD. The gentleman's resolution is rather lengthy and I thought rather argumentative, but despite that, kindly state what your instructions are in this resolution and on what particular issue.

Mr. BLANTON. We are asking first that the House give us instructions to insist on a disagreement to the Senate amendment no. 1 to take $5,700,000 out of the Public Treasury to give to the people of the District. That is instruction no. 1.

We are asking next that the House instruct us to stand by the House bill that was passed, with only 26 votes against it, not to allow $78,660 to be appropriated for so-called character education, which your committee, after hearings, unanimously decided was used wastefully, without any good cause, and used in a perverted manner to put communism in our schools. That is the second instruction we want the House to give us.

We are also asking the House to instruct us to stand by the House bill with respect to a provision which affects only the employees of the District who are paid out of this bill, instructing us to stand by the House action in preventing these little municipal and police-court judges who get $8,000 a year and these high-salaried prosecuting attorneys here who get as high as $8,000 a year, from taking outside employment in one, two, three, or four law schools here at a time lecturing at night, when they ought to be attending to their judicial duties. We are asking instructions on that point. These are the three items, and when we get definite instructions on them and when we go to conference with the Senate, we can tell the Senate something and we will not have to sit there like a bunch of helpless mockingbirds with the Senate telling us what we have to do in order to get a bill. We can then place the responsibility on the Senate.

Now, the papers here have misrepresented this whole matter. They misrepresented the Speaker the other day. They said the Speaker had suggested they could get rid of the House conferees by making a motion to discharge. The Speaker made no such suggestion to the press and the press knows it. They also said the President was going to take a dish in this and force us to give $5,700,000, when they knew the President had not done any such thing. Why, I am as good a friend as the President ever had, but if my President were to so far forget himself as to make an attempt to tell this Congress what it had to do about appropriations, I would quit him in a minute. I would not stand by a President who would invade the rights of this House when the executive and the legislative branches of Government are separate and distinct. Our President is too wise to make such a statement. The President did not make that statement and the press knows it.

This is an important matter and I want to call your attention to what Commissioner Hazen, who is the president of the Board of Commissioners, said about this tax matter.

Mr. MAPES, one of our splendid Members of Congress, diligent and efficient, after a long hearing and following a long investigation, as the head of a special committee of Congress, brought on this floor four bills known as the Mapes bills.

One was an increase in the tax on gasoline from 2 to 3 cents. Was that unreasonable? No. The other was an increase on the automobile charge where a Rolls-Royce costing $12,000 is taxed only $1 for license tax each year the same as a Ford, there being $1 tax on all automobiles. The bill provided for a proper tax on automobiles and trucks.

Another Mapes bill provided for an income tax on these rich millionaires who now put their money away in lock boxes in the banks and who evade their taxes by moving to Washington, escaping the taxes in the States.

These Mapes bills were passed unanimously by this House, not a vote against them. They went to the Senate and died there because of the fight the newspapers of Washington made in conjunction with the rich interests who joined the newspapers in the fight.

We have tried to get these Mapes bills passed every year, but we cannot get the District Committee to report them or any help from the Commissioners of the District.

We were greatly helped by one valuable Member from your side [Mr. DITTER], who asked Commissioner Hazen why he did not favor the Mapes bill increasing the tax on gasoline, and he said: "We don't need it. We have over $600,000 surplus from the 2-cent tax now."

Mr. DITTER called attention to the fact that over in Virginia, just 4 miles from the Capitol, the gas tax was 5 cents a gallon. In Baltimore and over in Maryland, just 4 miles from the Nation's Capital, the gasoline tax is 4 cents a gallon plus 5 cents sales tax on top of it.

Down in Tennessee, where our beloved Speaker lives, the gasoline tax is 7 cents a gallon, while here in Washington it is only 2 cents a gallon.

Mr. DITTER asked the Commissioner if he was going to help pass the Mapes bill and he said no, that the Commissioners were against it because they did not need the money.

They do not need the money because they have been getting the benefit of millions of dollars from the Treasury of the United States in big lump-sum appropriations every year, which the Senate has forced the House to appropriate.

Now, getting the low tax rate, the Commissioners reduced the tax rate from $1.80 to $1.70 in 1928, and then to $1.50 per $100. Then the chairman of the Senate committee, who is making this fight against us, Senator THOMAS of Oklahoma, made the suggestion one summer that one way to make the tax even less was to lower the assessed valuation, which the Commissioners immediately did. I will show you just what they did. I will show you from the hearings on the 1935 bill, held by my distinguished friend, Mr. CANNON, of Missouri, one of the finest Members of this House, and I will quote what Commissioner Hazen then said.

This is the voluntary statement of Commissioner Hazen to the committee without a question being asked by a member, and I read from page 5 of the hearings on the 1935 appropriation bill:

> Commissioner HAZEN. Before the auditor takes the stand, the Commissioners would like to call attention to the fact that in the fiscal year 1934, the tax rate of $1.70 on the hundred, which had been in effect during the fiscal years between 1928 and 1933, included, has been reduced to $1.50 per hundred. This reduction represents a saving to the taxpayers in the fiscal year of 1934 of $2,445,000.

A saving to the taxpayers of the District of Columbia, Mr. Speaker, at the expense of the taxpayers of New York, Tennessee, Oklahoma, Texas, and the other States.

Mr. GIFFORD. Mr. Speaker, will the gentleman yield? Is the gentleman going to take the whole hour or will he yield time to somebody?

Mr. BLANTON. I do not think the gentleman from Massachusetts could help me much on this matter which I have studied for years.

Mr. GIFFORD. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I am sorry, but I cannot yield just now.

The SPEAKER. The gentleman from Texas declines to yield.

Mr. BLANTON. I do not want to take up any more time than necessary, but I am going to present this matter in a

proper way, so that the responsibility for continuing to take the money in the Treasury, which was taken out of the pockets of the overburdened taxpayers of the United States, and give it to Washington, will be placed where it belongs, on the shoulders of those who want it done, and who furnish the votes to do it.

When I was on the District Committee some few years ago, then the ranking Democrat, a bill was brought in to appropriate a large sum to buy some park ends. I got me an automobile and one of the officials from the District office and went out there to see where the park ends were and what they looked like, and I found they were some little old pieces of swamp down under a bridge and nearby. They were not worth $5. We were asked to pay a big sum of money for them under the bill. The bill had been introduced by a Senator from Colorado, named Phipps. I looked up on the hill and I saw a fine residence there and said, "Whose residence is that?" The man with me did not know. I said, "Yonder is a policeman, we will call him down and find out." We called him down, and I said, "Whose residence is that?" "Why," he replied, "don't you know? That is the residence of Senator Phipps, of Colorado, and he is putting an addition up there." I came to town and got a photographer and had some big pictures taken of that situation, and when I presented those pictures on the floor, this House killed that bill as dead as could be. There has been too much of using the money of the people for individual interests here. [Applause.]

Mr. GIFFORD. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I am sorry, but I do not think the gentleman could help me now. He may later, if he will help me with his vote. I have the facts I believe better than he has. Listen again. Here is Commissioner Hazen talking further, from whose testimony I quote:

> Moreover, in the fiscal year 1934 the assessed valuation of real estate has been reduced by $80,000,000—

You see, he has taken up Senator THOMAS' suggestion that they should decrease the assessed value.

> Moreover, in the fiscal year 1934 the assessed valuation of real estate has been reduced by $80,000,000, a saving to the property owners of $1,200,000. The District budget for the fiscal year 1935 is based upon continuing the $1.50 tax rate in that fiscal year. It is also contemplated that a further reduction in the assessed valuation of real estate of approximately $50,000,000 will be made in 1935. The Commissioners also invite attention to the recommendation under the chapter for water service to a 25-percent reduction in water rates, for 1935, and an increase in the metered allowance of water from 7,500 cubic feet to 10,000 cubic feet. This means a saving to the water users of Washington of about $600,000 annually. In the fiscal year 1934 Congress allowed a discount of 10 percent on the amount of any bill for water charges paid within 15 days after the date of rendition, and it is estimated this will make a saving of another $100,000 to the water users of Washington.

Mr. Speaker, I ask leave to put in the RECORD the balance of the admissions made by Commissioner Hazen on these matters.

The SPEAKER. Is there objection?

Mr. GIFFORD. Mr. Speaker, I reserve the right to object, to ask if the gentleman is going to yield any time to anybody, or if he will yield for a question?

Mr. BLANTON. Gladly, if the gentleman will allow me to finish.

Mr. GIFFORD. The gentleman is asking to fill up the RECORD. We have listened for 15 minutes now to the reading of the motion, and we have now to listen to a whole hour of rehashing the matter on the floor.

Mr. BLANTON. I knew the gentleman was going to make that comment, and that is the reason I would not yield. Does he want his tax-burdened people in Massachusetts to help pay the taxes of the people in Washington?

Mr. GIFFORD. I want to say to the gentleman that we have been very loyal to him in backing him up on these propositions.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. GIFFORD. Mr. Speaker, I reserve the right to object, to ask the gentleman if he is going to yield any time.

[Cries of "Regular order!"]

Mr. BLANTON. Oh, let him ask his question.

The SPEAKER. Is there objection?

Mr. GIFFORD. Mr. Speaker, I object.

Mr. BLANTON. All right, I will take the time, then, to tell the facts about this situation. Commissioner Hazen admitted that all of the paved streets here in Washington in the years gone by had been paid for, one-half of the expense, by the taxpayers of the United States.

He admitted that all the fine bridges here, the Million Dollar Bridge on Connecticut Avenue and other fine bridges, had been paid for one-half by the people of the United States. He admitted that all of the 150 school buildings that had been built during that time, although there are 175 now, had been one-half paid for by the people of the United States. He admitted that the parks in Washington, big and little, 1,200 of them, had been all procured and paid for one-half by the people of the United States. He admitted that the original water system had been built here by the Government of the United States. The Government had paid for every dollar of it. The Government of the United States still owns the original conduit and has spent $20,000,000 since in helping to improve it; yet now they are asking the Government to pay for its own water from its own water system. They have a water rate here where he admitted that the average charge for the average family is only $6.60 per year, or about 50 cents per month. Some members have to pay twice that much some months for water around their residence in the States.

Commissioner Hazen admitted that the District Jail had been paid for one-half by the United States, that all the court buildings have been paid for one-half by the United States, that the Municipal Building was paid for one-half by the United States. He admitted that all the main improvements here had been paid for one-half by the United States.

Mr. MANSFIELD. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield to my colleague from Texas.

Mr. MANSFIELD. I will ask my colleague if it is not a fact that the water system here was paid for altogether by the Federal Government?

Mr. BLANTON. Certainly. Yes; it was. The United States still owns the original water conduit. My colleague is correct. He knows the facts.

When the newspapers were harassing former Chairman Ben Johnson, of Kentucky, he made a statement concerning this Government taking the District out of debt one time, and he told of other amounts that the Government had let the District have. Ben Johnson contended back in that early day that if the District of Columbia paid the Government what it owed it, it would pay the United States over $56,000,000 for actual debts, advancements that the Government had made to it. Ben Johnson then was one of the hardest working men who ever served on the District of Columbia Committee.

Mr. Speaker, Commissioner Hazen admitted that the gasoline tax here is only 2 cents a gallon. It is 7 cents in Tennessee. He admitted that the automobile license tag, whether it was for a Ford or a $12,000 Rolls-Royce, was only $1 a year. Down in Oklahoma it costs you 10 or 15 times that much. In other States it is comparably higher. He admitted, Mr. Speaker, that the intangible tax was only one-half of one percent; that generally, until a man dies and his estate is probated through the court under the register of wills, his intangibles are not found. We showed a half-page list of people who had died the previous year and had passed their intangibles through the office of the Register of Wills, and there were some running up from $50,000 to as high as $1,200,000 of intangibles in one case. We made him admit, Mr. Speaker, that in Washington, all of the streets are repaired and are replaced without charge to abutting property owners. The paving in front of your property is repaired

and replaced without a dollar's charge to the contiguous property owner.

In other States when paving is done on streets you pay one-third or one-fourth of the paving charges in front of your property. In Washington when it is repaved it does not cost the people a cent. We made him admit that all the sidewalks in front of residences here are replaced and repaved without one dollar of cost to the people who own the contiguous property. We made him admit that to every family in Washington there is $1,000 household furniture exemption from taxes. You will not find it in my State. It is only $250 exemption in Texas on household goods. In Washington it is $1,000 exemption. We made him admit that here in Washington private libraries are exempt from taxes, whether they are worth $5 or $50,000. There are some private law and other libraries in Washington right now worth $50,000 which do not pay one cent of taxes. We made him admit that in Washington the wearing apparel of individuals is not taxed at all. By the law it has been made exempt from taxes, whether it is worth $5 or $50,000. We had some evidence, and I have it in my office now, where the wearing apparel of certain rich families will run up to a very large sum in value, absolutely exempt from taxes.

That is why our committee, when we printed the hearings, put into our hearings the actual tax that is paid by over 100 of the leading citizens of Washington who were drawing from $20,000 to $75,000 annual salaries, and showed that their property was assessed in instances at less than one-half its actual value. Then they were paying only $1.50 per hundred at that low assessment. For instance, we showed you that Mr. Eugene Meyer once had offered $5,000,000 for the Washington Post. We showed you that his offer was not accepted. Later on David Lawrence entered into a written contract to pay $3,000,000 for it, the Washington Post, and he was knocked out of it. Then Eugene Meyer got hold of a paper company that had a debt against the Post and had a receiver to sell, appointed in an equity proceeding, when there was no judgment, something unheard of in equity proceedings in the whole jurisprudence of the country.

Mr. SNELL. Mr. Speaker, I make the point of order that the matter which the gentleman is presenting to the House at the present time has nothing whatever to do with the motion before the House. The question of how Mr. Eugene Meyer bought or came into possession of the Washington Post has nothing to do with the question of instructing the House conferees.

The SPEAKER. The Chair trusts that the gentleman from Texas will proceed in order.

Mr. BLANTON. Mr. Speaker, I thought I was proceeding in order in trying to show the House a basis for instructions. We are not asking the House of Representatives to instruct us to stand by something without some basis for it. I am asking the House to instruct us on the facts that exist here. I am trying to show what the facts are as admitted by Commissioner Hazen.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I always yield gladly to the minority leader.

Mr. SNELL. How does the question of the amount of money Eugene Meyer paid for the Post, whether he got it too cheap or paid too much for it, have anything to do with the question before the House at the present time?

Mr. BLANTON. I was coming to that. If I did not show what it was rendered at for taxes it would not.

Mr. SNELL. In my judgment it would not. I should like to have the gentleman tell us how it affects the motion.

Mr. BLANTON. I am going to show the gentleman that he renders it for taxes at way below 50 percent of its real value. In other words, Mr. Speaker, he got that $3,000,000 to $5,000,000 property at auction when it was under receivership, for $825,000, got it through a dummy. He immediately had it incorporated for $1,250,000. Then he had it improved, and he now renders the property for $438,120, and renders his intangibles at $218,456. He renders the whole property at only $656,576, about one-eighth of what it is worth, and on this he pays only $1.50 per $100. That is what it means to these big interests here to keep the tax rate low and make the people of the United States in the several States pay $5,700,000 of their expenses.

Mr. MAY and Mr. TABER rose.

Mr. BLANTON. I yield first to my friend the gentleman from New York [Mr. TABER], who has studied this question for years, if he desires any time.

Mr. TABER. Mr. Speaker, if the gentleman wants to yield I would suggest that he yield to some of those Members who care to say something against the resolution. I would be willing to take a little time later, but at the present time, I think those who are opposed should be heard.

Mr. BLANTON. If somebody here is opposed to the motion I am going to yield to him.

Mr. TABER. If there is going to be opposition, I think those opposed should be heard.

Mr. GIFFORD. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Is the gentleman in favor of having the people of this country pay $5,700,000 annually toward the local taxes of Washington people?

Mr. GIFFORD. That is not a fair question. I am opposed to the form of the motion, and I want to ask a question about what form the conference report will take.

Mr. BLANTON. There are just three matters on which the House insists.

Mr. GIFFORD. I understand that.

Mr. BLANTON. Whether the conferees are to be instructed to stand by the House bill on the $5,700,000 lump sum, on the $78,660 so-called character education, and on the restriction on certain officials and employees of the District taking outside employment.

Mr. GIFFORD. I understand that; the gentleman has been talking for years about the Washington situation and I have always backed him up, but I want to ask the gentleman a question, if I may.

Mr. BLANTON. Certainly.

Mr. GIFFORD. Did I understand the gentleman to say the House conferees agreed to recede on 84 points if the Senate would recede on 3?

Mr. BLANTON. In the final hopes of getting a bill; yes.

Mr. GIFFORD. That appeals to us as a sort of horse trading on matters that ought to be settled on their merits; and we feel, I am sure the gentleman will realize, that by reason of certain reports in the newspapers, that perhaps the gentleman may be a little stubborn by this time and that he would rather make a horse trade than to settle the matters on their merits.

Mr. BLANTON. That is so far from the fact that it is absolutely absurd.

Mr. GIFFORD. The gentleman cannot blame us for having a little feeling that the gentleman might feel a little hurt because of this newspaper criticism.

Mr. BLANTON. Oh, the newspapers do not bother me at all. They are wasting $5,000 to have a man try to beat me in Texas, but my dependable constituents are not going to let them beat me.

Mr. GIFFORD. Another question: Does the gentleman feel it is a fair way to settle things to make a horse trade giving way on 84 points?

Mr. BLANTON. The gentleman is trying to shoot a stiletto under my belt when he should be trying to help me. I thought the gentleman from Massachusetts was one of the best horse traders we had.

Mr. MICHENER. Mr. Speaker, will the gentleman yield me 5 minutes?

Mr. BLANTON. Yes; in just a minute. Let me finish this statement and then I will. I will save 5 minutes for the gentleman from Michigan.

Mr. Speaker, continuing the benefits the people of Washington receive, Mr. Hazen admitted in this document, in every hearing for 3 years, that the people of Washington, except the Federal tax everybody pays, do not pay any

estate tax, do not pay any inheritance tax, do not pay any gift tax, do not pay any income tax, do not pay any sales tax as they do over here in Maryland just a few miles away and as they do in many of the Western States; not a dollar of those extra taxes do they pay. They are not bonded, because the United States paid them out of debt and kept them out of debt. They do not pay any jail-bond tax, they do not pay any courthouse-bond tax, they do not pay any bridge tax, they do not pay any special water tax, they do not pay any special school tax. The have their ashes gathered free, they have all their trash gathered free, they have their garbage gathered free. The trees in front of their residences, shade and ornamental, are furnished without charge. They are planted without charge. They have fences built around them to protect their early growth without charge. They are cared for without charge. They are pruned without charge. They are sprayed without charge. They are replaced without charge.

Mr. Speaker, these are some of the benefits that the people of Washington receive because the Congress has been voting these large contributions each year from the people of the rest of the United States. If the House wants to keep on doing that, I am their servant and would be compelled to obey the orders of the House, but I hope the House will not order it done.

Mr. MAY. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Kentucky.

Mr. MAY. I want to get this perfectly clear, for the benefit of myself and some others who may not understand the situation. Under the existing system I understand the gentleman to say that in the city of Washington if property is of a fair and reasonable value of a million dollars and the tax rate is $1.50, the assessed value of the property is reduced to $500,000, which would make a tax rate equal to 75 cents on the hundred?

Mr. BLANTON. Yes; they have been doing that all the time.

Mr. Speaker, I want to call attention to one more thing, where the Senate tried to make us come over to their way of thinking. They got an absurd statement from a fellow named Parker that Washington was the third highest taxed city in the United States.

The President sent us a report last year which gave the tax rate in 15 comparable cities of the United States. In that report it was stated that Washington was the lowest taxed city of any which had been investigated. This man Parker gave a statement to the Senate which was ridiculous on its face, in which he stated that Washington was the third highest taxed city in the country.

In our conference with the Senate they wanted us to hear of Parker and Richards. We said, "All right. Get a stenographer and we will hear them in joint session." They said, "No; we do not want a stenographer." We said, "Well, we will not hear them without a stenographer. We want to know what they have said when their testimony gets cold." The Senate conferees would not agree to that, so we told them they could hold the hearing by themselves. After we left they immediately got a stenographer to take down what was said, but they did not prove by these gentlemen what we proved by them.

We sent for Parker and found out that this man Parker was drawing $9,600 a year from a joint committee of Congress, yet last October sold himself to the board of trade here in Washington, and they paid him $5,500 in cash for his statement.

Now, there is one thing funny about Richards.

Mr. SHANNON. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count.

Mr. SHANNON. Mr. Speaker, I withdraw the point of order.

Mr. KNUTSON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KNUTSON. Was a quorum present?

The SPEAKER. The gentleman does not state a parliamentary inquiry.

Mr. BLANTON. Mr. Speaker, referring to Mr. Richards, may I say that he had reached the age for retirement. He had been paying into the retirement fund for 27 years and could have retired with a big retired pay for life, but he could not do that and at the same time accept employment from the board of trade; so in order to be able to accept employment from the board of trade when he left office, instead of retiring on a salary for life he resigned and had the Civil Service Commission pay him back all that he had paid into the retirement fund. He then got on the board of trade's pay roll and became the exemplar of the high-taxed District The Senate did not discover that.

It will be noted all through the hearings Chairman CANNON made him admit that every time we wanted to take a piece of property here we had to pay sometimes 10 times its assessed value before we could get it. When the new House Office Building and the Supreme Court Building were constructed, just note what we had to pay for the property under the testimony of the tax experts of Washington. We had to pay, in instances, as high as 10 times what the property had been assessed at.

Mr. Speaker, I now yield 5 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, the gentleman from Texas brings this matter before the Members of the House in a very unusual way. I am happy to say that at times the gentleman from Texas makes constructive and lucid suggestions with reference to legislation for the District of Columbia, and I am always glad to follow him when he does make intelligent and constructive suggestions. However, he brings before us today a conference report under a method which has never been followed by the Congress—since I have been here at least. The Speaker, I think, will permit a division of the question when a vote is reached, but the Members cannot vote "yes" or "no" on any one of the propositions without approving, sanctioning, and saying "yes" to the conclusions and the stump speech which the gentleman has woven into every provision of the resolution.

Under the custom which has grown up in the Congress, if it is desired to explain the reasons for proposed legislation, a preamble is used, with the word "whereas." Then when a vote is reached on the legislation the vote is upon the substantive matter only, and the "whereas" and the explanatory matter is eliminated. In the pending resolution it is impossible to cut out the "whereases" and the gentleman's arguments and conclusions. While I might agree in many particulars with some of the gentleman's proposed instructions to conferees, I am not going to vote to approve of the quarrel which the gentleman from Texas has with the Washington newspapers or with the Washington people in any particular, because he has interwoven these stump speeches in a piece of constructive legislation.

Mr. Speaker, a point of order will be made that the resolution as presented is not in accordance with the rules of the House. I hope that the Speaker will hold that a Member cannot intelligently vote for a given specific thing by voting for this resolution.

If this is done, then the gentleman from Texas, who is a good parliamentarian and knows better, can retire, and inside of 10 minutes dictate just what he wants us to vote on. The astute, the discerning majority leader, the gentleman from Alabama [Mr. BANKHEAD], rose on the floor and asked the gentleman from Texas what this resolution meant. He asked the gentleman if he would try to explain it so that he, our majority leader, might know what he was asked to vote upon.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. Not now.

The real trouble is that the gentleman from Texas takes page after page of the RECORD, day after day and hour after hour of the time of the Congress fighting windmills and fighting the Washington newspapers and Eugene Meyer. Why, great Caesar, we have heard this time after time and day after day. His personal quarrel has nothing to do with what is before us. I think the time has arrived when the Speaker—and I hope he will do so—should exercise that fair

judgment that he always exercises and give those of us who want to vote for constructive things an opportunity to know what we are voting for, because if he does not, we are compelled to vote against this proposition, or we must put our stamp of approval upon the gentleman's modus operandi here, upon his tactics, and upon his conclusions so far as his various difficulties with the various agencies in the District of Columbia are concerned. The purpose of this proceeding is to instruct our conferees as to the position of the House on certain differences between the House and the Senate.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, to meet the gentleman's objection, I have had a motion drawn eliminating all the facts and conclusions and including simply the instructions, and I think this will meet the objection of the gentleman from Michigan, and I ask unanimous consent to present this in lieu of the other motion.

Mr. MICHENER. Mr. Speaker, reserving the right to object, that is just the point I am making. This shows clearly that the gentleman from Texas knows better, but he attempts to put in the RECORD a stump speech which should not be here, and when somebody has the courage and the bravery to stand up and question the tactics of the gentleman, then he graciously concedes that he is wrong. [Applause.]

Mr. BLANTON. Mr. Speaker, I do not concede I am wrong at all. Every fact stated in my motion, as a basis for the House thus to instruct its conferees, was admitted in the printed hearings by Commissioner Hazen in his testimony, and Commissioner Hazen further said that "the people of Washington had greater privileges and were the least taxed and the best cared for of any people in the United States"; but to meet the gentleman's objection I ask that the following motion, without the time to read it being taken out of my time, be substituted for the other motion.

Mr. SISSON and Mr. MAVERICK objected.

Mr. BLANTON. Mr. Speaker, I withdraw the first motion.

The SPEAKER. The gentleman from Texas, under the rules of the House, has the authority to withdraw his first motion.

Mr. BLANTON. And I offer another motion of the highest privilege in the place of the one that has been read.

Mr. MAVERICK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman from Texas offers a motion which the Clerk will report.

Mr. MAVERICK. Mr. Speaker, does this mean that a person can put in a motion which is obviously a long stump speech and then can withdraw it at will? I want to know so I can do that in the future, also. Is that proper procedure?

The SPEAKER. The Chair is not passing upon what is proper procedure. The Chair is simply stating what the rules and precedents of the House permit a Member to do.

Mr. MAVERICK. I want to know, so that I can do the same thing.

Mr. BOILEAU. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. Mr. Speaker, may I ask whether or not if such procedure is followed, the gentleman from Texas will be entitled to an additional hour, because this is a different resolution?

The SPEAKER. The Chair does not think so.

Mr. BLANTON. I do not want an additional hour, but merely the remaining time still due me.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

Mr. BLANTON. Mr. Speaker, I do not yield for a parliamentary inquiry, unless the gentleman from New York wants to make it on this one matter.

Mr. SNELL. It is on the matter before the House.

Mr. BLANTON. With the understanding it will not be taken out of my remaining time, I yield to the minority leader.

Mr. SNELL. Mr. Speaker, I think it is important to have a ruling on this proposition. I made the point of order earlier that the argumentative part of the original proposition was not in order and I think for the future precedents of the House we should have a ruling on that question.

The SPEAKER. The gentleman made his point of order before the reading of the motion had been concluded, as the gentleman will recall.

Mr. SNELL. Yes.

The SPEAKER. And the Chair stated at the time that the Chair felt the motion should be read in full, which was then done. So far as the main question is concerned, of course, the point of order made by the gentleman from Michigan comes entirely too late, because debate has been practically concluded.

The gentleman from New York did not renew his point of order at the conclusion of the reading of the resolution.

The rule to which the Chair has referred provides only for a motion, but the Chair does not believe that any presiding officer ought to put himself in the position of dictating to a Member just how his motion should be made. If the Chair should hold that the motion carries argument, then it would be up to the Chair to delete from the motion such portions as occurred to the Chair to be argumentative, and if that were the practice the Chair at some time might delete portions of the motion in exercising that privilege.

The Chair thinks this is a matter for the House to decide, and the Chair is unwilling, out of a spirit of fairness, to undertake to dictate to the Members just how they shall draw their motions. [Applause.]

The Clerk will report the motion.

The Clerk read as follows:

MOTION OF HIGHEST PRIVILEGE

Mr. BLANTON, under clause 1½a of rule XXVIII, section 910, of the rules of the House of Representatives, offers the following motion to instruct House conferees, being a motion of the highest privilege, to wit:

Moved that managers on the part of the House, who, at the request of the Senate, were appointed by the Speaker on April 24, 1936, for a conference with the managers on the part of the Senate, who were appointed by the Senate on April 23, 1936, respecting the disagreeing votes of the two Houses relative to 87 amendments placed by the Senate on the House bill (H. R. 11581) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1937, and for other purposes, have been in conference more than 20 days without avail, said House conferees having been appointed for more than 20 calendar days, and have made no report to the House, that they, the said managers on the part of the House be, and they are hereby, instructed as follows:

First. The House instructs its managers to insist on the disagreement of the House to Senate amendment no. 1, which proposes to appropriate $5,700,000 out of the United States Treasury as a Federal contribution on the local civic expenses of the District of Columbia, and to insist on the House provision respecting same.

Second. The House instructs its managers to insist on the disagreement of the House to Senate amendments nos. 37, 38, and 39, appropriating $78,660 for so-called character education, and to insist on the refusal of the House to appropriate any money for so-called character education.

Third. The House instructs its managers to insist on the disagreement of the House to Senate amendment no. 83, which struck from the House bill "Sec. 6", which Senate amendment 83 would permit high-salaried judges, high-salaried prosecuting attorneys, high-salaried doctors, and other high-salaried officers and employees to accept outside employment from others.

Mr. SNELL. Mr. Speaker, I ask for a division of the question.

The SPEAKER. The Chair will pass upon that later.

Mr. BLANTON. Mr. Speaker, my time has not expired and I want to say in conclusion——

Mr. SNELL. Are we going to debate this all over again?

The SPEAKER. The gentleman from Texas has 12 minutes remaining under the rule.

Mr. BOILEAU. Mr. Speaker, I make the point of order that the gentleman has presented a different resolution to the House and the Speaker has ruled he is not entitled to time on the second resolution.

The SPEAKER. The gentleman from Texas has 12 minutes remaining out of the hour allowed him under the rule.

Mr. BLANTON. Mr. Speaker, I have done my honest, conscientious duty in presenting this motion to the House. As chairman of the House conferees, I am the servant of the House. It is immaterial to me personally what the House does about it. I am ready to obey the instructions of

the House on these matters, and under your instructions to carry them out. If you tell the House conferees what you want done, I will stand against the Senate until something terribly hot freezes over, before I give in to them. But it all depends on what the House wants done, and how you instruct your conferees.

If you gentlemen who have been throwing obstacles in my way want the people of Washington to keep up this peculiar situation, unjust to the people of the States, where they pay very little local civic taxes in Washington, D. C., and our people back home in the States have to contribute $5,700,000 in cash every year out of the United States Treasury to pay part of the taxes due by Washington citizens, and you can persuade this House by a majority vote to instruct the House conferees to agree to appropriate the $5,700,000, we conferees will be forced to carry out your instructions. But I do not believe you will ever get this House to thus instruct us.

The Washington Star said, on April 26, 1936, that the Washington Board of Trade records show that during the last 5 years visitors to Washington had spent $221,547,992 here in cash. Visitors from the States contributed that amount to the people of Washington during the last 5 years. You know what that means to Washington—$221,547,992 spent here in 5 years by visitors from our States.

They visited Washington because it is the Nation's Capital. They visited Washington because of the Government buildings here. They visited Washington because of the attractive institutions the Government has constructed here.

Now, if a majority of you gentlemen want to continue this, it is all right—giving away of the people's money out of the United States Treasury to the pampered people of Washington—we conferees will have to obey your instructions, but I will never vote for it, and I am now throwing the responsibility upon your shoulders.

I have done all that any one man could do to stop this injustice. The splendid members of my subcommittee have done all they could do, and they have done wonderful work to protect the already overburdened taxpayers living in the 48 States of this Nation.

There is no one who, truthfully, can say that I have not been fair and just to the people of Washington. There is no one who will say that I have not worked hard and have not spent much of my time to adjust these inequities.

I am one Member of Congress who in 20 years has represented three big districts—71 big counties in Texas—some of which like Presidio and Brewster are 200 miles across the county. I represent only 12 counties now. But some of these good people living in my two former districts still call on me for different things they want done, as I am their friend.

I have to do this in addition to my official duties for my own district, and I work about 16 hours per day in order to attend to all such calls.

If some of my friends, very liberal-thinking friends, do not like what I did toward eliminating communism from the public schools when we passed the "red rider", and they want to take a stand against me, on these propositions, then well and good. It is their responsibility. It is not mine. I will meet them on that issue of repealing the "red rider" whenever they get it up before the House.

Mr. Speaker, these are three clear-cut issues for the House to decide. It must decide first whether it will let the Senate force it to make the people of the States contribute $5,700,000 each year to pay local civic expenses of Washington people. Then the House must decide whether it is going to waste another $78,660 on so-called character education for Superintendent Ballou to pervert in communizing the public schools of Washington. And, last, the House must decide whether it is going to allow high-salaried judges, and high-salaried prosecuting attorneys, and high-salaried doctors to neglect their duties by accepting outside employment in local colleges. Those are the three issues.

I have performed my duty. The able members of my subcommittee have performed their duty. The responsibility now rests upon the shoulders of the House. We managers on the part of the House, who are servants of the House, stand ready to obey the orders of the House.

Mr. Speaker, I am grateful to my colleagues for granting me permission to quote the testimony of Commissioner Hazen and of Mr. Parker from our hearings.

From our printed hearings on the 1935 bill I quote the following:

Commissioner HAZEN. The Commissioners would like to call attention to the fact that in the fiscal year 1934 the tax rate of $1.70, which has been in effect during the fiscal years between 1928 and 1933, inclusive, has been reduced to $1.50. This reduction represents a saving to taxpayers in the fiscal year 1934 of $2,445,000.

Moreover, in the fiscal year 1934 the assessed valuation of real estate has been reduced by $80,000,000—a saving to property owners of $1,200,000. The District budget for the fiscal year 1935 is based upon continuing the $1.50 tax rate in that fiscal year.

It is also contemplated that a further reduction in the assessed valuation of real estate of approximately $50,000,000 will be made in 1935.

The Commissioners also invite attention to the recommendation under the chapter for the water service for a 25-percent reduction in water rates for 1935, and an increase in the metered allowance now 7,500 cubic feet to 10,000 cubic feet. This means a saving to water users of about $600,000. In the fiscal year 1934 Congress allowed a discount of 10 percent of the amount of any bill for water charges paid within 15 days after the date of the rendition thereof. It is estimated that this will mean a saving of about $100,000 to water users.

From our printed hearings of the 1936 bill, I quote the following:

Mr. BLANTON. By a reduction in the assessed valuations of real estate to the extent of $80,000,000, you meant that you distributed that over the general assessments?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. Then you further state:

"It is also contemplated that a further reduction in the assessed value of real estate of approximately $50,000,000 will be made in 1935."

Did you make that further reduction?

Commissioner HAZEN. There was further reduction.

* * * * * * *

Mr. BLANTON. And you did make another reduction, approximately $50,000,000, in assessed values, as noted by the assessor, Mr. Richards, of 10 percent in the assessed valuations?

Mr. RICHARDS. Yes, sir.

Mr. BLANTON. And that was general all over the District?

Mr. RICHARDS. Yes, sir.

Mr. BLANTON. So that property owners generally got the benefit of that additional $50,000,000 reduction?

Commissioner HAZEN. That is quite right.

Mr. BLANTON. Then this year and last year you have given the property owners in the District a reduction in the assessed values of real estate of $130,000,000, or 15 percent, have you not?

Commissioner HAZEN. Approximately; yes, sir.

Mr. BLANTON. Then you also say:

"The Commissioners also invite attention to the recommendation under the chapter for the water service for a 25-percent reduction in water rates for 1935 and an increase in the metered allowance, now 7,500 cubic feet, to 10,000 cubic feet. This means a saving to water users of about $600,000."

That was provided?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. So that the property owners of the District got a saving of $600,000 through a decrease in water charges?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. In addition to that $600,000 decrease in water charges, they also got the benefit of the increased metered allowance of 2,500 cubic feet of water?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. Without extra charge?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. So that they got a double benefit in the matter of the water charges?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. Then you further say:

"In the fiscal year 1934 Congress allowed a discount of 10 percent of the amount of any bill for water charges paid within 15 days after the date of the rendition thereof. It is estimated that this will mean a saving of about $100,000 to water users."

That was a saving of $100,000 additional, approximately?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. To water users here in Washington?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. It is a fact, Mr. Commissioner, that the tax rate this year, the fiscal year 1935, is only $1.50 per 100 on real estate and only $1.50 per 100 on personal property, is it not?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. There is no contemplation in the minds of the Commissioners to increase that tax for next year, 1936? You do not contemplate increasing it?

Commissioner HAZEN. We do not contemplate increasing it.

* * * * * * * *

Mr. BLANTON. With that $1.50 tax rate, you stated in your preliminary general statement, that you carried over from the last fiscal year to the present fiscal year a surplus of $4,600,000?

Commissioner HAZEN. That is right.

Mr. BLANTON. And you say that you will inherit next July 1 a surplus of——

Commissioner HAZEN. $2,450,000.

* * * * * * *

Mr. BLANTON. You have also, for this coming fiscal year, a trust fund, as you said in your general statement, of $1,430,000?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. That is a fund to which you have access, which you get out of the Treasury, regardless of what Congress does in this bill, is it not?

Commissioner HAZEN. Yes, sir.

* * * * * * *

Mr. BLANTON. You have no income tax for the District of Columbia?

Commissioner HAZEN. That is true.

* * * * * * *

Mr. BLANTON. * * * The tax on intangibles in the District is now what, Mr. Donovan?

Mr. DONOVAN. $5 per thousand.

Mr. BLANTON. That is one-half of 1 percent, is it not?

Mr. DONOVAN. That is right.

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Mr. BLANTON. In the District of Columbia there is a gasoline tax of 2 cents a gallon?

Commissioner HAZEN. Yes, sir.

* * * * * * *

Mr. BLANTON. In the District of Columbia there is a license-tag tax that people pay in order to get their license plates each year. That amounts to only $1 per car.

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. That would be $1 per car for an $8,000 Rolls-Royce limousine as well as a dollar per car for a Ford or a Chevrolet?

Commissioner HAZEN. Yes, sir.

* * * * * * *

Mr. BLANTON. In the District of Columbia the average water tax per family is now approximately what?

Mr. DONOVAN. It is about $8.75.

Mr. BLANTON. Was not that the tax before Congress reduced it?

Mr. DONOVAN. It was that before Congress reduced it.

Mr. BLANTON. But Congress reduced it?

Mr. DONOVAN. You mean the 25-percent reduction?

Mr. BLANTON. Yes.

* * * * * * *

Mr. BLANTON. In the District of Columbia a man who built a house 25 years ago, and then paid for having his house connected with the sewer system of the District, has not in the last 25 years had to pay a single additional monthly service charge for sewers, has he?

Commissioner HAZEN. No.

Mr. BLANTON. And he will not have to pay any in the future, will he?

Commissioner HAZEN. No, sir.

* * * * * * *

Mr. BLANTON. Mr. Commissioner, you have been a public servant for a long time, and you are intimately acquainted with every detail of Washington business and history. On the whole, can you cite the people of any city of the United States who have better privileges, who are better cared for, than those in the city of Washington?

Commissioner HAZEN. I think that it is the greatest city in the United States.

Mr. BLANTON. And Washington people are better cared for, are least taxed, and have greater privileges than any other people in the United States?

Commissioner HAZEN. I believe they do.

From our printed hearings on the 1937 bill, I quote the following:

Mr. BLANTON. You are acquainted with the four Mapes bills?

Commissioner HAZEN. Yes, sir; somewhat.

Mr. BLANTON. One of those bills has for its purpose to increase the gasoline tax from 2 to 4 cents, to make it comparable with the gasoline tax in other cities.

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. Has that bill the approval of the Commissioners?

Commissioner HAZEN. The answer is that we have a surplus, and we did not feel we could justifiably increase taxes as long as we had a surplus.

Mr. BLANTON. And it is because you have a large surplus—$3,059,748.70—that you are against that increase-of-gasoline-tax bill?

Commissioner HAZEN. We have to consider the surplus.

Mr. BLANTON. What surplus do you expect to have in the general fund on July 1?

Commissioner HAZEN. $1,992,748.70.

Mr. DONOVAN. That is only in the general fund.

Mr. BLANTON. That is in the general fund. Now, what about the water fund?

Commissioner HAZEN. In the water fund we will have $504,000.

Mr. BLANTON. And in your gasoline-tax fund?

Commissioner HAZEN. $563,000.

Mr. BLANTON. So that aggregates a surplus of $3,059,748.70 on July 1.

GASOLINE TAX IN VARIOUS STATES

Mr. BLANTON. Mr. Commissioner, I call attention to the gasoline tax that is now effective in the cities of various States:

Alabama, 6 cents; Arizona, 5 cents; Arkansas, 6 cents; Colorado, 4 cents; Florida, 7 cents; Georgia, 6 cents; Idaho, 5 cents; Indiana, 4 cents; Kentucky, 5 cents; Louisiana, 5 cents; Maine, 4 cents; Maryland, 4 cents; Nebraska, 4 cents; Nevada, 4 cents; New Hampshire, 4 cents; New Mexico, 5 cents; North Carolina, 6 cents; Ohio, 4 cents; Oklahoma, 4 cents; Oregon, 4 cents; Pennsylvania, 3 cents; South Carolina, 6 cents; Tennessee, 7 cents; Texas, 4 cents; Utah, 4 cents; Vermont, 4 cents; Virginia, 5 cents; Washington (State), 5 cents; West Virginia, 4 cents; Wisconsin, 4 cents; and Wyoming, 4 cents.

But in the District of Columbia the tax is 2 cents per gallon.

So that right over here across the river bridge, when you get into Virginia, the State gasoline tax is 3 cents more than it is in Washington, D. C.

Commissioner HAZEN. I think it is 5 cents in Virginia and 4 cents in Maryland.

Mr. BLANTON. But Maryland has an additional sales tax. I say it is 3 cents more in Virginia, just across the bridge, than it is in Washington.

Commissioner HAZEN. In Virginia?

Mr. BLANTON. Yes; than it is in Washington?

Commissioner HAZEN. That is right.

Mr. BLANTON. And if you go out here to Chevy Chase across the line into Maryland, the tax there is double what it is in Washington, 4 cents as compared to 2 cents, plus their sales tax.

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. And the cities in all of the States outside of Washington, D. C., instead of paying a license-tag tax of a dollar pay many times that; you realize that?

Commissioner HAZEN. Yes.

Mr. BLANTON. In other words, in some States they pay $10 and $12 on a Ford or Chevrolet, while in Washington you pay only a dollar even on a $10,000 Rolls-Royce.

The Mapes bill proposes to increase that charge, does it not?

Mr. DONOVAN. The Mapes bill calls for a weight tax.

Commissioner HAZEN. Another very good idea that we have down there is that we make them pay the police fines and penalties.

Mr. BLANTON. Yes; that is a good idea. But you do recognize that if you needed it, you have a great potential source of revenue in an increase of your gasoline tax comparable to that in other cities, and also in the increase of your license-tag tax; do you not?

Commissioner HAZEN. Yes, sir.

Mr. BLANTON. But you do not care to pursue that, because you have a $3,000,000 surplus.

MAPES BILLS NOT FAVORED BY COMMISSIONERS AT PRESENT TIME

Mr. BLANTON. Those four Mapes bills all passed the House several years ago by a unanimous vote—all four of them. Mr. MAPES is an exceptionally fine Member of Congress; able, sincere, and honest. His committee went into this subject carefully and prepared those bills after have having months of hearings and giving close consideration of the subject. The four bills passed the House without a vote against them.

They have been held up by the Senate.

Would you mind telling us whether or not you favor the other Mapes bills?

Commissioner HAZEN. We do not at the present time, Mr. Chairman.

Mr. BLANTON. One of those bills I would like to know your reaction on, as to why you are not willing to require these big trucks, engaged in interstate freight traffic, that use up and wear out the streets and highways of the city of Washington, to pay a much larger charge as provided for in the Mapes bill.

Mr. HAZEN. I think it would be a very fair thing to do.

Mr. BLANTON. Have your Commissioners suggested the passage of such legislation as that?

Mr. HAZEN. No, sir.

Mr. BLANTON. Do you realize that until you do have legislation passed like that, that these big trucks, some larger than a railroad freight car, that crowd people off of the street, are continually using your hundreds of miles of highways in the District of Columbia, practically with no charge at all on them?

Mr. HAZEN. That is right, except for the gasoline that they use, of course.

Mr. DITTER. Insofar as the license privilege is concerned, the operator of a truck or bus, irrespective of its weight and its potential damage to your streets, pays just the same as a pleasure car? Is that correct?

Mr. HAZEN. Do you mean public-utility busses?

Mr. DITTER. I am talking of any busses or trucks to which licenses are issued in the District of Columbia, that they pay the same amount as a Chevrolet or Ford coupe, the weight of which would not be comparable nor the potential damage to your streets be as great.

Mr. HAZEN. They pay the same, except the utility busses.

Mr. DITTER. And the utility bus has to take out a certificate of public convenience, that is issued to it as a public utility, but,

insofar as an automobile license operation privilege is concerned, they pay exactly the same?

Mr. RICHARDS. They pay the same, plus the tax on personal property; that is all.

Mr. BLANTON. They all pay that.

Mr. DITTER. They all pay the same. Do not let us quibble about it. They pay exactly the same as the Chevrolet or Ford pleasure car on the road.

Mr. HAZEN. I have no brief for the busses.

Mr. DITTER. We are not condemning them either, but we want to know something now.

Why is it that the Commissioners have refused to recommend the enactment of legislation by which trucks or busses would be required to pay a licensed operation cost comparable to those charged by other municipalities and States?

Mr. HAZEN. I rather think that we should have the whole thing, passenger cars as well as busses, covered by the same legislation.

Mr. DITTER. Have you made any recommendation with respect to the enactment of such legislation?

Mr. HAZEN. No; not to this Congress.

Mr. DITTER. Do the Commissioners contemplate a further consideration of the matter that was raised by Mr. BLANTON last year on the subject of taxation?

Mr. HAZEN. Mr. DITTER, the Commissioners felt that, as long as they had this surplus——

Mr. DITTER (interposing). Will you not first answer that "yes" or "no"?

Mr. HAZEN. I would rather consult the Commissioners a little bit on that problem.

Mr. DITTER. Did I understand that you were adverse to the first Mapes bill, to which the chairman directed your attention?

Mr. HAZEN. The gas bill?

Mr. DITTER. Yes.

Mr. HAZEN. I am at the present time.

Mr. DITTER. Do you speak for the Commissioners' Board as a whole, or individually?

Mr. HAZEN. I think I speak for the Commissioners.

Mr. DITTER. And your objection to it is based entirely on the fact that you have a surplus of approximately $3,000,000?

Mr. HAZEN. Oh, no; $500,000.

Mr. DITTER. $3,000,000 as a whole, including $500,000 in the gas fund—is that right?

Mr. HAZEN. That is right.

Mr. DITTER. Then, in contemplation of the elimination of that relief or emergency fund, are you not prepared to say that the Mapes bill has merit and that it should be recommended for enactment?

Mr. HAZEN. Undoubtedly it has merit, and as soon as we need the money for these things I would be very strongly in favor of it—have been all along.

Mr. DITTER. That is helpful, Mr. Chairman.

Mr. BLANTON. But it is easier to get it out of the Federal Treasury than through taxation.

Mr. Speaker, I now quote from the printed hearings:

STATEMENT OF LOVELL H. PARKER

Mr. BLANTON. Gentlemen, we have before us this morning Mr. L. H. Parker.

Mr. Parker, when were you employed by the board of trade as their statistician?

Mr. PARKER. As I recall it, it was about September—it was October before we made our final arrangement.

Mr. BLANTON. Do you mean October 1935?

Mr. PARKER. 1935; yes.

Mr. BLANTON. Your report was addressed to Mr. Edward F. Colladay?

Mr. PARKER. That is right.

Mr. BLANTON. As "chairman, advisory committee, municipal finance committee, board of trade, Washington, D. C."?

Mr. PARKER. That is right.

Mr. BLANTON. You were working for them when you made this report?

Mr. PARKER. Certainly.

Mr. BLANTON. And as their employee you rendered them this report?

Mr. PARKER. That is correct.

Mr. BLANTON. What are they to pay you for this tax survey?

Mr. PARKER. That is $5,500.

Mr. BLANTON. Then the board of trade pays you $5,500?

Mr. PARKER. Yes. That is the final amount agreed on.

Mr. BLANTON. When did you get that position with the Joint Committee on Internal Revenue Taxation?

Mr. PARKER. I was appointed to that position in 1926.

Mr. BLANTON. What was your salary when you were first appointed to that position?

Mr. PARKER. $600 a month.

Mr. BLANTON. And you have held that position continuously since 1926?

Mr. PARKER. That is correct.

Mr. BLANTON. What annual salary do you get now?

Mr. PARKER. $800 per month.

Mr. BLANTON. When was your salary increased to $800 per month?

Mr. PARKER. It was increased once in 1929, as I recall it, to $700, and then it was increased in 1935 to $800.

Mr. BLANTON. Which is approximately the equal of the salary of a Congressman or a Senator.

Mr. PARKER. Pretty nearly.

Mr. BLANTON. Well, we get $833, and spend half of it for incidental expenses, and you get $800; is that right?

Mr. PARKER. That is correct.

Mr. BLANTON. The committee may call on you at any time it wants to, from January to December?

Mr. PARKER. That is correct.

Mr. BLANTON. And you are at all times under orders of the committee?

Mr. PARKER. Yes, sir.

Mr. BLANTON. Did you have authority from Mr. ROBERT DOUGHTON, who is the vice chairman of the Joint Committee on Internal Revenue Taxation, to accept employment from the board of trade and to receive $5,500 for it?

Mr. PARKER. No, Mr. BLANTON, because Mr. HARRISON was chairman.

Mr. BLANTON. Please just answer my questions, Mr. Parker.

Mr. PARKER. I understood you to say that——

Mr. BLANTON. Yes or no; did you have authority from Mr. DOUGHTON to accept that employment?

Mr. PARKER. No.

Mr. BLANTON. Did you ever tell BOB DOUGHTON that you were going to take that employment, before you took it?

Mr. PARKER. No, Mr. BLANTON.

Mr. BLANTON. Did you know that there are hundreds of pieces of property here in Washington that are occupied by people which, in 1934, before there was any arbitrary reduction in assessed values made, were rendered for or had an assessed valuation much less than one-half of what they cost and what they were worth? Did you know that?

Mr. PARKER. I knew that a great many were below what they cost, but as to what they were worth, I did not think there were any as low as that; no, Mr. BLANTON.

Mr. BLANTON. For instance, here is a list of the lots covered by the New House Office Building, on which the New House Office Building was erected. Here are the figures on assessments and values given us by Tax Assessor Richards on those lots that we had to buy over there.

Here is part of lot 15, known as lot 809 in square 636; all of these are in square 636. That was assessed at $1,479, and local Washington citizens testified that it was worth $2,795.10, and we paid that.

Here is lot 806, assessed at $2,345, and parties here testified that it was worth $4,422.90. And that is what we had to pay for it.

Mr. PARKER. This was in connection with condemnation proceedings?

Mr. BLANTON. It was either condemnation or agreement, but was what the Government had to pay for it. We had to pay these amounts.

Here is lot no. 20, which was assessed at $1,256, and Washington experts testified that it was worth $10,100. That was nearly nine times what it was assessed at. We had to pay that for it.

Here are lots 1, 2, and 19, which were assessed at $13,792. Parties here testified that it was worth $34,537.50, and that is what the Government had to pay for it.

Here are lots 3, 6, 16, 17, and 18, which were assessed at $24,192, and Washington experts testified that it was worth $51,303.47. And that is what the Government paid for it.

Here are lots 9, 10, and 11, which were assessed at $12,249, and Washington experts testified they were worth $24,577.30. That is what the Government had to pay for it.

Here is lot 15, known as lot 808, assessed at $1,759, and Washington experts testified that it was worth $3,488.60. That is what the Government had to pay for it.

Here is lot 14, known as lot 807. That was assessed at $2,534. Washington experts testified it was worth $5,076.20. That is what we had to pay for it.

Here is lot 5, known as lot 800, assessed at $2,845. Washington experts testified that it was worth $5,692.60. That is what the Government had to pay for it.

Here is lot 5, known as lot 801, which was assessed at $1,026. Washington experts testified that it was worth $2,250. That is what the Government paid for it.

That gives you an idea of the low assessments here.

Mr. PARKER. May I ask, Mr. BLANTON, if those were the tax experts for the people selling the property?

Mr. BLANTON. They were experts, Mr. Parker, for the people of Washington, just as you are the expert for the board of trade, representing them, and getting $5,500 to speak for them.

Mr. PARKER. I am wondering if the Government hired experts to give their testimony on these same properties?

Mr. BLANTON. I don't value the opinion of such hired experts. I just give these figures to show how little value their testimony is worth when they come in here and say that they are overassessed. We members of this subcommittee know they are not and we have been studying this question here for many years.

Mr. PARKER. My report does not touch on that, if I may state that. My report merely deals with figures and facts on taxation. I have not said anything about real property taxes at all.

Mr. BLANTON. Did you know that since those low assessments in 1933, and since that data has been shown to us, the Commissioners, during the last 2 years, have arbitrarily further lowered the assessed value of real estate in Washington $130,000,000? Did you know that?

Mr. PARKER. I know there have been some decreases; yes.

Mr. BLANTON. When you were employed and had your salary raised to $800 a month, or $9,600 a year, did Mr. HARRISON, who is the

chairman of this joint committee, or Mr. DOUGHTON, who is the vice chairman, authorize you to accept outside employment?

Mr. PARKER. Nothing was said about it.

Mr. BLANTON. You talk about other taxes than real-estate taxes. Did you know that the people in your State of Massachusetts, in West Virginia, in Missouri and Iowa and Texas and Pennsylvania and Oklahoma and New York and Virginia and New Hampshire and North Dakota, in addition to having to pay much more than $1.50 per hundred city tax, which is the total tax that the people of Washington pay for everything, they all have to pay county taxes and State taxes, and in some instances school taxes, water taxes, courthouse, jail, and bridge-bond taxes. You knew that, did you not?

Mr. PARKER. Why, certainly.

Mr. BLANTON. You knew that in addition to the one tax of $1.50 per $100 on low assessed value that the Washington people pay for everything, people in other cities sometimes have to pay a special water tax for their water system. Did you know that?

Mr. PARKER. Yes.

Mr. BLANTON. Can you cite me to any city in the United States where the water charge is as low as $6.60 per year per average family?

Mr. PARKER. I think the water charge here is very low.

Mr. BLANTON. Now, please listen to my questions. You are advertised in the newspapers as a $9,600-a-year Government expert. You ought to be able to answer a question. You have sat around the hearing table a lot of times. Now, please answer my questions definitely and we will get along.

Can you cite me to any city in the United States where you know that the water charge is as low as $6.60 per year per average family, which is the charge here in Washington?

Mr. PARKER. No; but I have not made an examination of it.

Mr. BLANTON. Can you cite me to any city in the United States where there is not a sewer-service charge?

Mr. PARKER. No; I cannot, but I could find out.

Mr. BLANTON. Mr. Parker, did you know that in the District to every family is given an exemption of $1,000 on household goods?

Mr. PARKER. That is correct.

Mr. BLANTON. Name me another State that has that much of an exemption. In my State it is $250 on household goods.

Mr. PARKER. I will have to search the records.

Mr. BLANTON. Do you know of another State that gives a $1,000 exemption?

Mr. PARKER. I cannot recall whether it is more or just that much; I cannot recall.

Mr. BLANTON. Mr. Parker, did you know that in Washington, to every family, in addition to the exemption of $1,000 on household furniture, there is exempt from taxation their library, whether it is worth $5 or $5,000,000? Did you know that?

Mr. PARKER. I think that is correct.

Mr. BLANTON. That is absolutely exempt from any tax whatever. Will you name me one single State, if you can, where that exemption prevails; where, in addition to the exemption on household furniture, whatever it may be, there is also an exemption from taxes on the family library, regardless of its value? Can you give me one other city like that?

Mr. PARKER. I do not think so. I think that is an unusual provision.

Mr. BLANTON. Let us pass on to another thing. Did you know that in the District of Columbia to every person is given an exemption from taxes on all of their wearing apparel, regardless of its value? That is, in addition to the library exemption, in addition to the $1,000 exemption on household furniture, there is exempt to each person their wearing apparel, here in the District of Columbia, whether that wearing apparel is worth $5 or $5,000,000. Did you know that?

Mr. PARKER. Well, of course, it would be unusual to find $5,000,000 worth of wearing apparel.

Mr. BLANTON. Now you are getting back into generalities again. I am asking you the question, Did you know that that is the situation?

Mr. PARKER. Yes; I knew that.

Mr. BLANTON. Can you give me the name of any city in the United States other than Washington where there is exempted the wearing apparel of the family?

Mr. PARKER. I do not know any offhand. I do not know what the specific provision of law is.

Mr. BLANTON. Let us get down to the intangible property tax. Did you know that in the District of Columbia there is no estate tax?

Mr. PARKER. Yes, Mr. BLANTON.

Mr. BLANTON. In the city of Washington there is no inheritance tax other than the Federal inheritance tax, is there?

Mr. PARKER. That is correct.

Mr. BLANTON. In the city of Washington there is no gift tax other than the Federal tax, is there?

Mr. PARKER. That is correct.

Mr. BLANTON. And that is applicable to all cities.

In the city of Washington there is no sales tax, such as they have over here in Baltimore and out in Iowa and in West Virginia.

Mr. PARKER. No; no general sales tax.

Mr. BLANTON. Mr. Parker, in Washington there is no sales tax such as they have in Baltimore, in West Virginia, in Iowa, and in other States, is there?

Mr. PARKER. That is correct.

Mr. JOHNSON. Do you know of any place where gasoline is sold where they charge less than 2 cents or even 2 cents a gallon as a tax? Do you know of any State in the Union where that is so?

Mr. BLANTON. Any other city in any State in the Union?

Mr. PARKER. Every State has a gasoline tax; no, I do not recall that.

Mr. JOHNSON. A tax expert ought to be able to answer the question without so much explanation. Do you know of any State in the Union—

Mr. PARKER. That has a lower rate?

Mr. JOHNSON. That pays as little as 2 cents a gallon gasoline tax?

Mr. PARKER. No; I do not.

Mr. BLANTON. Did you know that the President had that printed in a document called "Comparative Tax Burden in the District of Columbia and Other Cities"?

Mr. PARKER. I have seen it, but I think it is in a different form than that.

Mr. BLANTON. You knew he had it printed?

Mr. PARKER. Yes.

Mr. BLANTON. You knew he sent that down to Congress with a letter, did you not?

Mr. PARKER. Yes.

Mr. BLANTON. I quote from his letter the following:

"MY DEAR MR. CHAIRMAN: I am transmitting herewith a report prepared by the Treasury Department at my request on the tax paid by residents of the District of Columbia as compared with taxes paid by residents in other readily comparable cities.

"In general, the Treasury found that the actual money cost of government per capita to residents of the District of Columbia is below that in other cities; likewise the total tax paid by each of several different examples of property owners is lower in the District than in any other cities of between 300,000 and 825,000 population."

Mr. PARKER. That was in connection with the property tax.

Mr. BLANTON. The President sent us this data, and he gives us the tax levy per $1,000 in each of the following cities:

"Jersey City, N. J., $40.069 per $1,000; Boston, Mass., $37.10 per $1,000, that is your own city, where you were born; Minneapolis, Minn., $30.10 per $1,000; Newark, N. J., $29.20 per $1,000; Seattle, Wash., $28.13 per $1,000; New Orleans, La., $27.58 per $1,000; Baltimore, Md., $26.70 per $1,000; Portland, Oreg., $26.50 per $1,000; Milwaukee, Wis., $26.26 per $1,000; Buffalo, N. Y., $25.56 per $1,000; Kansas City, Mo., $25.23 per $1,000; Louisville, Ky., $24.48 per $1,000; San Francisco, Calif., $20.09 per $1,000; Cincinnati, Ohio, $18.22 per $1,000; Washington, D. C., $15 per $1,000."

Mr. Parker, when did you ever make a trip to Jersey City, N. J., to investigate that tax rate there?

Mr. PARKER. I never made such a trip to investigate the tax rate.

Mr. BLANTON. When did you ever make a trip to Boston, Mass., to investigate that tax rate there?

Mr. PARKER. I have not investigated any of those.

Mr. BLANTON. When did you ever make a trip to Minneapolis, Minn., to investigate the tax rate there?

Mr. PARKER. I never made a trip to any of those cities for that purpose.

Mr. BLANTON. When did you ever make a trip to Newark, N. J., to investigate the tax rate there?

Mr. PARKER. I never made such a trip.

Mr. BLANTON. When did you ever make a trip to Seattle, Wash., to investigate the tax rate there?

Mr. PARKER. I never made such a trip.

Mr. BLANTON. When did you ever make a trip to New Orleans, La., to investigate the tax rate there?

Mr. PARKER. Never; I have never investigated the tax rate there.

Mr. BLANTON. When did you ever make a trip to Baltimore, Md., to investigate the tax rate in Baltimore?

Mr. PARKER. I never made a trip there for that purpose; I lived there for a short time.

Mr. BLANTON. You never did make a trip there to investigate those tax rates?

Mr. PARKER. No; my reports distinctly do not say that. That would take a lot of time.

Mr. BLANTON. It would take more than $5,500 worth of employment, would it not?

Mr. PARKER. Much more than that.

It is a very difficult thing to determine the true value and its relation to the assessed value.

Mr. BLANTON. When did you ever make a trip to Portland, Oreg., to make a tax investigation there?

Mr. PARKER. I have never made such a trip. I could make a statement on all of them together.

Mr. BLANTON. Did you ever make a trip to Milwaukee, Wis., to investigate the tax rate there?

Mr. PARKER. I never made such a trip.

Mr. BLANTON. Did you ever make a trip to Buffalo, N. Y., to investigate the tax rate there?

Mr. PARKER. I never made such a trip there.

Mr. BLANTON. Did you ever make a trip to Kansas City, Mo., to investigate the tax rate there?

Mr. PARKER. I never made such a trip.

Mr. BLANTON. Did you ever make such a trip to Louisville, Ky., to investigate the tax rate there?

Mr. PARKER. I make the same answer.

Mr. BLANTON. Did you ever make such a trip to San Francisco, Calif., to investigate the tax rate there?

Mr. PARKER. The answer is the same.

Mr. BLANTON. Did you ever make such a trip to Cincinnati, Ohio, to investigate the tax rate there?

Mr. PARKER. The answer is the same.

Mr. BLANTON. Then you do not know what the Treasury Department did, do you?

Mr. PARKER. Pretty well.

Mr. BLANTON. Have you talked to any of them?

Mr. PARKER. No; but the report shows on its face.

Mr. BLANTON. You never talked with them?

Mr. PARKER. Not about this.

Mr. BLANTON. You have never talked with the President of the United States about that, have you?

Mr. PARKER. No, sir.

Mr. BLANTON. I happen to know that one of the President's friends in New York bought a $100,000 piece of property here in Washington, and at the same time bought exactly the same kind of property in New York for $100,000, and he pays much more taxes on the New York property than he pays in Washington. That is the answer.

Did you know that in addition to the things that the District pays for, with the help of the Government, that there are numerous local matters here in Washington that other cities have to pay for themselves that the Government pays for exclusively, 100 percent? Did you know that?

Mr. PARKER. There are some governmental expenses that they care for.

Mr. BLANTON. Do you know how much money is included in what we call the Interior Department appropriation bill every year for local expenses in Washington that other cities would have to pay for, and that the city of Washington would have to pay for if the Government were not here?

Mr. PARKER. I do not recall the amount.

Mr. BLANTON. You know there is a tremendous amount?

Mr. PARKER. Quite a large sum.

Mr. BLANTON. Do you not know that in practically every one of the 10 appropriation bills that we pass every year there is included a big sum of money that is spent for local improvements in Washington, in a civic way, that other cities would like to have, and for which they would have to pay themselves?

Mr. PARKER. I did not know that was in every bill. There are a number of them which carry it.

Mr. JOHNSON. Did the committee request you to make the report?

Mr. PARKER. The board of trade retained me to make the report.

Mr. JOHNSON. I thought you said the committee.

Mr. PARKER. I am talking about this committee requesting me to come here. I did not volunteer.

Mr. BLANTON. This committee has never asked you to make a tax survey, has it?

Mr. PARKER. No, sir.

Mr. BLANTON. The subcommittee of the Senate committee handling the District appropriation bill, headed by Senator THOMAS of Oklahoma, has never asked you to make a survey of taxes, has it?

Mr. PARKER. No, sir.

Mr. BLANTON. The only thing you have ever done in connection with taxes in Washington was done at the request of the Washington Board of Trade under your $5,500 employment?

Mr. PARKER. That is right.

Mr. BLANTON. You knew that the entire pay roll of the Howard University here in Washington is spent in Washington and you knew that that was paid for, 100 percent, by the United States Government, did you not? The District does not have anything to do with that. You know that, do you not?

Mr. PARKER. Yes, sir.

Mr. BLANTON. Did you know that this Government spent every dollar of the $14,750,000 of the cost of the fine Memorial Bridge that goes into Virginia; did you know that?

Mr. PARKER. I suppose they paid for the whole of it.

Mr. BLANTON. Did you know that this Government paid for all of the fine driveway on the other side of the river that goes to Mount Vernon?

Mr. PARKER. But that is not in the District.

Mr. BLANTON. But the District people use it. You use it all the time as a District man?

Mr. PARKER. Yes.

Mr. BLANTON. You drive over it with your family there frequently?

Mr. PARKER. Occasionally.

Mr. BLANTON. Did you know that the fine Lincoln Memorial, with the reflecting pools used for skating by Washington people in winter, which you find visited by such large crowds all the time, was all paid for by the Government of the United States—all that big plant?

Mr. PARKER. Yes.

Mr. BLANTON. Did you know that the Washington Monument, which attracts so many people, both from Washington and places outside of Washington, was paid for by the United States Government?

Mr. PARKER. Yes, sir.

Mr. BLANTON. Did you know that the Government of the United States has paid every dollar of the cost of this beautiful Supreme Court Building that attracts such large crowds here all the time?

Mr. PARKER. Yes, sir.

Mr. BLANTON. Did you know that this fine Congressional Library, with the additional Library building that they are building to the east of the present building, was paid for wholly by the United States Government?

Mr. PARKER. That is correct.

Mr. BLANTON. Did you know that right now you will find hundreds of Washington people in the Congressional Library using it, in the reading room?

Mr. PARKER. They have the same use of it as anybody else.

Mr. BLANTON. Did you know that all of these Government departments here that attract so many people to this city, where there were 600,000 of them here in April, tourists, all of whom spent about $25 in Washington, on the average—did you know that all of those department buildings were paid for by the Government of the United States and not by the District?

Mr. PARKER. Yes.

Mr. BLANTON. Did you know that if this Government plant was not here, that if the Government institutions were not here, that instead of finding this big city here you would find just a little village, like it was when we took it over?

Mr. PARKER. That is probaby true.

Mr. BLANTON. Did you know that when the Government of the United States took over this District of 10 miles square it was just a swamp-ridden, mosquito-ridden village, and they made a beautiful city out of it that attracts hundreds of thousands of people here every month?

Mr. PARKER. Of course, Washington, the city, has been developed by the National Government; there is no question about that.

Mr. BLANTON. Did you know that the purpose of your $5,500 employment by the board of trade was to try to get a big lump-sum appropriation for the Government? You knew that, did you not?

Mr. PARKER. No; I did not know that.

Mr. BLANTON. Mr. Parker, can you state to this committee that you know that France pays one franc of contribution to Paris because of its capital being planted there?

Mr. PARKER. No; but I can report and check up on that.

Mr. BLANTON. I will state to you that it does not.

Did you know that Belgium pays nothing as a contribution for its capital?

Mr. PARKER. No.

Mr. BLANTON. Did you know that Germany pays nothing in the way of a contribution for its capital?

Mr. PARKER. No.

Mr. BLANTON. Did you know that Great Britain pays absolutely nothing in the way of a contribution that is comparable to the lump sum that the United States pays to Washington?

Mr. PARKER. Great Britain has a system by which they make grants to all of their municipalities.

Mr. BLANTON. You say you know——

Mr. PARKER. I know about Great Britain; I know what they do there; they make grants.

Mr. BLANTON. Great Britain does not pay one dollar contribution. Did you know that Mexico pays nothing in the way of a contribution to its capital?

Mr. PARKER. No.

Mr. BLANTON. Did you know that Poland pays nothing by way of a contribution to its capital?

Mr. PARKER. No.

Mr. BLANTON. Did you know that Spain pays nothing by way of a contribution to its capital?

Mr. PARKER. No.

Mr. BLANTON. Did you know that Sweden pays nothing by way of contribution to its capital?

Mr. PARKER. No.

Mr. BLANTON. Did you know that Switzerland pays nothing in the way of a contribution to its capital?

Mr. PARKER. No.

Mr. BLANTON. Did you know that Yugoslavia pays nothing in the way of such a contribution?

Mr. PARKER. No.

Mr. BLANTON. Did you know that Brazil pays nothing?

Mr. PARKER. No.

Mr. BLANTON. I will state to you that none of these countries pays a dollar comparable to the lump sum that this Government pays to Washington.

Has it occurred to you any time, Mr. Parker, that, drawing a $9,600 annual salary from the United States Government, especially in view of the fact that you are serving a joint committee of the House and Senate, and that there is a controversy in Congress every year over a lump-sum contribution, and that in the past appropriation bills the Senate has put in whatever the District has asked for, whatever the board of trade has asked for, and the House has had to make a fight to keep it down, that there would be any ethical question involved in your serving the Washington Board of Trade for a $5,500 fee in a capacity that would be antagonistic to what the House and the Senate might do in this matter?

Mr. PARKER. As I say, when I went into this I went with the idea of making a tax survey and advising them as to taxes only.

Mr. BLANTON. I would suggest this to you, just as one Member of Congress, that as long as you are drawing $9,600 from this Government in annual salary and serving a joint committee of Congress, as one Member of Congress I would vote to require you either not to take such antagonistic employment, or to quit taking a Government salary. That is the way I feel about it. I feel that your one employment is antagonistic to the other, and it is an interference with the rights of the Government involved here. There is a question of $3,000,000 involved right now. That is probably what Mr. Colladay had in mind when he made this state-

ment in the hearing before the Senate committee. This colloquy occurred [reading]:

"Senator COPELAND. Are you going to tell us some new things, Mr. Colladay, or some additional reasons, or some old truths proven by new formulas, with a new presentation of the facts?

"Mr. COLLADAY. Senator COPELAND, if you and the other Senators present were going to make a final report on our case, I would be willing to just file the document which I have just handed to you and submit the case on the brief, but it would seem advisable to make the record a little more fully."

In conclusion, Mr. Speaker, I repeat that it would be outrageously unjust for us to make the people of the United States pay $5,700,000 on the expenses of the people of Washington.

Mr. Speaker, I move the previous question.

The previous question was ordered.

Mr. SNELL. Mr. Speaker, I ask for a division of the resolution.

The SPEAKER. The Chair thinks the resolution is divisible, and the Clerk will report the first portion of the resolution.

The Clerk read as follows:

Moved, That managers on the part of the House, who, at the request of the Senate, were appointed by the Speaker on April 24, 1936, for a conference with the managers on the part of the Senate, who were appointed by the Senate on April 23, 1936, respecting the disagreeing votes of the two Houses relative to 87 amendments placed by the Senate on the House bill, H. R. 11581, making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1937, and for other purposes, have been in conference more than 20 days without avail, said House conferees having been appointed for more than 20 calendar days, and have made no report to the House that they, the said managers on the part of the House be, and they are hereby, instructed as follows:

First. The House instructs its managers to insist on the disagreement of the House to Senate amendment no. 1, which proposes to appropriate $5,700,000 out of the United States Treasury, as a Federal contribution on the local civic expenses of the District of Columbia, and to insist on the House provision respecting same.

The SPEAKER. The question is on agreeing to the first part of the resolution.

The question was taken; and on a division (demanded by Mr. BLANTON and Mr. MAVERICK) there were—ayes 142, noes 39.

Mr. SISSON. Mr. Speaker, I object to the vote on the ground that there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from New York makes the point of order that there is no quorum present. The Chair will count. [After counting.] Two hundred and thirty-six Members present, a quorum.

Mr. MAVERICK. Mr. Speaker, I demand the yeas and nays.

Mr. BLANTON. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. The gentlemen from Texas demand the yeas and nays. Those in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] Thirty-four Members have risen, not a sufficient number, and the yeas and nays are refused.

So the first part of the resolution was agreed to.

The SPEAKER. The Clerk will report the second part of the resolution.

The Clerk read as follows:

Second. The House instructs its managers to insist on the disagreement of the House to Senate amendment no. 37–8–9, appropriating $78,660 for so-called character education, and to insist on the refusal of the House to appropriate any money for so-called character education.

The SPEAKER. The question is on agreeing to the second part of the resolution.

Mr. BOILEAU. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. Those in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] Fourteen Members have risen, not a sufficient number.

Mr. BOILEAU. Mr. Speaker, I demand a division.

The House divided; and there were—ayes 109, noes 46.

Mr. SISSON. Mr. Speaker, I make the point of order that there is no quorum present, and object to the vote upon the ground that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and forty-six Members present, a quorum.

So the second part of the resolution was agreed to.

The SPEAKER. The Clerk will report the third portion of the resolution.

The Clerk read as follows:

Third. The House instructs its managers to insist on the disagreement of the House to Senate amendment no. 83, which struck from the House bill "Sec. 6", which Senate amendment 83 would permit high-salaried judges, high-salaried prosecuting attorneys, high-salaried doctors, and other high-salaried officers and employees, to accept outside employment from others.

The SPEAKER. The question is on agreeing to the third portion of the resolution.

Mr. BLANTON. Mr. Speaker, on that I demand a division.

The House divided; and there were—ayes 86, noes 78.

Mr. BOILEAU. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. The gentleman from Wisconsin demands the yeas and nays. Those in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] Twenty-six Members have risen, not a sufficient number, and the yeas and nays are refused.

So the third portion of the resolution was agreed to.

Mr. BLANTON. Mr. Speaker, I move to reconsider the votes by which these portions of the resolutions have been agreed to and lay that motion on the table.

The motion was agreed to.

SPECIAL ORDER

The SPEAKER. A special order was granted for this morning. The gentleman from Minnesota [Mr. CHRISTIANSON] is recognized for 10 minutes.

Mr. CHRISTIANSON. Mr. Speaker, I yield to the gentleman from Tennessee to present a conference report.

OFFICERS AND EMPLOYEES OF FOREIGN SERVICE OF THE UNITED STATES

Mr. McREYNOLDS. Mr. Speaker, I present a conference report and statement on the bill (S. 267) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature, for printing in the RECORD.

AGRICULTURE

Mr. CHRISTIANSON. Mr. Speaker, I take the floor today to make some observations upon the agricultural problem. You may perhaps consider me presumptuous in so doing, for the subject has been discussed in these halls for years by members much more competent than I. Little if any of what I shall say will have the merit of originality. Nevertheless I feel it my duty before terminating my service in the House to call attention to the fact that after years of thought and effort the problem still remains unsolved.

I wonder if it has occurred to Democrats who have criticised the Republican record and to Republicans who have called attention to the futility of New Deal measures, that Mr. Hoover and Mr. Roosevelt, although employing different expedients, approached the farm problem from the same starting point. The Hoover program and the Roosevelt program were different in detail, but they were based on the same philosophy and were postulated on the same error.

Mr. Roosevelt sought to balance supply and demand by reducing domestic production. Mr. Hoover sought to accomplish the same purpose by segregating and impounding the surplus. Each tried to raise the price by limiting the amount available for consumption, Mr. Roosevelt by keeping wheat from being raised, Mr. Hoover by keeping it from being sold. In the case of cotton the present administration has followed the same procedure its predecessor used in the case of wheat.

Each administration in a large measure failed, because the principle upon which it operated was wrong. Mr. Hoover did not anticipate that products withheld from the market

would nevertheless, so long as they were within the boundaries of the country, have a depressing effect on the market; and Mr. Roosevelt did not foresee that the vagaries of the weather and the disposition of cooperators to "chisel" and of non-cooperators to sow more acres in anticipation of a higher price, would confound the best-meant efforts at regimentation and regulation.

The weakness in the Hoover procedure was that if it raised prices it would also stimulate production and thereby so increase the hoarded surplus that the market would fall faster and harder when it finally collapsed under its own weight. The weakness in the Roosevelt program was that if it accomplished a substantial acreage reduction, it would in the event of drought or other calamity leave the country on short rations and invite the importation of farm products that should have been raised at home.

Each of these administrations failed because it either did not see or refused to see that agriculture in the United States was built up on a surplus basis and therefore cannot be prosperous without an export market, and that it cannot have an export market if the exporter has to compete in purchasing agricultural products with domestic millers buying for a protected home market at prices substantially above the world level.

A one-price system in a surplus producing country whose cost of production is higher than its competitors inevitably presents to the farmer the choice of two alternatives: He may sell in the domestic market at the world price, or he may sell at a protected price and forego the foreign market. In either case he goes broke.

No one has been able to point to any method by which the American producer of such surplus commodities as wheat and cotton can be saved, except by making effective a two-price system under which the farmer would receive a protected price in the home market for whatever is required for home consumption and the world price for the surplus.

What particular mechanism is adopted to accomplish that end is less important than that some such mechanism be adopted.

The payment of export bounties financed by equalization fees is only one of many proposals that have been made.

I am aware that there are some who claim that there are no longer any world markets in which our surpluses can be sold. Chester Davis is the latest recruit in the company of defeatists.

I am not willing to accept the assumption that we cannot sell anything anywhere if we make the price sufficiently attractive.

In making that assertion I am relying on the statements of men who have had years of practical experience in the grain trade, not on the theoretical conclusions of furloughed college professors.

I voted for the Agricultural Adjustment Act, as I did for the so-called Soil Conservation Act, not because I considered it an adequate farm measure but because it was the only proposal for the relief of agriculture for which we were given an opportunity to vote.

I do not condemn A. A. A. in its entirety, for it was not wholly bad; it did give the farmers, especially in the drought-stricken areas, relief that was badly needed. My criticism of it is that it did not go far enough. It gave relief but it did not solve the farm problem, but rather served to complicate it.

It did not any more solve the farm problem than the dole solves the problem of unemployment.

Instead of reducing acreage, it tended rather to shift production from one crop to another, thus creating new dislocations without removing the old ones.

It did not raise the prices of farm products. The increase in prices was accomplished—to the extent it has been accomplished—by 2 years of devastating drought, by the devaluation of the dollar, and by a rise in the world price level.

While it is not only our right but our duty, as the minority, to call attention to the shortcomings and errors of the party in power, it is also our obligation to formulate an alternative program. I hope that it will not be considered too presumptuous to offer as my own contribution to that program the following recommendations:

First. We should reserve to the farmer his home market by (a) repealing the present Reciprocal Trade Agreement Act, and (b) raising duties on agricultural products in instances where export bounties and depreciated currencies have facilitated their shipment into this country. [Applause.]

Second. We should reopen the foreign markets we formerly enjoyed by adopting a two-price system that would enable the farmer to sell his surpluses at competitive world prices without forcing him to accept anything less than a protected price in the domestic market.

Third. We should aim to develop new foreign outlets by facilitating reciprocal trade, and toward that end we should adopt the formula developed by George N. Peek, but rejected by the present administration. The farmer should not be subordinated to industry in the field of foreign commerce, but should be given the opportunity to pay for such imported noncompetitive agricultural products as coffee, tea, cocoa, silk, sisal, and rubber with American agricultural surpluses. Dr. John Coulter, lately of the Tariff Commission, has pointed out that this could be accomplished by imposing exchange restrictions making exchange issued to pay for foreign agricultural products redeemable only when presented in payment for American agricultural products.

The SPEAKER pro tempore (Mr. GILLETTE). The time of the gentleman from Minnesota has expired.

Mr. CHRISTIANSON. Mr. Speaker, I ask unanimous consent to proceed for 3 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

Mr. GREENWOOD. Mr. Speaker, reserving the right to object, I am not going to object to the gentleman's request, but so much time has been used today that I will object to any further requests for time.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CHRISTIANSON. Fourth. We should stop the irrigation and reclamation program of the present administration, which has largely if not entirely neutralized its efforts toward acreage reduction. [Applause.] Crop adjustment should start by withholding lands now untilled from cultivation rather than by retiring acres already producing. The Federal Government should discontinue leasing its own land and permitting it to produce in competition with privately owned farms.

Fifth. We should continue along a broader front experiments for discovering and developing new uses for agricultural products, in order that the farmer in the future may share more equitably in that part of the consumer's dollar that is not used to buy food or fiber.

Sixth. We should make provision for the refinancing of farm mortgages at the lowest possible rates of interest, in order that there may be accomplished the two objectives of (a) eventually liquidating the farm mortgage indebtedness and (b) releasing into the channels of commerce and industry farmers' buying power that now goes to and is hoarded by financial institutions. If the farmer is to be subsidized in any way, the subsidy should take the form of relief from a debt burden imposed upon him largely by conditions related to and growing out of the war.

Seventh. We should lower the cost of transporting agricultural products (a) by removing existing restrictions on the reduction of long-haul railroad rates and (b) by opening practicable water channels from the interior to the sea.

Eighth. We might tax agricultural land in this country on the basis of its rental income, as is done in England, rather than on a more or less arbitrarily fixed sales value, and thereby apply to farm taxation the yardstick of "ability to pay." This recommendation, of course, calls for State rather than Federal legislation.

This program looks toward the rehabilitation of agriculture, and rehabilitation is what the farmer wants. He is still the most individualistic of all citizens, and as such is

not satisfied with a dole, no matter how well camouflaged. Put the farmer on a basis of equality with others, and he can and will take care of himself. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. GUYER. Mr. Speaker, I ask unanimous consent to proceed for 3 or 4 minutes out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

Mr. GREENWOOD. Reserving the right to object, I served notice that I would object to any further requests for time to speak. If somebody wishes to ask unanimous consent to extend their remarks or something like that, that is all right, but I must object to any further request to speak.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

Mr. GREENWOOD. Mr. Speaker, I object.

WHERE?

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SHORT. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address, delivered by me, on May 25, 1936, which has been slightly extended:

My fellow Americans, in behalf of the National Republican Congressional Committee, I thank the Columbia Broadcasting System for this opportunity to address the American electorate.

Limited time will permit me to explore only a few of the bewildering meanderings of New Deal policies since March 4, 1933. President Roosevelt frequently assures us that "we are on our way." "Where, oh, where?" is the big, baffling question in the minds of the American people.

Do the New Deal generals themselves have a clear conception of what they are trying to do?

We see them negotiating reciprocal-tariff treaties for 3 years, with a professed view to lowering tariffs in every direction—and last week President Roosevelt, by Executive order, belatedly increased tariffs on ruinous imports of cotton goods from Japan. What, then, is the New Deal policy—to lower tariffs or raise them? As a Republican Member of the House of Representatives, I am honored to find the President coming belatedly to embrace the solid Republican principle of protection for American workers and American farmers. Not so his Secretary of State! The people of America will not dismiss lightly the befogged policy which is indicated by this overdue upward revision of the textile tariff after 3 years of frantic efforts to lower our protection in every other sphere.

Similarly, we find the New Deal pursuing vigorously a policy to curtail agricultural production. Hundreds of millions of dollars of the taxpayers' hard-earned money have been poured out of the National Treasury to reduce crops. At the same time we find literally hundreds of millions more being poured out of the Treasury at another vent to build gigantic irrigation projects—which will bring hundreds of thousands of new acres into cultivation, to further increase the total agricultural production of the Nation. Such an inconsistent policy is sheer idiocy, and no sane person can make any sense out of such a hodgepodge.

When we find a government raising tariffs and lowering tariffs at the same time—plowing under acreage and bringing new acreage into fertility at the same moment—buying Chinese silver and Mexican silver with good American gold, only to use that silver as a sterile reserve against more and more paper money—when we see these conflicting and contradictory policies being pursued in all directions at once, it is appropriate to pause and ask, "Where is the New Deal heading America? What is the New Deal doing for recovery? What obstacles are being placed in the path of America's sane and orderly progress?"

Again, there is the problem of Roosevelt confusion in relation to our foreign trade in farm products. Producers of every major crop in America virtually have been compelled to reduce their acreage—in the name of balanced agriculture. But how is our agriculture being balanced?

In 1932 American farmers sold 7,886,000 bushels of corn to foreign countries. In addition, they shipped more than 150,000 barrels of corn meal and corn flour. They shipped 12,000,000 pounds of hominy and corn grits. American farm products went to every quarter of the globe. But look at the same picture for the calendar year 1935. The official figures recently have been published by the Department of Commerce. In 1935 we imported 43,242,000 bushels of corn; and we did not export a pound of corn, corn meal, flour, hominy, or corn grits.

Can any citizen of the United States rationalize a program which takes American acres out of production so that the necessary foodstuffs may be imported from foreign farmers?

Consider imports of pork. In 1932, we imported only 29,000 pounds of live hogs, but in 1935 we imported 3,414,317 pounds of live hogs. During the full calendar year 1935 our total imports of pork products of all kinds aggregated 13,908,176 pounds—and this after the New Deal had deliberately slaughtered more than 6,000,000 American hogs in 1933 and 1934!

Putting it another way, we took money from our National Treasury—money which ultimately must be paid in taxes upon every citizen—to destroy millions of pounds of pork, and then made up our consequent deficiency in 1935 food supplies by importing almost 14,000,000 pounds of pork from foreign lands. This is not an agricultural policy. It is, rather, the systematic destruction, the willful undermining of the American economic system. If long pursued, it will mean the utter ruin of the American farmer.

Perhaps the New Deal at heart is not overly solicitous concerning the welfare of American agriculture. You will recall the address of the principal New Deal campaign manager, Postmaster General James A. Farley, a few days ago at Grand Rapids, Mich., in which he referred with eloquent disdain to "a typical prairie State." We people of the great agricultural-producing region of America long have understood the contempt, scorn, and derision in which Tammany holds the great Middle West. We know the eastern city dude ignorantly believes that people out West are nothing but "hicks" and "rubes", only to be laughed at—they laughed at Lincoln!

Many good people of the great prairie States, I may add, appear to reciprocate heartily in their mistrust of the political system of Tammany Hall.

Yet it is illuminating to find the Postmaster General and the chairman of the Democratic National Committee and the chairman of the Democratic State Committee for New York publicly proclaim his sincere contempt for "a typical prairie State."

In the final analysis, however, this unsympathetic attitude of the Postmaster General is not difficult to understand.

The prairie States will be the last in the Union to be Tammanyized by the Farley spoils system. Our people believe in fair play.

The prairie States still are fighting for constitutional government. They believe in the Supreme Court.

The prairie States will be the last to ratify the New Deal policy of reckless squandering of the people's money and the Nation's substance. They do not want to mortgage the future of their children; nor do they believe that an artificial, temporary prosperity can long continue by giving the people abnormal "shots in the arm" of their own money, borrowed against their future, which they themselves ultimately must pay back.

The people of the prairie States realize that our Government is not confined to Washington but extends to every hamlet in our land. The people of this country are the Government, and no government can give to its people anything that it does not take from them. Always we must pay for what we get. No kind of government supports its people. Every type of government is supported by its people. Until the advent of the New Deal, our American system of government was the servant and not the master of men.

The people of the prairie States are liberal—but not like Roosevelt and Farley, with other people's money.

The prairie States will be the last in this Union to accept the principle of the boondoggle as the foundation stone of American prosperity. They believe in individual initiative and private enterprise.

The prairie States always have operated on the system of balanced budgets. Nebraska has no State debt today. Kansas has been operating on a balanced budget since 1932. We pay as we go.

The prairie States support an honest and industrious people, and no public slurs and aspersions from Tammany spoilsmen will change the honorable and forthright convictions of that section.

In a little more than 3 years, the New Dealers have increased our national debt by more than $10,000,000,000, and in spite of this excessive expenditure we will have about 12,000,000 unemployed and 20,000,000 of our people on relief. Nothing is more distressing or demoralizing to an individual or to a nation than to be hopelessly bogged down in the mire of debt. Such a path leads to bankruptcy, repudiation, and loss of individual and national honor.

At the end of the next fiscal year of the Roosevelt administration (1937) our national debt will be in the neighborhood of $36,500,000,000. This is greater than the value of all the farm lands and farm buildings, the farm machinery, and farm improvements in the United States today. It is estimated that the current value of all farm property is only $34,500,000,000; but before the New Dealers get through with their reckless extravagance and fantastic bootstrap recovery, the national debt of the United States will exceed this figure by, roundly, $2,000,000,000.

There is not to be found in all human history a more shocking example of reckless waste. Political expediency and New Deal nostrums, Machiavellian demagoguery and half-baked panaceas are to blame.

The New Deal already has cost us the prosperity and progress of an entire generation. And the Roosevelt administration still has 7 months to go. This New Deal is a fake and a fraud. Its father is trickery, its mother deception, and its offspring corruption. In 1932 it seduced the voters of America and ever since March 4, 1933, it has raped the Government and its people. The voice is the voice of Roosevelt, but the hand is the hand of Farley.

I leave with you the question with which I began, "Where, if anywhere, is President Roosevelt leading our great country?" Shall we continue to own this country, or shall we be owned by it? Shall we remain free men in a republic of representative democracy, or shall we become slaves in a dictatorial bureaucracy or serfs in a regimented communistic society?

In November 1936 every voter must answer this question at the ballot box. Then, I predict, Jim Farley will learn that while the people of the prairie States may have a little hayseed in their hair, they do not have cobwebs in their brain.

PERMISSION TO ADDRESS THE HOUSE

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent that on Thursday next, after the reading of the Journal and disposition of matters on the Speaker's desk, I may be allowed to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

Mr. PATMAN. Reserving the right to object, Mr. Speaker, I dislike very much to object to my good friend speaking. I always enjoy what he has to say, but we are expecting to be considering the Robinson-Patman equal-opportunity-in-business bill at that time, and I shall be compelled to object. I hope the gentleman will withdraw his request or make it for some other date.

Mr. GOLDSBOROUGH. Mr. Speaker, I modify the request to speak on Monday next.

The SPEAKER pro tempore. The gentleman from Maryland asks unanimous consent that on Monday next, after the reading of the Journal and disposition of matters on the Speaker's desk, he may address the House for 15 minutes. Is there objection?

There was no objection.

OLD-AGE PENSIONS AND SOCIAL SECURITY

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. GOLDSBOROUGH. Mr. Speaker, about 6 years ago, on June 12, 1930, I made the first speech ever made in the American Congress favoring a national old-age-pension system.

At that time my views were ridiculed in many quarters, but since then the idea has spread among our people by leaps and bounds, so that in 1935 the American Congress passed an Old Age Pension and Social Security Act, and during the same year the legislature of my own State of Maryland passed an Old Age Pension and Social Security Act.

To May 1 in Maryland 7,517 persons are receiving up to $30 a month—averaging $17 a month—in old-age pensions, and by the end of the year it is expected that this number will be increased by 4,134, bringing the total up to 11,651 in Maryland alone.

Of course, the present laws are not sufficiently broad in their provisions to provide for all worthy cases, nor are the monthly payments as large as they should be.

A beginning has been made, and those who believe it to be a public disgrace to have the aged and those unable to work dependent on charity will never stop their efforts until every almshouse in the country is empty and for rent. Personally, I will continue to labor for the cause of old-age pensions and social security until we have fully adequate legislation.

CALL OF THE HOUSE

Mr. MILLARD. Mr. Speaker, I raise the point of order that there is no quorum present. Important business is being transacted and we should have a quorum present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and twenty-four Members are present, not a quorum.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 109]

Adair	Curley	Hope	Rayburn
Andrew, Mass.	Darden	Huddleston	Reed, N. Y.
Andrews, N. Y.	Dear	Jenckes, Ind.	Rogers, N. H.
Bacon	Ditter	Kee	Ryan
Barden	Duffey, Ohio	Keller	Sanders, La.
Berlin	Dunn, Miss.	Kennedy, Md.	Sandlin
Bolton	Eaton	Kerr	Schaefer
Brennan	Eckert	Lambertson	Schuetz
Brewster	Englebright	Lanham	Tobey
Brooks	Fenerty	Lee, Okla.	Treadway
Buckley, N. Y.	Ferguson	McGroarty	Turpin
Bulwinkle	Fernandez	McLean	Utterback
Caldwell	Flesinger	Maloney	Wadsworth
Carmichael	Fulmer	Montet	Werner
Cartwright	Goodwin	Moran	Wigglesworth
Cary	Green	Murdock	Wilcox
Casey	Greenway	Norton	Wilson, La.
Cavicchia	Gwynne	O'Connell	Wood
Chapman	Hamlin	O'Neal	Zioncheck
Claiborne	Harlan	Peterson, Fla.	
Clark, Idaho	Hennings	Plumley	
Creal	Hoeppel	Quinn	

The SPEAKER. Three hundred and forty Members are present, a quorum.

Mr. BANKHEAD. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

CALENDAR WEDNESDAY

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday may be dispensed with this week.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MONAGHAN. Mr. Speaker, I ask unanimous consent to proceed for 4 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

Mr. GREENWOOD. Mr. Speaker, I served notice that I would object to any further speeches today.

Mr. MONAGHAN. Mr. Speaker, then I ask unanimous consent that on tomorrow, after the reading of the Journal and disposition of matters on the Speaker's desk, I be permitted to proceed for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

Mr. PATMAN. Reserving the right to object, Mr. Speaker, I dislike very much to object to the request of the gentleman from Montana, but the House will consider a bill tomorrow, under a special rule, in which the people of the country are very much interested. I objected to the gentleman from Maryland [Mr. GOLDSBOROUGH] under similar circumstances. I shall be compelled to object, unless the gentleman would change his request to some other date.

Mr. MONAGHAN. Mr. Speaker, I ask unanimous consent that I be permitted to speak on Monday next, after disposition of matters on the Speaker's desk, for 10 minutes.

The SPEAKER. The gentleman from Montana asks unanimous consent that on Monday next, after disposition of matters on the Speaker's desk and the special order heretofore granted, he be allowed to address the House for 10 minutes. Is there objection?

There was no objection.

SESSIONS OF THE COMMITTEE ON IMMIGRATION

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that the Committee on Immigration may sit during the sessions of the House tomorrow and Thursday.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

VOCATIONAL EDUCATION

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 520.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 520

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 12120, a bill to provide for the further development of vocational education in the several States and Territories, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. GREENWOOD. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

PERMISSION TO ADDRESS THE HOUSE

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield to permit me to submit a unanimous-consent request?

Mr. GREENWOOD. Mr. Speaker, I yield.

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent that on Friday next, after the reading of the Journal and the disposition of matters on the Speaker's table, I may be allowed to use the 30 minutes I was to have used yesterday.

Mr. PATMAN. Mr. Speaker, reserving the right to object, I dislike to object to the request of the gentleman from Kentucky, but we are not at all certain that by Friday we shall get through with the bill we are going to take up tomorrow, and it would endanger the passage of that legislation. I ask, therefore, that the gentleman fix another date.

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent that on Monday next, after the reading of the Journal and the disposition of the two special orders heretofore granted, I may address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

VOCATIONAL EDUCATION

Mr. GREENWOOD. Mr. Speaker, House Resolution 520 from the Committee on Rules provides for the consideration of the vocational-education bill. It is a liberal rule, providing for amendment and for 1 hour of debate to be confined to the bill.

Mr. Speaker, it might be well to have a little background for the consideration of this bill in order that we may know the purpose of the resolution. This bill provides for the authorization of $18,000,000—$6,000,000 is to be used for the year ending June 30, 1937; $6,000,000 for the year ending June 30, 1938; and $6,000,000 for the year ending June 30, 1939. It is a continuation of the program for vocational education and is divided three ways—for training along agricultural lines, along the line of home economics, and for training in industry.

Mr. Speaker, the first legislation of this character goes back to 1918, when the Smith-Hughes Act was passed, which contributed $500,000 for training in agriculture and $500,000 for industrial training. The Smith-Hughes Act was followed by the George-Ellzey Act in 1934, providing $3,000,000 a year; but that act expires this year; and it is for the continuation of this work that the increase from $3,000,000 to $6,000,000 is proposed in this bill.

Mr. JOHNSON of Texas. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. JOHNSON of Texas. Will opportunity be afforded to substitute the Senate bill for the House bill?

Mr. GREENWOOD. The rule does not so provide; but I have discussed the matter with the Parliamentarian and understand that after the first section of this bill is read the Senate bill could be offered as an amendment. The rule provides that the bill is wide open for amendment.

Mr. JOHNSON of Texas. I may say to the gentleman from Indiana that a number of Members would like to see the Senate bill substituted for the House bill.

Mr. GREENWOOD. There are several members of the committee who would like to see the same thing done, and I believe the parliamentary situation will be such as to permit its being done, even though the rule does not specifically provide for it.

Mr. Speaker, we all recognize the merits of this character of education. Most of the States have a very elaborate system of academic education, of schooling along scientific and educational lines, but it is only within the last few years that we have recognized the great necessity for educating not only the younger, but even the older people along scientific lines in trades and vocations. Perhaps the emergency that arose from the depression when there was so much unemployment brought more vividly to our minds the necessity of educating people in order that they may be able to earn a livelihood; and this bill proposes a permanent program along the lines already undertaken. The unemployment situation in many States and the extra burden that has been thrown upon the States has required this Federal aid on a 50-50 basis. I think the Federal Government is equally interested with the States in helping place the youth, the men and women, and even those of adult age, in a position where they may be able to earn a livelihood through having a better understanding of the different vocations. Many of the States have undertaken this program but would have to abandon it if Federal aid is not continued as proposed by this legislation.

Mr. Speaker, three very basic features of life are covered by this bill: First, farming, going back to our greatest of natural resources, the soil. Agricultural education has one-third of the privileges and appropriations authorized in this legislation. The conservation of the soil is perhaps the greatest necessity confronting any nation that has a large population to insure the future perpetuity of the race. We have in the Orient many examples of nations which have neglected their soil, nations like China and the Asiatic countries, where the population has increased rather phenomenally, but where a soil is so depleted that hunger and starvation is constantly menacing the future of the people. In our Nation, of course, the farm population, dependent on the soil, is the largest single group. Then the bill also undertakes to encourage the teaching of new methods in the home. There are perhaps better methods than we have known in the past which have been brought about through discovery and invention, and the necessity arises for organizing the home upon an economic basis in order to care for the necessities, in order to take care of living under present circumstances; health, sanitation, and home management, all these subjects appeal, I think, to the entire membership of the House. Then, in this mechanical age, this age of invention and discovery, the trade a man learned at 10, 12, or 15 years ago may be of no further use to him; it does not stand him so well in stead to earn a livelihood under present economic conditions.

So it is going to accommodate modern life to the situation as we now find it, which grew out of the depression and out of the advancement that has come through the years. This particular type of education is greatly needed and is being popularized in various States because the youth of the country desire to learn something whereby they may earn their own livelihood by the use of their hands. I think it is very laudible that the Federal Government is putting up 50 percent of these funds so that the States may meet the appropriation and take advantage of this class of education. I trust the rule may be adopted and the bill enacted into law.

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Speaker, the subject of vocational education is not a new one in this country. More than 19 years have passed since the original act was adopted by the Congress of the United States, and it is now permanent

legislation. Under the Smith-Hughes Act the States receive $7,157,000 each year and, as pointed out by the gentleman from Indiana [Mr. GREENWOOD], this bill is supplemental and is offered to carry on the program inaugurated under the original Smith-Hughes Act. I am deeply interested in the subject of vocational education. The Members of the House will notice that in the House bill now under consideration only 3 years are provided for with $6,000,000 appropriated each year. It was the thought of the committee, after due consideration, that instead of making this permanent legislation it should be made for the span of 3 years so that at the end of that time it would be better known what should be done and what provision should be made with reference to either curtailing the subject of vocational education or increasing and broadening its scope.

I may say in passing that this bill comes before the House with the unanimous report of the Committee on Education. There is no dissenting opinion. The $6,000,000 provided each year is to be divided three ways among the States. If this bill becomes law, taken with the Smith-Hughes Act, it means that each State would receive only $274,000 if the money is allocated or allotted equally. If this bill does not become law, and we carry on under the Smith-Hughes Act, then if the money is divided equally the States would receive about $150,000 each.

I am fully aware of the fact that the Senate of the United States has passed a similar bill, and I understand a movement is on foot in the House to offer the Senate bill as an amendment to the pending House bill. The Senate bill carries an appropriation of $12,000,000 each year and is permanent legislation, while the House bill carries an appropriation of only $6,000,000 each year. I may say to the House that the Committee on Education held hearings on this bill, and so far as the testimony offered before that committee is concerned, there was nothing presented to justify the inclusion of an annual appropriation of $12,000,000; therefore, it was the unanimous judgment of the committee that $6,000,000 is ample, for the reason that the George-Ellzey Act, which expires in another year—and this bill is offered in lieu of that—carried but $3,000,000, while this bill doubles that amount.

Mr. TARVER. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Georgia.

Mr. TARVER. The committee has given consideration to the Senate bill. Was it studied by the House committee?

Mr. DONDERO. I may say to the gentleman that the Senate bill and its provisions were known to the committee, or at least the substantial provisions of it, and the same were discussed by our committee.

Mr. TARVER. The gentleman does not intend to convey the impression in his statement that the committee was unanimously opposed to the provisions of the Senate bill?

Mr. DONDERO. No. My statement is that the committee was of the unanimous opinion that the House bill was the right kind of a bill to bring before the House at the present time.

Mr. PALMISANO. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Maryland.

Mr. PALMISANO. House bill 10190 was identical with the Senate bill. The gentleman who introduced the so-called George bill in the Senate then introduced the bill which is now pending before the House.

Mr. TARVER. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Georgia.

Mr. TARVER. There is another major difference between the House and Senate bills, as, of course, the gentleman knows. The Senate bill provides that a certain proportion of these funds shall be made available to the States without matching.

Mr. DONDERO. Yes; I understand that.

Mr. TARVER. It strikes me that the provisions of the Senate bill are perhaps more meritorious than the mere increase in the amount which is made available, in that it tends to give to States which may not be able to match Federal funds some opportunity to participate under the provisions of this legislation. Will the gentleman discuss that feature of the Senate bill?

Mr. DONDERO. I may say to the gentleman from Georgia that the question of matching funds, of course, is one that is vital to the States which feel they cannot appropriate sufficient money to meet the Federal aid. I call attention to the fact that the House bill attempts simply to supplement the Smith-Hughes Act and the George-Ellzey Act and carries out the same policy and the same principle involved in the Smith-Hughes Act, namely, that the States shall match dollar for dollar the money provided by the Federal Government in aid to the States.

Mr. COX. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Georgia.

Mr. COX. The gentleman just stated there was no evidence given to the committee to justify an expenditure in excess of $6,000,000. Does the gentleman recall Mr. John C. Wright, Assistant Commissioner for Vocational Education, appearing before the committee?

Mr. DONDERO. Yes.

Mr. COX. Did the gentleman hear him make the following statement:

> I might add one statement, Mr. Chairman, and that is that the States spent up until this past year, 1935, $3 of their own money for every dollar of Federal money.

Mr. DONDERO. Yes; and I call attention to the fact the testimony also showed that for every dollar of Federal money only $1.39 was spent by the States. In answer to the question of the gentleman from Georgia, may I say further that when Mr. Wright appeared before the committee and we asked him to justify the $12,000,000, he substantially said to the committee:

> I am here, but I cannot talk.

Mr. DEEN. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Georgia.

Mr. DEEN. I would like to correct the gentleman's statement, and he is making a very splendid speech. He stated that Mr. Wright, who appeared before the committee, could not justify or could not talk about this legislation. Is it not a fact that under the Budget and Accounting Act, heads of departments have to get permission from the President before they may make recommendations under these bills?

Mr. DONDERO. That is possible, if the hearings show it, but I may say to the gentleman from Georgia that so far as it applies to the Senate bill, and so far as I am able to learn, the Senate never even held any hearings on the bill it passed.

Mr. DEEN. I am informed by distinguished Senators that there was no objection on the Senate side, and therefore no hearings were held.

Mr. DONDERO. There were no hearings whatever, and therefore they had no testimony before them on which to base the amount of $12,000,000, and to run this up from $3,000,000 to $12,000,000 means an increase of 300 percent in 1 year. The committee did not think this was wise, and I believe the amount is entirely in excess of the requirements.

So far as it affects my own State, I have searched the records and have found that in my own State of Michigan we have 222 schools teaching agriculture.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman from Michigan, 2 more minutes.

Mr. DONDERO. In the 222 schools, I find that nearly 47,000 of our young people have found not only instruction but benefit. This particular instruction has touched 1,250,000 people of the Nation, mostly young people graduating from high schools. It has aided the boys and girls on the farm and in the city alike. This bill and the underlying principle of the bill reach into the homes of the people of the cities, those who live in nonfarm homes, and reaches out into the country in the most remote recesses, and gives aid and benefit to the young people of the Nation.

I have a very interesting statement here from my own State, with regard to the benefits of this form of legislation

principally to the young people, and I want to read from the Michigan State Farm Bureau a brief paragraph written to me April 30, 1936, in which that bureau says:

> At the present time in Michigan, there are approximately 3,000 young farmers who have graduated from the agricultural departments of the high schools in Michigan. I desire to report to you that vocational agriculture is quietly and effectively changing the type and caliber of the men who now run our Michigan farms.

And what I can say about Michigan, undoubtedly every Member of the House can say about the young farmers in his State.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman 2 more minutes.

Mr. DONDERO. One statement further:

> There can be no greater testimony to the effectiveness of this work, than when I tell you that a questionnaire to these young people composing the Farm Bureau Junior League indicates that better than 75 percent are graduates of vocational agriculture and that of this 75 percent but 10 percent have indicated a desire to leave the farm should an opportunity arise.

I think if nothing was before me except this statement showing a desire on the part of the young men and the boys of the country to stay on the farm, this would be sufficient alone to warrant my support of the legislation.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Does the gentleman, who, I understand, is a member of the committee, have anything in the RECORD to support the contention recently made that this vocational work closed one of the large industries in my particular district of the State of Michigan?

Mr. DONDERO. No such information was before the committee.

Mr. CRAWFORD. The gentleman knows the case to which I refer?

Mr. DONDERO. I do not think I do.

Mr. CRAWFORD. The charge was made by our Governor that vocational education funds were used for the purpose of closing a large industry at Portland, Mich., throwing out of employment some 600 people. I have been very much concerned about it, because I have been a friend of this legislation and have spoken in behalf of it, but at the same time I wanted to find out from the gentleman if he has found anything in the records which supports the alleged claim that this vocational education fund is being used for the purpose of closing industries in the State of Michigan.

Mr. DONDERO. No such information has reached me and neither has any such information come before our committee, I will say to the gentleman.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. JOHNSON of Oklahoma. I simply wish to observe that the gentleman has made such a splendid argument, he has convinced me we ought to adopt the Senate bill rather than the House bill.

Mr. DONDERO. Let not our enthusiasm run away with the Treasury of the United States. Let us keep our feet on the ground.

Mr. HOUSTON. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. HOUSTON. I am in favor of the legislation, but I wonder if the gentleman thinks that $6,000,000 is sufficient to carry through the program. Was there any evidence presented to the gentleman's committee that this would not be enough money?

Mr. DONDERO. I will say to the gentleman that this is an increase of 100 percent over the appropriation of last year and we feel that an increase of 300 percent is far in excess of any requirement presented to our committee.

Mr. HOUSTON. How does this affect the hundreds and thousands of young men and women roaming around the country out of employment? Do they participate in this fund?

Mr. DONDERO. I do not think they could all be absorbed.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. DONDERO. But I think a part of them could be absorbed if they sought aid under this particular kind of program.

Mr. HOUSTON. Just how would it work?

Mr. DONDERO. That is a mater of set-up in the various States, the Federal Government simply cooperating with the States in their program.

Mr. HOUSTON. I am very much in favor of the program.

Mr. CITRON. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. CITRON. Section 6 of the House bill is the protective clause against utilizing any vocational money for services of vocational trainees for private profit. Has the Senate bill a similar protective provision?

Mr. DONDERO. No; not in any way.

On page 3 you will find in the Senate bill provisions which include public and other service occupations. Testimony before our committee established a situation where that identical thing occurred in which individuals were trained for the purpose of giving aid to enhance private profit. That provision—section 6 of the House bill—is to preclude public money being used for that purpose.

The Senate bill does not include that safeguard. Let me make one more observation. I have before me a letter from the superintendent of public schools in Pontiac, Mich., in which he says:

> Here in Pontiac, where the training of boys for the automotive industry is of such pressing importance, but where local ability to finance the needed extension of vocational training is so restricted, the provisions of the bill would make possible a splendid service to our youth.

That is signed by James H. Harris, superintendent of schools.

Mr. MASSINGALE. Will the gentleman yield?

Mr. DONDERO. I yield.

Mr. MASSINGALE. In the hearings before your committee, was there any evidence to the effect that a large number of vocational-training schools had to close throughout the Nation for lack of funds, and that that is the reason why the Senate increased the amount?

Mr. DONDERO. I think the Senate bill was passed before the House had concluded the hearings and before the bill was reported for consideration.

I can say that the testimony before our committee was most conclusive; that the gentleman's State of Oklahoma had received tremendous benefits from the funds allocated to the State of Oklahoma under this form of legislation, keeping many people off the relief roll.

Mr. MASSINGALE. I grant that, but the gentleman has not quite answered my question. I know that in Oklahoma dozens and dozens of vocational training schools had to close because the appropriation was not sufficient for them to carry on.

Mr. DONDERO. It is possibie that the demand of the schools in your State was greater than the allocations of funds. I am not satisfied that this will be a panacea for all ills.

Mr. MILLARD. Will the gentleman yield?

Mr. DONDERO. I yield.

Mr. MILLARD. What is the provision as to how the money shall be divided?

Mr. DONDERO. It will be divided in three ways, which you will find in section 1 of the bill. Six million dollars each year for 3 years, beginning July 1, 1937. One-third in proportion—farm population bears to the total farm population of the United States; one-third in proportion to rural population; one-third in proportion to non-farm-population States to match amount.

Mr. MILLARD. How much would New York State get out of that?

Mr. DONDERO. I am not able to go into the detail of that. I hope the House bill will pass; we could not spend that amount of money to any better advantage.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. GREENWOOD. Mr. Speaker, I yield 10 minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, I take it that there is no serious opposition to the adoption of the rule. If I sense the feeling of the membership, it is that the most of us, if not practically all of us, are very much interested in the enactment of the pending bill or legislation of that type. Probably the only controversy that will arise will be over whether or not the Senate bill be substituted for the bill reported by the House committee, which is the bill that the pending rule is intended to make in order. I desire to go directly to the argument of our distinguished colleague, the gentleman from Michigan [Mr. DONDERO], who has just addressed the House, in which he opposes the substitution of the Senate bill upon the ground that there was nothing by way of evidence submitted to his committee indicating a need for the money. I have made some little investigation of this subject matter, and I say to you that the information that I have obtained is that there is very great need for the money authorized to be appropriated in the Senate bill, because there are a great many people anxious for the training this activity provides, who have no hope of ever obtaining it with the money provided in the House bill. The present need is greater than it has ever been before. The records reveal that 1,129,000 students are now enrolled in vocational-education classes in the United States. A recent check-up in the various States reveals that more than 5,900 rural high schools in the United States need vocational education in agriculture, and, it should be understood, this bill provides for vocational education in agriculture, trade, and industry, and in home economics. It is conservatively estimated that if funds were available more than 6,000,000 people would be reached in vocational education.

The situation in Arkansas is typical. In that State at the present time there are 478 rural consolidated high schools, in which 110 departments of vocational agriculture are maintained under the present funds. There are on file 200 applications for additional departments in the State office of Arkansas at the present time. For the benefit of people coming from the larger cities it should be understood that the fund authorized to be appropriated by this bill is not to be expended wholly or entirely in rural communities but that it goes to the equal benefit of those and to an equal extent for those living in the cities. The greatest school of this type which we have in the country is the one located at Buffalo, and while it is probably the largest of this type of the city schools nevertheless it is typical of all the rest. The time at my disposal is not sufficient to enable me to develop in detail the argument that I would like to make to support the proposition that there is need for the funds provided in the Senate bill. I think we would commit a very serious mistake in not accepting the Senate bill in lieu of the House bill. It is a bill that my colleague, Mr. DEEN, of Georgia, introduced, and it is the bill upon which the hearing was had by the committee. Congress, in this kind of legislation, has done and is seeking to do something for the working people who are ambitious to improve their own opportunities and condition. This is an activity that does something for working people, something for the boys on the farm, something for country girls, something for ambitious and poor laboring boys in the cities. Let us render the finest service that it is possible for us to render to this very deserving class by substituting the Senate bill for the House bill when the opportunity offers itself in the consideration of the House bill.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. JOHNSON of Oklahoma. I was interested in the statement the gentleman made in reference to the number of applications for such vocational schools in the State of Arkansas. Has the gentleman the figures for the entire United States, and particularly for the State of Oklahoma?

Mr. COX. Mr. Speaker, I am sorry that I have not the figures for the entire country available here at hand, nor do I recall the figures for the State of Oklahoma; but Arkansas, I may say to the gentleman, is typical of all the States, and it is not the rural agricultural States alone that are interested, but States like New York.

Mr. SIROVICH. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. SIROVICH. As I understand the debate, the House bill makes it mandatory for every State to match the amount of money the Government gives. Does the Senate bill do the same?

Mr. COX. The Senate bill provides that for the years 1937, 1938, 1939, 1940, and 1941, I believe, the States shall contribute 50 percent of the amount contributed by the Federal Government; for the year 1942 they shall contribute 60 percent—that is, the States or the local communities—and for the year 1943, 70 percent; for 1944, 80 percent; for 1945, 90 percent; and thereafter an equal amount.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. GREENWOOD. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. TERRY. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. TERRY. I am very much interested in the splendid statement made by my colleague. I know that in my State of Arkansas a number of schools in various counties will not be able to have this vocational work unless the Senate bill is adopted.

Mr. COX. That is very true. With respect to my own county, which is an agricultural community, there are two or three schools in which vocational training is carried on, but there are other schools wanting the service. Let me say this to you: I have seen the effect of the work of these vocational teachers and what they have done with boys and girls in my home county.

Mr. McCLELLAN. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. McCLELLAN. Were the figures which the gentleman gave with reference to Arkansas the number of applications pending that are not now receiving aid?

Mr. COX. Now in the State offices there are pending 200 applications.

Mr. McCLELLAN. Which are not now receiving aid?

Mr. COX. And cannot be accommodated.

Mr. McCLELLAN. Now, if we do not substitute the Senate bill and only make an appropriation of $6,000,000, as provided by the House bill, then those applications cannot be taken care of?

Mr. COX. They cannot be taken care of, because you will understand that $3,000,000 of the $6,000,000 has already been allocated; that is, contracted.

Mr. McCLELLAN. And that is true with reference to the other States of the Union, with reference to applications pending? They cannot be taken care of either?

Mr. COX. That is very true.

I want to complete the statement I started to make a few moments ago. It is not only Arkansas, Alabama, and Georgia and the other agricultural States that are benefited, but it is the great populous communities, like the great city of New York and others.

The SPEAKER. The time of the gentleman from Georgia [Mr. Cox] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 7 minutes to the gentleman from Kansas [Mr. GUYER].

Mr. GUYER. Mr. Chairman, I am in favor of the legislation now before the House. I believe that the money

expended in such a worthy cause is most commendable, and I am heart and soul in favor of the objects of this act and what it will do for the young people of the country.

I wish to speak briefly, however, upon another subject, and I ask the indulgence of the House while I digress from the subject of this debate in order to bring to the attention of the House a matter which is very likely to be of profound consequence to this country during the coming summer.

The matter to which I refer promises to assume the gravest proportions in certain areas of the country and it has nothing whatever to do with the favorite seasonal sport of this year—politics.

For several years, and notably 2 years ago, certain parts of the Central Western States have been devastated by a pest of grasshoppers. All at once they have appeared in alarming numbers in the valley of the Kaw or Kansas River just west of Kansas City, Kans. Here 6,000 acres of land devoted to truck gardens are threatened with certain destruction. Only immediate succor will prevent the loss of over a million dollars' worth of vegetables which supply the Kansas City (Mo.) and Kansas City (Kans.) markets. This has not happened in the Kaw Valley since 1874.

The Secretary of Agriculture told me Saturday morning that no funds were available for this purpose and no bait or poison mash available for the purpose of fighting this plague. This bait, which consists of a mixture of bran, sorghum, or other similar sweet liquid, and paris green or other arsenical poison, is scattered over the gardens or fields affected to the degree of about 50 pounds per acre. These truck gardeners have exhausted their credit to finance seeding and planting, and any aid that will help them must be immediate; but so far neither myself nor the Kansas Senators have found the source of any immediate relief.

However, we are still seeking some accessible funds so that these hard-working people may proceed with their work of supplying the markets of the two Kansas Cities and other places with fine vegetables. This valley of the Kaw is as rich as the Nile, but the grasshoppers at this time threaten to absolutely devastate the whole area devoted to the production of vegetables for market.

Before this Congress adjourns it should appropriate from $250,000 to a half million dollars, making it available to the Secretary of Agriculture to combat the scourge which at this time threatens to destroy the products of this highly developed land. Should we fail to do this there is a highly probable necessity of calling a special session of Congress to enact legislation to protect the farms and gardens of the country from the blight of grasshoppers.

A wide area, which I saw mapped at the office of Secretary Wallace, will be subject to these pests, and on account of the dry season may assume gigantic proportions before the summer is over. If we should adjourn before this money is appropriated we may have to be called back, as I have said, to deal with the emergency this situation threatens. Montana, the Dakotas, Minnesota, Nebraska, and other Western States are threatened.

This money should be made available for use by Secretary Wallace to meet this situation if and when it arrives. I introduced a joint resolution last Friday, providing for an appropriation of $20,000 to meet the Kansas situation at once. These producers are small farmers and depend upon their gardens for a livelihood. The failure of their gardens on this land of the Kaw bottoms would mean destitution for hundreds of families who operate these truck farms. Congress has the power to aid these people, and it is comparatively a simple matter to kill these pests with poison bait; but the producers cannot themselves furnish the poison bait. The Government in exterminating the pests there at Kansas City will prevent the spread and propagation upon wider areas.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. GUYER. I yield.

Mr. HOUSTON. I will agree with the gentleman and support his bill if he will include therein the eradication of the bindweed.

Mr. GUYER. They have remedies for the bindweed. It is a terrible thing and it is becoming a great scourge.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. GUYER. I yield.

Mr. SIROVICH. What is the chemical formula of the poison bait?

Mr. GUYER. It is bran, sorghum, and paris green. I have used it myself on my alfalfa fields, and it is absolutely effective. It requires about 50 pounds to the acre.

Mr. SIROVICH. Does it not poison other animals?

Mr. GUYER. No; it does not. It is so thinly distributed and so little arsenic in it that no domestic animal would be injured by it. It probably might poison birds if they would get enough of it, which is very doubtful.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. GUYER. I yield.

Mr. MEAD. Is it not possible, in view of the fact that this is a small project, involving the expenditure of only $20,000, that it might be taken care of by some existing agency? For example, the W. P. A.?

Mr. GUYER. W. P. A. requires that 90 percent of it shall be spent for labor. That would not be the case here. We went all over that.

Mr. MEAD. Is there not any possible relief from the State of Kansas itself, through the Governor or through existing laws?

Mr. GUYER. I think possibly there might be, though I know nothing about that. There probably will be, but that remains to be seen.

Mr. RANSLEY. Mr. Speaker, I yield the balance of my time to the gentleman from Alabama [Mr. HILL].

Mr. HILL of Alabama. Mr. Speaker, I deem this measure one of the most important that has come before this Congress. We must confess that the old day is gone, and with the passing of the old day we have witnessed the passing of the old systems. One reason we find ourselves at this hour in the throes of the depression is the fact that some years ago we did not have the vision to see that the old systems were passing and that with new, scientific methods and modern technology they had to go. Not recognizing these facts, we failed to educate and to prepare our people for the new, scientific, technological day in which we live.

Mr. Speaker, the bill under consideration would provide funds for education in agriculture, for education in the industries and the trades, and for education in home economics. The farm population of this country has increased during the depression by some 20 or 30 percent. Thousands of men who went into our cities to work in the shops and industries have been forced back on the farms. These men have got to be educated and trained through vocational education to make their own livelihood. In the cities we find millions of men walking the streets, thrown out of jobs on account of machines. These unemployed have got to be trained for new vocations and new trades.

We have been spending billions of dollars for relief to the unemployed and those in distress. Why should we not today authorize the appropriation of $12,000,000 in an effort to get at least some of these people back to work? The good American citizen does not want relief, does not want a dole; what he wants is the opportunity to make his own livelihood. While we are spending billions of dollars on relief we ought to be able to spend $12,000,000 to help train and educate these people to make their own living.

It is conservatively estimated that there are in this country today at least 6,000,000 people who would take advantage of vocational education if they only had the opportunity. There are some 9,300 rural schoolhouses scattered throughout the country that want and need to offer courses in vocational education, and which would do so if they could only get the funds necessary to carry on the work.

The record shows that under the vocational-education program 80,000 farm boys, that is, future farmers of America, have taken vocational agricultural courses and have participated in the rehabilitation and readjustment of their farm family problems. Boys and girls, in city and in country, have

been training and preparing themselves to earn their daily bread and to play their part as citizens and in the work of the world.

Mr. GREENWOOD. Mr. Speaker, I yield 1 minute to the gentleman from Alabama.

Mr. HILL of Alabama. Of the thousands and hundreds of thousands of dollars the Federal Government has expended during these latter years in the State of Alabama, nothing has done more for our people, nothing has proved more beneficial than the help given in vocational education under the wise and able leadership of Dr. J. B. Hobdy of our State department of education. Through our vocational-education program we are helping the men and women of Alabama to find themselves, to readjust themselves, to see and to obey the economic traffic lights; and we are helping them to come back and to earn their own livelihood. Let us appropriate the $12,000,000, for "where there is no vision the people perish." [Applause.]

[Here the gavel fell.]

Mr. GREENWOOD. Mr. Speaker, I yield the balance of my time to the gentleman from Georgia [Mr. DEEN].

Mr. DEEN. Mr. Speaker, it is impossible to give a history of the legislation in this brief time, but I do want to call the attention of the House to a few facts. The pending bill, H. R. 12120, was considered by the Committee on Education of the House in its original form as the bill H. R. 10190. The committee held hearings for 2 or 3 days; and it is illuminating and interesting to read the hearings and to find that in one community in the State of Arkansas last year it was testified to by a representative of vocational training in Arkansas that 250 beef cattle were canned in that given community, and 50,000 pounds of fruits and vegetables were canned in a vocational training school and community, and that not a person in that community had been on relief at any time in the past 3 or 4 years. It was also testified to by a representative of vocational education from my own State that in one of the communities in Georgia last year a sufficient amount of fruits, vegetables, and meats were canned and preserved to take care of the people during the winter, and that not a person in that community had been on relief any time since 1933. This is due to the work of vocational training and vocational education.

It was interesting to me to note that in the hearings it was developed that there are approximately 8,000,000 people in the United States today who would like to have training in vocational education, either in agriculture, or in the trades and industries, or in home economics.

I call the attention of the Members to pages 24 and 25 of the hearings, where is shown the distribution of the vocational-education funds supplied under both the George-Elizey Act and the Smith-Hughes Act. It will be found that one-third of the money has gone to vocational training in agriculture, one-third to vocational training in the trades and industries, and one-third to training in home economics.

I call the attention of the House also to page 60 of the hearings, to a statement by Mr. Wright, a representative of the vocational-education office in Washington. When the chairman asked if there were any further questions Mr. Wright said:

> I might add one statement, Mr. Chairman, and that is that the States spent, up until this past year, 1935, $3 of their own money for every dollar of Federal money.

Mr. Speaker, as I say, the pending bill (H. R. 12120) originally was H. R. 10190, the bill considered by the committee, and identical with Senate bill S. 2883, which has passed the Senate. I hope the membership of the committee and of the House will at the proper point substitute the Senate bill for my bill. [Applause.] I have no pride in authorship, but I am concerned about the destinies of 8,000,000 to 10,000,000 people who are on our hands but who want to get on their own feet. The only way to get them off the hands of the taxpayers is to put them on their own feet and the best way of getting people off of relief and keeping them off is to give them some training in a profession or business that will enable them to make a living. No American with pride, and most of them have pride, wants to be on relief. They want work and they are entitled to it.

Mr. Speaker, at the proper time, when the Senate bill is offered as a substitute for my bill, I hope that the House will adopt it.

Mr. BEITER. Will the gentleman yield?

Mr. DEEN. I yield to the gentleman from New York.

Mr. BEITER. The gentleman has given some very illuminating figures and I want to point out some interesting figures, also. Out of 6,217 who will graduate from the public elementary schools of Buffalo this June, some 2,259 have signified their intention of taking up this vocational work.

Mr. DEEN. I thank the gentleman.

Mr. MILLARD. Will the gentleman yield?

Mr. DEEN. I yield to the gentleman from New York.

Mr. MILLARD. What is included in home economics?

Mr. DEEN. Does the gentleman mean what is meant by home economics?

Mr. MILLARD. Yes.

Mr. DEEN. The canning of fruits, vegetables, and so forth; teaching of sewing, cooking, and so forth.

Mr. Speaker, I want the Members of the House to note this, and I am sure they are entitled to the information. The Committee on Education of the House after several executive sessions reported my bill which calls for an appropriation of $6,000,000 for each of the 3 years beginning on July 1, 1937, and including $6,000,000 for each of the fiscal years 1938 and 1939. It was in the form of a compromise bill. I did not vote for the $6,000,000. I did not vote for my bill. I wanted $12,000,000, the same as is provided for by the Senate bill, and I believe my colleagues on the committee know that. I am not bound to any other agreement by anyone in committee, and neither is anyone else bound. [Applause.]

[Here the gavel fell.]

Mr. GREENWOOD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was agreed to.

THE LATE RANDOLPH PERKINS

The SPEAKER. The Chair wishes to state to the Members of the House that the name of the gentleman from New Jersey [Mr. KENNEY] was inadvertently omitted as a member of the committee appointed to attend the funeral of our deceased colleague the gentleman from New Jersey [Mr. PERKINS]. The Chair now announces the appointment of the gentleman from New Jersey [Mr. KENNEY] as a Member of the committee in addition to the members already named.

EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to quote therein the evidence of Mr. Hazen and Mr. Parker.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE YOUTH PROBLEM IN CRIME

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech made by Edgar Hoover to the Boys' Club in Philadelphia.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, under leave to extend my remarks, I insert the following address by John Edgar Hoover, Director, Federal Bureau of Investigation, United States Department of Justice, before the Thirtieth Annual Convention of the Boys' Club of America, Philadelphia, Pa., 9:15 p. m., May 20, 1936. This speech should be read to or read by every boy and girl in America. It should also be read by every father and mother.

> In appearing before you, the patrons and supporters of the Boys' Clubs of America, I hope that I am addressing the entire country. The problems of youth in crime which I shall discuss are not limited to sectional or local boundaries—they reach from border to border and coast to coast. They disclose a malign threat over every

home in this Nation. They reveal a tremendous responsibility which should be undertaken by our every citizen. They are the problems which confront us because of the awful fact that a great part of today's crime is committed by our youth.

WHY CHILDREN COMMIT CRIMES

We have youth in crime because we have failed to provide youth with proper outlets and upbringing. Only in the rarest instances of diseased minds can we say that the first offender commits crimes out of sheer antisocial sentiments. Children are driven to crime because of deep-laid faults in society such as poverty, degeneracy, and because their elders neglect them.

When youth commits a crime, generally it is because older persons have committed a greater crime; it is because of laxity in early discipline; because of apathy on the part of parents and neglect by those of the community who should help the helpless; because of distorted views held by those who should know better and who have allowed adolescent minds to take a downward direction which can lead only to destruction.

TWENTY PERCENT OF CRIME COMMITTED BY THOSE UNDER VOTING AGE

Today, as you know, 20 percent of our crime is the work of persons who have not yet even reached the voting age. This means that one-fifth of all murders, of arson, thievery, robbery, and the other malignant outrages against our commonwealth are committed by persons of immature bodies and immature minds, persons who should be reaching the threshold of useful life. However, this 20 percent falls tragically short of the ideal of American citizenship. It is not a pleasant picture. It is not a healthful outlook. It is not a normal condition when a nation such as America must bow under the disgrace of a set of circumstances in which one-fifth of our most deadly outlaws, our murderers, our machine-gunning desperadoes, are little beyond childhood. It becomes incumbent upon all of us, therefore, to recognize and admit the causes for such scandalous conditions, and, reaching beyond, to search for the means by which they may be remedied.

CAUSE OF DISRESPECT FOR LAW

I believe that a prime factor in the disregard by youth for law lies in an equal or greater disrespect for law and order on the part of the adult of our generation. Seek to evade it though you may; seek to apologize; seek to excuse yourselves; nevertheless, upon the shoulders of grown-up America rests the burden for this condition. You may allege that youth has made a hero of the gangster. I insist that no youth ever developed a heroic ideal that was not first centered about his father or his mother, and when the youngster begins to show disrespect of law and order you can be sure that he learned something of that attitude at home or because those in his home failed to keep him in the right company and isolated from bad examples.

BOILING POT OF UNDERWORLD

I have only to look at the stack of mail upon my desk since the capture of Alvin Karpis, Harry Campbell, William Mahan, and Thomas H. Robinson, Jr., to realize that these blots of scum from the boiling pot of the underworld were looked upon by many persons as worthy of emulation. These correspondents express sorrow for the "poor" kidnapers, and regret that they must be placed behind bars. This is what usually happens when the Federal Bureau of Investigation eradicates what I prefer to call not "public enemies" but "public rats." Each of them has his audience like a motion-picture star; each of them has his public; each of them has his great gathering of sentimental yammerheads, who utter remonstrances at his apprehension and detection. So long as that asinine behavior continues, I insist that the crime problem, as affects youth today, is also a crime problem involving the moronic adults of this country, who, through ill-considered actions and idiotic idolatry of cowardly outlaws, develop an ever-increasing tendency toward crime by the youth of America.

COMBAT INHERENT CRIMINAL WORSHIP

Our first problem, therefore, is to change this mistaken attitude; to carry on a campaign of education through which the unthinking American shall be forced to realize his disgrace in looking upon men of desperate crime as anything other than what they really are—the lowest dregs of society. This can be accomplished. Indeed, I take pleasure in informing you that while thousands expressed sorrow at the eradication of Dillinger, only hundreds lamented the capture of Alvin Karpis or Campbell or Mahan or Robinson. Our job is to steadily reduce that number until such maudlin sentiment is nonexistent. Once this is done, we truly can throw our every effort into keeping boys and girls out of jail. We must work with a dual purpose, never failing to realize that while we combat the growth of criminal instincts in youth, we also must combat the inherent criminal worship in many of our men and women.

BUILDING NEW VIEWPOINT

We of the Federal Bureau of Investigation are constantly working toward not only the capture and conviction of the enemies of society, but toward the building of a new viewpoint which we hope will result in fewer violators of the law. It was toward this end that sometime ago, with the assistance of the law-enforcement agencies of America, we began the compilation of crime statistics, not as mere figures, but as guideposts in our endeavor to combat the degradation of otherwise good citizens. We have no desire to be known solely as hunters of men; we would much rather be looked upon as preventers of crime.

PRIDE IN HONESTY RATHER THAN WORSHIP FOR GANGSTER

Behind the spectacular efforts of the Bureau in its necessary campaigns against the more desperate of our outlaws lies the never-failing desire to build a barrier between the law and its violation. We have no happier days in the Federal Bureau of Investigation than when vast throngs of boys under the guidance of friendly special agents are taken through the big building and are shown how we operate. We hope our young visitors will take pride in honesty rather than worship for the gangster thereafter. We hope to see the day when every law-enforcement officer in America will realize that the best weapon against crime is a feeling of confidence and friendship upon the part of every boy and girl in his neighborhood.

SPECIAL AGENTS CAREFULLY SELECTED

It is our ideal to possess in the 37 nationally distributed field divisions of the Federal Bureau of Investigation a type of special agent whose history has been traced almost from babyhood to assure us that he is an upright, honest, courageous citizen. We are gratified that our files contain numerous letters from boys throughout America who want to so live that they, upon reaching maturity, can fulfill these obligations and become candidates for positions in this organization. I earnestly hope that the time will come when every local law-enforcement agency in America can arouse the same ambition in the boys of its community.

GROWTH OF CRIMINAL TRACED

Now, let us try to trace the growth of a criminal. True, there are instances where the following conditions do not apply. Their divergence, however, only proves the rule. All too often we find that the 18-, the 19-, the 20-year-old offender has come from a family where selfishness is predominant. It may take the form of incompatibility leading to the divorce of the parents. It may be that parents are concerned only with their own pleasures, leaving the youth to drift as he will. Or it may be that they are poverty-ridden, ignorant people, not realizing their responsibilities. No matter what the foundation may be, it is almost inevitable that the attitude of the parents has a great bearing upon the future of the young criminal. We find that he has mixed with street-corner gangs at an age when his every attention should have been upon the furtherance of his education. We find, for instance, that practically every one of these public rats—"Baby Face" Nelson, John Dillinger, Alvin Karpis, "Pretty Boy" Floyd, and numerous others—started their career of crime when they were little more than children, reared in neglect and poverty. We find them engaged in petty thefts, stealing tires from automobiles, acting as runners and delivery boys for bootleggers, engaging in robberies with older men at such ages as 14, and 15, and 16, a time at which, in the older and more conservative days of America, parents were accustomed to hold serious talks with their boys about their future, instilling into their immature and pliable minds the desire for honorable careers, for achievement, for accomplishment, for a future of honesty and worth-while endeavor. But these boy criminals and thousands upon thousands of others like them were allowed to drift.

Without remonstrance, they were permitted to gather in surroundings and companionships which bore no other possible future than that of outlawry. The saloon, the tavern, the pool hall, the gang at the corner, were places prohibited to the average youth, and infraction of these rules received well-deserved punishment. The sentimental theorists who dominate present-day child guidance, however, believe that if a child is chastised, it may develop an inhibition or affect its later self-expression. So long as we fail to recognize that discipline is an essential part of human development, just so long will we have an aimless, directionless milling of the herd which can result only in mental panic and a thorough disregard for the rights of society to peace and order.

RESURRECT STANDARD OF DISCIPLINE

It is time for America to resurrect that standard of discipline which did much to give this country its rugged, stalwart honesty of purpose, its determination, its achievements. I refer to that parental discipline and guidance which did so much to create law-abiding, successful, and forward-looking citizens. Today, however, that old-fashioned standard has been transformed into the wine card of the cocktail bar; into the sapient belief that an immature mind can be granted utter freedom of action without disastrous results. Its lesson has been supplanted by the dangerous one of the roadside tavern, the parked automobile upon a lonely road, by the constant apathy-engendered desire to have everything which youth wants, inevitably leading to a desire on the part of youth to get what it wants by fair means or foul.

I hope you look upon me as old-fashioned in the enunciation of such beliefs. I much rather would be old-fashioned than to have upon my conscience the knowledge that some boy or some girl is condemned for year after year to live in the fetid atmosphere of a prison cell block, identity destroyed, future forever marred, possibility of good citizenship severely blighted.

MUST CONVINCE YOUTHS WHY CRIME DOES NOT PAY

Therefore, to return to our young criminal, we find that our youth has been handicapped from the beginning—that he had a bad start for which he is not responsible. If we try to tell youth today that crime does not pay, we are confronted with the question of why it does not pay. If we answer that the price of crime is prison, youth answers that it is easy to get probation, a pardon, or a parole. Youth, in spite of all its imagination, is literal. Youth is factual. Youth possesses a certain clarity of vision which often is lost in the more mature mind. One child in a neighborhood, who has learned the fallacy of our all too often maladministered

law enforcement, can become a professor of law evasion for a hundred other neophytes in crime.

Do not for a moment think that youth today knows nothing of the tricks by which it can avoid punishment. You must remember that civilization as it exists today is in direct conflict with the guiding impulses in the days of the cave men. Law as such is an artificial barrier reared by society for the protection of all against individual desires for the gratification of greed. Once we fail to teach reverence for these laws from infancy onward, and the reason for them, then indeed have we a recalcitrant and rebellious being whose very instinct inclines him toward crime.

FROM REFORM SCHOOL TO PENITENTIARY

So what happens when youth, hampered by a lack of parental guidance, indulges in his first infraction? He receives the benefit of that most necessary and most laudatory system, known as probation. It is right that he should have probation. It is a crime for any child upon his first offense to be incarcerated without a chance to reform, always excepting the very rare antisocial degenerate. But under our maladministered system, we find that often the probation officer is ignorant; that he sometimes is himself a criminal; or that he is merely a political panderer willing to debauch the most sacred of tasks—that of the protection of our youth—merely to keep a job.

And so in this modern pilgrim's progress toward the inevitable slough of despond, we find our child criminal sunk deeper and deeper, first through poorly administered probation, then into reform schools which are not reform schools but crucibles wherein boil the worst instincts of humanity and where innocence vanishes and insolence takes its place. We find him educated, step by step, not in law obedience but in law avoidance. We find him traveling from the reform school to the reformatory, from the reformatory to the prison with rarely a thought toward his true reformation but always with the association of the vicious, the foul-minded, and the dangerous older criminal. At last he himself becomes a professor of crime, and he, like others, carries on his recruiting in an ever-widening circle which at last has brought us to the degrading position wherein each year in America 12,000 human beings—approximately one-fourth of those killed in battle during the World War—die by murder. Each year, the army of those who suffer from major crimes in the United States equals about one-third of the entire number of enlisted and drafted men who were summoned to protect America in the most crucial hour of our recent history—the World War.

POTENTIAL MURDERS AND VICTIMS

Furthermore, if our army of potential murderers and potential victims of murder were to be gathered into battalions and regiments, they would outnumber the peacetime Army and naval forces of the United States by more than 200,000. If our entire band of criminals who operate constantly throughout the United States and against whom the law-enforcement agents of America are engaged in endless battle were to be assembled in one municipality, it would be almost double the population of Philadelphia (1,950,961).

PRESENT-DAY CRIME PICTURE IN AMERICA

Take that thought with you as you drive along the streets of your home city. Think of what it would mean if block after block, traffic light after traffic light, boulevard after boulevard, office building after office building, residence section stretching into other residence sections and beyond that into suburbs; if all of these should be peopled by robbers, by thieves, by firebugs, rapists, desperadoes, and murderers. That is your present-day crime picture in America. Go further and remember that one-fifth of all of these—in every fifth house—would live some youth who should be looking forward to a life of accomplishment and worth-while purpose, but who is doomed to be nothing but prison fodder.

THE CRIMINAL ROAD TRAVELS DOWNWARD

What is the answer? The only answer can be that this condition constitutes a national crisis calling for a reawakening of our patriotic instincts. It demands that we give of our time; that we give of our energy; that we contribute our best thought and endeavor toward the wiping out of conditions by which such an emergency is created. It means that our children must be taught that adventure lies not along the road of violation but that there are adventures in honest endeavor—greater ones, laudable ones, happy ones.

They must be taught that there is only one road in the world of crime and that road travels downward to the swamps and morasses of suffering. They must be shown the true character of the criminal—that law infraction can lead only to disillusionment, to the weakening, physically and morally, of anyone who follows its teachings. They must be taught that a great career lies before them—more exciting than that of any criminal's life—the career of law enforcement. They must be urged to fight for honesty and the thought be instilled within them that they are crusaders; the volunteers in a new battle for American character and integrity. They must be inculcated with a new political economy—the economy of political honesty.

POLITICS SHOULD NOT BE ALLOWED TO INTERFERE WITH LAW ENFORCEMENT

I would like to say at this point that I am not a critic of our political system. Our country lives by that system. It has prospered by it. In the final analysis our greatest men—Washington, Jefferson, Lincoln, and all such national figures—were in politics. However, there is a sharp line of demarcation between the man in politics working always with America uppermost in his thoughts and the politician who thinks only about his job and cares not how he gets it. It is to this latter influence that much of today's crime problem can be traced.

The political hanger-on who wants a job as head of a police department for what he can get out of it, the crooked or ignorant vote getter, the legislator who impedes law enforcement for private or political reasons, the political parasite who for selfish ends wants to be a warden or a probation officer or a policeman or a detective or a guardian of paroled prisoners, is the type to which I refer. They are enemies of America and of every honest man in politics. They are bringing disrepute upon what should be the most laudable career to which any youth of America could aspire. These are the scuttling rats in the ship of politics, gnawing at its timbers, besmirching its ideals, and doing their utmost to wreck our system of government. Against them the many fine and honorable men who, at a personal sacrifice to themselves, have entered political careers are battling almost in vain. Why must this be so?

Do you believe for a moment that the honest men in politics willingly suffer the degradation which these parasites bring upon them? Quite the opposite. Yet time after time they must stand impotent and watch the very persons whom they despise go before the people with all sorts of fantastic and bombastic schemes and be enthusiastically reelected. I need not say that this statement does not refer to any party or any person. It refers to the American habit of enthusiasm for fine promise and failure to demand solid achievement from political self-seekers. You allow crooked people in your county, your city, and your community to come before you, often flaunting their crookedness, and you vote for them because they are shrewd, because they are clever, or because they know how to be good campaigners, and I submit that no elected crook ever willingly appointed an honest man. The same applies for the ignorant, for the mere office grabber, for the hanger-on, for the panderer, and the man who wants a political position only because it is a job.

Politics should not be concerned with jobs. It should be concerned wholly with principles and careers, and until we offer careers, until we have in Government men and women who have built their lives toward the honorable objective of serving their country in public positions, just so long will we have 12,000 murders a year, 1,500,000 major crimes, and an army of malefactors who could march by this building for days on end without once the end being sighted.

REAL MEN VERSUS DESPERATE CRIMINALS

In this connection I desire to draw a contrast—that of the achievements of boys' clubs under intelligent private direction and the lack of reformation accomplished by the average State institution. One turns out men; the other turns out more desperate criminals. Why is this so? The private institution often works with limited funds and against many obstacles; the State or community institution has heavy appropriations, full-time employees, large buildings, and expansive grounds, yet it can do little more than send forth graduates of crime, who are bound, in many instances, for that larger college known as the penitentiary. The answer is that private institutions are built with a desire for rehabilitation and accomplishment.

The community institution has fallen into the grasping hands of the renegades of our political system, too often diverted to personal ends. That's the word for which I have been seeking—the renegade—the traitor, the vile enemy in our political family which seeks to disrupt our institutions of government; who knifes from within; who has only selfish purposes; who is the antagonist of everything that is honorable in our present-day form of government. As such, he is a friend of crime and a barrier to law enforcement. In his constant undermining of the finer ideals of our political system he crawls into our court rooms; he assembles the crooked doctors to change the faces of our outlaws; he telephones the crooked lawyer to be on hand not only for the protection of the criminal but for the planning of the crime; he contacts the crooked aviator, the crooked shopkeeper, the crooked hotel and hideout owner, the criminal gunsmith, and every other member of that undercover army, the support by which crime lives, thrives, and plunders. He sneaks into our reformatories, into our probation system, into our prisons, always with one foul purpose—the realization of personal gain at the expense of the commonwealth. He encourages suspended sentences. He is in the lobby rooms of legislatures to fight against the passage of proper laws for the hampering of criminal activities. He is the whining pleader before the elected judge, who, all too often, must answer to his command that the proper process of law be set aside and a criminal walk free from the court room. This is the man whom every high-minded person in politics abhors. This is the man whom it is our duty as American citizens to eradicate from our political picture, so that the honest man who so often thanklessly strives in your behalf and under the cloud of ignominy may be given a free hand and encouragement in the battle for the sanctity of our political system.

CONSTANT CAMPAIGN AGAINST CRIME

Therefore your campaign as the friend of the boy and girl in crime must be a constant one. We must carry education into the home. We must follow it into the school. A knowledge of the ill effects of crime and the benefits of crime prevention should be required of every school teacher in America. What is the sense of spending hours in teaching our youth the history of America, when many of those boys and girls are doomed to recall that history while sitting in a dank prison cell? Teachers should spend more time

building the future of America, a future which can be made as clean, as high-minded, and as progressive as we, the people, desire it. We need a new viewpoint—not one of sentimentality, but of wise adjudication and administration. We need to know that the problem of crime is the problem of the family, and we need above all things to incessantly instill in the pliable mind of youth the unalterable fact that, seek as it will, try and twist and squirm though it may to beat society at the game of crime, it cannot win. To that end we must have adequate avenues of detection, swift apprehension, and certain punishment. This does not mean that law-enforcement officers are eager to reap a harvest of arrests and prison sentences. Instead the honest law-enforcement agencies of America are eager to see the day when anyone, youth or adult, faced with the temptation of crime, will be bolstered in his fight against it by the knowledge that if he commits this crime he will be punished. There is no country in the world which has the proper law enforcement that also has a real crime problem—the two cannot exist.

PAROLE PROBLEM

We must strike on all fronts, and particularly at the one which today is doing, perhaps, more than any other factor to undermine our national respect for law. I refer to that filth-encrusted scandal, the parole problem. I am not an opponent but an advocate of the wise, intelligent administration of the highly laudable theory of parole. However, I do object, and object most strenuously, to the administration of that system as it is administered in some of our States. Practically every special agent of the Federal Bureau of Investigation who has died on the field of battle against criminals has been sent to his death by a gun in the hands of a paroled convict. I object to the fact that of the 13,010 most desperate, vicious enemies of society listed in the identification files of the Federal Bureau of Investigation 3,734 of them have been touched by the magic wand of parole or pardon clemency. I equally protest against the fact that even the most honest advocates of the parole system have adopted an ostrichlike attitude in attempting to cover up atrocious defects.

Time after time we hear these men, to whom I give all credit for sincerity and honesty of purpose, insist that only a certain percent of parolees fail to live up to their promises. This is the group which brings about our secondary crimes. This is the group which heads our desperate gangs, which commits our kidnapings, our train robberies, our bank hold-ups, and our murders. These are postgraduates of outlawry and professors of crime. These are the select minority which the parole champions dispose of so glibly. These are the men who, like a prisoner in Florida, committed two murders, received clemency for each, then committed a double murder to show how much he was reformed. Or like the man in Montana, who, when paroled, kidnaped the daughter of his benefactor and carried her away to become a white-slave victim in a mountain cabin. Or the man in a Middle Western penitentiary who committed four murders, who was paroled four times, and then graduated into kidnaping. This group contains the John Dillingers, the "Baby Face" Nelsons, the "Pretty Boy" Floyds, and the Alvin Karpises and Barker boys, each of whom piled murder upon murder until he became a national menace.

Against this condition I protest with all the strength in my being, and I say that our penal system cannot come from behind the cloud of disgrace until the sentimentalists and convict-indulging theorists recognize the fact that every time they allow such men to go free upon the streets they are building an example to the youth of America that you can get away with crime; that you can beat our system of law enforcement. I appeal to you as representative citizens of America to fight this problem into the open and to insist that this dangerous policy be sweepingly and constructively changed.

WONDERFUL WORK OF BOYS' CLUBS

To those who loyally and enthusiastically support the boys' clubs of America may I address a few words of admiration and sincere appreciation for the wonderful work which they are accomplishing. The upbuilding of the morale of the youth of our country through these organizations is of inestimable value, not only to those directly benefiting by the operations of the boys' clubs but to each and every individual who loves his country and who is interested in its development and progress. The character and personality development which the boys' clubs of America accomplish will return manyfold gold dividends throughout the generations to come. I know of no greater work; I know of no better work; I know of no work better entitled to receive the enthusiastic support of every man and woman interested in law enforcement and our country's institutions.

DEVELOPMENT OF VOCATIONAL EDUCATION

Mr. PALMISANO. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 12120) to provide for the further development of vocational education in the several States and Territories.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 12120, with Mr. ROBERTSON in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. PALMISANO. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I am rather surprised that my colleague the gentleman from Georgia [Mr. DEEN] has taken the floor today and more or less repudiated the pending bill.

In connection with this matter I may say there were three votes taken in the committee. One vote was to appropriate or authorize $4,000,000, another to authorize $8,000,000, and the final vote was on the authorization of $6,000,000. There was no opposition to the bill, as the report shows. There has been no minority report filed.

Following the committee report, the gentleman from Georgia again introduced his bill in accordance with the report of the committee, which is H. R. 12120, now being considered by the House. The gentleman from Georgia then wrote the report of the committee, which speaks for itself.

Mr. COX. Will the gentleman yield?

Mr. PALMISANO. I yield to the gentleman from Georgia.

Mr. COX. I am sure the gentleman wishes to cast no unfavorable reflection upon my colleague, the author of this bill. The gentleman has expressed surprise at the attitude taken by the gentleman from Georgia [Mr. DEEN] in the consideration of the rule. May I ask the gentleman if he does not remember that the difference which has developed here today between the gentleman from Maryland [Mr. PALMISANO], chairman of the committee, and the author of the bill, and the gentleman from Georgia [Mr. DEEN] was brought out before the Rules Committee when a rule was requested?

Mr. PALMISANO. Yes.

Mr. COX. Therefore, the gentleman has known since that time at least or all along what the attitude of the gentleman from Georgia was.

Mr. PALMISANO. Not all along. From that time on. I may say that if the gentleman from Georgia [Mr. DEEN] entertained those views at that time he should have so stated to the committee and not appeared before the Rules Committee and conveyed to the Rules Committee an impression to which that committee was unanimously opposed.

I may say further that in my absence I designated the gentleman from Georgia to call the committee together so that a resolution could be prepared for presentation to the Rules Committee. The Members of the House will readily appreciate that if I knew the attitude of the gentleman from Georgia was contrary to what had been agreed to in the committee I certainly would not have permitted him to call the committee together and give him full sway.

Mr. DEEN. Will the gentleman yield?

Mr. PALMISANO. I yield to the gentleman from Georgia.

Mr. DEEN. May I ask the gentleman if he is not aware of the fact that in committee and during the hearings I contended all the way through, as the hearings will show, for my original bill which called for an appropriation of $12,000,000?

Mr. PALMISANO. Mr. Chairman, if the gentleman was not in agreement with the committee, he should have refused to sign the committee report, and he should have presented a minority report to the Members of the House stating that he was opposed to the action of the full committee, even though it opposed his own bill. He should have asked for a substitution of bills. I say when the members of the committee agree and there is not filed a minority report, the Members of the House should stand by the committee or else abolish all of the committees.

When we speak of the Senate bill, we should bear in mind that with all due respect to the Senate they held absolutely no hearings on the measure.

Mr. TARVER. Mr. Chairman, will the gentleman yield?

Mr. PALMISANO. In just a minute. I understand they held no hearings, while we held hearings for 3 days. We then considered the bill and did the best we possibly could under the circumstances, and the members of the committee knowing my views on the legislation came to me and said, "We understand your views, but notwithstanding your views on the legislation, you have been fair and honorable and have given a hearing to every member of the committee."

Mr. TARVER. Mr. Chairman, will the gentleman yield?

Mr. PALMISANO. Pardon me, let me finish my statement.

Let me now call your attention to another provision they are adding to the bill with respect to vocational teachers, if you please. They have introduced in the Senate bill a provision whereby they are going to educate the mayors and councilmen and the public officials of the various municipalities, and I say to you that if you adopt this provision of the Senate bill it is the duty of those same gentlemen to come here and teach the Members of the Congress what to do, because they are now going out and asking us to be permitted to teach men who have been elected by the people of their own towns and cities and, if you please, teach their own superior officers, because after all is said and done, if they are going to teach the mayor of New York City or the mayor of Baltimore or Cleveland, why not give them the same right to teach their own Governor, whom they happen to be subordinate to?

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. PALMISANO. Let me first finish this statement.

Let me refer to some of the testimony we heard, referring to Mr. Baumes, whose testimony appears at page 40 of the hearings. He is a gentleman from Virginia and happens to be one of the teachers in public service, and I am asking him a question:

The CHAIRMAN. If the heads of the various departments have had some technical education, should they not be able to instruct their men? Take, as an example, this head of the department of weights and measures that you mentioned; if he is well qualified, would he not be able to instruct his men accordingly?

Mr. BAUMES. You would think so, but we have found that that usually is not true, for several reasons.

Here is a man technically educated to conduct this particular business and here comes along an ordinary teacher who is going to tell him what to do.

Then at page 41, near the bottom of the page, the following occurred:

The CHAIRMAN. Then the teacher would get instructions from the head of the department and then, in turn—

Bear this in mind—

The teacher would educate.

Mr. BAUMES. Yes, sir; you are exactly right.

Is this Congress going to say to a man who is advocating vocational training that we are going to permit them to educate or instruct the mayors and the officials of the municipal governments throughout the State, and they, in turn, go to a particular man to get instruction and then in turn instruct the municipal agents? I say, Mr. Chairman, we are going too far on this proposition, and this is what will happen if we put in the provisions of the Senate bill.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Chairman, I yield myself 5 more minutes.

Mr. WHITE. Will the gentleman tell us where that provision is in the Senate bill?

Mr. PALMISANO. Page 3, line 15, which states—

including public and other service occupations in such States and Territories.

The gentleman who spoke on this subject and whom I have just quoted is going to obtain his knowledge from the municipal employees, and then, in turn, he would convey it to others. I say, Mr. Chairman, we cannot accept a proposition of this kind.

I may say that on page 4 of the report filed by my colleague the gentleman from Georgia, at the top of the page, it is stated:

S. 2883 also contained the provision that training in public and other service occupations should be included in the amount allotted to trade and industrial subjects. The committee did not accept this provision.

This is the provision referred to by the gentleman whom I quoted from the hearings. I may say that I have not the time now to go over the hearings, but there is another provision here referred to by Mr. Baumes, where Mr. Baumes goes on to say that in Virginia they have been instructing the mayors and the city councilmen, who are elected by the people, and if this principle applies, why not let them instruct us? I think it would be proper and then they could instruct the Governor of a State, who, in turn, would be their superior officer. I submit we are going far afield on this whole proposition.

Mr. COX. Will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. COX. The gentleman quoted from the bill and made some reference to something in the Senate bill that the House bill did not carry. I presume the gentleman referred to section 2 of the House bill.

Mr. PALMISANO. I am referring to the Senate bill, page 3, line 15, which includes a public-service corporation.

Mr. DONDERO. That is line 6, page 3.

Mr. COX. That is substantially the same as section 1 in the House bill. In other words, are not the two bills, the House bill and the Senate bill, substantially the same, except as to the amount of money to be allocated to the States, and so forth?

Mr. PALMISANO. No; that is not true. In the House bill we eliminate the public service and in the House bill we include section 6, which is not contained in the Senate bill.

There has been a lot of talk and criticism that the money has been used by boys for private gain. In order to prevent that we added section 6, which says:

SEC. 6. No part of the appropriations herein authorized shall be expended in industrial-plant training programs, except such industrial-plant training be bona-fide vocational training, and not a device to utilize the services of vocational trainees for private profit.

That provision is not in the Senate bill.

Mr. COX. That is correct. Section 6 of the Senate bill is substantially the same as section 5 of the House bill.

Mr. PALMISANO. The Senate bill, with the exception of the amount, is identically the same as the House bill, except section 6 of the House bill eliminates the public-service occupation.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MORITZ].

Mr. MORITZ. Mr. Chairman and members of the Committee, I want to say a few words in relation to this bill. In the first place, I was one of the Members who voted for the $12,000,000. We lost that vote, but we compromised on $6,000,000. Now, in all frankness and fairness, inasmuch as we agreed to that, why should you try to substitute the Senate bill?

Subsequently it was brought to the attention of the committee that this appropriation was very important, because we found out that of all the money expended for relief, for getting the best returns, this money expended for vocational education gave us the best returns.

Mr. HOUSTON. Will the gentleman yield?

Mr. MORITZ. I yield.

Mr. HOUSTON. The gentleman says there was a compromise from $12,000,000 to $6,000,000. Does not the gentleman think that $12,000,000 would be more proper?

Mr. MORITZ. Yes; but we agreed on $6,000,000, and we ought to keep our agreement, because if we had not agreed to $6,000,000 we would not have gotten any bill.

Mr. DEEN. Will the gentleman yield?

Mr. MORITZ. I yield.

Mr. DEEN. The gentleman knows that I did not vote for the $12,000,000?

Mr. MORITZ. The gentleman knows that I voted for it, and we lost, and we voted for the compromise of $6,000,000.

Mr. DEEN. The gentleman knows that he voted for the $6,000,000.

Mr. MORITZ. Yes.

Mr. DEEN. And he knows that I did not vote for the $6,000,000?

Mr. MORITZ. I do not know about that.

Mr. DEEN. Well, I know it.

Mr. MORITZ. But, at any rate, of the money spent for relief, this has been the best investment we have, because it helps people to help themselves. We found out in States like Oklahoma and Texas that they are being taught how to provide and prepare food. When the Government ordered the cattle to be slaughtered, they were taught to can this meat,

and in that way they saved themselves from starvation. Furthermore, this activity in the school helps the youth of our country do something worth while, as against loafing around in a poolroom and idling their time away, and maybe getting into mischief, as often happens.

Mr. TERRY. And if the gentleman were not on the committee, then he would vote for the $12,000,000?

Mr. MORITZ. I believe I would; yes. I yield back the rest of my time.

Mr. CARTER. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, there has been considerable said here today about the difference between the Senate bill and the House bill. The Senate bill provides for permanent legislation authorizing $12,000,000 anuually. The House bill provides for $6,000,000 each year for 3 years. The Senate bill provides for a matching by the States up to 50 percent, until 1942, and then graduates that percentage up until it is 100 percent. The House bill provides the same as the Smith-Hughes bill, 100-percent matching by the States, or, dollar for dollar. The statement has been made on the floor this afternoon to the effect that the States contributed $3 for every dollar contributed by the Federal Government. I have here a letter dated March 14, 1936, signed by Mr. Wright, from the Bureau of Education, directed to me, in which he says that—

> To match this expenditure, which was $4,000,000 last year, from Federal money, as required by the basic Vocational Education Act, the States and Territories expended for the same purpose in this year ended June 30, 1935, the sum of $5,149,000, or $1.39 of State and local money for each dollar of Federal money expended.

I quote that simply to show that the States have matched dollar for dollar under the Smith-Hughes Act.

There is one provision in the Senate bill which goes so far that if adopted we will have men receiving their money from the Federal Treasury who have been taught how to sell gasoline, selling gasoline to you at the gas stations; you will have men in grocery stores and meat shops who have been taught by Federal money how to sell goods and merchandise over the counter. I believe it is more essential to place the buying power in the hands of the people to buy those commodities rather than to take Federal money to teach people how to sell them to the people who have no money with which to buy them. That is a vicious provision in the Senate bill which ought to be taken out, if the House adopts the Senate bill.

Mr. DEEN. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. Yes.

Mr. DEEN. Let me ask the gentleman this question: He spoke about teachers teaching people how to sell meat and other products. Is it not a fact that when we came to Congress the Parliamentarian took mercy on us, and with the Federal salary that he receives, taught us some parliamentary law?

Mr. DONDERO. How far would my good friend from Georgia go? Would he use Federal money for the teaching of every human activity known to mankind?

Mr. DEEN. No; but I do not think it is fair to discriminate simply because a person works in a meat shop or in a 10-cent store. They ought to have the same opportunity as that given to other people in farm, factory, or school.

Mr. DONDERO. Does not the gentleman think they ought to be instructed by the people who employ them, rather than get money out of the Federal Treasury to teach them? Let me read one sentence from the testimony of Mr. Baumes, of Virginia, appearing at the bottom of page 40 of the hearings. He said:

> This thing is happening: That as we closed our last fire school in Richmond last summer the head of the bureau of weights and measures said to me, "You have just done something for the firemen of the State. Why can't you do it for the weights-and-measures men?"

The Senate bill would go so far as even to teach the weights-and-measures men of the various States, counties, cities, and towns of the United States how to weigh and how to test the scales—all to come out of the Federal Treasury. Why should not that be a part of the work of the States and not of the Federal Government?

Mr. COX. If the Senate amendment should be offered as a substitute for the House bill, the gentleman would then have an opportunity to offer an amendment to the amendment, that is, to the Senate bill offered as an amendment, to strike out the language in section 1 of the Senate bill which would authorize the objectionable activity to which the gentleman refers. I do not know that there would be any serious objection to that amendment.

Mr. DONDERO. Would the gentleman be willing to vote for that kind of an amendment to strike it out?

Mr. COX. Yes; I think I would.

[Here the gavel fell.]

Mr. CARTER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, in the first place, I want to call the attention of the Committee to the fact that the appropriation made under the present act is not the only assistance that the Federal Government is giving for the purpose of vocational education. The Smith-Hughes Act, which is a continuing act and goes on from year to year, provides $7,382,000. In addition to that, there has been provided for the last 2 or 3 years under the George-Ellzey Act $3,184,000. The act that we are considering today has been referred to as the $6,000,000 per annum act. It actually provides $7,302,000 per annum, instead of $6,000,000. That $6,000,000 is the largest single item and is for one specific purpose.

I have always voted for vocational education bills. I have spoken for them here at various times before the membership of this House. I am just as strongly for vocational education today as I ever have been, and I am for this House bill. I regret that the distinguished gentleman from Georgia, my good friend for whom I have the highest regard and kindly personal feeling, has seen fit to desert the committee. I feel it my duty to stand by the committee. He was designated by this committee to report this bill. Here is the recommendation:

> Report favorably, with the recommendation that the bill do pass.

Mr. DEEN. Mr. Chairman, will the gentleman yield?

Mr. CARTER. In just a moment. I decline to yield at this time. I will yield to the gentleman later.

That is his statement. That is not my statement. For reasons that are amply sufficient to himself, I know not why, but all of a sudden he says, "Well, let us take the Senate. It has $12,000,000 in it. Let us take the Senate bill."

Now, I do not desire to be parsimonious about educational matters, but I do desire to stand for a bill that I think may be finally enacted into law.

The increase provided for in the present bill, which I am compelled to refer to as the Deen bill, although the gentleman from Georgia at the present time is disavowing it, over the George-Ellzey bill, and it is replacing the George-Ellzey bill, is $4,117,397 per annum. There has been talk that the vocational educational work ought to be extended and expanded. I say to you that I am for a program of that kind, but I do believe, when we are providing over $4,000,000 per annum for additional expansion work, that we are providing quite a generous sum. As those who have charge of this work extend it and if it is the desire of this House to extend it further in years to come, we can give them additional amounts.

I yield now to the gentleman from Georgia.

Mr. DEEN. The gentleman knows that this bill is only an authorization and that they can come back every year and get an appropriation. We are not paying them this money for the next 50 years. The gentleman knows that.

Mr. CARTER. I know that this is an authorization bill limited to 3 years, and that the sums authorized under this bill will be appropriated each and every year.

Mr. DEEN. Will the gentleman yield further?

Mr. CARTER. I yield for a brief question.

Mr. DEEN. The gentleman read the introduction to the report, "The Committee on Education, to whom was referred the bill", and so forth, "to provide for vocational education—

the committee having had the same under consideration report favorably with the recommendation that the bill do pass with the following amendments." The gentleman knows that the word "unanimous" is not in the report. Does not the gentleman know further that while I contended in the committee at every meeting, both at executive sessions and in the open hearings, for the $12,000,000, the gentleman from California fought it and bitterly opposed it all the way through?

Mr. CARTER. No. I did not oppose the $12,000,000 bitterly. I opposed it because I did not believe the President of the United States would sign a bill providing for that sum.

I think if we do want to increase this we ought to go at it in a sensible way. While we could make a reasonable increase, and have made a reasonable increase, I do not want to increase the amount to an extent that it would endanger the passage of the bill.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a short question?

Mr. CARTER. I yield.

Mr. SNELL. What is the amount we are appropriating now for this same work?

Mr. CARTER. At the present time the Federal Government for this work is appropriating $10,701,603 per annum. That is, under all bills. That is for the United States, Hawaii, and Puerto Rico.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield for a question?

Mr. CARTER. In just a moment. I may say to the gentleman from New York [Mr. SNELL] that that amount would be increased by something over $4,000,000 if the present House bill is enacted into law.

Mr. SNELL. Does the gentleman mean that it would make it over $14,000,000?

Mr. CARTER. Yes.

Mr. BIERMANN. Mr. Chairman, will the gentleman yield?

Mr. CARTER. I yield.

Mr. BIERMANN. I wonder if I am correct in my understanding of these facts. The George-Elizey Act, which this bill is displacing, during the present year supplies $3,184,000?

Mr. CARTER. Three million, one hundred and eighty-four thousand dollars; yes.

Mr. BIERMANN. And the House, after quite a little hearing, more than doubled the amount.

Mr. CARTER. Yes.

Mr. BIERMANN. The Senate, without any hearing, seeks to quadruple it. Is that right?

Mr. CARTER. That is just about the situation. Without yielding further, I would like to say that I have endeavored to find out on what the Senate based its estimate of $12,000,000. There is not, so far as I can find, one sentence of a hearing anywhere to show why they increased the amount. One of the representatives of the Bureau of Education, Mr. Wright, appeared before the House committee and said in substance that he could not tell us anything because he did not have permission of the Bureau of the Budget, or somebody, to talk; and he never said one word about the Bureau of Education needing any additional amount.

[Here the gavel fell.]

Mr. CARTER. Mr. Chairman, I yield myself 2 additional minutes.

Mr. SIROVICH. Mr. Chairman, will my distinguished colleague yield for a question?

Mr. CARTER. I yield.

Mr. SIROVICH. As I understand the situation at the present time, the House bill provides that the States must match the money contributed by the Federal Government. Is that right?

Mr. CARTER. That is right.

Mr. SIROVICH. The Senate bill, on the other hand, does not make it mandatory for every State to match equally money contributed by the Federal Government because many of our Southern States are in a very frightful economic condition and cannot match funds. The Senate bill, therefore, would help these States in the emergency with which they are confronted at the present time. Am I correct?

Mr. CARTER. No. I think the gentleman is inferring that it treats some of the States in one manner and other States in another manner. This is not true. The Senate bill does not require 100-percent matching, but it does treat all States alike on a sliding-scale basis, the States matching I think at first 50 percent of what the Federal Government provides with gradual increases year by year until a full matching is reached. As I understand the Senate bill it applies equally to all the States and not just to certain States.

Mr. McCLELLAN. Mr. Chairman, will the gentleman yield?

Mr. CARTER. I yield.

Mr. McCLELLAN. If I understood the statement made by members of the committee this afternoon correctly, taking the situation in the State of Arkansas as an illustration, which would be typical of the situation in other States, there are now pending over 200 applications from schools in that State which cannot be acted on favorably unless this additional appropriation is made.

Mr. CARTER. Mr. Chairman, I yielded for a question.

Mr. McCLELLAN. My question is: How many schools are there in the United States in a similar condition?

[Here the gavel fell.]

Mr. CARTER. Mr. Chairman, I yield myself 2 additional minutes.

Mr. McCLELLAN. I am trying to determine the extent of the need for this additional money. If that situation is true in Arkansas certainly it is true in other States.

Mr. CARTER. There is, no doubt, need in many of the States for additional work, and we are providing something over $4,000,000 for the next year for an expansion of the work.

Mr. BEITER. Mr. Chairman, will the gentleman yield?

Mr. CARTER. I yield.

Mr. BEITER. The gentleman mentioned the President of the United States and wondered what he would do in the event the bill passed. Permit me to read an excerpt from a letter addressed by the President to the New York State Conference of Mayors.

Mr. CARTER. I do not yield for that letter. I do not know what it is about.

Mr. BEITER. I wish to read from it an excerpt giving the President's views on legislation of this kind.

Mr. CARTER. If the letter relates to this bill, I would like to hear it. If it does not relate to this bill, I cannot yield for the gentleman to read it.

Mr. BEITER. It relates to legislation of this type.

Mr. CARTER. I decline to yield at the present time.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Chairman, I do not believe any Member of the House is more deeply interested in the subject of vocational education than I am. I know it is not a popular thing to oppose the largest amount that may be suggested for a cause of this kind.

Mr. Chairman, I am in favor of certain provisions of the Senate bill, but I think the gentlemen who have presented their case to the Committee of the Whole for the bill reported by the House committee have made the best argument for the House figure; and, so far as I am concerned, although I would like to see as much money as possible appropriated for this cause, it is my purpose to support the House figure of $6,000,000, although if the Senate figures are adopted, I shall not vote against the bill on that account. After all, when you double the amount which has been heretofore appropriated for a particular purpose at one stroke in a time of depression like this when we are having as much difficulty as we are in making Government expenditures and income meet, my colleagues, you have gone a long way, and the people of this country interested in vocational education ought to be satisfied.

I shall now address my remarks to a feature of the bill in which I am very much interested. The House committee apparently determined first that it ought to have a provision in the bill providing that 50 percent of the amount of the annual appropriation need not be matched by the States. I gather this from the fact that they originally considered the first bill introduced by Mr. DEEN. After considering it the committee worked out a draft of the bill which they had reintroduced, and in the reintroduced draft they included on the first page a proviso to the effect that 50 percent of the amount of the appropriation need not be matched. This was evidently based upon the idea that they were adding $3,000,000 to the $3,000,000 which had theretofore been authorized, and that since the States had apparently experienced great difficulty in matching the $3,000,000 which was already available, they might not be able to match the additional $3,000,000, and for the 3 years to be covered by the terms of this bill the States should be relieved of matching the additional $3,000,000.

I felt that that provision was exceedingly wise, and I regret very much that the committee had recommended to the House that it be stricken from the bill by amendment, but, after all, it is a matter to be determined by the House as to whether it will accede to the judgment of the committee or not.

I have a particular reason for feeling that especially in times like these the matching requirement ought not to be made for a very liberal part of this appropriation. I notice in my own State, with regard to vocational agricultural instruction that the schools located in the districts which have the least property values and the least taxable resources get no help. The school districts are required, as you know, or at least they are in my State, to pay a part of the money required to match the Federal funds; therefore the school districts which have ample property values and ample taxable resources are able to put up the necessary money to help match the Federal funds and their boys receive education in vocational agriculture, while in the poorer sections where they are not able to raise by taxation the necessary money to match the Federal money, but where they need this aid fully as much if not more than in the other sections to which I have referred, they get no assistance whatever. It appears that it is like the part of the Scriptures which says: "To him that hath shall be given."

Mr. SIROVICH. How can we overcome this?

Mr. TARVER. We can overcome it by defeating the committee amendment which proposes to strike out the proviso requiring that 50 percent of this money shall be allocated without being matched by the States.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Chairman, I yield 1 minute to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, we know that there are a great many unemployed in this country, and we are very much concerned with the matter of appropriating sufficient money to take care of the unemployed. But what about the children of the unemployed? These children cannot follow the footsteps of the father. They must be trained in vocational education. They must be fitted to follow a useful pursuit and qualify themselves to do useful things. Many school districts cannot provide this education unless assisted by the Federal Government.

Mr. Chairman, let me quote the following from a letter which I have just received from the State director of vocational education in the State of Idaho, William Kerr:

> We sadly need the funds provided for under Senate bill 2883 so that we could reach a large number of out-of-school farm youth with Federal funds that do not require matching by local funds. School districts are glad and anxious to match these funds for farm boys attending high schools. The older boy who has finished high school or dropped out of school is even in better position to make use of vocational training, but local districts are not financially able just now to help in reaching this group.

Mr. Chairman, the provision in the Senate bill which we propose to substitute for the House bill that—

> One-half of the annual allotments for each field of work except teacher training would not have to be matched for a period of 6 years. There would be a gradual increase in State and local matching after that until 1948, when all the money would have to be matched—

will be of great assistance and vitally necessary to extract the benefits that are proposed by this legislative body to help fit the growth of my State to meet the responsibility of useful citizenship. The farm organizations of Idaho are particularly interested in this legislation and are giving close attention to the deliberations of Congress in considering this measure as evinced by a number of communications received. For the information of the Members, I shall read a letter from the Kimberly Grange:

> KIMBERLY, IDAHO, *April 30, 1936.*
>
> Congressman COMPTON I. WHITE,
> *Washington, D. C.*
>
> DEAR MR. WHITE: We, the members of Kimberly Grange, No. 230, Kimberly, Idaho, most heartily endorse Senate bill 2883 and would ask that you use your influence to further this measure.
>
> We feel that the permanent authorization of additional funds will be of great assistance to enlarge and increase the program for the out-of-school group.
>
> There are a number of young people in this community, ranging in ages from 18 to 25 years, who are not being reached by the limited funds now available who would be benefited immensely by the passage of Senate bill 2883.
>
> Thanking you, we are,
> KIMBERLY GRANGE, No. 230, KIMBERLY, IDAHO,
> C. ROY HAVERLAND, *Secretary.*

Mr. PALMISANO. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. BEITER].

Mr. BEITER. Mr. Chairman, the gentleman from California refused to yield to me so that I could make the President's position clear in connection with legislation of this type. May I read an excerpt from a letter signed by the President, as follows:

> It has indeed been gratifying to note the splendid progress made by the State of New York in the training of municipal officials, particularly the police and firemen. There can be no doubt that training produces efficiency and I am glad that the division of State police has been able to cooperate closely with your organization in the promotion of this splendid educational movement.
> FRANKLIN D. ROOSEVELT.

Mr. Chairman, the demand for vocational education in the State of New York at the present time is far above the financial ability of the State of New York and the various communities within the State, and without the assistance of funds which may be made available by the passage of this bill the situation will constitute a serious emergency.

I have letters and telegrams in my files from principals of the Girls Vocational High School, the Seneca Vocational High School, the McKinley Vocational High School, the Peckham Vocational High School, the Technical High School, the Burgard Vocational High School, all of Buffalo, N. Y., and the supervisor of vocational education, city of Buffalo, and treasurer, New York State Vocational Association, all endorsing Senate bill 2883 and recommending that the House bill be amended in accordance with the Senate bill, or that the Senate bill be substituted for H. R. 12120 in the House.

The demand for vocational education service in the State of New York at the present time is so far above the financial ability of the State of New York and various communities within the State that without the assistance of funds that could be made available by the passage of this bill the situation will constitute nothing less than a serious emergency. Out of 6,217 pupils graduating from the public elementary schools this June in Buffalo, N. Y., 2,259 have declared their intention to enter vocational high schools. This does not include a proportionate expected demand from the parochial school system. It is impossible to provide the training they request under present conditions.

Buffalo is in great need of all the possible funds to come from the Senate bill. A tremendous increase in enrollment in the vocational schools is indicated and seriously curtailed educational budgets make increased Federal assistance absolutely necessary.

The Senate bill is endorsed by the Conference of Mayors and Other Municipal Officials of the State of New York and 5,000 cities, villages, and towns, represented in the American

Municipal Association, the National Federation of Thirty-six State Leagues of Municipalities, have gone on record favoring the measure. It is also supported by the American Vocational Association and leading educators and municipal officials throughout the country. The Municipal Training Institute of New York and the New York State Association of Towns have gone on record favoring the adoption of the Senate bill, which passed the upper House without a dissenting vote.

Cities, villages, and towns of the United States, acting through their State leagues of municipalities, have since 1928 operated training schools for more than 50,000 officials in the service of these municipalities. These schools, which constitute vocational education in the field of public employment, have become indispensable to the efficient administration of municipal affairs. One authority has said tranchantly that "they have put the breath of life into the dry bones of civil service."

The cities and first- and second-class villages of New York State, acting through their official association, the New York State Conference of Mayors and Other Municipal Officials, have since 1928 operated training schools for more than 33,000 municipal officials. The schools have won the unanimous endorsement and support of all mayors and other municipal officials in the State. The board of regents of the University of State of New York has recognized the standing and significance of the schoods by creating an educational corporation of municipal officials to operate them. Many officials and authorities consider them to be one of the most hopeful signs for permanent improvement in future municipal government.

A bill by Senator GEORGE, S. 2883, makes available to the several States, funds for the further development of vocational education. The bill provides that a portion of such funds may be expended for the vocational training of those in public and other service occupations. If enacted into law, this bill will enable municipalities of the Nation, after appropriate Federal and State action, and through State departments of education, to share in such funds for the operation, by their official organizations, of in-service training schools for municipal officials. It should be emphasized that this training is now being accomplished at a very modest cost, and that any Federal funds utilized would be small in amount. The exact nature of the demand which might be expected can best be illustrated by citing the cost of the training program of the New York State Conference of Mayors, which has averaged annually about seventy-five hundred dollars. There is absolutely no need for the expenditure of large sums of money in such training work, because it can be done through the cooperative use of existing training facilities and resources in all levels of government.

S. 2883 has been favorably and unanimously by the Senate Committee on Agriculture and Forestry. However, the companion bill, H. R. 12120, by Congressman DEEN, has been reported by the House Education Committee with the elimination of provisions for the training of those in public and other service occupations. The municipalities of the country desire strongly that S. 2883, by Senator GEORGE, be passed rather than H. R. 12120, by Congressman DEEN. However, if a compromise is absolutely necessary as between the two bills, it is the desire of the municipalities of the country to retain in the bill, which is finally agreed upon, the phrase "including public and other service occupations", as this appears on page 3, line 15, of S. 2883, as reported by the Senate Committee (Calendar 1590). If H. R. 12120 is to be amended from the floor of the House, it is the earnest hope of the municipalities that a similar provision be inserted in the amended House bill.

S. 2883 is endorsed by the 5,000 cities, villages, and towns represented in the American Municipal Association, the national federation of 36 State leagues of municipalities. It is also supported by the American Vocational Association and leading educators and municipal officials throughout the country. In New York State the measure is favored by the Mayors' Conference, the Municipal Training Institute of New York State, the New York State Association of Towns, and educational authorities.

Perhaps the most striking endorsement of S. 2883 is found in recent action by the Governor, legislature, and educational authorities of the State of New York. By chapter 225 of the laws of 1936 of the State of New York, Governor Lehman, the legislature, and the board of regents of the University of the State of New York, have paved the way for the use of Federal vocational-education funds for the training of local-government officials. This statute enables cities and villages of the State, through the State Department of Education, to share in any Federal funds made available for the training of public officials by the Congress of the United States. It is the first State statute of its kind in the country.

Mr. PALMISANO. Mr. Chairman, I yield 1 minute to the gentleman from Ohio [Mr. FLETCHER].

Mr. FLETCHER. Mr. Chairman and Members of the Committee, it is my sincere belief that all Members of the Senate and the House who have carefully studied the provisions of this bill providing funds for vocational education are unanimous in the conviction that no money allocated by the Federal Government for any purpose is more certain to pay big dividends than is the money we are authorizing to be expended for vocational education.

Anyone who has had opportunity to judge the financial, social, economic, and intellectual results of vocational education, under the encouragement of the Federal Government, cannot fail to realize that no other type of education is more appreciated by the American people.

THE YOUNG PEOPLE ARE WATCHING US FROM THE GALLERIES

Today, as we are assembled here in the Halls of Congress, we have seen looking down upon us from the overcrowded galleries young men and women who have journeyed to the Nation's Capital from all parts of the country.

Many of these young people who are here on sightseeing tours under the guidance of their teachers have graduated from schools this year and are being sent out into the world to earn a living with a type of education for which, I regret to say, in too many cases, there is very little or no market.

BABSON ADVISES INVESTMENT IN SELF-IMPROVEMENT THAT ASSURES SELF-ADVANCEMENT

To succeed in life or in business in these modern times it is necessary to equip yourself with ideas and training which you can exchange for success.

To make money, under present conditions, you must equip yourself with ideas and training worth money.

Babson, the famous financial expert and investment counsellor, is right when he says, "The best investment is investment in yourself—in self-improvement that will assure you self-advancement."

Much of the high-school, college, and university education fails to equip young people with ideas which they can exchange for success, money, happiness, or anything else worth while.

Education that cannot be marketed, education the world does not need and does not want, is not of much value to the person who possesses it.

Education that leaves you where you are costs too much even if you get it for nothing.

The type of education for which we are now providing will equip thousands of students with ideas, training, knowledge they can exchange for greater success, increased earnings, and greater opportunity.

A LIFETIME INVESTMENT THAT PAYS BIG DIVIDENDS

A while ago this Congress authorized the building of two battleships at a cost of $104,000,000.

The amount of money authorized in this bill for the education of our citizens is only about $12,000,000.

A bomb, dropped from an airplane flying the skies or shot from a submarine plowing the seas, would wreck the two battleships costing one hundred and four million, and send them to the bottom of the sea. But the education purchased by hundreds of thousands of our young citizens at an investment of only twelve million, authorized in this measure, can-

not be destroyed. It will last throughout an entire lifetime and will draw interest and pay big cash dividends from the start.

THREEFOLD FUNCTION OF THE EDUCATION COMMITTEE IN THE UNITED STATES CONGRESS

Mr. Chairman, one of the functions of the Congressional Committee on Education, of which I have the privilege to be a member, is to assist in determining the responsibility of the United States Government to education insofar as Federal legislation is concerned.

Another function of our Education Committee of the United States Congress is to secure and interpret the new research findings relating to changing conditions in education throughout the Nation and to be guided by these facts in preparing legislative measures in the interest of education.

A third duty of the House and Senate Committee on Education is to formulate a practical, businesslike policy of Federal cooperation with the State for the purpose of meeting such serious emergencies as this one which now threatens the educational advantages of unprepared and unadjusted millions of people.

The threefold function of our Education Committee which I have just explained has never been exercised in behalf of any legislation for which there is greater need than there is for this legislation which our committee reports to the House today.

WITHOUT EDUCATION DEMOCRACY IS IMPOSSIBLE

Any recovery program, spending thousands of millions of dollars to open factory doors but leaving schoolhouse doors closed would likely be discredited by the parents of the Nation, who have the responsibility of training and educating the children who are to be the citizens of tomorrow.

We have every assurance of those in official position to speak with authority that under the New Deal of the Roosevelt administration education is assured a square deal.

PARENTS GOING BACK TO SCHOOL

It is a concern of legislators, as well as the concern of educators, that parents are going back to school today. Never before has there been such a demand for adult education, and this is a fact in which both State and National Governments have deep interest. This bill provides for new educational training for the parents as well as for the children.

All agree that the safety and perpetuity of democracy depends in a large degree upon the education of the citizenry, and that means the education of both the young and the old.

No nation can rise above the level of what its citizens think, and its citizens cannot think above the level of what they know.

When our citizens stop learning, our Nation will start dying.

ALL CONGRESSMEN AND SENATORS LEGISLATING FOR THE PEOPLE SHOULD BE EDUCATORS OF THE PEOPLE

Believing that legislators for the people should also be educators of the people in such subjects as economics, social and political science, and the processes of government, I have conducted a large number of educational forums throughout the United States in an effort to help unadjusted men and women make the most of themselves and get ahead in life.

This experience has given me an opportunity to study the results of vocational education of the type we are providing in this bill.

So great has been the response to these business, educational, and self-advancement forums which I have had the pleasure personally to conduct, under auspices of the Peoples' Traveling University Service, that in most cities large numbers of people were turned away, night after night, unable to find standing room in the packed auditoriums.

POPULARITY OF ADULT EDUCATION

Nowhere has there been a greater response than among the Ohio people at home, whom I have had the honor to represent in Congress, as was demonstrated in a series of these public meetings conducted previous to the second session of the Seventy-third Congress.

In several communities, in response to popular demand, it was necessary to repeat the same programs two and three times to accommodate those who were unable to get into the crowded building at previous forum sessions.

The response has always been the same from special professional, college, and university groups as that from groups composed of businessmen, wage earners, and the rank and file of men and women representing all walks of life.

POPULARIZING TECHNICAL SUBJECTS FOR PEOPLE WHO WANT TO BE MORE SUCCESSFUL

Further experiments were made to get the reactions of people to adult education on subjects usually conceded to be too abstract to popularize, but which can be made to yield information valuable to anyone ambitious to succeed in life.

As editor and publisher of a daily newspaper several years ago, I endeavored to learn the attitude of our newspaper readers toward adult education on such technical subjects as economics, sociology, psychology, dietetics, and so forth. To do this I conducted several forums as special educational features sponsored by my newspaper.

To assist in that part of this educational work, devoted to economics, sociology, and so forth, I engaged a noted authority, Attorney Lee Francis Lybarger, who had been highly recommended by my friend, Hon. Henry T. Rainey, distinguished Speaker of the National House of Representatives, who was himself one of America's foremost students of economic, political, and social questions.

This newspaper experiment in adult education proved to be one of the most popular as well as one of the most useful education features sponsored in all the many years I have been engaged in the newspaper business.

COMMENDED BY WARREN G. HARDING

The late President Warren G. Harding, with a number of his business and political friends, attended a number of our forums and commended them in the highest terms of appreciation.

These experiences I mention here in an effort to prove to my colleagues in Congress, the growing interest in adult, self-advancement type of education and to prove that the people, who no longer respond to the old political appeal, do very enthusiastically respond to the educational appeal which gives them a chance to ask questions and gain new facts so vitally essential to their intellectual equipment, if they are to keep abreast of the times in a rapidly changing world.

IT IS NEVER TOO LATE TO START MAKING OUR LIFE WHAT WE WANT IT TO BE

As a result of these personal experiments and humble efforts to open the doors of educational opportunity to larger numbers of people, I cannot help realizing how tragic it would be for this Congress to fail in giving approval to the bill under discussion. There can be no greater service than that of helping men and women to make the most of themselves at any age.

Its passage will give new hope and greater assurance of advancement for thousands of people in the years ahead. It will help people, regardless of age. It is never too late to start becoming what we might have been had we had a better chance in our earlier years.

Let no Member of this Congress underestimate the intellectual hunger of the radio-bored masses of people.

More men and more women are intellectually lonely today for the companionship of new ideas and new knowledge than ever before.

NEWTON D. BAKER WARNS SELF-SATISFIED MEN AND WOMEN THAT TO SUCCEED THEY MUST KEEP ON LEARNING

There is little hope for half-educated or self-satisfied people in these changing times.

Newton D. Baker, former Secretary of War, and frequently mentioned for the Presidency of the United States, says:

> The man who graduates from college or university today and stops learning tomorrow is uneducated the day after.

This legislation makes it possible for people to continue their education through all the years of their adulthood.

The report of President Hoover's special committee on recent economic, business, and employment changes should awaken from their lethargy the intellectually indifferent who are satisfied with the education they received in school or college, and cause them to realize the imperative necessity for making investment in new training, new knowledge, and new ideas, if they hope to survive and get ahead, socially, vocationally, or financially.

TODAY IT IS EITHER LEARN OR PERISH

We are living in a swiftly changing world where people whose knowledge is stale and incomplete cannot compete.

Even in the most prosperous times employers are compelled to drop from their pay rolls the self-satisfied men and women who have quit learning.

The wage earner who does not have a program for self-improvement and who is not investing in new education of some kind eventually becomes mentally rusty and is as much of a menace to the industry that employs him as the machines that are allowed to become rusty and in need of repair.

Job-destroying, labor-saving devices, with electric brains and fingers of steel are daily forcing unprepared thousands out onto the dangerous precipice of unemployment and business uncertainty to face a jobless future. Today it is either learn or perish.

OUTWITTING YOUR MIDDLE-AGE DEADLINE

The middle-age deadline employment policy is crowding countless numbers past 35 and 40 over the precipice of employment uncertainty, partly because of their own neglect to keep their personalities, their knowledge, and their training up to date.

One way for people to outwit the fatal middle-age deadline is by modernizing their minds.

No employer gives a hang how old you are if you have an idea that is worth something.

The door of opportunity is everywhere being slammed shut in the empty, dull faces of smug, contented people who think they know enough.

Life ends at 40 for those who do not keep abreast of the times. There is no middle-age deadline for men and women who have new training, new ideas, and new knowledge.

Unfortunately the last thing people invest in is new ideas, new training, and new knowledge. Too many minds are out-of-date, antique models 20 years behind the times.

YOUR GREATEST DANGER

Because of the astounding new inventions, increasing thousands of labor-saving machines, billion-dollar merger combines, overproduction, chain-store distribution, merciless new competition, the middle-age deadline employment policy, and other alarming revolutionary changes that are coming with terrifying swiftness, millions who have let their training and knowledge get out of date, must quickly prepare themselves to readjust their lives by equipping themselves with new facts and new self-improvement or face stark tragedy.

THERE IS NO TRAGEDY GREATER THAN THE TRAGEDY OF BEING UNPREPARED

The late President Calvin Coolidge pointed the way to those ambitious to advance themselves, when he said:

The chief hope of the average man today is in his mind.

Those who have been listening to the apostles of despair, prophesying dangerous years ahead, should take new hope in the more optimistic predictions of those educators, employers, and business leaders who state that the so-called 5 dangerous years ahead will bring more reward, more happiness, more new opportunities for money making to those who modernize their training, their knowledge, and their thinking than have been known in any similar 5-year period in the business history of America.

But this hope is only for those who prepare and get ready for the new opportunities that are coming.

At the last session of Congress, we authorized the spending of millions to aid the unemployed and justly so; but there has been little organized effort in behalf of the unemployable who lack training, and who, in spite of rapidly growing prosperity, will continue to remain unemployed unless they increase their earning ability by specialized education such as this bill provides.

NO GOVERNMENT CAN HELP PEOPLE WHO DO NOT HELP THEMSELVES

No matter how many billions of dollars the Government may spend to help people, yet much of the spending will be in vain unless people are encouraged to do something toward helping themselves by improving themselves.

No legislation, no government, can change the fundamental, basic law that to earn more it always will be necessary to learn more and be more.

The moment men and women stop learning that moment they begin slipping and no government on earth can do anything about that.

TO SUCCEED TODAY YOU MUST CREATE NEW CAUSES THAT RESULT IN SUCCESS—AND SELF-EDUCATION IS QUICKEST WAY TO DO IT

Individualism may give way to collectivism or to a variety of other "isms", but that will not change the fact that the individual, in the final analysis, will have to assume the responsibility of doing something for himself by following a program of self-development that will release and make usable his latent and often wasted ability.

Intellectual stagnation is probably the greatest calamity that can happen to a human being.

But intellectual stagnation, which handicaps people in getting jobs or holding jobs, will ever remain a matter under the exclusive control of the individual himself.

WHY DO SO MANY COLLEGE GRADUATES FAIL?

But, you ask, if more education is the means by which many of the unemployable can make themselves more certain of securing employment, then why are so many college and university graduates failures?

A part answer to that question is, our high schools, colleges, and universities, just like the railroads, banks, and most industries, have not been able to keep up with the new demands resulting from rapidly changing conditions and therefore have continued to graduate thousands annually equipped with obsolete education for which there is no demand and no market.

OVERSTUFFED MINDS

A "horse and buggy" education in an airplane world is one reason why so many college people fail.

Obsolescence in education is responsible for the graduating of overstuffed minds without trained thinking capacity, and the individual handicapped by a nonthinking mind has to be reeducated before he can be put on the pay roll at profit to himself or his employers. It is the thinking job that pays the biggest salary.

Stuffing a mind with so much that is of no use or which will soon be out of date and therefore, in a short time, have no value, does not make a thinking mind.

TO SUCCEED, STUDY SUCCESSFUL METHODS OF SUCCESSFUL MEN

Still another reason why so many college people fail in life, is that so many of their professors are failures, as they themselves frankly admit. Too many professors, upon whom students must rely for their education, have themselves never succeeded at anything; too much theory and not enough practical sense.

If you are planning to be a success in life, then it is highly important you learn from successful men the success methods by which they succeeded.

Merely because a man has a Ph. D. degree and a scholastic knowledge of the contents of books is no conclusive proof that he has either the capacity or the knowledge to educate students to be successful in life as it is lived today.

WHY MANY EDUCATORS AGREE WITH ARTHUR BRISBANE

Arthur Brisbane says:

Students who spend 4 years in college acquiring a technical education, which only a few ever will use afterwards, forfeit about 50 percent of their chance of attaining practical success in life by deducting from useful effort their 4 most important years.

Parking a mind on a college campus for 4 years does not educate it.

NEW METHODS IN ADULT EDUCATION

Chicago University, Columbia University, and many other leading universities of the country have done great work through their university extension courses in assisting people to acquire the additional margin of education necessary to increase their earning ability.

Those identified with the American Association for Adult Education, who recently held their annual convention in Washington, have done a great work in aiding people to secure the kind of knowledge necessary for their advancement.

Still another education service which makes available to adults in all walks of life a practical training that is original in that the facts are presented by the eye-learning methods almost exclusively, is the Peoples' Traveling University Service, to which I have personally devoted much time and money, in an effort to be of some slight service to men and women interested in self-education.

PICTURIZED KNOWLEDGE PUT INTO THE BRAIN THROUGH THE EYES

By means of hundreds of exhibits, stage demonstrations, and more than 2,000 colored financial and business charts, research findings of all kinds are simplified and so picturized by the Peoples' Traveling University Service, as to be easily understood and easily remembered.

By this eye-learning method new business facts from the Department of Commerce of the United States Government and other research bureaus of the Government are made practical and instantly usable to the thousands who have been eager to avail themselves of this training.

In an effort to make available to men and women of all ages and from all walks of life the researches in every field of science, this Peoples' University Service which, as previously stated, is a traveling university service, presents information in motion pictures, featuring the kind of knowledge which extensive surveys have shown most practical in aiding people to adjust themselves to changing business, employment, and economic conditions.

TO HELP MEN INCREASE THEIR EARNING ABILITY

A small fortune of thousands of dollars has been invested in the several tons of equipment necessary to present these unique educational programs.

The latest researches on advertising, salesmanship, personnel relations, business psychology, occupations, finance, and a wide variety of other subjects have been contributed by hundreds of business concerns and business leaders, philanthropic foundations, financial institutions, university research organizations, and prominent men and women in every vocational field.

All this vast storehouse of information is classified, organized, standardized, systemized, and put into the mind via the-eyeway-highway-to-the-brain method.

A LIFE PROGRAM FOR SELF-DEVELOPMENT

Not only do we bring the latest facts from every field of knowledge, including biology, psychology, finance, investment, economics, sociology, salesmanship, advertising, personnel relations, business, occupations, and so forth, but in addition to that, the Peoples University Service presents extensive information showing the various factors that decrease the earning power of the individual in over 3,000 occupations.

Self-study plans are provided and the students are shown how to organize a life program for continued self-education and self-development.

Sixty special-made trunks are used for shipping the business, scientific, educational exhibits and equipment used in presenting these modern business methods and personal advancement lessons featured by our Traveling University Service, which is the most extensive and the first service of its special kind in the field of adult education in this or any other country, so far as is known.

PEOPLES UNIVERSITY SERVICE MAKES LEARNING A PLEASURE

It is the purpose of educational service of this type to simplify some of the vast storehouse of technical knowledge heretofore available only to laboratory and academic technicians and make it understandable and usable for the man in the street.

My enthusiasm for this bill providing Federal aid in behalf of vocational education is very great because of having had opportunity to see with my own eyes how eager and hungry the masses of the people are for ideas, knowledge, training that will help them to be somebody and get somewhere in life.

PEOPLES UNIVERSITY SERVICE FORUMS APPEAL TO MEN AND WOMEN IN ALL WALKS OF LIFE

This business of adult education has been a sort of hobby of mine. For many years, I have devoted as much time as I could spare each year to this service which we call the Peoples University Service.

The Peoples University Service is a nonprofit service, but it has paid big dividends in happiness, friends, and the gratitude of more than a million two hundred thousand people in the United States and Canada who in 19 years have attended our business and self-advancement forums.

In our Peoples University Service forums have been bankers, doctors, lawyers, preachers, and men and women of all professions and vocations, including the public officials and Governors of several States. Sitting in the same audiences were laboring men, salesmen, clerks, stenographers, and people of every vocational interest and aptitude.

PEOPLE REALIZE THE HANDICAP OF AN OUT-OF-DATE MIND

This I mention to show that knowledge, training, or educational service designed to help the individual is universal in its appeal and is greatly needed.

If people were not interested in education, in self-improvement, in making the most of themselves, getting ahead, learning the new technique necessary to adjust themselves to changing conditions, then they would not crowd auditoriums in every city from coast to coast, as I have seen them do.

These personal experiences convince me that the Federal Government should hasten to join with the State governments to open the door of educational opportunity to the people of America as is being done by this legislation on which we are soon to vote. The amount of money we, as Members of Congress, are asked to authorize is an investment in happiness, in achievement, in citizenship, in opportunity for the masses of the people. There is little chance today for the man with an out-of-date mind.

EDUCATION BEYOND MONEY VALUE

The education, training, and information that will be made available to thousands under the provisions of this bill cannot be estimated in terms of dollars and cents alone. There are social, intellectual, spiritual values and intangible values that cannot be computed on any kind of adding machine. The contentment, the hope, the inspiration and aspiration, education, and training of the type we are providing in the bill before us comprise priceless values beyond computation.

PRESIDENT ROOSEVELT'S SPEECH

Most of us will admit that we can solve our old problems only by the application of new knowledge. In one of his great speeches to Congress, President Roosevelt said:

> Fear and worry, based on unknown danger, contribute to social unrest and economic demoralization.

This kind of vocational and adult education helps remove some of the fear and worry to which the President referred.

The proper kind of vocational and adult education gives people scientific information about themselves, about life, opportunity; encourages self-analysis, self-understanding, self-development, self-expression, and self-realization.

Self-education shows people how to develop their ability and market their ability to better advantage. Facts were presented to our committee showing how this kind of vocational education kept hundreds off relief rolls and enabled them to provide for themselves.

This type of education teaches people how to discover and develop their unused mental resources, how to train themselves for more effective business thinking and more effective

living, how to plan their future in line with a definite success goal, and how to advance themselves by the scientific method from where they are today to where they want to be in life tomorrow.

FREEING YOUR MIND FROM FEAR AND WORRY

This practical vocational and adult education does not deal in academic theories, but does deal in the kind of practical economic and business facts that enables men to free themselves from some of the fear and worry inspired by a sense of insecurity.

Educational agencies that aid men and women to adjust themselves happily to a changing world are doing something toward removing fear and worry, based on unknown danger, which contributes to the social unrest and economic demoralization.

This is the goal toward which President Roosevelt is directing the forces of the United States Government under his great constructive and fearless leadership.

The day President Roosevelt signs this bill providing for additional vocational education he will open the door of opportunity to grateful thousands in every State of the Union.

The President has been teaching the philosophy of the good neighbor. Before the eyes of the American people and the eyes of the world he has been living the philosophy of the good neighbor. By signing this vocational education bill the President will be demonstrating the philosophy of the good neighbor in a way that will increase for him the admiration and affection of every American citizen who appreciates his heroic, courageous leadership.

As individual self-improvement is the chief hope of the average man who wants to be successful, so is universal education the chief hope of democracy that wants to survive.

Mr. CARTER. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Chairman, as a member of the Committee on Education of the House, I attended practically all of the hearings which were held on this particular legislation. The pending bill is a compromise. I supported the original Lee bill and the Deen bill. As a result of the compromise, and after a lot of deliberation and many hearings, we decided upon the bill now under consideration. I want to stand by my distinguished chairman in the remarks he made on the floor of the House today that this bill has been reported out of the committee unanimously by the membership of that committee. I have had letters from the State director of vocational education, my State; from the chairman of home economics; from the executive secretary of the League of Nebraska Municipalities, all of them agreeing as to the good results obtained by vocational education. This league wants to retain parts of the Senate bill. However, Mr. Chairman, there is no argument as to the good which vocational education has done in our country. Every member of the committee is for vocational education.

Mr. LEE of Oklahoma surrendered his bill to Mr. DEEN, of Georgia, because Mr. LEE was for vocational education. The majority of us got behind the Deen bill until we got into a sort of deadlock, and we decided on the $6,000,000 bill instead of the $12,000,000 bill. We wanted to reduce expenditures. Like my colleague the gentleman from Ohio [Mr. FLETCHER], I favored the original bill, but fearing we would have no bill at all, I joined the rest of the membership of the committee, believing that this bill would be the bill we would discuss today, and only when I arrived on the floor today did I learn there was going to be an attempt made to substitute the Senate bill for the House bill.

There are things in the Senate bill favored by people in my State which I approve of and am for, but if the Senate bill is substituted for the House bill without section 6 of of the House bill, which protects labor against the exploitation of those who are seeking slavery in our country, I say you are defeating the purpose of vocational education.

I hope every Member of this House will some time secure a copy of the confidential report brought to the Office of Education by representatives of labor and representatives of education, which indicates that public money has been used in exploiting slave labor in our country. I hope the gentleman from Georgia [Mr. DEEN], who has agreed to accept section 6 of the House bill, of which I am the author, will continue the agreement when he proposes the Senate bill for the House bill.

Mr. DEEN. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. DEEN. The gentleman has made a very valuable statement, and is a good member of the committee and is my friend and colleague. The gentleman knows I have no intention of deserting any agreement with respect to retaining his amendment to the Senate bill if the Senate bill is substituted for my bill. I have agreed to accept the gentleman's amendment.

Mr. STEFAN. I want to thank the gentleman, and I hope he will accept my section 6.

[Here the gavel fell.]

Mr. CARTER. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, I happen to be a member of the Committee on Education and it had not been my intention to have any remarks to make with regard to this proposed legislation this afternoon, but since I learned that the George bill is going to be offered as a substitute, I want to appeal to the membership of the House to sustain the Committee on Education and to sustain the chairman in the bill that has been brought forward.

There are those in the United States who question the advisability of the United States Government having too much to say about our educational system; in other words, there are those who still believe that the question of education is still a State matter and ought to be handled in that way.

There is no argument here about the vocational proposition being beneficial, and I am for it, but I take it if we enact the George bill, whereby we do not have to match Federal funds with State funds, it will not be much longer until there will be legislation here where the Federal Government will be asked to do it all, and there will be no matching of any amount. It seems to be the tendency of the country today to ask Uncle Sam to do everything. I do not believe it would be well for the States of this Union to urge or bring about a condition whereby all support of education comes from Washington and I think, too, that we ought to be a little careful about the extent to which we increase this appropriation.

I feel the bill that has been reported by the committee is a rather liberal increase over the amount that is provided in the legislation under which we are now living, and I would caution the membership of the House about increasing this appropriation to the extent that it is increased under the George bill.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That for the purpose of providing for the further development of vocational education in the several States and Territories there is hereby authorized to be appropriated for the fiscal year beginning July 1, 1937, the sum of $6,000,000; for the fiscal year beginning July 1, 1938, the sum of $6,000,000; and for the fiscal year beginning July 1, 1939, the sum of $6,000,000: *Provided*, That the several States and Territories shall not be required to match more than 50 percent of the appropriations authorized under the provisions of this section. One-third of this sum each year shall be allotted to the States and Territories in the proportion that their farm population bears to the total farm population of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is made. One-third of the sum appropriated for each fiscal year shall be allotted to the States and Territories in the proportion that their rural population bears to the total rural population of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is to be made. One-third of the sum appropriated for each fiscal year shall be allotted to the States and Territories in the proportion that their nonfarm population bears to the total nonfarm population of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is to be made: *Provided, further*, That the allotment of funds to any State or Territory for each of the three purposes enumerated in

this section shall be not less than a minimum of $10,000 for any fiscal year, and there is hereby authorized to be appropriated for the fiscal year beginning July 1, 1937, the sum of $175,000, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States and Territories provided for in this section; for the fiscal year beginning July 1, 1938, the sum of $175,000, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States and Territories provided for in this section; and for the fiscal year beginning July 1, 1939, the sum of $175,000, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States and Territories provided for in this section.

With the following committee amendment:

Page 1, line 9, after the figures, strike out:
Provided, That the several States and Territories shall not be required to match more than 50 percent of the appropriations authorized under the provisions of this section.

Mr. TARVER. Mr. Chairman, I rise in opposition to the committee amendment. I do not desire to add very much to what I was saying a few moments ago. This is the provision of the bill to which I had reference. When the committee first drafted the bill, it inserted this proviso, which would have allowed 50 percent of the $6,000,000 authorization to be allocated to the States without being matched and, therefore, would have afforded some opportunity to the States that are in such financial distress that they are unable to match in full the Federal funds and to the communities in those States, which because of low property values are unable to furnish any portion of the amount of money necessary to match Federal funds, to secure some benefits under the provisions of the bill. If this committee amendment striking out this provision is voted down, then 50 percent of the $6,000,000 will be allocated to the States, and, therefore, to the communities and subdivisions of the States, which may not be able to match the amount in full, and it is my earnest hope that action may be taken by the committee to that end in order that those who are most in need of this aid may receive some of the benefits of the money.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. TARVER. Yes.

Mr. BANKHEAD. My friend is very clear in matters of this sort and I fear he may be laboring under an erroneous conclusion with reference to the provisions of existing law and the effect of opposing this committee amendment.

Mr. TARVER. I should be very glad if I am in error to have the gentleman point out wherein that is so.

Mr. BANKHEAD. Some here are indulging in the hope that in view of the very conditions the gentleman from Georgia has expressed with reference to the poverty of some sections, that at least a part of this appropriation shall be expended without matching, at least temporarily.

Mr. TARVER. That is what I am endeavoring to have done, and if the committee amendment be adopted and this provision be stricken out, then under the provisions of the following sections of the bill, especially section 5, as to the method of allocating between the States, all of it will have to be matched. If you vote down the committee amendment and leave the proviso in the bill, then only 50 percent of it will have to be matched. I take it the gentleman from Alabama is in accord with my position.

Mr. BANKHEAD. Yes. I fear I misinterpreted the gentleman's attitude.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. TARVER. Yes.

Mr. NICHOLS. If the House should turn down the entire House bill and adopt the Senate bill, there is no question but that it would be unnecessary to match in full the Federal money.

Mr. TARVER. I do not know what the House will do, but if you want to have half the money not matched, then vote down this committee amendment. If you want to require that the States match the money in full, then vote for the committee amendment.

Mr. NICHOLS. And if the committee amendment is voted down, would it then be necessary to further amend the bill before the conditions the gentleman is talking about would prevail?

Mr. TARVER. No. If the committee amendment is voted down, it leaves in the bill the proviso which would insure that $3,000,000 of this money will be distributed between the States without matching. If the committee amendment is adopted, all of it will have to be matched.

Mr. NICHOLS. I take it that the gentleman probably thinks it would be a wise thing to adopt the Senate bill as an amendment, but for fear that will not be done, the gentleman thinks this amendment should be voted down.

Mr. TARVER. No. I do not think that we are warranted at this time in increasing the amount of this allocation by fourfold. I think that doubling the amount is amply sufficient for the present in view of the financial condition of the Government. I represent an agricultural district, and there is no one in this House more interested in the cause of vocational education than I am.

Mr. HILL of Alabama. But even if the committee amendment is voted down and the Senate bill is not adopted, the State then will have to match at least 50 percent of it.

Mr. TARVER. They will have to match 50 percent. If you do not vote the committee amendment down, they will have to match it all.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was rejected.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 2, line 7, after the word "made", insert "for the salaries of teachers, supervisors, and directors of agricultural subjects in such States and Territories."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 15, after the word "made", insert "and shall be used for the salaries of teachers, supervisors, and directors of home economics subjects in such States and Territories."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: On page 2, line 23, after the word "made", insert "and shall be used for the salaries of teachers, supervisors, and directors of trade and industrial education subjects in such States and Territories."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: On page 3, line 1, after the word *"Provided"*, strike out the word *"further."*

Mr. PALMISANO. Mr. Chairman, in view of the fact that the Committee did not adopt the first amendment offered by the committee, it will be necessary to vote this amendment down, because the first proviso appeared on page 1. Of course, this is the second proviso.

I ask unanimous consent, Mr. Chairman, to withdraw the amendment.

The CHAIRMAN. Without objection, the last committee amendment is withdrawn.

There was no objection.

Mr. COX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COX: Strike out all after the enacting clause and insert the following:

"That for the purpose of providing for the further development of vocational education in the several States and Territories there is hereby authorized to be appropriated for the fiscal year beginning July 1, 1937, and annually thereafter, the sum of $12,000,000: *Provided*, That the several States and Territories shall be required to match by State or local funds, or both, 50 percent of the appropriations authorized under the provisions of this section until June 30, 1942; 60 percent for the year ending June 30, 1943; 70 percent for the year ending June 30, 1944; 80 percent for the year ending June 30, 1945; 90 percent for the year ending June 30, 1946; and annually thereafter 100 percent of the appropriations authorized under the provisions of this section. One-third of this sum each year shall be allotted to the States and Territories in the proportion that their farm population bears to the total farm population

of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is made, and shall be used for the salaries and necessary travel expenses of teachers, supervisors, and directors of agricultural subjects in such States and Territories. One-third of the sum appropriated for each fiscal year shall be allotted to the States and Territories in the proportion that their rural population bears to the total rural population of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is to be made, and shall be used for the salaries and travel expenses of teachers, supervisors, and directors of home-economics subjects in such States and Territories. One-third of the sum appropriated for each fiscal year shall be allotted to the States and Territories in the proportion that their nonfarm population bears to the total nonfarm population of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is to be made, and shall be used for the salaries and necessary travel expenses of teachers, supervisors, and directors of trade and industrial subjects, including public and other service occupations, in such States and Territories: *Provided further*, That the allotment of funds to any State or Territory for each of the three purposes enumerated in this section shall be not less than a minimum of $20,000 for any fiscal year, 50 percent of which shall be matched by State or local funds, or both, and there is hereby authorized to be appropriated for the fiscal year beginning July 1, 1937, and annually thereafter the sum of $175,000, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States and Territories provided for in this section.

"SEC. 2. In addition to the sum authorized to be appropriated by section 1 hereof, there is hereby authorized to be appropriated, and required to be matched in the same proportions as such sum, the sum of $1,200,000, to be allotted to the States and Territories in the proportion that their total population bears to the total population of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is made, and shall be used for the salaries and necessary travel expenses of teachers, supervisors, and directors of, and maintenance of teacher training in, distributive occupational subjects in such States and Territories: *Provided, however*, That the allotment of funds to any State or Territory for the purpose of this section shall be not less than a minimum of $10,000 for any fiscal year after July 1, 1937, and there is hereby authorized to be appropriated for the fiscal year beginning July 1, 1937, and annually thereafter the sum of $54,000, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States and Territories provided for in this section.

"SEC. 3. That for the purpose of cooperating with the States and Territories in preparing teachers, supervisors, and directors of agricultural, trade and industrial, and home-economics subjects there is hereby authorized to be appropriated for the use of the several States and Territories for the fiscal year beginning July 1, 1937, and annually thereafter the sum of $1,000,000. Said sum shall be allotted to the several States and Territories in the proportion which their population bears to the total population of the United States and Territories, according to the last preceding United States census: *Provided*, That the allotment of funds to any State or Territory shall be not less than a minimum of $10,000 for any fiscal year. And there is hereby authorized to be appropriated for the fiscal year beginning after the enactment of the act and annually thereafter the sum of $54,000, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States and Territories provided for in this section.

"SEC. 4. For the purpose of carrying out the provisions of this act there is hereby authorized to be appropriated to the Office of Education, Department of the Interior, for vocational education, for the fiscal year beginning July 1, 1937, and annually thereafter the sum of $350,000, to be expended for the same purposes and in the same manner as provided in section 7 of the act approved February 23, 1917, as amended October 6, 1917.

"SEC. 5. The Secretary of the Treasury, through the Division of Disbursement of the Treasury Department, shall, upon the certification of the United States Commissioner of Education, pay, in equal semiannual payments, on the 1st day of July and January of each year, to the custodian for vocational education of each State and Territory designated in the act approved February 23, 1917, the moneys to which the State or Territory is entitled under the provisions of this act.

"SEC. 6. The appropriations made by this act shall be in addition to, and shall be subject to the same conditions and limitations as, the appropriations made by the act entitled 'An act to provide for the promotion of vocational education; to provide cooperation with the States in the promotion of such education in agriculture and in the trades and industries; to provide cooperation with the States in the preparation of teachers of vocational subjects; and to appropriate money and regulate its expenditures', approved February 23, 1917, except that the appropriations made by this act for home economics shall be subject to the conditions and limitations applicable to the appropriation for agricultural purposes under such act of February 23, 1917, with the exception of that part of section 10 thereof which requires directed or supervised practice for at least 6 months per year; that such moneys as are provided by this act for trade and industrial subjects, including public and other service occupations, may be expended for part-time classes operated for less than 144 hours per year; that the provisions of section 11 of the act of February 23, 1917, requiring at least one-third of the sum appropriated to any State to be expended for part-time schools or classes shall be held to include any part-time day-school classes for workers 14 years of age and over, and evening-school classes for workers 16 years of age and over; except that the appropriations made by this act for distributive occupational subjects shall be limited to part-time and evening schools as provided in said act of February 23, 1917, for trade, home economics, and industrial subjects and as qualified by the provisions of this section; and that the appropriations available under section 4 of this act shall be available for expenses of attendance at meeting of educational associations and other organizations and for expenses of conferees called to meet in the District of Columbia or elsewhere, which, in the opinion of the Commissioner, are necessary for the efficient discharge of the provisions of this act.

"SEC. 7. The appropriations authorized by this act shall be in lieu thereof and not in addition to the appropriations authorized in sections 1 and 2 of Public Law No. 245, Seventy-third Congress, approved May 21, 1934.

"SEC. 8. As used in this act the term 'States and Territories' means the several States, the Territories of Alaska and Hawaii, the island of Puerto Rico, and the District of Columbia."

Mr. PALMISANO (interrupting the reading of the amendment). Mr. Chairman, I make the point of order that this amendment is not germane. This is the Senate bill.

Mr. MONAGHAN. Mr. Chairman, a parliamentary inquiry.

Mr. PALMISANO. Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. MONAGHAN. Mr. Chairman, I would like to know whether or not the dispensing of the reading of the amendment would dispense with the reading of the House bill.

The CHAIRMAN. The gentleman from Georgia [Mr. COX] has offered an amendment, which the Chair understands is in the words and figures of the Senate bill. The gentleman from Maryland asks unanimous consent that the further reading of the amendment be dispensed with. Is there objection?

Mr. MONAGHAN. Mr. Chairman, I am constrained to object.

The CHAIRMAN. The Clerk will continue reading the amendment.

Mr. MILLARD (interrupting the further reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. MONAGHAN. Mr. Chairman, I object.

Mr. NICHOLS. Mr. Chairman, I move that the further reading of the amendment be dispensed with.

The CHAIRMAN. The question is on the motion of the gentleman from Oklahoma.

The motion was agreed to.

Mr. PALMISANO. Mr. Chairman, I make the point of order that this amendment is not germane.

The Senate bill injects a new matter entirely to that in the House bill. Vocational training from 1917 to date has always been for the purpose of training individuals and not groups. It was for the purpose of individuals obtaining an education voluntarily. We are now injecting, by this amendment, a provision that would force education by the State or municipal governments. The amendment provides that the municipal agent, whether he desires an education or not, under the instruction of his master, who may not be a teacher in vocational training, must take that education. In that connection let me cite the rules of the House, on page 365, referring to germaneness:

> One individual proposition may not be amended by another individual proposition even though the two belong to the same class.

That was shown recently when we considered the Frazier-Lemke bill. There was a provision attempting to loan money to the farmers of the country, and the Home Owners' Loan Corporation took up the same subject. The amendment to the Frazier-Lemke bill was ruled out of order because it was another subject matter.

Reading further from the rules:

> Thus the following were not germane:
> To a bill proposing the admission of one Territory into the Union, an amendment for admission of another Territory.

To a bill for the relief of one individual, an amendment proposing similar relief for another.

To a resolution providing for a special order for one bill, an amendment to include another bill.

I say this is entirely new matter. It may appear that it is extending vocational training, but the fact is that they are now attempting to teach not individuals but groups of public employees throughout the various States of the Union. I say it is not similar to the bill before the House. The intention of vocational training was to teach boys and girls who wanted an education voluntarily. This amendment would be the enforcement of an education upon men who have a training themselves by someone, as the testimony shows, who will later obtain an education from one in authority, and then he will divulge that education to someone else in the other jurisdiction, who is also in charge.

Mr. BANKHEAD. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The gentleman from Alabama.

Mr. CARTER. Mr. Chairman, I would like to be heard briefly.

The CHAIRMAN. The Chair will hear the gentleman from California before the close of the argument.

Mr. BANKHEAD. Mr. Chairman, I shall be very brief in answering the arguments made by the gentleman from Maryland. The exclusive proposition now presented to the Chair is upon the point of order made by the gentleman from Maryland, that the Senate bill is not germane to the House bill. Without undertaking to go into the various comparisons of one section of the House bill and a similar section of the Senate bill, even a casual examination of the provisions of the two bills, it seems to me, would clearly convince the Chair that the major purposes sought to be effectuated by the two bills are identical in purpose and design.

It is true there may be some incidental or minor differences with reference to the regulations set up, or with reference to some details of the bill there may be differences; but upon the point now presented of the germaneness of the Senate bill to the House bill, it seems to me rather clear, certainly, that the point of order is not well taken.

Mr. Chairman, I do not care to pursue the argument further than this statement of the general principles involved.

The CHAIRMAN. The Chair will hear the gentleman from California on the point of order.

Mr. CARTER. Mr. Chairman, I wish to be heard briefly on the point of order.

Mr. Chairman, in the past vocational education bills have had to do with agricultural training, home economics, and training in trade and in industry. I call the Chair's attention to section 2 of the Senate bill under consideration as an amendment, which section injects into the picture two other proposals. I maintain, Mr. Chairman, that the injection of these new proposals is in violation of section 7 of rule XVI of the House relative to germaneness, reading as follows:

No motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

I submit, Mr. Chairman, the point of order should be sustained.

The CHAIRMAN. The Chair finds the title of the Senate bill, the provisions of which are included in the pending amendment, and the title of the House bill which it would amend to be the same. Both provide for the further development of vocational education in the several States and Territories. An examination of the text of the bills indicate that to a considerable extent they carry the same provisions; but, as pointed out by the gentleman from California, the Senate bill adds to the provisions of the House bill certain fields of vocational training in public and other service occupations.

The Chair finds in Cannon's Procedure, on the subject of germaneness, this paragraph:

That an amendment to be germane means that it must be akin to or relative to the subject matter of the bill. It must be an amendment that would appropriately be considered in connection with the bill.

Both the amendment and the House bill deal with the subject of vocational education.

The Chair quotes from the definition of vocational education given in Webster's dictionary the following statement:

A vocational school is a school the main purpose of which is to provide training for the occupations or vocations whether in the professions, commerce, or trade.

In the opinion of the Chair the pending amendment, as stated by the gentleman from Alabama, seeks to effectuate the identical purposes of the House bill except to carry those purposes a bit further and to provide a larger appropriation for them.

The Chair, therefore, holds that the amendment is germane and overrules the point of order.

Mr. COX. Mr. Chairman, whatever I might say in support of this amendment would be in part at least a repetition of arguments already made dealing with the relative merits of the House and Senate bills.

It has been developed in the consideration of this measure up to this point that the Committee on Education reporting the House bill is tremendously interested in the adoption of the legislation. There is, however, an indication of difference as between members of the committee over the amount of appropriation that should be authorized. The Senate bill—you will recall the statement made by the author of the House bill—is the bill upon which the hearing before the Committee on Education of the House was had; that is, the two bills were identical. The change in the bills as they now are was brought about by amendments made by the Committee on Education, which resulted in the original bill being withdrawn and reintroduced by the gentleman from Georgia [Mr. DEEN].

I hope the committee will accept the amendment.

Mr. STEFAN. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. STEFAN to the amendment offered by Mr. COX: On page 7, line 12, after the word "act" and the period, insert a new section:

"SEC. 6–a. No part of the appropriation herein authorized shall be expended in industrial-plant training programs, except such industrial-plant training be bona-fide vocational training and not a device to utilize the services of vocational trainees for private profit."

Mr. STEFAN. Mr. Chairman, the hour is getting late, and I shall not take the 5 minutes to which I am entitled.

Mr. BANKHEAD. Mr. Chairman, if the gentleman will permit an interruption, I may say that so far as I know the amendment is agreeable to all concerned, if it is to the chairman of the committee.

Mr. PALMISANO. Mr. Chairman, I am opposed to the amendment of the gentleman from Georgia.

The CHAIRMAN. The Chair will say to the gentleman from Maryland that the amendment now pending is the amendment offered by the gentleman from Nebraska.

Mr. PALMISANO. Mr. Chairman, I would call attention to the fact that the amendment of the gentleman from Nebraska is already in the House bill; so the question involved here is the amendment offered by the gentleman from Georgia.

Vocational education has been progressing with an appropriation of $3,000,000 a year. We have increased that to $6,000,000 a year. The pending bill increases the present amount by $4,000,000. By adopting the Senate bill as an amendment, the amount will be increased to $12,000,000, a 300-percent increase; and there was absolutely no testimony before the committee to warrant any increase whatever.

Mr. BURDICK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BURDICK. Mr. Chairman, I make the point of order that the gentleman is not speaking to the matter before the House, the amendment offered by the gentleman from Nebraska.

The CHAIRMAN. The gentleman from Maryland will proceed in order.

Mr. PALMISANO. The amendment of the gentleman from Nebraska is already contained in the House bill. The question involved is $12,000,000. I say, gentlemen, vote against both amendments, and pass the House bill with $6,000,000 instead of the Senate bill with $12,000,000. To adopt the amendment of the gentleman from Nebraska would be to make it appear that we are in sympathy with the Senate bill.

Mr. Chairman, I say that the Members should vote against both amendments and proceed to pass the House bill as reported by the committee, because that bill has been unanimously reported. Some folks back home have sent telegrams up here to Members urging that they not stand by the committee, and now we find a different proposition before the House. Three separate votes were taken on this bill, and I ask the Members to stand by the committee.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the gentleman from Maryland [Mr. PALMISANO], it seems to me, has offered a rather novel argument. He admits the merit of the amendment offered by the gentleman from Nebraska [Mr. STEFAN], but merely for the purpose of adding strength to his opposition to the Senate bill he asks the House to vote down the amendment offered by the gentleman from Nebraska. I understand the gentleman from Maryland is perfectly agreeable to having this proposition in the House bill, and, as a matter of fact, his committee accepted it. It seems to me in order to properly present the matter to the House. The gentleman from Maryland should gladly accept the amendment offered by the gentleman from Nebraska. I would like to have the gentleman from Maryland give the Members of the House a real good argument why the amendment offered by the gentleman from Nebraska should not be adopted as an amendment to the amendment offered by the gentleman from Georgia. The gentleman has offered no argument against the amendment offered by the gentleman from Nebraska.

Mr. PALMISANO. It is already contained in the House bill.

Mr. BOILEAU. It is in the House bill, but it is not in the amendment that will be next voted upon by the Members of the House. It seems to me, in the interest of clarity, in the interest of good legislation, and in the interest of presenting the matter fairly to the House, the amendment should be adopted.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. STEFAN] to the amendment offered by the gentleman from Georgia [Mr. Cox].

The amendment to the amendment was agreed to.

Mr. FORD of Mississippi. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Georgia [Mr. Cox].

The Clerk read as follows:

Amendment offered by Mr. FORD of Mississippi to the amendment offered by Mr. Cox of Georgia: On page 3 of the amendment, strike out the following words in line 6: "including public and other service occupations."

Mr. COX. Mr. Chairman, this is the language of the bill to which the opposition rather strenuously objected. I cannot see that it will injure the legislation; therefore I accept the amendment and hope it will be adopted by the House.

Mr. FORD of Mississippi. Mr. Chairman, in considering the proposed legislation now before us for the promotion of vocational education through Federal aid for that purpose, I feel that there is not a Member of this House who would attempt to deny that free public instruction is one of the most valuable undertakings of an organized government. I insist that popular education is the basis of freedom and of justice in that it offers the fullest opportunity for every person to rise in the world in keeping with democratic ideals. By means of education the road to success is kept open to all who are willing to exert the effort required to travel it.

I am happy to have consistently and actively supported the idea of a permanent policy of Federal aid to education, and at the present time there is pending before the House Committee on Education a bill I introduced on March 4, 1935, H. R. 6370, embodying a plan which would make available $100,000,000 a year for Federal aid to public education in the several States, and sufficient provision is therein included to make this assistance a permanent policy of the United States Government, control of the funds to be exclusively exercised by the State and local educational authorities. I serve notice on the House and on the Committee on Education, of which I am a member, that the school children, the parents, the bus drivers, the school teachers, and the overburdened local taxpayers of this country appreciate the merits of this proposal and are demanding this assistance to which they are entitled. The fight for its approval will be continued until victory crowns our efforts.

Today we are considering Federal aid to vocational education, since the Committee on Education has reported a bill to the House, H. R. 12120, authorizing the appropriation of $6,000,000 a year for the next 3 years to be devoted to this purpose. While our committee was studying this measure I, and a number of the other members of the committee, wanted the authorization placed at $12,000,000 a year and the Federal aid so given made a permanent proposition, not limited to any term of years. The committee, acting by majority vote, rejected our proposals and reported H. R. 12120, carrying an authorization for the $6,000,000 and with the 3-year limitation.

But the situation is not beyond hope of successful remedy. The Senate has already passed its vocational-education bill, and that measure carries the $12,000,000 authorization as a permanent policy—exactly the same thing we tried to secure in the Committee on Education.

The gentleman from Georgia [Mr. DEEN], author of the House bill reported from the committee, has stood up here this afternoon and splendidly declared that pride of authorship does not go so far with him as does a sincere desire to see something really worth while done to improve the educational opportunities of the boys and girls of our country, and that he hopes that the provisions of the Senate bill will be adopted in place of the enactment of his bill.

It will be an easy parliamentary process for the House to now adopt the provisions of the Senate bill. All we will have to do is simply to strike out all after the enacting clause of the House bill and insert in place of the stricken matter the provisions of the Senate bill. A majority in behalf of the amendment—carrying the Senate provisions—offered by the gentleman from Georgia [Mr. Cox] will accomplish the desired purpose.

Twelve million dollars a year and a permanent policy of assistance to vocational education will be the result of the adoption of the amendment. In urging you to adopt the amendment I do not feel that I am deserting my committee, as I wanted the more liberal provision made in the committee before the bill came to the floor. I thought we had debate and amendment on the floor in order that we might be able to correct just such situations as this now confronting the advocates of suitable assistance to education. Even if I had to desert a committee, I would do it without hesitation if I considered it necessary to effect the result essential to the best interests of the people. Committee allegiance cannot come ahead of allegiance to duty.

The gentleman from California [Mr. CARTER] calls attention to the fact that regardless of whether we pass a bill at this time under the operation of the Smith-Hughes Act, $7,382,000 per annum will, from year to year, be made available to vocational education over and above the amounts otherwise provided. That is correct, but we know, and the school children and parents know, that we need this $12,000,000 in addition to that which will be obtained under the Smith-Hughes Act. The need appears all the more pressing when we consider that the act of May 21, 1934, which has also provided $3,184,000 since date of enactment, will expire in another year, leaving that sum no longer available.

The funds made available by the legislation now under consideration will be used for agricultural education for our farm boys, for home science education for the girls who are interested in learning better methods of home management, and for vocational training in trades and industry. Money could not be expended to a purpose any better than to equip boys and girls to lead a more useful and abundant life. This will certainly enable them to improve upon their opportunities, to the benefit of themselves and their associates.

I have offered an amendment to the amendment of the gentleman from Georgia which would strike out the words "including public and other service occupations." If my amendment to the amendment prevails, it will mean that none of the funds will be used for training people to be firemen or policemen or public officials or similar undertakings, and will reserve all the money for the education of the boys and girls in the fields I have just mentioned.

Allow me, Mr. Chairman, to again urge that the amendment to make $12,000,000 available as a permanent policy be agreed to, and that my amendment to the amendment also be agreed to in order that possible undesired complications may be prevented.

A test of the friendship of this House for the children of this country trying to get an education and for the parents and teachers trying to give it to them has come. I cannot think that we will violate our trust.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. FORD] to the amendment offered by the gentleman from Georgia [Mr. COX].

The amendment to the amendment was agreed to.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, may I ask the chairman of the Education Committee a few questions? What is the amount of the appropriation now for vocational training?

Mr. PALMISANO. $3,000,000.

Mr. McCORMACK. That expires next year?

Mr. PALMISANO. It expires next year; yes.

Mr. McCORMACK. The purpose of both of these bills is to continue vocational education beyond next year?

Mr. PALMISANO. The House bill continues it for 3 years with an increase in the appropriation to $6,000,000. The Senate bill makes it a permanent proposition.

Mr. McCORMACK. Now, the appropriation is $3,000,000?

Mr. PALMISANO. $3,000,000; yes.

Mr. McCORMACK. The House bill increases the appropriation 100 percent?

Mr. PALMISANO. Yes.

Mr. McCORMACK. And the Senate bill increases it 300 percent?

Mr. PALMISANO. The gentleman is correct.

Mr. McCORMACK. That is all I want to know.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. No; I have the information I wanted.

Mr. PALMISANO. I may say to the gentleman from Massachusetts that, under the House bill, the program is continued for 3 years as it has been since 1917, and, under the Senate bill, it would be made a permanent proposition at $12,000,000 a year. The original Smith-Hughes bill appropriated $500,000, which was to be continued and increased until it reached $6,000,000. We are now providing the $6,000,000 which was to be the permanent amount under the original Smith-Hughes Act. Now they are asking for $12,000,000, which would double the amount that was originally anticipated.

Mr. RICH. Mr. Chairman, will the gentleman yield and tell us where we are going to get the money?

Mr. LAMNECK. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Ohio.

Mr. LAMNECK. Do I understand that the Senate bill also provides for an appropriation for all time after 1946?

Mr. McCORMACK. I rose in order to get time to ask certain questions. Can the gentleman from Maryland answer the question of the gentleman from Ohio?

Mr. PALMISANO. Under the Senate bill it is to be a permanent proposition.

[Here the gavel fell.]

Mr. FULLER. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, I realize there is some little feeling on behalf of the committee for their own bill. Personally, I think the committee, although made up of various classes of representation here in the House, has been fair and has gone along pretty well with this matter, but the Senate bill, known as the George bill, as I understand, was never before the committee. The bill was passed after the committee had acted upon the matter. It is true they did discuss, as I understand, the question of whether the amount should be $6,000,000 or $12,000,000 and decided upon $6,000,000, although there were a great many of them who then, as now, were in favor of $12,000,000.

I have no criticism to offer of the committee in asking us to stand by the majority report, but with respect to a question like this, it seems to me the members of the committee ought not to be such sticklers for little technicalities. In my estimation $12,000,000 is not too much. We do not have enough now and we cannot appropriate too much for a cause like this.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. FULLER. Yes; for a question.

Mr. RICH. If the gentleman yields for just a question, and I have to make it short, may I say that while we are talking all the time about spending I would like to know where you are going to get the money.

Mr. FULLER. It is easy to know where we are going to get the money. We will get it off of the manufacturers of Pennsylvania and they will never even feel it. Money wisely spent for education of those unable to pay their way through colleges is always a good investment.

Mr. RICH. And when you get through you will have wrecked the country.

Mr. FULLER. Oh, no. Do not take up all my time.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I hope the gentleman will excuse me, as I only have a little more time. The gentleman has spoken on the measure and there are some Members on our side who want to speak on this amendment, because they were in favor of the George bill and could not get recognition. However, this is a forum where we can all speak a little.

Mr. Chairman, I know the needs of the country boys. Some of you gentlemen who live in cities and have had fine opportunities and have not had to patronize the public schools may not realize the importance of this proposition, but I know what it is for a poor farmer boy to crave an education. I never had any opportunity for college education in my own life, and I know what it means to the farm boys who go out and work their way through school. This bill will give them an opportunity to learn a vocation or a profession. It also gives them an opportunity to be taught a trade, and, more than this, they teach the girls of the country their duties as wives and mothers. They further teach them things which they have never before had an opportunity to be taught. The children of the rich and those able to attend college do not take vocational training or attend these schools. Such schools teach practical thrift and economy, and, in addition to teaching trades, make better farmers. They teach the girls how housewives can make a dollar go further, how to buy, manage the home budget, and get the best results from earnings, besides health features. The present program and appropriation cannot take care of one-half the demand or afford teachers living wages. This allowance, although larger than formerly, is really economy. This bill will just be known as the George-Deen measure, and the poor boys and girls of the country will hold in grateful remembrance not only the authors but all who support this worthy measure. Let us take care of the young people who seek an education and they will, in appreciation, later take care of our governmental needs. I hope the

amendment containing the provisions of the George bill is adopted. [Applause.]

Mr. BANKHEAD. Mr. Chairman, I move to strike out the last two words. I imagine some Members may get tired of the reiteration of the statements so often made by me on the floor of the House that in my deliberate judgment, although I may be in error in my conclusions, the very best money spent by the Federal Government is for appropriations for the Public Health Service and those appropriations for vocational education in its various phases. [Applause.]

I have been in Congress over a period of a good many years now, by the kindness and indulgence of my constituents, and ever since I came to Congress 20 years ago, at which time at my own request I was placed for a number of years on the House Committee on Education, I think I make a fair statement that from a very modest beginning, as far as appropriations and activities are concerned, I have seen this program of Federal leadership and stimulation for vocational education grow, not only in effectiveness but also in the confidence and appreciation of the American people. [Applause.] It is true that we are spending tremendous amounts of money. We have voted for some appropriation bills at this session of Congress that were very distasteful to me because of the tremendous amounts of money involved in them which I feared were not going to be expended for any humanitarian or benevolent purpose or to accentuate the needs of social justice in this country; but they have passed. But here is an act, not an appropriation, mind you, but an authorization for an appropriation, to quite largely increase—and I say that frankly—the authorization for vocational education.

I was one of those who in the hearings before the committee 3 years ago on the George-Elzey bill insisted that this appropriation should not only go to the benefit of the country boys and girls, but that at least one-third of it should be devoted, as it is now devoted under existing law, to the education of boys and girls of the towns and cities in industrial training. Sitting in my place behind that table during this Easter period and for a number of weeks, I have seen day after day file into the galleries of this Chamber the youth of our country—high-school boys and girls now being trained in the schools of this country to take up the burdens of citizenship when we older men shall lay them down; and the only objective that I have had in mind during all of these 20 years in advocating liberal appropriations for vocational education has been that these American youths shall have a fair, reasonable, decent opportunity in the country precincts and in the city precincts to be trained in head and in heart and in hand so that they might adequately cope with the problems of life as intelligent creatures, and not be deprived of the benefits of vocational education that would train them in the useful trades and arts and sciences, in agriculture, and in domestic industry to take up these burdens. I have always felt that it is at least partly the duty of the Federal Government to make reasonably fair appropriations for this purpose. I am not afraid of this $12,000,000 appropriation for this purpose, because I believe that as far as the youths of our country are concerned—and they lay heavily upon our hearts, of course—it is the best money that we can spend. [Applause.]

The CHAIRMAN. The question is on the amendment of the gentleman from Georgia as amended.

The question was taken; and on a division (demanded by Mr. PALMISANO) there were—ayes 125, noes 51.

So the amendment as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee will rise and report the bill to the House.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ROBERTSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 12120, and he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider the vote by which the bill was passed was laid on the table.

WHEELING COAL PLAN

Mr. RAMSAY. Mr. Speaker, I ask unanimous consent to extend my own remarks on a bill I introduced yesterday.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. RAMSAY. Mr. Speaker, I introduced yesterday House Joint Resolution 596 that has for its purpose the granting to the coal States the right to enter into compacts with each other, for the purpose of stabilizing the coal industry. The provisions of the joint resolution are as follows:

That the consent of the Congress of the United States is hereby given to the States of Pennsylvania, Ohio, Illinois, Indiana, West Virginia, Kentucky, and Tennessee, or any two or more of them, to negotiate and enter into agreements or compacts for conserving and stabilizing the production and sale of coal, and such agreements may authorize the forming of competitive zones to regulate the production and sale of such coal, under State and governmental guidance with the express purpose of securing a fair profit for the capital invested in such business, as well as a fair and living wage for the employees engaged in such mining and production.

SEC. 2. No such compact shall be binding or obligatory upon any State, or its producers or miners of coal, unless and until it has been approved by the legislatures of each of the States whose assent is contemplated by the terms of the compact or agreement and by the Congress.

This joint resolution is based on what is known as the Wheeling coal plan, the details of which were worked out and recommended by the Wheeling Chamber of Commerce. The plan, as recommended by this association, is as follows:

WHEELING COAL PLAN

1. Form the coal industry into competitive zones.

2. State and governmental control is not advocated. State and governmental guidance for legal reasons is necessitated.

3. Name the Governor of each State the coal administrator of his State. Have the Governors of the States in the competitive zones form an administrative tribunal.

4. The tribunal will:

(a) Organize the operators of each zone in a unit.

(b) Retain engineers to ascertain production in consumption, definitely rate each property, so that production is balanced in relativity to consumption by zone, by State, by district, by operation, by year, by month, and by day.

5. Cooperation by labor and capital, so that employee gets a living wage and employer a fair profit. Employees are encouraged to organize into associations for mutual self-help.

The sponsors of this code believe that the future of the Nation depends on coal and offer to cooperate with the Government, the State, labor, the operator, and the public to solve the problem.

Zone the coal industry as follows:

1. Lake zone, comprising Pennsylvania, Ohio, West Virginia, Kentucky, and Tennessee. Approximate tonnage, 392,000,000. The personnel of the administrative tribunal for this zone would comprise the Governors of Pennsylvania, Ohio, West Virginia, Kentucky, and Tennessee.

2. Tidewater zone, comprising Virginia and Maryland. Approximate tonnage, 17,000,000. Central Pennsylvania properly belongs in this zone. The personnel of the administrative tribunal for this zone would comprise the Governors of Virginia and Maryland.

3. Midwest zone, comprising Illinois and Indiana. Approximate tonnage, 93,000,000. Western Kentucky properly

belongs in this zone. The personnel of the administrative tribunal for this zone would comprise the Governors of Illinois and Indiana.

4. Southern zone comprises Alabama. Approximate tonnage, 21,000,000, and so forth.

Geographical zones have been selected where competition is most acute. Other zones can be formed in States or sections of States not already zoned. The tonnage of the industry zoned in 1926 approximates 523,000,000 tons, or 91.2 percent of the Nation's total production.

Strong belief is affirmed in private ownership. Initially, however, the Governors must act as the Moses to lead the industry out of the wilderness. The States can legally do this, as they will exercise their own sovereignty in saving a natural resource. When the plan functions, the tribunal of Governors could resign. A commissioner could be appointed by the operators of each State. These commissioners, instead of the Governors, would then comprise the tribunal for each zone. If desired, a national commissioner could be appointed by the operators to direct the entire industry, like Judge Landis in baseball, or the Honorable Will Hays in the motion-picture industry.

Productive schedules would be given operators 2 weeks in advance for the ensuing month, showing the number of days to operate and tonnage per diem. As insurance companies through experience base premiums on a mortality table, so eventually time would produce a productive table, scientifically arranged, so that each property would work 250 days a year with a fixed and set personnel.

No consumer of coal, large or small, with a social conscience, desires to pay a price that means starvation to miners and bankruptcy to operators. The price of the product should be such that the miner gets a living wage and the operator a fair profit.

After careful analysis and study, it is our opinion that 50 operators getting away from the law of the jungle and cooperating could save an industry, classed as basic by the President of the United States, and that is a public necessity in peace and in war, in which there are billions of dollars invested and upon which 2 percent of the Nation's population depends, directly for a livelihood, and all America in some degree, directly or indirectly, for comfort and existence.

CHECK WEIGHMEN

It is our opinion that every mine should have a check weighman. The check weighman should be a member of the department of mines in every State and sent to the mine by the State. His remuneration should be set by the States and paid by the cutters and loaders at the mine he is working. Check weighmen should be changed from mine to mine, and changed frequently, so that they will not be partial to either miner or operator.

COMPANY STORES

The company store was once a positive utility. Mines were in isolated districts, but the invention of the automobile has made them less of a utility, but still in many cases a necessity.

Compulsory trading should be absolutely prohibited. The administration of the company stores should be checked by the State mine department, so that there would be no excessive profiteering.

SCRIPT

Script is not legal tender in the payment of wages. Consequently its use should be completely prohibited.

COMPANY HOUSES

Occupancy should not be compulsory. Sanitary laws of the State or district should be enforced. Rental should be nominal.

It is obvious to students of the bituminous-coal industry that time has supplanted the old central competitive field, comprising Illinois, Indiana, Ohio, and Pennsylvania. Conditions call for new alinements, and thus this new competitive field is suggested. Steam coal alone has been considered. Geographical districts have been selected where competition is most acute. Other sections in States designated or States unnamed can later on be included. The tonnage in the field named approximates 150,000,000 tons per annum, or one-third of the Nation's total production.

Mr. Speaker, I sincerely hope the Judiciary Committee will at once report out this bill, and that the Congress will pass the same at this session, and give to these States interested a chance to work out their own salvation.

CURRENT ATTACKS ON IMMIGRATION LEGISLATION

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks by inserting a radio speech I made over the National Broadcasting Co.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my address made over a National Broadcasting Co. network Thursday, April 23, 1936, as follows:

I desire this evening to explain to my radio audience some of the tactics being employed by certain opponents of the Kerr-Coolidge bill in their efforts to prevent orderly consideration of this bill on its own merits on the floors of both Houses of Congress. At the outset permit me to make this unqualified statement, which can easily be verified by anyone who will care to examine its provisions: The Kerr-Coolidge bill, as amended, is not a liberal immigration measure but a deportation bill of drastic nature.

Let me impress upon you that this Kerr-Coolidge bill is the only major legislative proposal dealing in general with aliens within the United States that has been favorably reported from the appropriate committees of both the United States Senate and the House of Representatives during this Congress and is awaiting consideration on the floors of both Houses of Congress.

Opponents of the Kerr-Coolidge bill have succeeded in having another bill introduced in Congress, the so-called Starnes-Reynolds bill, as a sort of buffer bill, toward which all antialien groups in the country can direct their support. There is even a rumor heard occasionally that an effort will be made to offer the Starnes-Reynolds bill as an amendment in substitution for the text of the Kerr-Coolidge bill.

One member of the House Committee on Immigration and Naturalization has been openly informed that opponents of the Kerr-Coolidge bill have made an arrangement whereby every bill reported from the committee will be denied any consideration on the floor of the House unless and until the Committee on Immigration and Naturalization favorably reports some bill to the House providing for the mandatory deportation of all unnaturalized aliens from the United States immediately. One of the Senators from the State of North Carolina, a gentleman for whom I have a high regard, recently held the Senate floor for 4 days in a one-man filibuster against the orderly consideration of the Kerr-Coolidge bill, and while making this filibuster speech stated in part—I quote the Senator: "I wish to state to my distinguished friends in the Senate, I am trying to talk this bill to death."

By means of radio addresses, by printed pamphlets, by letters, telegrams, and petitions sent to the Members of Congress and Senators, and even by speeches in the halls of Congress, the opponents of the Kerr-Coolidge bill are conducting a campaign of vilification, slander, and misrepresentation of facts. The only immediate effect of this un-American campaign is to create a situation among the foreign-born people living in the United States from which this country will be a long time recovering. A reign of terror has been created by the unthinking threats of mandatory and wholesale deportation of all aliens.

Now, for a few moments, let us calmly consider the benefits to be secured by the prompt enactment of the Kerr-Coolidge bill. In the first place, let me say quite frankly that this is the first major legislative proposal in many years, dealing exclusively with aliens subject to the immigation laws who are living within the United States, which has received favorable action by the committees of both the House and the Senate so as to have both the Senate bill and the House bill on the calendars of both Houses of Congress at the same time.

In the second place, let me emphasize the fact that the enactment of the Kerr-Coolidge bill will not enable any alien in any foreign territory to secure admission to the United States, unless that alien is right now entitled to admission under provisions of the immigration laws as they now exist. In the third place, let me assure you that this bill will decrease the number of lawful admissions of aliens, who have never before been in the United States and who seek entry after the enactment of this bill as quota immigrants. This result is obtained in two ways: first, every alien in the United States who is permitted to remain here pursuant to provisions of this bill will be deducted from the quota of the country of which such alien is a native, and so if he remains here he prevents some other native of his country from coming here as a quota immigrant; second, the preference under the quota now enjoyed by skilled agriculturists and their wives and minor children is repealed by this bill, so that hereafter those aliens will only be entitled to come here as quota immigrants without any preference quota, and this will have the effect of keeping most of them out until they can secure a regular quota number.

The enactment of the Kerr-Coolidge bill will not change or repeal the existing provisions of the immigration law requiring the mandatory deportation of alien criminals, anarchists, Communists, violators of the Federal narcotic laws, who are not only narcotic addicts, or persons in the immoral classes subject to deportation. Nor will the bill extend to these classes of aliens any benefits whatever not now enjoyed by them under existing provisions of law.

Four new classes of criminal aliens, who are not now subject to deportation under existing law, are added to the deportable classes. But, because of the drastic provisions created by that law, it is necessary in the public interest to authorize the use of limited discretion as to the actual deportation of aliens in these new deportable classes. Other provisions of the bill will greatly increase the apprehension and detention of aliens thought to be subject to deportation until a proper warrant is issued for their arrest. This will rid our country of some 20,000 criminals.

This will attempt to treat the alien in the noncriminal classes, whose status under the immigration law is questionable while he remains here, as though he were a normal human being, and gives him a chance to have his status adjusted without undue expense or delay, so that he may not be forced to leave his home and fireside in this country. His status will be adjusted so that he will be in a position to proceed under our naturalization laws and eventually become a citizen. The Kerr-Coolidge bill, however, does not grant citizenship, either directly or indirectly, to any alien whatsoever.

One of the major objections expressed by those opposed to the Kerr-Coolidge bill is that it grants discretion to be exercised in certain limited groups of deportation cases. I feel the advocates of the Starnes-Reynolds bill, who oppose the authorized use of discretion under the Kerr-Coolidge bill, are not as sincere as they might be.

My reason for this statement is that in the Starnes-Reynolds bill will be found a vastly more extensive grant to use discretion when it authorizes consular officers abroad, in their judgment, to deny visas to aliens who are unable to pass the consul's intelligence test as to whether or not the applicant for a visa has—and I quote—"intelligence equal to a normal rate of an average sampling of native-born American white stock." In other respects this bill abounds in discretional features.

I consider one whole portion of the Starnes-Reynolds bill, namely, that portion which seeks to establish permanent fingerprinting records and registry of all aliens in the United States, as a particularly vicious proposal at this time. This proposal, if enacted into law, would definitely establish an alien bloc in the United States on un-American principles. The alien would become a self-conscious member of a group set apart by operation of law from the citizen neighbors in each community and the ready assimilation of such aliens into the United States citizenship would be rendered vastly more difficult than it is under existing provisions of law.

I can think of no more fitting way of closing my remarks than reading to you a little quip from the New York Times entitled "One Good Plan": "One earnest lady would solve the unemployment problem by deporting 7,500,000 aliens and give their jobs to 'Americans.' Actually the results may be even more gratifying than she anticipates. For instance, sending 7,500,000 people out of the country means a great many new jobs in shipping and shipbuilding, and land transportation of all kinds. There will also be hundreds of thousands of new jobs for watchmen to keep an eye on the millions of homes deserted by the deportees. But this is not all. Actually there are fewer than 3,000,000 unnaturalized aliens in the country over the age of 21. If we are to deport 7,500,000 aliens, we shall have to begin by first importing about 4,000,000 of them; and this again means a boom in transportation employment. It may be, of course, that this earnest lady expects to get her 7,500,000 aliens by first depriving all naturalized citizens of their citizenship rights and making them real 'foreigners.' That would create at least a million new clerical jobs. The more you look at the scheme the more wonderful it becomes."

FLOOD CONTROL ON THE MISSISSIPPI RIVER

Mr. WILSON of Louisiana. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3531) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, with House amendments, insist on House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana? [After a pause.] The Chair hears none and appoints the following conferees:

Mr. WILSON of Louisiana, Mr. WHITTINGTON, Mr. GRISWOLD, Mr. RICH, and Mr. ENGLEBRIGHT.

MEDALS TO MEMBERS OF BYRD SECOND ANTARCTIC EXPEDITION

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution 209, authorizing the presentation of silver medals to the personnel of the Second Byrd Antarctic Expedition.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. RICH. Mr. Speaker, reserving the right to object, was that handled by any committee; and if so, by what committee?

Mr. ROBERTSON. The Naval Affairs Committee. The Senate unanimously passed the bill and it was handled by the Naval Affairs Committee, and it carried no appropriation.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read as follows:

Resolved, etc., That the Secretary of the Navy be, and hereby is, directed to cause to be made at the United States Mint such number of silver medals as he may deem appropriate and necessary, respectively, to be presented to the deserving personnel of the Second Byrd Antarctic Expedition that spent the winter night at Little America or who commanded either one of the expedition ships throughout the expedition, to express the high admiration in which the Congress and the American people hold for their heroic and undaunted accomplishments for science, unequaled in the history of polar exploration.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MONOPOLISTIC MOTIVES OF THE CORPORATE CHAINS

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOUSTON. Mr. Speaker, during the first session of the Seventy-fourth Congress, the Honorable WRIGHT PATMAN introduced a bill making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases, and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys, from exploitation by unfair competitors.

The Patman bill does not propose to prohibit an entire business, nor even an entire class of transactions. It only imposes certain limits of security upon the transactions to which it relates, within which limits full latitude remains for all sound economic processes and beyond which limits the evils at which this bill is aimed are characteristically found.

Those evils may be summarily stated as the abuse of the large buying power controlled by a few large purchasers to extract from manufacturers and other selling sources, price preferences and discriminatory allowances not justified by any sound economies in the distinctive methods of selling and servicing those customers; allowances which the seller, therefore, cannot afford to grant proportionally to his entire trade, since to do so would reduce his revenues below the reasonable net profit; discriminations, therefore, which the seller can grant only because they are discriminatory; that is, only because they are counterbalanced by sales to other customers at higher prices from which the seller can recoup such part of his reasonable net profit as he loses on sales to the preferred customers, and which he must in the long run recoup somewhere to justify his continuance in business; discriminations, in short, which for these very reasons can be granted to a few only at the expense of the remaining customers of the same seller.

The bill is to help the manufacturer to resist the unfair demands of the large buyer. He grants these demands only under fear of losing the business to some other competitor who will grant them if he does not. The more able he is made to treat all customers alike, the better and more efficiently he can organize and conduct his business, and the more easily can he do business at a profit, and at the same time grant his customers, and through them the public whom he serves, a share in his economies through reductions in prices.

The right of the chain stores and mail-order houses to do business is recognized, and the Patman bill would not destroy them unless they depend for their existence upon unfair concessions and discriminations. So far as they are able to perform the sound, economic function of bringing the necessities and adornments of life from the producer to the consumer on a basis of equality with independent merchants, it leaves them with the same freedom as the independent. But anyone familiar with chain-store buying power and its ruthless use need not be told that the chains are already getting any price differentials supported by differences in cost. The evil lies in the fact that they are getting much more. They are getting concessions, discriminations, rebates, and other differentials representing neither savings to the seller nor service value to the consumer public; and they are getting them only by virtue of their power to bludgeon the manufacturer into granting them under threat of loss of the large business which they are able to control. Insidious methods are sometimes employed to render these tactics still more deadly. Spies are placed or subsidized in banks, in the manufacturer's own offices, or in other quarters of confidential information to learn when his notes are falling due, so that a large offer of business or a threat of its withdrawal, with consequent gain or loss of case resources, may be laid on the manufacturer's doorstep at the critical moment. This bill would protect the manufacturer against such victimization.

The report of the Federal Trade Commission contains interesting information as to the methods of the corporate chains in dealing with manufacturers:

> Two of the large chain companies do not place orders with a certain manufacturer because of its refusal to allow brokerage. Another manufacturer reported that it does not sell to two chain companies because they operate commission establishments or buying agencies which demand a brokerage fee on all purchases.
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> One or two manufacturers, stating that coercion had been employed to force the cutting of prices, said that if the customer has a large order and demands a cut price, the company often is required to meet the demand or lose the business to its competitors. The other stated that the large chains chisel a substantial percentage from the net invoices of every order placed.
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> One manufacturer reported that some years ago it made extensive sales to a chain, but that the demands of that chain became so excessive that it was forced to stop selling the chain. The chain in question had built up the volume of its purchases to about 40 percent of this manufacturer's output, and then suddenly demanded larger concessions, which the manufacturer was forced to grant or else have its production curtailed to that extent. As a result of this experience the manufacturer built up a trade with small jobbers to avoid being forced to make concessions. Another manufacturer reported that a chain company refused to handle its products unless the chain was given a free-goods allowance. Another manufacturer stated that an arrangement is in effect with one chain company whereby a percentage of net invoice price is rebated. Still another manufacturer was forced to grant concessions to a chain by threat that it would discontinue its purchases and manufacture its own products unless it were granted a preferential price.

Among the evils prevalently found are, first, the grant of quantity discounts exceeding any marginal-cost differences between the customers concerned—that is, unsupported by differences in the cost of manufacture, sale, or delivery resulting from the differing methods of quantities in which such commodities are to such purchasers sold or delivered; second, the payment of brokerage by the seller to dummy brokerage concerns owned and controlled by large buyers and serving the latter's interest; third, the grant of advertising and similar allowances which are either out of relation to the value of any service or facilities rendered in exchange or which, in any case, result in saddling onto the seller the burden of the preferred customers' advertising cost, whereas his smaller competitors must sustain their own.

It is in these three fields, accordingly, that the Patman bill visits its restrictions; and to them those restrictions are carefully limited, leaving full latitude as follows: First, for differentials in prices or terms wherever they furnish an apt vehicle for the transmission of real comparative economies through the channels of distribution to the ultimate consumer; second, in the payment of brokerage wherever the brokerage function offers a real economic service and where it is paid by the one who really benefits from that service to the one who actually renders it in his behalf; third, in the use and compensation of all legitimate advertising and advertising services wherever it is really desired as advertising, and not to cloak the grant of a competitive advantage to one customer as against another.

Fifteen years ago chain stores were doing only 4 percent of the retail business of this country. In 1929 chains did 20 percent; by 1933 the ratio had increased to 25. Independents, which did 77 percent of the total business in 1929, accounted for 71 percent in 1933. The sales of independents decreased 53 percent, whereas the sales of chains decreased 35 percent. In 1933 there were 26,000 fewer independent stores than in 1929.

Before the onslaught of big business, 300,000 independent dealers have gone down, and unless the movement toward centralization is checked, 500,000 more are due to follow them. Eight hundred thousand men, each the master of his own store, men who have spent their lives learning merchandising, who know the peculiar needs of their own customers, who love their communities and have given a helping hand in their development, who cherish the institutions of their country because those institutions have enabled the individual man to develop, to grow, and to achieve—these 800,000 masters must become servants, employees of great chain corporations, cogs in a soulless and conscienceless machine, robots of distribution, receiving and obeying orders from the great city, directing them what to sell, how to sell it, and how much to sell it for. That is the prospect that is due to face the American people.

There is no economy in commercial piracy. It may enable a few men to amass a fortune, but to the great mass of the people it spells a total loss. The consumer is best served when he buys his goods from day to day at honest prices, allowing a fair margin of profit on every item, a profit that will enable the manufacturer, the jobber, and the retailer to continue doing business, competing with others in a fair and honorable way. Whenever a manufacturer or a merchant fails as a result of unfair competition, the loss ultimately falls on the consumer. The bankruptcy of many producers and distributors may mean temporary savings for the patrons of bargain counters; but ultimately it results in monopoly for a few producers and distributors, who will charge the public a price limited only by what the market will bear.

We have enacted laws to prevent railroad companies from giving rebates to favored shippers. We require warehouses to charge every man the same price for storing grain and other commodities. We make telephone companies maintain a uniform schedule of rates. We revoke the licenses of insurance companies if they collect different premiums from different policyholders for the same risk.

Why should not the principle of fair dealing which has been adopted for the protection of those who use the railroad for transportation, the warehouse for storing commodities, the telephone for communication, and insurance for protection be extended to protect those who buy merchandise and those who sell it?

We prohibit discrimination because discrimination lifts the burden off a favored group and places it upon the rank and file. We prohibit it because when some pay less than a fair price others pay more. We prohibit it because discrimination is the mother of monopoly, and H. R. 8442, a bill to amend section 2 of the Clayton Act, is aimed at monopolistic motives.

I find no fault with the principle that the fittest should survive, but I protest with all the emphasis I can command against a misinterpretation of that principle which gives advantage, not to the fittest but to the strongest and the craftiest. Civilization puts the emphasis on right rather than on might. The powers of government should be used to make business civilized.

STATE CONVENTION OF YOUNG DEMOCRAT CLUBS AT DAVENPORT, IOWA

Mr. JACOBSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD to include a speech made by my colleague, Mr. WEARIN.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. JACOBSEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. OTHA D. WEARIN before the State convention of Young Democrat Clubs at Davenport, Iowa, on May 18, 1936:

Mr. Chairman and Young Democrats of Iowa, I am honored and delighted with this opportunity of addressing the State convention of Young Democrat Clubs in my home State. Permit me to congratulate you upon the splendid sessions you have been having here in Davenport. I want to go further than that and say I think this organization represents one of the most powerful factors in the national affairs of the Democratic Party. I say that, not because I am one of your number myself and a member of various of Young Democratic Clubs in my State, but because I really believe what I say.

Before entering upon a discussion of national affairs and the relationship of our group to the important questions of the hour, I want to say that I take particular satisfaction out of speaking in Davenport tonight, located as it is in the Second Congressional District of Iowa, represented in Congress by my able and beloved friend, the Honorable BERNHARD M. JACOBSEN, of Clinton. I will never forget my first meeting with him at Des Moines while I was a member of the Iowa State Legislature, and I recall with satisfaction the many courtesies extended to me by him and his secretary during my first freshman days in Washington and throughout the balance of my service in my present capacity. As you know, Mr. JACOBSEN is a member of the powerful and important Committee on Appropriations of the House of Representatives. His splendid work has brought him the admiration of the leadership and placed him in such a position that he is remarkably influential in our national councils of state.

Again I want to repeat that the invitation to address this splendid group of young men and women of my own age has brought a thrill that one seldom experiences. I have been a candidate for public office for a number of years, and in every instance have felt the powerful influence of the Young Democrats, who have stood by me and fought for me in a splendid manner.

The Nation is fully aware of the influence of the group in campaigns that are past and that are still in the offing. Nothing delights me more than to see members of our group interested in public service and offering themselves at the respective primaries and general elections for public office. Let no one discourage you in your ambitions with the statement that you are still too young. I have been guilty of that so-called damnable crime for a long time but have borne up under its weight without feeling any particular disadvantage from it. If I had the time tonight I would go back, as I sometimes do, and trace the history of world affairs singling out a few of the younger men and women who have participated in important events. I shall say briefly, however, that it is always encouraging for us to remember that Sir William Pitt, one of England's greatest statesmen, was a member of Parliament at 21, Chancellor of the Exchequer at 23, and Prime Minister and practically ruler of all England at 25. Many of the leading founders of this Nation, including Thomas Jefferson and Alexander Hamilton, who represented the two schools of political thought of the time, were still in their thirties when the Declaration of Independence was written and the Constitution of the United States in the process of formation. William Jennings Bryan, who probably had a longer reign of influence in Democratic politics and in national affairs than any other man in American history, was nominated for the Presidency the first time when he was 36 years of age. Theodore Roosevelt was in his early forties (I believe 43) when he succeeded to the Presidency the first time. Today the New Deal has recognized a splendid group of young men in positions that range from the heads of important New Deal agencies to assistant secretaries of the respective departments, including my good and able friend, Charles West, of Ohio, at the present time Assistant Secretary of the Interior.

I would call this fact to your attention: That in the United States Senate and the House of Representatives at the present time is a sizable group of young men which, at the beginning of the Seventy-third Congress, to which I was elected, ranged in age from 28 to 40. Very frankly, as I look back over the achievements of the past two sessions and the contributions that have been made to the welfare of the Democratic Party, making allowances for the seniority of the leadership, I am just as well pleased to be a member of that younger group as I would be if I were a member of the older group.

But to get to the business of the evening: There are just a few things I want to bring you tonight in the way of a message from the Capitol. After 4 years, during which the Democratic Party has been in control of every branch of the Government with the exception of the Supreme Court, we have witnessed a startling rise, a phenomenal improvement, in the morale, and the economic condition of the United States. It is unnecessary for me to refer before this well-informed group of young men and women to the condition of the country in 1932 at the time we succeeded to power, with your aid and assistance. I feel that we should not take the time to discuss in detail the bankrupt condition of American agriculture, suffering from 10-cent corn and 2-cent hogs, the desperate state of American banking, the ruined condition of business as a whole, and the greatest load of unemployment that America has ever carried. Out of that chaotic condition a great President has brought order and progress. At this moment I pay tribute to the great leader of the Democratic Party, Franklin D. Roosevelt.

As I survey the national scene tonight I see a striking change just as you do. I see an improvement in American agriculture that has increased its income from approximately five billions in round numbers to what will probably be in the neighborhood of nine billions this year. I see a restoration of industrial activity which is astonishing. Every day I pick up publications, some of which are hostile to the program, read their vicious and vitriolic editorials, and turn to the business sections to find a series of headlines that read something like this: New building boom forecast by experts; bonds improve on wide front; stock prices advance under market boom; further increase in agricultural income predicted for 1936; steel output best since 1930; automobile sales peak record smashed; oil company net rise for quarter; tobacco industry higher for week, and so on through a long list of similar improvements that cover almost every industrial field of activity.

Now, my friends, in view of the fact that we are young men and women, I feel it might be proper for me to direct my attention a little more to the New Deal of tomorrow rather than the New Deal of today, with which you are just as familiar as I am. Not even the most pessimistic and partisan of our opponents dares to dispute the truth of the headlines I have just quoted to you. You know, as I do, that many factors have entered into securing the results we have sought and gained. The only argument that can be used today is that being promulgated by the vested interests of this Nation in the thought that fear dominates the country as a result of the program. In the first place, can you imagine American business and American people being afraid of the economic improvement that has taken place under the New Deal since 1932? Such a supposition is absurd, but let us pause for a moment and see what the pessimists are afraid of.

A few days ago I met a reactionary on the streets, living in a dreamland of long ago, when personal liberty could be used to the extent of capitalizing upon the very souls of the masses who work for a living with their hands and who form the foundation of America past, present, and future. He told me that American business and the American public are afraid to go ahead because of the acts of the present administration. I said, "What are they afraid of? Are they afraid of having their bank deposits guaranteed up to $5,000, are they afraid of having their homes saved when private financial institutions fail to save them, are the people of America afraid of having the uncertainty of poverty in old age swept aside with social-security legislation, are they afraid of being protected in their dealings in securities, are they afraid of having their national wealth increased with a program of self-liquidating public works, are they afraid of a power-development program to bring cheap electricity into homes that are warped with drudgery, are they afraid of legislation to prevent the overcapitalization of industry that heretofore has resulted in their being fleeced out of millions of dollars for worthless watered stocks and bonds, are the American farmers afraid of 75-cent corn, $1.25 wheat, 10-cent hogs, 14-cent cattle, 11-cent cotton, and 18½-cent tobacco, as compared to 9-cent corn, 20-cent wheat, 2-cent hogs, 4-cent cattle, 6½-cent cotton, and 10½-cent tobacco in 1932, are they afraid of having their farms refinanced at a saving of from 1 to 1½ percent; are they afraid of Federal loans on their agricultural products affording them an opportunity to await the arrival of satisfactory market conditions; is anyone afraid to have the unemployed of this Nation fed through the productive agency of the Public Works or Works Progress Administration until such time as American industry becomes sufficiently rehabilitated to absorb them; is either the American public or American business afraid of the generally improved economic conditions since the advent of the New Deal, as evidenced on the market pages of every newspaper in the United States, be it hostile or friendly to the program?"

Out of today always comes another day, and no one is more interested in that prospect than the young Democrats of America. We have advanced this far, now where do we go from here? As I view the national scene today I think there are three important issues in the welfare of this Nation that we must continue to meet and deal with in the future. American industry, including agriculture, in which we of Iowa are so vitally interested, and all lines of business activity in the United States can be traced directly to these three important items. One is the tariff, another is the national attitude toward the question of electric power, and the third is the matter of employment. Now let us pause for a moment to consider: That great idealist and stanch believer in the principles of democracy, Woodrow Wilson, once said with reference to the tariff, that the whole question and its relationship to business reminded him considerably of the man who entered the city of Boston for the first time, that you know is notorious for its winding streets. He approached a party near the station and said, "My friend, I am a stranger here. Can you direct me to the Commons?" The reply was, "Yes; I can. Take any one of these streets going in any direction, follow it, and eventually you will come to the Commons." So it is with American business. It is all closely associated with the question of the tariff. I shall not trace the history of the tendency of the leadership of the Republican Party throughout over half a century to instill in the minds of the American people the necessity of high protection. They, those leaders, were quite successful in doing it on the ground that the standard of living in America must be protected. They even sold the farmers and the laboring men upon digging down into

their jeans to pay the bill to the industrial interests of this country on the theory, that they were profiting themselves from the added cost.

The rates of protection rose higher and higher until eventually they reached their climax in that monstrosity known as the Hawley-Smoot Tariff Act, saddled upon the country during the administration of Herbert Hoover. Because of the terms of that act other countries were led to adopt similar nationalistic policies and to erect retaliatory tariff walls. When America could no longer sell her goods in the face of such opposition she was naturally forced to curtail her industrial production, which she did, with the subsequent result that workmen were thrown out of work by the millions. Their purchasing power thus destroyed was no longer brought to play to absorb agriculture's surpluses that in turn rose higher and higher, and we had the phenomenal condition in America in 1932 of millions of men and women crying for bread, the graineries of the Nation full to overflowing, and the producers of food commodities bankrupt.

We must remember that the United States is a surplus-producing country with reference to all her major agricultural products. Under those circumstances a tariff on such things, which has been used as a sop to convince representatives of agricultural districts to vote for industrial tariffs has been useless. We cannot expect a tariff on such surplus products to have any effect upon the market price except at such times when seasonal shortages might leave the American market with an inadequate supply of its own products. Our only hope for the future of the American farmer is to stimulate our foreign trade to such an extent that it will absorb our surpluses, or else adopt the temporary program of crop limitation as a permanent policy, which is not in harmony with the principles of the Democratic Party and is being used only at the present moment as a stopgap until we can correct such evils as were forced upon us under the Hawley-Smoot Act and similar atrocities.

In my humble judgment, the only way that we can expect permanent and extensive prosperity for American agriculture and for American industry, which has the same capacity to produce surpluses over and above the needs of the American market, is to develop our foreign trade. We cannot do that on a cash basis without absorbing all the financial resources of the world, which would be a disastrous thing. We cannot extend credit as a permanent program without also exhausting that resource, and thus the only other procedure is to stimulate the trade of this Nation with other countries of the world on the basis of exchange.

Now, I know the opponents to this particular program will say that the importation of foreign products into this country by way of exchange will lower the standard of American living, be a detriment to labor, and otherwise complicate our economic program. In the first place, I want to remind you that the most complete economic collapse we have ever witnessed occurred during the administration that preceded this one, and under the provisions of the highest protective law in the history of the United States. I want to remind you that when we cannot continue to do business for cash or credit indefinitely, which is obvious, we must arrange some program of exchange in order to absorb our production of foods and manufactured articles. It is better that we buy some products and keep our factories running and our farms producing than to witness the unemployment and bankruptcy that prevailed in 1932.

I subscribe to the program inaugurated by that great statesman, Cordell Hull, of arranging reciprocal-trade treaties in which an effort is being made to gradually bring down trade barriers and build up the American market in foreign countries. We have agreed to approximately 10 of them with extremely satisfactory results. Let us take for example the island of Cuba. Prior to the erection of trade barriers Cuba absorbed a large quantity of American lard, a basic commodity of this country, but during the course of the operation of the Hawley-Smoot Act that particular trade sank to the infinitesimal quantity of $818,116 in 1933 as compared to $3,920,270 in 1931. Under the new program adopted by this administration on September 3, 1934, it is again on the rise and reached $3,029,913 in 1935. I could go on through other lists of similar improvements of major agricultural products upon which we depend for prosperity, but time will not permit tonight. I can do little more than discuss the principles involved. If we can sell, and I firmly believe we can, surpluses of farm and industrial products to other countries through the agency of negotiated trade treaties in exchange for products that do not constitute the basic source of American prosperity or products that we do not produce at all it should be obvious to any thinking person that the business condition of this country would of necessity improve. If we can sell surpluses of pork, beef, wheat, cotton, tobacco, automobiles, steel, and other major products abroad we will establish a firm prosperity for American business. Farmers will have more money with which to keep the wheels of industry moving and that means work for the unemployed. A good example today is the renewed activity of farm machinery factories during the past 18 months.

Now, I know sometimes the ballyhoo artists like to get on the platform and weep crocodile tears because a boat load of Argentine corn has been delivered at San Francisco or Baltimore, Md. There has been an increase in the last 2 years of imports of Argentine corn, due to what? Due simply to the fact that the drought of the summer of 1934 occasioned a shortage in our own supplies that has not yet been entirely absorbed by our own production. When it has the Argentine will no longer be able to compete with our product, any more than it has in the past. One of the major reasons for which is the matter of its quality. It is not of such a character that it can be used in commercial activities with the exception of a limited field.

Just at the moment the dairying interests are fearful lest they are going to be destroyed under the terms of the Canadian Treaty. They must remember, however, that the importance of the imports under the terms of that treaty have been greatly magnified. For instance the annual importation of butter from Canada will only amount to one-tenth of 1 percent of the annual amount produced in this country. All of which brings me to this conclusion: The young Democrats of this Nation should be vitally concerned with the continuation of a broad-minded program for trade development in the United States, under the terms of reciprocal-trade treaties enacted by the present administration for the purpose of stimulating our trade with the world. That policy can under the able management of Secretary of State Hull bring about the maximum of activity and, thereby, the employment of men who have been thrown out of work under the program of the Hawley-Smoot Tariff Act.

The other important question that I desire to bring to the attention of the young Democrats of this convention is the issue of the development of power in the United States, which has become of large concern to the welfare of every man, woman, and child in the Nation.

Investigations of the Federal Trade Commission have revealed the fact that the corporate interests have been guilty of selling millions upon millions of dollars of watered stocks and securities to the American public that have pyramided corporation upon corporation, adding costs in the way of salaries for Hopsons and his kind, interest on securities back of which there was no real value, and other costs that have resulted in the unsuspecting public having to pay excessive rates for their electrical energy which has kept down consumption of the product and denied to untold millions the godsend of relief that comes from having the drudgery of homework, farmwork, and heavy labor lifted from their shoulders by that all-important commodity. In a recent private investigation of my own I found that consumers in our district are paying as much as 18 and 20 cents per kilowatt-hour for electricity. The power companies will dispute that and say that their rates are 4, 6, and 8 cents, but I say the total cost to the consumer is represented by the rate per kilowatt-hour and other charges including service. The Tennessee Valley program has brought electricity to the consumers in that territory at striking reductions. Poor people who could never afford the commodity before are now in a position to use it. I find, for example, that a man in my territory who paid $5.51 for 40 kilowatt-hours could have bought the same amount of current under the Tennessee Valley program for $1.20. You can see from this that he could either reduce his total annual charges under such a program to a marked extent or for the same amount of money he could bless his wife and himself with the advantages of other needed conveniences. I selected this single example from a large number in my files because of my lack of time tonight. I say to this assembly of young Democrats that you should have the courage to stand up against the powerful influence of the moneyed interests of the Nation who stoop to any method to intimidate their opponents and fight for the advancement of the power program of this administration that will bring rural electrification and electrification of homes in towns and cities at prices that the people can afford to pay.

As one of the solutions of our problem in Iowa I have offered the United States Congress a Missouri Valley power development project that would be similar to the T. V. A. That great statesman, Senator GEORGE NORRIS, of Nebraska, has offered one for the whole Mississippi Valley which is commendable. The results would be similar to what I described a moment ago with reference to the typical example of a consumer's charges. Until such time as we can achieve that type of project, it will be necessary for us to advance under the Rural Electrification Administration through the agency of cooperative rural lines, made possible through 100-percent loans to such groups. Unfortunately, the Washington set-up of that group has not had the kind of cooperation from the heads of the extension department in Iowa that they should have had. County agents throughout the State have, however, endeavored to cooperate to the best of their ability and with their help the program is advancing. You can expect some of the newspapers of this State to fight me on this program either openly or through a more subtle method of opposing me upon some other issue. If you find such a publication swinging into action against me turn to its advertising section and you will probably find some large, remunerative ads paid for by the power companies. With reference to this issue I will say again to the young Democrats at this convention that it constitutes one of the major programs of the future that will be a godsend to the common people. It is your duty and mine to stand behind Franklin D. Roosevelt and see that it marches forward.

The third major problem which will be with us for years to come as a result of the economic chaos into which we were plunged by the previous administration is the matter of unemployment. Millions of men were out of work when we took control of the Government. Right here and now, I want to say it is unfortunate that we have been forced to spend so many millions to insure them of food and clothing, but what is more unfortunate is the fact that a condition ever existed in this rich Nation that made it necessary for us to spend those millions to keep them from starving and freezing.

We have advanced a program of public works with the thought in mind that in addition to employing the men who were unemployed we could at the same time give to the Nation a constructive series of improvements that would increase the natural wealth and the values of the respective communities. Now the small carping critics who do not have the mental capacity to view this program on a national scale can select some individual project, and it is impossible for so vast a program to be perfect in every respect, and condemn it perhaps with some justification; but we, as young Democrats, should impress upon the public that it is the program as a whole that counts and not a specific mistake that has been made. I used to say to the audiences in our congressional district with reference to it that my wife was, generally speaking, an excellent cook. Once in a while she will make some pancakes for breakfast that are terrible, but I have never divorced her because of that individual mistake and am not going to, because, as I said before, generally speaking she is an excellent cook. That analogy will apply to the whole program about which I am talking at the moment. The entire situation, of course, all traces back to the principal point of my discussion, namely, that the trade of America is of the utmost importance. Through it we hope and have reason to believe that the prosperity of agriculture and industry will be restored. When that time comes the greater portion of the people who are out of employment will again be carrying their dinner pails to work and their wives will be singing happily in their little homes. While we are in the process of working with these major things in the future, and their advancement will rest entirely in the hands of men and women like yourself, of our own age, we will couple with them such other things as contribute to the permanent welfare of the country that I have already mentioned in the way of old-age pensions, unemployment insurance, regulation of stock exchanges and other things for the protection of the general public.

As I look out over this assembly of young men and women I am encouraged. I feel confident after watching the people of my own generation in action in public office that we will be able to meet and cope with these problems and that America, thank God, will continue to live.

THE COMING ELECTION

Mr. HOOK. Mr. Speaker, I ask unanimous consent to extend my own remarks by including a radio address I gave over a station in Detroit, Mich.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HOOK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered by me over Station WMBC, Detroit, Mich., May 18, 1936:

Next November the people of the United States will be called upon again to make their choice of a President and Congress. We have been told that the coming election is the most important since the election of Lincoln in 1860. This is true. Never since the days of the Civil War have the people of our Nation been faced with issues more fundamental than those presented to us today. We are entering a new age and policies are to be chosen to mark the course we are to follow in the future.

This much we have all learned from the lessons of the post-war decade of reckless and unsound prosperity and the bitter days of depression and privation which followed the collapse of the boom; that no longer can there be permitted in America unbridled exploitation either of natural or material resources or of human beings. We have learned that no longer can we afford to permit eight-tenths of 1 percent of our entire population to receive over 20 percent of the national income, while 60 percent of our families receive less than enough to supply them with the basic necessities of life. We have learned that the problem of unemployment resulting from technological efficiency and from the maturing of our economic system cannot be solved by a refusal to recognize that it exists. We have learned that America as a nation cannot afford to permit her millions of farmers to labor year after year for a return less than the cost of production. We have learned, in short, that there was something radically wrong with the method by which the fruits of our civilization were distributed among our people.

The American people have thought deeply during the past half dozen years, and I am confident that no return to the pre-depression system of inequality, privilege, and exploitation will be permitted. The American people in 1932 demanded and obtained an end to a system that bred insecurity and they will in the coming election again demand that our political parties face the facts of our economic and social life.

What are these facts? Briefly these: We are a Nation providentially provided with all essential material resources and magnificently equipped to produce an abundance of those goods and services which are required for a decent standard of living. So long as millions of our people are in want there is no place in America for idle men or idle factories, for America is technically and materially equipped to produce plenty for all. It is up to us to see that plenty is produced and distributed for the benefit of all the people of the Nation. It is up to the leadership in our Nation, both industrial and governmental, to so order our economic life that opportunity will be maintained for our youth, jobs for our laborers, adequate prices for our farmers, and security for our aged and those who are physically handicapped.

These are the facts which condition the thinking of our new age. They place upon the political parties of our Nation a grave responsibility, for it is the peculiar function of political parties in a democracy to formulate and define the issues as to choice of policy in order that the electorate may choose wisely. The American people are alert to the significance of the coming election and they are demanding that our parties face the facts and declare their position in positive, clear, and intelligible terms. There must be no equivocation, no weasling, no evasion. Any party that refuses to face our social and economic problems and refuses to give to the people a program for dealing with these problems in a sham and a pretense, a mixture of hypocrisy and cowardice.

I pause to ask the question as to what answer the leaders of the Republican Party have given to the problem of maldistribution of wealth, to the problem of unemployment, the problem of social and economic security? The Republican Party has proposed no positive program. The course of the G. O. P. has been one of negation and of empty criticism of the constructive achievements of the New Deal. The Republican leaders have nothing to offer the Nation except a return to the days of 1929, a return to the conditions of exploitation and insecurity, to those days of growing unemployment, financial debauchery, and depressed agriculture.

The leaders of the G. O. P., subsidized by funds from those who profit by the law of the jungle, have talked much but said nothing of a constructive nature. True, I'll admit, even the Republicans find it difficult to criticize some phases of the New Deal. The Republicans very generally voted in favor of the Social Security Act and the Federal Housing Administration Act. They raise no objection to the C. C. C. program. No fundamental objections has been raised against the policy of soil conservation. Herbert Hoover in one of his recent speeches even went so far as to claim credit for having originated the present farm program. The fact is, of course, that for 12 long years from 1920 to 1932 the leaders of the Republican Party resisted with every means at its disposal the enactment of a farm program that would be of real benefit to the farmers of this Nation. Yes; the Republican leaders now, after the Democratic New Deal has pointed the way, accept the necessity for the protection of our farmers by the National Government.

I could point out numerous instances of our Republican friends who have attempted to capitalize on the popularity of New Deal reforms—our junior Senator from Michigan [Mr. VANDENBERG], for instance, who speaks in such glowing terms about the New Deal establishment of protection for our bank depositors. I have but one question to ask of these Republican leaders who now recognize that reform in the interest of the people was long overdue in 1932: Why did not they when in power during the first 4 years of the depression take the initiative in proposing the reforms which they now support? The answer is, of course, that the leaders of the G. O. P. are controlled by those who supply the funds for the Republican Party, the bankers of Wall Street, the Du Ponts, the United States Chamber of Commerce, the utility companies, and others of our industrial and banking fraternity. These men wanted no reform, and the G. O. P. was helpless and still is. The trouble with the Republican Party is that it has been dying of sleeping sickness.

The New Deal promised relief for those millions of our people who were brought face to face with starvation by the Hoover depression. That relief was and is being given. The New Deal promised to take steps to set into operation the forces of recovery. This job, too, has been done and better days are at hand. The purchasing power of the people has been raised and factories, mines, and mills long idle are again in operation. I need not in Michigan point out the evidences of our remarkable recovery during the past 3 years.

The income of the farmers of our Nation has been raised by $2,000,000,000 and the farmers are again buying automobiles. For every 10 automobiles registered in 1932, there are 42 registered today. Automobile production is up by 70 percent in the last 4 years. New plants are being built in many Michigan cities, and for the first time since the Hoover depression factories are running behind in their orders. Employment in the automobile industry is up to 98 percent of what it was in 1929. It is estimated that over 4,500,000 cars will be produced this year, 90 percent of them in Michigan. In a sense, more than three-fourths of the people of the United States travel with their feet on a part of Michigan, for the floors of 90 percent of their cars and the chassis beneath are made in Michigan factories, by Michigan workers, largely from Michigan iron and timber. Increased automobile production has stimulated activity in the iron mines and the lumber industries. We are proud that our great Michigan industry is well back to normal, and as a Democrat I am proud that the New Deal has made possible the reemployment of thousands of men who were without work.

Michigan farmers, too, have come back. During the Hoover panic year of 1932 Michigan farmers received as the total for all livestock and crops produced but $118,567,000. In 1935, after 3 years of the New Deal, the total cash income for the farmers of our State had increased to $177,000,000, an increase of almost 50 percent. In 1932 the Michigan farmers were crushed beenath a burden of debt and taxation. Since the Democratic administration came into power, taxes on farm property have declined 60 percent and

foreclosures have dwindled. There is every indication that progress will continue toward full recovery in 1936 with the reelection of that great and glorious leader, Franklin D. Roosevelt.

One of the outstanding achievements in Michigan has been the increase of alfalfa acreage, in which Michigan now ranks second in the Union, an increase from 75,000 acres in 1919 to 1,000,000 acres in 1935. Michigan ranks second in the production of sugar beets, increasing her acreage 100 percent from 1931 to 1935. Michigan ranks first in the production of field beans, the value of this crop increasing from $5,363,000 in 1931 to nearly $10,000,000 in 1935. In potatoes, Michigan took second rank in the Nation in 1935 with a crop valued at $12,492,000. Before the New Deal in 1931 the potato crop brought Michigan farmers but $4,331,000. Michigan's cherry crop increased in value from $608,000 for the Republican panic year of 1932 to $1,622,000 in 1935. Michigan leads in cherry production; Michigan leads in onion production; and we are the first pickle-producing State in the Union. Does this look like the reduction program that the Republicans cry about? These are the facts that Brucker criticizes. Oh, let him spread the gospel of truth, not lies.

I repeat, Michigan farmers have come back, our acreages have increased, the value of our crops has multiplied, and I submit that the remarkable recovery of our farmers was made possible by the farm program of the New Deal. The junior Senator from Michigan, the Honorable ARTHUR H. VANDENBERG, has seen fit to criticize the New Deal farm program. I ask him to explain the recovery of the Michigan farmers. Senator VANDENBERG has stated that the Democratic program has reduced farm production. I ask him to look at the statistics for Michigan. Senator VANDENBERG would like to have the farmers of Michigan go back to the days of 1929, to live again those days of misery and hopelessness. Our junior Senator should hang his head in shame for his picayunish criticism of real achievement. His criticism is a typical Vandenberg vagary.

Sanctity of our courts and freedom of the press, and criticism of the Roosevelt Democratic agricultural program are the main themes of Senator VANDENBERG, who apparently desires to implant in the minds of his hearers that these paladiums of liberty have in some way been endangered by the New Deal in bringing the Nation from the depths of the Hoover panic of 1932 to the present state of well-advanced recovery. The junior Senator from Michigan is an orator of the old school, the very epitome of pomp and circumstance as he paces back and forth upon the Senate floor—a champion full worthy of the pelf and power faction of the Old Guard. Hamilton is his ideal, about whom he has written two books—Hamilton who opposed the farmers and who looked upon the people collectively as a dangerous beast.

What alternative to the program of the Democratic administration which has made possible this recovery do the G. O. P. leaders offer? None. They criticize the New Deal for spending money and unbalancing the Budget. They forget that the Budget became unbalanced under Herbert Hoover, and they forget too that while Mr. Hoover did nothing to remedy conditions, President Roosevelt's administration has brought about an increase in the income of our people from thirty-five billion in the last year of the Hoover administration to sixty-five billion in the present year of Roosevelt recovery. The Budget of the Nation may be out of balance as to emergency expenditures, but the budgets of millions of our people have for the first time since the days of Hoover Republican depression been brought into balance.

Republican leaders charge that the New Deal has regimented the lives of our people, that our traditional liberties are about to be destroyed, that the Constitution has been perverted and democratic institutions imperiled. Our junior Senator, Mr. VANDENBERG, has often put on his best oratorical shows in criticism of this nature. Now, I ask you from what source has come this hue and cry about the loss of liberty? Does the man who has been kept from starvation by a Democratic relief program and now has a job because the Democratic administration has made possible recovery make the complaint? No; of course not. Labor and agriculture have not complained. Those who do complain are those whose unjustified control of the economic life of our Nation has been broken. Few people will see anything pathetic in one of the millionaire Du Ponts crying as to loss of liberty; the people know that to the Du Ponts and others of their breed liberty has meant freedom to exploit our workers and farmers. The Democratic Party is the champion of liberty not for the Du Ponts or the utility companies, but for the great mass of our people. The New Deal has recognized that without a basis in economic security and opportunity there can be no liberty. Economic enslavement under the old deal of the Republicans was an absolute denial of the benefits of civil and political liberty. The New Deal has broken the dominion of the ruling economic class in America and naturally has encountered the wrath and the propaganda of those who would block reform. They speak through their mouthpieces in the Republican Party. They refuse to meet our social and economic problems squarely; and hiding behind the Constitution, they attempt to frighten the people with talk about an unbalanced Budget. The Republican leaders refuse to face the facts, because facing the facts would expose the emptiness of their position.

It is well understood that reform under the New Deal will continue. It is not proposed that America will be remade, but it is proposed that conditions in America will be so ordered that the goal of economic and social security for all will be reached.

The farm program is well under way, and American farmers for the first time since the World War can feel secure. The problems of labor have not been so completely solved. Technical efficiency in industry is constantly making necessary the employment of fewer and fewer men. It is estimated that industrial production has advanced 51 percent since January 1, 1933, yet unemployment has decreased but 30 percent. This means simply that to produce the same volume of goods today, fewer men are needed than were employed in 1933. Now it stands to reason that unless the worker's buying power keeps pace with the volume of production we cannot prosper. Our men must be given jobs, and it shall not be by scrapping the efficiency of the machine production. We cannot expect America to continue as a Nation with ten or more millions of our men unemployed. These men are red-blooded Americans with the same birthright as other American citizens. They must be given an opportunity to provide for themselves and their families. Among the rights of the workers is that paramount right to a job, and this right must and shall come before the right of privileged wealth.

Two proposals, mutually dependent, present themselves for our consideration. First, the income of our people must be raised so that a greater volume of goods can be purchased; and secondly, this increase in purchasing power can be best obtained by the employment of all of our people at adequate wages. This program entails a shorter workweek for the major industries with no decrease in wages, and perhaps with some raising of wages. It means the elimination of child labor. It means the giving of opportunity for vocational and higher education to our youth for a longer period than is now possible for most of the young people. This program means the elimination of the sweatshop and of starvation wages. It means the establishment of minimum-wage standards. It may mean a decrease in the rate of dividends and interest for a few corporations, but it will mean a greater security and a more abundant life for the millions of our workers and farmers. This program means the organization of labor into unions of their own choosing for the purposes of collective bargaining. It means the establishment of unemployment insurance, and I might say incidentally that our Republican Governor Fitzgerald has not seen fit to have the great industrial State of Michigan enact a law that will bring our workers within the scope of the New Deal Unemployment Insurance Act.

We need a Democratic Governor and a Democratic administration in the State of Michigan to properly institute and administer that program in sympathy with the national law and the New Deal.

Such a program means the establishment of old-age assistance for those workers who reach an advanced age. A beginning has been made in this program through the Railroad Retirement Act for the railway workers and through the Social Security Act for the people generally. The present old-age assistance program calls for Federal-State cooperation, the Federal Government matching the dollars paid by the States. The Federal Government has left the formulation of rules as to who should be eligible for assistance very largely to the States. I am sorry to state that our Republican administration, led by Gov. Frank D. Fitzgerald, has not given the State of Michigan nor the aged workers of Michigan an adequate old-age-pension law. Eligibility rules for qualification for assistance under the present law in Michigan make necessary in effect a pauper's oath. Small property holdings are to be turned over to the State. The amounts paid are pitifully inadequate. Now, it is recognized that Utopia cannot be gained solely through old-age-security legislation. But the right kind of old-age assistance can go far toward giving to our aged some recompense for a lifetime of toil and hardship. We must not treat those who have become old as if they deserved no consideration. Those workers who are old today made possible with the work of their hands and brains the efficiency of our society today. They must not be forsaken in the twilight of their lives. They must and shall be taken care of adequately and decently. The Michigan old-age-pension law must not above all require a pauper's oath, and it must not keep the aged on the verge of starvation.

Governor Fitzgerald's administration has failed, and I call on the voters of Michigan to cast their ballots next November for the party that has sponsored and begun our old-age-assistance program. That party is the party of President Roosevelt. Some Republican leaders of Michigan have of late been talking much about old-age assistance. I wonder why these gentlemen did nothing about the problem before 1932, when they had control of the National and State Government. The answer is, of course, that these gentlemen resisted reform as long as possible, and I submit that they are not fit persons to undertake the administration and development of a program to which fundamentally they are opposed and which they accept now only because it has become inevitable.

The issues facing us today have broken across traditional party lines. Under the leadership of President Roosevelt, the liberals have gathered in a final march against the forces of privileged wealth and power. Once again the forces of reaction using the Republican Party as their vehicle are throwing their resources into an effort to block reform. The coming election is clearly a battle between the rights of the people on the one side and the privileges of wealth on the other. Our fight is a fight for social justice, a fight for freedom of opportunity for the people of America, and the voters of Michigan must elect men to the Congress of the United States who are men of honor, independence, courage, and honesty.

This Nation does not want dictatorship, and it will not have dictatorship so long as the Representatives in Congress are free and honorable men. All too often we have had men in Congress

who have jumped at the crack of somebody's whip. No Representative can be worthy of the trust of the people who submits to the dictation of any selfish group, organization, or individual. He must be a man who will stand on and be bound by the principles of justice and equity as he sees them. Social justice will be obtained in this country only by maintaining the freedom of government, freedom of expression, and freedom of the ballot box. Democratic institutions will perish in America only when the representatives of the people are controlled by individuals or organizations, political or economic, and lose their identity as free agents to carry out the will of the people.

Founded in American tradition by those men and women who braved the wilderness and established our civilization is the precept that America shall always be a haven for the poor and oppressed, a land of opportunity where one may labor in security. The pioneers of America began the quest for social justice over a century ago. In our complex industrial age we must, in the spirit of the pioneer, continue their struggle until at last we have achieved a nation in which poverty and want are unknown.

GEN. CLARENCE R. EDWARDS

Mr. SMITH of Connecticut. Mr. Speaker, I ask unanimous consent to extend my own remarks by including a speech delivered by the gentleman from Massachusetts [Mr. CONNERY].

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Connecticut. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech of the gentleman from Massachusetts [Mr. CONNERY] at the dedication of the Gen. Clarence R. Edwards Bridge, between Lynn and Revere, Mass., on May 17, 1936:

I deem it an honor and a privilege, today, to be chosen by my own Yankee Division comrades to pay my humble tribute to the "Daddy" of the Twenty-sixth Division, American Expeditionary Forces, Maj. Gen. Clarence Ransom Edwards.

On April 20, 1936, I introduced in the House of Representatives House Joint Resolution 570. The resolution reads as follows:

"*Resolved, etc.*, That the President of the United States is hereby authorized to award posthumously in the name of Congress a Distinguished Service Medal to Maj. Gen. Clarence Ransom Edwards, who died February 14, 1931, after having organized the Twenty-sixth Division and commanded it with distinction during all but 18 days of its active service at the front. The high qualities of leadership and unfailing devotion to duty displayed by him were responsible for the marked esprit and morale of his command. To his marked tactical ability and energy are largely due the brilliant successes achieved by the Twenty-sixth National Guard Division during its operations against the enemy from February 4, 1918, to November 11, 1918."

The foregoing House joint resolution was reported favorably to the House by the House Military Affairs Committee on May 13, 1936, and I confidently expect it to become a law within the next few weeks.

The official record of the military service of General Edwards, as given by the War Department, is as follows:

"Clarence Ransom Edwards: Born in Cleveland, Ohio, January 1, 1859. Appointed from Ohio. Cadet, United States Military Academy, September 1, 1879. Second lieutenant, Twenty-third Infantry, June 13, 1883. First lieutenant, First Infantry, February 25, 1891. Transferred to Twenty-third Infantry, July 20, 1891. Major, Assistant Adjutant General, Volunteers, accepted (to rank from May 12, 1898) May 28, 1898. Vacated, October 1, 1899. Captain, Twenty-third Infantry, July 30, 1899. Assigned to Tenth Infantry, January 1, 1899. Lieutenant colonel, Forty-seventh United States Volunteer Infantry, Volunteers, accepted (to rank from May 12, 1899), October 1, 1899. Mustered out of Volunteer Service, July 2, 1901. Brigadier general, Chief, Bureau of Insular Affairs, accepted (to rank from June 30, 1906) July 2, 1906. Reappointed brigadier general, Chief, Bureau of Insular Affairs, June 30, 1910. Brigadier general (to rank from May 12, 1912), August 24, 1912. Major general, National Army, accepted (to rank from Aug. 5, 1917), August 22, 1917. Honorably discharged, major general, National Army, only, June 31, 1920. Major general (to rank from Mar. 5, 1921), April 27, 1921. Retired from active service, December 1, 1922. A. M., St. John's College, New York, 1891; LL. D., Middlebury College, Vermont, 1919; LL. D., Trinity College, Connecticut, 1919; LL. B., Syracuse University, 1920.

"SERVICE

"He served with his regiment at Fort Union, N. Mex., from September 30, 1883, to June 2, 1884; en route to and at Fort Porter, N. Y., to August 29, 1884; commanding the guard at the grave of President Garfield, Cleveland, Ohio, to July 1, 1886; at Fort Porter, N. Y., to (on leave of absence June 11 to Oct. 9, 1889) May 10, 1890; while at Fort Porter he served as post adjutant and treasurer in addition to his other duties. On duty at Fort Davis, Tex., post adjutant and range officer to December 15, 1890; professor of military science and tactics at St. John's College, Fordham, N. Y., to October 31, 1893; on duty in The Adjutant General's Office, Washington (M. I. D.), to November 1, 1895; garrison duty at Fort Clark, Tex., commanding Company H, Twenty-third Infantry, in charge of post exchange and of post gardens, also post treasurer to August 27, 1896; quartermaster, Twenty-third Infantry, commissary and ordnance officer to April 12, 1898; at New Orleans, La., regimental quartermaster, and ordnance officer, and acting adjutant general of provisional division, organized at that place to (resigned as regimental quartermaster May 12, 1898) May 23, 1898; adjutant general, Fourth Army Corps, at Mobile, Ala., Tampa, Fla., and Huntsville, Ala. (also mustering officer, Fourth Army Corps, from July 26 to Aug. 14, 1898), from May 25 to September 15, 1898; on sick leave of absence to December 4, 1898; adjutant general, Fourth Army Corps, to January 4, 1899, when he was ordered to report as adjutant general of the Department of Habana, Cuba; while en route to Habana, Cuba, via Washington, D. C., he was assigned to duty as adjutant general on the staff of Major General Lawton January 6, 1899.

"Although lieutenant colonel of the Forty-seventh Infantry, United States Volunteers, he never served with that regiment, having been on the staff of General Lawton up to the time of the latter's death, December 1899. Relieved December 18, 1899, and accompanied remains of General Lawton to San Francisco by transport, thence by rail to Washington, D. C., and on duty in the office of the Secretary of War as Chief of Division of Customs and Insular Affairs from February 12, 1900.

"While in the Philippine Islands he served in the following operations: General Lawton's Santa Cruz campaign; battle of Santa Cruz, April 9 and 10; battle of Pagsanjan, April 11, 1899; and minor engagements a few miles up the river from Pagsanjan, where, in command of a battalion of the First North Dakotas, he recovered four steam launches held by the insurgents; battle of Pacte, April 12, 1899.

"General Lawton's San Isidro campaigns; battle of Novaliches, September 22, 1899; first battle of San Rafael, April 29, 1899; second battle of San Rafael, May 1, 1899; battle of Balinag, May 2, 1899; battle of San Isidro, May 17, 1899.

"General Lawton's expedition to Province of Morong, June 2 to 8, 1899; battle of Cainta, June 3, 1899; engagement at Taytay, June 4, 1899.

"General Lawton's expedition to Province of Cavite, June 10 to 20, 1899; battle of Guadalupe Ridge on the advance from San Pedro Macati to the east or rear of Paranque; also engagement opposite Las Pinas, June 10, 1899; battle of the Zapote River, June 12, 1899; repelling attack of insurgents, extending from Imus down the river, enveloping Bacoor, October 2 and 3, 1899; repelling second vigorous attack of insurgents on same lines, which finally resulted in our forces driving off insurgents, pursuing them to and through Binacayan.

"On duty in the office of the Secretary of War, as Chief of Division of Customs and Insular Affairs from February 12, 1900, to July 1, 1902; colonel, Chief of Bureau of Insular Affairs, Washington, D. C., to June 30, 1906; and brigadier general, Chief of Bureau of Insular Affairs, to August 24, 1908.

"Commanding the post of Fort D. A. Russell, Wyo., from October 3, 1912, to February 26, 1913; commanding a brigade on the Mexican border to January 1914; en route to Hawaii and commanding brigade to December 14, 1914; en route to the United States to December 14, 1914, and to the Canal Zone to January 6, 1915; commanding the troops in the Canal Zone to April 16, 1917; in and en route to and from the United States January 31 to March 15, 1916; en route to the United States to April 23, 1917.

"He was commanding the Northeastern Department, with headquarters at Boston, Mass., May 1 to August 1917; commanding the Twenty-sixth Division at Boston, Mass., from August 22 to October 11, 1917. Rejoined the division in France November 11, 1917, and was commanding that division in France to October 24, 1918, except from November 25 to November 30, 1917.

"He participated in the following major operations: Champagne-Marne, Aisne-Marne, St. Mihiel, and Meuse-Argonne offensives.

"En route to the United States from November 5 to 14, 1918; on leave of absence to December 1, 1918; commanding the Northeastern Department, Boston, Mass., to August 31, 1920; commanding the Second Brigade, Camp Taylor, Ky., to September 8, 1920; commanding the Second Infantry Brigade, Camp Dix, N. J., to July 1, 1921; commanding the First Corps Area, Boston, Mass., to the date of his retirement.

"He was awarded three silver star citations for gallantry in action against insurgent forces at (1) Santa Cruz, Luzon, Philippine Islands, April 10, 1899; (2) San Rafael, Luzon, Philippine Islands, May 1, 1899; (3) near Guadalupe Ridge, Luzon, Philippine Islands, June 10, 1899.

"General Edwards received the following foreign awards: French Croix de Guerre with Palm; French Legion of Honor, Commander; Belgian Order of Leopold, Commander; Polish Order of Haller's Swords, Chevalier.

"General Edwards died February 14, 1931, at Boston, Mass.

"By authority of the Secretary of War:

"E. T. CONLEY,
"*Major General,*
"*The Adjutant General.*"

Col. O. L. Spaulding, Chief of the Historical Section of the Army War College at Washington, at my request, has given me the following information concerning the Twenty-sixth Division as to the number of days spent at the front and in foreign service:

APRIL 2, 1936.

Hon. WILLIAM P. CONNERY, JR.,
House of Representatives, Washington, D. C.

MY DEAR MR. CONNERY: In response to your telephonic request for information I furnish the following statistics as regards the four significant divisions concerned: Total time in foreign service,

1 year 7 months 2 days; total time at front, 193 days, 148 in quiet sector, 45 days in major operations and active sectors.

The above statistics were compiled from The War With Germany, by Col. L. P. Ayers; the Order of Battle of United States Land Forces in World War, A. E. F., compiled by the Historical Section, Army War College, and Division History Charts, compiled by the G–3 Section of the General Staff, G. H. Q., A. E. F.

I trust that this information will be of service to you.

Very truly yours,

OLIVER L. SPAULDING,
Colonel, Field Artillery,
Chief, Historical Section, Army War College.

It may be interesting to some of my listeners to know just what the words "quiet sector" in the foregoing report meant as pertains to the Twenty-sixth Division:

The laconic bulletins sent out daily to the War Department by the Commander-in-Chief, General Pershing, concerning the division, are also interesting as throwing light on life in a "quiet sector." Following are examples from the communiques of June:

"June 1, 1918, Twenty-sixth Division. May 31 to June 1, noon to noon. General impression quiet. Total of hostile shells, 1,060. Enemy apparently using a 15-centimeter heavy field howitzer.

"June 16, 1918. Twenty-sixth Division, June 13 to June 14, noon to noon; there was little activity of any description. The hostile batteries used about 1,000 shells of which 250 contained gas. The enemy planes were fairly active, a total of 21 being seen. Of these, 13 were within our territory. Our patrols were very active and on several occasions drew rifle and grenade fire from the hostile trenches.

"June 23, 1918, Twenty-sixth Division. June 20 to 21, noon to noon; hostile artillery still active, but less so than during last few days. Intermittent shelling of the entire sector throughout afternoon and evening with heaviest fire concentrated on right and center. On the left, Xivray bombarded with high explosives and gas. Total number of shells used, 1,800.

"June 24, 1918: Twenty-sixth Division, June 21 to 22, noon to noon; the day quiet except for a rather heavy harrassing fire executed by the hostile batteries. A total of 1,450 rounds, mostly small caliber, including a little gas, were used by the enemy. The fire was distributed over most of the sector.

"June 26, 1918: Twenty-sixth Division, daily average 1,800 rounds. Maximum for 1 day 6,000 rounds, fired on June 19. Minimum for 1 day 300 rounds, fired on June 21."

The official records of the War Department disclose the fact that 1,730 men were killed in action and 10,568 men were wounded while serving in the Yankee Division during the World War.

"Arriving in the autumn of 1917 the division went through the prescribed course of instruction until early in 1918, when, brigaded with the French, it entered the line for a month and a half's further training north of Soissons, in the Chemin des Dames sector. It was withdrawn for rest when the German offensive of March 21 necessitated its immediate return to the line in the La Reine and Boucq sectors, north of Toul. Here it had two important engagements—one in the Apremont Forest, where it repulsed with loss a heavy German raid, and at Seicheprey, where casualties on both sides amounted to approximately 2,000 men.

"On July 18 the division was thrown into the battle between the Aisne and the Marne, advancing in 7 days more than 17 kilometers against determined enemy opposition and capturing the towns of Epieds, Trugny, Torcey, Belleau, and Givry.

"It next took part in the American offensive of September at St. Mihiel. Operating under the Fifth Corps in the Rupt and Troyon sectors, north of St. Mihiel, it captured Bois-des-Eparages, Hattonchatel, and Vigneulles.

"Later, during the Meuse-Argonne offensive, it attacked northeast of Verdun and aided in the storming of Etrayes Ridge, capturing Bois-de-Belleu and the Bois d'Ormont, one of the most formidable heights in that region. The division was in this sector when the armistice called a halt to active operations."

General Pershing in the foregoing letter neglected to mention Flirey and Xivray in the Toul sector, while in that sector it was an interesting fact that the enemy attacked each individual infantry regiment of the division at separate places and were repulsed in each engagement. They attacked the One Hundred and First at Flirey, the One Hundred and Second at Seichprey, the One Hundred and Third at Xivray, and the One Hundred and Fourth at Apremont. In all of these engagements the One Hundred and First, One Hundred and Second, and One Hundred and Third Artillery played magnificent parts in smashing the enemy attacks.

On all of the fronts where the division was engaged the separate units of Engineers, supply trains, machine-gun battalions, Signal Corps, and liaison detachments served their beloved division with zeal, untiring energy, and heroism.

At Humes, on Christmas Day 1918, President Wilson visited the division and reviewed detachments of it.

The general impression made by the troops on this occasion may best be summarized by the telegram of the Commander in Chief to General Hale:

G. H. Q., *December 26, 1918.*

C. G., TWENTY-SIXTH DIVISION:

I desire to congratulate the division on the excellent work of the battalion which represented it as the guard of honor at Chaumont, on the fine appearance and discipline manifested by the men during the visit of the President of the United States to the billets of the division, and on the splendid appearance made by the detachments representing the division in the review for the President at Humes, France, December 25, 1918.

PERSHING.

We had only been in the trenches in the Chemin des Dames sector a short time when General de Mard'huy, in whose French Army Corps we were serving at that time, issued a general order.

The letter of compliment from the French corps commander, the first to be received by the division, conveyed under its official phrases a very real and personal affectionate regard. Too much emphasis cannot be placed on the mutual cordiality and esteem which from the very beginning marked the relations of the division's officers and men with their French associates. The letter follows:

ELEVENTH ARMY CORPS,
STAFF HEADQUARTERS,
March 15, 1918.

GENERAL ORDERS, No. 7

We regret that our comrades of the Twenty-sixth Division should leave us in order to fulfill their tasks elsewhere.

We have been able to appreciate their bravery, their sense of duty and discipline, also their frank comradeship; they carry away our unanimous regrets.

General Edwards has been pleased to consider the Eleventh Corps as godfather to the Twenty-sixth Division. The Eleventh Corps feels proud of the awarded honor, being sure that, wherever he may be sent, the godson shall do credit to the godfather.

GENERAL DE MAUD'HUY,
Comanding Eleventh Army Corps.

In September 1918 came the St. Mihiel drive, in which the salient was reduced and the line straightened out. This was the action in which the division captured Bois de Eperges, Hattonchatel, and Vigneulles.

In connection with the part the Twenty-sixth Division took in the capture of Hattonchatel the following tribute was paid by the French corps commander:

"From: General Claude, commanding the Seventeenth Army Corps.

"To: The commanding general, Twenty-sixth Division.

"General, the reputation of your division preceded it here far ahead.

"To all its titles of glory gained in fierce struggles, and only recently at the signal victory of Hattonchatel, it has added on the 23d of October a page which perhaps is more modest, but still does it great honor.

"In a few hours, as at a maneuver, it has gained all the objectives assigned it in the difficult sector of the Woods of Houppy, Etrayes, and Belleau.

"This operation is evidence, indeed, of superior instruction, mobility, and will.

"I do not know how to thank you sufficiently for your assistance, dear General, and it is my great desire to express to you all our grateful admiration for your splendid division which thus has added its name to all of those who have fought to hurl the enemy back from the outskirts of Verdun."

"It is not my intention to recount in detail the thousands of incidents of heroism of officers and men of the division. History will store up some of these glorious deeds for future generations to read. The men who were there on the field of battle know the story of unsung heroes whose names never will be mentioned. Many YD men here within the sound of my voice should be wearing upon their breasts Congressional Medals of Honor or Distinguished Service Crosses, yet their reward must be only the serene, complete content of knowing that they had served their country even far beyond the path of line of duty in battle, that they had performed heroic acts of which the world knows nothing, but in which they and their buddies who were there with them will glory while they live. They can look at the beautiful flag of the United States flying in the breeze with its gorgeous red and its pure white stripes, its deep field of blue, and its bright stars, too, and let their souls cry out, "You're my flag, you're particularly, specially my flag! I fought for you, I proved that I would die for you. I proved it to myself and to my country, and how I love you and what you represent—freedom, liberty, home, and loved ones."

That must be their reward and that reward is sufficient unto them because they are soldiers, soldiers in peace as well as in war.

Our dead rest peacefully in France, and in the hallowed resting places on our own dear soil.

We the living gather here today from the farthest corners of New England; yes, and from far-distant States of the Union. We come not only to honor our dead chief, but to proclaim to the Nation and to the world that we will fight in time of peace as we did in war to safeguard forever the patriotic principles so clearly defined by Thomas Jefferson in the Declaration of Independence, and the founders of the Republic in the greatest document ever written for the government of a people, the Constitution of the United States.

This dedication today is our answer to communism. As long as one of us lives we will resist any attempt on the part of anyone to overturn by force the Government of the United States, which has been perpetuated and sanctified by the blood of heroes of all our wars.

We pray for peace but we have no sympathy, and can have little respect for, the man or woman who lives under the protection of our American institutions and who will take all the

benefits of that protection and then refuse to take up arms to defend our country in time of need.

The Yankee Division is an American division. The men of the Yankee Division are Americans, and we recognize but one flag, the Stars and Stripes.

General Edwards, "Daddy" Edwards, the "Old Man", the "Idol of the Yankee Division", soldier, brother, father, comrade, all in one, stern in discipline, lover of wit and humor, proud of his outfit, proud of his officers, but most of all, prouder of—defender and champion of—the enlisted man.

He was relieved of his command because he insisted on casting diplomacy aside and, in biting, sarcastic words, told the "higher ups" that he would be no part of a scheme which would aggrandize self-seeking, would-be military leaders, to be brought about by the degradation of officers and men who had followed him unhesitatingly into the hell of battle and men who had already handed on to posterity another golden page of glorious deeds to be placed in New England's book of chivalrous sons, a book teeming with pages of self-sacrifice, honor, patriotism, and fighting fortitude continuing on and on, beginning with the foundation of the United States of America.

The excuse given to relieve him of his command was that Secretary of War Baker, when he was visiting the A. E. F. in France, had suggested that a certain number of divisional commanders who had led combat divisions in battle should be sent back to the United States to train new divisions. Perhaps this would have been done later with other commanders in addition to General Edwards, but as the armistice came shortly after he was relieved one shall never know the answer to that.

The general took his relief as a soldier. Let us see:

The final leave taking of General Edwards on October 26, 1918, was described by Dr. Morton Prince, of Boston, in a letter to Governor McCall of Massachusetts. He said, in part:

"I arrived at divisional P. C. (the advanced post of command during battle) just as the commanding general was transferring his command to his successor, an able officer of experience, who surely will lead the Yankee Division to further victories. Headquarters was a picturesque group of dugouts arranged in two rows, facing one another along an alley camouflaged overhead with boughs of leaves from enemy airplanes.

"In the commanding general's dugout were high officers and members of his staff, while in the alley were grouped other staff officers and headquarters troops. It was but natural and pardonable that depression and gloom were depicted on the faces of all, and that they should speak in subdued voices.

"Though anxious to give the same loyalty to their new commander, they could, for the moment, think only of the past. They were losing their chief to whom they owed everything, and whom they had followed during 9 months of constant fighting.

"The departing general was the only cheery one of the lot. Whatever he may have felt when leaving the soldiers he loved and who loved him, he did not betray, nor did he give the least sign of his private sorrows, for sudden news had just brought grief into his heart in the death of two that were very near to him—his own daughter, and an aide who was like an own son. This we all know. But private grief was not allowed to weigh with duty. He was a soldier through and through.

"A few routine details had to be finished, papers had to be signed. Then came the presentation of his staff to the new commander, with a generous word of commendation for each; a word of good-bye and a grasp of the hand with one another; the same with a kind word to each enlisted man at headquarters; then he sprang into the motor car. At his invitation: I was privileged to accompany him, and with a wave of his hand and a last cheery good-bye we were off, leaving sad faces behind us.

"The next day after a night at the main working headquarters a final good-bye was said by the remainder of the staff, and as we turned back from where the departing motor left us we heard the explosion of a great 14-inch shell that dropped its fragments close to the car as it sped away, as if the German in a last vain effort sought to destroy, in impotent rage, the man who had beaten them on many a field, and there came to us from a distance the cheers of the soldiers wishing their general God-speed.

"There is not a soldier or officer in the division that does not take the general's departure as a personal loss."

Thus does Dr. Prince in fitting language describe the feelings of all YD men toward their commander.

General Edwards was a West Pointer. He had all of the virtues inculcated into the youth of our land who graduate from Uncle Sam's Military Academy. Yet he escaped what many West Pointers did not escape—that false sense of caste and antagonism toward the National Guard and National Army which at times exhibited itself so strongly in our Army during the war.

He rather followed the rule of the generals of France who were firm disciplinarians yet could see no sense in the signs invariably displayed in all American camps, barracks, and posted in cafes and restaurants, "For officers only."

He combined fine gentlemanly instinct with a rare sense of the fitness of things. His humor was contagious. His courage unquestioned. He was a man's man. He loved his men. His men idolized him.

I have searched the records of the War Department and nowhere in the record of his private life and military service can one blot be found upon his escutcheon.

We Yankee Division men who live in this beautiful section of Massachusetts are proud, and justly so, of the action of our Governor and our legislature in naming this bridge the General Clarence R. Edwards Bridge. It will be an ever-present reminder to us, to our children, and our children's children, of the great deeds of a great man, the leader of a great fighting Yankee Division, the man who put a soul into that division, the man who alive captured the imagination of 40,000 soldiers, the man who dead holds their undying, eternal loyalty and love. General Edwards, today, in the name of all of your living stout-hearted fighting Yankee Division men, in the name of all of our comrades who have gone to the Great Beyond, we salute you.

TWO LETTERS ON MATTERS OF PUBLIC CONCERN

Mr. EAGLE. Mr. Speaker, I ask unanimous consent to extend my own remarks by including copies of two letters I have written on matters of public concern.

The SPEAKER. Is there objection?

There was no objection.

GUFFEY COAL BILL

Mr. EAGLE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter written by me with regard to the Guffey coal bill:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., May 26, 1936.

Mr. D. D. PEDEN,
President, Peden Iron & Steel Co., Houston, Tex.

DEAR DEE: Your wire of 25th to hand and noted.

I have not yet read the new Guffey bill. I note that you ask me to vote against it.

I voted for the other one, and if this one keeps the greedy fingers of the coal operators off the necks of 450,000 coal miners who are shamefully used, oppressed, mistreated, as the other Guffey bill did, I shall vote for it. It is far better, far more American, far more human for those coal-mine workers (450,000 of them—meaning 3,000,000 men, women, and children) to have proper working hours, working conditions, and pay than for extra, extra dividends to be collected at their expense by the inhuman and greedy coal corporations of Pennsylvania and other coal States. Besides the humanities involved, purchasing power which makes for universal prosperity is gained by treating workers right.

I shall, as usual, give this bill careful study when or if it comes up, and vote for it or against it on these principles. I will never confiscate or overtax or punish capital, but I will not by my vote allow the chiselers in industry (like these greedy coal companies) to starve, wreck, and oppress men, women, and children merely to send bigger and bigger extra dividends up to Wall Street.

There are both capital and labor: each indispensably necessary to industry and prosperity. Each such bill must be considered and enacted in the light of doing right by both capital and labor. Of course, all of this big industry in the Pennsylvania and New York section tries to use its relations with all of its business connections throughout the country to ask all Congressmen to vote as these vast and selfish corporations desire in order that they may enslave their workers again as before the present regime, and I hope you yourself will give study to the very matter you lay before me. With me the welfare and justice to men and women who toil comes before extra big dividends to the chiseling portion of big business and industry up here in the East which considers men as natural serfs.

As requested, this new Guffey bill will have the best study, thought, and decision of which I am capable, when it comes up, but I shall be guided by the above sentiments, facts, and views.

With personal regards.

Sincerely yours,

JOE H. EAGLE.

S. 3822: RESALES PRICE—H. R. 8442: CHAIN STORES

Mr. EAGLE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter written by me:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., January 29, 1936.

Dr. W. J. DANFORTH,
Plaza Hotel, San Antonio, Tex.

DEAR DR. DANFORTH: I received today your interesting and welcome letter of January 25, and have read and considered it with care.

(1) I am familiar with the bill originally introduced for Senator TYDINGS as S. 3518 on January 6 of this year, and later introduced by Senator TYDINGS as S. 3822 on January 16. I favor that bill and will support it. In substance it merely is a measure to promote national fair trade. Dumping and price cutting are of no permanent value to any class but a constant menace and injury to all classes. The measure will not prevent fair competition because that will be maintained by the manufacturers. When a retail merchant cuts prices it is merely a dumping process. It breaks the uniform standard of prices. What he loses in such transactions he makes up by adding to the sales price of another article. For this reason the buying public never achieves advantage through cut-price purchases. Therefore, I regard that the bill, S. 3822, is fair to manufacturer, jobber, retailer, and the public.

(2) I am heartily backing the Patman bill, H. R. 8442, to amend section 2 of the Clayton Antitrust Act. I am familiar with the

details of that bill, and I think it will accomplish what it is designed for, that is, to protect the independent merchant and the public as buyers as well as the manufacturer from exploitation by chain-store competitors. The small independent merchant has a perfect right to demand the same opportunity to make a living as the largest chain enjoys. Yet by the methods employed in purchasing by the chains, the small man is denied equality of opportunity. The wealth of chains enables them to buy on their own terms and practically at their own prices, and also enables them to sell at far below cost at any place where necessary to bankrupt their independent competitor. The independent man must be by law guaranteed the right to the same prices and terms and discounts any manufacturer accords to any chain if the small man is to live in business at all. After a chain destroys the independent merchant it will have no competition and can exploit the public by prices at its pleasure. It is therefore in the interest of the public, as well as to safeguard the legitimate rights of the independent small businessman, that the chain groups be not allowed by virtue of their strength and what they can do by their tremendous buying power to put the independent out of business.

This bill (H. R. 8442) makes it unlawful for any person engaged in commerce to discriminate in price or in terms of sale between the chain-store groups and the individual merchant as to like grade and quality; and also prohibits rebates to the chain under pretense of paying commissions and brokerage to their dummies; and the same as to pretended advertising allowances. And it is sound in providing for a presumptive measure of damages for its violation, because such damages to an independent by these unfair chain methods while known to that merchant to ruin him gradually is still difficult to prove, hence the bill properly provides for a presumptive measure of damages in certain cases.

As far back as 1914, when I was then a Member of Congress, I supported and voted for the Clayton Antitrust Act. I approved our work then and approve it now in that act so far as it went; but it has not gone, and I think is not capable of going, far enough to protect against the calamity of this new giant chain-store plan which is ruining small businessmen, and hence I will find deep satisfaction in helping to enact H. R. 8442 to strengthen rather than weaken the Clayton Antitrust Act.

With highest considerations, I am

Sincerely yours,

JOE H. EAGLE.

AMERICA, THE HAVEN OF LIBERTY-SEEKING IMMIGRANTS

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent to extend my own remarks by including my own speech delivered on the floor of this House.

The SPEAKER. Is there objection?

There was no objection.

Mr. SIROVICH. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the speech which I delivered on the floor of the House a number of years ago.

Mr. Speaker, ladies and gentlemen of the House, comets were regarded in ancient times as presages of evil, forecasting the death of kings and the destruction of nations. Edmund Halley, an English astronomer, the friend of the great Newton, observing the comet of 1682, checked back on previous appearances of comets and decided that this comet had a definite orbit about the sun covering 75 years, and predicted the return of this comet in 1737. His forecast was derided, but when 1737 came in the course of time Halley's comet appeared again, and has since that time made its route according to the schedule of Halley. Its latest appearance was in 1910. Superstition faded before knowledge and understanding.

Depressions and panics seem to have cyclic orbits, and with them also seem to come cycles of bigotry and persecution, as if both were parts of some cosmic disturbance. Like the lag of the tides after the meridian passage of the moon, these cycles of bigotry are not always immediate with the economic cycles, but, nevertheless, they seem concomitant with them. I could cite you many instances which seem to bear out this thought, but will not take the time now to do it, except to call attention to the fact that great wars seem to be followed by deep economic depressions, and during these depressions nationals of one nation try to put the blame for the situation on nationals of another nation, and often on minority groups within their own nation.

This latter case is the situation in Germany between the Austrian dictator, Hitler, and native Germans of Jewish religion. Germany had failed in the World War. She had lost her colonies; her Navy lay at the bottom of Scapa Flow; her foreign markets had been taken away; a loaf of bread sold for a billion paper marks; and the financial condition of the people in general was appalling, so those who had assumed power looked about for a scapegoat. The Jewish element of the German people provided such a scapegoat by the dictatorship and those behind it. Jews had led in steel making, shipping, foreign trade, and domestic commerce out of all proportion to their numbers compared to other Germans; nor were the Jews behind in music, the arts and sciences, and philosophy. This state of affairs first led to jealousy, then to bigotry, and finally to persecution, with all of which the world is familiar.

There could be no escape to asylum elsewhere in the world, though longing eyes were cast on America, since Jewish money and goods had been commandeered by the Nazis, and families once well to do or in comfortable circumstances were herded into ghettos and denied expatriation.

In other generations persecution because of political or religious differences has given some of its best immigrant stock to the United States of America. The Pilgrims and Puritans, Huguenots, Lutherans, and Irish, German, and English Catholics were striking examples. It is also true that love of liberty, freedom of conscience and speech, and a desire to better their economic condition brought many fine men and women to America whose descendants are a credit and an honor to our Nation.

For almost 150 years America has been the haven, the mecca, to which the proscribed, the persecuted peoples of occidental civilization have longed to migrate. Every cycle of bigotry, economic depression, and racial intolerance in continental Europe drove millions to our shores. America, the land of liberty and opportunity; America, the land where they cradled religious respect for all faiths; America, the land of freedom and equality! That America was their destination.

From the west coast of Ireland to the eastern shores of the Black Sea these emigrants sought America. From the White Sea in the north to the Straits of Messina in the Mediterranean they set sail for America. In the last 15 decades America was the one word in the minds and on the tongues of millions of all the nationals within these regions. America, the land of hope and faith; the land where a man could be a man, free and independent, no matter what tongue he spoke or what his racial stock might be; a land where wages were high, worktime short; a land open for settlers, jobs for all workmen; the land of promise and plenty.

So the adventuresome took ship, in the steerage, at as low as $15 a head, providing their own food and bedding. They came in millions and spread all over the land of plenty, from Maine to Oregon, and from the Great Lakes to the Gulf of Mexico. They built the railroads. They manned the river steamboats. They built the wharves and docks. They did anything to which they could turn their willing hands. Coal and iron mines, rolling mills, textile mills, blast furnaces, coke ovens, tunnels, subways, bridges, roads, commercial and domestic buildings, all these and much more they dug down, laid down, or built up.

All who came to the land of plenty were not brawn; also came brains, fine brains, the seat of great minds. The list is too long to name them here, but Carl Schurz, Joseph Pulitzer, Jacob Schiff, Prof. Abraham Jacoby, Steinmetz, Einstein are not the lowest on the list. A roster of those whose thought, rather than their hands, helped mold this Nation to one of the greatest in the world would fill multiple pages of the CONGRESSIONAL RECORD. To this roster would be added many names besides those recorded of the Jewish race, as well as names of Irish, Scotch, Welsh, English, German, French, Italian, Austrian, Hungarian, Polish, Scandinavian, Russian, and Balkan derivation.

There is much discussion these days of the alien immigrants to the United States of America and their effect on the ethical, political, economic, industrial, and employment present-day status of the Nation. Some of this discussion has been vitriolic in its denunciation of the immigrant. In order to get a true viewpoint it may be well to have a look backward at the situation as it existed in the Original Colonies and in the United States of America in the nineteenth century.

America was not settled by a homogeneous race, Nordic or otherwise—the original settlers came from many lands—nor were the English settlers in the various Colonies all of one blood and religious or political thought. Florida was settled by Spaniards, as was California and other parts of the west coast. Louisiana and the lower tributary valleys of the Mississippi were settled by the French, who also penetrated the Great Lakes region, the upper Mississippi region, and the adjacent territory.

Swedes settled in Delaware and along the Delaware River. German colonists occupied the fertile valleys of eastern Pennsylvania, where later they were joined by Scotch-Irish, Irish, English, and Welsh. Scandinavians, including Swedes, Norwegians, and Danes, took possession of fertile homesteads in Delaware, Wisconsin, Minnesota, and the then Territories west. Poles came to Pennsylvania, as did Letts and Lithuanians. New York, originally called New Amsterdam, was settled by Hollanders, Flemings, and Walloons. Massachusetts Bay and Plymouth Colony were settled by English from the southwest of England.

Maryland was settled by English Catholics, Virginia by English Anglicans. Great rivalry existed between these two Colonies, and Maryland still calls itself the free state because of its early attitude toward liberty of conscience and thought. Georgia was founded by James Edward Oglethorpe. It became a refuge for persecuted Protestant sects, then opposed to the Anglican Church, and unfortunate debtors, but worthy classes of England. The early Georgian colonists were English, German Lutherans, Piedmontese, Scottish Highlanders, Swiss, Portuguese, and Jews.

Portuguese and Spanish Jews were among the first settlers of the now exclusive Newport, R. I., and one of the oldest cemeteries in the United States of America is the Jewish Touro Cemetery in Newport. In my district in New York is an ancient Jewish cemetery, just off Sixth Avenue, and another near the Bowery and Chatham Square, containing a few graves of early Manhattan Islanders who were Jews and settled in New York City in 1654.

Persecution is not new in what is now the United States. Witch trials were common in Salem. The ostracism of Roger Williams from Massachusetts founded Rhode Island. Virginia cavaliers harassed the Catholics of Maryland. Anglicans scouted Lutherans. Mormons were driven from Palmyra to Fayette, to Kirtland, to Jackson County, Mo., to Nauvoo, and finally established Utah under Brigham Young.

Persecution need not be physical or depend upon personal harm. It may be by ostracism, terrible to sensitive souls. It may be by boycott. It can take many forms, developed over centuries of practice by baiters of a people whose ideals are not understood by their antagonists. Persecution is not always a conflict of races. It may and has existed between elements of homogeneous races, usually duty to differences in religion and politics.

History repeats itself by generations, by centuries, and by millenia. Thomas Torquemada, the sadistic inquisitor in the Spain of King Ferdinand and Queen Isabella, having driven out the Moors from Spain, turned his attentions to the Jews, and, after royal consent to their expulsion, expatriated 800,000 Jewish families, who fled to Holland, Russia, the Balkans, Italy, the Dutch East Indies, Tunis, Tripoli, Morocco, and other countries that granted them shelter. These countries of refuge profited greatly by the arrival of the new Jewish immigrants, but Spain lost her commanding position among the nations of that time and has been on the downgrade ever since. The great Empire of Spain has disintegrated.

Today in Germany the same conditions obtain that did in Spain under Torquemada. Hitler is the modern Torquemada. Today the same conditions obtaining in Germany under Hitler will produce the same results that occurred in Spain under Torquemada. I repeat this to emphasize it. The next world war will destroy Germany; southern Catholic Germany will secede as a nation from northern Protestant Germany.

Civilization was said to have been thrust into Spain on the point of a Moorish lance. The famous Giralda Tower of Seville was built by the Moors and used by them as an astronomical observatory. When the Spaniards drove the Moors out they did not know what use to put the beautiful tower to, so they let it stand idle. Much of the so-called kultur of Germany is, like the culture of Spain, not indigenous to German soil but has been borrowed from other sources, with the possible exceptions of Goethe's and Schiller's works.

Prior to 1700 Germany did not figure in the culture of Europe to the extent that she later achieved. The new Europe of the Renaissance was born in Italy, nurtured in France, developed in England, and thence spread to the rest of Europe, Germany being the last to accept the new culture. Leonardo da Vinci, Michelangelo, Raphael, Titian, Dante, Descartes, Rabelais and Montaigne, Columbus, De Gama, Copernicus, Galileo, and Magellan were not German. The mothers of Rabelais and Montaigne were Jewesses.

René Descartes preceded Immanuel Kant as a philosopher, and his work was of great aid to Pascal and Newton, and Descartes was not a German. Immanuel Kant was of Scotch descent. Latins, not Germans, led the way in the new civilization. Dante, Cervantes, Rabelais, Shakespeare, and the lesser authors are well known outside of their native lands, but the best of German poets, Goethe, is not read much outside of Germany. Shakespeare competes with Goethe on the German stage, but Goethe does not compete with Shakespeare on the English-speaking stage. Schiller's dramas deal more with non-German subjects than with those concerning his own nationals. Schopenhauer, Kant, and Nietsche drew their inspiration from non-German sources. German culture was influenced by foreign sources more than the culture of any other race in Europe.

Baruch Benedict Spinoza, the distinguished Portuguese-Holland Jew, has been the brilliant, gifted, dominating, intellectual figure of German philosophic culture for the past 200 years. Such talented writers as Goethe, Lessing, Schiller, and Herder were inspired by Spinoza's contributions and their works were profoundly influenced by his conceptions and ideals. Nietzsche was of Polish descent. Whenever and wherever we find Nietzsche dilating upon the superior qualities of his superman we find him always drawing his inspiration from the great foreign, oriental prophet of the Persians, Zoroaster. The great pessimist Arthur Schopenhauer was of Dutch descent and propagandized the Buddhistic-Hinduistic philosophy into Germany. His object was to replace the Biblical influence of the New and Old Testaments. Neander is universally considered the most distinguished and representative German church historian. He, too, was a baptized Jew. Heinrich Heine, the supreme lyric poet of his day, was a Jew. Karl Marx, the avatar of Soviet Russia and the author of the world-famous Das Kapital, was of Jewish extraction. Wassermann, the great serologist; Ehrlich, the world's most famous biochemist; Henle, one of the greatest anatomists of his time; Albert Neisser, the greatest bacteriologist of his day, discoverer of the gonococcus and the leprosy bacillus, were all Jews.

In the realm of physics what names are comparable to the four outstanding Jewish-German physicists, such as Hertz, of the Hertzian or X-ray fame, Helmholz, Einstein, and Plank. Max Reinhardt, the greatest theatrical impressario, is a representative German member of the Jewish faith. The most important modern German poets, such as Zweig, Werfel, Hoffmanstahl, and Wassermann, are members of the Semetic race. Emil Ludwig and Leon Feuchtwanger are two of the world's most famous modern German-Jewish novelists. The three greatest German publicists of the last century, Maxmilian Harder, Alfred Kear, and Ludwig Boerne, were non-Aryans, disciples of Judaism. The founder of Germany's modern merchant marine and the North German Lloyd Steamship Co. was the Jew, Alfred Ballin. The Junker Party, the great political reactionary party of Germany, was founded by a baptized Jew, Fritz Stahl. Mendelssohn is considered one of the most foremost musical composers of the world; he, too, was of Jewish extraction. The greatest tenor that Germany produced in the last 5 decades was Yadlowker, a Russian Jew. One of the most brilliant statesmen of modern Germany was the distinguished Rothenau, Minister

of Foreign Affairs, who was assassinated by the Nazis. His father was the founder of the general electric industry of Germany.

A brief cursory of the facts that I have presented proves conclusively that neither German culture, so-called, nor modern German civilization are of purely German creation. German kultur is the cumulative contribution of the creative effort of a conglomeration of different races, religions, and peoples from all over the world, who lived in Germany and were inspired by the creative geniuses of the world to ennoble mankind by the product of their mentality.

A pure-blooded German kultur and civilization is a myth, an aspersion, and an insult upon the intelligence of any liberal-minded citizen of the world.

The list of great ones in German history, in art, music, science, biology, medicine, and surgery is saturated with non-German names and with countless Jewish names too numerous to mention. Because of religious bigotry, intolerance, and racial persecution by Germany's modern Torquemada, Hitler, Germany will disintegrate. Its empire will suffer the fate of medieval Spain. The Prussian-German Empire will be succeeded by a German confederation based on southern Catholic Germany, as Bavaria, Saxony, and Württemberg, united with Austria, of which Vienna may yet be the titular capital. Northern Prussian Germany, or Protestant Germany, has always been militaristically inclined. Prussian Germany has given to Germany its great warriors. It has oppressed its neighbors in war and peace. It has given to a unified Germany the autocracy of the Hohenzollern dynasty, against which Woodrow Wilson and Congress declared war. No great names in science, art, and literature have come from its bowels. On the other hand, southern Germany and the Rhineland have contributed to Germany on the altar of its culture and civilization its most eminent scholars, savants, scientists, musicians, painters, and philosophers.

After the next world war a ring of Catholic nations will surround Prussian-Hitler Germany. Catholic nations, such as Belgium, France, Czechoslovakia, southern Catholic Germany, Austria, Hungary, Poland, Rumania, and Yugoslavia, will destroy Prussian junkerism, Hitlerism, and militarism and make the world safe for free men to exist.

Mr. Speaker, ladies and gentlemen of the House of Representatives, on May 17, 1929, a distinguished, gallant, and lovable personage, a Representative of the great Commonwealth of Virginia, the Honorable Henry St. George Tucker, delivered an address in this House on the subject of reapportionment. It was a masterpiece of verbal elegance and forensic legal lore. In his peroration this brilliant scholar stated that—

Children from the sons of the covenant were never intended by our forbears to participate in the Government of the United States.

It was my privilege to respond to that address. When I concluded my remarks that great personality arose and clarified his expressions, so that no one could misconstrue or misinterpret them. It was a sublime effort, worthy of the great statesman that he was. Since that memorable occasion the Honorable Henry St. George Tucker has made his eternal pilgrimage to that "bourne from whence no traveler ever returns." To commemorate that heroic and immortal event in my congressional experience I now desire to call to your attention that address and Mr. Tucker's response thereto. Henry St. George Tucker's answer is a ringing challenge to anti-Semitism, racial bigotry, and religious intolerance wherever it may be found.

The address and response are as follows:

Mr. Speaker, ladies and gentlemen of the House, the Commonwealth of Virginia has contributed some of the most distinguished names to the history of our Nation. Out of 56 men who signed the Declaration of Independence, 7 of them came from the great Commonwealth of Virginia.

In the early history of our Government the Old Dominion gave four of its most eminent sons as President of the United States—George Washington, Thomas Jefferson, James Madison, and James Monroe. A quartet of famous names that have never been equaled or been surpassed by any State in the Union. [Applause.]

Next to the founder of our country, George Washington, stands the name of Thomas Jefferson, the founder of the great Democratic Party of our Nation.

The life and character of Thomas Jefferson symbolizes, to my mind, all the ideals and virtues that prompted our forefathers to establish this great democratic-republican Government of ours. [Applause.]

When the sage of Monticello passed beyond the Great Divide he left a will in which he requested that when a tombstone was erected to commemorate his memory only three sentiments should be expressed thereon. First, that he was the author of the Declaration of Independence; second, that he was the founder of the University of Virginia; and third, that he was the author of religious liberty and freedom of worship in the Commonwealth of Virginia.

What an extraordinary trinity of ideals to which Thomas Jefferson consecrated his life: First, education; second, the right of worshiping in conformity with a man's own conscience; and third, as author of that immortal document, that great charter of human rights, worthy of God himself, the Declaration of Independence. [Applause.]

Mr. Speaker, ladies, and gentlemen, picture to yourselves the modesty of that extraordinary intellectual giant, Thomas Jefferson, the greatest man of his day. He never put upon his tombstone that he was twice President of the United States. He never had inscribed upon his eternal shaft that he was Vice President of the United States. Never did he declare to those who might read his epitaph that he was first Secretary of State in the administration of George Washington. Nor did he state that he was Ambassador of the United States to France and helped to bring to a successful conclusion the great Revolution which brought liberty and freedom to our forbears through the assistance of France in aiding the American cause in its hour of need. [Applause.]

Seven famous names are penned to the great Declaration of Independence from the State of Virginia—George Wythe, Richard Lee, Thomas Jefferson, Benjamin Harrison, Thomas Nelson, Jr., Francis Lightfoot Lee, and Carter Braxton. Where is there a schoolboy today throughout the length and breadth of our country who has not heard of the militant Maccabean sentiments of Patrick Henry in his clarion call to the people of our Nation when he said, "Give me liberty or give me death"? Such is the contribution of the Commonwealth of Virginia to the early history of our country. [Applause.]

A century has passed since the death of Thomas Jefferson. The great Commonwealth of Virginia has 12 distinguished men who represent that great State in the House and Senate. Let me have them pass before you in panoramic fashion as their names come to my mind. Andrew Jackson Montague, former Governor of Virginia, and named after the militant and aggressive leader of democracy, Andrew Jackson; R. Walton Moore, a descendant of Lewis Morris, the New York signer of the Declaration of Independence, and also a descendant of the Walton family, of New York, a family of merchants in the old days, one of whom was mayor of New York, and all of whom are buried in the churchyard at Trinity Church; Schuyler Bland, Patrick Henry Drewry, Clifton Alexander Woodrum, Senators Carter Glass and Claude Swanson, and last but not least Virginia's illustrious son, Henry St. George Tucker. [Applause.]

Where is there a State in our Union that can match these names for brilliancy in their accomplishments, and for extraordinary manifestations in service to our people? [Applause.]

For 14 decades the distinguished family of Tucker has been represented in the Congress of the United States. The original Thomas Tudor Tucker served as a Member of Congress during the administration of Gen. George Washington. George Tucker, a kinsman of St. George Tucker, our friend's great-grandfather, was a Member of this historic forum. In 1825 Thomas Jefferson appointed him as professor of moral and intellectual philosophy in the University of Virginia. Henry St. George Tucker served from 1815 to 1819 in the Congress of the United States.

Thus we behold the picture of great-grandfather, grandfather, father, and son serving the best traditions of our people and our Nation.

The present Henry St. George Tucker, in my humble opinion, is one of the greatest constitutional lawyers in the Congress of the United States. [Applause.]

As former acting president of Washington and Lee University, as former president of the American Bar Association, as a Member of this House on and off since 1889, and as professor of law, he is one of the outstanding and distinguished representatives of the great Commonwealth of Virginia. [Applause.] He comes from the town of Lexington, Va., Lexington that was the home of Robert E. Lee, the illustrious general and distinguished soldier of the Southern Confederacy, Lexington, Va., where that distinguished soldier, Stonewall Jackson, taught mathematics.

In the center of that community is the city of Staunton, which is the birthplace that cradled and nurtured the greatest exponent of the philosophy of democracy, one of the greatest Presidents of all times, Woodrow Wilson. [Applause.]

Since the inception of our Government, four successive generations of Tuckers have represented the State of Virginia in the House. Henry St. George Tucker, the present incumbent, carries in his vest pocket a watch, an heirloom from colonial days, whose ticks and beats were heard by John Randolph, of Roanoke, its original owner. Edmund Randolph, of this distinguished family, was the first Attorney General in the administration of George Washington.

Surely, with all these antecedents that I have enumerated, anything that Mr. Tucker would say on the floor of this House

carries great weight. Our distinguished colleague delivered a speech in this historic forum on the "power of Congress to exclude aliens in the enumeration of the population of the United States for Representatives in Congress." It was a brilliant effort. A masterpiece of forensic lore. A debatable constitutional question. His main contention being that when the Constitution was adopted in 1787 aliens were not present. Therefore he infers they should not be counted now.

As a matter of fact, immediately after the Revolution, proportionate to its population, we had as many aliens then as we have now. In our midst were the Tories, hillbillies, the Hessians, English troops, and other soldiers of fortune, who fought against our forbears in their desire to establish a republican form of government. But when the Constitution was adopted, a general amnesty was declared and everybody was permitted to participate as citizens of our Republic. That was why we had so few aliens.

However, when the fourteenth amendment to the Constitution was passed, after the abolition of slavery in 1868, section 2 declared—

"Representatives shall be apportioned among the several States according to their respective numbers, counting the whole number of persons in each State, excluding Indians not taxed."

Surely, in 1868 we had millions of aliens then as now, and it was the intention of our forefathers to count all of its people. They left nothing to be inferred and only excluded Indians not taxed. Therefore, it is my contention that an alien is a person under the fourteenth amendment to the Federal Constitution, and should be included upon the basis of fixing representation, excluding only "Indians not taxed." As a matter of justice, all the people living in our country are aliens or the descendents of aliens. The only true Americans are the Indians, whom we have deprived of their land and even disfranchised by not permitting them to vote. [Applause.]

While we are on the subject of the aliens I would like to state that there are 45,000,000 people in the United States today who are the sons and descendants of former alien immigrants, who, since their entrance into this country, have contributed to our happiness, glory, and prosperity in times of peace and have fought upon every battlefield in defense of our country in times of war. For almost 100 years these aliens, through their sweat and blood, have helped to built our great American railroads, have perfected our great American industries of steel and iron, have worked in the mills, in the looms, and in the factories. They have gone down into the bowels of the earth to bring forth the hidden mineral resources of our Nation, have dug the subways, have built the great skyscrapers and dwellings, which have made our Nation and our people the most wonderful, the most respected, and the richest of all the world. [Applause.]

Directly in front of the home of the President of the United States there are monuments on each corner erected to perpetuate the name and fame of five aliens who gave up everything they held near and dear to help our Colonial forefathers establish this mighty Republic of ours.

Pulaski, a Polish count, who organized the Foreign Legion, marching these soldiers through Maryland, Virginia, North and South Carolina, fighting all the way for our cause, until he fell wounded in the Battle of Savannah and was buried at sea. Gen. Baron von Steuben, the great German strategist, who trained and disciplined the American soldiers at Valley Forge and made it possible for Washington to win his subsequent victories. Rochambeau, the great French soldier, who, in conjunction with Lafayette and Washington, was responsible in lowering the colors of Cornwallis at Yorktown, that brought victory to the arms of America. Kosciusko, the great Polish engineer, who designed and built West Point and was wounded at the battlefield of Saratoga, that caused to bring about the defeat of Burgoyne. And last, but not least, the distinguished and gifted General Lafayette, who brought the aid of the French people to the cause of the American Revolution, that made success possible. Everywhere, throughout the length and breadth of our land, there are humble shafts that commemorate the lives of these alien immigrants who worked for our happiness in times of peace and were ready to die for our Republic in times of war. [Applause.]

Mr. Speaker, ladies, and gentlemen, my purpose in addressing the House today is to take exception to the peroration of my distinguished colleague, Mr. Tucker. In his concluding remarks he said "aliens from the commonwealth of Israel and strangers from the covenants of promise were never intended to be given participation in the Government of the United States." If this figure of speech, this Biblical sentiment of Mr. Tucker were literally interpreted, exclusive of its text, it would cast aspersions upon one of the most patriotic and loyal groups of citizens in our country.

Since no religious test is required by our Constitution to hold public office to serve our people, why pick out one group of people and say "aliens from the commonwealth of Israel and strangers from the covenants of promise were never intended to be given participation in the Government of the United States"?

Let me tell my colleague, Mr. Tucker, who these strangers from the covenant of the land of promise are.

For 25 centuries these covenanted people from the land of promise have been persecuted and been proscribed. They have been pillaged. They have been plundered. They have been burned at the stake. They have been driven from the land that God covenanted as their own. As wanderers in the world, they have gone through pogroms, massacres, and inquisitions, and while all these monarchs, emperors, and others who have persecuted them have been forgotten in the ashes of time, these aliens from the commonwealth of Israel lived on, and will continue to live wherever the influence of civilization and humanity exists, because Judaism stands for three ideals that it has preached from the time of Abraham. First, the belief in one ever-living God. Second, the belief in the inspiration of the Holy Bible containing within it the Ten Commandments given by God to Moses on Mount Sinai. Third, the belief in the immortality of the soul. For these reasons the Jewish race will and must continue to live. [Applause.]

When the Assyrian king destroyed the commonwealth of Israel, many of these people settled in Phoenicia. Prior to the Christian era the Phoenicians were the Yankees of the East. Living near the forests of Lebanon, they hewed down the trees and converted them into ships. They settled in Greece, the lower part of Italy, and particularly Venice, which is called Venetia, derived from Phoenicia, and Carthage.

As their ships plowed through the Mediterranean and through the Straits of Gibraltar, they went to England. There they went down into the mines and brought back tin, which they used to alloy copper, and were among the first bronze makers of the world. It was these Phoenicians, the most civilized and cultured people of their day, who called England British. The term "British" comes from two Hebraic words, "brith", which means covenant and "ish", which means son. Therefore, "British" means the covenanted son.

In 1492 two of these sons of the covenant, Spanish Morranos, Louis St. Angel and Gabriel Sanchez gave 20,000,000 maravedis, which amounts to about $200,000, to Queen Isabella to finance the expedition of Christopher Columbus. On the three ships, the *Pinta*, the *Niña*, and the *Santa Maria*, that set sail with Columbus for a northwest passage to India were 108 men; 18 of them were Jews—sons of the covenant. Dr. Maestral and Dr. Marco were physician and surgeon, respectively, on the ships. Rodrigo Sanchez was superintendent of the vessels. The first man to sight land was Rodigro de Triana. The first man to set foot on American soil was Louis de Torres, who Christopher Columbus took along with him to act as interpreter with the Grand Kahn of India. All these men were of Jewish extraction. Jehuda Cresques, a Jew, was the man who perfected the compass for the first time that made it possible for Columbus to sail away from the harbor and guide his destiny. Abraham Cecuto presented Christopher Columbus with the astronomical charts that made it possible for him to follow the North Star and wend his way westward. So you see, fellow Members of the House, it was aliens from the commonwealth of Israel who not only financed the expedition of Columbus but were present with him in those strenuous and frightful months that he must have gone through ere he discovered this wonderful country of ours that our forefathers and divine Providence decreed should be the haven and home for all the oppressed of the world. [Applause.]

When Washington was at Valley Forge, and the cause of the American colonists looked helpless and hopeless, General Washington sent his emissary to one of the sons of the commonwealth of Israel in the person of Chaian Solomon, who was an immigrant from the city of Lodz, Poland. Mr. Solomon was one of the richest men of his time. He took out $675,000, all the money he had in the world, and sent it to General Washington to help our colonial forbears. For this act of generosity a servant betrayed him to the British. He was imprisoned, court-martialed, and sentenced to be hanged. Chaian Solomon died in prison, but his money helped to save the cause of the American Revolution. This money was never returned to his wife and children, who were left penniless.

In the city of Charleston, S. C., in 1777, Col. Emanuel M. Noah gathered together 100 sons of the covenant, who fought under the leadership of Captain Lushington, with General Moultrie as their presiding officer, all throughout the American Revolution. Since that time the children of Israel—first, last, and all the time true American citizens and patriots—have contributed to every line of human endeavor to make our Nation the greatest, the most glorious in the world. In science, in art, in literature, in philosophy, in journalism, in medicine, in law, in jurisprudence, in banking, and in statesmanship the Jew has contributed his all upon the altar of our Nation. In every war, from the American Revolution, the War of 1812, the Mexican War, the Civil War, the Spanish-American War, the allied war, Jewish blood has saturated and hallowed the soil of our country and of Cuba, the Philippines, and France that our institutions might be preserved. [Applause.]

I appeal to you, Mr. Henry St. George Tucker, an illustrious citizen of the State of Virginia, distinguished Member of the greatest representative body in the world, the Congress of the United States, to name any group of citizens within the confines of our country who are more loyal, patriotic, sincere, and devoted to the institutions of our Nation than are the children of the covenant, the Jewish people. [Applause.]

During the Civil War your sainted father was a soldier of the Confederacy. During the darkest hour of this fratricidal war Judah P. Benjamin, a son of Israel, was attorney general, secretary of state, and secretary of war of the southern Confederacy. He dined in your home and took from his back his own coat to give to your honored father. You have served in the Congress of the United States with many men who were members of the Jewish faith, such as Isidore Strauss, who was your devoted friend and broke bread in your home.

In view of the respect and regard that everyone has for you, Mr. Tucker, I contend it is your privilege, nay, I should say it is your duty, in justice to your name and fame, to define what you

meant when you said that—"aliens from the commonwealth of Israel and strangers from the covenants of promise were never intended to be given participation in the Government of the United States."

[Applause.]

I yield now, for a reply, to my friend from Virginia [Mr. Tucker]. [Applause.]

Mr. TUCKER. Mr. Speaker, I have been greatly distressed to learn from my eminent and distinguished friend from New York [Mr. SIROVICH] that the remark made by me in what was a legal argument has been construed by some a reflection on the great Jewish race. It gives me pain. I know that there is no man who knows me who will say that I ever could have been guilty of such a thing.

Mr. Speaker, I would be false to the tenderest memories of my life, I would be false to some of the most ennobling companionships of my life if I could ever, by word or act, say or do anything to reflect upon the great Hebrew race. [Applause.]

All through my argument I spoke of aliens as "unnaturalized foreigners"—applying to all races. This was a mere figure of speech and in no sense was it intended to diminish the accomplishments of the Hebrew in the march of human progress in science and law, in philosophy and theology, and in the highest development of family life known in American life.

I thank my distinguished friend, Dr. WILLIAM IRVING SIROVICH, for giving me this opportunity to explain the expression used by me in the close of my speech referred to by him. I deeply regret that anyone has seen in that phrase any evidence of any intention to disparage or criticize the Jewish race. Nothing could be further from my thought. No act or word of mine would ever be so construed by you who know me. To do so I would have to forget some of the sweetest friendships and most ennobling associations of my life with Hebrews. The words used were from the Apostle Paul—it was his language, not mine.

Mr. Speaker, I desire to reiterate, in closing, my profound respect for the citizenship of our Nation of every race and creed, and especially for those of the Jewish race. [Applause.]

Mr. SIROVICH. In behalf of the Jewish race I want to thank you for the manly way in which you have corrected the sentiment that you have expressed and for the great regard and respect that you have for the citizenship of the Jewish race.

In this country we pledge allegiance to one flag and to one nation. As an American, I extend to you, Henry St. George Tucker, the hand of brotherly love, and sincerely hope that you will live far beyond the Biblical threescore and ten in happiness and in contentment with your people.

Within the great Liberty Bell in Philadelphia there is a sentiment taken from the Third Book of the Holy Testament which says: "Thou shalt proclaim liberty and freedom to all the inhabitants of this land." When that bell rang it spread liberty and freedom to all the people of our country. Your manly and courageous sentiments today will bring happiness and contentment to the descendants "from the commonwealth of Israel and strangers from the covenants of promise." [Applause.]

Mr. Speaker, all religions are the result of the accident of birth, place, time, and circumstance, modified by the racial tendencies of the peoples among whom the worship arose. The solitary Jehovah of the Jews, the Trinity of the Christians, the polytheism of the gods of ancient Greece, and of surviving Buddhism and Brahmanism; Mohammed, the prophet of Moslemism; Confucius, the analector and interpreter of ethics; the Code of Hammurabi; the Great Spirit of the North American Indian; the many gods of the Mayans, Toltecs, and Incas; Mithraism, Molochism, idolism, fetishism, totemism, and all the varieties of figure worship had their beginning and continued being in the search of many peoples for knowledge of a supreme being, of an all-powerful one, omnipotent in all things, as revealed to them by one or more prophets of their own race or adjacent races. That such conditions continue to exist through milleniums indicates that the true God cares little about the form of worship, over which mankind has fought so long and bitterly. Bigotry and intolerance are solely human characteristics and have no place in the truly divine scheme of things. The true God is so tolerant that it behooves humanity to imitate this quality of godliness. Let every true American, therefore, be ever ready to offer up everything he holds near and dear in life to bring about the brotherhood of man and the fatherhood of God.

AGRICULTURAL IMPROVEMENT IN MISSOURI

Mr. NELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. NELSON. Mr. Speaker, cash receipts from the sale of principal farm products in Missouri increased from $158,702,000 in 1932 to $238,363,000 in 1935, including $23,397,000 in rental and benefit payments. This is an increase of 50 percent.

Price changes on certain selected commodities, which brought about a considerable share of the increased cash receipts to which I have just referred, are shown in the following table:

TABLE 1.—*Average prices received by Missouri farmers for commodities listed on dates specified*

Commodity	Aug. 15, 1932	Mar. 15, 1933	Dec. 15, 1935
	Cents	*Cents*	*Cents*
Wheat, per bushel	39	39	91
Corn, do	31	20	61
Oats, do	15	17	34
Barley, do	26	28	57
Rye, do	37	39	62
Buckwheat, do		40	57
Flaxseed, do	68	80	125
Potatoes, do	45	55	80
Sweetpotatoes, do	80	55	90
Cotton, per pound	6.5	6.3	11.2
Hogs, per hundredweight	410	325	880
Beef cattle, do	530	400	740
Veal calves, do	470	495	880
Lambs, do	440	440	920
Milk cows, per head	2,900	2,500	4,200
Chickens, per pound	10	7.2	14.8
Eggs, per dozen	11.8	7.4	25.5
Butter, per pound	20	17	30
Wool, per pound, unwashed	9	9	25
Apples, per bushel	65	115	80

For the United States as a whole the yearly average price of all groups of farm products increased from 65 percent to 108 percent of the pre-war level during the period 1932–35, an increase of 66 percent. The low point occurred in March, 1933, when prices were only 55 percent of the pre-war level, whereas in December, 1935, they averaged 110 percent of that level. These figures do not include rental and benefit payments. The gain in exchange value of farm products per unit was somewhat less than the gain in farm prices, since prices farmers pay for commodities used in living and production also advanced about 17 percent during the period. The exchange value per unit of farm products increased from 61 percent of the pre-war level in 1932 to 86 percent in 1935, a gain of about 41 percent.

FARM REAL-ESTATE APPRECIATION

A new appreciation of farm real estate in Missouri has been one result of increased farm income. The number of forced farm sales per thousand declined from 59.8 for the year ending in March, 1933, to 35.8 for the year ending in March, 1935. Voluntary sales and trades of farms for the year ending in March, 1932, stood at a low of 18.2 per thousand compared with 22.6 per thousand for the year ending in March, 1935. For the first time since 1920 the decline in value of farm real estate per acre halted in the year ending March, 1933, when it hit a low of 55, the State average value from 1912 to 1914 being 100. From this low of 55 in 1933 the estimate value per acre rose to 58 for the year ending March, 1935.

IMPROVED CONDITIONS FOR HIRED FARM LABOR

Estimates by the Bureau of Agricultural Economics indicate that on January 1, 1933, the demand for farm labor in Missouri was 53 percent below the standard accepted as normal and the supply 24 percent above. At the same time the average farm wage rate per person with board was $16.25. Three years later, in January, 1936, the farm-labor demand was only 27 percent below normal, and supply was 4 percent below. The average farm wage rate per person with board was $18, having advanced 11 percent above its 1933 level.

SOIL-CONSERVATION PRACTICES UNDER THE A. A. A.

The programs of agricultural adjustment, from their launching in the spring of 1933, were concerned with good use of the land of cooperating farmers, as well as with adjustment of crop acreage in line with effective demand. Farm leaders and administration officials recognized from the start that relieving a proportion of farm land from the soil-exhausting burden of major crop production created an

unprecedented opportunity for putting this land to the soil-conserving uses which farm specialists for many years have been advocating.

Adjustment contracts include provisions encouraging beneficial uses for acreage taken out of surplus crops. The first corn-hog contract, offered farmers in 1934, authorized use of the rented acreage only "for planting additional permanent pasture; for soil-improving and erosion-preventing crops not to be harvested; for resting or fallowing the land; for weed eradication; or for planting farm wood lots." The cotton contract for 1934–35 specified use of the rented acres only for "soil-improving crops; erosion-preventing crops; food crops for consumption by the producer on his farm; feed crops for the production of livestock or livestock products for consumption or use by the producer on his farm; or fallowing; or such other uses as may be permitted by the Secretary of Agriculture or his authorized agent." Food and feed crops for home use were authorized on rented acres in the South, because it was recognized that the standard of farm living in that region, which contains half of the farm population of the country, might thereby be improved. The tobacco and wheat contracts carried similar provisions.

In the 1934 crop year, the first in which the adjustment programs were in full swing, farmers agreed to shift their production on nearly 36,000,000 acres. These acres represented one out of every nine of cultivated land in the country. Of the shifted acres it has been estimated that about one-third was put in pasture or meadow crops, one-third in acres of emergency forage crops and in crops that supplied food and feed for home use, and the remaining one-third was fallow to conserve moisture and control weeds, planted to farm wood lots, or left idle. Farmers in Missouri shifted nearly 1,344,000 acres from the production of corn, cotton, wheat, and tobacco in 1934.

A marked trend toward increased pasturage of all kinds is apparent in Missouri. According to the Bureau of the Census, the acreage devoted to pasturage increased by about 3,241,000 acres from 1929 to 1934.

DAIRY CATTLE DISEASE ERADICATION

Milk has been an important source of farm income in Missouri. For the past few years more than $25,000,000 has been returned to milk producers annually. They are therefore interested in steps taken by the Government to safeguard the health of their herds.

Approximately $50,000,000 of Agricultural Adjustment Administration funds have been made available for cattle disease eradication in the United States, primarily bovine tuberculosis, Bang's disease, and mastitis. This work is being done in cooperation with the Bureau of Animal Industry. As of December 31, 1935, some 1,447,700 head of cattle had been given the tuberculin test and about 308,690 the agglutination test for Bang's disease. Of the $350,000 allocated the State for the eradication of bovine tuberculosis, $342,570.55 had been expended in indemnities and operating expenses at the close of 1935. Of the $966,000 allotment to the State for the eradication of Bang's disease, $867,500 had been spent in indemnities and operating expenses through December 1935.

EXTENT OF FARMER PARTICIPATION IN ADJUSTMENT PROGRAMS

From the inauguration of the adjustment programs in 1933 through January 6, 1936, 279,773 contracts signed by Missouri farmers were accepted by the Agricultural Adjustment Administration. Of this number of contracts 201,372 were corn-hog, 46,439 were wheat, 29,855 were cotton, 2,106 were tobacco, and 1 was rice.

Missouri farmers have evidenced their cooperation in A. A. A. programs by their votes in five referendums on these and related measures. During the first 2 weeks of October 1934, corn-hog producers were asked whether they favored an adjustment program for 1935. In this referendum Missouri producers numbering 34,319 voted for a program, while 19,342 voted against.

In the Bankhead referendum conducted on December 14, 1934, to decide upon the applicability of the Bankhead Act to the 1935–36 cotton crop, 12,466 votes were cast in the State, of which 10,552 favored application of the act. A Nation-wide wheat referendum was conducted on May 25, 1935, in which producers were asked, "Are you in favor of a wheat-production program to follow the present one, which expires with the 1935 crop year?" In Missouri, 18,913 votes were cast, of which 15,647, or 83 percent, favored such a program. During the summer of 1935, producers of different types of tobacco were asked whether they favored a production-adjustment program to follow the one which expired with the crop year 1935. Burley producers in Missouri favored a program for 1936 by a vote of 647 to 126. The last referendum in this State was conducted on October 26, 1935, in which corn-hog producers were asked whether they favored a corn-hog program for 1936. Official returns indicated that 69,391 favored such a program, while 9,386 opposed.

RENTAL AND BENEFIT PAYMENTS IN MISSOURI

As of December 31, 1935, rental and benefit payments in Missouri aggregated $42,522,601.29. Of this amount cooperating corn-hog farmers received $32,834,304.31; cotton raisers, $5,277,584.36; wheat growers, $4,128,541.49; tobacco producers, $280,238.07; and rice farmers, $1,933.06.

Until January 6, 1936, funds to provide these rental-benefit payments were raised through processing taxes. As of December 31, 1935, processing-tax collections made in Missouri totaled $38,574,390.76. Processing taxes were collected through the medium of first processors, or converters of the raw agricultural products—millers, packers, cotton, and tobacco manufacturers—wherever these processing establishments were located. They were paid by consumers throughout the country wherever the processed articles were sold.

FARMERS' MONEY GOES TO TOWN

The increased income of cotton, corn-hog, tobacco, and wheat farmers did not remain out in the country where those products were raised. The farmers' money found its way to town and to the industrial centers of the country, where it put people to work.

The extent to which increased farm income during the past 3 years enabled farmers to increase their purchases of city-made goods and services is reflected in several ways.

New automobile registrations in Missouri were approximately as follows:

1932	46,663
1933	54,308
1934	68,505
1935	91,115

The increase from 1932 to 1935 was 95 percent.

According to Automobile Facts and Figures, a publication of the Automobile Manufacturers' Association, the 1934 retail automobile sales gain in Missouri was greatest in small towns and on farms. From 1933 to 1934 new-passenger-car registrations on farms and in towns under 10,000 in population, increased 31 percent, whereas in cities over 10,000 the increase was 18 percent.

New-automobile purchases, among other things, have meant an increased gasoline consumption. In Missouri consumption rose from 458,672,000 gallons in 1932 to 489,401,000 gallons in 1934, and to 509,061,000 gallons in 1935. From 1932 to 1935 the increase amounted to 11 percent.

Fertilizer tax tag sales indicate that 32,422 equivalent tons of fertilizer were purchased in Missouri in 1933. During 1934 sales increased to 52,259 equivalent tons, and during 1935 to 59,398. The increase from 1933 to 1935 was 83 percent.

Improved banking conditions are further indications of increased business activity. Monthly statements issued by the Federal Reserve System indicate that debits to individual accounts increased greatly from 1932 to 1935. For 1932, debits in the St. Louis district amounted to $7,831,981,000, and for 1934 they advanced to $8,491,398,000. Preliminary figures indicate that for 1935 they increased to $9,666,517,000, or 23 percent over the 1932 figure.

Individual deposits, including savings, time, and commercial deposits, in banks in Missouri, aggregated $921,587,000, an advance of $171,244,000, or 22 percent for the year closing June 29, 1935, in comparison with the year ending June 31, 1933, according to reports received by the American Bankers' Association.

The number of all commercial failures showed a rapid decline from 1932 through 1935. From 713 such failures in Missouri in 1932 the figure dropped to 198 in 1934 and to 163 in 1935. Hence, commercial failures in the latter year amounted to 23 percent of those in 1932.

PERMISSION TO ADDRESS THE HOUSE

Mr. NELSON. Mr. Speaker, I ask unanimous consent that on Monday next, following the disposition of business on the Speaker's desk and the reading of the Journal and other special orders, I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, under the peculiar circumstances that have been submitted to me by the gentleman from Missouri I shall not object, but already we have an hour and a half of time devoted to speeches on Monday. That is Consent Calendar day and a great many Members are anxious to have that calendar considered. The gentleman from Missouri has advised me that it is barely possible he may not have to leave the city and for that reason I shall not object to his request, but I shall be compelled to object to any other requests so far as Monday is concerned.

Mr. RICH. Mr. Speaker, reserving the right to object, I may say that if we get a lot of speeches on Monday we will save the country a lot of money.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. NELSON]?

There was no objection.

POSTMASTER GENERAL FARLEY AT GRAND RAPIDS, MICH.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks and include therein a speech made by the Postmaster General at Grand Rapids, Mich., to the Michigan State postmasters' convention.

The SPEAKER. Is there objection?

There was no objection.

Mr. BROWN. Mr. Speaker, I ask unanimous consent to have printed in the RECORD the following address by the Postmaster General at the State convention of Michigan postmasters, Grand Rapids, Mich., Wednesday, May 20, 1936, at 4 p. m.:

It is indeed a pleasure to participate with the postmasters of Michigan at a meeting of this nature. I want to take this opportunity to congratulate you on your splendid organization, which is most helpful, not only to the postmasters but to the Postal Service generally throughout the State.

Many of the postmasters assembled here today received their appointments through President Roosevelt, and it gives me particular pleasure to bring to you the personal greetings and best wishes of our great leader, whom history will record as one of the most humane and understanding of all our Presidents.

It is my feeling that you should, and I am quite sure that you do, cherish the opportunity to serve under such capable leadership. The President has a keen personal interest in the affairs of the Post Office Department and he fully appreciates the great service that is being rendered by this, the largest and most far reaching in its influence, of all of the Government departments.

Postmasters must be great believers in organization. Postal employees' organizations and gatherings are of themselves most beneficial and worth while to both the employees and the Postal Service, and it is through postmasters' conventions of this kind that new ideas and plans are exchanged, all of which have as their sole object the rendering of a more efficient service to the patrons of the Post Office Department.

The employees in all branches of the Service have contributed in no small degree to the many improvements that have been made in the Postal Service. Their alertness and sense of responsibility have been an important factor in the according of the prompt and efficient service which the Post Office Department is rendering to the American public every minute of the day and night.

It costs approximately $700,000,000 a year to operate the Postal Service, and approximately $4,000 is paid into post offices each minute of every business day by those who use its facilities. Last year the Department handled over 22,000,000,000 pieces of mail.

Owing to their intimate relationship to the interests of all of the people, postal receipts are most indicative of changing business conditions and trends. For that reason the volume of matter coming into the mails, as shown by postal receipts, has long been regarded as a most reliable barometer of business conditions.

Business throughout the country is steadily improving and your own State of Michigan is among those States that are setting the pace. One has only to glance at the daily newspapers to be apprised of the marked improvement in conditions throughout the Nation, and this upward swing is best attested to by the increasing volume of postal receipts.

As representatives of the Postal Service in this great State, I feel sure that you will be most pleased to know that postal receipts in Michigan for the first 4 months of the present calendar year were $7,355,000, as compared with but $6,741,000 for the same period a year ago. This represents a gain of more than 9 percent, which is the best indication of the steady improvement in business and industry that has and is now taking place in every section of this State.

For the month of April just passed, postal receipts for Michigan amounted to $1,930,000, as against $1,769,000 for April 1935, also a gain of more than 9 percent.

Here in Grand Rapids the postal receipts for the first 4 months of this year were $405,416, in comparison with receipts of $376,874 for the first 4 months of 1935, or an increase of more than 7 percent.

The preliminary report of postal receipts for the month of April, covering the entire country, shows a gain of more than 8 percent over the same month a year ago, and for the first 10 months of the current fiscal year a gain of approximately 7 percent over the same period in 1935 is reflected. I have every reason to believe that the final report for the year will reveal an even greater increase.

These increases in postal receipts in Michigan and throughout the country have not been confined to the metropolitan and industrial areas. It was only a few days ago that I had the pleasure of advancing 532 fourth-class post offices to the Presidential grade as a result of increased postal receipts which placed them within that category. Of these 532 post offices throughout the country which were thus advanced, 17 were here in the State of Michigan.

I feel that you will concur with me in my belief that the 40-hour-week law for postal employees, which it was my pleasure to endorse prior to its passage during the first session of the Seventy-fourth Congress, has largely solved what was a very acute problem regarding substitute employees. Before its enactment we had a large number of substitutes who had for years waited in vain for regular appointments. These substitutes have now, in most instances, obtained regular jobs and regular positions have been provided for many others who were unemployed. Nothing since I became Postmaster General has given me more happiness and satisfaction than the relief which has come to these faithful employees. In this connection, I want to commend the postmasters for the careful supervision that they have exercised in the application of the 40-hour-week law, which has in no way interrupted or impaired the Postal Service.

In addition to rendering improved service to the patrons of the Postal Service, the Department has, within the past 3 years, conducted a vigorous and widespread campaign to protect the people of the country from numerous fraudulent enterprises conducted through the mails. Investigations into these fraudulent schemes of varying natures were made by the Postal Inspection Service and wherever the facts warranted, fraud orders denying the use of the mails to the perpetrators were promptly issued. It is a certainty that the issuance of these orders has saved the American public millions of dollars annually. Reports of post-office inspectors in only 47 of the mail-fraud investigations brought to a close during the past fiscal year by the arrest, indictment, or conviction of the swindlers involved, revealed a loss to the victims of the schemes of $49,000,000. There has also been conducted a vigorous and successful drive on the senders of obscene matter.

There has been a steady improvement and development of the Air Mail Service since the first air-mail route was established between Washington and New York in 1918, but it is within the past 2 years that the greatest strides have been made in the Air Mail Service.

The present domestic air-mail system, which was set up in the spring of 1934, is the finest in the history of the service, embracing as it does 29,000-route and 40,000,000-scheduled miles. Under the old system which was in operation prior to 1934, there were but 25,248-route and 35,000,000-scheduled miles. At the present time, 215 cities throughout the Nation have direct air-mail service as compared with 167 cities under the former system. Before 1934 the States of Maine, New Hampshire, Vermont, and West Virginia had no air-mail service whatever, whereas today these States are traversed by routes, which form an integral part of the new air-mail system, which serves directly 46 States and indirectly the remaining two.

The cost to the Post Office Department of this new and greatly improved air-mail system for the fiscal year which ended on June 30, 1935, was $8,880,000, and it is estimated that the cost for the present fiscal year, including $1,300,000 allowed by the Interstate Commerce Commission for increased compensation to the air-mail contractors, will be approximately $12,000,000. In 1933, the fiscal year prior to the establishment of the present system, the cost of the air-mail service was $19,400,000 for a much more limited service than is available today.

All records for the volume of mail transported by air, passengers carried, passenger-miles flown, and pounds of air express carried were broken last year, and present indications are that these records will again be bettered this year. Planes flying over the Post Office Department's domestic and foreign air-mail system last year

carried more than thirteen and one-half million pounds of air mail, a gain of 76 percent over 1934, and more than 863,000 passengers, a gain of 53 percent. The passenger revenues of the air-mail companies for the calendar year 1935 amounted to more than $15,800,000 as compared with passenger revenues for 1934 of about $8,600,000, or an increase of 83 percent.

The most recent and certainly one of the most significant developments in the history of mail transportation was the inauguration of the trans-Pacific air-mail service last November, when the first scheduled flight on the Post Office Department's 8,700-mile air-mail route between San Francisco and the Orient took off from the Alameda, Calif., airport.

The establishment of this great transoceanic service across the broad expanse of the Pacific Ocean by way of Honolulu, Midway, Wake, Guam, and the Philippine Islands has reduced the time consumed in transporting mail from the United States to the Far East from 18 days to but 5½ days.

Plans for the inauguration of a similar transoceanic air-mail service across the Atlantic are now being formulated and there is every reason to believe that the first experimental flights between the United States and Europe will be conducted this summer.

The Post Office Department, in addition to its strictly postal operations, has been called upon several times within the past 3 years to assist other Government departments and agencies. The recent enactment of the veterans' bonus-payment legislation provides for the handling of the payment of the bonus bonds through the Post Office Department and, in accordance with this provision of the law, post offices at the principal points throughout the country are now being designated for this purpose.

Grand Rapids is one of the 12 post offices in Michigan that have been selected as direct bonus-payment offices. The 11 other Michigan post offices selected are Bay City, Battle Creek, Dearborn, Detroit, Flint, Jackson, Kalamazoo, Lansing, Muskegon, Pontiac, and Saginaw.

Plans for a prompt and expeditious handling of these bonds are now being completed. Payment on the bonus bonds becomes effective by law on June 15, 1936, on and after which date they will be received at the 45,000 post offices of the first, second, third, and fourth classes throughout the Nation. After a thorough study of the situation, I am convinced that it will be possible, through the cooperation of the Post Office and Treasury Departments and the veterans themselves, to make payment on the great majority of these bonds within 1 week after June 15, the first date of payment.

Payment of the bonus bonds will be made only after the proper identification and certification by the veterans. The payments will be made by Government check, and in the larger cities this will be done directly through the local post office. In the smaller communities the bonds will be forwarded immediately to a designated central post office within the State for payment by mail.

It is my intention that the handling of these bonus bonds be accomplished without inconvenience to the veterans and with a minimum of delay. Complete instructions as to the method of handling the bonus bonds will be forwarded to postmasters within the near future. On June 13 I plan to deliver, over a Nation-wide radio hook-up, a special message to the veterans, in which I will convey to them full and complete information concerning payment of the bonds and what they will be required to do in identifying themselves.

Among the several nonpostal operations which the Department performs for other Government departments and agencies are the handling of internal-revenue stamps for the Treasury Department and migratory-bird-hunting stamps for the Department of Agriculture.

In March of last year United States savings bonds were placed on sale at post offices throughout the country for the Treasury Department. The Post Office Department, as you all know, handles all the transactions involved in the sale of these bonds with the exception of payment, which is made through the Treasury Department direct. For the first 9 months of this sale, bonds with a maturity value of $200,000,000 were sold to the public through the various post offices of the country.

Time will not permit even a reference to all of the improvements that have been made in the Postal Service nor to the many functions of the Post Office Department, such as the Railway Mail Service, the Rural Delivery Service, the Parcel Post Service, the Star Route Service, and the like, all of which have played such a prominent role in the expansion and development of the United States Postal Service, and, indeed, the country itself.

The success that has been achieved in providing better postal service to the people of the country is due chiefly to the earnest efforts and loyalty of those who make up our great organization.

In my official capacity as Postmaster General I am required to do extensive traveling. Wherever I have gone I have availed myself of the opportunity to visit the post offices and have personally greeted thousands of our employees. In this way I have learned at first hand of the problems of the Department and our employees throughout the Nation. Of course, I am delighted with the progress that has been made in the Postal Service under the Roosevelt administration. The morale of the Department has never been finer in our whole history.

Needless to say, I fully appreciate the splendid cooperation of the postmasters and all our postal employees for the unwavering support which they have extended to me since I became Postmaster General. I shall never forget the loyalty and devotion which they exhibited under trying conditions a few years ago when business conditions made it necessary for us to enforce certain restrictions regarding employment.

In conclusion, I wish to express my grateful thanks to you and to the postal employees everywhere for all they are doing to make the United States Postal Service the greatest in all the world.

THE SALES DEPARTMENT OF THE LIVESTOCK INDUSTRY

Mr. RYAN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. RYAN. Mr. Speaker, farmers and producers of livestock, from colonial times to the present, learned that it was of great importance to sell their stock at points where the greatest buying competition could be obtained. At an early date in our history, the public livestock market was created by the producers, themselves, and developed and maintained by their patronage and support. It has proven to be the most practical and efficient marketing system yet devised.

EARLY HISTORY OF THE MARKET

About the middle of the eighteenth century, a market which is still in operation was established at Brighton, Mass. As the frontier was extended westward after the Revolutionary War, stockmen and farmers established similar markets at convenient and strategic points. They would drive their stock on the hoof to these markets where buyers from many parts of the surrounding country gathered to bid for the animals. Just before the Civil War, for instance, many such markets developed around Chicago. In 1865 these were consolidated to form the Chicago Union Stockyards, which have been in operation continuously since that time.

As livestock production moved on westward and railroads were extended into the Middle West and Far West, other public markets were established, including the one at South St. Paul, Minn., which next year will celebrate its fiftieth year of operation.

NEED OF SALES DEPARTMENT

Producers early recognized the need for skilled salesmen to cope with the expert buyers representing packers and others. This need gave rise to the commission firm and selling agencies. These selling agencies provided expert salesmanship, offering to producers the services of men thoroughly trained and experienced and as capable of feeling the pulse of the trade as the buyers themselves. In short, the public market, with its facilities for buying and selling, its keen competition and its alert, aggressive salesmen to represent producers, became the sales department of the livestock industry and so continues to this day. No manufacturer would think of giving his whole attention merely to the production of goods but would organize a strong sales department to dispose of the product of his factories, and that, in effect, is what the livestock producers of the country have done in setting up and maintaining public markets for their stock.

No other form of marketing has been found which affords the producers the buying competition or the selling efficiency which the public market offers; nor does any other system provide the protection and safeguards to producers which Federal and State supervision gives, together with the voluntary rules and bonding practices of concerns doing business on the public markets.

THE STOCKYARDS' FUNCTION

The function of the stockyards company is to provide the chutes, pens, scales, feeding, watering, and other handling services necessary in loading and unloading stock. These various facilities are made available every day in the year by the stockyards company, while they never engage in buying or selling any livestock or having any part in the transactions between buyers and sellers. This is a phase of the public-market system which is frequently misunderstood and misrepresented.

The investment in the stockyards property necessary to provide these facilities is large. The company's two principal sources of revenue to meet these costs are from feed

and yardage charges, which charges must be approved by the Secretary of Agriculture.

Since the livestock industry is the backbone of Northwest agriculture, and that agriculture, in all its phases, is the basis of business prosperity in that region, its welfare is of paramount interest to all citizens. The patronage of the public market must be maintained, its personnel must have continued developments and its functions must become more widely known and used.

VOCATIONAL EDUCATION HAS MEANT MUCH TO THE STATE OF WEST VIRGINIA

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include correspondence upon the subject of the bill under discussion this afternoon.

The SPEAKER. Is there objection?

Mr. RICH. Reserving the right to object, how much correspondence is there?

Mr. RANDOLPH. I believe I might say I will include a part of one or two letters.

Mr. RICH. It will be confined to a page or not more than a page?

Mr. RANDOLPH. Yes.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, the further and increased development of vocational education certainly has much to commend it to the membership of this House. The program has been most successful and has brought material benefit to not only youthful groups of students but to the older folk as well. This measure provides for a permanent system, and our Federal assistance will mean that the various States can continue their activities in agricultural education, home-economic training, and scientific instruction in trades and vocations.

I am particularly interested in the good which is being accomplished in West Virginia through the avenue of vocational education. I have had much correspondence which is interesting and indicative of the need and popularity of this type of training. I shall, however, invite your attention to short excerpts from two communications which I have received.

The first comes from my good friend and distinguished educational leader, the Honorable J. F. Marsh, president of Concord State Teachers College, West Virginia. Under date of May 1 he writes as follows:

> Having served for many years as State director of vocational education, I am in a position to appreciate the great need and the value of that special type of training, especially in these times of so much vocational need on the part of young folks.

West Virginia is the largest bituminous-coal-producing State in the Nation, and located within my district at West Virginia University is the school of mines. Its director, Mr. Charles E. Lawall, wrote me on May 4 the following:

> This bill would aid vocational education in the State of West Virginia and would particularly aid mining-extension work, as we are now conducting it throughout the State. We here in the school of mines are particularly interested in its passage.
>
> I need not tell you about the work that the mining-extension department has been doing throughout the State of West Virginia for the past 24 years, because I am aware that you are familiar with it. We have already had over 25,000 men in our mining-extension classes since this work was started. The work this year will be conducted at three centers throughout the State so that it will be available to practically every mining man that wants to take this work. During the past year we have had enrolled in our evening mining classes 1,657 men throughout the State, so we feel that this work is reaching those men for whom it is primarily intended.

Money spent through the vocational education program will be returned in the form of citizenship dividends to our Republic. Our boys and girls and men and women will be better equipped for life's work.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LANHAM, indefinitely, on account of important business.

To Mr. BROOKS, for 5 days, on account of illness.

HOUR OF MEETING MONDAY

Mr. BANKHEAD. Mr. Speaker, in view of the fact that several special orders have been granted for next Monday, and our desire to get through the Consent Calendar as far as possible, I have conferred with the minority leader.

Mr. Speaker, I ask unanimous consent that the House meet at 11 o'clock on Monday next.

Mr. RICH. Mr. Speaker, reserving the right to object, I may say to the majority leader that it is well to convene early on Monday if an hour and a half is to be taken up with special orders, but just remember that every day you keep this House in session it is going to be detrimental to the welfare of this country; and I want to warn the majority leader he should get Congress out of here just as quickly as possible.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, can the majority leader inform us whether it is contemplated to bring up any suspensions on Monday following the Consent Calendar?

Mr. BANKHEAD. I may say to the gentleman from Michigan that is a matter entirely within the discretion of the Speaker, and I have not consulted with him; but I know of none at this time.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the House meet at 11 o'clock on Monday. Is there objection?

There was no objection.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 38. Concurrent resolution authorizing the appointment of a joint committee of Congress to make the necessary arrangements for the inauguration of the President-elect on January 20, 1937; to the Committee on Rules.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 3118. An act to provide for the creation of the Perry's Victory and International Peace Memorial National Monument, on Put in Bay, South Bass Island, in the State of Ohio, and for other purposes;

S. 4023. An act to provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers, for the filing of current information and periodic reports by issuers, and for other purposes; and

S. 4448. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundred and fiftieth anniversary of the issuance of the charter to the city of Lynchburg, Va.

BILLS AND A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on May 25, 1936, present to the President, for his approval bills and a joint resolution of the House of the following titles:

H. R. 8069. An act for the relief of Mr. and Mrs. A. S. Mull;

H. R. 8599. An act to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a marine casualty investigation board and increase efficiency in administration of the steamboat-inspection laws, and for other purposes;

H. R. 8766. An act to authorize municipal corporations in the Territory of Alaska to incur bonded indebtedness, and for other purposes;

H. R. 11747. An act extending the time for making the report of the commission to study the subject of Hernando De Soto's expedition; and

H. J. Res. 439. Joint resolution authorizing the erection in the Department of Labor Building of a memorial to the officers of the Immigration and Naturalization Service and Immigration Border Patrol who, while on active duty, lost their lives under heroic or tragic circumstances.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 59 minutes p. m.) the House adjourned until tomorrow, Wednesday, May 27, 1936, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON IMMIGRATION AND NATURALIZATION

The Committee on Immigration and Naturalization, room 445, will hold public hearings at 10 a. m., Wednesday, May 27, on a group of private bills relating to fraudulent birth certificates and visas at time of entry.

EXECUTIVE COMMUNICATIONS, ETC.

852. Under clause 2 of rule XXIV, a letter from the Chairman of the Federal Trade Commission, transmitting the latest report of the Commission, entitled "The Textile Industries in the First Half of 1935, Part I, the Cotton Textile Industry", was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SMITH of West Virginia: Committee on Mines and Mining. H. R. 12374. A bill to amend the act entitled "An act for the relief of unemployment through the performance of useful public work, and for other purposes", approved March 31, 1933; without amendment (Rept. No. 2779). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on Naval Affairs. House Concurrent Resolution 50. Concurrent resolution expressing the appreciation of Congress for a bequest of a collection of naval and other medals from the late Dr. Malcolm Storer, of Boston, Mass.; without amendment (Rept. No. 2780). Referred to the House Calendar.

Mr. SAMUEL B. HILL: Committee on Ways and Means. House Joint Resolution 589. Joint resolution to authorize the Secretary of the Treasury to permit the transportation of bonded merchandise by other than common carriers under certain conditions; without amendment (Rept. No. 2781). Referred to the Committee of the Whole House on the state of the Union.

Mr. FADDIS: Committee on Military Affairs. H. R. 11419. A bill to establish additional national cemeteries; with amendment (Rept. No. 2785). Referred to the Committee of the Whole House on the state of the Union.

Mr. WALTER: Committee on the Judiciary. S. 4457. An act authorizing the appointment of an additional circuit judge for the third circuit; without amendment (Rept. No. 2786). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 10313. A bill to provide for hurricane control in the Gulf of Mexico and environs during the hurricane season; with amendment (Rept. No. 2787). Referred to the Committee of the Whole House on the state of the Union.

Mr. WALTER: Committee on the Judiciary. H. R. 3043. A bill to provide for the appointment of an additional district judge for the northern district of Georgia; without amendment (Rept. No. 2788). Referred to the Committee of the Whole House on the state of the Union.

Mr. FADDIS: Committee on Military Affairs. S. 4390. An act to amend the National Defense Act relating to the Medical Administrative Corps; without amendment (Rept. No. 2789). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H. R. 12793. A bill to amend certain administrative provisions of the internal-revenue laws, and for other purposes; without amendment (Rept. No. 2818). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on Merchant Marine and Fisheries. S. 2127. An act to amend section 4471 of the Revised Statutes of the United States, as amended; with amendment (Rept. No. 2819). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HARTER: Committee on Military Affairs. S. 4115. An act for the relief of Charles D. Birkhead; without amendment (Rept. No. 2783). Referred to the Committee of the Whole House.

Mr. FADDIS: Committee on Military Affairs. S. 823. An act for the relief of Benjamin H. Southern; without amendment (Rept. No. 2784). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. H. R. 864. A bill for the relief of Bernard Knopp; with amendment (Rept. No. 2790). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. H. R. 890. A bill for the relief of Oscar L. McCallen; with amendment (Rept. No. 2791). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. H. R. 2120. A bill for the relief of Mr. and Mrs. Charles F. Carter, parents and guardians of Louise Marie Carter, a minor; with amendment (Rept. No. 2792). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5618. A bill for the relief of Floyd Gatton; with amendment (Rept. No. 2793). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 5759. A bill for the relief of Marie B. Neale; with amendment (Rept. No. 2794). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. H. R. 5829. A bill for the relief of Daniel J. Hagerty; with amendment (Rept. No. 2795). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. H. R. 7209. A bill for the relief of Nannie D. Harding; with amendment (Rept. No. 2796). Referred to the Committee of the Whole House.

Mr. NICHOLS: Committee on Claims. H. R. 7361. A bill for the relief of Mary W. Carson; with amendment (Rept. No. 2797). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 7496. A bill for the relief of William E. Jones, Walter M. Marston, William Ellery, Richard P. Hallowell, 2d, and Malcolm Donald as executors under the will of Frank W. Hallowell; and Malcolm Donald as executor under the will of Gordon Donald; with amendment (Rept. No. 2798). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. H. R. 8257. A bill for the relief of Catherine T. McNally; with amendment (Rept. No. 2799). Referred to the Committee of the Whole House.

Mr. CARLSON: Committee on Claims. H. R. 9191. A bill for the relief of the dependents of James B. Kiley; without amendment (Rept. No. 2800). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. H. R. 9390. A bill for the relief of Walter T. Karshner, Katherine Karshner, Anne M. Karshner, and Mrs. James E. McShane; with amendment (Rept. No. 2801). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. H. R. 9502. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims of W. J. Nolan, L. Jacobson, J. A. Higuera, C. H. Damsted, R. Galleguillo, F. G. Grigsby, K. H. Johnson, R. Dupouy, C. J. Degen, W. L. Nolan, R. C. Jensen, M. J. Roderick, L. K. Moore, C. Lederer, M. Kelley, R. Dinkel, A. J. Mouchou, C. R. Taylor,

M. Knull, S. W. Ligon, C. C. Johnson, W. P. Brennan, C. F. Siebert, and J. T. Weeks; with amendment (Rept. No. 2802). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 11123. A bill for the relief of Edward A. Foote, Jr., and others; with amendment (Rept. No. 2803). Referred to the Committee of the Whole House.

Mr. DALEY: Committee on Claims. H. R. 11668. A bill to credit the account of Everett P. Sheridan; with amendment (Rept. No. 2804). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 12522. A bill for the relief of Grier-Lowrance Construction Co., Inc.; without amendment (Rept. No. 2805). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. S. 1435. An act conferring jurisdiction upon the United States District Court for the District of Connecticut to hear, determine, and render judgment upon the claim of Elizabeth Kurau; without amendment (Rept. No. 2806). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. S. 3371. An act for the relief of John Walker; with amendment (Rept. No. 2807). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. S. 3441. An act for the relief of C. T. Hird; with amendment (Rept. No. 2808). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. S. 3607. An act for the relief of T. H. Wagner; with amendment (Rept. No. 2809). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. S. 3608. An act for the relief of Vinson & Pringle; with amendment (Rept. No. 2810). Referred to the Committee of the Whole House.

Mr. CARLSON: Committee on Claims. S. 3824. An act for the relief of Maud Kelley Thomas; without amendment (Rept. No. 2811). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. S. 4052. An act for the relief of W. D. Gann; with amendment (Rept. No. 2812). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. S. 4140. An act for the relief of Homer Brett, Esq., American consul at Rotterdam, Netherlands, as a result of money stolen from the safe of the American consulate; with amendment (Rept. No. 2813). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. S. 4233. An act for the relief of William H. Brockman; without amendment (Rept. No. 2814). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. S. 4379. An act for the relief of the Indiana Limestone Corporation; with amendment (Rept. No. 2815). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. S. 4444. An act directing the Court of Claims to reopen certain cases and to correct the errors therein, if any, by additional judgments against the United States; without amendment (Rept. No. 2816). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 12730. A bill to authorize the payment of an annuity to William H. Moran, Chief of the Secret Service Division of the Treasury Department, upon his retirement, in recognition and appreciation of his services to the United States; without amendment (Rept. No. 2817). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 11867. A bill for the relief of Michael E. Sullivan; with amendment (Rept. No. 2820). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MAAS: A bill (H. R. 12847) to provide further for the national defense; to the Committee on Naval Affairs.

By Mr. MAY: A bill (H. R. 12848) to provide an additional place of holding terms of the United States District Court in the Eastern District of Kentucky, and to amend section 83 of the Judicial Code as amended; to the Committee on the Judiciary.

By Mr. SUMNERS of Texas: A bill (H. R. 12849) to penalize procuring of or attempts to procure the escape of any prisoner in the custody of an officer of the United States: to the Committee on the Judiciary.

By Mr. LORD: A bill (H. R. 12850) authorizing the Interstate Bridge Commission of the State of New York and the Commonwealth of Pennsylvania to reconstruct, maintain, and operate a free highway bridge across the West Branch of the Delaware River between a point in the vicinity of the village of Hancock, Delaware County, N. Y., and a point in the town of Buckingham, Wayne County, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. GOODWIN: A bill (H. R. 12851) authorizing the Interstate Bridge Commission of the State of New York and the Commonwealth of Pennsylvania to reconstruct, maintain, and operate a free highway bridge across the Delaware River between points in the village of Barryville, Sullivan County, N. Y., and the village of Shohola, Pike County Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. HARTLEY: A bill (H. R. 12852) to authorize the Secretary of the Navy to dispose of material to the sea scout department of the Veterans of Foreign Wars, of Belleville, N. J.; to the Committee on Naval Affairs.

By Mr. LEA of California: A bill (H. R. 12853) to amend the Emergency Farm Mortgage Act of 1933 in order further to provide for emergency loans to farmers; to the Committee on Agriculture.

By Mr. RANKIN: A bill (H. R. 12869) to liberalize the provisions of Public Law No. 484 Seventy-third Congress, to effect uniform provisions in laws administered by the Veterans' Administration, to extend the Employees' Compensation Act with limitations to certain World War veterans and other persons, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mrs. ROGERS of Massachusetts: Resolution (H. Res. 525) requesting certain information from the Secretary of the Treasury; to the Committee on Ways and Means.

By Mr. McCORMACK: Resolution (H. Res. 526) providing for consideration of H. R. 6427, a bill to prohibit statements and publications advocating overthrow of the Government by violence, and for other purposes; to the Committee on Rules.

By Mr. BLAND: Joint resolution (H. J. Res. 597) authorizing an investigation by the Bureau of Fisheries of the California sardine (pilchard) fishing industry; to the Committee on Merchant Marine and Fisheries.

By Mr. ELLENBOGEN: Joint resolution (H. J. Res. 598) proposing an amendment to the Constitution of the United States relative to taxing of income; to the Committee on the Judiciary.

By Mr. KOCIALKOWSKI: Joint resolution (H. J. Res. 599) to provide for the appointment of a committee to study the question of Puerto Rican independence; to the Committee on Rules.

By Mr. IGLESIAS: Joint resolution (H. J. Res. 600) to provide for the appointment of a commission to study the economic and social conditions prevailing in Puerto Rico and inquire into present and future political and economic relations between the United States and Puerto Rico; to the Committee on Rules.

By Mrs. NORTON (by request): Joint resolution (H. J. Res. 601) to exempt from the tax on admissions amounts paid for admission tickets sold by authority of the committee on inaugural ceremonies on the occasion of the inauguration of the President-elect in January 1937; to the Committee on Ways and Means.

Also (by request), joint resolution (H. J. Res. 602) to provide for the maintenance of public order and the protection of life and property in connection with the Presidential inaugural ceremonies in 1937; to the Committee on the District of Columbia.

Also (by request), joint resolution (H. J. Res. 603) to provide for the quartering, in certain public buildings in the District of Columbia, of troops participating in the inaugural ceremonies; to the Committee on Public Buildings and Grounds.

Also (by request), joint resolution (H. J. Res. 604) authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President-elect in January 1937, and for other purposes; to the Committee on the District of Columbia.

By Mr. FISH: Joint resolution (H. J. Res. 605) authorizing the Secretary of Agriculture to expend funds of the Agricultural Adjustment Administration for participation by the United States in the 1936 Sixth World's Poultry Congress; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, regarding a tariff duty on coconut oil; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARRY: A bill (H. R. 12854) for the relief of Joseph D. Gigante; to the Committee on Naval Affairs.

By Mr. CHURCH: A bill (H. R. 12855) for the relief of Bridget Della Cawley Ebbole; to the Committee on Immigration and Naturalization.

By Mr. COSTELLO: A bill (H. R. 12856) for the relief of Vincent Ford; to the Committee on Military Affairs.

By Mr. CURLEY: A bill (H. R. 12857) for the relief of Raymondo Bentivegna; to the Committee on Immigration and Naturalization.

By Mr. DELANEY: A bill (H. R. 12858) for the relief of Fannie Sarah Platt; to the Committee on Immigration and Naturalization.

By Mr. EKWALL: A bill (H. R. 12859) to correct the immigration status of Joseph Bryan Grant Ingoldsby; to the Committee on Immigration and Naturalization.

By Mr. LUNDEEN: A bill (H. R. 12860) for the relief of Victor Engstrand, father of Darwin Engstrand, a minor; to the Committee on Claims.

By Mr. MONAGHAN: A bill (H. R. 12861) for the relief of Burr A. Davison; to the Committee on Claims.

By Mr. O'BRIEN: A bill (H. R. 12862) for the relief of Rachel or Rochel Bursk; to the Committee on Immigration and Naturalization.

By Mr. PETERSON of Florida: A bill (H. R. 12863) for the relief of George T. Stonebraker; to the Committee on Claims.

By Mr. PETERSON of Georgia: A bill (H. R. 12864) for the relief of Gus Smith; to the Committee on Claims.

By Mr. REECE: A bill (H. R. 12865) for the relief of Ralph Hart; to the Committee on Naval Affairs.

By Mr. SMITH of Connecticut: A bill (H. R. 12866) for the relief of Manuel Joaquim Ferreira; to the Committee on Immigration and Naturalization.

By Mr. STEWART: A bill (H. R. 12867) for the relief of John W. Watson; to the Committee on Claims.

By Mr. WHELCHEL: A bill (H. R. 12868) for the relief of Fred Robert Craig; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10977. By Mr. CONNERY: Petition of the General Court of Massachusetts, urging the Congress of the United States to afford the privilege of entry into this country to those persons who are being discriminated against and persecuted in Germany on religious or racial grounds, by a suspension of the present immigration laws for a period of 2 years with reference to such persons; to the Committee on Immigration and Naturalization.

10978. Also, petition of the General Court of Massachusetts, urging the Congress of the United States to enact such legislation as may be necessary to make the Civilian Conservation Corps permanent; to the Committee on Labor.

10979. By Mr. DEROUEN: Petition of the Louisiana Cattlemen's Association, adopted at their May 14, 1936, meeting at Lake Charles, La.; to the Committee on Ways and Means.

10980. By Mr. FITZPATRICK: Petition of the New York State Legislature, urging that the tariff duty on coconut oil should not be reduced below a minimum of 3 cents a pound; to the Committee on Ways and Means.

10981. By Mr. FORD of California: Resolution of the city planning commissioners of the city of Los Angeles, endorsing the housing bill (S. 4424) of Senator WAGNER; to the Committee on Banking and Currency.

10982. By Mr. GAVAGAN: Petition of the Legislature of the State of New York, regarding a tariff on coconut oil; to the Committee on Ways and Means.

10983. By Mr. HILDEBRANDT: Resolution of the Faulk County Board of County Commissioners, Faulkton, S. Dak., urging that additional appropriations be made for continuing the works of the Resettlement Administration; to the Committee on Appropriations.

10984. Also, resolution of the Wilson Townsend Club, of Mitchell, S. Dak., relative to Townsend investigating committee; to the Committee on Rules.

10985. By Mr. JENKINS of Ohio: Petition signed by 197 voting citizens of Meigs County, Ohio, opposing the granting of discretionary power to any department in connection with the deportation of aliens at present residing illegally in the United States and urging that influence be exerted against the passage of the Dickstein and Kerr-Coolidge bills and that all possible be done to pass the Dies bill (H. R. 5921); to the Committee on Immigration and Naturalization.

10986. Also, petition signed by 65 voters and railroad employees of Ironton and Coal Grove, Ohio, and 7 voters and railroad employees of Columbus, Ohio, requesting Members of the Seventy-fourth Congress to use their best efforts to secure the enactment of the Wheeler-Crosser bills (S. 4174 and H. R. 11609); to the Committee on Interstate and Foreign Commerce.

10987. By Mr. KENNEDY of New York: Petition of the Legislature of the State of New York, regarding a tariff on coconut oil; to the Committee on Ways and Means.

10988. By Mr. PFEIFER: Petition of the Senate and the Assembly of the State of New York, Albany, that tariff duty on coconut oil should not be reduced below a minimum of 3 cents a pound; to the Committee on Ways and Means.

10989. Also, petition of the Navy Post, No. 16, American Legion, New York, urging support of House bills 11681 and 11682; to the Committee on Naval Affairs.

10990. By Mr. REED of Illinois: Petition signed by Dr. Coughlin and 20 residents of Harvard, Ill., requesting passage of House bill 11609 and Senate bill 4174; to the Committee on Interstate and Foreign Commerce.

10991. Also, petition signed by Ruth Livingston, president, Harvard (Ill.) Townsend Club, No. 1, and by 56 members of the club, requesting passage of House bill 7154; to the Committee on Ways and Means.

10992. By Mr. SADOWSKI: Petition of Farmers and Manufacturers Beet Sugar Association, of Saginaw, Mich., endorsing Senate bills 4423 and 4560, and House bills 12225 and 12295; to the Committee on Ways and Means.

10993. By Mr. SISSON: Petition of the board of directors, Utica Chamber of Commerce, opposing tax legislation; to the Committee on Ways and Means.

10994. By the SPEAKER: Petition of the Tennessee Federation of Labor; to the Committee on the Judiciary.

SENATE

WEDNESDAY, MAY 27, 1936

(Legislative day of Tuesday, May 12, 1936)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, May 26, 1936, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the joint resolution (S. J. Res. 209) authorizing the presentation of silver medals to the personnel of the Second Byrd Antarctic Expedition.

The message also announced that the House insisted upon its amendments to the bill (S. 3531) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WILSON of Louisiana, Mr. WHITTINGTON, Mr. GRISWOLD, Mr. RICH, and Mr. ENGLEBRIGHT were appointed managers on the part of the House at the conference.

The message further announced that the House had passed a bill (H. R. 12120) to provide for the further development of vocational education in the several States and Territories, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 11454) to incorporate the Veterans of Foreign Wars of the United States, and it was signed by the President pro tempore.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Keyes	Radcliffe
Ashurst	Connally	King	Reynolds
Austin	Coolidge	La Follette	Robinson
Bachman	Copeland	Lewis	Russell
Bailey	Couzens	Lonergan	Schwellenbach
Barkley	Davis	Long	Sheppard
Benson	Donahey	McAdoo	Shipstead
Bilbo	Duffy	McGill	Smith
Black	Fletcher	McKellar	Steiwer
Bone	Frazier	McNary	Thomas, Okla.
Borah	George	Maloney	Thomas, Utah
Brown	Gerry	Metcalf	Townsend
Bulkley	Gibson	Minton	Truman
Bulow	Glass	Murphy	Tydings
Burke	Guffey	Murray	Vandenberg
Byrd	Hale	Neely	Van Nuys
Byrnes	Hastings	Norris	Wagner
Capper	Hatch	O'Mahoney	Walsh
Caraway	Hayden	Overton	Wheeler
Carey	Holt	Pittman	White
Chavez	Johnson	Pope	

Mr. LEWIS. I announce the absence of the Senator from Alabama [Mr. BANKHEAD], the Senator from Colorado [Mr. COSTIGAN], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Mississippi [Mr. HARRISON], caused by illness.

My colleague the junior Senator from Illinois [Mr. DIETERICH], the Senator from Oklahoma [Mr. GORE], the Senator from New Jersey [Mr. MOORE], and the Senator from Kentucky [Mr. LOGAN] are unavoidably detained from the Senate.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR] and the Senator from Iowa [Mr. DICKINSON] are necessarily absent.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

SENATOR FROM FLORIDA

Mr. FLETCHER. Mr. President, the Governor of the State of Florida has appointed Mr. SCOTT M. LOFTIN to fill the vacancy occasioned by the death of my late colleague, Senator Trammell. I present the credentials of Mr. LOFTIN, and ask that they may be read.

The VICE PRESIDENT. The clerk will read the credentials of the Senator-designate.

The Chief Clerk read as follows:

STATE OF FLORIDA.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that pursuant to the powers vested in me by the Constitution of the United States and the laws of the State of Florida, I, David Sholtz, the Governor of said State, do hereby appoint SCOTT M. LOFTIN a Senator from said State to represent said State in the Senate of the United States until the vacancy therein caused by the death of Park Trammell is filled by election as provided by law.

Witness: His Excellency our Governor, David Sholtz, and our seal hereto affixed, at Tallahassee, the capital, this the 26th day of May, A. D. 1936, and of the independence of the United States of America the one hundred and sixtieth year.

[SEAL] DAVID SHOLTZ, *Governor.*

By the Governor.

Attest:

R. A. GRAY, *Secretary of State.*

The VICE PRESIDENT. The credentials will be placed on file.

Mr. FLETCHER. Mr. President, Mr. LOFTIN is present in the Chamber and ready to take the oath of office.

The VICE PRESIDENT. If the Senator-designate will present himself at the Vice President's desk the oath of office will be administered to him.

Mr. LOFTIN, escorted by Mr. FLETCHER, advanced to the Vice President's desk; and the oath of office having been administered to him, he took his seat in the Senate.

STUDY OF HERNANDO DE SOTO'S EXPEDITION (S. DOC. NO. 250)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation for the Department of State for the commission to study the subject of Hernando De Soto's Expedition, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, TREASURY DEPARTMENT (S. DOC. NO. 246)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting, pursuant to law, a supplemental estimate of appropriation for the Treasury Department, fiscal year 1936 (for the erection of a memorial to persons killed in the wreck of the Navy dirigible *Shenandoah*), amounting to $2,500, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES, DEPARTMENT OF THE INTERIOR (S. DOC. NO. 245)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting supplemental estimates of appropriations for the Department of the Interior, fiscal years 1936 and 1937, amounting to $1,087,500, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

DEFICIENCY AND SUPPLEMENTAL ESTIMATES, DEPARTMENT OF THE INTERIOR (S. DOC. NO. 249)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting deficiency and supplemental estimates of appropriations for the Department of the Interior for the fiscal year 1937 and prior years, amounting to $650,613.21, together with drafts of proposed provisions pertaining to existing appropriations, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

COMPLETION OF SOIL SURVEY OF HAWAIIAN ISLANDS (S. DOC. NO. 247)

The VICE PRESIDENT laid before the Senate, draft of a proposed provision pertaining to an existing appropriation

of the Department of Agriculture to make available to the Bureau of Chemistry and Soils the funds necessary to complete a soil survey of the Hawaiian Islands, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, DEPARTMENT OF COMMERCE (S. DOC. NO. 251)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the Department of Commerce, Bureau of Marine Inspection and Navigation (salaries and expenses), fiscal year 1937, amounting to $205,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE—UNITED STATES HARVARD UNIVERSITY TERCENTENARY COMMISSION (S. DOC. NO. 248)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the expenses of the United States Harvard University Tercentenary Commission for the fiscal year 1937, amounting to $3,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

Mr. COPELAND presented a concurrent resolution adopted by the Legislature of the State of New York, favoring retention of the tariff duty of 3 cents a pound on imported coconut oil, which was referred to the Committee on Finance.

(See concurrent resolution printed in full when laid before the Senate by the Vice President on the 25th instant, p. 7832, CONGRESSIONAL RECORD.)

Mr. COPELAND also presented a resolution adopted at the annual meeting of the District of Columbia League of Women Voters, Washington, D. C., opposing any reorganization of the Washington school management which would reverse the tradition of an independent, nonpolitical status for the public-school system, and favoring the enactment of the so-called Sisson bill, repealing what is known as the "red rider" in connection with the public schools of the District, which was referred to the Committee on the District of Columbia.

He also presented resolutions adopted by Local Union No. 112, United Association of Journeymen Plumbers and Steam Fitters, of Binghamton, and the Bookkeepers', Stenographers', and Accountants' Union, No. 12646, of New York City, both in the State of New York, favoring the prompt enactment of Senate bill 4424, known as the Wagner-Ellenbogen low-cost housing bill, which were referred to the Committee on Education and Labor.

He also presented a resolution adopted at a mass meeting of citizens of Rockland County assembled at Nyack, N. Y., favoring the enactment of mandatory neutrality legislation laying embargoes against all belligerents on arms, ammunition, and raw materials essential for war purposes, and protesting against increased appropriations for the Army and Navy, etc., which was referred to the Committee on Foreign Relations.

He also presented a resolution of the Grand Jurors Association of Westchester County, Yonkers, N. Y., favoring the enactment of the so-called Reynolds-Starnes bill, being the bill (S. 4011) to further reduce immigration, to authorize the exclusion of any alien whose entry into the United States is inimical to the public interest, to prohibit the separation of families through the entry of aliens leaving dependents abroad, and to provide for the prompt deportation of habitual criminals and all other undesirable aliens, and to provide for the registration of all aliens now in the United States or who shall hereafter be admitted, which was referred to the Committee on Immigration.

He also presented a resolution adopted by Pierstown Grange, No. 793, Patrons of Husbandry, Cooperstown, N. Y., protesting against the enactment of the so-called Pettengill bill, being the bill (H. R. 3263) to amend paragraph (1) of section 4 of the Interstate Commerce Act, as amended February 28, 1920 (U. S. C., title 49, sec. 4), which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Fourteenth Convention of the Young Women's Christian Associations of the United States of America, favoring the prompt enactment of the so-called Costigan-Wagner antilynching bill, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Navy Post, No. 16, the American Legion, of New York City, N. Y., favoring the enactment of pending legislation pertaining to the better organization, administration, and maintenance of the United States Naval Reserve and the Marine Corps Reserve, which was referred to the Committee on Naval Affairs.

He also presented a resolution adopted at a meeting of the Peace Institute held in Syracuse, N. Y., favoring peace and the maintenance of only defensive armaments, which was referred to the Special Committee on Investigation of the Munitions Industry.

He also presented a resolution adopted by Pierstown Grange No. 793, Patrons of Husbandry, Cooperstown, N. Y., favoring the enactment of the so-called Frazier-Lemke farm refinancing bill, which was ordered to lie on the table.

He also presented resolutions adopted by Local Union No. 2090, United Brotherhood of Carpenters and Joiners of America, and Local No. 1, Journeymen Tailors Union of the Amalgamated Clothing Workers of America, both of New York City, N. Y., favoring the enactment of the so-called Frazier-Lundeen workers' social insurance bill, being the bill (S. 3475) to provide for the establishment of a Nation-wide system of social insurance, which were ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Civil Service, to which was referred the bill (S. 4659) to authorize the payment of an annuity to William H. Moran, Chief of the Secret Service Division of the Treasury Department, upon his retirement, in recognition and appreciation of his services to the United States, reported it without amendment and submitted a report (No. 2104) thereon.

Mr. BULOW, from the Committee on Civil Service, to which was referred the bill (S. 4552) to extend the retirement privilege to the Director, Assistant Directors, inspectors, and special agents of the Federal Bureau of Investigation, reported it without amendment and submitted a report (No. 2105) thereon.

Mr. BACHMAN, from the Committee on Military Affairs, to which was referred the bill (H. R. 11164) for the relief of Arthur Van Gestel, alias Arthur Goodsell, reported it without amendment and submitted a report (No. 2106) thereon.

Mr. ADAMS, from the Committee on Banking and Currency, to which was referred the bill (H. R. 12168) to authorize the coinage of 50-cent pieces in commemoration of the seventy-fifth anniversary of the Battle of Antietam, reported it with an amendment and submitted a report (No. 2107) thereon.

He also, from the Committee on Appropriations, to which was referred the bill (H. R. 12624) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1936, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1936, and June 30, 1937, and for other purposes, reported it with amendments and submitted a report (No. 2108) thereon.

Mr. COOLIDGE, from the Committee on Military Affairs, submitted a report (No. 2109) to accompany the joint resolution (H. J. Res. 570) authorizing the President of the United States to award posthumously a Distinguished Service Medal to Maj. Gen. Clarence Ransom Edwards, heretofore reported by him from that committee without amendment.

Mr. NEELY, from the Committee on the Judiciary, to which was referred the bill (S. 4664) authorizing the ap-

pointment of an additional district judge for the eastern district of Pennsylvania, reported it without amendment and submitted a report (No. 2110) thereon.

PRODUCTION COSTS OF WOOLEN KNIT GLOVES AND MITTENS

Mr. LA FOLLETTE, from the Committee on Finance, to which was referred the resolution (S. Res. 270) for an investigation of the production costs of woolen knit gloves and mittens (submitted by Mr. COPELAND on Mar. 31, 1936), reported it without amendment.

ADDRESS ON CENTENNIAL CELEBRATION OF THE BATTLE OF SAN JACINTO

Mr. FLETCHER, from the Committee on Printing, to which was referred the manuscript of an address delivered by Hon. George A. Hill, Jr., entitled "The Centennial Celebration of the Battle of San Jacinto" before the Kiwanis Club of Houston, Tex., reported favorably thereon with the recommendation that the address, with the accompanying papers, be printed as a Senate document.

On motion by Mr. FLETCHER, it was

Ordered, That the address delivered by Hon. George A. Hill, Jr., entitled "The Centennial Celebration of the Battle of San Jacinto" before the Kiwanis Club of Houston, Tex., on the eve of the celebration of the one hundredth anniversary of the Battle of San Jacinto, be printed as a Senate document, with the accompanying papers.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On May 26, 1936:

S. 4448. An act to authorize the coinage of 50-cent pieces in commemoration of the one hundred and fiftieth anniversary of the issuance of the charter to the city of Lynchburg, Va.

On May 27, 1936:

S. 3118. An act to provide for the creation of the Perry's Victory and International Peace Memorial National Monument on Put in Bay, South Bass Island, in the State of Ohio, and for other purposes; and

S. 4023. An act to provide for the continuation of trading in unlisted securities upon national securities exchanges, for the registration of over-the-counter brokers and dealers for the filing of current information and periodic reports by issuers, and for other purposes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LONERGAN:

A bill (S. 4697) relating to the filing of claims for compensation under the United States Employees' Compensation Act, approved September 7, 1916; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 4698) to authorize appropriations for construction at military posts, and for other purposes; and

A bill (S. 4699) to provide a commissioned strength for the Corps of Engineers, United States Army, for the efficient performance of military and other statutory duties assigned to that corps; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 4700) to extend the definition of an alien veteran, for naturalization purposes only, so as to include certain alien enemies and nationals of Turkey and Bulgaria who rendered active service in United States armed forces with personal record of loyalty to the United States, and for other purposes; to the Committee on Immigration.

By Mr. RUSSELL:

A bill (S. 4701) to amend section 11 of the act of March 1, 1919 (40 Stat. 1270); to the Committee on Printing.

Mr. HATCH. Mr. President, yesterday at a meeting of a group of western Senators a possible amendment to the Soil Conservation Act was suggested as perhaps being necessary. It was not concluded that the amendment was necessary; but in view of the approach of the end of the session, it was suggested that the proposed amendment should be submitted and referred to the Committee on Agriculture and Forestry for study. In response to that request, I now ask consent to introduce a bill proposing to amend the Soil Conservation and Domestic Allotment Act, and ask that it be referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Without objection, the bill will be received and referred as requested by the Senator from New Mexico.

By Mr. HATCH:

(By request.) A bill (S. 4702) to amend the Soil Conservation and Domestic Allotment Act; to the Committee on Agriculture and Forestry.

A bill (S. 4703) conferring jurisdiction upon the United States District Court for the District of New Mexico to hear, determine, and render judgment upon the claims of Emma Gomez and the estate of Teresita S. Otero; to the Committee on Claims.

A bill (S. 4704) to correct the naval record of Leonard Phillip Frank; to the Committee on Naval Affairs.

AMENDMENT TO FIRST DEFICIENCY APPROPRIATION BILL

Mr. VANDENBERG. Mr. President, on May 12 I submitted an amendment in the nature of a substitute for the relief section of the deficiency bill, being House bill 12624. I wish to perfect the amendment. I offer it in amended form, and ask that it be reprinted and lie upon the table.

The VICE PRESIDENT. Without objection, that order will be made.

The amendment submitted by Mr. VANDENBERG proposes to appropriate $1,425,000,000, to remain available until June 30, 1937, to provide adequate home relief and/or work relief, including the cost of administration thereof, to be available for payment of grants-in-aid to the States, Territories, and possessions; $425,000,000 for emergencies, and $1,000,000,000 for regular allocations, etc., and is intended to be proposed by him to House bill 12624, the first deficiency appropriation bill, 1936.

WITHDRAWAL OF PAPERS—WILLIAM SMITH

Mr. BONE. Mr. President, I present a motion for the return of certain papers filed with Senate bill 1486 in the first session of the Seventy-fourth Congress. This being a bill for the relief of a private citizen, and no action having been taken on the bill by the committee, I desire the return of the papers. I understand it is necessary that the Senate acquiesce in the motion.

Mr. ROBINSON. I think it is the custom to grant such a request.

The VICE PRESIDENT. No adverse report having been filed on the bill, an order for the return of the papers will be entered.

The order agreed to on motion of Mr. BONE is as follows:

Ordered, That the papers filed with the bill (S. 1486) for the relief of William Smith be withdrawn from the files of the Senate, no adverse report having been made thereon.

FLOOD CONTROL A FEDERAL RESPONSIBILITY

Mr. BILBO. Mr. President, a few days ago I attempted to present to the Senate some arguments to show why flood control is wholly a Federal responsibility. The question is still an issue before the Congress and is being fought out by the conferees on the part of the House and Senate, the conference committee having under consideration the differences between the two Houses in the Overton bill. In this connection and while it is still pertinent I send to the desk a poem, which I ask to have printed in the RECORD at this point following these brief remarks.

Mr. CONNALLY. Mr. President, is the poem a product of the Senator from Mississippi?

Mr. BILBO. I am very sorry it is not.

Mr. CONNALLY. The Senator merely sponsors it?

Mr. BILBO. Yes. It explains who owns the Mississippi River. It occurred to me that if prose would not convince the Congress, perhaps poetry would do so.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

WHO OWNS THE MISSISSIPPI RIVER?

The river belongs to the Nation,
The levee, they say, to the State,
The Government runs navigation,
The Commonwealth, though, pays the freight.
Now, here is the problem that's heavy—
Please, which is the right or the wrong?
When the water runs over the levee
To whom does the river belong?

It's the Government's river in the summer
When the stage of the water is low,
But in spring when it gets on a hummer
And starts o'er the levee to flow;
When the river gets suddenly dippy
The State must dig down in its till
And push back the Old Mississippi
Away from the farm and the mill.

I know very little about lawing,
I've made little study of courts,
I've done little geeing and hawing,
Through verdicts, opinions, reports;
Why need there be anything more said
When the river starts levees to climb!
If the Government owns the aforesaid
It must own it all the time.

If the bull you are leading should bellow
And jump over somebody's fence,
There isn't much doubt you're the fellow
Expected to bear the expense;
If it follows a Sunday-school teacher,
And chases the maid up a tree,
You're the owner the same of the creature,
Undoubtedly all will agree.

If sometime should somebody's chickens
Get into your garden and dig
And pull up the plants like the dickens,
Or somebody's bull pup or pig,
The owner thereof cannot blame it
On you or some party remote;
The owner thereof can't disclaim it,
The chick or the pup or the shoat.

If it's your Mississippi in dry time,
It's yours, Uncle Sam, when it's wet;
If it's your Mississippi in fly time
In flood time it's your river yet.
There's no other way you can make it,
And so when I give the alarm,
Come get your darned river and take it
Away from my timber and farm!

PENDING TAX LEGISLATION—ADDRESS BY SENATOR COUZENS

Mr. TOWNSEND. Mr. President, I ask unanimous consent to have printed in the RECORD an interesting radio address, on the subject of pending tax legislation, delivered last evening by the distinguished senior Senator from Michigan [Mr. COUZENS].

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Taxes are never an agreeable subject to discuss, but the assignment given me by the National Radio Forum, under the auspices of the Washington Evening Star and through the courtesy of the National Broadcasting Co., necessitates my tackling the job.

We may first raise the issue as to why new taxes should be imposed at this session of Congress. We may lay aside discussions of extravagance and waste in government and assume for the moment that all this has stopped. We would still need new taxes to take care of debts and obligations already incurred. On April 30, 1936, we had a gross debt of $31,425,440,396. From this should be deducted loans the Government has made, secured by adequate assets, in the amount of $4,328,055,114, leaving a net debt of $27,097,385,282. We should also consider that on April 30 we had in the Treasury $2,441,970,519, while ordinarily the general fund in normal times runs around $250,000,000. If we deduct this Treasury balance, which would be the practice in ordinary commercial accounting, we would show a net debt of $24,655,414,763. This does not take any account of what some persons call the profit through gold devaluation of approximately $2,000,000,000, which is now maintained in a stabilization fund.

This large debt has been brought about, according to the testimony of the Secretary of the Treasury, by a deficit for the fiscal year of 1934 amounting to about $4,000,000,000; in 1935 of about $3,500,000,000; in 1936, after considering revenue lost through the decision of the Supreme Court in the A. A. A. Act and putting the whole of the World War veterans' adjusted-compensation certificates into this year, aggregating about $6,000,000,000; in 1937 it is estimated the deficit will be about $2,500,000,000, the total aggregating approximately $16,000,000,000.

INTEREST RATE SLASHED

After considering all of the factors above enumerated, the national debt is approximately $2,000,000,000 less than the highest post-war debt, which was on August 31, 1919, which amounted to $26,596,701,648. We might at this time consider the interest rates paid on this enormous outstanding debt. In 1920 the average interest rate was 4.178 percent. During the first 9 months of this fiscal year the average interest rate was 2.6 percent—a very substantial reduction in interest costs to the Government, due to the plentifulness of money.

To the cost of debt service we must add the current expenses of our Government. Congress did not contemplate enacting new tax legislation at this session, and undoubtedly new taxes may have been avoided at this time had it not been for the Supreme Court's decision declaring unconstitutional the Agricultural Adjustment Act and had Congress not enacted legislation for immediate payment of the World War veterans' adjusted-compensation certificates. The loss of revenue through the Supreme Court's decision in the case of the Agricultural Adjustment Act and $120,000,000 this year to amortize the additional debt created by the payment now, some 10 years in advance of the due date, of the adjusted-compensation certificates to World War veterans, necessitates the additional taxes and, therefore, the first problem that arises is from what source this additional revenue can best be collected. There are a multitude of ways, but the difficulty arises from what source the new taxes should come so as to do the least possible harm to the country. There are many, many arguments advanced with respect to broadening the base of the income taxes. This, in theory at least, is sound, but it can only be secured by two methods, namely, reducing the exemption allowed to single and married persons with or without children to support, or by raising the rates in the $3,000 to $5,000 income group. Whatever is done in this connection obviously to some extent lowers the standard of living because families would have less to spend.

To the extent that these families have to pay income taxes, to that extent at least, they must reduce their cost of maintaining a home. Next, the issue has been raised as to the extent that corporations withhold distributing their profits for the purpose of evading high taxes for their stockholders. In an endeavor to prevent that, the administration recommended that the entire additional revenue needed be raised through the taxation of the undistributed profits of corporations. From my observations, study of the approval, and evidence of witnesses appearing before the Senate Finance Committee, the plan was the most carelessly drawn and undeveloped of any proposal I have ever seen, and especially is such a plan at this time unwise. Why do I say unwise? It is because the country as a whole is now getting out of the worst economic depression in the history of the Nation. There are hundreds of thousands of corporations, mostly small, who have been required through the long years of depression to use up whatever surplus they had accrued in earlier years. Some have gone into debt and some have had their capital materially impaired, and it therefore seems obvious that an opportunity must be given to them to accrue earnings to take care of the losses in previous years, and to restore any impairment in their capital.

RESERVES CURTAILED SUFFERING

Then, there is another very important matter, but much more difficult to evaluate, and that is, to what extent corporations should conserve a portion of their earnings to carry them over when and if another depression comes. There has, in my opinion, been an enormous curtailment in distress and suffering as a result of reserves heretofore accumulated. This is not to say that many corporations, those closely held by a few, and personal holding companies, have not retained an unnecessary and excessive amount of reserves for the purpose of saving their stockholders from coming within the high surtax brackets.

There is some merit in taxing undistributed earnings of corporations, and that was recognized by the Senate in 1924 when it did, by a substantial majority, adopt a tax on undistributed profits of corporations. It did not become a law, because the conferees of the House of Representatives refused to adopt the plan. However, there was a very clear difference in imposing a tax on undistributed earnings of corporations in 1924 and doing it now, in 1936, after, as I said before, the country has gone through the greatest economic depression in its history.

Therefore, in my opinion, this is not the time, but I do believe that a committee of Congress, in cooperation with the Treasury, should study this question for at least a year or two and then present its facts and its conclusions to the Congress. The Treasury Department, no matter what its good intentions, came before the Senate Finance Committee in support of a proposal which seemed to me to have had the least study and to be less defensible than any proposal for taxes since I have been a Member of Congress. It seemed to be the conviction of my colleagues on the Senate Finance Committee that these conclusions are substantially correct, because very shortly after the hearings had been finished they reached the conclusion that we were not ready to undertake the Treasury's proposal.

Then arose the question of how best to raise the additional taxes. This brings me to a consideration of the methods now in existing law, namely, the capital-stock tax, the flat tax on corporate earnings, and the excess-profits tax ranging from 6 to 12 percent. The proposal to repeal all of these taxes and adopt an entirely new system without adequate study, or time for adequate study, and with inadequate information as to the amount of revenue it would raise, seemed wholly indefensible. This

seemed to be the consensus of opinion of the members of the Senate Finance Committee who rejected substantially the plan to raise all of the additional revenue through a tax upon undistributed earnings of corporations and decided to maintain the existing methods of raising revenues with additions to the rates applied to corporate earnings.

LONG-TERM FINANCING DIFFICULT

To have done otherwise would, in my opinion, have had a most disastrous effect upon the small or moderate-sized corporation whose reserves and capital had been seriously affected in many cases during the depression. For example, as evidence how there is lack of coordination in the activities of the Government, I point out that in 1934 there was created what was known as the Business Advisory and Planning Council, which functioned under the guidance of the Department of Commerce. The council created what was known as the Small Industries Committee. This committee undertook a survey of the small industries of the Nation with relation to credit needs and under date of April 15, 1935, the Department of Commerce released a digest of the report, which contains the following:

"As a matter of fact, long-term financing for small industry has always been difficult. It is not simply a depression problem. Through private investment bankers it has been available only to concerns of sufficient size and standing to warrant the investment banker in bringing out an issue as small, as for instance, $1,000,000, and so it may be said that this facility has been practically denied small concerns. Such enterprises have been obliged to develop their capital structure gradually and out of undistributed earnings, or to attract the participation of individual capitalists. They have not received the benefits of recourse to the capital markets for their long-term requirements."

Then, further on in the report is stated, "That of the total manufacturing establishments in the United States, 97 percent employ 250 wage earners or less, and that the percentage of wage earners so employed is approximately 48 percent of the wage earners in industry."

The report further clearly indicates the serious financial condition in which most of the small industries find themselves, not only as to working capital but also current and long-term capital requirements.

That situation is serious, and, unless protection is provided, national disaster for industry impends. Now certainly the Treasury Department, in advancing its proposal, seems to have entirely overlooked the conclusions of another part of the Government, namely, the Department of Commerce. In addition to that records clearly indicate that very large corporations with enormous reserves already accumulated can and sometimes do disburse all of their current earnings in dividends. They obviously would have secured enormous advantage in the escape from the enormous taxes proposed on undistributed earnings. Not only would they have saved the 18 percent now proposed as a flat tax on corporate earnings, but they would save the 7 percent now proposed on undistributed earnings of corporations. Then, again, they would have been in a most advantageous position in competition with their competitors.

EARNINGS NOT ALWAYS IN CASH

There is another phrase which seems to have been absolutely overlooked by the Treasury Department, and that is, they have assumed apparently that all corporate earnings at the end of any year are in cash, and therefore could conveniently be paid out in dividends or in the form of taxes. Those who have had any experience in industry know that rarely are all corporate earnings at the end of the year in cash. These earnings may all be in inventory, accounts receivable, or have been invested in capital assets. Let me give you just one example presented by the Tanners' Council of America, which appears in part 7 of the hearings on the tax bill, page 598. I quote:

"The value of that inventory which must be maintained if the tanners are not to go out of business—and our statistics show that the physical quantity of inventories in the tanning industry has changed remarkably little in the past 10 years—that must be maintained if tanners are to continue in business. The value of that inventory is subject to sharp change. The raw material processing of our industry—hides and skins—are notorious as sensitive commodities. That fact, taken in conjunction with the absolute necessity for the maintenance of large inventories and the slow turn-over, means one thing—that inventories have an extraordinarily important role in the determination of income. Profits and losses in the tanning industry, in other words, are determined to a very great extent by price changes in the raw material."

Certainly, Congress should not enact a tax bill without complete detailed information as to its effect upon industry, the possibility of collecting the taxes, and a sound estimate of the probable yield of revenue. Then again, I do not believe that the Treasury Department has—or if it has, it did not submit it to the committee so that I understood—any adequate information as to what brackets of income the dividends would fall in, if and when distributed by the corporations. In view of these facts the committee agreed to retain existing and tried taxes, to increase the rates somewhat, and to add a 7-percent tax on the undistributed earnings or corporations—and this without any provisions for relief, should the corporation find its capital impaired or under contract to not pay dividends until the corporation had liquidated its debts. There are States which prohibit dividends whenever the corporation's capital stock is impaired. There are corporations who have contracted with their creditors to not pay dividends until the debt has been liquidated, and while the 7-percent tax on undistributed earnings was assumed to be small, it is nevertheless a substantial tax to debt-burdened corporations or those who have lost their surplus during the depression years. There may be justification for a small tax, say 2 to 4 percent, on undistributed earnings of corporations for the purpose of building up statistical information as to the revenue obtained from such a tax and to what extent there are corporate surpluses.

TAXES NOT ALWAYS PASSED ON

With adequate experience and study, I think it is entirely practicable to work out a graduated tax both on individuals and corporations which would be based on the ability to pay. This is desirable because we will have high taxes for many, many years to come. I cannot pass from the subject of corporate taxes without recalling the statement commonly made, that all such taxes are passed on to the consumer. They may be under certain conditions, but they also may not be. If the corporations are in a competitive field, they do not have the freedom to pass on all taxes. If the corporation is in a field which is a monopoly, it may pass on the taxes, but the corporation in a monopolistic field fixes its prices as high as possible and the elimination of corporate taxes would not cause a reduction in prices to the consumer. With regard to the so-called manufacturers' sales tax and now existing tax on certain commodities, it must be agreed that it is an unwise form of taxation to put impediments in the way of moving, in great volumes, the necessities of life. There are certain excise or sales taxes which are very lucrative, such as, for example, tobacco sales taxes which in 1935 brought in about $478,333,000 and which it is estimated cost each individual smoker about $21.90 a year, yet the smoker has not complained. Then again, the gasoline sales tax certainly is based on the use made of the highways. If there is no use made of the highways, there is no tax and the more use is had of the highways, the more tax. Now, there are excise taxes which are not so equitable.

To deal with the question of ability to pay, consideration must be given to the tax-exempt Federal, State, county, and municipal bonds. I think everyone will agree that as a matter of public policy there should be no tax-exempt securities of any kind. The States voluntarily make their issues tax exempt. Likewise, the counties and municipalities. The Federal Government, under our Constitution, has no power to tax these securities or the salaries of employees of any State or its political subdivisions. It does have the power to, and it does tax, its own employees, with certain exceptions where the Constitution provides against it, such as in the cases of the judiciary.

There is a question that naturally arises which I am not able to answer because of lack of statistical information as to what savings the States and their political subdivisions make as a result of their ability to secure money at lower rates than what they might have to pay if the tax-exempt provision was eliminated.

Now, the Federal Government, of course, has to compete in the money markets for the same money as the States and their political subdivisons, but the Federal Government, in spite of this, has made practically all of its bonds subject to surtaxes as well as subject to gift and estate taxes. Let me give you, roughly, an example of an individual who falls, say, for example, in a bracket which requires him to pay 43 percent. He would only receive a net return in buying Government bonds of 1½ percent. This is not true, however, of State and municipal bonds because they are not subject to income taxes, although they are subject to estate and gift taxes.

POWER TO TAX, POWER TO SAVE

While everyone admits that the power to tax constitutes the power to destroy, it is also a self-evident fact that the power to tax constitutes the power to save. The purpose of government is to save, and therefore a fair and just tax is the most essential force of government. Had Congress the foresight to have seen the coming depression, it would not have been justified in making the enormous reductions in taxation during the previous decade. However, this is a case of your hindsight being better than your foresight.

In a large measure we have become a nation of phrase makers, and when repeated often enough they become a doctrine of infallibility. We frequently hear the phrase or doctrine expressed to the effect that we must not use our tax program for social purposes and yet every tax proposal has its social consequences; it cannot be avoided. You have heard much of another phrase, "Soak the rich." The country, I believe, has almost universally approved the policy of the graduated income tax based on the ability to pay, so we might examine that to see what happens to an individual with a million-dollar taxable income. The taxpayer would be in the highest surtax bracket and on his whole income would pay an average of 67.90 percent, or, in other words, $679,000. Let us see what he has left after paying his tax—it is $321,000 net income. Many men have contributed just as much to society as most of these million-dollar-income taxpayers and are pleased with much less income.

Let me say in this connection I know of no Member of Congress who gets pleasure out of placing taxes. Some old trained politicians say that it is a sound policy for a Member of Congress to vote for all appropriations and against all taxes, and by so doing, of course, he does not offend any of his constituents.

The late lamented Lincoln once said: "Honest statesmanship is the wise employment of individual means for the public good." Burke said: "The great difference between the real statesman and

the pretender is that the one sees into the future, while the other sees only the present; one lives by the day and acts on expediency, the other acts on enduring principles and for immortality." May I state in this connection that we insist on thinking of statesmen as men in public life, but the man in business or the man who has any power to direct or control any number of his fellow men may well be a more important statesman than are many of the men in public life. He may have far more opportunity to exercise policies of statesmanship than have any officials in the highest branches of our Government.

When great industrialists or private men of power use it in a statesmanlike manner they accomplish a greater purpose and a greater good than public officials and should be commended. However, when they do not do this or when they devise ways and means to avoid taxation, or, in other words, avoid paying their share of the cost of government, they are really in the same class as politicians who adopt expedients to be reelected.

OUR NEED FOR FOREIGN TRADE—ADDRESS BY SECRETARY HULL

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. Cordell Hull, Secretary of State, at the Foreign Trade Luncheon at the Hotel Astor, New York City, May 22, 1936, on the subject of Our Need for Foreign Trade.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is with special pleasure that I welcome this opportunity to come to New York and address a joint meeting of those who are giving unstintingly of their time and energy to make the Foreign Trade Week the success it deserves to be and of those who are more particularly concerned with the message and meaning of the National Maritime Day. As the great gateway of our Nation to and from the world, New York is a peculiarly appropriate spot in which to take stock of some of our vital needs in the field of foreign trade. Its magnificent harbor is the starting point from which ships, large and small, carry their cargoes to other countries and the terminal to which these same ships bring cargoes from abroad. The loading and unloading which take place at its miles of piers constitute an integral part of the throb of your city's and of the whole country's business activity. New York knows and feels all too keenly the difference between periods when ships leave and enter its harbor fully laden and when they come to and fro all but empty of their freight.

Ships are indispensable tools of world commerce. The degree to which these tools are utilized denotes the difference between active and stagnant foreign trade. Clearly, for all those who own and operate ships, for all those whose livelihood depends upon shipping, the difference between active and stagnant foreign trade inevitably spells the difference between prosperity and depression.

No less directly and no less significantly, the difference between activity and stagnation in foreign trade spells a difference between satisfactory prosperity and both uncertain and depressed business conditions for our whole Nation. This basic proposition, which is so crystal clear to those of us who have the need and the opportunity to deal with the problem of foreign trade, is, unfortunately, not always and not universally recognized, either in our country or abroad.

There are among our fellow countrymen some who believe, in all sincerity, that our national prosperity could be enhanced if all American citizens would buy nothing or next to nothing produced in other countries. They accordingly proclaim the slogan "Buy American" and attempt, in the same spirit of sincerity, to dramatize the idea that it is unpatriotic to use any foreign commodities, if the same or similar or substitute articles can possibly be produced in the United States. There are also some who exploit this slogan, for less sincere and unselfish reasons, by making it serve as a cloak for the promotion of special interests through the imposition and maintenance of unreasonable and embargo tariffs.

We all agree that our domestic economy should be developed to the fullest extent justifiable from any practical business standpoint. It goes without saying, also, that under any policy or any conditions, the overwhelming bulk of what we buy and consume will be our domestic products. If the slogan "Buy American" were meant to imply this, it would be constructive and beneficial. But it assumes a wholly different aspect when it is carried to impracticable extremes and—whether for sincere and misguided, or for selfish and predatory reasons—is made synonymous with a policy directed toward a virtual elimination of all imports.

Clearly, such an elimination of imports could be brought about only if the American people themselves were to produce every commodity needed—regardless of quality, cost, or use, and regardless of whether it is an extremely poor or even wholly undesirable substitute. A policy directed toward this end is better known as that of autarchy or economic self-containment. Carried into full effect, it would require our Nation to resort—as some nations already have resorted—to synthetic substitutes, manufactured at three or five or even more times the cost of producing the superior and more desirable natural articles.

In contemplating such a policy it is necessary to envisage its effect upon our whole economic life. A large number of vitally important branches of production in our country are geared to an output far in excess of our domestic requirements. These surpluses must be marketed abroad, if the industries producing them are not to stagnate. But trade is a two-way affair. Our sales to foreign countries must inevitably become reduced as we reduce our purchases from abroad. A policy directed toward economic self-containment is inescapably a policy of economic isolation.

I, for one, cannot assent to the view that our national interests would be promoted, rather than irreparably injured, if we were to isolate ourselves from the great stream of world trade. In my opinion, only a broad and liberal policy, combining a domestic with a suitable international economic program, can fully and satisfactorily promote the welfare of the American people.

Such a policy contemplates the supplementing of domestic trade by a steadily expanding and mutually beneficial interchange of commodities among nations. Under such a policy, we would not as a Nation deprive ourselves, as we would under a policy of isolation, of goods which we find it desirable and profitable to purchase abroad. Rather, we would receive such goods in exchange for our own surpluses, which must become dangerously burdensome unless foreign markets are found for them. Only by exchanging surpluses created by their respective national effort can nations achieve a full and stable measure of prosperity; full employment of their labor, equipment, and resources; and friendly and peaceful relations with each other.

This broader and more liberal program is based upon a practical middle course which avoids the extremes of both isolationist and internationalistic economic policies. Its cornerstone is mutually profitable trade, based upon equality of trade rights and fair and friendly trade methods and practices.

Under such a program foreign markets would provide outlets for the surpluses of our farms, our mines, and our factories, whereas under a policy of economic self-containment such surpluses would have to be destroyed or else they would accumulate and produce the kind of disorganizing and impoverishing effects that have been only too tragically evident during the past few years. Carried to its logical conclusion, a policy of economic isolation means that this Nation notifies all other nations not to buy our corn and hog products, wheat and flour, apples, and other fruits, tobacco, cotton, automobiles, copper, oil, machinery, and a long list of other commodities normally produced in our country in quantities exceeding domestic consumption by 10 to 50 percent.

To eliminate this surplus production would be equivalent to throwing millions of farmers and industrial wage earners out of employment. To continue full operation of these branches of production in the face of closing and closed foreign markets would lead to stagnation and price slumps resulting at home from dammed-up surpluses. Depression in these branches of production would lead to stagnation and unemployment throughout the entire economic and financial structure of the Nation. Our national prosperity is directly and tremendously affected by the ability of these great industries to sell their surpluses in the foreign markets.

Moreover, by making impossible these sales abroad of our farm and other surpluses, a policy of economic self-containment would destroy our ability to purchase from other parts of the earth an immense amount of raw materials and other commodities, which we cannot produce at all or, at best, can turn out in inadequate quantities and qualities, yet without which many of our industries cannot operate and many of our accustomed needs must go unsatisfied. By embracing a policy of economic isolation we would also deprive ourselves of a large range of specialities, novelties, and other articles differing materially or entirely from our own production in quality, or use, or pattern, or texture, or design, or price, which we habitually purchase from other countries.

To a great surplus-producing nation like ours a policy of economic self-sufficiency would inevitably mean a fundamental and sweeping readjustment and reorganization of the whole domestic agricultural, industrial, commercial, and general economic structure. It would involve restriction of output in the relatively more effective lines of production and encouragement of those lines in which domestic production can replace imports only at a much higher cost to the consumer, if at all. The result would be an inexorable decrease in the capacity of our people to purchase and consume. Our Nation would decline in economic strength and efficiency, and our population would definitely be doomed to a lower standard of living.

Regimentation on an ever-increasing scale, with large and growing unemployment and a constant expansion of subsidies and doles, is an inevitable accompaniment of economic isolation. In many parts of the world the pursuit of this extreme course has had disastrous consequences in the form of acute distress and far-reaching dissatisfaction. During recent years many countries have attempted to move noticeably in the direction of autarchy of self-containment, and this narrow economic policy must bear a major share of responsibility for the recent reduction of world trade from sixty-eight to twenty-three billion dollars a year; for unprecedented unemployment; for unstable governments; and for the more or less disrupted and chaotic economic and political conditions prevailing during a number of years following 1929.

The view that one nation should not buy from another anything even indirectly or remotely competitive suggests a game at which all nations can play with disastrous results to each. The operation during recent years of every conceivable method of obstructing and choking trade, such as quotas, tariffs, exchange restrictions, clearing arrangements, embargoes, and numerous others, has furnished an irrefutable demonstration of this. As the world's greatest producer and consumer our paramount interest as a nation lies in a removal of the extreme portions of these trade

barriers, rather than in their perpetuation and increase through a policy of economic isolation.

What the experience of this Nation would be under a policy of autarchy can well be indicated by our course in recent years toward Canada and Canada's course in return toward us. In 1929, when this country had been selling to Canada nearly $900,000,000 of our commodities annually and buying about $500,000,000 in return, some of our isolationists decided that we could cut down very much, by means of virtually embargo tariffs, the $500,000,000 of imports from Canada, and at the same time could continue to sell Canada $900,000,000 of our commodities. Under their influence our tariffs were raised on every remotely competitive commodity which was being imported from Canada, upon the theory that we would not permit a penny's worth of anything in the least degree competitive to trickle into this country.

But this complacent theory did not long stand up. Thoroughly aroused and bitterly resentful, Canada hastened to raise her tariffs against us. Within a few months a new administration in Canada again raised its tariffs and introduced a discriminatory valuation system and other drastic measures designed to shut out a large portion of our exports.

This extreme policy of isolation and resulting retaliation was the most important single factor in reducing our sales to Canada from nearly $900,000,000 to something less than $300,000,000, and our imports from Canada from nearly $500,000,000 to about $200,000,000. Both Canada and we were badly hurt in the process.

Destructive and economically suicidal practices of this sort have been carried on in every part of the world during recent years. Shall we profit by experience?

Happily, our broad economic program, based on a practical middle course, is neither a theory nor a mere pious hope. It is a living and heartening reality.

In less than 2 years we have concluded trade agreements with 14 nations. By providing for reciprocal concessions and by reasserting the vital principle of equality of treatment under the most-favored-nation policy, these agreements are designed to pave the way for a larger and mutually beneficial interchange of goods between us and other countries. As time goes on, evidence is rapidly accumulating to show that they are having precisely this effect.

This determined effort to reopen the channels of international trade and thus to stimulate employment and general prosperity is frequently attacked by those who would have our Nation withdraw into an economic shell and cut all ties with the outside world. These critics seize particularly upon the fact that recently there has been an increase in our agricultural imports. They make loud accusations that our farmers are being injured, because—as they would have others believe—a stream of foreign agricultural products is pouring into the country. Some of these critics undoubtedly act in perfectly good faith and make their statements on the basis of insufficient knowledge and understanding of the facts. Others, actuated by less worthy motives, clearly distort the facts in an effort to confuse and mislead our people.

Let us look at things as they are. The usual method of attack is to compare the trade figures for 1935 with those for 1932 and to draw, from that comparison alone, conclusions which appear to be damaging to the idea that foreign trade is beneficial and is necessary for the establishment of a satisfactory prosperity. But if the year 1932 is to be fairly compared with the year 1935, other factors as well must be taken into account.

The value of all our agricultural imports was, in 1935, $400,000,000 greater than it was in 1932, when it reached the lowest point in a generation. More than half of this increase was accounted for by the following three factors: (1) An expansion of our foreign purchases of such indispensable raw materials as rubber, silk, hides, and skins, wool, et cetera; such increased purchases are clearly indicative of a growth of industrial activity and employment; (2) an expansion of our foreign purchases of such foodstuffs as coffee, tea, spices, sugar, and tropical fruits, which are indicative of a growth of consumption of these products, resulting from rising employment, wages, and profits; (3) a sharp rise in our imports of alcoholic beverages, resulting—I am sure no one will deny—solely from the demise of the eighteenth amendment.

Less than half of the total increase in our agricultural imports was accounted for by what under normal conditions would have been more or less competitive commodities. Almost the whole of this abnormal and temporary increase occurred in 1934 and 1935, the years during which our country experienced the devastating effects of one of the worst droughts in its history. To make up some of the ravages of this holocaust, we brought in from abroad some feedstuffs and other agricultural products urgently needed in the drought emergency. What did these increased emergency importations mean in terms of our own production?

The imports of corn represented, in 1935, about 2 percent of our average production; of wheat, a little over 8 percent; of beef, 8 percent of average slaughter; of pork, one-tenth of 1 percent of average production; of butter, 1 percent. The peak of the importation of all these products was passed last winter, as the effects of the drought have gradually worn off.

It is these temporary and already diminishing imports, which have an almost trivial significance in relation to our own enormous production, that are recklessly described as a vast in-pouring stream of foreign agricultural products.

Nor is this the whole story. In 1932 corn was selling for about 10 cents a bushel; in 1935, farmers received an average of 58 cents a bushel. Wheat has risen from 30 cents to a dollar a bushel; hogs, from $3 to $10 a hundred; butter, from 14 to 30 cents a pound. Cash farm income has gone up from four and a half billion dollars in 1932 to almost seven billions in 1935.

Three weeks ago, in an address which he delivered at the University of Nebraska, the Secretary of Agriculture marshaled these and other facts bearing upon our agricultural situation in its relation to foreign trade. These facts should be made known throughout the breadth and length of our country to confound those who attempt, so vociferously and so persistently, to mislead and confuse the farmers and everyone else. They should be blazoned forth from every housetop, together with Secretary Wallace's epitome of the whole situation when he said: "Back in 1932 I believe farmers would gladly have let in a few imports, if at the same time they could have increased their cash income by 60 percent."

Apart from the extraordinary and wholly exceptional increases of imports brought in to repair the ravages of the drought, the general growth of our imports is being matched by a corresponding rise of our exports of both agricultural and industrial products for which our trade-agreements program is opening the way. Far from exercising a depressive influence upon our general economic situation, as the proponents of isolation have so often predicted, this increase in foreign trade goes hand in hand with the general economic improvement in our country, unmistakable signs of which are only too clear on every side.

I have dealt at some length with the relation of our foreign-trade program to the agricultural situation in our country not only because of the crucial importance of that particular phase of the problem but also because I myself have long been intensely interested in the special plight of our farming community. For 22 years I represented in Congress an agricultural district of my native State. During that long period constant and intimate contact with my constituents taught me to appreciate one cardinal fact, namely, that the factors which determine the prosperity of our farmers transcend the limits of any locality and even of our whole country. They are world-wide in scope and operation, and among them none is more important than an active and flourishing exchange of surpluses among the nations of the world through the mechanism of an effectively functioning international trade. Whatever else needs to be done to reestablish full and durable prosperity of our country as a whole and of its agricultural community in particular, a restoration and expansion of foreign trade constitute an indispensable element in the process of economic rehabilitation.

It is my firm conviction that just as disruption of international trade played an important role in bringing on the depression from which we are emerging, so the more hopeful outlook for a restoration of international trade is now a powerful factor in the process of recovery. The world was never more ready than it is today for an unprecedented expansion of all types of production and trade, for which only an unshackling of international commerce from its present-day paralyzing restrictions can provide an adequate stimulus.

Our foreign trade program is a reality not only because we in this country are earnestly engaged upon it, but also because the principles which underlie it increasingly command advocacy and adhesion in other countries. Were we to turn back and to shape our course once more in the direction of isolation, we would be pushing the world onto the road that inevitably leads to economic distress, and, through it, to political and governmental chaos and military adventure.

Let us not deceive ourselves. We must awaken to the fact that the world is at a parting of the ways. In one direction lies the road of fair and practical cooperation among the nations in the field of their commercial relations, the road of expanding international trade. It leads to increased employment, rising standards of living, internal political and economic stability, and durable world peace. In the other direction lies the road of economic warfare inherent in the policy of national self-containment, the road of contracting and vanishing trade. It leads to a progressive economic impoverishment everywhere, internal political instability, and constant fear of armed military conflict among nations. Which way shall we go?

ROOSEVELT, THE BUILDER—EDITORIAL FROM NATIONAL YOUNG DEMOCRAT

Mr. BULOW. Mr. President, I have had the pleasure of reading in the National Young Democrat an excellent editorial entitled "Roosevelt, the Builder." A young constituent of mine, Mr. Frank Wickhem, of Sioux Falls, S. Dak., is president of the Young Democratic Clubs of America, of which this newspaper is the official publication. This editorial I should like to commend to the people of America.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the National Young Democrat]

ROOSEVELT, THE BUILDER

To build or rebuild something worthy is progress. To provide a sound foundation for posterity is provident.

Americans accustomed to the miracles fashioned by science and industry may overlook or miss the true perspective of the vast activities for the Nation's betterment.

The greatest program ever planned by government for social, cultural, and economic improvement of its people, for the conservation of the country's natural resources, and for the prudent

preparation for the future has been initiated and is under effectuation through the earnest and thoughtful guidance of our great President.

Like the Four Horsemen of the Apocalypse, the four horsemen of the depression—chaos, misery, destitution, and fear—unleashed by the god of greed, were riding roughshod throughout the country when President Roosevelt came into office.

To bring order out of chaos, the President inspired and Congress enacted effective economic reforms, broadened lending powers of Government institutions to reestablish private industry, ransomed railroads from ruin, and saved banks from bankruptcy.

To eliminate human misery, he established the programs of public works and works progress.

To relieve destitution, the farm-credit program and the Federal Housing Administration were created. To the unfortunate youth he gave the C. C. C. camps, restoring their morale and confidence.

To eliminate fear for the future of the jobless and the aged, the administration has given old-age pensions and unemployment insurance.

Through the Tennessee Valley Authority Act, one of the most notable achievements in constructive legislation, has been inaugurated the greatest movement in the history of the United States to conserve the Nation's water power, prevent ruinous and costly floods, conserve land resources, and provide widespread and economical use of electricity. To this great measure may be added other highly beneficial congressional acts providing for irrigation and reclamation, levee and drainage; soil conservation and prevention of soil erosion; rural electrification; highways, roads, and grade-crossing elimination.

By establishment of the Securities Commission, the insurance of bank deposits, and a strict supervision of financial institutions, the administration has planned to prevent possible panics of the future.

These essentials have been established and put on a firm, progressive foundation. In his acceptance address, the President said: "The way to meet that danger (radicalism) is to offer a workable program of reconstruction." His administration has been one of reconstruction.

Students of political science and future statesmen may well look to our President as an outstanding example of idealism, character, and perseverance.

Some world monuments of industry have been the Tower of Babel, the Hanging Gardens of Babylon, the Pyramids of Egypt, the Colossus of Rhodes, the Appian Way, the temples of the ancient world, the palaces of bygone kings, but the tribute to Franklin Roosevelt will be the monument of a rebuilt Nation.

Washington won the Nation its freedom; Jefferson gave us laws of construction; Madison defended the Nation against invasion; Lincoln weathered the trials of civil strife; Wilson mastered the fortunes of a World War; Franklin D. Roosevelt salvaged and rebuilt the Nation. His name goes to posterity as Roosevelt, the builder.

"Most of them built for glory
Or worship or war, but Fame
Has written in golden letters
Great King Asoka's name
For the peace and good of his people
Was that just builder's glorious aim."

FREE TEXTBOOKS—ARTICLE BY J. BUHL SHAHAN

Mr. HOLT. Mr. President, I ask that an article, entitled "Free Textbooks", by Hon. J. Buhl Shahan, of Elkins, W. Va., be printed in the RECORD.

Mr. Shahan has been one of the most active and influential members of the legislature in West Virginia, and is particularly interested in problems affecting the schools. This article is very timely due to the pendency before the United States Senate of a resolution to investigate the schoolbook monopoly.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FREE TEXTBOOKS

By Hon. J. Buhl Shahan, of Elkins, W. Va.

The time has come when West Virginia must provide free textbooks. The Book Trust has for years been reaping a golden harvest from the people of the State. This trust must be broken and the grafter repelled. The grafter will not stay where there is no graft. Take the profit out of textbooks and you remove the grafter and destroy the Book Trust. The people of West Virginia are paying exorbitant and excessive prices for school books. Here is what a parent must pay today in West Virginia for new books to fit his child for school:

First grade	$1.48
Second grade	1.92
Third grade	3.85
Fourth grade	4.78
Fifth grade	5.91
Sixth grade	4.88
Seventh grade	8.14
Eighth grade	11.14

If the child goes to high school, he must pay the following:

First year	$5.75
Second year	6.40
Third year	6.05
Fourth year	6.25

It costs the parent today on an average of $5.26 per year for each student in the elementary grades if new books are purchased, and an average of $6.22 each year in the high school. West Virginia, unlike our neighboring States, does not have free textbooks. Pennsylvania, for example, furnishes the books free to the children. I have a letter from Pennsylvania showing that in 1934 it cost but $1.22 per year per pupil for free textbooks. They have had this great reform since the year 1893, almost a half century.

Over an 8-year period, 1921–28, the average cost was only $1.53 per year for each student. Free textbooks remove the profit, and when the profit is removed the grafter leaves, for he has nothing on which to live. We can no longer delay the progressive act of legislation that will make free textbooks available to all the children of the State.

A great percentage of the people of West Virginia are not able to buy textbooks for their children. Through no fault of their own, earnings have been reduced to a minimum and in many instances the family income has been cut off altogether. Thousands of people, although honest and willing to work, have been compelled to depend upon charity for subsistence. Under such circumstances it would be utterly unfair to parents and students alike to compel them to provide schoolbooks. The problem now facing the teachers of the State is: How shall textbooks be provided? Let us observe how other States have solved the same problem.

In 1884 Massachusetts provided free textbooks; Maine in 1839; Nebraska in 1891; Pennsylvania and Rhode Island in 1893. By 1910, 10 States had joined the procession; by 1925, 19 States had made free textbooks mandatory; and at the present time 25 States and the District of Columbia provide free schoolbooks. The movement was started, however, more than a hundred years ago when the city of Philadelphia inaugurated such a plan. Now all of the larger cities and more than half of the States provide free texts.

In 1928, 58,089,967 separate volumes of textbooks were purchased in the United States for use in public and private elementary and high schools. Some 65.5 percent of the expenditures for such books in the public schools came from State and other agencies providing free texts for pupils. To show the comparison of the small cost of textbooks to the total school budget, we note that in 1928 the total textbook budget throughout the United States could have been wiped out and the saving would not have been more than 2 percent of the total school expenses. In 1913 the expense for all other school purposes was 36 times the cost of textbooks. In 1928 the proportion had grown. Other school expenses were 61 times that of textbooks. According to a recent study made by the National Education Association and covering some 39 cities that furnish free textbooks and supplies, only 0.9 percent of the school dollar was used for textbooks in 1932–33. Supplies furnished amounted to 1.2 percent—a total for both supplies and textbooks of only 2.1 percent of the school dollar. Considering, therefore, the comparatively low cost of free texts and the valuable service they render, no legitimate excuse can be made for not instituting free textbooks in West Virginia.

The Supreme Court of the United States settled the matter of the constitutionality of free textbooks when it upheld, in April 1930, the Free Textbook Act of Louisiana, affirming that the taxing power of the State was exercised for a public purpose.

Free textbooks are in line with free schools and free instruction. Textbooks are a vital part of the school work. Free textbooks help in sustaining attendance. They eliminate the unnecessary delay in starting the term of school which is often due to lack of books. Unpleasantness with parents, which sometimes arises from misunderstanding of the cost and kind of books required, may be avoided by the use of free textbooks. The 20-percent profit of the dealer would be eliminated.

In our present age of easy travel there is an increasing tendency for citizens to change occupations and locations. When a family moves from one section of the State to another, new books must be bought for the children. It not infrequently occurs that much time is lost from school as a result of the parent's inability to make such purchases at the time, and often pupils lose interest and drop out of school entirely. If the State furnished free textbooks, the new student could get his books arranged the first day and start off without loss of time. In many instances lack of textbooks gives the student an opportunity and excuse for doing poor work. Such a situation tends to defeat efficiency in education. If our educational system is to progress, we must provide at least the necessary equipment for the learning process. No better expenditure of money could be made than by providing free textbooks.

How is this to be done? Many times the needs of education are clearly seen by those in the field, but from the legislative standpoint these needs are not always realized. The writer was firmly convinced that free textbooks would be approved at the last regular session of the legislature. There seemed to be strong sentiment for such a proposal, although some conflict existed among

the legislators as to the type of program which should be enacted. In the waning days of the session, however, it became evident that other matters had crowded out the enactment into law of a free-textbook measure. Political logrolling and other influences, notably the powerful weapon of delay, prevented this needed reform from becoming a reality.

Most opponents of free textbooks take the stand that the State cannot afford to spend the amount of money needed to finance such a program. The State, however, can provide the money to finance a program of free textbooks. There are many ways whereby West Virginia can easily raise the needed money. For example, a small depletion tax on oil and gas would easily bring in enough money to take care of the entire program of free textbooks and provide in addition for the institution and growth of a small library fund in each county.

According to figures compiled by the West Virginia Geological Survey, more than 5,800,000,000,000 cubic feet of natural gas had been taken from the soil of our State prior to 1933. Almost two-thirds of this gas has been sold outside of the State, and in many instances at a price lower than residents of West Virginia pay for their own product. A depletion tax of but 1 cent per 1,000 cubic feet would have, in the short history of West Virginia, brought in more than $58,000,000. It seems only reasonable that the State would be justified in placing a small depletion tax on a product which, once removed, cannot be replaced. This would but represent a sum equal to the interest due the State for such exploitation. In using the money for free textbooks, the returns of such a tax would be reinvested in protecting our State's greatest resource—the children of our Commonwealth.

KEEPING OUT OF WAR—EDITORIAL FROM WASHINGTON DAILY NEWS

Mr. BONE. Mr. President, I ask unanimous consent to have printed in the RECORD an interesting editorial observation from the Washington Daily News on the subject of war.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Daily News]

KEEPING OUT OF WAR

By R. W. H.

International trade is one of the major obstacles in the path of a comprehensive neutrality policy. That was obvious during the fight at the last session of Congress to frame such a policy. It cropped up again at the present session and was largely influential in defeating a broad program designed to keep the United States out of war.

The importance of trade in this respect is now confirmed in one of the most ambitious studies of neutrality ever made. The history of efforts to write a code of international law that would include a vital and effective respect for neutrality is presented in four volumes by the Columbia University Council for Research in the Social Sciences. It is published by Columbia University Press.

It begins with the origins of the neutrality idea, goes into the Napoleonic period, takes up the problem during the World War, and in the final volume by Philip C. Jessup, professor of international law at Columbia University, discusses the current problem and the future.

Professor Jessup says: "The trouble with neutrality * * * is that it has been based on the idea of protecting trade with belligerents without interfering with belligerent operations. With fault on both sides, neutrality has developed in a situation where commercial rivals have sought to pervert it, each to his own end. It has been suggested above that neutrality should be reconsidered in the light of this fact. It has also been suggested that neutrality is not antisocial; that it can play its part in the current development of the process of international cooperation. With a realistic base and with cooperative application, it may avoid some of its past weaknesses."

In his conclusion, Professor Jessup says:

"In cutting the pattern it will be well to keep in mind two important points. * * *

"The first point is that the primary objective of a neutrality policy is to keep out of war. If war can be prevented, well and good; if it breaks out between other countries, the United States should seek to stay out. Neutrality should cease to be a road to war. The second important point is the realization that a neutrality policy cannot achieve the first objective if neutrality is still regarded as a period of prosperity. * * * Slogans are dangerous in their simplicity, yet 'Profits or Peace' is not a wholly misleading description of the alternatives which must be faced in framing a national neutrality policy for the United States. If we choose profits today, we may well find that we will have neither profits nor peace tomorrow."

VOCATIONAL EDUCATION

Mr. GEORGE. Mr. President, I ask the Chair to lay before the Senate House bill 12120, which came over from the House earlier today.

The VICE PRESIDENT laid before the Senate the bill (H. R. 12120) to provide for the further development of vocational education in the several States and Territories, which was read twice by its title.

Mr. GEORGE. Mr. President, on the calendar day of April 28 the Senate passed Senate bill 2883, known as the vocational-education bill. The House yesterday, in considering the same subject, struck out all after the enacting clause of House bill 12120 and substituted the language and substance of the Senate bill, with only two slight changes. One change was the omission of the words "including public and other service occupations", and the insertion of a new section which is not at all objectionable and which does nothing that is not done under existing law. Inasmuch as the House bill is practically identical with the Senate bill, I move that the Senate concur in the amendments of the House.

Mr. NORRIS. Mr. President, I want to understand the parliamentary situation. Would the action the Senator is asking have the effect of passing the House bill?

Mr. GEORGE. Yes; it would.

Mr. NORRIS. I should like to appeal to the Senator. I have talked with the Senator about the matter. I know how he feels about the proposed legislation and particularly about one change which has been made in the House bill. I think the Senator ought to take the matter to conference. I am satisfied I am not in disagreement with the Senator in his attitude on one particular amendment which I think is very vital. I should not like to give up any possible hope of getting that provision in the law. I do not understand why the Senator does not ask for a conference on the disagreeing votes of the two Houses.

Mr. GEORGE. I do not see how we could get the matter into conference, because the House did not pass the Senate bill. The House struck out all after the enacting clause in the House bill and inserted the text of the Senate bill with two slight amendments. Really there is only one amendment of any consequence.

Mr. NORRIS. If we accept the action of the House, we surrender all possibility of getting that particular language in the bill.

Mr. ROBINSON. Mr. President, if the Senator desired to do so, he could have the House bill taken up for consideration and move to strike out the provision that is objectionable or offer an amendment to accomplish the purpose desired.

Mr. NORRIS. I would not have any objection to pursuing that course. I think the Senate ought to resort to all proper legislative means to retain the particular clause which the House has stricken out.

Mr. ROBINSON. What are the amendments to which objection is made?

Mr. GEORGE. There is really only one amendment. The amendment of the House inserted by way of a separate section is as follows:

No part of the appropriations herein authorized shall be expended in any industrial-plant training programs, except such industrial-plant training be bona fide vocational training, and not a device to utilize the services of vocational trainees for private profit.

I think no one objects to that provision being in the bill. Of course, under the law the funds could not be utilized for such purpose, but it is very well to hedge against it.

The amendment to which the Senator from Nebraska refers may be described in this way: Among the subjects to be taught for which money is authorized to be appropriated are "trade and industrial subjects, including public and other service occupations." The House amended by omitting the words "including public and other service occupations."

Mr. NORRIS. That is the issue, just those few words.

Mr. GEORGE. Very well. I ask unanimous consent that the Senate proceed to the consideration of the House bill.

There being no objection, the Senate proceeded to consider the bill (H. R. 12120) to provide for the further development of vocational education in the several States and Territories.

Mr. GEORGE. I move to amend the text of the House bill, on page 3, in line 5, by inserting after the word "subjects" the words "including public and other service occupations."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed, as follows:

Be it enacted, etc., That for the purpose of providing for the further development of vocational education in the several States and Territories there is hereby authorized to be appropriated for the fiscal year beginning July 1, 1937, and annually thereafter, the sum of $12,000,000: *Provided*, That the several States and Territories shall be required to match by State or local funds or both 50 percent of the appropriations authorized under the provisions of this section until June 30, 1942, 60 percent for the year ending June 30, 1943, 70 percent for the year ending June 30, 1944, 80 percent for the year ending June 30, 1945, 90 percent for the year ending June 30, 1946, and annually thereafter 100 percent of the appropriations authorized under the provisions of this section. One-third of this sum each year shall be allotted to the States and Territories in the proportion that their farm population bears to the total farm population of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is made, and shall be used for the salaries and necessary travel expenses of teachers, supervisors, and directors of agricultural subjects in such States and Territories. One-third of the sum appropriated for each fiscal year shall be allotted to the States and Territories in the proportion that their rural population bears to the total rural population of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is to be made, and shall be used for the salaries and travel expenses of teachers, supervisors, and directors of home-economics subjects in such States and Territories. One-third of the sum appropriated for each fiscal year shall be allotted to the States and Territories in the proportion that their nonfarm population bears to the total nonfarm population of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is to be made, and shall be used for the salaries and necessary travel expenses of teachers, supervisors, and directors of trade and industrial subjects, including public and other service occupations in such States and Territories: *Provided further*, That the allotment of funds to any State or Territory for each of the three purposes enumerated in this section shall be not less than a minimum of $20,000 for any fiscal year, 50 percent of which shall be matched by State or local funds or both, and there is hereby authorized to be appropriated for the fiscal year beginning July 1, 1937, and annually thereafter the sum of $175,000, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States and Territories provided for in this section.

SEC. 2. In addition to the sum authorized to be appropriated by section 1 hereof, there is hereby authorized to be appropriated, and required to be matched in the same proportions as such sum, the sum of $1,200,000, to be allotted to the States and Territories in the proportion that their total population bears to the total population of the United States and Territories, according to the United States census last preceding the end of the fiscal year in which any such allotment is made, and shall be used for the salaries and necessary travel expenses of teachers, supervisors, and directors of, and maintenance of teacher training in distributive occupational subjects in such States and Territories: *Provided, however*, That the allotment of funds to any State or Territory for the purpose of this section shall be not less than a minimum of $10,000 for any fiscal year after July 1, 1937, and there is hereby authorized to be appropriated for the fiscal year beginning July 1, 1937, and annually thereafter the sum of $54,000, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States and Territories provided for in this section.

SEC. 3. That for the purpose of cooperating with the States and Territories in preparing teachers, supervisors, and directors of agricultural, trade and industrial, and home-economics subjects there is hereby authorized to be appropriated for the use of the several States and Territories for the fiscal year beginning July 1, 1937, and annually thereafter the sum of $1,000,000. Said sum shall be allotted to the several States and Territories in the proportion which their population bears to the total population of the United States and Territories, according to the last preceding United States census: *Provided*, That the allotment of funds to any State or Territory shall be not less than a minimum of $10,000 for any fiscal year. And there is hereby authorized to be appropriated for the fiscal year beginning after the enactment of the act and annually thereafter the sum of $54,000, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States and Territories provided for in this section.

SEC. 4. For the purpose of carrying out the provisions of this act there is hereby authorized to be appropriated to the Office of Education, Department of the Interior, for vocational education, for the fiscal year beginning July 1, 1937, and annually thereafter the sum of $350,000, to be expended for the same purposes and in the same manner as provided in section 7 of the act approved February 23, 1917, as amended October 6, 1917.

SEC. 5. The Secretary of the Treasury, through the Division of Disbursement of the Treasury Department, shall, upon the certification of the United States Commissioner of Education, pay, in equal semiannual payments, on the 1st day of July and January of each year, to the custodian for vocational education of each State and Territory designated in the act approved February 23, 1917, the moneys to which the State or Territory is entitled under the provisions of this act.

SEC. 6. The appropriations made by this act shall be in addition to, and shall be subject to the same conditions and limitations as, the appropriations made by the act entitled "An act to provide for the promotion of vocational education; to provide cooperation with the States in the promotion of such education in agriculture and in the trades and industries; to provide cooperation with the States in the preparation of teachers of vocational subjects; and to appropriate money and regulate its expenditures", approved February 23, 1917, except that the appropriations made by this act for home economics shall be subject to the conditions and limitations applicable to the appropriation for agricultural purposes under such act of February 23, 1917, with the exception of that part of section 10 thereof which requires directed or supervised practice for at least 6 months per year; that such moneys as are provided by this act for trade and industrial subjects, including public and other service occupations, may be expended for part-time classes operated for less than 144 hours per year; that the provisions of section 11 of the act of February 23, 1917, requiring at least one-third of the sum appropriated to any State to be expended for part-time schools or classes shall be held to include any part-time day-school classes for workers 14 years of age and over, and evening-school classes for workers 16 years of age and over; except that the appropriations made by this act for distributive occupational subjects shall be limited to part-time and evening schools as provided in said act of February 23, 1917, for trade, home economics, and industrial subjects and as qualified by the provisions of this section; and that the appropriations available under section 4 of this act shall be available for expenses of attendance at meetings of educational associations and other organizations and for expenses of conferees called to meet in the District of Columbia or elsewhere, which, in the opinion of the Commissioner, are necessary for the efficient discharge of the provisions of this act.

SEC. 6a. No part of the appropriations herein authorized shall be expended in industrial-plant training programs, except such industrial-plant training be bona-fide vocational training, and not a device to utilize the services of vocational trainees for private profit.

SEC. 7. The appropriations authorized by this act shall be in lieu thereof and not in addition to the appropriations authorized in sections 1 and 2 of Public Law No. 245, Seventy-third Congress, approved May 21, 1934.

SEC. 8. As used in this act the term "States and Territories" means the several States, the Territories of Alaska and Hawaii, the island of Puerto Rico, and the District of Columbia.

REGULATION OF COMMODITY EXCHANGES

The Senate resumed the consideration of the bill (H. R. 6772) to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity futures exchanges, to limit or abolish short selling, to curb manipulation, and for other purposes.

The VICE PRESIDENT. The question is on the amendment, which the clerk will state.

The CHIEF CLERK. On page 31, after line 13, it is proposed to insert section 12, as follows:

SEC. 12. The Grain Futures Act is further amended by adding at the end thereof the following new section:

"SEC. 13. (a) The provisions of this section shall apply only with respect to cotton and cotton-futures exchanges or similar institutions.

"(b) Notwithstanding the foregoing provisions of this act, the trading limits on the amount of trading in cotton under or with respect to contracts of sale for future delivery on or subject to the rules of any cotton-futures exchange shall be fixed by the commission with respect to any one person trading either directly or indirectly for his own account at a total of not more than 100,000 bales for delivery in any one delivery month with respect to all exchanges and at a total of not more than 600,000 bales for delivery in any 12 consecutive months with respect to all exchanges (said bales being of the approximate weight of 500 pounds each). Such trading limits shall apply to all types of futures trading transactions, including bona-fide hedging transactions, and shall also apply to both 'market position' and 'market interest' as herein defined. For the purpose of this section, the term 'market position' means a contract of purchase or sale made on any cotton-futures exchange which has not been fulfilled or completed either by actual delivery of cotton or by an offsetting contract of sale or purchase on the same exchange prior to the time specified for delivery; and the term 'market interest' means any outstanding contractual obligation relating to cotton,

which is or may be affected in any manner by the advance or decline in the price on any exchange of cotton futures for delivery in some specified month, and such 'market interest' shall be deemed to be held in the month so specified. In computing any such market position or market interest there shall be included therein any market position on or any market interest held with respect to any and all foreign exchanges.

"(c) All trading in cotton futures on any exchange shall cease as to each delivery month on a day not later than the last business day of the preceding month, after which the seller shall have 10 business days within which to give to the buyer written notice of the date and place of delivery, and the buyer shall have 5 business days after receipt of such notice in which to take delivery and make payment. The Secretary of Agriculture, in his discretion, may extend the time to the seller for giving notice of delivery and to the buyer for taking delivery and making payment whenever in his opinion such action is warranted. In making payment in settlement of any contract of sale for the future delivery of cotton in any delivery month the actual commercial differences above or below the contract price which the receiver shall pay for cotton or grades above or below the basis grade shall be determined as of the day on which trading ceased with respect to such delivery month and in accordance with the provisions of section 6 of the United States Cotton Futures Act, as amended.

"(d) All charges and expenses incident to any delivery of cotton in fulfillment of any contract of sale made at, in, or on any exchange shall be borne by the seller.

"(e) Any person who shall purchase, sell, or carry any cotton futures for any other person on any exchange or pursuant to any contract made at, on, or in such exchange for the account of such other person, shall demand and receive from such other person as a minimum margin an amount equal to at least 10 percent of the current market price of such cotton, but in no case less than $5 per bale, which minimum margin shall be maintained at all times with such reasonable allowance for price fluctuation as may be prescribed by the commission. In computing such minimum marginal requirements, all fractions of a dollar shall be brought to the nearest full dollar.

"(f) Each cotton-futures exchange shall make available to the public each day the volume of trading in cotton futures for each delivery month and the total volume of trading in cotton futures for all delivery months, and shall also make available to the public at least once each month the total of all open and outstanding contracts of sale of cotton for future delivery in each delivery month, made at, on, or in such exchange.

"(g) All cotton which shall have been inspected, graded, classed, and certified as tenderable under the provisions of the United States Cotton Futures Act, as amended, shall be deliverable, on any contract of sale made at, on, or in any cotton-futures exchange, at and for the grade and staple thus certificated: *Provided*, That when such cotton is removed from certificate the final receiver thereof on a contract made at, on, or in a cotton-futures exchange may, if he so desires, call for a review by the United States Department of Agriculture, and in the event such cotton shall be found to be of a lesser grade or staple and of a lesser money value than the certified grade and staple, such final receiver on contract may make claim for any monetary loss so found, and all such claims shall be made on and against a guaranty fund which shall be established and maintained by each exchange by adding to the original inspection fees such amount per bale as in the opinion of the Secretary of Agriculture may be necessary for the purpose of such fund, such additional amount to be held and retained by the exchange on which the original inspection is applied for, and to be paid out only on claims passed on and approved by the United States Department of Agriculture or its duly authorized representative."

Mr. CONNALLY. Mr. President, I am extremely anxious that the pending bill shall be enacted. In the closing days of the session, congested as is the calendar, and with the business program of the Senate and the House clogged and jammed, it is going to be very difficult to secure the enactment of legislation controlling the commodity exchanges if the Senate engrafts upon the House bill any controversial amendments which in conference would afford another opportunity for delay and procrastination. Therefore, permit me to say that my attitude is one of support of the House bill as it came to the Senate without endangering the passage of that measure by tying on to it the amendments offered by the Senator from South Carolina [Mr. SMITH].

Mr. President, Senators from the cotton States and Senators from the grain-producing States have for years advocated the regulation and control of the commodity exchanges by placing them under Government supervision. That policy has been in force for a number of years with respect to grain, but other than through the Cotton Futures Act, which has been in operation through the Department of Agriculture for some years, we have never been able to secure real control and real regulation of the cotton exchanges in order to guarantee that the producer of cotton might have a full and fair market for the products of his toil.

Mr. President, when we have an opportunity now to put cotton in the Grain Futures Act along with oats, wheat, corn, and other grains, I do not want to see the enactment of the measure absolutely imperiled by a controversy in the conference committee over the provisions of the amendments submitted by the Senator from South Carolina. By reason of the attitude of the House and the attitude of Members of the House who would be members of the conference committee, I feel assured that that is exactly what we are going to face in the event the amendments tendered by the Senator from South Carolina are placed in the bill.

I submit this simple, elementary principle. Why should cotton be dealt with by law any differently than wheat and corn and oats? We have here a bill which has run the gantlet of the House. The subject has been investigated by the Senate Committee on Agriculture and Forestry. The bill provides that cotton shall be placed in the law and handled from a legislative standpoint exactly as corn and oats and wheat and other commodities of that character.

But the Senator from South Carolina, who does not want cotton incorporated in the bill, insisted in the Committee on Agriculture and Forestry that cotton be not included in the commodity-exchange bill. Let me suggest to Senators that the advice of a Senator who does not want cotton controlled in the main bill ought not now to be followed by Senators if they really want to control the operation of cotton exchanges.

Mr. President, let me invite attention for a moment to the provisions of the amendment now pending. On page 31 of the new print of the bill the proposed amendment appears as section 13 (a). What does it provide? It provides for a limitation of the amount of cash purchases which any operator, any corporation, any association of persons may make on the commodity exchanges. So far as I am concerned all hedges may be abolished. I care nothing about them. If they are wrong they ought to be abolished. But if they are to be approved as legitimate, as is proposed by the bill, if hedging operations against actual purchases or actual sales of a commodity in order to stabilize the price and assure the seller of a fixed sale price are desirable, then why in the name of common sense should we limit the amount of purchases which any one cotton buyer or cotton seller may make on the exchanges?

Mr. POPE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Idaho?

Mr. CONNALLY. I yield.

Mr. POPE. May I ask the Senator whether he regards hedging, which is a form of insurance to protect the price of a product, in the same way that he regards speculating in futures when there is no actual corn or actual commodity against which a hedge may be placed? Are they not in a different category?

Mr. CONNALLY. I readily agree with the Senator from Idaho that a fictitious transaction, where it is not contemplated that there shall be any actual delivery of cotton or oats or wheat or corn or anything else, is purely a gambling transaction and ought to be outlawed. I understand that under the terms of the bill power is given the Secretary of Agriculture to outlaw that kind of transaction. But as I understand the practice which the committee calls a legitimate hedge is that if today I buy a thousand bales of spot cotton, actual cotton, and I want to be secured in that price, I may hedge that cotton on the cotton exchange by selling an equal number of bales. Then if the price goes up I am protected, and if it goes down I am protected. I buy it on a theoretical margin of profit and I am guaranteed then at least an approximate realization of the price at which I purchased. Is that correct, may I ask the Senator from Idaho?

Mr. POPE. That is exactly my understanding of the matter. May I suggest that if legitimate cases are to be limited below the amount of actual commodity purchased, then there would be a portion of the actual commodity that would not be insured, and the owner of that commodity must insure it in some other way, either by increasing the price to the grower of the commodity so as to protect him from

fluctuations of price or by limiting his sale to the amount of the commodity which he can actually hedge. That is the only way he can secure himself and insure himself against losses.

Mr. CONNALLY. That is correct.

Mr. POPE. In that process, either by limiting the amount of the commodity he may purchase or by trying to insure himself in some other way, does not that reflect right back on the grower of cotton or grain so as to reduce the price to the grower?

Mr. CONNALLY. Mr. President, it seems to me that the statements of the Senator from Idaho answer themselves. In other words, if a legitimate hedge is of benefit to the market, in that it gives the buyer an opportunity to insure the price which he paid, then, of course, it stimulates activity in that particular commodity; but if the buyer can be insured only as to 100,000 bales or 50,000 bales, when he exceeds that quantity he will not buy the spot cotton, because he has not the element of security which the hedge gives him in the first instance.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from New Mexico.

Mr. HATCH. The Senator has also heard, I presume, of excessive hedges tending to depress the market, has he not?

Mr. CONNALLY. Oh, yes; but I do not see how there could be an excessive hedge if a legitimate hedge represents the real transaction. I pointed out a moment ago that I am absolutely opposed to, and, as I understand, the bill condemns, the speculative hedge or the speculative operation where there is no actual transaction in the commodity.

Mr. HATCH. In fairness to the Senator from Texas, I should say that I so understood his remarks.

Mr. CONNALLY. I thank the Senator.

Mr. HATCH. But the colloquy which has gone on indicated to my mind that it is contended that hedging always tends to produce a better price for the producer, which is not true.

Mr. CONNALLY. Oh, no; I do not mean to say that hedging would produce a better price. A thing that may be utilized to pry something up may also be utilized to pry something down. Of course, that necessarily follows; and I am not advocating hedging. I do not know enough about the mechanical and technical operations of the exchanges to say whether or not hedging is desirable; but hedging has been recognized in the bill. It is advocated, as I understand, by the Secretary of Agriculture; and all I am contending for is, if it is legitimate, if it is desirable, why limit it and say that after a man has bought a certain number of bushels of wheat or a certain number of bales of cotton he may not buy another? We thereby reduce the market; we take out of it bidders who might bid the market up, and we narrow the opportunity for the producer to find an outlet for his commodity.

Mr. HATCH. I started to suggest to the Senator from Texas that it is true that all the witnesses who appeared before the committee, I think without exception, testified that hedging is desirable and legitimate and necessary to a certain extent and for certain purposes.

Mr. CONNALLY. And that is why the committee approves it in the bill. I am not a member of the Committee on Agriculture and Forestry, but I am accepting the House bill as it was considered by the committee as reflecting the matured judgment of the Agricultural Committees of both Houses that legitimate hedges, made only where there are actual spot transactions, are desirable.

Mr. BARKLEY. Mr. President——

Mr. CONNALLY. I yield to the Senator from Kentucky.

Mr. BARKLEY. While it may be true, as I understand, that hedging itself may not bring about an increase in the price of cotton or any other product, it tends to stabilize the price; it minimizes the effect of abrupt fluctuations in the price; and is it not true that a hedging transaction as the Senator is talking about it presupposes that the man who is hedging has already engaged in a legitimate transaction with respect to the purchase or sale of cotton and that he simply is protecting himself against sudden fluctuations?

Mr. CONNALLY. Exactly.

Mr. BARKLEY. For instance, if he has bought cotton at a certain price, in order to protect himself against a sudden decline of that price and the decline of the price of the product produced from the cotton, he simply hedges, and therefore protects himself against his previous transaction.

Mr. CONNALLY. Exactly; and let me suggest to the Senator from Kentucky that a parallel would be found in this case:

Suppose a man bought wheat or cotton at a certain price, and there were no hedges, but he could walk across the street and take out an insurance policy in Lloyds, or in some other company engaged in that sort of business, to the effect that he would not suffer loss on the cotton below a certain price. That is exactly what a hedge is. It is an insurance that what the purchaser loses on his spot he will gain on his hedge.

Mr. POPE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. POPE. And if there is no way for the purchaser to insure himself by hedging or in any other way, then necessarily will he not pay a lower price to the producer of cotton, the man out in the cotton field who raises the cotton, in order that he may be insured against fluctuations in price?

Mr. CONNALLY. Exactly. Now, let me ask the Senator from Idaho a question.

Under this bill, in the case of grain, there is no limitation on hedges. Does the Senator advocate that?

Mr. POPE. I should not advocate a fixed amount of hedging more than the actual amount of grain on which a hedge might be based.

Mr. CONNALLY. I understand; but what I mean is, hedging operations as to grain are not limited in the bill so long as they represent a bona-fide transaction.

Mr. POPE. Not only are they not limited, but it is provided that the growth of the commodity for a year on land owned by the hedger may also be hedged against, and its products and byproducts; but that represents actual or potential grain in the hands of the hedger, and the hedge is strictly limited to that.

Mr. CONNALLY. Oh, yes; I understand that; but what the Senator from Texas has in mind is, if we are not going to limit legitimate hedging in grain and corn and oats, why should we limit it in cotton? The amendment of the Senator from South Carolina has a tendency to weaken and to dilute the effects of the House bill insofar as it relates to cotton.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Kentucky.

Mr. BARKLEY. A moment ago the Senator said that if no hedging is permitted, or if hedging is restricted as provided in the amendment, the purchaser of cotton in all likelihood will not pay so high a price, because he will not wish to take so great a chance. Is it not also true that he will buy less because he will not wish to take a greater chance?

Mr. CONNALLY. Exactly. In other words, the market will be narrowed; there will not be so many competitors in the market, because some of the competitors will be limited, and when they buy their limit they are out of the market.

Mr. BORAH. Mr. President——

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. I desire to ask the Senator from Texas a question. I know nothing about cotton, in one respect, but I should like to be able to vote intelligently, if possible.

Mr. CONNALLY. I will say to the Senator that I know very little about it.

Mr. BORAH. In what respect does the amendment offered by the Senator from South Carolina weaken the terms of the bill as it came from the House, insofar as dealing with the monopolistic control of cotton is concerned?

Mr. CONNALLY. I will say that the amendment weakens the effect of the House bill in this respect: The House bill permits legitimate hedging in all commodities. The amendment of the Senator from South Carolina limits that op-

eration in the case of cotton. The amendment takes cotton out of the general classification, and says that in the case of cotton no operator may hedge more than a certain amount. The colleague of the senior Senator from Idaho [Mr. POPE] has just pointed out that in the case of grain it is not desired that hedging be limited, except to actual bona-fide operations, on the theory that a limitation would lessen the market; on the theory that the purchaser, if he should buy more than his limitation, would encounter a greater hazard as to price, and therefore would not pay so much. If those are sound arguments and sound reasons why no limitation should obtain in the case of grain, why should it obtain in the case of cotton?

Mr. BORAH. The Senator from South Carolina [Mr. SMITH] contends that unless there is a limitation, some two or three operators will control the entire market.

Mr. CONNALLY. Yes; and I shall answer that contention.

Mr. SMITH. Mr. President, I desire to have the Senator and the Senate advised that the reason brought out in the committee for not putting a limit on hedging was because it was thought that it would limit the operation of the cooperatives. In the grain-exchange bill, power is given to the Secretary of Agriculture to control the limits in all commodities.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. ROBINSON. I should like to be informed how there can be a monopoly on the buying of cotton. The only way in which a purchaser can obtain cotton is by paying more for it than anyone else is willing to pay.

Mr. CONNALLY. Exactly.

Mr. ROBINSON. And the position of the Department of Agriculture is that if large purchasers are denied the right to compete with other buyers, it will lessen the opportunity of producers to get a fair price for their products.

Mr. SMITH. Mr. President, if the Senator will allow me just a minute, that seems to be in contravention of the action we took the other day on chain stores.

Mr. CONNALLY. We are not now dealing with chain stores.

Mr. SMITH. We are dealing with identically the same principle, because certain manufacturers found it more profitable to sell their entire product to certain purchasers, who distributed that product to the detriment of the local retail merchant.

Mr. ROBINSON. Yes; but the present proposition is just the reverse. In the instance which the Senator cites, by rebates, by concessions in the nature of discounts, by quantity discounts, the large purchaser was able to obtain a price which was to his advantage and which was discriminatory; but this is the reverse of the proposition. Here it is proposed to cut off the right of someone to purchase in the open market when the only way in which he can secure cotton is to buy it at a better price than anyone else is willing to pay, or at least at a price comparable to that which someone else is willing to pay.

Mr. SMITH. That sounds very strange to me, in view of the fact——

Mr. CONNALLY. Mr. President, I cannot yield for a speech. I shall be glad to yield for a question.

Mr. SMITH. All right; I will answer the Senator from Arkansas in my own time.

Mr. CONNALLY. I must answer some of these questions, because I have a committee meeting very shortly.

Mr. SMITH. I shall be very glad to take the floor later.

Mr. CONNALLY. The Senator from Arkansas has very aptly and very clearly pointed out the fact that when we limit the operations on the actual spot market or on legitimate hedges, we are lessening the incentive of purchasers to buy. How can an operator get a bale of cotton? He has to pay more than somebody else will pay, or he will not get it. When you withdraw the dealers, the operators, from that active market, by limiting the amount in which they can deal, you make it easier for those who are left in the market to buy the same cotton at a lower price.

What does the Secretary of Agriculture say about this? The Secretary of Agriculture is opposed to the limitation of actual legitimate hedging. The Senator from Idaho, perhaps was not here awhile ago when the Senator from Texas observed that, so far as he is concerned, all hedging may be abolished.

Mr. BORAH. I heard the Senator.

Mr. CONNALLY. And trading may be restricted to actual spot operations. I say to the Senator that I have often wondered whether that were not a really sound position for us who are interested in the sale of commodities to take.

Why should we differentiate between commodities? Other spot commodities are sold, and, so far as I am concerned, that may be done; but we are not dealing with that. The responsible committees of the two Houses of Congress and the Secretary of Agriculture all advocate legitimate hedges, confined to the offsetting of actual purchases of spot cotton, in order to give the purchaser an opportunity to insure himself against loss.

If that is to be the policy with regard to wheat, and oats, and corn, and other grain, and the members of the committee say that there should not be any limitation as to those products, why should we pick out cotton, and, when it comes to cotton, say that the farmer's opportunity for selling it in his market shall be narrowed, but as to wheat and corn and oats the market shall be full and free; that they may buy all they want to buy; that they may hedge all they wish to hedge, but that when it comes to cotton, as I have said, that we shall provide that when a purchaser has bought a certain amount he shall not buy another bale? If that is desirable, why limit it to 600,000 bales a year? If it is desirable to limit operations, why not make it a hundred thousand bales a year, why not make it 5,000 bales a year, if that is sound? I do not think it is sound.

I desire to point out to the Senator from Idaho that the cotton cooperatives, the voluntary organizations of the farmers themselves who are making an effort to market their product, are the greatest single operatives in the cotton market. They buy and sell more cotton, as I understand it, than any other one concern.

Mr. SMITH. Oh, no, Mr. President; the Senator does not want to go on record as saying that. I have the reports here showing the facts.

Mr. CONNALLY. They are among the largest buyers and sellers, are they not?

Mr. SMITH. They are about the fourth.

Mr. CONNALLY. They are among the large ones. I do not care whether they are the largest, but they are one of the largest, I will say.

Mr. SMITH. One concern buys and sells as much as all the other three combined.

Mr. CONNALLY. Mr. President, I wish to say to the Senator from South Carolina that cotton is an export crop. We ship abroad 50 percent of what we produce. It is dealt with on the Liverpool exchange, it is dealt with on the great exchanges in all the cotton-consuming countries of the world. There are great foreign firms in the United States, Japanese firms, Italian firms, French firms, engaged in the buying and selling of cotton, mostly in buying, because they export it to their own countries. If some of this business be driven out of the hands of the American dealers, it will simply be placed in the hands of foreigners. Some of these operations will be transferred to the Liverpool Cotton Exchange, or to some other foreign cotton exchange.

Let me quote what the Secretary of Agriculture says about the limitation of hedges. In a letter to the Senator from South Carolina, the chairman of the Committee on Agriculture and Forestry, under date of May 18, 1936, the Secretary made known his position in regard to this matter. I ask that the letter may be incorporated in the RECORD at the end of my remarks.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

(The letter appears in the RECORD at the conclusion of Mr. CONNALLY's remarks.)

Mr. CONNALLY. What does the Secretary of Agriculture say about the matter? His Department has administered the Cotton Futures Act for the past 20 years. The Secretary refers to section 14, which, as I understand, is now section 12, and he says:

> Section 14 fixes definite limitations by law upon the amount of cotton futures that may be held by any person in any one future or in all futures combined.

I may say to the Senator from Idaho that this refers to page 31 of the bill. This is the Secretary of Agriculture speaking, and the Secretary of Agriculture does not own a bale of cotton, so far as I know, and is not interested in cotton, except to see that the producers of cotton receive a fair chance for the sale of their commodity.

Mr. President, I wish to say that the Secretary of Agriculture, in the case of cotton, in the administration of the Agricultural Adjustment Act, has rendered to the cotton farmers of the South a real and a substantial service. For the first time in the history of this Republic, the cotton farmer, burdened, as he has always been, with the costs of the tariff and things of that kind, selling his own product in a world-free, unprotected market, has been able to receive back from the Government at least a tithe of benefit to offset the burdens which he has borne. I desire to pay a tribute to the patriotism and to the fairness and to the enlightened public policy of the Secretary of Agriculture, who, coming from the corn and the hog section of the country, but with a vision broad enough to take in all the sections of the United States, so administered the Agricultural Adjustment Act as to render the cotton farmer and the cotton producer an outstanding public service. So it is from that sort of viewpoint that the Secretary of Agriculture approaches this problem; and what does he say? Let me read:

> The limitation in the case of any one future is 100,000 bales, and in the case of all futures 600,000 bales.

That is what the Senator from South Carolina now proposes to do.

> The limitation applies to hedgers as well as speculators. In the commodity exchange bill proper bona-fide hedging transactions are specifically exempted from trading limitations.

He points out that in the regular bill affecting grain and cotton and everything else hedging operations, legitimate operations, are removed from any limitation. But the amendment does put the limitation on as to cotton.

> This limitation as to the quantity of cotton futures which could be held by any single person or firm would, of course, materially reduce the amount of hedging by some of the larger merchants and the cooperatives.

In other words, they could not buy so many hedges. The inference, to my mind, is they would not buy so many spots. These are the words of the Secretary of Agriculture:

> The Department has definitely approved the limitation of speculative accounts.

I agree with the Secretary; we ought not to permit purely gambling transactions at all; but he says:

> But it does not favor limiting legitimate hedging.

That is the official attitude of the Secretary of Agriculture, who has administered the Cotton Futures Act over the years.

This morning, without my solicitation, two representatives of the Department of Agriculture who are working in the cotton section came to me in the interest of removing this limitation and letting the Department go ahead under the bill as it passed the House, just as the law will be administered as to wheat and oats and other grain.

Mr. President, why limit a legitimate operation? No man can buy a bale of cotton unless he pays more than his competitor will pay; and when he has bought merely a hundred thousand bales, why should it be said that he shall not buy another bale, because when he is denied the right to buy another bale, someone else is denied the right of selling another bale.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BORAH. Is it practicable, under the circumstances which exist as to cotton, for 3 or 4 of the large companies to make a combination and agree as to how much they will pay, and hold the market at that price?

Mr. CONNALLY. Mr. President, I wish I knew. I do not believe that that would be possible, in view of the fact that cotton is an export crop. There are foreign merchants in this country all the time buying cotton for export. Half of what we produce moves into foreign markets, and I do not believe any combination of domestic dealers, unless they controlled practically the entire crop, could arbitrarily fix the price of cotton.

Mr. SMITH. Mr. President, I do not desire to interrupt the Senator, but I hope the Senator from Idaho will ask the same question in my time.

Mr. CONNALLY. I shall be very glad if the Senator from Idaho will renew the question. The Senator from South Carolina can give him an answer; I cannot. I am going to be frank and say that I do not know. Nor do I know just how many operators in the steel business can absolutely fix the price of steel.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. NORRIS. I think the Senator will admit what I am about to say. As I understand the object of the amendment, this limitation is to prevent the very thing about which the Senator from Idaho propounded his question. If not limited by some specific statement in the law, could not 3 or 4 of the large operators have it in their power to corner the market and fix the price?

Mr. SHEPPARD. Mr. President, may I make a suggestion?

Mr. CONNALLY. In just a moment. The Senator from South Carolina of course says the purpose is to prevent that possibility, and I do not challenge the sincerity of his assertion. I yield to my colleague.

Mr. SHEPPARD. Why is it that the grain interests are not willing to accept a limitation of this kind?

Mr. CONNALLY. Of all the things which supposedly have been cornered in the history of the world the thrilling chapters of the Chicago wheat pit in past years furnished the most outstanding example, when one man, not many, but, the story is, one man, Patton, the great wheat king, not a combination, but one man, mastered the wheat market.

Mr. NORRIS. Will the Senator permit me to answer specifically the question propounded by his colleague?

Mr. CONNALLY. I shall be glad to have the Senator do so.

Mr. NORRIS. I think history shows that the board of trade itself, in order to give some semblance of regularity, has sometimes by rule prohibited, and they do now prohibit, under the regulation of the Secretary of Agriculture, one or two persons cornering the market as to any commodity.

Mr. SHEPPARD. Why was not a specific provision brought in by the committee with respect to grain?

Mr. NORRIS. So far as I am concerned, I have no objection to including a specific limitation as to anything.

Mr. CONNALLY. Mr. President, I thank the Senator from Nebraska. I know he approaches these public questions in the spirit of fairness and liberality, and that his motives are always of the highest.

Mr. NORRIS. Mr. President, the question I propounded to the Senator was asked with the idea of getting information on the subject. I am listening now to a debate on the cotton amendment, dealing with a subject concerning which I concede the cotton men know a great deal more than I do. However, I have been impressed during the hearings and while the subject has been under discussion in the Senate with the reasonableness of the proposed limitation with respect to cotton.

I confess that the proposed limitation impresses me. If I am wrong about it, I should like to find out wherein I am wrong. If the limitation is too small or if it is too great,

whichever it is, we ought to change it. However, it seems to me that the purpose of the amendment is very good.

Mr. CONNALLY. Mr. President, did the Senator from Nebraska urge limitation in the general bill as to wheat and other products also?

Mr. NORRIS. No, Mr. President. I did not urge it with respect to cotton, either. I am willing to be instructed by those who are more expert about the matter than I am.

Mr. CONNALLY. Mr. President, I make no pretenses to expertness. I never bought a bale of cotton or sold one on an exchange in my life. I never bought on the exchange a bushel of wheat or sold one in my life. I know something about making cotton, and planting it, and plowing it, and picking it down on my knees in the hot sun. The men engaged in that work are the ones for whom I am speaking here today. I am speaking for the man who goes out and works in the broiling sun.

Mr. ROBINSON. Mr. President, will the Senator from Texas yield for a question?

Mr. CONNALLY. I yield.

Mr. ROBINSON. Is there any direct limitation in the pending bill on the quantity of spot cotton that may be purchased?

Mr. CONNALLY. No, Mr. President; I understand not.

Mr. ROBINSON. Then there is no limitation applicable to the combination to which the Senator from Idaho [Mr. BORAH] referred; namely, a combination between corrupt purchasers of cotton who desire to control the market? They may still, so far as this bill is concerned, enter into any arrangement they think will be effective to regulate the price of spot cotton?

Mr. CONNALLY. That is correct.

Mr. ROBINSON. And no limitation on hedging—no limitation on speculation, for that matter—would directly, at least, accomplish that purpose?

Mr. CONNALLY. The Senator is correct.

Mr. ROBINSON. It may be true that in denying them the right to insure the price at which they purchase spot cotton, they might be deterred from attempting to control the market as to spot cotton; but if the combination were powerful enough they could still enter into an arrangement by which they could control it to the extent that they were able to get possession of the cotton.

Mr. CONNALLY. I thank the Senator from Arkansas for that interjection. It is a very valuable one.

Let me point out to the Senator from Nebraska and to the Senator from Idaho that there is, as the Senator from Arkansas suggests, no limitation in the bill on the amount of actual spot cotton which may be bought. Let us see what will happen. If the condition existed which the Senator from Idaho suggested, if three or four great firms, because of their financial strength, were able to monopolize the cotton market—and they could do so under this bill just as well as without it, because there is no limitation on their spot markets—they would not need any hedges, because they would have all the spot cotton and they would thereby control the market. But if their competitor, who could not control the market, had a hedge, they could not crush him out, because he would have something to guarantee and insure his price.

Mr. ROBINSON. But if he could not hedge, they could put him in a position where he would immediately have to go out of business.

Mr. CONNALLY. Exactly. I thank the Senator from Arkansas. He put his finger right on the point involved. I wish to call particularly to the attention of the Senator from Nebraska what I am now about to state.

Let us suppose the great operators were able actually to corner the spot cotton. There is nothing in the bill to prevent it. They do not need any insurance. They do not need any hedges. They carry their own hedges on their own persons; they carry their own insurance in their pockets, because they have the actual spot cotton to put out on the markets of the world. Who are the masters of the price then? They are the masters of the price. They ask no one's consent for what they do. What difference does the exchange make, or what does it amount to? It amounts to nothing, because the great operators have the actual cotton in their warehouses. But the little buyer, the little cotton merchant in Texas, the little country storekeeper who buys cutton from his patrons, and they settle their bills by turning over their cotton, if he has no opportunity to wire in and hedge against a spot purchase, may be crushed by the combination of the great spot operators on the market.

Mr. BENSON. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BENSON. Would not operators be more apt to be able to control the market if they had the privilege of both buying and selling in an unlimited amount, rather than merely the privilege of buying spot cotton in an unlimited amount?

Mr. ROBINSON. Mr. President, there is no restraint in the bill on either buying or selling spot cotton.

Mr. BENSON. That is what I am asking.

Mr. ROBINSON. There is no limitation in the bill on either buying or selling spot cotton. One may buy or sell as he pleases.

Mr. CONNALLY. Exactly.

Mr. BENSON. If one is going to buy 600,000 bales of cotton, and he does not have the privilege of hedging beyond that, is not that one thing, and is it not another thing just to be able to go on buying?

Mr. CONNALLY. Of course, there is a difference. If there were no difference, there would not be an amendment here.

Mr. BENSON. That is what I am asking the Senator.

Mr. CONNALLY. There is a difference, of course. What I am trying to point out is that in the case referred to by the Senators, of concerns sufficiently strong financially to master completely the spot market, this question becomes academic with them; but it does not become academic with the man who cannot corner the market, who wishes to buy a few hundred or a few thousand bales of cotton to guarantee himself against loss by taking a hedge.

As I said a moment ago, and I do not like to repeat it, I am not here defending hedging. I should not care if all hedging were abolished. However, if permission to hedge is to be the policy of the Government with regard to wheat and corn and other commodities, why should cotton be singled out, and those who deal in it be told, "As to you fellows, we are going to make a different rule, and you cannot sell and buy freely, and you cannot protect your sales and your purchases with hedging"?

Mr. President, I shall later ask to put into the RECORD some telegrams and letters I have received with regard to the cotton amendments. There are not a great many of them. One comes from the Texas Cooperative Council of Agriculture. Others come from representatives of cooperatives and other farm organizations.

This morning I received a letter from the master of the Texas State Grange, opposing the Smith amendment and asking that the bill become a law by letting it pass the Senate in the form in which it was passed by the House. I ask to have that letter printed in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter is as follows:

WASHINGTON, D. C., *May 27, 1936.*

Hon. TOM CONNALLY,
United States Senate.

DEAR SENATOR: On behalf of the Texas cotton farmers, Texas State Grange opposes the Smith amendments to the Commodity Exchange Act. Limitation of hedges will materially curtail their operation.

RALPH W. MOORE,
Master, Texas State Grange.

Mr. CONNALLY. My information is that the cotton cooperatives or organizations of the farmers themselves actually handle each year about a million and a half bales of cotton. If I am in error in that respect, I hope some member of the committee will correct me. They handle that cotton, and they have to market it just as a buyer markets it. They are now handling one and a half million bales of cotton.

Under the pending bill they are told, "You can hedge only 600,000 of those bales." What will be the result? The result will be a tendency to reduce their operations, because they will not be able to go on the exchange and hedge against transactions, and they will have a tendency to stop when they have 600,000 bales.

Mr. President, cotton is marketed in 3 months of the year, so far as the farmer is concerned—October, November, and December. Under the pending bill no more than 100,000 bales may be hedged against in 1 month. So far as the little country dealer is concerned, it practically amounts to a limitation of 300,000 bales reflected in his market.

I have no concern with reference to the bill except to try to secure some legislation to regulate the cotton exchanges, which we have sought to do for 30 years. We ask no special privilege for cotton. All we ask is that cotton be placed in the commodity-exchange bill on the same terms and under the same conditions as are other agricultural commodities. The House has passed the bill. It has sent it here; and if now we engraft upon the bill amendments which the House does not favor, and it goes to conference in the last few feverish days of the session, will we get legislation? Very likely not.

If those interested in grain want legislation, they had better let the cotton interests be dealt with just as the grain interests are dealt with, otherwise they may have no legislation.

I am not a member of the Committee on Agriculture and Forestry, and I do not mean to make these suggestions from any peculiar knowledge of mine; but I know that the Secretary of Agriculture is strongly against the Smith amendment now pending. I know that the cotton cooperatives of my State are against it. Here is a telegram from Homer D. Wade, Texas Cooperative Council. Here is another telegram from the Texas Cotton Growers' Association. Here is a letter from the master of the Texas State Grange. Here is a telegram from someone else—I do not know whether he is a cotton merchant or not, but I assume he is.

I will say for the benefit of the Senator from Idaho that the master of the State Grange came to my office. I did not know he was in town and did not solicit his visit; he came there to discuss this and other agricultural problems; and when he told me his attitude I said, "Sit down and write me a letter about it, so that I can put it in the RECORD." He did so. His statement was that the Texas State Grange, a farm organization, in the main cooperated with and acted with the Texas Cotton Cooperatives, that they had the same general policies, and the Texas cooperative associations were opposed to these amendments because they will limit their own operations, the operations of the farmers themselves, through their voluntary cooperative marketing agencies.

Mr. President, for years Congress has been enacting legislation to stimulate the organization of farmers' cooperative societies, legislation to enable the Federal Government to extend them loans for the production and marketing of their commodities. All they ask is to be allowed to act for themselves on the commodity markets. They have built up their business until now, I understand, they do a business to the extent of a million and a half bales of cotton, and yet, under the terms of these amendments, they would be limited in their legitimate hedging.

Mr. BORAH. Mr. President——

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. It is the contention of the Senator, then, that if this limitation is placed in the bill, it will reflect itself finally in a lower price for the producers of cotton?

Mr. CONNALLY. That is my fear, for this reason——

Mr. SMITH. Mr. President, I do not care to interrupt this discussion, but, in my own time, I will attempt to show that the situation is exactly the opposite.

Mr. BORAH. I asked if that was not the contention of the Senator from Texas? He is seeking to protect the producers of cotton?

Mr. CONNALLY. I am. Let me give an illustration. A number of men are sitting around a table; they are bidding, trying to buy a certain commodity. They have all got money; they have all got funds; they have the ability to buy, and they all want the commodity, but tell one of them, "You are through now; you have bought all you can buy; get out of the game." In that event, instead of six men being at the table, only five would be left. Would five men have as much motive to buy and as much economic power to buy as six men? Then, when the fifth man bought all he could buy under the law, suppose it should be said to him, "Here, you get out of the way." By such processes, there would be a lessening of the market; there would be a lessening of the desire of the remainder to pay a higher price, because the chances are that a man who has already bought a large amount is a more daring individual and is willing to take a greater hazard because he is already in the market.

These are only fundamental principles, to my mind. If we presuppose a free market and a free flow of commerce, the supposition is that the man who bids the most for a commodity will get it; and when he bids the most for a commodity the producers of the country will get more than they otherwise would.

Mr. President, I ask to have read from the desk a letter from a farmer, a member of one of the cooperatives in my State. He writes on the letterhead of the Producer-Consumer Publishing Co., Inc., from a little town called Kress.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

Senator TOM CONNALLY,
Washington, D. C.

DEAR SENATOR: I hear rumors that the long silent commodity-exchange bill will be lifted from the calendar and presented to the Senate for disposition. I know you are for the bill, but opposed to the Smith amendments. I hope that you will use your talents in ridding the bill of its objectionable features. Somebody must ride down the power which the chairman of the Agricultural Committee is using to the damage of the individual producer and the cooperative marketing associations. If the Congress does not cooperate in the passage of this bill, public sentiment will assume the responsibility. This is one particular, in the interest of both the producer and consumer, that requires no tax levy. Perhaps there would be no just ground for criticising a Senator from Rhode Island if he did nothing more than vote; but a Senator from Texas can have no relief from responsibility unless his influence can be felt by a dozen Senators less fortunately situated. You have the reputation in Texas and elsewhere of being able to do that very thing once you have accepted the challenge, which should be done in the name of justice and equality.

Sincerely yours,

L. T. MATHUGH.

Mr. CONNALLY. Mr. President, that letter is from a member of one of the cooperatives. I think he was here as a member of the cooperative delegation that visited Washington a year or two ago. I wanted the Senate to get his views with respect to this particular matter.

Now, Mr. President, I ask leave to have certain telegrams and letters incorporated in the RECORD.

The PRESIDENT pro tempore. Does the Senator desire the telegram read which he sent to the desk a while ago?

Mr. CONNALLY. I will ask that it go in the RECORD in connection with the other telegrams.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(The telegrams and letters appear at the conclusion of Mr. CONNALLY'S remarks.)

Mr. CONNALLY. Now, Mr. President, I have about concluded my remarks so far as this amendment is concerned. I have tried to point out what I believe to be the very serious objections to the amendment. First, I think its adoption is going to imperil the passage of the pending bill. If those interested in grain, those from the West who want legislation regulating the grain exchanges, as I assume they do, and as I do, why not pass the bill as the House passed it and make sure that legislation will be enacted? But when this bill is thrown into a conference committee, it is considered in a secret chamber, a procedure of which the Senator from Nebraska [Mr. NORRIS] is so afraid that he led a great campaign to abolish one of the houses of the Nebraska Legislature and succeeded, which was a great achieve-

ment from the Senator's standpoint. When, however, the bill goes into conference we do not know what is coming out.

Mr. President, I plead simply for the same treatment for cotton that it is proposed to accord to wheat and oats and corn. Why should the law deal with the interests of the man in Kansas who raises corn and feeds his hogs in a different manner than it deals with the product of the man in Texas who raises a bale of cotton? Are they not entitled before the law to equality? Ought they not to be entitled in the markets of the world to the same freedom of opportunity? Ought they not to receive at the hands of the Government the same measure of justice? But when it comes to cotton we must make an exception, we must set up a different standard, we must say that because of a certain demand from certain members of the committee we will treat cotton in a different fashion than that which we lay down for the greatest agricultural product of the Union.

Mr. President, the cotton farmer, until the enactment of the A. A. A., as I said a little while ago, had never been the recipient at the hands of the Government of bounties or preferences or privileges. No tariff can aid the cotton farmer. When he exports 50 percent of the product of his acres he must send it out not with bodyguards and not with protective-tariff fortifications around it, but he must send it out on the highways of the sea where it must seek a market wheresoever it can be found, and that cotton must meet the competition of the cotton that comes from the banks of the Nile or the jungles of Brazil. He has no reward, no benefit except that which comes from his own toil. Today the cotton producers are only asking for the same measure of fair treatment that we are proposing to give to the corn and wheat and other grain producers. Mr. President, those who represent them in this Chamber, poorly as we may, demand that equality of treatment. We shall be satisfied with nothing less.

Mr. President, in conclusion, I wish to call the attention of the Senate again to what was placed in the RECORD yesterday by my distinguished colleague, the senior Senator from Texas [Mr. SHEPPARD], when he pointed out the views of the Farm Credit Administration and the views of the Department of Agriculture opposing the Smith amendments particularly as they affected the general agricultural situation and the interest of the Government itself in the loans and other investments which it has made for the farmer's welfare.

Mr. SHEPPARD. Mr. President——

Mr. CONNALLY. I yield to my colleague.

Mr. SHEPPARD. I wish to call the attention of my colleague and of the Senate to the further fact that the Secretary of Agriculture, in a letter to the Senate Committee on Agriculture expressing an opinion on the bill, which had been requested by that committee, said that the Department favored the inclusion of cotton in the commodities-exchange bill as it passed the House.

Mr. CONNALLY. As it passed the House; yes.

Mr. SHEPPARD. And urged that if any additional legislation was to be considered with respect to cotton, it should be handled in a separate bill. The Secretary of Agriculture pointed out that it was most important that the commodity-exchange legislation be not jeopardized by any delay in working out any new provisions which have application to cotton only and which are in addition to the provisions of the bill which passed the House.

I wish to say that I am in thorough agreement with the Secretary of Agriculture, as I think my colleague is also.

Mr. CONNALLY. I thank my colleague for his very illuminating contribution to the RECORD. The attitude of the Secretary of Agriculture, not only in writing to the committee but in personal conferences with Senators, has been that the bill ought to be passed by the Senate as it passed the House. Then we can secure legislation as to grain and as to cotton. There is no reason why the one should be treated in any manner differently from the other.

(The following letters and telegrams were ordered to be printed at the conclusion of Senator CONNALLY's speech:)

MAY 18, 1936.

Hon. E. D. SMITH,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR SMITH: Following receipt of your letter of May 14, your interview with the President, and my subsequent conversation with him, the Department commenced a careful study of title II of the proposed substitute for H. R. 6772 (committee print of May 14, 1936).

Section 2 of title II appears to be a congressional declaration intended to lay the constitutional foundation for legislation based on the commerce powers of Congress. Such an amendment to the Cotton Futures Act, now based on the taxing powers of Congress, would be desirable in legislation such as contemplated in title II. On general principles it would seem that the form of congressional declaration contained in the Grain Futures Act, and which has been upheld by the United States Supreme Court in *Board of Trade v. Olsen* (262 U. S. 1) would be preferable to new and untried language. In this connection it may be noted that the declaration of purpose in section 3 of the Grain Futures Act, and also in section 4a, added by H. R. 6772 (committee print, p. 4) emphasizes the need for preventing excessive speculation and manipulation, whereas the declaration contained in section 2 of title II, paragraph 4, subdivision (B) on page 32, seems to emphasize as of equal importance the necessity of having speculators in the futures market "dealing in large quantities of futures with a view to profit." There is perhaps no inconsistency here; I merely note the point for your consideration.

Sections 3, 4, 5 (except subsection 6), 6, 7, 8, and 9 of title II appear to be reenactments and adaptations of sections 3, 4, 5, 6, 7, 8, 9, and 10 of the present Cotton Futures Act based on the commerce power instead of the taxing power of Congress. Insofar as these sections are reenactments of what is already contained in the present Cotton Futures Act, they would be properly incorporated in legislation such as proposed by title II. They deal principally with grades and standards and the determination of price differences for delivery purposes.

Subdivision 6 of section 5 (p. 38) changes radically certain existing practices as follows:

(a) Delivery of cotton on any one contract is limited to three contiguous grades of the same color.

(b) Cotton must be delivered in standard compressed bales of approximately 22½ pounds to the cubic foot.

(c) Delivery is limited to 1 single day of the delivery month, namely the seventh business day following the tenth business day of the delivery month.

(d) Expenses incident to the tender and delivery of cotton must be borne by the seller.

(e) Delivery is limited to the place where the cotton exchange is located, and either one or two southern delivery points to be selected by the cotton exchange.

The Department has no factual knowledge on which to base either its approval or disapproval of these proposed changes in well-established practices. It is fair to say that some of the changes involve questions of a highly controversial nature at least one involves sectional interests. The elimination of certain southern cities as delivery points for New York contracts will probably be protested by the cities affected.

Limiting deliveries of cotton on cotton-futures contracts to a single day during a delivery month is a radical departure. In effect, the term "delivery month" becomes meaningless, inasmuch as a contract for the sale of cotton for October delivery becomes in effect a sale of cotton for delivery on the seventh business day following the tenth business day of October. I am wondering if this might not at times tend to reduce the amount of cotton actually delivered on futures contracts to a point where the trading would represent even more largely one of settlement by offsets than at present.

With respect to contiguous-grade deliveries, this provision would of course make deliveries more acceptable to the buyer but it would make it difficult for the small merchant to assemble contract lots which would meet the three contiguous-grade requirements. With regard to the provision against delivery of bales compressed to other than standard density of approximately 22½ pounds per cubic foot, this provision would presumably prevent delivery of other bales previously compressed to high density. The latter constitutes a substantial proportion of the cotton received at several of the southern ports, particularly Houston, Galveston, and New Orleans. It might be well to consider also the reaction of interior compresses to this provision.

Section 10, on page 44, requires all purchases and sales of cotton for future delivery to be by public outcry. However, paragraph (c) of such section authorizes the offsetting or matching of purchase orders against selling orders received simultaneously without actual execution of the orders in the exchange ring or pit provided for such trading. There may be times when better executions can be effected by commission merchants by the simple process of offsetting or matching orders, but it seems to us to be a practice fraught with temptation, and the experience of the Grain Futures Administration has suggested the desirability of prohibiting such practice by law.

Section 11 makes mandatory minimum margin requirements of 5 percent applying to all purchases and sales of cotton for future delivery regardless of whether they be hedging or speculative trades. We see no objection to such a provision. Uniformity in margin requirements is thought desirable where exchanges do

not themselves insist upon certain established minimum margins being obtained from customers.

Section 12 prohibits the purchase or sale of cotton futures in connection with the sale of spot cotton on buyer's or seller's call unless the price be fixed prior to shipment. We do not know to what extent this would retard the movement of cotton into consumptive channels, both here and abroad, but we think the matter should be seriously considered.

Section 13 prohibits spot-cotton merchants from acting as commission brokers and prevents commission brokers from acting as spot-cotton merchants. It also denies the right of spot-cotton merchants to be members of the clearing house of a cotton-futures exchange. On general principles we see no reason why a spot-cotton merchant, being a member of an exchange, should not be permitted to execute and clear his own hedging trades without paying commissions to some other member of the exchange. A cooperative association of cotton producers engaged in the spot-cotton business would be similarly denied the right to execute and clear its own trades in its own name and would have to pay some commission broker the established commission rate to members, which is one-half of the nonmember rate. You will recall, perhaps, that the United States Circuit Court of Appeals for the Seventh Circuit, in *Board of Trade of the City of Chicago* v. *Henry A. Wallace et al. and Farmers National Grain Corporation* (67 Fed. (2d) 402), held that membership in a board of trade without the privilege of clearing trades made thereon would fall far short of conferring the full advantage of a contract market. The court said: "The right to clear trades which are made on the board cannot be separated from the right to make trades on the board without seriously impairing marketing facilities." The right of cooperatives entitled to membership and trading privileges on boards of trade under the Grain Futures Act was held to include the privilege of clearing.

Section 14 fixes definite limitations by law upon the amount of cotton futures that may be held by any person in any one future or in all futures combined. The limitation in the case of any one future is 100,000 bales and in the case of all futures 600,000 bales. The limitation applies to hedgers as well as speculators. In the commodity-exchange bill proper bona-fide hedging transactions are specifically exempted from trading limitations. This limitation as to the quantity of cotton futures which could be held by any single person or firm would, of course, materially reduce the amount of hedging by some of the larger merchants and the cooperatives. The Department has definitely approved the limitation of speculative accounts, but it does not favor limiting legitimate hedging.

The remaining sections of title II are in the main enforcement and penalty provisions, as well as definitive of certain words and terms appearing in the bill.

The Department favors the inclusion of cotton among the commodities covered by title I of the bill. It respectfully urges prompt action upon the legislation embodied in title I, and suggests that if additional time is required to revise the provisions of title II, it be handled as a separate bill. It is most important that commodity-exchange legislation be not jeopardized by any delay in working out new provisions which have special application to cotton only and which are in addition to the provisions of title I.

Respectfully submitted.

H. A. WALLACE, *Secretary.*

MEMPHIS, TENN., *May 27, 1936.*

Hon. TOM CONNALLY,
United States Senator, Washington, D. C.:

On behalf of our members who collectively are trying to market their cotton through their own association, I wish to thank you for splendid effort you are making in opposing Smith amendment to Commodity Exchange Act. Limitation of hedges will materially curtail their operations, will reduce efficient competition, and will result in increasing spread between price paid to producer and price paid by mill.

E. F. CREEKMORE,
Vice President, American Cotton Cooperative Association.

DALLAS, TEX., *February 20, 1936.*

Hon. TOM CONNALLY,
United States Senate:

Understand commodity-exchange bill to have early consideration in Senate. Our study of same leads to conclusion that bill as passed by House meets demands of producers. Have serious doubts as to Senate committee amendment to bill and am therefore hopeful that you will oppose it. Regards.

HOMER D. WADE,
Texas Cooperative Council.

DALLAS, TEX., *February 20, 1936.*

Hon. TOM CONNALLY,
United States Senate:

We strongly urge your support of the commodity-exchange bill as passed by House, but urge that you oppose proposed Senate committee amendment, as we consider amendment of no benefit to producers.

TEXAS COTTON GROWERS' ASSOCIATION.

HOUSTON, TEX., *May 15, 1936.*

Hon. TOM CONNALLY,
Senate Office Building:

Morning papers carry press dispatch outlining proposed Smith amendments to commodity-exchange bill, which, in our opinion, and in opinion other cotton shippers, as recently shown at annual cotton shippers' convention, would be very detrimental to best interests of cotton merchandising business as a whole, and through increasing cost of doing business would be harmful to cotton producer. Urgently request you to use all your influence to have these amendments eliminated from bill when it is presented before the Senate.

ALEXANDER SPRUNT & SON, INC.

AMERICAN COTTON COOPERATIVE ASSOCIATION,
New Orleans, February 19, 1936.

Hon. TOM CONNALLY,
United States Senate, Washington, D. C.

DEAR SENATOR CONNALLY: We understand Senator ROBINSON has announced today that the Commodity Exchange Act, as passed by the House during the last session and as amended by the Senate Agricultural Committee during the last session, will be brought up in the immediate future for consideration.

At a recent meeting of the board of directors of A. C. C. A. they unanimously went on record as favoring the passage of the Commodity Exchange Act as passed by the House, but strongly opposed the amendment to the act as reported by the Senate Agricultural Committee.

We feel that the interest of the cotton producer should be considered in any proposed changes in the rules of the cotton exchanges. Narrowing the contract, permitting manipulation between months and markets, and increasing the cost of handling are detrimental to the cotton producer, the consumer of cotton goods, and the cotton mills.

The amendment, we believe, narrows the contract, encourages manipulation, increases the cost of handling cotton without appreciably benefiting the cotton producer or the cotton mills, but will result in materially benefiting cotton futures brokers.

Statement of our position in this matter is attached hereto. On behalf of the cotton producers of the South and the mills with whom we do business throughout the world, we feel justified in asking you to look into the matter closely, and we hope when you do so you will feel the Commodity Exchange Act should be passed, but the Senate amendment should be rejected.

Very truly yours,

E. F. CREEKMORE,
Vice President and General Manager.

NATIONAL COOPERATIVE COUNCIL,
Washington, D. C., February 20, 1936.

Hon. TOM CONNALLY,
United States Senate, Washington, D. C.

DEAR SENATOR CONNALLY: We favor the commodities-exchange bill as passed by the House. This bill, we understand, may come to the Senate floor today.

We oppose the amendments on cotton added to the bill by Senator SMITH in the Senate committee.

While we dislike to disagree with the committee chairman, the council is of the opinion that the Senate amendments are definitely against the best interests of the cotton producer. We believe they will benefit only the futures brokers.

It is the view of the council that the cost of handling actual cotton and cotton hedges will be increased by the amendments, and the price the farmer receives will rest more largely in the hands of speculative interests.

In this position the cotton cooperatives heartily concur.

May we urge that the amendments reported by the committee be stricken out and the bill be passed after such deletion. Unless the amendments are killed we prefer that the bill be deferred.

Very truly yours,

ROBIN HOOD,
Secretary-Treasurer, National Cooperative Council.

DALLAS, TEX., *May 15, 1936.*

Hon. TOM CONNALLY,
United States Senator:

We ask your favorable consideration and support of the Commodity Exchange Act, including cotton, as passed by the House, and we urge that you vigorously oppose the Smith amendment as presented to Agricultural Committee yesterday. We do not consider Smith amendment contains any provisions that will be beneficial to producer, principally for the reason it restricts the number of grades and points of delivery of future contract cotton, would cause cotton to move to New York, which is not a logical place for concentration or delivery of cotton, restricts cooperative associations from becoming members and enjoying benefits of clearing-house associations, would eliminate Houston and Galveston as delivery points, which handle more cotton than any other ports, restricts selling of call cotton, which would double cost of hedging, and unfavorably limits maximum transactions. In fact, in its entirety, it would largely benefit only the future brokers, and its provisions add an extra cost to handling of cotton, which would have to be paid by farmers. We consider it a matter of such importance that it should be defeated, or at least referred to the Secretary of Agriculture for a full and comprehensive report.

TEXAS COTTON GROWERS ASSOCIATION,
A. B. EMMERT, *General Manager.*

DALLAS, TEX., *May 15, 1936.*

Hon. TOM CONNALLY,
United States Senate:

Permit me to urge that you give favorable consideration to Commodity Exchange Act as passed by the House, including cotton.

From information received, this SMITH amendment, as presented to Agricultural Committee yesterday, would be highly beneficial to clearing-house members of the cotton exchange, but will materially increase cost of handling cotton for farmers, which of necessity will be deducted from the proceeds of their cotton. In view of hearings by SMITH committee, I am suggesting that the matter is of such importance to cotton farmers that the bill should either be defeated or referred to the United States Department of Agriculture for full and comprehensive study and report. Will appreciate your reactions.

HOMER D. WADE,
Texas Cooperative Council.

CALVERT, TEX., *May 15, 1936.*

Senator TOM CONNALLY:

We urge your favorable consideration of Commodity Exchange Act as passed by the House, including cotton, and vigorously protest SMITH amendments as presented to Agricultural Committee yesterday. It is matter of such importance to cotton farmers it should be either defeated or referred to Secretary of Agriculture for full and comprehensive report.

J. R. MCCRARY,
President, Texas Cooperative Council.

Mr. SMITH. Mr. President, may I call attention merely to one point, and then at an appropriate time, if necessary, I shall take the floor to explain some of the statements which have just been made.

I suppose there is not a matter of which the public is more in ignorance than what we call the grain or cotton exchanges. We talk about "hedging." The minute I hedge I have sold the commodity, and the man who holds the hedge owns the commodity. Suppose I am a member of an exchange and also a cotton merchant. I can have my broker hedge my own commodity, and then I own it at both ends. I own the spot commodity and I own the hedge. Every Senator knows that when I hedge I have sold the commodity. A cotton cooperative can sell its cotton. The minute the cooperative hedges it has sold the cotton and what it has is the hedge. It cannot get a nickel more for that hedge, because the man who buys the hedge owns it. If I am a cotton merchant and a member of an exchange, I can hedge my own cotton and still own the hedge and own my cotton.

There is some talk about denying the privilege of hedging to someone. If he is going to sell it, why not sell it? Why does he hedge? He hedges because some merchant has got to take the cotton when it comes from the farmer.

Mr. ROBINSON. Mr. President, in connection with his statement, may I ask the Senator whether he approves of the process of hedging?

Mr. SMITH. I approve of the process of hedging when it is not abused. It was testified before our committee that one concern had more than 2,500,000 hedges in the market, and had that much cotton.

Mr. ROBINSON. Perhaps I did not make my question clear. The intended implication of my question was that, according to the statement of the Senator from South Carolina, hedging is not a justifiable transaction.

Mr. SMITH. I think hedging is justifiable on the part of the merchant who has to buy cotton. As he buys it he sells it and that ends the transaction. For instance, if the market is 10 cents today and I buy a thousand bales at 10 cents and have no orders from the mill or from anywhere else, I have to buy if I stay in the market. Accordingly, I buy and then I immediately sell a hedge. That ends the transaction.

Mr. COOLIDGE. Mr. President, will the Senator yield?

Mr. SMITH. Certainly.

Mr. COOLIDGE. When a man hedges it is simply an assumption that he has sold?

Mr. SMITH. He has sold.

Mr. COOLIDGE. But he does not actually sell the actual cotton, does he?

Mr. SMITH. The man to whom he sells can demand the delivery of every bale he hedges. It is insurance to the small man. What happens when hedging is unlimited is that those who own the hedges are so resourceful that they not only own the hedges but they own the cotton itself, and they can manipulate the price to suit their own sweet will.

I had intended injecting into the bill a provision that a cotton merchant should not be a member of the clearing house. In other words, if he is a broker, let him be a broker; if he is a merchant, let him be a merchant, and not be both a broker and a merchant, and dominate the market with the extent of his holdings both as hedges and as spot cotton.

Mr. President, I wish I had the time to start right at the beginning and explain the workings of the exchange as it has operated for a number of years. Then they got the device of straddling—sell Europe, buy America; sell America, buy Europe, and fill in; sell one month until you put the price down, buy another month until you put it up, and then slip in your cotton where it is to your best advantage. Then they had the beautiful system of call cotton. I sell cotton for October delivery. I sell the actual spots, and the manufacturer says, "I will take them", and I say I will fix the price in October. The manufacturer thinks, "That is good. I will not have to pay any insurance", and he takes the cotton and spins it; and when October comes, if he is in the grip of one of those tremendous concerns, he will pay by the nose; and some of the manufacturers have not had sense enough to see it.

At the proper time, if it is necessary, I shall take the floor and try to give my colleagues an explanation of some of the workings of this beautiful machine as it is now constituted.

Mr. McKELLAR. Mr. President, yesterday it was stated that an amendment would be offered to exclude cooperatives from the inhibitions of this measure.

Last fall I was a member—and, in fact, chairman—of a subcommittee appointed to consider the question of cotton cooperatives, and we held elaborate hearings in the city of Memphis for that purpose.

I wish to say at the outset that I have no objection to cooperatives as cooperatives. Indeed, I voted for every cooperative measure that has ever passed the Congress. I am thoroughly for any cooperative that will be of benefit to the farmers; but the American Cotton Cooperative Association is not a cooperative association at all. It is simply and solely a cotton merchant, just as Anderson, Clayton & Co. are cotton merchants, just as McFadden & Co. are cotton merchants, just as Weil & Co. are cotton merchants; the only difference being that the American Cotton Cooperative Association is subsidized by the Federal Government, while the others are not subsidized.

The cooperatives were authorized under the law of 1922; and until 1929 they were without substantial Government subsidy. In 1929 a revolving fund of $500,000,000 was established, for the purpose, in part, of aiding the farmers through cooperatives. The fund had several other purposes; but I am now dealing not with grain cooperatives but solely and alone with cotton cooperatives.

The American Cotton Cooperative Association started out with an authorized capital of $30,000,000—I hope Senators will listen to me—of which $800,000 was subscribed and $76,950 paid in. Think of it, Mr. President. $800,000 subscribed and $77,000 paid in, of which afterward $40,600 was returned to the marketing associations, so that the actual capital of the concern in real money was $36,350. The Senate heard the Senator from Texas [Mr. CONNALLY] say, a few moments ago, that with this small capital of $36,350 the American Cotton Cooperative Association is now dealing in a million and a half bales of cotton a year, and I think it goes even beyond that; and why? Because it is subsidized by the Government and has been subsidized by the Government in almost unlimited measure.

What was the first subsidy? The first subsidy was by the Farm Board; and the A. C. C. A. lost out of that first subsidy—I have the exact figures here, and I want to be accurate about the matter—just the small amount of $79,286,384! That is the first step that was taken. The A. C. C. A. used all the money that was given to it by the Federal Government and lost $80,000,000, principally in speculation; and it has been speculating ever since.

Now, I wish to say a word or two about the membership of the A. C. C. A. It has no members except the officers and agents and servants of its various subsidiaries.

It has no other members. The subcommittee went very thoroughly into the question as to whether the A. C. C. A. had other members, and the only members it could claim were members obtained in this way.

Assume that I am a cotton farmer and the Senator from South Carolina [Mr. SMITH] represents the cooperatives in my county. I sell him a bale of cotton, just as if he were a merchant, and we agree on the price. There is not a particle of difference between him and any other merchant. When I agree on a price with him—say 10 cents a pound—he hands me a bill of sale, and in the bill of sale is a statement that by reason of his buying this cotton I become a member of the American Cotton Cooperative Association. Perhaps I am a colored man or a poor white boy and cannot read. In such a case I sign, of course, or make my mark. I have sold the cotton and wish to get the money, but I cannot get it unless I agree to sign the statement that I am a member of the American Cotton Cooperative Association; and I desire to digress long enough to show the Senate how this procedure works in the case of the poor man.

Congress has done a great work, and I wish to pay tribute to the Senator from South Carolina [Mr. SMITH] for the splendid and effective work he has done in the matter of seed loans to indigent farmers who are not able to make loans at any other place. In the case I am supposing I may be a colored man or a white man who cannot make a loan anywhere else. I make my cotton, and unfortunately the seed-loan office requires me to do business with the local so-called cooperative association. I will explain what they do to me. I took the testimony of the seed-loan office, and the figures as to the number of bales given in my published report show just exactly what the poor devil of a farmer has done to him by the cooperatives which were established to help and to aid him.

A colored farmer took one bale of cotton to the Mid-City Cotton Growers' Association at Memphis. He received for that bale of cotton $51.31. The association had made him a previous advance of $5.59 on that cotton. Then they charged him interest of 60 cents. They charged him insurance of $1.30. They charged him storage of $4.55. Other than regular seasonal charges—and what those charges are God only knows, because they have not explained them to this day, although they were asked to do so—amounted to $1.40. Then this marvelous organization, claiming 259,000 members, made this charge against that poor colored boy: Membership fee in the cooperative, $5. They are conducting a newspaper, and he was charged with a subscription to it. It made no difference whether or not he could read or write; he was charged 50 cents for a subscription to the newspaper, and interest on cash paid out for freight and storage. Freight and storage amounted to $4.55, and they charged him 40 cents for interest on that advance of freight and storage. The total was $19.34, taken out of that poor man's cotton money. If that is aid to farmers through cooperatives, then God have mercy upon the poor farmers!

Mr. LEWIS. Mr. President, did the Senator say it was taken out of the $50?

Mr. McKELLAR. The $19.34 was taken out of the return for the one bale, $51.31. Now I will take the next one.

Mr. SMITH. Mr. President, was that $51.31 the result of the price current that day?

Mr. McKELLAR. Who in the world knows? Nobody can tell. The actual expense after allowing for the advance for handling that cotton was $11.07. The ordinary rule of private dealers is to charge $1.25 a bale, and I believe it was $1 a bale at that time; but instead of having $1.25 taken out, the men who had to deal with these cooperatives had $11.07 taken.

The next one received $53.97 for his cotton, and he paid $5 for a membership fee in the cooperative, he was charged 50 cents for a newspaper, he paid the other charges, and the amount taken out of his allowance was $19.75.

I have here the proof, taken from the record, not denied, of the enormous sums that were taken out of the cotton returns of these poor people. Yet I hear on this floor the statement that we ought to help, that we ought to preserve, the American Cotton Cooperative Association.

Now I come to the next point, which I believe will astound the Senate. I know it will astound everyone who is listening to me.

About a year ago, it seems, the American Cotton Cooperative Association had a little difficulty about a money matter. I should perhaps explain that under the fake statute which the Senator from Michigan [Mr. VANDENBERG] first brought to the notice of the public several years ago, and which he and I finally succeeded in having repealed, the cooperatives were borrowing money from the Department of Agriculture at from one-quarter of a percent to one-half of a percent and lending it to the farmers at 5½ percent. After that statute was repealed they were required to pay 3 percent by law. Mr. Creekmore thereupon went to New York and made arrangements with several banks in New York to borrow what money he needed at 1½ percent, provided—and listen to the proviso—provided the Government would yield preference to the banks and subordinate the securities of the Government to the claims of the banks; that is, that the security of the Government was subordinated to the claims of the banks.

Think of it! Here is an enormous concern constantly subsidized by the Government, to the extent of more than $140,000,000 of losses to the Government, yet it comes to Washington and gets the Government to subordinate its loan from banks in New York so that the cooperative may get money at 1½ percent to lend to farmers at 5½ percent, and probably more.

Last year, when I first offered the resolution for an investigation, the Department notified the cooperatives that this arrangement could not last any longer, that they would have to get their money otherwise; and I am very glad they did notify the cooperatives to that effect.

How did they get $5,000,000 of their money? If there ever was an Aladdin's lamp, Mr. Creekmore and his associates in the so-called American Cotton Cooperative Association have that lamp. They just waved it over the Government, they waved it over us here, and we furnished the money.

Let me show how it was furnished. I took occasion to go into the matter of subsidiaries of the A. C. C. A. They have 12 or 13 regular subsidiaries. Lately all of them, with the exception possibly of two or three, have failed absolutely, and six of them have just been wound up in bankruptcy. Mr. Creekmore needed the money for his merchandising business, but he did not want to borrow it at 3 percent, so he got his subsidiaries to borrow it. He got six of these bankrupt concerns to borrow the money. Not one of them was entitled to credit. I shall give the names, and be accurate about the matter.

Think of it! The parent company wanted $5,000,000, and someone made this arrangement. Eleven of them appeared here at the Treasury and borrowed the $5,000,000 in separate amounts.

The Alabama Cotton Cooperative Association borrowed $400,000.

The Brazos Valley Cotton Cooperative Association borrowed $425,000.

The California Cotton Cooperative Association borrowed $175,000.

The Louisiana Cotton Cooperative Association borrowed $800,000.

The Mid-South Cotton Growers' Association borrowed $800,000.

The Mississippi Cooperative Association borrowed $800,000.

The Oklahoma Cotton Growers' Association borrowed $500,000.

The South Carolina Cotton Growers' Association borrowed $200,000. It was modest in its demands.

I hope the Senator from Texas is here. The South Texas Cotton Cooperative Association borrowed $200,000.

Mr. CONNALLY. Mr. President, the Senator from Texas is always here when he knows the Senator from Tennessee is going to address the Senate.

Mr. McKELLAR. The Senator is very kind. I call his attention to another one. The West Texas Cotton Growers' Association borrowed $500,000.

What did they do with the money? Altogether $5,000,000 was borrowed. Did they use it for their purposes as cotton merchants? Not at all. They immediately took stock in the American Cotton Cooperative Association, the parent company, the central company, and turned the money over to the A. C. C. A.

Let us see in what condition the 11 companies were. Some of the evidence is not clear, but most of it is very clear.

The Georgia Cooperative Association was being wound up in bankruptcy.

There was no evidence concerning the Louisiana Cotton Cooperative Association.

The Mid-South Cotton Cooperative Association, located in my own city of Memphis, explained that they were better off than the others. They had $100,000 in cash, $100,000 in United States bonds, and $35,000 in a lot on Front Street. Two hundred and thirty-five thousand dollars was the sum total of their assets. Yet the Government loaned that concern $800,000.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from Tennessee yield to the Senator from Illinois?

Mr. McKELLAR. I yield.

Mr. LEWIS. At this point I ask the able Senator from Tennessee whether he can give the Senate the names of the officials of the Government, and the offices they held, who loaned the money of the people to these bankrupt establishments.

Mr. McKELLAR. I am unable to answer that question. I have not yet found out who it is. They all say it is done in the Department of Agriculture. I know the Secretary has never known of it, and probably he has never heard of it except through a letter which I wrote him, and I shall come to that in a little while and explain it.

Mr. LEWIS. Someone must have represented the Government to have such privilege of taking money out of the Treasury. I should like to learn who he was.

Mr. McKELLAR. Take the case of the Mississippi Cooperative Cotton Association: Its assets were not disclosed. I shall have something to say about that in a moment.

I come now to the Oklahoma Cotton Growers' Association. I am glad the Senator from Oklahoma is present. That concern has been wound up in bankruptcy, and do Senators know how much the Government lost by it? The Government lost between $700,000 and $800,000. I believe the association turned over all its property to the A. C. C. A. for the cancelation of its debt. The A. C. C. A. canceled the debt to the Government—its debt of $700,000 or $800,000—for a very small amount. Then immediately that bankrupt concern borrowed one-half million dollars. It borrowed that amount without any security except stock in the A. C. C. A., which is admittedly insolvent if the Government withdraws its support and subsidies from it. Mr. Creekmore testified—he is the $25,000 manager of the concern—that, without Government aid, without Government subsidy, they would have to fold up and quit business. Yet all the Government has for the $5,000,000 loaned to the several associations is additional stock issued in that concern, the A. C. C. A., the actual captal of which was $36,350.

The South Carolina Association, of which the Senator from South Carolina spoke a while ago, wound up in bankruptcy; and one of the causes was, I suppose, that it did not get $800,000. It got only $200,000, according to the record.

The assets of the South Texas Cotton Cooperative Association were not disclosed. Neither were those of the Texas Cotton Cooperative Association. However, the West Texas Cotton Growers' Association, the largest one of them, without a cent of assets, as testified to by one of its officials, borrowed $500,000, and immediately, having no assets of any kind, turned it over to the parent company and took stock of the parent company and put it up as security.

Mr. President, although $5,000,000 was borrowed from the Government, if I were in business today I would not give the Government of the United States $5,000 for its claim on the bankrupt concerns which borrowed that enormous sum. I would not give $5,000 for the claim of $5,000,000.

Let us see what else occurred. The Government began subsidizing these so-called cooperatives—they are not cooperatives—and it lost the first year $79,000,000 plus; and in the next 2 years, or less than 2 years, the Government had lost enough to bring the entire loss up to $140,000,000.

By the way, that brings me to the joint resolution proposed by my distinguished friend the Senator from North Dakota [Mr. FRAZIER].

Mr. LEWIS. Mr. President, what year was that?

Mr. McKELLAR. These losses began in 1929. The Government lost about $80,000,000 in 1929. If the Senate desires to know how it lost that amount I shall be very happy to tell about that. In doing so, I think I had better refer again to the joint resolution of the Senator from North Dakota.

Mr. NORRIS. Mr. President, when were the loans made?

Mr. McKELLAR. Does the Senator mean the $5,000,000 loan?

Mr. NORRIS. Yes.

Mr. McKELLAR. Last year.

Let me go back a little. In 1929 the cooperatives received their first subsidy from the Government—from the Farm Board—and they began to gamble and lost $80,000,000. After that sum was lost, of course, they were insolvent, as they had only $36,350 of capital. The Government had to come to their rescue again, and it staked them the next year. That year their losses were not so big, happily—I think they were $27,000,000—while during the Farm Board's operation the losses ran up to $140,000,000 when the money came through the Farm Board.

A year or two ago the Senator from North Dakota introduced a joint resolution proposing that the accounts of all cooperatives, grain and cotton, be adjusted by the Farm Credit Administration. In the original joint resolution the Senator simply designated grain, as I recall. Later, he was asked by the cooperatives to put in cotton, and the measure came very near to passage. Several objections to it were raised from time to time by me. On several occasions it came very near becoming law. Finally it was passed the other day, with cotton out of it. I wish to tell Senators why I desired to have cotton eliminated from it.

The cooperatives claimed that the reason they lost the $80,000,000 was because the Government Farm Board forced them to take the course which was taken. Fortunately for me and fortunately for the Government, there is in existence a letter signed by C. O. Moser, the then president of the A. C. C. A., or American Cotton Cooperative Association; it was then called the American Cotton Growers' Association, and the name was afterward changed. Mr. Moser, on October 11, 1929, wrote to Hon. Carl Williams, Federal Farm Bureau, Washington, D. C., urging Mr. Williams to come to the rescue of the cotton cooperatives and the cotton growers; and here is what he recommended. I am going to read merely the portion of the letter which gives his recommendation:

The size of the crop—

That is, the 1929 crop—

The size of the crop is fairly definitely known; the condition of business and the approximate demand or absorbing power of the world is fairly well established. Market analysts are capable of predicting, with a fair degree of accuracy, the extreme limitations to which the price may go under the reasonable expectation of future conditions. It is, therefore, at a time like this that it is possible for us to advance nearer the market price than it would be earlier in the season, when the size of the crop is less a calculable thing than it is now. I believe—

This is written by the president of the cooperative—

I believe the cotton cooperatives, with the aid of the Farm Board, may with safety—and they should immediately—advance 16 cents a point, or $80 a bale, on unfixed cotton, basis ⅞-inch Middling; and that wide publicity to such advance should be given as being the joint program of the cotton cooperatives and the Farm Board and that the difference between 65 percent (already) advanced at the time of delivery and $80 a bale should be paid

to the members as soon as weight and grade of cotton is established.

After all these years, here come the same cooperatives who advised the Farm Board, and they put in a claim for about six and one-half million dollars which was lost, so they claim, because the Farm Board forced them to operate on the basis of an advance of $80 a bale.

The Board did not force them to conduct such an operation. The cotton cooperatives recommended it. As a matter of fact, the letter from which I just read is dated October 11, 1929. The writer asks that the plan go into effect on October 15. They did not have it arranged in time, and it went into effect on October 21, and the farmers lost untold millions, while the Government lost about $80,000,000 by reason of the acts of the cooperatives and the program recommended by them; and yet now they want to come back on the Government for six and a half million dollars more. If that investigation will not accomplish anything else, it certainly will prevent the Government from ever paying the cotton cooperatives another dime on that transaction. I do not know what the facts are in reference to grain, but I do know what they are with reference to cotton.

Mr. President, I have already talked about the seed-loan borrowers and how they were robbed. I have already given the facts about that transaction. I next come to one of the most unique ways of extracting money from the Government that I have ever heard of in my life. Take the cotton that the Government has now on hand, the 16-cent-loan cotton, the 90-percent-loan cotton, and the dollar-and-a-half-a-bale cotton. In each instance the money was loaned on cotton purely to help the cooperatives and to keep them out of bankruptcy. I wish to say that they have constantly pursued a course toward the Government that has resulted in developing one of the most deft ways of extracting money from the United States Treasury that I ever knew about in my experience.

They handle this cotton for the Government—and let me show how they got paid for it; every dollar coming out of the farmer in the end or out of the Government. It comes either out of the farmer or the taxpayer. The following sums have been paid to the American Cotton Cooperative Association by the Government on Government-controlled cotton for services and expenses. Listen to this: In 1930–31, $531,000. That is a pretty good dividend on a capital of $36,350. In 1931–32, $907,000—I am just using round figures. In 1932–33, $883,000; in 1933–34, $780,000; in 1934–35, $724,000. Thus a total of more than $3,000,000 has been paid out by the Government for services. That, however, was not sufficient; they thought the money ought to come in faster; and so this sort of scheme was adopted last year. They said that the warehouses in the South were not sufficient to hold all this cotton, and they wanted to reconcentrate the cotton. The Government undertook to reconcentrate the cotton down there and employed the A. C. C. A. to do it. Others were willing to do it much cheaper, but all bids were turned down except that of the A. C. C. A. One compress man in west Tennessee offered to make all the changes in his district for nothing, but he was turned down. Let us see what the Government paid.

Let me call attention to it. It was estimated that it would be necessary to reconcentrate some 3,000,000 bales of cotton. Bids were put in to handle this cotton by the A. C. C. A., by John M. Parker & Co., and others. Mr. Parker testified that his firm put in a bid to reconcentrate this cotton at 40 cents a bale flat. The A. C. C. A. put in a bid of this kind: For the first 500,000 bales, 48 cents; for the second 500,000 bales, 45 cents; for the third 500,000 bales, 40 cents, and any additional bales at 35 cents.

How much did they reconcentrate? Just 3,000,000 bales that brought 40 cents and over. They did not reconcentrate any 35-cents-a-bale cotton. They made $665,000 out of that transaction, when it was absolutely useless and represented merely another tax on the farmer. That is all it was; nothing more or nothing less. It just took that much out of the farmer's cotton.

Now let us see how they did it. They first said that they would have to sample the cotton. The cotton had been sampled when first put in the warehouse, but it had to be sampled the second time. How much did it cost the farmer to sample his cotton? They take out about 2 pounds from each bale and sample it. Each sample is worth from 20 to 22 cents. The sample costs the farmer from 20 to 22 cents a bale. It was sampled the first time. Calculation can easily be made what that cost. But it was sampled the second time. What did they do with the samples? They threw them away. I pressed them on that point and the result can be imagined. When they were pressed about it they said that they had paid the $90,000 that came in from the sale of the samples on their debt here in Washington, and I understand they did. They paid it on their debt, not on the farmers' debts. They never accounted to the farmer for it, but paid it on their debt. Was there any use in reconcentrating that cotton? Nearly every cotton man in the South protested against the reconcentration of that cotton. Let me show how it works.

Let us suppose I am a colored farmer near Corinth, which is a railroad point. I put my cotton with the Government under the 16-cent loan provision. I think I have something coming back to me. That cotton has been there ever since. They took that cotton and sent it to New Orleans. I did not know anything about it. I do not know where it is. Nobody can tell where it is. It has got to be found again, and there is much of it that will never be found. Suppose, however, it is found, and I sell it in Boston, Mass. I have got to pay the freight on that cotton to New Orleans and pay the freight back to Corinth, Miss., and on to New York. I lose the freight from Corinth, Miss., to New Orleans and back on that cotton. That is taken out of the cotton; that is taken out of the farmer, even if he gets the cotton. It was wholly useless. There was only one purpose, according to the testimony as I read it, and that was to give to the American Cooperative Cotton Association an additional six or seven hundred thousand dollars to help them along by that kind of work.

Yesterday when I spoke of this matter my good friend from Arkansas, our distinguished leader [Mr. ROBINSON], asked me if there was not some difference of opinion about the facts. There is. The Senator from Alabama [Mr. BANKHEAD] was unable, because of other duties, to attend the hearings, except on one day, and he signed a dissenting report as to some of the views. I, myself, made the report from which I have just been reading, but I have another report to which I am going to refer in a moment. The report that was filed in the Senate I submitted. After I had made the examination, something else was done by the Department here, and I am going to give a brief digest of what the Department reports, upholding in every sense the facts as found by me after listening to probably scores of witnesses.

In August 1935, when the McKellar hearing was being arranged, Mr. Creekmore requested the Farm Credit Administration to make a survey of certain phases of set-up and operations of the A. C. C. A. and its affiliates—

"Its affiliates", half of which are in bankruptcy today—

* * *. As a result of Mr. Hermann's studies, Report No. 40—

Which is a preliminary report—

has been issued.

That report includes the following:

1. The classers at interior points accept cotton from any farmer without inquiry as to membership in the cotton cooperative association, with the result that the cotton cooperatives function largely as cotton buyers in every sense of the word.

That is exactly what I found, except that I made it just a little stronger. I think this report makes it very much stronger in other places than I made it, but in this place mine was a little stronger. What are the facts which I developed in the hearings? That not a single meeting of any cooperative had been held outside of three or four in the State of Mississippi. In my State there is not an organized cooperative in any county in the State. I am referring, of course, to cotton cooperatives. In the State of Arkansas

there is not a cooperative association doing business as a cooperative.

Let me show, while I am on that point, how they do business. Before proceeding to that, however, let me first give the summing up. A cotton cooperative association is supposed to be an organization of cotton farmers formed for their mutual benefit by means of which the profits are divided or the losses are borne equally by the members. I find from the testimony that the profits are not divided equally or proportionately. Even assuming there have been profits, and this is a doubtful assumption because they have never had any profits, they would not be divided. They have not any profits now except paper profits. Mr. Creekmore, the president of this institution, testified that the A. C. C. A. would go into bankruptcy unless the Government continued to lend to it.

The losses are not made good by any of the so-called members. The so-called members do not invest any substantial amount of their own funds and never have done so. The so-called members have not the slightest control over the business. They take no risks. They do not sell collectively. The A. C. C. A. is not owned or controlled by the so-called members. It is owned and controlled by its officers.

It is claimed that their profits are divided. At one time they did distribute to certain of their affiliates 56 cents a bale, which was a very small amount, and I think it bankrupted the concern even to do that.

Mr. President, I said the Government report was exactly in accordance with my report. I quote from the report as submitted by the agents of the Government in the Department:

> Farmers are instructed to sign documents handed to them without any explanation as to what they are signing.
>
> Accepting delivery of cotton from nonmembers and/or nonproducers is always questionable.
>
> Question can be raised as to the justification of using Government financing if cotton cooperatives handle a large volume of deliveries of nonmember cotton, as has been done in the past.

They do not confine themselves to members' cotton. They handle any man's cotton. They buy cotton just like any other cotton buyer, the only difference being that this particular concern, made up of a few men, is subsidized by the Government and their losses paid and most of their expenses paid by having them handle Government cotton.

Racketeering of the very worst type is going on in the American Cotton Cooperative Association today by which not only has the Government been mulcted of hundreds of millions of dollars in the last 5 or 6 years but the farmers by excessive charges are being mulcted in the same way, all by means of the use of Government money. Only $36,000 was ever put into this concern from the very beginning, and today, according to the Senator from Texas [Mr. CONNALLY], they are handling over 1,500,000 bales of cotton.

I come next to the directors:

> Directors, who have turned in to the cooperative cotton which was raised by tenants, have retained for themselves all of the patronage dividends received from the cooperatives instead of returning to the tenant his proportionate share of such patronage dividends. It is assumed that at least the directors of cooperative associations should be cooperators to the fullest extent.

Why should not that be so? The cooperative association has a board. As a matter of fact, Mr. Creekmore runs the whole business. He is a very able man. He runs the whole cotton cooperative association. Who comprise the board of directors? Seven of them are the managing directors of his affiliates. It is one of the closest corporations of which I have ever heard. The directors interlock. Mr. Creekmore controls absolutely the whole thing. The only kind of a cooperative they have is the cooperation of the officers, because the members do not cooperate with each other in the slightest degree. They are not compelled to pay a cent and never have been. The Government bears the losses. There never have been any profits, so all they have is a selling company.

Listen to the findings of the report as to the farmer members:

> Farmer members of the cotton cooperatives have very little idea of the operations of their respective associations in the A. C. C. A. An attempt to obtain the reactions of the farmers toward the cooperatives had to be abandoned because it was so difficult to find farmers who even have the slightest idea about the operations of the cotton cooperatives.
>
> It was recommended by the majority of the directors of State and regional cooperatives that directors should not be salaried employees of the associations, and the report concurred in this recommendation. The following remark in that connection was made in the report: "This is a 'little racket' which has long existed in a number of associations."

Of course that is wrong. It is not only a little racket, but it is an enormous racket, carried on by this merchandising concern at the expense of the American cotton farmer and at the expense of the United States Government, the Government bearing all the losses which have been involved. They have already lost over $140,000,000, and yet it was proposed here a while ago that we should except the A. C. C. A. from the restrictions of the bill. I understand the Senator from South Carolina [Mr. SMITH] to have stated that he would not accept such an amendment, and I am glad to hear it.

Listen further to a reading of the report. This is the Government expert talking:

> The majority of the directors do not attend the annual membership meetings of their respective associations.

They do not have meetings. The local associations do not have them. The association in this case according to my best judgment is Mr. Creekmore.

I continue reading:

> Cotton cooperatives are afflicted with a volume complex, measuring their success in terms of volume rather than in terms of returns to the members. The expense and methods used in obtaining this volume are often unsound and questionable. It was the observation that the "cotton cooperatives have made a determined effort to get volume in order to maintain their staffs rather than to make their staffs fit the volume."
>
> Assets and reserves, which are the property of the membership as a whole, have been used in some instances to construct and operate facilities which are entirely local in character and which can benefit, at the best, only the favored few in that locality.

I digress long enough to say that when I was in the city of Memphis last week I saw a building under construction on Front Street, and was told that it is a building of the Mid-South Cotton Cooperative Association. The lot cost $35,000, and I understand the building is to be in proportion to that figure. They are erecting a great building—at the expense of whom? It is being done at the expense of the American cotton farmer and at the expense of the Federal Government.

I continue reading:

> The development of policies and control of the various cotton cooperatives, although vested theoretically in the membership, is actually in the control of the boards of directors of the various cooperative associations; and these boards, in some instances, have become self-perpetuating bodies.

It is a monopoly. It is not a cooperative association in the slightest degree.

> The cotton cooperatives, through failure to be able to accept delivery of members' cotton at all times through the year, assume the aspect of commercial firms obtaining cotton when the basis is cheap, rather than cooperatives attempting to offer the maximum of service and price to their members at all times.
>
> The A. C. C. A. has operated at a loss for 2 successive years.

During the past 2 years it has operated at a loss, coming back to the Government by these devious means, getting $5,000,000 through its insolvent subsidiaries, and having it turned over to the A. C. C. A.; and yet it is proposed that we except the A. C. C. A. from the proposed legislation. I wish to say to the Senator from South Carolina that I hope to Heaven he will not yield to an appeal from any uninformed person to accept such an amendment.

Mr. SMITH. But they are already exempted in the other part of the bill; not in my part.

Mr. McKELLAR. I am going to move to strike out the exemption, because this so-called association never ought to be permitted to obtain another dollar from the Government, in view of its record toward the farmer and toward the Government itself.

The A. C. C. A. has operated at a loss for 2 successive years, and it has paid only one cash dividend in the 6 years of its existence.

Do you know how much that was? Fifty-six cents. Some farmer got 56 cents at an expense to the American cotton farmer of countless millions of dollars and an expense to the American Government of $140,000,000 already lost.

In view of these facts, the report recommends that the officials of A. C. C. A. analyze every operation, every department, and the duties of every employee in order to cut expenses to a minimum.

An elimination of political activity by the cotton cooperatives will enable the officials to devote more of their time to the associations' affairs and obviate the excessive traveling and other expenses incurred in the past in this respect.

Profits and losses on all the cotton turned in to the A. C. C. A. by its affiliates should not be pooled among the various State or regional associations. Each association should stand on its own and stand the losses and take the profits, according to the results obtained through handling the exact volume it has delivered to A. C. C. A.

Senators, I wish to make some further quotations from the same Government agent:

In most instances he (the farmer) was told he had to sign at a certain place on the document which was handed to him, and no explanation was made as to what he was signing.

Mr. President, at this point I ask unanimous consent to insert in my remarks excerpts from the report of the Government agent.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

A SUMMARY OF REPORT NO. 40, COOPERATIVE DIVISION, FARM CREDIT ADMINISTRATION, WHICH IS A PRELIMINARY STUDY OF A. C. C. A. AND AFFILIATES

By memorandum dated August 9, 1935, Creekmore requested the Cooperative Division of F. C. A. to make a study of certain phases of set-up and operations of A. C. C. A. and its affiliated associations.

Preliminary Report No. 40 was issued April 1936, by Omer W. Hermann, principal agricultural economist. Work to date has been confined largely to study of some phases of membership contact and assembling problems of cotton cooperatives. Sixty-two board members of nine of the State and regional associations were contacted and interviewed. It is planned definitely to make a continuation of study to include every phase of operations of cooperatives from farmer to mill.

The following excerpts are a few of the constructive comments and suggestions made in the preliminary report:

"There are only two principal avenues which will lead them to success. * * * These are the establishment of a system of marketing which will (1) enable the association to sell its members' cotton at the highest possible price and (2) perform only essential and necessary marketing services in the most efficient and economical manner, at cost * * *.

"If a cooperative association is not operated for the mutual benefit of its members but is operated for the benefit of certain individuals, agencies, farmers, or members at the expense of others, the policies of such an association are out of line with the best cooperative procedure.

"After a classer was located at a point, he was left largely to his own devises, and just as long as the class on his cotton stood up and he did not lose money for the association, he received very little attention from the headquarters office. * * * The result was that they (the interior classers of the cooperatives) have turned out to be largely cotton buyers in almost every sense of the word. The tactics used by these men are almost identical to those used by cotton buyers. * * *

"Many classers felt it was their duty to buy cotton as cheaply as possible, and a number of them have boasted that they had bought a cheap list of cotton, forgetting that they are the representatives of the farmer and that cooperation is based upon equity and justice.

"Interior classers are generally not concerned with whether the farmer is a member of the association when he brings a sample into the classing office * * * no inquiry whatsoever was made as to the farmer's membership in the association.

"In most instances he (the farmer) was told he had to sign at a certain place on the document which was handed to him, and no explanation was made as to what he was signing.

"Accepting delivery of cotton from nonmembers or nonproducers is always questionable. This has been a common practice at various times in the past.

"Some question can be raised as to the justification of using Government financing if they (the cotton cooperatives) handle a large volume of deliveries of other than member-grown cotton, in spite of the fact that from a legal point of view, they may handle up to 50 percent of their cotton from members.

"Payment of patronage dividends to landlords and tenants in proportions other than their rental arrangement is not a sound cooperative principle, although from a practical point of view it offers many perplexing problems. * * * It is assumed that directors should be cooperators to the fullest extent but we found that they are often guilty of keeping all of the patronage dividends rather than passing them back to the tenants in proportion to the amount of cotton they produced.

"In connecion with our field study we prepared a questionnaire from which we attempted to obtain reactions of members toward the cotton cooperatives. This work was abandoned after a short time because it was so difficult to find farmers who had even the slightest idea about the operations of the cotton cooperatives.

"The study revealed that nearly one-half of the total (directors) interviewed did not attend a single membership meeting during the 1934–35 season.

"We do not believe that a director should be a field-service man or a salaried employee of an association. This is a little racket which has long existed in a number of associations.

"Unfortunately most of the State associations, as well as A. C. C. A., are afflicted with the volume complex. It appears that they often measure their success in terms of volume rather than in terms of returns to the member. The expense of acquiring this volume and the methods and practices used in obtaining it are often unsound and questionable. * * * In other words, it does seem to be more logical to begin with an idea of service, followed by volume instead of beginning with volume in mind, and doing anything, regardless of its soundness, to get that volume. * * * It has often appeared to us that the cotton cooperatives have made a determined effort to get volume in order to maintain their staffs, rather than make the staff fit the volume, which they could soundly and properly obtain by economical operation on a cooperative basis.

"We doubt the advisability of associations using their assets and reserves, which are the property of the membership as a whole, to construct and operate facilities which are entirely local in character and which can at best benefit only the farmers in a local community. (Refer to Senator's remarks about the $75,000 building of Mid-South in Memphis.)

"The control of the cotton cooperatives, according to the by-laws, is theoretically vested in the membership. Practically the membership has had very little to do with the development of policies and with the control of the various associations. It is true that the membership selects the board of directors of the State association; but, in some instances at least, these boards have become self-perpetuating bodies not fully in tune with the desires and wishes of their constituents. * * * An examination of the minutes of the boards of directors of State and regional associations will further substantiate that they have every function and practically no responsibility.

"It must be noted that the managers who are on the American Cotton Cooperative Association board are hired jointly by the State association and the A. C. C. A. and receive half of their salary from the A. C. C. A. Over four-fifths of the directors are not in favor of this policy.

"Staff members of agricultural colleges and extension divisions, as well as the agricultural press interviewed * * * generally felt that it (A. C. C. A.) was not a farmer-owned and farmer-controlled cooperative and that a hired employee could not in every instance be depended upon to act in the best interests of the cooperative marketing cotton.

"There seemed to be a feeling among a sizeable percentage of the directors that A. C. C. A. was not a farmer-owned and farmer-controlled association.

"If it is possible to obtain more satisfactory prices through channels other than the regular channels set up in the A. C. C. A., the directors believed, and we agree, that these channels should be used.

"We found considerable complaint in the field during the past several seasons due to the fact that the A. C. C. A. basis was in line only a few weeks during the season. The remainder of the time it was necessary for farmers to dispose of their cotton through other channels.

"There seemed to be a rather general feeling among directors that the associations in these territories (Middle South and Southeast) should have an opportunity to sell cotton through channels other than the routine delivery to A. C. C. A.

"If it is possible to obtain more satisfactory prices through channels other than the regular channels set up by A. C. C. A., the directors believed, and we agree, that these channels should be used.

"We found considerable complaint in the field during the past several seasons due to the fact that the A. C. C. A. was in line only a few weeks during the season. The remainder of the time it was necessary for farmers to dispose of their cotton through other channels.

"The fact that A. C. C. A. stated they were in and out of the market at various times gave it the aspect of a commercial firm rather than a cooperative association attempting to offer the maximum of service to its members at all times.

"Due to the fact that the A. C. C. A. has operated at a loss for two consecutive seasons and has paid a cash dividend only 1 year in the past 6, it is believed that the officials of that association

should analyze every operation, every department, and the duties of every employee in order to cut expenses to the minimum.

"Another large item of expense, both in time and money, is the political and public-relations activities of A. C. C. A. * * * A cutting down of political activity will release the time of officials for their regular duties and obviate the excessive travel and other expenses which have been incurred in the past.

"Two-thirds of the board members interviewed did not believe that profits and losses on cotton should be pooled among all State associations. * * * They indicated rather clearly that each association should stand on its own and be willing to stand the losses and take the profits. We are in agreement with this opinion.

"We believe that the State associations are justified in requesting that the cotton of each association be kept separately so far as profits and losses are concerned."

In August 1935, when the McKellar hearing was being arranged, Mr. Creekmore requested the Farm Credit Administration to make a survey of certain phases of set-up and operations of the A. C. C. A. and its affiliates. This survey was started by Mr. Omer W. Hermann, principal agricultural economist for the Farm Credit Administration. As a result of Mr. Hermann's studies, it is quite evident that Mr. Hermann believes in the theory of cooperative marketing, and it is equally evident that he does not believe that the cotton cooperatives are fulfilling truly cooperative functions for the cotton farmers.

Very briefly, the report made by Mr. Hermann makes the following indictments against the A. C. C. A. and its affiliated associations as constructive criticisms:

1. The classers at interior points accept cotton from any farmer without inquiry as to membership in the cotton cooperative association, with the result that the cotton cooperatives function largely as cotton buyers in every sense of the word.

2. Farmers are instructed to sign documents handed to them without any explanation as to what they are signing.

3. Accepting delivery of cotton from nonmembers and/or nonproducers is always questionable.

4. Question can be raised as to the justification of using Government financing if the cotton cooperatives handle a large volume of deliveries of nonmember cotton, as has been done in the past.

5. Directors, who have turned in to the cooperatives cotton which was raised by tenants, have retained for themselves all of the patronage dividends received from the cooperatives instead of returning to the tenant his proportionate share of such patronage dividends. It is assumed that at least directors of cooperative associations should be cooperators to the fullest extent.

6. Farmer members of the cotton cooperatives have very little idea of the operations of their respective associations or of the A. C. C. A. An attempt to obtain the reactions of the farmers toward the cooperatives had to be abandoned because it was so difficult to find farmers who had even the slightest idea about the operations of the cotton cooperatives.

7. It was recommended by the majority of the directors of State and regional cooperatives that directors should not be salaried employees of the associations, and the report concurred in this recommendation. The following remark in this connection was made in the report: "This is a little racket which has long existed in a number of associations."

8. The majority of the directors do not attend the annual membership meetings of their respective associations.

9. Cotton cooperatives are afflicted with a volume complex, measuring their success in terms of volume rather than in terms of returns to the members. The expense and methods used in obtaining this volume are often unsound and questionable. It was the observation that the "cotton cooperatives have made a determined effort to get volume in order to maintain their staffs rather than make the staffs fit the volume."

10. Assets and reserves, which are the property of the membership as a whole, have been used in some instances to construct and operate facilities which are entirely local in character and which can benefit, at the best, only the favored few in that locality.

11. The development of policies and control of the various cotton cooperatives, although vested theoretically in the membership, is actually in the control of the boards of directors of the various cooperative associations; and these boards, in some instances, have become self-perpetuating bodies.

12. The report advances the opinion that the A. C. C. A. and its affiliates are not farmer-owned and farmer-controlled, but that the control is vested in boards of directors who are also employees of the various State and regional organizations, as well as of A. C. C. A.

13. The cotton cooperatives, through failure to be able to accept delivery of members' cotton at all times throughout the year, assume the aspect of commercial firms obtaining cotton when the basis is cheap, rather than cooperatives attempting to offer the maximum of service and price to their members at all times.

14. The A. C. C. A. has operated at a loss for two successive years, and it has paid only one cash dividend in the 6 years of its existence. In view of these facts the report recommends that the officials of A. C. C. A. analyze every operation, every department, and the duties of every employee in order to cut expenses to a minimum.

15. An elimination of political activity by the cotton cooperatives will enable the officials to devote more of their time to the association's affairs and obviate the excessive traveling and other expenses incurred in the past in this respect.

16. Profits and losses on all the cotton turned in to the A. C. C. A. by its affiliates should not be pooled among the various State or regional associations. Each association should stand on its own and stand the losses and take the profits, according to the results obtained through handling the exact volume it has delivered to A. C. C. A.

Mr. McKELLAR. I wish next to tell the Senate how this association got their members.

A list of the members was requested by the committee, but the same was refused unless the committee would keep it confidential.

What use has an investigating committee for information if it has to keep it confidential?—

Although the committee called for a complete list, it was furnished with a list of only two associations—that of the Mid-South and the Mississippi Cotton Cooperative Associations. The list of the two associations was accepted, but has not been opened. However, there was much evidence concerning membership. That evidence is practically undisputed.

Through the fiction of the immediate fixation pool—

They do not buy cotton, so they say. If I am a cotton raiser, a farmer, and go to their agency in Memphis, and say to them that I wish to sell my cotton, and we agree on a price, say, of 10 cents a pound for the bale, the agent pays me the money for it, and I deliver to him the cotton; but he says that is not a purchase and sale. He says that is an "immediate fixation pool." Now let us see what an immediate fixation pool is.

A fixation pool is where there is a delay in paying for the cotton. An immediate fixation pool is where it is paid for right then and there. That will be news to a great many persons in the Senate and elsewhere in the country. If the Senator from Idaho [Mr. POPE] is a merchant, and I take a bale of cotton and sell it to him at a price, and deliver him the cotton, and he delivers me the money right then and there, that is not a purchase by him and a sale by me, but it is an immediate fixation pool. If he does not pay me in full for a little while, but pays me only a part of the price, that is just a fixation pool.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. HATCH. If the facts which the Senator has just outlined do not constitute a sale, I am curious to know what would constitute a sale.

Mr. McKELLAR. Of course, the Senator from New Mexico is exactly right. The facts I have stated do constitute a sale; and there are some further things that the Senator from Idaho, if he represented the cotton cooperatives, would do. He would say, "Here is a bill of sale of the cotton, and you must sign a statement that you are in my association"; and before paying me $50 for the cotton he would require me to sign a receipt saying that I was a member of the association. Then he would sell me a subscription to the association's newspaper and charge me a membership fee. I believe they have quit charging membership fees since this investigation, but before the investigation he would have charged me $5 for a membership fee and 50 cents for a subscription to a newspaper that is not worth the paper on which it is printed, merely exploiting the so-called cooperatives, which are not actually cooperatives; and in addition he would make all the other charges against me that any merchant would make. That is an immediate fixation pool. It does fix the farmer; there is not any doubt about that; and, in the language of the street, it fixes him good and plenty.

I continue to read from the report:

Through the fiction of the immediate fixation pool, which is in effect an outright purchase of cotton by the cotton cooperatives, they sign up as a member every individual who sells them a bale or more of cotton and the bulk of their deliveries are secured through this immediate fixation pool.

Many years before the organization of the A. C. C. A. it seems there were associations formed in various cotton localities of the United States. Since the A. C. C. A. came into existence there have been few members obtained except under what may be termed "substantial duress." Since the organization of the A. C. C. A. they have come to adopt the following methods in obtaining members: Whenever a bale or a number of bales of cotton were delivered to the cotton cooperatives, there was included in the bill of sale, and afterwards in the check by which the cotton was paid for, a statement to the effect that the seller or deliverer, by reason of his bill

of sale, and of his receipt of the money, became a member of the cooperative association.

That is the way they get their members. It is a plain case of duress. They are not actual members. They do not pretend to be members. I do not believe a man could be found in the great cotton county of Shelby who would say that he was an actual member of the cotton cooperatives or had ever attended one of their meetings.

Mr. POPE. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes.

Mr. POPE. Do not these members have a right to vote, and to elect their officials, and to control the affairs of the organization, in the final analysis?

Mr. McKELLAR. Theoretically they do. Actually they do not. They do not vote, and they do not meet.

To put it in the language of one of the witnesses, after the purchase was made and everything completed except the delivery of the money, the seller would be informed by the cotton cooperatives' agent that he would be paid only by the statement in writing that he was a member, and if he dealt for others, that by the signing of the draft, he made his principals members of the cooperative association.

He has to sign the other persons' names in order to get the money. In order to get it, not only is he required to sign his own name to these receipts but, if he is acting for others, he has to sign their names.

A membership obtained in this way, in the opinion of the committee, is substantial coercion, and it is exceedingly doubtful if by any such proceeding membership in the organization could be legally or morally brought about.

Of course, we all know that it could not be.

In the absence of local organizations—

There are no local organizations anywhere except in a few counties in Mississippi. They seem to have had an old organization for many, many years in several of those counties, but nowhere else.

In the absence of local organizations where members met, and in the absence of any meeting for consideration of the cotton cooperatives' problems, it is perfectly apparent that such a membership is not real in any sense and doesn't make the seller of the cotton a member at all, although he states in his bill of sale or check that he becomes a member.

The fact is, however, that the undisputed evidence shows that with a few exceptions in certain counties in Mississippi and Greer County, Okla., and perhaps one or two more, there are no local organizations of cotton cooperatives anywhere, and even in Mississippi, judging from the testimony of the head of the A. C. C. A. in that State, whatever organizations there are were controlled by the same cotton cooperative association.

The proof shows that the actual membership of the organization is largely confined to those in the employ of the A. C. C. A. and its affiliates.

This so-called cooperative is simply a great selling corporation, selling the cotton not of its members but of anybody who has a bale of cotton to sell. It can sell it if the parties can agree upon the price, just as any other merchant can do.

A remarkable thing happened in this connection. These people wanted to get in under the provisions of the Frazier joint resolution, and what caused me to look into the matter was this:

The Senator from North Dakota [Mr. FRAZIER] is from a State which does not raise a lock of cotton. The Senator from North Dakota, who has just come into the Chamber, is, as we all know, one of the finest men in the world. There is not a more honest man anywhere. There is not a man anywhere who excels the Senator from North Dakota in the desire to do right; but when I found the Senator from North Dakota introducing a joint resolution about cotton, it aroused my suspicions.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes.

Mr. FRAZIER. When I introduced the joint resolution, it dealt only with wheat.

Mr. McKELLAR. Yes; I remember that.

Mr. FRAZIER. But in the committee it was amended so as to include cotton, and I had no objection.

Mr. McKELLAR. Who put it in?

Mr. FRAZIER. I do not recall who it was.

Mr. McKELLAR. It was the cotton cooperatives.

Mr. FRAZIER. Its inclusion was requested by a Member from one of the cotton States.

Mr. McKELLAR. Yes; of course. I knew it must have been done in that way. It was desired to set aside an agreement that the cooperatives made with the Government in 1930 by which the Government took over all the losses, amounting to $80,000,000, of the cotton cooperatives, on the ground that the cooperatives had nothing in the world to do with advancing the $80 a bale on cotton. They lost their money because the Farm Board forced them to go into a transaction in which they did not believe. It was then that I produced the letter from the president of the concern, Mr. Moser, in which he set forth that it was absolutely necessary for the Government to act, and he urged the Government to act. He went further than that; he said he wanted it to be the joint action of the cotton cooperatives and the Farm Board.

Then a Senator from a corn- and wheat-producing State, instead of one from a cotton-producing State, introduced an amendment to tear up that agreement. When the cotton cooperatives found themselves in that position they appealed to the Farm Board, and the Farm Board, presided over by Mr. Legee at that time, gave up $80,000,000 to pay the losses the cotton cooperatives had sustained, and that settled the whole thing.

Nearly 6 years afterward they got the Senator from North Dakota [Mr. FRAZIER] to offer a very innocent looking amendment seeking to change that agreement, and allow them to make a claim against the Government for six and a half million dollars. That is what brought on the investigation. I dare say if it had not been for the investigation Congress would have given them the six million and a half.

Mr. POPE. Mr. President, was that a congressional investigation?

Mr. McKELLAR. It was a congressional investigation to this extent: The Committee on Appropriations, which would have had to recommend the payment of the amount, had me offer a resolution of investigation for them, which was adopted by the Senate, and the committee appointed under the resolution went to Memphis and made the examination.

I desire to call attention to the testimony. Mr. Creekmore brought Mr. Stone to the stand. There was a tobacco member of the Farm Board, Mr. Stone, of Kentucky; a manufacturing member of the Farm Board, Mr. Legge; and a cotton member, Mr. Carl Williams, of Oklahoma. The tobacco member was called on to testify. The cotton member was not called on, I do not know why, but perhaps for the same reason that this cotton cooperative association did not come to the Senator from Arkansas [Mr. ROBINSON] or my colleague, the junior Senator from Tennessee [Mr. BACHMAN], the Senator from Oklahoma [Mr. THOMAS], the Senator from South Carolina [Mr. SMITH], the Senator from Mississippi [Mr. BILBO], or any other Senator from a cotton State, but went to a Senator from away up in North Dakota, who did not know anything about the matter. The Senator from North Dakota has just stated that he did not know anything about cotton, and did not intend originally to include it. I am not criticizing the Senator from North Dakota, because I think he is a fine man, just as straight a man as I ever knew in my life. Being requested to offer the amendment, and thinking it was all right, he presented it, but finally took it out of the bill, and it is not in the law at the present time.

Mr. Stone was put on the stand to testify that he did not consider this a final settlement. He testified he did consider it a final settlement, and then afterward changed and said he was not so sure. Of course it was a final settlement, and there should not be any uprooting of that matter.

The most remarkable feature of the situation is the financial operations of this concern. It is doing millions of dollars of business, is able to get Congress to except it from the penalties imposed on ordinary persons, and does not have a genuine member except its own employees, one way or another. Yet it comes here, after all of its losses, and asks for relief. It absolutely failed twice, and the Govern-

ment had to pay it out twice, and Mr. Creekmore testified that the Government would have to pay it out again if we quit subsidizing it.

My judgment is that we have subsidized these gentlemen enough. I do not think we ought to give them another dollar. I think we will be wasting the Government's money if we do give them any more, because they gamble in cotton just as anyone else does. The greater part of the $80,000,000, practically all of it, was lost through gambling in cotton.

Is the Government going into the cotton-gambling business? I never gambled in cotton in my life, and I hope to heaven I never shall, but if I gambled with my own money, that would be all right. We have no right, however, to set up an association or corporation in this country and let them gamble with the people's money. Yet that is just what this cooperative association has done, according to the testimony, and I urge anyone who does not believe the statement to read the testimony. There are two volumes of it. If one will read it, he will come to the same conclusion arrived at by this representative of the Department of Agriculture who was sent to Memphis to examine into the facts. I ask Senators to examine the testimony.

Of all the schemes I have ever heard of to separate the farmer from his money this is the worst.

In the section of the country from which I come there are many colored people, and most of them—I dare say a large majority of them—are cotton raisers. Many years ago, when I was a boy, there used to be a saying among the Negroes themselves which ran something like this:

A nought's a nought,
A figger's a figger;
All for the white man
And none for the nigger.

This scheme, operating under the name of the American Cotton Cooperative Association, is infinitely worse than any individual wrongdoing toward the farmer and especially the colored farmers of the South. They take infinitely more from him. As I have already shown, they take nearly 20 percent of the poor man's hard-earned money and put it in their own pockets. They do not pay it to the Government; they do not give it to the farmers; they put it into their own pockets.

In closing, I cannot help returning for a few minutes to the seed-loan office which this Government established. I think we first appropriated something like fifty or sixty million dollars to set up a fund in the Department of Agriculture to be loaned to indigent farmers who could not finance themselves to make a crop in any other way. Consider the case of a poor white man or a poor colored man who had been raising cotton all his life and knew how to do nothing else. In the hard times which existed for 5 or 6 years previous to the present good times, the seed-loan fund was an actual Godsend to those poor people—to the poor cotton farmer, white as well as colored. They borrowed small sums. For instance, a colored man would make three bales of cotton, and he could borrow fifty or a hundred dollars, and would do so, from the Government agency established under that fund. He would work from sunup to sundown to raise the cotton with which to pay off the debt—and, by the way, those poor people paid off their debts to a very large extent. I think the Government lost only 1 or 2 percent and will eventually get that back. These poor people would probably have been on relief if it had not been for that fund.

The borrowers were instructed by their Government that when they got ready to pay off their loans they should take their cotton to the cooperatives. Let me take a three-bale crop as an example.

Let us take the case of a poor man who raises cotton. I know how hard it is to raise it. I know what work it requires. Let us take a three-bale crop. The farmer took it to the cooperative and sold it for $142.77. The cooperative took out $31.12, advanced, no doubt, for the ginning of the cotton, and took out $3.20 for the interest on the $31. Perhaps the poor man did not have the use of that money over 3 or 4 or 5 months. The cooperative, however, charged him $3.20 as interest for the use of the money, and then charged him $3.90 for insurance on the cotton, then charged him $13.65 for storage on the cotton, and then charged him $3.89, and could not tell what that charge was for. The cooperative accounts for it in this way: "Charges other than regular seasonal charges." I do not know what that was for. Perhaps it was to pay for automobile rides for the purchaser. I do not know. The farmer received no return for the money he paid for that item. The cooperative made a charge of $3.89, but could not tell for what purpose. Five dollars was charged for membership, which the man never wanted. Fifty cents was charged for a newspaper in which he had no interest, and which he did not want. Another charge of $1.20 was made as interest on heaven knows what. These charges make a total of $62.48 on cotton that brought $142. Can you beat it?

I said it was racketeering. It is racketeering against the poor and humble and the hard-pressed working farmers, white and colored; and I am not going to stand for it. I am here to protect those men against any such concern that will thus despoil them of the fruits of their hard labor. I know how hard it is to raise cotton, and I should be derelict in my duty if I did not stand here and ask the Senate not to subsidize a concern which thus treats the poor and the needy and the hard-working. Had we not formed the seed-loan office, those poor farmers now would all have been on relief. They have not had to go on relief, and they will not be on relief, because of what the Government has done in the way of seed loans. That is the best work the Government has done in the way of helping those poor farmers.

Mr. President, what I have said here today has been based upon facts produced by the sworn testimony of witnesses. I myself took that evidence. I have been taking evidence all my life. I think I know the value of evidence. There was practically no evidence on the other side. All the evidence, or practically all of it, came from the cooperatives themselves. The practices and transactions involved cannot be defended. No man under heaven can defend the transactions which have been related here today.

I have nothing against the cooperatives. The easiest course to take would be to say, "Oh, well, let them take it all. Let them take what the poor darkey has made. Let them take what the poor white farmer has made." That, however, is not right. This body ought not to permit such a thing. This body ought not to subsidize any concern which thus treats its so-called members. The cooperatives say these poor farmers are members. Heaven knows it is bad enough for the people who are ordinary nonmembers, but when they take 20 to 25 percent of the hard-earned money of the farmers for handling cotton alone it is going entirely too far; and I am here to say in all sincerity, as one honest man to other honest men, let us not be misled. There is no telling what may be contended; but the facts are as I have presented them to the Senate.

Mr. MURRAY. Mr. President——

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Tennessee yield to the Senator from Montana?

Mr. McKELLAR. I yield.

Mr. MURRAY. How are the cooperatives organized? Are they not made up of the producers of cotton in the South?

Mr. McKELLAR. No, Mr. President; they are made up of those who are engaged in buying and selling cotton.

Mr. MURRAY. Should not the remedy be applied by undertaking to reform the cotton cooperatives?

Mr. McKELLAR. To reform those who are operating under the guise of cooperatives! They are not cooperatives. They are cooperating with each other to despoil the farmer and the American Government; and when we find that the American farmer is being despoiled and the American Government is being robbed, I think we ought to put our foot down on it.

Mr. MURRAY. Why do the cotton producers permit such organizations to exist in the South?

Mr. McKELLAR. We have no control over them. The Federal Government back in 1922 first established these organizations as nonsubsidized cooperatives. It was not until after Mr. Hoover came into office, in the year 1929, when the Farm Board was established, that the Government began to give enormous subsidies to the cooperatives; and since that time they have not been molested. The Senator asks why They are permitted to continue to rob, and why the people in the South do not reform them, or why the organizations do not reform themselves. In my judgment it is the duty of the Congress not to subsidize the people who are despoiling the farmers of our part of the country.

Mr. MURRAY. I entirely agree with the Senator; but it seems to me the way to remedy the evil would be to repeal the laws under which those cooperatives are organized, and provide some method of organizing cooperatives that would really represent the interests of the cotton growers.

Mr. McKELLAR. Mr. Creekmore testified that whenever the Government withdrew its subsidies, they would go into bankruptcy.

Why should we go further? Why should we subsidize them? They are not doing the farmers any good. For handling their cotton they are charging the farmers three or four times as much, or certainly twice as much under any system of accounting for it, as the ordinary dealer in cotton would charge. Why in the world should we subsidize those who are taking from the farmer his hard-earned money? In my judgment there is no answer to that question.

Mr. MURRAY. I agree with the Senator.

Mr. McKELLAR. I hope the Senate will join the movement not to subsidize these cooperatives any longer.

Mr. SHEPPARD. Mr. President, no one in this Chamber has a higher regard for the Senator from Tennessee than I have. I am personally acquainted, however, with a number of the officials in the cooperatives in the State of Texas, and I have the highest confidence in them.

Mr. McKELLAR. Mr. President, would it discommode the Senator if I were to ask him a question?

Mr. SHEPPARD. Not at all.

Mr. McKELLAR. Does the Senator know of a single cooperative association in Texas which meets and considers its own problems in any way? When the Senator refers to officers, he refers to the officers who buy the cotton and who are running the cooperative associations.

Mr. SHEPPARD. I refer to the men who tell me they are the officers of these associations.

Mr. McKELLAR. Yes. What I wish to ask the Senator is whether he can say that he knows of a single cotton cooperative association in any county in Texas?

Mr. SHEPPARD. I know that I am told by these officials that they are in operation.

Mr. McKELLAR. I know the Senator knows the people of his State. He talks to them. He mingles with them. Did the Senator from Texas ever attend a cooperative association meeting in any county in his State?

Mr. SHEPPARD. I have never had the opportunity to do so.

Mr. McKELLAR. I am quite sure the Senator never has and never will, because they do not exist. There are no cooperative associations as cooperative associations are known. There exist only these officers and secretaries and employees of the association whom the Senator knows.

Mr. SHEPPARD. Mr. President, the fact that I have been unable to attend any meetings does not contradict at all the assertion I have made that those men whom I know to be officials of the associations are men in whom I have complete confidence, and on whose integrity, sincerity, and ability I feel that I can safely rely.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. REYNOLDS. There is one matter about which I am desirous of making inquiry for my own information. We have cooperatives in my State of North Carolina, but I must confess that I do not know as much about them as I should like to know. I should like to make inquiry from the Senator from Texas or the Senator from Tennessee whether the producer of cotton is forced or required in any manner or form to deal with cooperative organizations?

Mr. SHEPPARD. Not at all. Membership is entirely voluntary.

Mr. REYNOLDS. So there is nothing in connection with the organization itself that forces the producers to deal with the cooperatives?

Mr. SHEPPARD. Not at all.

Mr. McKELLAR. Mr. President, as I have just explained, if the Senator from North Carolina represents a cooperative association of buyers—and that is what they are engaged in doing, namely, buying cotton—and I am not a member, and I go to him and sell him a bale of cotton for $50, he will give me a bill of sale and pay me the money, but before paying me the money he will say, "I want you to sign this statement showing that you are a member of the association." I say, "I do not want to be a member of it," but he says, "It does not mean anything; go ahead and sign it, anyway." If I have already agreed on the price of cotton and I want the money, the Senator knows, and everyone else knows, that the signing of the membership is not anything which makes any difference, but that is what is done; it is a species of duress; otherwise the seller cannot get the money.

Mr. REYNOLDS. It is a perfectly natural thing for a man who desires to make a sale of cotton to accept the proposition then and there by which he automatically becomes a member.

Mr. McKELLAR. If the Senator will read the record—of which there are many copies in my office, and I will be glad to send him one—he will find that he is mistaken about it and that the method they have of getting members is purely under duress.

Mr. SHEPPARD. Mr. President, I understand that the Senator from Alabama [Mr. BANKHEAD], who was a member of the investigating committee with the Senator from Tennessee, does not share the views or conclusions of the Senator from Tennessee, and that he filed minority views in which he differed from the conclusions of the Senator from Tennessee.

Mr. McKELLAR. The Senator from Alabama filed minority or dissenting views. He does not, however, disagree with the statement of facts, and cannot do so, because the Senator from Alabama attended the hearings just 1 day. As the Senator from Texas knows and as I know, the Senator from Alabama is one of the finest gentlemen in the world. He and I were classmates and I never had a more devoted friend and I do not think he has a more devoted friend than I am. The fact was, however, that he did not attend the hearings. I took the testimony and I know what I am talking about when I state the facts as I have stated them.

Of course, the officers and employees of the cooperatives have formed different conclusions, and the Senator from Alabama has joined in some of those conclusions, but I believe he never would have filed the minority views if he had either examined the record or heard the proof.

Mr. SHEPPARD. I suggest that there be placed in the RECORD at this point both the report of the Senator from Tennessee [Mr. McKELLAR] and the minority views of the Senator from Alabama [Mr. BANKHEAD]. I believe they have been published as parts of the same document.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report (No. 1819) and the minority views (Rept. No. 1819, pt. 2) are as follows:

Senate Report No. 1819

Your subcommittee heretofore appointed under authority of S. Res. 185, which is as follows:

[S. Res. 185]

"*Resolved*, That the Committee on Appropriations, or any duly authorized subcommittee thereof, is authorized and directed to investigate the expenditures by the Federal Government for cotton cooperatives and their losses heretofore sustained. The committee shall report to the Senate, at the earliest practicable date, the result of its investigations, together with its recommendations.

"For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress, to employ

clerical and other assistants, to require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents, to administer oaths, to take testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report hearings shall not be in excess of 25 cents per hundred words, and the expenses of the committee, which shall not exceed $1,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman."

Met in the city of Memphis, Tenn., on Monday, October 28, 1935, where it proceeded to take the testimony of some eighty-odd witnesses concerning the expenditures of the cotton cooperatives and the losses of such cooperatives and other matters allied, connected with, and pertaining to such cooperatives and their losses, and having considered the same, beg leave to report to the full committee as follows:

ORGANIZATION

The American Cotton Cooperative Association is a Delaware corporation and was incorporated January 11, 1930, with an authorized capital stock of $30,000,000, of which $76,950 was paid in, $40,600 of which was capital stock, this being afterward withdrawn and returned to the marketing associations, leaving an actual net capital of $36,350 (vol. II, exhibit 25). The capital was supposed to be paid in by the cotton cooperative marketing associations under the Capper-Volstead Act (vol. I, pp. 33–34 to p. 38).

Prior to that time the cooperative marketing associations had been established under a previous act of Congress. In the 1929–30 season, the A. C. C. A. handled no current cotton; it merely looked after cotton that the Government had previously acquired. The Federal Farm Board, with a $500,000,000 revolving fund created by Congress in the Agricultural Marketing Act, approved June 15, 1929, authorized the establishment of this cotton cooperative association (vol. I, p. 34).

Mr. Creekmore became associated with the American Cotton Cooperative Association in April or May 1930 (vol. I, p. 6). Previous to that time, the head of the cotton cooperatives was C. O. Moser, who acted prior thereto in a similar capacity to Mr. Creekmore (vol. I, p. 402). The plan of organization was that the several marketing associations, amounting to some 14 or 15 in number, or State or regional associations, or affiliates as they have sometimes been called, became stockholders in the A. C. C. A. (vol. I, p. 34). These marketing associations, like the Mid-South at Memphis, were rather loosely formed organizations, but each one under the practical control of its managing officer. In addition to that, the managing officer was usually a member of the board of directors of the American Cotton Cooperative Association. These other cooperative associations, some 15 in number, were all more or less insolvent when the Farm Board began making loans to them at nominal rates of interest (vol. I, pp. 303–305; vol. II, exhibit 26). The names of these several State or regional marketing associations are as follows: Alabama Cotton Cooperative Association; Brazos Valley Cotton Cooperative Association; California Cotton Cooperative Association, Ltd.; Georgia Cotton Cooperative Association; Louisiana Cotton Cooperative Association; Mid-South Cotton Growers Association (Memphis); Mississippi Cooperative Cotton Association; North Carolina Cotton Growers Cooperative Cotton Association; Oklahoma Cotton Growers Association; South Carolina Cotton Cooperative Association; South Texas Cotton Cooperative Association; Southwestern Irrigated Cotton Growers Association; Texas Cotton Cooperative Association; Texas Cotton Growers Association; West Texas Cotton Growers Association.

In exhibit G to Mr. Creekmore's deposition, the common stock of these several associations, owned by the several State or regional associations, was shown as $100 each or $1,500 in all, and this indicates, in the absence of proof, that all of the $76,950 had been returned, and in lieu thereof one share of common stock had been allotted to each constituent association; so, insofar as capital invested in the A. C. C. A. is concerned, it may have been $36,350, or it may have been $1,500, or it may have been none at all. It is true that afterward preferred stock was issued, but that will be considered later. Suffice it to say that this mammoth concern had no substantial capital paid in by those who controlled it, and only a nominal capital if any.

A. C. C. A. NOT A COTTON COOPERATIVE ASSOCIATION

The A. C. C. A. and its affiliates above named are not cotton cooperatives within the spirit and letter of the Capper-Volstead Act, or in any other sense cotton cooperatives, for the following reasons:

The commonly accepted definition of cotton cooperatives, as disclosed by the undisputed evidence, is that it is an organization of cotton farmers for the purpose of selling their cotton for better prices and at a lower handling cost, and of otherwise marketing their cotton to mutual advantage, in which organization, where there are profits all the members shall share in them, and where there are losses each member will be asssed for its or his respective share of the losses. This definition is in keeping with that stated by the National Cooperative Council, of which President Williamson, of the A. C. C. A., is a member.

"Business cooperatives are created by farmers as agencies through which they collectively sell their products or purchase their supplies. Such cooperatives, being owned and controlled by the members, should at all times have the wholehearted participation of those members in the risks, gains, and losses of the business operations. Therefore the members, in building such cooperatives, should invest therein substantial amounts of their own funds commensurate with the needs of the business (vol. I, p. 186)."

Now, under this definition and under the proof taken by your committee, it is perfectly clear that the American Cotton Cooperative Association is in no sense, except in name, a cotton cooperative association at all. This is apparent by applying the following facts to this definition:

1. The profits are not divided equally or proportionally, even assuming that there have been profits, and this is a doubtful assumption (Henry, vol. I, pp. 204–205; vol. II, exhibit 6).

2. The losses are not made good by the so-called members (Creekmore, vol. I, pp. 13, 47, 159, 282; Williamson, vol. I, p. 330).

3. The so-called members do not invest therein substantial amounts of their own funds and have never done so (membership fee only, Cannon, vol. I, p. 458; Smith, vol. I, p. 624; Stewart, vol. I, p. 336).

4. The so-called members have not the slightest control over the marketing of their cotton (Henry, vol. I, p. 228).

5. The so-called members take no risks. The only risk taken in the business at all is the risk taken by the Government (Henry, vol. I, p. 191).

6. They do not sell collectively (vol. II, exhibit 20; Henry, vol. I, p. 205; Creekmore, vol. I, p. 157).

7. The A. C. C. A. is not owned or controlled by its so-called members (Creekmore, vol. I, pp. 155–156).

8. It is owned and controlled by its officers (Creekmore, vol. I, pp. 155–156).

9. The members are not directly responsible for losses which the cotton cooperatives may incur as a result of operations (House, vol. I, p. 492; Creekmore, vol. I, p. 47).

10. Profits, if any, have not been distributed to the individual producer members except in one instance, and even then not to the members of all of the affiliated associations, during an existence of 5 years (Creekmore, vol. I, p. 26).

11. The methods of securing members are of doubtful legality and oftentimes of plain duress (Baker, vol. I, pp. 530–533; Waddell, vol. I, p. 537; Lattimer, vol. I, p. 552; Salvo, vol. I, p. 547).

12. Operating on Government money, which forms the basis of its credit, the A. C. C. A. makes loans to its affiliated associations, which have gone through an evolution as its officers claim (Hutchinson, vol. I, p. 374), whereby all cooperative features have been eliminated and the cotton cooperatives are simply operating as cotton merchants (Thompson, vol. I, p. 542; Valentine, vol. I, p. 478; Reed, vol. I, p. 483; Mitchell, vol. I, p. 544; Everett, vol. I, p. 479).

13. In dealing with its so-called members, the organization frequently resorts to what may be called duress in padding its so-called membership rolls (Creekmore, vol. I, p. 14).

14. The prices paid by the A. C. C. A. to its so-called members are not higher than those paid by private cotton merchants (Gibson, vol. I, p. 545).

15. The cost of handling is greater than when sold by private cotton merchants (Salvo, vol. I, p. 548; Henry, vol. I, p. 196).

16. The A. C. C. A. is not cooperative in fact, but is composed of a closely knit organization with an interlocking directorate largely composed of its affiliates, all of which makes it simply a cotton merchant, buying from substantially any seller at the cheapest price possible and charging the farmer a very high cost for handling his cotton (Creekmore, vol. I, pp. 155–156; Valentine, vol. I, p. 478).

17. It has no county or local organization which meets and passes on their problems, and, since the organization of the A. C. C. A., has not had (Everett, vol. I, p. 481).

18. It violates the Capper-Volstead Act in that it has bought more bales of "futures" than it has bought actual cotton, and "futures" were not bought from the so-called members (Creekmore, vol. I, pp. 107–109).

19. It violates the Capper-Volstead Act in that it has formed a closely knit corporation with its affiliates by which a minority of the members completely controls and dominates the other members of the association, and this is contrary to the first requirement that no member shall have more than one vote (Creekmore, vol. I, p. 155).

20. It is of no more value to the farmer than is Weil & Co., McFadden & Co., Anderson-Clayton & Co., or any other large cotton merchant (Reed, vol. I, p. 483; Sanders, vol. I, p. 486; Hermes, vol. I, p. 489).

21. Finally, in essence, it is simply the Government, acting through a few favored persons, engaging in the cotton business, competing with other private cotton merchants, sometimes putting such other merchants out of business and reducing many of them to penury and want, the Government taking continued, drastic, and almost inconceivable losses, due in many instances to gambling in cotton, without the slightest benefit to the farmer or to the Government, the only benefits going to the small coterie of officers and agents of the A. C. C. A. and its affiliates.

It is true that it was claimed that the so-called members were indirectly assessable for losses in that the American Cotton Cooperative Association and its subsidiaries had accumulated reserves which belonged to the farmer members, one-half of which was put in a reserve fund to be used to pay such losses if such reserve fund was sufficient. In the opinion of the committee, there were no reserves and are not now any reserves and have not been any at any time.

It was undisputed that the Government had saved these cotton cooperatives in 1929 at a cost of $79,286,384.13 and had saved them again in 1933 to the extent of $27,376,998.06, and Mr. Creekmore, the vice president and general manager, and the dominating official of that organization, testified that if the Government withdrew its

support now, all operations would practically cease. His exact testimony is as follows: "I don't see how the cooperatives could continue." Under these circumstances, the reserves can at best be called, in formal banking parlance, "window dressing."

The same is even more true of the affiliated associations.

It is quite clear that the American Cotton Cooperative Association and its affiliates are not cotton cooperates, but with the practically unlimited backing of the Federal Government constitute simply another great cotton buyer or merchant.

It may be said in closing this paragraph that the business and operation of the American Cotton Cooperative Association not only violates the definition of cotton cooperatives heretofore stated, but it is in no sense such a cooperative association as is provided for in the Capper-Volstead Act under which it was organized.

INTERLOCKING DIRECTORATES

Six of the managing directors of six of the State organizations are also directors of the American Cotton Cooperative Association. Half of the salaries of these six directors are paid by the central organization of the A. C. C. A. These are: C. C. Selden, California association; W. R. Squires, southwestern irrigated association; P. E. Harrill, Oklahoma association; A. D. Stewart, Mississippi association; J. A. Beatty, Alabama association; J. S. Hathcock, South Carolina association.

To these six must be added Mr. N. C. Williamson, of the Louisiana association, who receives no salary but a per diem of $25 is paid him, also Mr. Charles G. Henry, of the Mid-South association at Memphis, who does not draw a salary from the A. C. C. A., but who is one of the directors, and it is easy to see from his testimony and from Mr. Creekmore's testimony the close cooperation between them (vol. I, p. 155).

The other six directors seem to be beyond the pale and certainly have no potential vote, as they receive no salary either from the central association or their own organizations (vol. I, p. 156).

It thus appears that the American Cotton Cooperative Association constitutes, with its affiliates, a close corporation managed solely for the benefit of the central association and the officers and employees of the favored members of its directorate.

MEMBERSHIP

The officers of the cotton cooperatives claim that their membership in the United States in these 15 associations numbers 259,000.

A list of the members was requested by the committee, but the same was refused unless the committee would keep it confidential. Although the committee called for a complete list, it was furnished with a list of only two associations—that of the Mid-South and the Mississippi Cotton Cooperative Associations. The list of the two associations was accepted but has not been opened (Creekmore, vol. I, p. 172). However, there was much evidence concerning membership. That evidence is practically undisputed.

Through the fiction of the immediate fixation pool, which is in effect an outright purchase of cotton by the cotton cooperatives, they sign up as a member every individual who sells them a bale or more of cotton and the bulk of their deliveries are secured through this immediate fixation pool.

Many years before the organization of the A. C. C. A. it seems there were associations formed in various cotton localities of the United States. Since the A. C. C. A. came into existence, there have been few members obtained except under what may be termed substantial duress. Since the organization of the A. C. C. A., they have come to adopt the following methods in obtaining members: Whenever a bale or a number of bales of cotton were delivered to the cotton cooperatives, there was included in the bill of sale, and afterward in the check by which the cotton was paid for, a statement to the effect that the seller or deliverer, by reason of his bill of sale, and of his receipt of the money, became a member of the cooperative association (Baker, vol. I, pp. 530–531; Black, vol. I, p. 437).

To put it in the language of one of the witnesses, after the purchase was made and everything completed, except the delivery of the money, the seller would be informed by the cotton cooperatives' agent that he would be paid only by the statement in writing that he was a member, and if he dealt for others, that by the signing of the draft, he made his principals members of the cooperative association.

A membership obtained in this way, in the opinion of the committee, is substantial coercion, and it is exceedingly doubtful if by any such proceeding membership in the organization could be legally or morally brought about. In the absence of local organizations where members met, and in the absence of any meeting for consideration of the cotton cooperatives' problems, it is perfectly apparent that such a membership is not real in any sense and doesn't make the seller of the cotton a member at all, although he states in his bill of sale or check that he becomes a member.

The fact is, however, that the undisputed evidence shows that with a few exceptions in certain counties in Mississippi and Greer County, Okla., and perhaps one or two more, there are no local organizations of cotton cooperatives anywhere, and even in Mississippi, judging from the testimony of the head of the A. C. C. A. in that State, whatever organizations there are were controlled by the same cotton cooperative association (Windle, vol. I, p. 367; Orr, vol. I, p. 592; Garner, vol. I, p. 604).

The proof shows that the actual membership of the organization is largely confined to those in the employ of the A. C. C. A. and its affiliates. While the membership was challenged time and again, the cotton cooperatives made no effort to show an actual membership except in the way above stated, and while the record is not at all clear, your subcommittee believes that the actual membership in the association amounts to only a few interested people.

FINANCIAL STRUCTURE

The original financial structure of the American Cotton Cooperative Association is exceedingly interesting. The evidence of the cotton cooperatives was that $30,000,000 was the authorized capital, of which $800,000 was subscribed, and of this amount only $79,950 was actually paid in, as stated. Of the $76,950 paid in cash, the A. C. C. A refunded in cash payments of the Oklahoma and other of the affiliated associations in the aggregate sum of $40,600, so the actual paid-in capital was $36,350; however, the revolving fund of $500,000,000 had been set up by the Hoover administration to be loaned the farmers, and it seems that a capital of $36,350 was ample to get a Government loan.

When the A. C. C. A. was organized and put under the direction of Mr. Creekmore, all of the cooperatives were in financial straits, and the most of them were in actual bankruptcy, as testified to by Mr. Legge, the then chairman of the Farm Board, in January of 1931.

The first operation of the A. C. C. A. after its organization in 1930 was the Cotton Stabilization Corporation. By this operation 1,300,000 bales, in round numbers, of cotton owned by the A. C. C. A. and its affiliates were sold to the Cotton Stabilization Corporation, and that corporation agreed to hold the cotton at its original cost, plus charges, for the purpose of holding it off the market and to keep the various cotton cooperatives out of bankruptcy (Creekmore, vol. I, p. 34).

This Stabilization Corporation was a Delaware corporation, but its officers, agents, and offices were the same officers, agents, and offices as those of the American Cotton Cooperative Association. This was a matter of bookkeeping and of high finance, and in a short time about $80,000,000 was lost (Creekmore, vol. I, pp. 34–36).

Your committee will now consider these several losing operations of the American Cotton Cooperative Association.

THE STABILIZATION CORPORATION AND THE 16-CENT LOAN

The first major operation with regard to cotton after the Agricultural Marketing Act was passed on May 15, 1929, was the formation of the Stabilization Corporation and the 16-cent loan, taken together.

The Stabilization Corporation was organized in May of 1930, with an authorized capital stock of $15,000,000, all of which was advanced from the revolving fund of the Farm Board (Creekmore, vol. I, p. 35). The first major operation with regard to cotton was announced by the Federal Farm Board on October 21, 1929. Exactly 10 days before this announcement, Mr. C. O. Moser, the then president and general manager of the American Cotton Growers Exchange (the central cotton-cooperative organization which preceded the American Cotton Cooperative Association), wrote a long letter to Mr. Carl Williams, cotton member of the Federal Farm Board, in which Mr. Moser urged the adoption of 16-cent loan as the "joint policy of the cotton cooperatives and the Farm Board."

The price of cotton steadily declined, and by the early spring of 1930 the cotton cooperatives were again confronted with bankruptcy. The losses, according to Mr. Creekmore's estimate, of the A. C. C. A. in its Stabilization Corporation and 16-cent loan amounted to the enormous sum of $79,286,384.13. The Stabilization Corporation not only had this 1,300,000 bales of actual cotton, but it also had a large number of bales of "futures" which had been acquired from time to time.

THE DOLLAR-AND-A-HALF PER BALE LOANS

Although the Stabilization Corporation took over the 16-cent loan cotton at the amount of the loan plus carrying charges, it was discovered that liens of private banks and balances due farmer members had to be paid before the Government could acquire title to the cotton. In order to do this the Stabilization Corporation assumed $2,462,351.81 as an added cost of the cotton and the Farm Board loaned the cotton cooperatives $1.50 per bale, in the aggregate sum of $1,704,047.46.

Incidentally, the funds loaned under the $1.50 per bale plan were lost by the Government in making compromise settlements of indebtedness with the Oklahoma, South Carolina, and Alabama cooperatives. Thus for the second time within a few weeks the Government produced funds to save the cotton cooperatives from bankruptcy.

THE 90-PERCENT ADVANCE

Despite the efforts of the cotton cooperatives and the Farm Board, the price of cotton continued to decline; whereupon in August 1930 the cotton cooperatives and the Farm Board entered into an agreement whereby the members of the cotton cooperatives would be advanced 90 percent of the market price of cotton at the time of delivery (Creekmore, vol. I, p. 37). Although Mr. Creekmore testified at the agricultural conference and Farm Board inquiry in 1931 that he entered into the plan with a full realization of its hazards, he stated that he was optimistic as to its ultimate outcome (Creekmore, agricultural conference and Farm Board inquiry, p. 310).

The facts are that the operation again rendered the cotton cooperatives bankrupt, and in order to rescue them the Government in 1933 had to assume another loss, which Mr. Creekmore testified amounted to $27,376,998.06 (Creekmore, vol. I, p. 37). According to Mr. Creekmore, he estimates that the losses on the two transac-

tions (the 16-cent loan of 1929–30 and the 90-percent advance of 1930–31) aggregated $107,113,441.54 (Creekmore, vol. 1, p. 37). However, Mr. Creekmore's estimate is based on his exception to the statutory allowances made for the cotton donated to the Red Cross. The actual loss sustained by the Government on the two transactions has been approximately $140,000,000.

THE FRAZIER BILL

Senate Joint Resolution 38, introduced by Senator LYNN FRAZIER, of North Dakota, proposes a reopening of the settlements made by the Farm Board with the wheat and cotton cooperatives on the theory that the various stabilization operations were done on the authority of the Farm Board, which made the cooperatives, both wheat and cotton, its unwilling agents in carrying out these operations.

As far as the cotton cooperatives are concerned, such an argument is not sound, because the 16-cent loan was made at the earnest solicitation of and on the basis suggested by the cotton cooperatives; and by Mr. Creekmore's own admission he entered into the 90-percent loan with a full realization of its hazards but with the hope it would work out eventually.

Now, it must be remembered that Mr. C. O. Moser was the predecessor of Mr. Creekmore, he being president of the American Cotton Growers Exchange. The evidence discloses an announcement by the Farm Board on October 21, 1929, as follows:

"The Federal Farm Board believes that the prevailing prices for cotton are too low * * *. The Board will make supplemental loans to the cooperatives in amounts sufficient to make the average loan total 16 cents per pound."

Just 10 days prior to this announcement Mr. C. O. Moser, president of the American Cotton Growers Exchange (which was the predecessor of the A. C. C. A.), wrote a long letter to Mr. Carl Williams, the cotton member of the Federal Farm Board, setting out the conditions as he saw them in reference to cotton, and strongly urging the Farm Board order just set out above.

Among other things, Mr. Moser said:

"* * * It is therefore at a time like this that it is possible for us to advance nearer the market price than it would have been earlier in the season, when the size of the crop is less a calculable thing than it is now. I believe the cotton cooperatives, with the aid of the Farm Board, may, with safety, and they should immediately, advance 16 cents a pound, or $80 a bale, on unfixed cotton, basis ⅞-inch Middling; and that wide publicity to such advance should be given as being the joint program of the cotton cooperatives and the Farm Board, and that the difference between 65 percent advanced at the time of delivery and the $80 a bale should be paid as soon as weight and grade of the cotton is established (Creekmore, vol. I, p. 34; Williams, vol. I, p. 399 through to 402)."

The evidence discloses that the cotton cooperatives and the Federal Farm Board were consulting daily just prior to the issuance of the Farm Board order, and no person who was then connected with either the Farm Board or the cotton cooperatives has testified to the contrary.

Mr. Stone, the tobacco member of the Farm Board, who was put on the stand by the cotton cooperatives, testified that there were daily conferences. It is apparent from the evidence that this order of the Board, if not directly secured by the cotton cooperatives, was issued with the full knowledge, consent, and approval of the cotton cooperatives, and issued at the earnest solicitation of the cotton cooperatives (Stone, vol. I, p. 570). Copy of this Moser letter was sent to all members of the regional or State cotton cooperatives (Creekmore, vol. I, p. 522).

Shortly after this operation began the price of cotton began to go down. Within 6 months it had dropped from 18.23 cents per pound to 12.41 cents per pound and continued to drop. The cotton cooperatives' loss on this cotton was something like $79,000,000 on the 16-cent loan (Creekmore, vol. I, p. 35).

In view of the Moser letter, relating to the 16-cent loan, and Mr. Creekmore's statements at the agricultural conference and Farm Board inquiry, and his letter to Mr. Carl Williams, under date of November 16, 1932, with regard to the 90-percent loan, the Frazier bill must fail as far as cotton cooperatives are concerned.

It will thus be seen that every attempt of the cotton cooperatives backed by the Farm Board to benefit the farmers by increasing their prices in these various ways was a failure; however, each one, it was developed, was advertised to the whole country as a panacea for the low price of cotton, with the result that not only were the cotton cooperatives, then controlling about 15 percent of the cotton, rendered bankrupt, but the mills and the dealers and the farmers were all affected in the same way and their losses were tremendous.

These outside farmers and outside dealers and mills handled 85 percent of the cotton, and of course 85 percent of the loss fell on them, and neither the old Farm Board nor the cotton cooperatives was of any value or aid in the stabilization of the price of cotton, notwithstanding the enormous sums of money that were used in the various operations.

A year or two ago a bill was introduced by Senator FRAZIER, of North Dakota, which provided that the settlement of the Farm Board with wheat cooperatives be reopened for the purpose of giving the wheat farmers an opportunity of showing that their cooperative losses were the result of the action of the Farm Board and not of the cooperatives.

Later on another bill was introduced in which cotton was added, and that bill has been pending in Congress for some time. The bill provided as follows:

"[S. J. Res. 38, Apr. 15, 1935]

"Joint resolution for the adjustment and settlement of losses sustained by the cooperative marketing associations

"*Resolved, etc.*, That for the purpose of adjustment and settlement of losses sustained by the cooperative marketing associations dealing in grain during the stabilization operations of the Federal Farm Board in the years 1929 and 1930 when such cooperative marketing associations were induced and requested by the Federal Farm Board to withhold grain and/or cotton from the market and to make advances to their members in order to stabilize prices, the Federal Farm Credit Administration is hereby authorized and directed to make such adjustments and settlements in accordance with the understanding that such cooperative marketing associations had with the Federal Farm Board, and on the basis of a price or a sum equal to the amount directly loaned or advanced to such associations plus carrying charges and operation costs in connection with such grain and/or cotton from the date of the loans or advances to the date that such grain and/or cotton was finally taken over by the Federal Farm Board or delivered pursuant to its instructions."

This bill has delayed in the Senate from time to time.

It is perfectly apparent from the facts brought out in the investigation that the cotton cooperatives, through Mr. Moser, the predecessor of Mr. Creekmore, recommended this loan and urged the Farm Board to adopt it, and after they had urged such adoption, they cannot now be heard to say that further losses by them should be paid by the Farm Board or by the Government.

It was also developed in the hearings that this claim for a reopening of the settlements heretofore made by the Farm Board with the cotton cooperatives was first made by Mr. Creekmore on the 16th day of November 1932 when he wrote Mr. Carl Williams, cotton member of the Farm Board, making the claim that the cotton cooperatives were entitled to certain losses which they sustained on the 16-cent cotton (Stone, vol. I, p. 573.)

It is perfectly apparent, therefore, that Mr. Moser, the predecessor of Mr. Creekmore, acting for the cotton cooperatives, having in like manner recommended the settlement between the Government and the cotton cooperatives on the 16-cent loan, the cotton cooperatives are now bound by the action taken by Mr. Moser as set out in his letter. The letter of Mr. Moser was sent to all of the cotton cooperatives (Creekmore, vol. I, p. 522).

Besides, in the memorandum put in the record by Mr. Creekmore, he states:

"After many conferences regarding a settlement, a compromise agreement was reached in May 1930 by a representative of the cooperatives with the Chairman of the Farm Board, in the presence of the Vice Chairman, the cotton member, and the general counsel of the Board; whereby the cooperatives were to be reimbursed by a stabilization corporation, to be later organized, on the basis of the loan value on all cotton on hand, plus carrying charges, plus $1 per bale overhead on deliveries received during the 1929 season (Stone, vol. I, p. 578)."

This agreement was disapproved by the Attorney General and later on a settlement was made as follows:

"The general basis of settlement, as finally worked out by the Farm Board, resulted in the Cotton Stabilization Corporation taking over the cooperatives' cotton on the basis of the loan value, with an allowance of not to exceed $2.50 per bale for carrying charges, payable only to the extent necessary to meet the obligations of the cooperatives after borrowing from the Farm Board $1.50 per bale listed on prior seasons' deliveries. This loan was to be repaid by deductions of 50 cents per bale from the members' proceeds on deliveries in future years (Stone, vol. I, p. 578)."

UNDER THE NEW ADMINISTRATION

The foregoing is a history of the operations of the cotton cooperatives with the Farm Board up until March 4, 1933. The Congress meeting that year repealed the Farm Board Act and passed what is known as the Agricultural Adjustment Act, which set up the Farm Credit Administration in place of the Farm Board. At that time the cotton cooperatives owed the Government $207,418,246.48. (See McNary report, p. 35.)

At that time cotton was worth somewhere around 5 or 6 cents a pound, and the Farm Board, which had had appropriations to be used as a revolving fund of $500,000,000, and the A. C. C. A. had been financed by the Farm Board, were all in a state of bankruptcy and their debts had to be assumed by the Government, amounting to $27,376,998.06 as outlined in the 90-percent loan loss. Also the State associations benefited under the terms of the A. A. A. adjustment by additional payments authorized by Congress in connection with the settlement of the 1930–31 operations. Seven hundred and thirty-two thousand four hundred and fifty-six dollars and eighty-seven cents were paid in this adjustment (S. Rept. No. 1456, p. 22).

In other words, the new administration of Mr. Roosevelt started off by wiping the slate clean and taking over all the cotton into what was known as the Oscar Johnson pool. Thus the cotton cooperatives were again saved from bankruptcy, and the Government, through Mr. Johnson, took over about 1,300,000 bales of actual cotton and approximately another million bales of futures which the A. C. C. A. had gathered in during the years of their speculation.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

The Government continued to loan money to the cotton cooperatives, but under the provisions of the A. A. A., acreage was

reduced through voluntary action, and Government rentals on land not cultivated in cotton were established.

Then the Bankhead Act was passed to regulate the number of bales produced.

Also the processing tax was put on to pay the cotton farmer for the rentals on land not used in producing cotton.

The above three enactments, passed in 1933, did what the Farm Board and the cotton cooperatives had tried in vain to accomplish since July 1929; namely, the price of cotton began to rise and the general trend has been upward ever since.

In March 1933 cotton was selling at between 5 and 6 cents a pound. By July 1933 cotton had risen to 9¼ cents. By September 1933 it was 10 cents. By January 1934 it was 11½ cents, and by March 1934 it was 12½ cents. In July 1934 it was 13.15 cents.

In the fall of 1933, under the Agricultural Adjustment Act, Secretary Wallace announced a Government loan of 10 cents a pound on cotton, and this operated throughout the year 1933–34.

In August 1934 that loan was increased to 12 cents. The 10-cent loan did not seem to interfere with the movement of cotton. Indeed, it was under that loan that the price went from 10 to 13 cents, and it was thought that if the Government made a loan of 12 cents it would still further increase the price, but it did not have that effect and cotton went down some in 1934 and 1935, and in the summer of 1935 the loan offered by the Government was reduced again to 10 cents. Cotton is now selling at figures ranging from 11½ cents to 12½ cents.

This is the history of what has been done under the Agricultural Adjustment Act.

THE A. C. C. A. UNDER THE A. A. A.

Under the Agricultural Adjustment Act the A. C. C. A. has continued to borrow money from the Government; however, it and its affiliates have from time to time discarded practically all of their cooperative features until now, through their central organization, the cotton cooperatives have become one of the largest cotton dealers in the country.

It will be remembered that Mr. Creekmore testified that the cotton cooperatives and affiliates would have failed in 1929 and 1930 and that they would have been bankrupt if the Government had not assumed their debts. He testified that again in 1933 the A. C. C. A. and its affiliates were bankrupt and would have gone into bankruptcy if the Government had not assumed their debts (Creekmore, vol. I, p. 16).

He also testified that at the present time without Government subsidies and bounties they could not continue to operate (Creekmore, vol. I, pp. 120–121).

THE A. C. C. A. UNDER THE ROOSEVELT ADMINISTRATION

The cotton cooperatives, under the present administration, have undergone what one witness described as an "evolution." No longer do they advance money to their producer members on his cotton which is pooled with other cotton of like description and character. By means of the immediate fixation pool, the cotton cooperatives buy cotton just as any other merchant does, and the immediate fixation pool is simply a fiction whereby they can make outright purchases.

Under the present administration the A. C. C. A. has made or claims to have made approximately $2,500,000 from the handling of cotton owned or controlled by the Government, but during the same period it has lost about $1,500,000 on its operations for its own account.

INTEREST RATES AND PROFITS

But the Government continued to lend money to the cooperatives in 1933 and 1934 at ridiculously low rates of interest, and they were relending the money to their affiliates at a much higher rate of interest and making great profits thereby (Creekmore, vol. I, pp. 52–53). They also made profits from the handling of the old stabilization corporation cotton and in the 10-cent loan and in the 12-cent loan, and also on what is known as the Oscar Johnson pool cotton, which was the cotton accumulated by the A. C. C. A. under the 90-percent advance in 1930–31. They now claim to have made very substantial profits in 1933–34, that they had losses in 1934–35, and for the present it isn't clear whether they are making money now or not.

The American Cotton Cooperative Association borrowed money from the Government under a joker statute—that is to say, at rates of interest ranging from one-eighth of 1 percent to 1¾ percent. A statute had been passed by the Congress allowing money to be loaned to farmers at the same rate of interest that the Government paid for money.

The purpose of this statute was this: At the time of its passage the Government was borrowing money on its bonds at from one-eighth of 1 percent to 1¾ percent, and the Congress did not wish to have the farmer charged any more for the money than the Government was paying for it; however, Mr. Andrew Mellon was Secretary of the Treasury at the time and he gave this statute a different construction from that intended by the Congress. He held that the lowest rate of interest meant any low rate, and he had been borrowing money on some classes of temporary certificates at as low as one-eighth of 1 percent; therefore, the farmers got some of their money at rates of interest as low as one-eighth of 1 percent. This was never intended by the Congress and when the matter came out an act was promptly passed allowing the cooperatives to borrow money at 3 percent. As long as this statute was on the books, however, it seems that the American Cotton Cooperative Association borrowed money from the Government, of course, but when the new statute of 3 percent was passed Mr. Creekmore looked about to see if he couldn't get the money at a small rate and he made an agreement with the Chase National and other banks in New York to borrow the money at 1½ percent (Creekmore, vol. I, p. 53).

FINANCIAL OPERATIONS

Mr. Creekmore testified that the cotton cooperatives had a line of credit with the Farm Credit Administration of about fifteen and a half millions of dollars and that he had a line of credit with private banks of something like $75,000,000 and that he had actually borrowed in 1 year $55,000,000. This Government credit, coupled with a practice by the Washington office of subordinating the Government loans to private loans, brought about an immense change in the cotton cooperatives' business.

The cotton cooperatives gave up their seasonal pools and their optional pools and their long-time holding of cotton and began what Mr. Creekmore termed the "immediate fixation pool" and the proof clearly shows that the immediate fixation pool is nothing in the world but a purchase of the cotton from the farmer by the cotton cooperatives.

It is true that it was claimed that they held out to the farmer when they bought his cotton that if there was any profit made by the cotton cooperatives the member would later receive what was called a "patronage dividend." It developed that only one patronage dividend had been declared in 5 years and that patronage dividend was 56 cents per bale in some districts, notably in Mississippi.

In one district, notably in Tennessee and Arkansas, the patronage dividend was credited on a debt due by the Mid-South (Henry, vol. I, p. 205).

It is very clear that when the farmer sold his cotton and when the cooperatives purchased his cotton under the so-called immediate fixation pool, the farmer regarded it as a sale and the cotton cooperatives regarded it as a purchase, and the American Cotton Cooperative Association and its affiliates became nothing but a huge cotton-buying concern with Government aid.

The so-called patronage dividend might well be likened to a transaction by which when a person enters a drug store or any other store and buys an article, he is frequently given a coupon with his purchase, with the statement on the coupon that when the purchaser gets a million coupons he will be entitled to a prize box of candy.

This patronage dividend did not deceive the farmers at all, as appears from the proof, because they never expected to get anything further, but apparently it has deceived the executives in charge of the Farm Credit Administration up to this time.

ALADDIN'S LAMP

The Federal Government has been a veritable financial Aladdin's lamp to the American Cotton Cooperative Association. When the cotton cooperatives could borrow money from the Government at from one-half of 1 percent to 1 percent interest and lend it out to their subordinates at from 5 to 6 percent, this was pretty easy financial picking. When the Congress passed the 3-percent loan, however, it was necessary to do some refinancing and then the plan was adopted to borrow from private banks at 1½ percent with the Government at Washington subordinating its liens to those of the private banks. By what right the Government at Washington did this has not been disclosed, but it was done and the cooperatives borrowed as much as $55,000,000 in 1 year with the Government's liens on the cotton made subordinate to those of the private banks.

Even with all this money the American Cotton Cooperative Association had to have working capital, and how to get it was the next problem. The private banks would not lend to them at 1½ percent unless the Government subordinated its liens. The Government in the second year decided it would not subordinate its liens, and thereupon the following plan was adopted: The A. C. C. A. in some manner that has not been fully explained caused its State associations, each one individually, to borrow from the Farm Credit Administration sums aggregating $5,000,000, to be turned over to the American Cotton Cooperative Association and the State associations to receive preferred stock in the American Cotton Cooperative Association for the money (Daley, vol. I, p. 93).

In other words, the American Cotton Cooperative Association did not borrow the money and, remarkable to tell, the individual State associations borrowed this money and took stock in the American Cotton Cooperative Association for it.

Exhibit C to Mr. Creekmore's testimony shows that the following companies borrowed from the Farm Credit Administration the $5,000,000 and turned it over to the A. C. C. A.:

Alabama Cotton Cooperative Association	$400,000
Brazos Valley Cotton Cooperative Association	425,000
California Cotton Cooperative Association	175,000
Louisiana Cotton Cooperative Association	800,000
Mid-South Cotton Growers' Association	800,000
Mississippi Cooperative Cotton Association	800,000
Oklahoma Cotton Growers' Association	500,000
South Carolina Cotton Growers' Association	200,000
South Texas Cotton Cooperative Association	200,000
Southwestern Irrigated Cotton Growers	200,000
West Texas Cotton Growers' Association	500,000

Now, let's analyze these transactions.

The Alabama Cotton Cooperative Association had been wound up in receivership, and, of course, it is inconceivable that the Government would lend to this bankrupt concern $400,000.

The Brazos Valley Cotton Cooperative Association had no assets of any kind, and this was admitted by its officers (McCrary, vol. I, p. 356).

The California Cotton Cooperative Association, Ltd., there was no proof about.

The Georgia Cotton Cooperative Association is now being wound up through a receivership (Creekmore, vol. I, p. 9; Williams, vol. I, p. 386).

The Louisiana Cotton Cooperative Association, there was no evidence concerning ($365,000 stock in A. C. C. A.; Williams, vol. I, p. 291).

The Mid-South Cotton Growers' Association has quite a history. It had failed in 1929 and was in an expiring condition when the Government lent money to it. It is true that Mr. Henry, its manager, stated in his testimony that the Mid-South had $100,000 of Government bonds and $100,000 in cash and a building that he had bought for $35,000, and that it had some equities in the stock of the A. C. C. A. in stock dividends; but, taking all these, it wasn't in a financial condition to borrow $800,000, and the Government will probably not get 10 percent of its loan back from the Mid-South (Henry, vol. I, p. 205).

The Mississippi Cotton Cooperative Association is supposed to be a going concern, but its assets were not disclosed (about $360,000; Stewart, vol. I, p. 342).

The Oklahoma Cotton Growers' Association had recently been sold by the Government, lock, stock, and barrel, to the A. C. C. A. itself, and the Government had lost something like half a million dollars by it, and yet this bankrupt concern was allowed by the Commodity Credit Corporation to borrow $500,000 and invest it in the stock of the A. C. C. A. (Creekmore, vol. I, pp. 27–29).

The South Carolina Association likewise had to compromise its affairs at a great loss to the Government (McCutcheon, vol. I, p. 152).

The South Texas Association, its assets were not disclosed.

The Texas Cotton Cooperative Association, its assets were not disclosed.

The West Texas Cotton Growers' Association admitted that they had no assets of any kind (Lee, vol. I, p. 361).

Thus we see that the enormous sum of $5,000,000 was loaned by the Government to the several associations, none of which were able to borrow any such sums with any expectation of paying them back, and none of which borrowed for themselves, but for the benefit of the A. C. C. A.

The whole transaction, in the opinion of your subcommittee, was a fraud upon the Government.

What was the purpose of this transaction? Although the A. C. C. A. had failed twice, costing the Government something like $140,000,000, and although it admits that it is now insolvent unless the Government continues its aid, yet it claims to have put some $4,000,000 in reserve and issued stock therefor, and that it has a line of credit, as testified to by Mr. Creekmore, of $15,500,000 with the Farm Credit Administration, and $75,000,000 with private banks; and under these circumstances the question naturally arises: Why did the A. C. C. A. have to erect this amazingly peculiar financial structure in order to obtain working capital?

It is the opinion of your subcommittee that these loans are virtually worthless, and the Government will be unable to collect them.

THE COOPERATIVE AND THE SEED-LOAN BORROWER

The Congress having passed a law that cooperatives should be encouraged in every way possible, the Federal Farm Credit Administration recommended that the seed-loan cotton should be turned over as far as possible to the cotton cooperatives, and this was done.

And look at the charges that were made: $1.30 per bale other than seasonal charges. What they were nobody knows; $5 for membership fee; 50 cents for a newspaper publication (Henry, vol. I, p. 197 through 202).

These charges were unconscionable and indefensible. Take the poor seed-loan borrower who can get credit nowhere else to make a crop, who was the poorest of the poor, and who in order to maintain himself and family had to borrow the pitifully small sum that he was allowed to borrow from the seed-loan office; and think of charges other than storage, insurance, and interest, mounting up to him of more than $11 per bale—more than 13 percent of the value of the cotton—taken out of the cotton for this enormous trust in the cotton-buying business known as the American Cotton Cooperative Association (Henry, vol. I, p. 232).

To my mind the most condemning fact brought out was the treatment of the seed-loan borrower by the A. C. C. A. and its affiliates.

GOVERNMENT BOUNTY AND FAVORITISM

Remember that the American Cotton Cooperative Association has been in existence for 5 years.

The following sums have been paid to the American Cotton Cooperative Association by the Government on Government-controlled cotton as services and expenses, by years:

1930–31	$531,710.32
1931–32	907,909.87
1932–33	883,032.84
1933–34	789,060.65
1934–35	724,499.33

Totaling $3,836,213.01, or an average per year of $767,499.33.

All of this is obtained from Mr. Creekmore's exhibit Q and his testimony.

It is true that expenses apportioned to the Stabilization Corporation out of the above, amounted to $1,278,967.43, but since that corporation was officered and serviced by exactly the same people as the American Cotton Cooperative Association, that was a mere matter of bookkeeping (Creekmore, vol. 2, p. 215).

Over and above this income the A. C. C. A. made enormous sums out of interest annually by charging the member associations more than they paid the Government for the money. The interest sheets have not yet been furnished, but Mr. Creekmore says he will furnish them and the amount that the Government gave them under interest transactions will be shown and made a part of this paragraph. Over and above the income which the American Cotton Cooperative Association made, the affiliated associations made additional interest on the loans made by them to individual members (Creekmore, vol. I, p. 57).

In other words, the farmer paid the bill, except when there was a loss, and kindly Congress assumed these enormous losses.

RECONCENTRATION OF COTTON

Much of the $3,836,213.01 was for reconcentrating and otherwise handling Government cotton. But last spring or early summer another reconcentration of cotton was ordered. Announcements were made by the Federal Farm Credit Administration that bids would be received for reconcentration of cotton on which the Government had a lien, for the purpose of making room for the new cotton crop of 1935–36. It was estimated that it would be necessary to reconcentrate some 3 millions of bales. Bids were put in to do this handling by the A. C. C. A. by John M. Parker & Co., of New Orleans, and others.

Mr. Parker testified that they put in a bid to reconcentrate this cotton for 40 cents per bale flat (Parker, vol. I, p. 495).

The A. C. C. A. put in a bid for reconcentrating the first 500,000 bales at 48 cents; the second 500,000 at 45 cents; the third 500,000 at 40 cents; and any additional bales for 35 cents (Parker, vol. I, pp. 498–499).

Up to the time of the hearing only 1,600,000 bales had been reconcentrated. Whether there would have been any more was not known. But it must be remembered that the A. C. C. A. had received 48 cents a bale on the first 500,000 bales, 45 cents on the second 500,000 bales, and 40 cents on the third 500,000 bales—and then they handled very little more. So that the average price of handling the cotton was more than 43 cents per bale, while Mr. Parker offered to reconcentrate the cotton for 40 cents per bale, and if the Parker bid had been accepted—and he represented a responsible firm—the Government would have saved some 50 to 70 thousand dollars by giving the bid to him. But the A. C. C. A. got the job.

Some question was raised as to whether the Department had the right to let this contract without advertising for bids. No bids were advertised for.

In connection with this reconcentration of cotton, Mr. R. L. Taylor, president of the Federal Compress Co., which warehouses the cotton in the Memphis district, or a large part of it, stated that he offered to reconcentrate all of the cotton in his district necessary to be reconcentrated without charge. The bid to do it for nothing was declined (Taylor, vol. I, p. 420).

Mr. Parker testified that the reconcentration of this cotton was very expensive to the farmer, and this testimony was not in any way denied (Parker, vol. I, p. 502).

When the cotton goes in the warehouse it is sampled, and when it was reconcentrated the Government required it to be sampled again, and by regulation these second samples were destroyed so far as the use of them was concerned, but it was said that the A. C. C. A. credited the value of them to the Federal Farm Credit Administration. However, Mr. Parker testified that when the cotton is sold it must again be sampled.

Now, the amount taken out at each one of these sampling operations ranges from three-quarters of a pound to a pound, and thus the farmer is deprived of these three samples, at the present price of cotton, or 3 to 35 cents per bale (Parker, vol. I, p. 501).

In addition to that, when the cotton is sold under the third sampling the cost of that sample is from 35 to 50 cents.

It will thus be seen that the reconcentration movement cost the farmer something like 65 to 75 cents per bale. But what is the poor farmer if he is not to be mulcted in this way? Who cares for him anyhow?

In addition to that, quite frequently the cotton was moved from warehouse to other points hundreds of miles away without the consent of the farmer, without the knowledge of the farmer, and how much delay and expense he may be put to to find his cotton in some far off warehouse is yet to be seen.

In connection with this last reconcentration of cotton, southern Senators, almost to a Senator, and many southern cotton Congressmen, protested as vigorously as they knew how against this reconcentration of cotton. There was in their opinion no reason for it. It is doubtful if there was any reason for it, and the only one to benefit by it was the cotton cooperatives, and the only ones to lose by it will be the farmers—unless the loss is so great that the Government will have to come forward for a third time and assume it.

FUTURES AND SPECULATION

The committee has tried very zealously to obtain figures on the total number of bales of futures that were bought or sold during the existence of the cotton cooperatives. Mr. Creekmore said it was very difficult to get these figures, but exhibits H and I of his deposition indicate the amounts that he paid the futures brokers for 2 years, namely, for 1931–32 and 1932–33. For these

2 years, commissions alone amounted to $1,246,815.24 (Creekmore, vol. I, pp. 108–109).

Each year shows futures brokers' total commissions, being separated into two divisions, namely, "Brokers' commissions" and "Brokers' commissions earned." What is meant is not shown.

The figure of $1,246,815.24 shown above constitutes commissions on some 8 million plus bales of futures based on the brokerage as testified to, of 15 cents a bale. In other words, the cotton futures dealt in by the cotton cooperatives must have been many times the number of bales of spot cotton dealt in by them. Speculation at one time was freely admitted, and, of course, cannot be denied.

COMPARISON OF CHARGES

It is undeniable, and for a large part undisputed, that the charges for handling cotton, and collected out of the cotton by the cooperatives, are considerably larger than similar charges made by private merchants and buyers. No better illustration of these charges can be given than the following typical statement from the seed-loan office:

Résumé of typical settlements made on 1931 loans by Mid-South Cotton Growers' Association
(Henry, vol. I, pp. 192–203)

Our loan no.	Mid-South contract no.	Date of payment	Number of bales	Gross proceeds	Previous cash advance	Interest on cash advance	Deductions			Charges other than regular seasonal charges	Membership fee	Association news subscription	Interest on cash paid out for freight, storage, etc.	Gross deductions
							Light bale	Insurance	Storage					
21733	7603700	Feb. 27, 1934	1	$51.31	$5.59	$0.60	----------	$1.30	$4.55	$1.40	$5	$0.50	$0.40	$19.34
74769	3117500	Feb. 2, 1934	1	53.97	5.88	.65	----------	1.30	4.55	1.47	5	.50	.40	19.75
63420	2437400	Feb. 1, 1934	1	54.75	5.30	.52	----------	1.30	4.55	1.33	5	.50	.40	18.90
64006	6113100	Feb. 19, 1934	2	94.91	42.52	4.57	----------	2.65	9.25	2.54	5	.50	.80	67.83
26770	6165800	------do------	1	48.44	5.00	.52	----------	1.30	4.55	1.28	5	.50	.40	18.55
30362	2378200	Jan. 26, 1934	1	37.72	4.00	.42	----------	1.30	4.55	1.00	5	.50	.40	17.17
8696	5917200	Feb. 16, 1934	1	44.98	16.81	1.84	----------	1.35	4.70	1.23	5	.50	.40	31.83
130299	2434200	Feb. 1, 1934	1	53.95	5.65	.62	----------	1.30	4.55	1.39	5	.50	.40	19.41
14228	5021000	Feb. 10, 1934	1	45.30	4.68	.50	----------	1.25	4.40	1.17	5	.50	.40	17.90
33849	2132500	Jan. 23, 1934	1	59.65	7.50	.83	----------	1.25	4.40	1.52	5	.50	.40	21.40
6219	5405700	Feb. 13, 1934	1	42.63	4.56	.52	----------	1.25	4.40	1.14	5	.50	.40	17.77
68771	2389200	Jan. 26, 1934	2	64.36	6.60	.62	$2	2.10	7.60	1.65	5	.50	.80	26.87
36672	5950100	Feb. 16, 1934	3	142.77	31.12	3.22	----------	3.90	13.65	3.89	5	.50	1.20	62.48
98745	2136200	Jan. 23, 1934	2	98.16	8.45	.88	----------	2.60	9.10	2.56	5	.50	.80	29.89
10828	5915100	Feb. 16, 1934	3	154.40	75.44	8.05	----------	4.00	13.95	3.90	5	.50	1.20	112.04
3006	5015800	------do------	2	101.20	14.00	1.46	----------	2.60	9.10	2.63	5	.50	.80	36.09
128313	2352400	Jan. 26, 1934	2	82.46	8.30	.85	1	2.60	9.10	2.07	5	.50	.80	30.22
91063	2231800	Jan. 23, 1934	2	86.11	10.00	1.04	----------	2.60	9.10	2.30	5	.50	.80	31.34
89077	10104000	Sept. 20, 1933	2	87.40	11.97	.97	----------	2.10	7.60	5.30	5	.50	.80	34.24
17402	5010000	Feb. 10, 1934	2	82.28	8.90	.94	----------	2.60	9.10	2.17	5	.50	.80	30.01
59817	5728700	Feb. 16, 1934	2	114.15	11.60	1.25	----------	2.50	8.80	2.79	5	.50	.80	33.24
18171	6154400	Feb. 19, 1934	3	149.43	19.79	2.08	----------	3.95	13.80	3.82	5	.50	1.20	50.14
4073	6116000	------do------	5	247.39	61.99	6.67	----------	6.55	22.90	6.30	5	.50	2.00	111.91
18176	6169800	------do------	3	144.09	6.60	.62	----------	3.75	13.20	3.88	5	.50	1.20	34.15
457	6128800	------do------	4	191.17	72.51	7.89	----------	5.25	18.35	5.66	5	.50	1.60	116.16
Total			49	2,332.97	454.16	48.13	3	62.65	219.80	63.79	125.00	12.50	19.60	1,008.63

KENNETH MCKELLAR.
JOHN G. TOWNSEND, Jr.

Senate Report 1819, part 2—Minority views

My approval is withheld from the report submitted by Senator MCKELLAR pursuant to the authority of Senate Resolution No. 185, authorizing an investigation into the expenditures by the Federal Government for cotton cooperatives.

The testimony taken comprises 654 printed pages. Therefore, a detailed analysis of this testimony would unnecessarily prolong this report, but the following conclusions seem to me to be warranted:

1. The American Cotton Cooperative Association and its affiliates are farmer-owned and farmer-controlled, and that they are organized and operated in accordance with the letter and spirit of cooperative marketing laws.

2. The Government twice attempted efforts in the nature of stabilization operations, once in the 1929–30 cotton season when an advance of 16 cents per pound was made on cotton delivered through the cooperatives, and again in the 1930–31 cotton season when 90 percent of the market value of cotton was advanced to growers through the cooperatives. The Government has assumed and paid some of the losses incident to these stabilization operations but has not paid all losses.

3. The record shows that in performing the ordinary functions of cooperative marketing associations, exclusive of stabilization operations, American Cotton Cooperative Association and its affiliates on the whole have rendered satisfactory service. Out of over a quarter of a million producer members, less than 20 appeared to protest any grievance or criticism.

The evidence does show that the cotton cooperatives lost certain reserves and were put in debt to the Federal Government as a direct result of stabilization efforts conducted at the instance and under the direction of the Federal Government acting through the Federal Farm Board. The record further shows that since the cessation of these stabilization activities by the Government the operation of the cotton cooperatives as a whole have been conducted in accordance with sound business and cooperative principles. As illustrative of this the evidence conclusively shows the following facts: American Cotton Cooperative Association was organized in 1930 by 13 State and regional cotton cooperative associations with a paid-up capital of only $76,950. This association has accumulated a substantial capital and surplus reserve through earnings. At the close of the 1933–34 season the capital and surplus amounted to $2,355,658.59, and all of this, except the original $76,950, was a result of earnings. These earnings are held for the benefit of the producers whose patronage has contribute to it. At the close of the 1933–34 season $480,058.20 was distributed by this association as patronage dividends. These results have been accomplished in spite of some testimony by the cotton trade to the effect that the American Cotton Cooperative Association and its affiliates were paying more to producers than the trade could afford to pay, and were selling cotton to the mills at lower prices than the trade could afford to take.

I am impelled to the conclusion that during these years the operations of the cooperatives have reduced the spread between the producer and the consumer to the benefit of both.

4. The record does not justify the assumption that capital loans to the cooperatives are worthless, or that the Government will ultimately lose thereby. I find no basis for reflecting upon the officials of Farm Credit Administration appointed by the President pursuant to the law passed by Congress. None of these officials were called by the subcommittee; and certainly there is no evidence indicating that these capital loans were recklessly, improvidently, or illegally made. I see no reason to believe that the Government's loans are likely to be lost in whole or in part.

5. As to membership relations, the element of coercion is absent. The membership contracts introduced in the record give the members the right to withdraw from membership and cancel the contract. Hence, I am unable to join in the view that the cooperatives retain their membership by coercion or duress.

6. The record shows that the cooperatives have rendered a noteworthy service. Through means of local offices and receiving agents, classing service is widely provided, to the end that farmers who do not know the grade or staple of their cotton, and may not understand its value, are advised in these respects.

A basis sheet is made available throughout the Cotton Belt, and every producer of cotton in the South can ascertain what the cooperatives will pay for his cotton on any date.

Various sales options are provided, including the seasonal pool, the daily fixation pool and other pools. In the seasonal pool, cotton is sought to be sold in an orderly manner at the average seasonal price received from sales rendered to growers. In the daily fixation pool, the current day's price is given to the farmer. Under the marketing contracts, he has exclusive option control in determining whether to sell through a daily pool or seasonal pool. There is no evidence that the judgment of the association's officials is substituted for his judgment in these particulars.

7. The immediate fixation or daily pool is a natural development of cooperative marketing. If only seasonal pool were offered, financed on a basis of advancing 60 percent of the market value at time of delivery, with subsequent distribution as sales are made from this pool, the effect would be to deny the advantages of cooperative marketing associations and their facilities, to the weakest and neediest of the producers. With more than one-half of the American cotton crop produced under landlord's lien, crop mort-

gage, or furnishers' lien, the immediate fixation or daily pool is a necessity.

8. The evidence warrants the conclusion that the cooperatives have rendered noteworthy services in the marketing of cotton. To mention only a few, they have eliminated in large areas the purchase of cotton without taking into consideration in price fixing the grade and staple of cotton. The old method is commonly referred to as hog-round buying; they have narrowed the differentials between interior country points and central marketing points; they have contributed to cutting down the spread between the price paid to the produce and the price paid by the mills; and they seek to make the marketing of cotton as direct as can be economically done. The record supports the conclusion that the cooperatives aim to pay to the producer the highest price possible, not to buy his cotton at the lowest price and sell it for the highest price.

9. The record shows that in the operation of the cotton cooperatives, there have been mistakes made. Handling never less than 1,000,000 bales per year since the organization of American Cotton Cooperative Association, it would be well nigh impossible to market so large a volume of cotton without errors and perhaps injustice. But occasional errors should not call for a sweeping condemnation of the entire cooperative marketing system in cotton.

The public policy of the United States is committed to cooperative marketing. It was endorsed in the platform of both political parties in the last presidential campaign. The cooperatives are seeking, to their credit, out of their own reserves, to build a solid financial structure. To expect the cotton producers immediately to contribute all of the capital needed to finance their operations is vain; and therefore, both major political parties pledged financial aid of the Government to the cooperatives.

It does not appear, as stated, that capital loans to American Cotton Cooperative Association and its affiliates have been recklessly or wantonly made, or that those whom the President has entrusted with responsibility for the affairs of the Farm Credit Administration have been recreant to their trust.

It is a fair deduction, as heretofore pointed out, that the cooperatives lost reserves, which they held for their farmer members, as a direct result of stabilization operations initiated by the Federal Government. The former Chairman of the Federal Farm Board, who was responsible, in part, for the policy initiated and the conduct of the operations, testified that the cooperatives and their members were penalized as a result of these operations. He frankly stated that the Federal Farm Board, at the close of the operation, was compelled to make a harsh and unfair settlement with the cooperatives based upon a legal interpretation of existing statutes. I am forced to the conclusion that the Congress, who alone can right the wrong, should by appropriate legislation restore to the cotton cooperatives and to their producer members the reserves which were thus appropriated.

J. H. BANKHEAD.

Mr. McKELLAR. Mr. President, will the Senator from Texas yield for just a moment?

Mr. SHEPPARD. I yield.

Mr. McKELLAR. If I can get permission of the Department of Agriculture, I should like to publish, right underneath the two reports just inserted in the RECORD, the report of the special examiner sent by the Department of Agriculture to examine this very matter.

Mr. SHEPPARD. I have no objection. The Senator, I presume, refers to the report of Mr. Hermann?

Mr. McKELLAR. I refer to the report of Mr. Hermann. I inquire if the Senator from Texas has a copy of his report?

Mr. SHEPPARD. I do not have his report.

Mr. McKELLAR. The Senator knows that there has been a report of that kind made?

Mr. SHEPPARD. It is my understanding that the cooperatives themselves requested the Farm Credit Administration to appoint someone to make an investigation into their affairs and to cooperate with them in curing defects and in making recommendations as to changes necessary to strengthen the whole structure of cooperatives, and that Mr. Hermann's report is now under consideration by the cooperatives themselves, and they expect great good to result from his investigation.

Mr. McKELLAR. I have a copy of that report in my hand and am only awaiting the consent of the Department, which I have tried to get for 2 days, but have not as yet been able to get, to put it in the RECORD. I am going to publish it. I know that the report has been made. It was made at the request of the cooperatives. The question has been thoroughly gone into by Mr. Hermann, and he agrees with me probably to the extent of from 95 to 98 percent.

Mr. SHEPPARD. It is quite probable that the cooperatives themselves will agree largely or to some extent at least with Mr. Hermann's recommendations and will put them into operation.

Mr. President, I have here a write-up of the investigation conducted by the Senator from Tennessee by a staff writer of the Louisiana Farm Bureau News.

Mr. McKELLAR. O, Mr. President, if I recall correctly, after my report was submitted and the A. C. C. A. found out what it was—is the publication to which the Senator from Texas has referred an A. C. C. A. publication?

Mr. SHEPPARD. It is an excerpt from the Louisiana Farm Bureau News. It is not stated that the Farm Bureau News is identified with the cooperative associations.

Mr. McKELLAR. If the Senator thinks it proper, I do not care whether or not it goes in the RECORD.

Mr. SHEPPARD. All I wish to do is to present the substance of what it says. I do not ask that it be inserted in the RECORD in its entirety.

Mr. McKELLAR. I am willing to have it go in the RECORD. If these gentlemen think that abuse will excuse them from stealing the Government's money and defrauding the farmers, it is all right with me to have it go in the RECORD.

Mr. SHEPPARD. There is no abuse in this paper, and I would be the last man in the world to place anything in the RECORD or to give weight to anything abusive of my friend, the Senator from Tennessee.

Mr. McKELLAR. I am sure of that.

Mr. SHEPPARD. He is one of the chief ornaments of this body, and I am proud of his friendship.

This staff writer says that the objections to the cooperatives can be summarized as follows, that those who object to the cooperatives contend that the cooperatives buy cotton too high, sell too low, and are forcing private cotton firms out of business; that the cotton cooperatives borrow huge——

Mr. McKELLAR. Mr. President, will the Senator allow me to say that, if I may be regarded as one of those who are opposed to the methods of cooperatives—and I think I might well be thus designated—I never made any such suggestion as that. That comes entirely from the cooperatives and not from me in any manner, shape, or form.

Mr. SHEPPARD. The writer does not say that the Senator from Tennessee makes these objections. He says that the general objections by the private trade to cooperatives are such as I am now enumerating.

Mr. McKELLAR. I am inclined to think from the evidence that was adduced before our committee, in fact, I am quite sure, that the statement is entirely without foundation.

Mr. SHEPPARD. Very well. Then he says further that another contention by those who object to the cotton cooperatives is that they borrow huge sums of money from the Government at very low rates of interest which the private trade cannot command.

That the cotton cooperatives lose money and that their deficits are made up by appropriations from Congress.

That cotton cooperatives under present operations are just another big cotton firm and not true cooperatives.

That the American Cotton Cooperative Association could not exist without contracts for handling and reconcentration of Government-owned cotton.

This writer further says that the cooperatives feel that they have established as a result of the testimony they gave that they handle cotton on the basis of grade and staple, giving the farmer a fair price and secure as much for the cotton as the world market will pay, returning any profits on the transaction to reserves and to members in patronage dividends.

They feel they have proved that they borrow only a relatively small amount of money from Government agencies, and in so doing pay the normal rate of interest charged by Government agencies to any other type of business using Government funds; that most of the money used in the operations are borrowed from private banks at a low rate of interest which can be commanded by any solvent cotton firm.

That save for the stabilization operation, which was a Government operation through the Farm Board, the cotton cooperatives have never lost Government money; the Government has not made up deficits outside of its own stabilization efforts; and the cotton cooperatives, on the contrary, have established over the years substantial reserves in operating capital for their membership.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SHEPPARD. Certainly.

Mr. McKELLAR. Is it denied anywhere in that paper, or by anybody, that substantially the Government has paid the cooperatives out of bankruptcy twice and that the Government has lost in that transaction $140,000,000?

Mr. SHEPPARD. It is my understanding that the Farm Board, which represented the Government in dealing with the cooperatives under Mr. Hoover, who was then President, sustained tremendous losses, and the cooperatives claim that they also sustained losses. It may be—I am not entirely familiar with the transactions—that the cooperatives were driven to the edge of bankruptcy by what they were compelled to do in carrying out the arrangements of the Farm Board. I say frankly I do not for the moment recall.

Mr. McKELLAR. The letter of the manager of the Farm Board, Mr. C. O. Moser, which has already been read into the RECORD by me, absolutely denies that situation and shows that the losses were made principally by the advance of $80 a bale on cotton, and that the cooperatives urged the Farm Board to make the loans. They have lost all. They gambled on the market; they gambled in futures as well as in spots, and the result is the loss to the Government of $140,000,000, which they will not deny, and the farmers at the same time have been mulcted by these charges and losses.

Mr. SHEPPARD. I know they claim that on the whole they have been penalized by the transactions they undertook in the endeavor to stabilize the price of cotton in connection with the Farm Board, and that they have not as yet been reimbursed. This writer further says that Mr. James C. Stone, a former chairman of the Federal Farm Board, told of the negotiations leading up to the settlement with the cotton and wheat cooperatives, and that Mr. Stone confirmed the previous statement of Mr. Creekmore that the original settlement between the cooperatives and the Board, which was approved by the cotton cooperatives and approved by the Board, had been set aside by a ruling of the Attorney General, and that under the new settlement the cooperative organizations were unduly penalized.

I understand it was the purpose of the resolution submitted by the Senator from North Dakota [Mr. FRAZIER] to go into that situation; that then the Senator from Tennessee offered his resolution to investigate the cooperatives, and that action was thus suspended on the Frazier resolution.

Mr. McKELLAR. That is true with reference to the Frazier resolution. So far as Mr. Stone's testimony is concerned, his first testimony was that the cooperatives had recommended the loans to be made and that they were following the recommendations. He afterward changed his testimony somewhat on further examination, and after he had changed his testimony there was produced a letter from the A. C. C. A. showing that they had done just the opposite to what Mr. Stone testified they had done.

Mr. SHEPPARD. Resuming my statement of what the cooperatives claim they established at this investigation, they claim they proved further that the charge of being just another cotton firm is erroneous and cotton handled by the immediate fixation pool is handled no differently from an operation standpoint than that in the seasonal pool, save the fact that the producer gets the approximate value of the cotton at the time it is tendered rather than waiting for a portion of the payment later.

Further, they claimed that they established that any Government contracts being carried out by the American Cotton Cooperative Association are being carried on efficiently and at a price below what any old-line cotton firm can handle the business.

Mr. McKELLAR. If the Senator had read the statistics taken from books of the seed-loan office he would know that the charges of the cooperatives against the farmer are several times what the ordinary trade charges the farmer for handling cotton. The operations of the seed-loan borrowers were virtually highway robbery.

Mr. SHEPPARD. Mr. President, the writer who prepared this statement——

Mr. McKELLAR. Who was the writer?

Mr. SHEPPARD. His name is not given, but if I can ascertain it I shall place it in the RECORD.

Mr. McKELLAR. I think that is merely propaganda from the A. C. C. A. I do not state, of course, that the Senator is offering propaganda for anyone, because, of course, I know him too well to do that. I think he is being misled. I have seen such propaganda before. They started out with the coarsest kind of abuse of me because I brought out the facts. Later they have been a little milder when they learned that the facts to which they themselves testified were the basis of my charges, because we had very little testimony except from the cooperative officials themselves.

Mr. REYNOLDS. Mr. President, will the Senator from Texas yield?

Mr. SHEPPARD. Certainly.

Mr. REYNOLDS. If the cotton cooperatives are charging such exorbitant fees for the services which they render, I am at a loss to understand why the producers, the raisers of cotton, continue to deal with them. That is one thing I cannot clearly understand.

Mr. McKELLAR. If the Senator will listen a moment he will learn. The seed-loan people produce a very large amount of cotton in this country. They are probably the smallest cotton farmers. They are required to sell to the cooperatives. The Government requires them to sell to the cooperatives. They have no discretion in the matter. They are told they must handle their cotton through the cooperatives.

Mr. REYNOLDS. It is my understanding, as a result of an inquiry directed to the Senator from Tennessee a moment ago, that there is nothing whatsoever compulsory on the part of the producer to deal with the cooperatives. I understand there is a very strong suggestion on the part of the Government to the producer that in view of the fact he has been given substantial aid by way of finances for the purchase of seed, the Government is desirous of having him deal with the cooperatives.

Mr. SHEPPARD. I am not sure as to that.

Mr. REYNOLDS. The cooperatives, in a sense, have been financed by the Government, according to information conveyed by my good friend from Tennessee.

Mr. SHEPPARD. No; I do not think so.

Mr. REYNOLDS. It is my understanding there is nothing written in the law and nothing absolutely compulsory on the part of the Government to the effect that those who borrow money from the Government, from the Seed Loan Board, are forced to sell their cotton to cooperatives. Is that correct?

Mr. McKELLAR. No; that is not correct. The law of 1932 provided that the Department of Agriculture should favor the cooperatives. That was before we subsidized them, before the last administration came into office. Then it was that the Department used to favor them. That law is still in existence. The Department very honestly felt it was their duty to have the seed-loan borrowers deal with cotton cooperatives. I examined the record and found they had charged these exhorbitant fees, sometimes as much as $11 a bale for handling a poor darky's cotton out of which he got less than $50.

Mr. REYNOLDS. Therefore, if a farmer takes advantage of the opportunities availed by the Government to get money for the purpose of buying seed, under the law he is forced to sell his cotton to a cooperative; but it is not compulsory by way of the law itself or any particular enactment of Congress.

Mr. McKELLAR. It is remarkable that all of them did so and still do.

Mr. REYNOLDS. It is. I grant that they did, but the point I make is this. May I state to the Senator from Texas that it is foreign to me, if these people have been so outlandishly treated by way of having been occasioned to pay such exorbitant fees and charges, why they should, in the face of all that treatment, continue to deal with the cooperatives.

Mr. SHEPPARD. I agree with the Senator. This writer continues his description of the investigation by stating that many farmers appeared in behalf of their cooperative associations, and all testified that the coming of the cotton cooperatives to their communities has resulted in a better general price level for the cotton produced in their sections and all testified that the general spread between the interior markets and the central markets had been considerably lessened when the cooperatives came into the picture.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SHEPPARD. Certainly.

Mr. McKELLAR. All the Senator has to do is to look at the record, instead of reading such propaganda, and he will find there is not a word of truth in that statement. The overwhelming proof was that these people paid more to the cooperatives than they ever had to pay to private merchants.

Mr. SHEPPARD. The writer said further that cotton cooperative members from California, Texas, Arkansas, Mississippi, Louisiana, South Carolina, and many other States testified to the benefits derived from the cotton associations in their communities.

He said further that the general level of the testimony was to the effect that the competition established by the cotton cooperatives allowed them to get a better price for their cotton; the grading and sampling of cotton by the cooperative classers in their community allowed them to know the value of their cotton before they placed it on sale.

He also said that Mr. Williamson, a State senator in Louisiana and president of a Louisiana cooperative, read into the record a large number of letters from bankers in Louisiana who told of the benefit producers in their sections had derived from the coming of the cotton cooperatives in their section.

A further statement made by the writer was that the testimony of cotton producers established definitely the fact that the grading and sampling service to farmers provided by the cooperatives has been of very great and material benefit to producers of cotton whether members of the co-ops or not.

Mr. President, my knowledge of the integrity and sincerity and ability of friends and constituents who are officials in these associations in Texas has caused me to present this summary of what took place during the investigation by Senator McKELLAR of the cotton cooperatives, a summary made by a staff writer of the Louisiana Farm Bureau News.

I have here a résumé of the testimony of Mr. Creekmore, president of the American Cotton Cooperative Association, which was given at the investigation. I shall not endeavor to read it because it is somewhat lengthy, but I ask that it may be inserted in the RECORD.

The PRESIDING OFFICER. Is there objection?

Mr. McKELLAR. Mr. President, may I inquire first whether that is the statement prepared by Mr. Creekmore?

Mr. SHEPPARD. This is the statement made before the Senator from Tennessee while he was presiding at the investigation.

Mr. McKELLAR. Instead of doing it that way, why not put all of Mr. Creekmore's actual testimony in the RECORD as it was given?

Mr. SHEPPARD. Very well, as it actually took place.

Mr. McKELLAR. Yes; not as he wrote it out. Let us have it as testified in open court, as it were.

Mr. SHEPPARD. Very well, and also the testimony of State Senator N. C. Williamson as it took place before the Senator. The Senator asks us to read the testimony. Let us have it in the RECORD as it actually took place before the Senator.

Mr. McKELLAR. Very well; I have no objection.

There being no objection, the testimony of Mr. Creekmore and Mr. Williamson was ordered to be printed in the RECORD, as follows:

E. F. Creekmore, the first witness introduced before the committee, having been duly sworn, testified as follows:

By Senator McKELLAR:

Question. Mr. Creekmore, I have a memorandum of some questions that I want to ask first. First, we had better have your identity. Of course, everybody knows you, but for the record, you are the general manager and vice president of the American Cotton Cooperative Association?

Answer. Yes, sir.

Question. And you have been during its existence?

Answer. I have.

Question. And are you president or manager of the old Stabilization Association?

Answer. I was president.

Question. That has gone out of existence, I believe?

Answer. Yes, sir.

Question. Without going further into the matter, I want you to look at this Senate Joint Resolution 38, Calendar No. 500, a joint resolution calling for an investigation of the adjustment and settlement of losses sustained by the Cooperative Marketing Association, commonly known as the Frazier resolution. Of course, you are familiar with that?

Answer. I am familiar with it; yes, sir.

Question. You are familiar with the resolution?

Answer. Yes, sir.

Question. Did your association have anything to do with promoting this resolution?

Answer. I believe that our association had nothing to do with the original preparation or introduction of it, but we have conferred with Senator FRAZIER since it was introduced 2 years ago. Senator, I have a statement which has been written out since your request has been made of us, which, I believe, covers the operations. I believe it will conserve time if I at this time be permitted to make a statement, which will cover the 1929–30 operations, or the 16-cent loan, and the 1930–31 operations, or the 90-percent loan, also by years, and the 1931–32, 1932–33, 1933–34, and 1934–35 operations.

Question. I have gone through this matter somewhat carefully, and I suggest that you permit me to ask some questions which will give the matter very succinctly, and will get in the record what we want. I do that solely so that the matter may be thrashed out while we are going over it. I would be glad to go over on cross-examination, or later, whatever you have in mind, and, of course, you will be allowed to put in the record anything that you may wish, but I hope you will let me ask a few questions about the matter first, if that is satisfactory?

Answer. Certainly, Senator, I most gladly accede to your views.

Question. Yes, sir.

Answer. I do believe that this statement which I have prepared as short as possible will give you the entire picture, so that then you will conserve time by directing the questions along certain things.

Question. We could conserve more time by following the other procedure, because I have these matters I want to ask you about, and then we will cover anything else that you have in mind.

Answer. I want you to hear me, Senator.

Question. But my mind is directed to certain things, and if you don't mind, I would like to ask that, and then, of course, I will be most glad to have your explanation or statement later.

Answer. I would be very glad to do that. As a matter of fact, of course, my attention had been directed to this matter, and I have prepared this statement, which I believe covers the matters which you and your committee has in mind, and it was with the view of conserving time that I made the suggestion.

Question. I don't think we are taking a good deal of time, and if you will let me ask you a few questions, I will get what I want. I first want to ask you about the Frazier bill. Was your corporation behind that bill, or did you seek its passage?

Answer. I am not sure, but I believe that we knew nothing about it until it was offered. When it was offered it came to our attention, and then we sought Senator FRAZIER to have cotton included in it.

Question. He introduced a bill for wheat, as I recall; that is, the bill as first introduced had been introduced to include wheat, and then you sought to have it also include cotton?

Answer. Yes, sir.

Question. And that was done?

Answer. Yes, sir.

Question. Let me ask you a further question, if you have any agency, legislative agency in Washington, acting for your association, or do you have any such agency doing anything for you whatever?

Answer. We have no regular legislative agency in Washington. Whenever there is a matter pending in Washington which we thing we should take an interest in, we will ask some of our members to go to Washington to take care of the business there.

Question. None of them stay there any length of time?

Answer. No, sir; we are affiliated with the National Cooperative Council, and are members of that, and the National Cooperative Council has a regular organization which it maintains.

Question. Well, now, who in the National Legislative Council——

Answer. National Cooperative Council.

Question. National Cooperative Council, who on that council are residents of Washington, and who stays there and looks after legislative matters?

Answer. Mr. Robbin Hood is the secretary of the National Cooperative Council.

Question. Does he devote all of his time to it?

Answer. I think so.

Question. Are there any others?

Answer. Not that I know of. He has a secretary.

Question. Who pays Mr. Hood?

Answer. Well, the Cotton Cooperative Association, through the country, I mean the various associations, form the National Cooperative Council. They all make donations to the National Cooperative Council.

Question. Now would you be kind enough—you do not have it right here at the moment, I am quite sure—but would you be good enough to give me the list of moneys which you have paid out on account of this National Cooperative Council, or for your membership therein, or if there are any others present who might be able to give it, or who might be employed by the cotton cooperative associations, as legislative agents in any way, I wish you would give me the names of those, and their concerns.

Answer. Well, I believe I can give you that general information now.

Question. That would be fine.

Answer. I think since I have been connected with the A. C. C. A.—which is the way we commonly refer to the American Cooperative Association, which connections occurred some 4 months after its organization—we became members of the National Cooperative Council; and, if my memory serves me correctly, we have paid in dues to the council $1,000 a year until perhaps this past year, at which time we commenced paying them $1,200 a year. I am glad to state that Mr. Robin Hood, who is the secretary of the council, is here today, and I am sure that he will be glad to testify, if you desire.

Question. How is that account carried on your books?

Answer. Mr. Hill, can you tell me how the account is carried? Of course, I do not know all of these details, but I think it is dues.

Mr. HILL. Dues.

Answer. Subscription and dues, I believe. I will be glad to furnish you that information exactly.

Question. I think that is all right. I have before me a newspaper called the Mid-South Cotton News, and it is published at Memphis, Tenn., and it carries the notation that it is the official publication of the Mid-South Cotton Growers Association, and this particular copy is dated "Memphis, Tenn., October 1935." Will you give me the set-up by which this newspaper is published, and who has the responsibility for its publication?

Answer. I can only give you that generally, because that is published by the Mid-South Cotton Cooperative Cotton Growers Association, which is a separate corporation from the A. C. C. A. The Mid-South publishes—the Mid-South Association, I mean—publishes it, and I understand that through subscriptions and advertisements, that those sources practically pay for it. If there should be a deficit from the funds received from its operation, I understand that would be taken care of by the Mid-South Corporation.

Question. May I ask who is the editor and publisher—I mean what individual has charge of editing and publishing the paper?

Answer. Well, of course, Mr. Henry, who is the manager of the Mid-South Association, is here. I believe he could answer any question relative to that better than I.

Question. I think you are right, and I will not ask you further about it, and I will wait and ask him. Is that the only publication that is published under the jurisdiction of the A. C. C. A.?

Answer. Well, that is not under the jurisdiction of the A. C. C. A. A. C. C. A. has a monthly paper, called the American Cotton Grower, which it publishes once a month from New Orleans.

Question. Well, how is that financed?

Answer. It is financed out of the funds of A. C. C. A.

Question. Is it charged to the cotton farmer in fixing the charges that are entered against them on your books?

Answer. The American Cotton Grower has been published for about 4 months. There are various methods of collecting subscriptions, all of which I am familiar with. The loss, if any, in the operation—and there will be a loss in their operation this year—will be taken care of out of the general funds of the A. C. C. A.

Question. Well, I read from this statement from the seed loan office——

Answer. Did you give it to Mr. Henry?

Question. Just lend it to me; I thought I had a copy of it, but I do not seem to have any. Thank you, sir. I notice that the association shows here as to subscriptions a charge of 50 cents a bale, which is charged up to the farmer. Is that the way that that matter is handled?

Answer. No; I believe no definite portion has been determined in regard to the American Cotton Grower.

Question. And as I understand you, this has just been published about 4 months?

Answer. About 4 months.

Question. Are there any other newspapers published by the A. C. C. A., or any of their subsidiaries—if I may so speak of the regional associations.

Answer. Affiliated associations.

Question. Affiliated associations.

Answer. There are no other papers published by the A. C. C. A. The Louisiana association publishes a paper somewhat similar to the Mid-South paper. The Texas association publishes a paper somewhat similar. The Mississippi association publishes a similar paper.

Question. Georgia and South Carolina and other members do not publish a paper?

Answer. Not at this time.

Question. Are you advised—I doubt if you are, but I am asking you the question—are you advised whether each of these affiliated papers is charged up to the farmers in the form of expenses on his cotton?

Answer. I think there are different systems as to prices. I would like to say that Mr. Williamson, the president of the Louisiana association; Mr. Stewart, the general manager; and Mr. Mimms, the president of the Mississippi association; Mr. Sharp, the president of the Texas association; and Mr. White, the secretary-treasurer of the Texas association, are here and will be glad to give you any information you desire about that.

Question. Yes, sir. We will be very glad to hear from them, of course. The American Cotton Cooperative Association was organized on January 13, 1930?

Answer. January 1930.

Question. Yes, sir. Did you say that you had had some previous connection with its predecessor company, the one organized previous to that?

Answer. I believe not.

Question. Or did I misunderstand you?

Answer. I believe I said that I became associated with the American Cotton Cooperative Association some 4 months after the organization of the A. C. C. A.

Question. But no one held the same position that you do, as I understand it?

Answer. No, sir.

Question. That was the first official position?

Answer. Yes, sir.

Question. Now, you spoke of the Stabilization Corporation and the fact it has gone out of existence. I want to ask you whether this is a separate organization, and just a new name—another corporation organized for convenience and officered by exactly the same personnel and employees as those who had been connected with the former corporation.

Answer. It was a separate corporation.

Question. A Delaware corporation?

Answer. A Delaware corporation, and established by the dictations of the Federal Farm Board.

Question. At Washington?

Answer. At Washington.

Question. What was the real purpose of the establishment of this corporation?

Answer. Which one?

Question. The real purpose of this Stabilization Corporation?

Answer. The real purpose of the Stabilization Corporation was to conclude the stabilization of the price, which was set about when the Federal Farm Board, on October 21, 1929—when it announced to the world that the prevailing price of cotton was too low, and through the cooperatives they would advance 16 cents a pound to cover the price.

Question. At that time did the cooperative associations owe the Government any considerable sums; and if so, how much?

Answer. On October 21—at that time I think they owed the Government practically nothing, if anything, on that day. There may have been a few small loans.

Question. Did the A. C. C. A. owe the Government at that time?

Answer. Well, the A. C. C. A. had not been formed at that time. It was formed some 4 months later.

Question. How long did the Stabilization Corporation exist?

Answer. Well, from June 4, 1930, until sometime in 1933. As a matter of fact, I am not sure that the charter has been surrendered. Mr. Daily, who is here, can tell you.

Mr. DAILY. No; because under the Delaware law they have 3 years' time to file claims before assets can be released.

Question. And that has expired?

Mr. DAILY. No; I think it has about a year and a half to run.

Question. But it is not in active operation at all?

Answer. No, sir.

Question. Has this account been settled?

Answer. No; not there. There is still a few thousand dollars held to take care of any possible claims which might be filed, and that is being held on deposit in a New York bank, and then there are probably a few other claims to be adjusted; as of November 30, 1933, however, the A. C. C. A. took over all of its assets, which it had been holding for the Stabilization Corporation—those assets which it had been holding, I mean, were turned over to the Farm Credit Administration.

Question. Who subscribed to the stock of the A. C. C. A., and in what amounts? Could you give that?

Answer. I have that in my statement.

Question. Will you just make it exhibit A to your testimony?

Answer. I will get to that later.

Question. Just answer it this way. Will you kindly furnish that and make it exhibit —, to be filed afterward with this statement?

Answer. We can give you an absolute statement of that. Do you mean the original subscription or the present subscription?

Question. I want to ask for both, but I meant the original subscription in this case.

Answer. I don't believe we have the original subscription, but we can furnish it to you.

Question. Do you remember about how much actual money was subscribed?

Answer. Yes, sir; $76,950.

Question. Was ever there any further subscriptions made; and if so, when?

Answer. During January 1935—June of 1935.

Question. June of 1935?

Answer. April or June.

Question. And how much was subscribed then?

Answer. $5,000,000.

Question. To buy what?

Answer. To buy the affiliated corporations.

Question. How much did you subscribe?

Answer. I have a list of that.

Question. And how much was subscribed?

Answer. That is exhibit G.

Question. Was the $5,000,000 money of the several affiliated corporations, or was it money that was borrowed from the Farm Board?

Answer. No; it was money borrowed from the Farm Credit Administration by the affiliated corporations, or associations, rather.

Question. Has any of that been paid back?

Answer. None of it is due yet.

Question. Then, so far as the capital of A. C. C. A. is concerned, there was $76,900 of cash that was subscribed by the various affiliates in the first instance, and then in 1935—or was it in 1935?

Answer. Yes; 2 months ago.

Question. May 1935, in the spring of 1935, the various affiliates borrowed $5,000,000 from the Government and put that in stock of the A. C. C. A.?

Answer. Correct; but A. C. C. A., through its earnings over the 4-year period from 1931 to 1935, inclusive, had accumulated a little more than $2,000,000 in earnings, which have gone to capital and surplus account. Those exhibits we have, and I am perfectly willing to continue this way; but I can, I believe, by following the other method, conserve time.

Question. I will not refer to them now, but we will take that up later on. Do you remember who constituted the first board of directors—do you have those names—of the A. C. C. A.?

Answer. I believe I could call them offhand.

Question. All right, sir.

Answer. Allen Northington, of Alabama.

Question. Is he still a member of the board?

Answer. No; he is not a member. We discovered some several years ago that Mr. Northington had been kiting checks and using the funds of the association for the use of his bank, and when that was discovered Mr. Northington was asked to resign, and he did resign. He was indicted both in the Federal court and in the State court, and he was later sentenced to Atlanta for a term of several years.

Question. Was there also a Mr. Samuel Morley?

Answer. Yes; Mr. Morley was a director from Oklahoma.

Question. State whether or not he is still with the association.

Answer. Mr. Morley is not with the association at this time, other than in a nominal capacity. Mr. Morley is one of the martyrs of cooperative marketing, in my opinion. He experienced trouble with the Federal Farm Board in the settlement of the 16-cent loan. While he is still a member of the board, he is at this time inactive.

Question. Incidentally, at this point I might add, hasn't Oklahoma been merged with the general A. C. C. A. in some way?

Answer. Well, Oklahoma is an affiliated association of the A. C. C. A., as the other associations are.

Question. Mr. Charles G. Henry. He was a director then and is now?

Answer. He is now.

Question. Of the Mid-South?

Answer. Yes, sir.

Question. And Mr. J. G. Conwell, of Georgia?

Answer. Mr. Conwell is not a director of the Georgia association. The Georgia association is now in the hands of a receiver. The association owes the Government from the $1.50 loan, and from the 16-cent price which was established sometime ago, of which I spoke, and there is now owing by that association something like $300,000. I understand from the receiver there is approximately $250,000 in cash on hand at this time, with more to come yet, so I think that association will pay 100 percent.

Question. Dr. Tait Butler?

Answer. Yes, sir.

Question. Of Memphis. He is a member of your board, was then and is now, is he not?

Answer. I am not definite about Dr. Butler; he is not a member of the board of A. C. C. A. I have suggested to the directors that he might be made an honorary director, because I personally have a very high opinion of him.

Question. I agree with you in that opinion.

Answer. Thank you. The Tennessee and Arkansas corporations were merged as the Mid-South Association, and Dr. Butler therefore went off the board.

Question. And Mr. John B. Blaylock, of North Carolina?

Answer. Mr. Blaylock has retired from the active management of the North Carolina Cooperative Association.

Question. And who has taken his place?

Answer. Mr. Mann, who is now a director.

Question. Who?

Answer. Mann.

Question. What about Mr. R. O. McCutchen?

Answer. I am very happy to state that Dr. McCutchen is here to testify, but he is not now a member—a director of the A. C. C. A.

Question. Who is the director there?

Answer. Dr. Hatchcock.

Question. And Mr. N. W. Williamson, of Lake Providence, La.

Answer. Of course, Mr. Blaylock was president, succeeding Mr. Northington, and Mr. Williamson succeeded him some years ago—2 years ago.

Question. Mr. Cowan Jones, of Texas. Is he still with you?

Answer. He is now a director. Mr. W. R. Quires and Mr. Blumenthal, I believe, are directors of the Southwestern. He resides in New Mexico. He has come to testify at this hearing, and I would be glad if he would be allowed to testify today or tomorrow, if possible, because he has a very ill baby, and I promised him that I would ask that you hear him sometime tomorrow, at least, so that he could go back.

Question. I would be glad to accommodate him in any way that we can. If you want, I would be glad to hear him this afternoon.

Answer. He said he could stay until tomorrow evening.

Question. At any time you wish we will be glad to hear from him and let him testify. Mr. Harry Williams?

Answer. He was connected with the Texas association, and is not a director of the A. C. C. A. He was some 4 years ago. He resigned.

Question. Do you recall the reason for the resignation? It is not very clear. Would you mind giving it?

Answer. Mr. Williams had borrowed some $9,000 from the Production Credit Association, a subsidiary of the Texas association, and he was asked, for that reason, to resign, as the account was some 2 or 3 years—well, I will say some 2 years overdue, or a year.

Question. Was the money repaid? Was the money you mentioned recovered?

Answer. It was paid in full.

Question. Mr. Fasberry, of New Mexico?

Answer. I don't believe New Mexico or Arizona was ever a member of the A. C. C. A. If it was, it was before my time.

Question. I have already given the names of the several presidents of the A. C. C. A., and you have been the vice president and general manager all along. Mr. C. A. Moser was the vice president and secretary?

Answer. Yes, sir.

Question. Mr. J. R. Bachard——

Answer. That is Mrs. J. R. Bachard.

Question. Is still there?

Answer. Yes, sir.

Question. Mr. H. G. Safford. If he is still there, what position does he hold?

Answer. Mr. Safford was a cotton man in Houston, Tex., whom I tried to get to come with me when I became associated with A. C. C. A. and finally succeeded. I did that, however, only upon the request of President Hoover, who wrote to him and asked him as a public service to come into the operation. He resigned 2 years ago. I think very highly of him.

Question. Mr. D. G. Hill, comptroller?

Answer. Mr. Hill is still comptroller.

Question. Mr. Surratt, the treasurer?

Answer. He is still treasurer.

Question. And Mr. Ray Epstein, assistant secretary?

Answer. When Mr. Moser resigned Miss Epstein resigned, and W. R. McCullough is now secretary, and Miss Pauline Gauss is assistant secretary.

Question. And Mr. Williamson, of Louisiana, is now the president, is he?

Answer. Yes, sir.

Question. Then the personnel at present are those whom we have just named. Is that the present set-up?

Answer. Yes, sir; that is correct.

Question. And outside of this original subscription of $76,900 that you have mentioned, I believe that all of the capital for the affiliated corporations was raised by loans?

Answer. The $76,900 was paid by the individual associations, but in connection with that, do not forget that there has been added to that the reserve accumulated in 5 years' operations.

Question. How long had it operated?

Answer. It started in 1920–21—1921–22.

Question. Practically all of the associations—this association started in 1921, and had run up until 1930, when the A. C. C. A. was formed, practically all of them had gone through bankruptcy or liquidation at that time, had they not?

Answer. That had been the propaganda circulated——

Question. I want to know what the fact is; I don't want to know anything but the facts, and nothing else.

Answer. The Georgia association, as I have stated, went into the hands of a receiver.

Question. Well, that is, as I understand it, since the year of 1930. Now, before 1930, did any of them go into the hands of a receiver?

Answer. No. Insofar as I know, no association of the present group, regardless of their present name, have ever been in the hands of a receiver. Mr. Henry, or Mr. Williamson, or Mr. Hill are here. Will you state if that is not correct?

Mr. HILL. Yes, sir.

Question. Wasn't the Oklahoma association—wasn't there some kind of an anjustment out there, or some kind of an arrangement with the Government?

Answer. Well, that is a question. I personally think it was a great loss to the Oklahoma association. I am sorry, Senator, that I am not going into this prepared statement, because this statement that I have here will cover that.

Question. Yes, sir.

Answer. It all came about by reason of the workings of this 16-cent loan. The Oklahoma association was required to turn over all of the assets to the Federal Farm Board, and to give it a loan of $1.50 a bale, and this loan amounted to some $2,150,000. Because of this loan, placed on it by this settlement—now, I am glad to go into this at this time, because I am sure you will be glad to hear the cooperatives' side of it.

Question. Oh, yes; sure.

Answer. The Oklahoma association feels that it would be unfair to continue their operation unless it could receive a settlement of their debts. Through Mr. Daley, our general counsel, arrangements were made with the proper authority, and which arrangements were approved by the secretary-treasurer, whereby a solution has been worked out whereby Oklahoma turned over all of its assets, and that is to be done, to the secretary of the treasurer, in complete settlement of the debt and the amount involved.

Question. The amount agreed upon, wasn't it?

Answer. Yes; the amount agreed upon.

Question. Will you give that amount, if you can find it, because I want to ask you another question in connection with it while we are on it?

Answer. I have an exhibit covering each of those State operations.

Question. We are just confining ourselves now to Oklahoma.

Answer. The Oklahoma association was to return to the Federal Farm Board by reason of the 16-cent loan the sum of $490,851. Now, that is to be paid, in addition to a previous payment made of $198,351.71. The statement will show the whole thing, and I would be glad to take up the statement fully, which I think is necessary to completely understand the thing.

Question. The loss in the operation of the Oklahoma association was $916,000, as shown by your exhibit?

Answer. The actual loss to the members of the Oklahoma association and the Oklahoma association, as I conceive it, as it now exists, amounts to $916,258.71.

Question. Mr. Creekmore, do you recall how much money the Oklahoma association ever subscribed—how much actual money—out of the $79,960?

Answer. No, I don't; but I imagine we can get that because that's a matter of record.

Question. While we are on the subject of that——

Answer (interrupting). We will get it from New Orleans.

Question. While we are on that Oklahoma settlement, let me ask you this about it: From General McCarl's report concerning these matters, or some of them, it develops that the Government received finally about $92,000 or $93,000. I won't be exact—I'm speaking from memory—and it also appears that the A. C. C. A., about a year ago, declared what was known as a patronage dividend, of about that sum of money. Have those two items any connection at all?

Answer. None whatever.

Question. What became of the $92,000 of money that was declared as a patronage dividend to the old Oklahoma Affiliated Association?

Answer. We have Mr. Hutchinson and Mr. Wendell here from the Oklahoma association, and they, of course, can testify to that. I can state generally that the money was distributed to the members.

Question. Do you mean the members of the Oklahoma association?

Answer. Of the Oklahoma association; yes, sir.

Question. You mean by that, the farmers composed it?

Answer. Yes, sir.

Question. Let me see if I have those figures right. It appears that on April 23, 1934, about a year and a half ago, a dividend was paid to the Oklahoma affiliate, that a so-called patronage dividend was paid to the Oklahoma affiliate of $92,908.91. As I understand you, that was distributed among the farmers who composed the old Oklahoma association?

Answer. It is all the same. There has been no change in the corporate title of the Oklahoma association. It has been continuous since 1922.

Question. My purpose is to find out, if I can, what was actually done with this $92,908.91, and I imagine that you have no personal information concerning that?

Answer. I think our comptroller, Mr. Hill, or Mr. Conroy who is here, and who have audited us each year, can make a definite statement on that.

Question. I am wondering if I have it among the papers here—whether I asked for that list. Did I, Mr. Creekmore? The gentleman over there [indicating] says I didn't ask for it.

Answer. What list, Senator?

Question. I don't think I asked for a list of the Oklahoma stockholders and the amounts due each.

Answer. The Oklahoma members?

Question. And the patronage dividend and the amount due each. When you get back, or your secretary gets back, can you give me that list?

Answer. It will be that high, Senator [indicating].

Question. How many of them are there?

Answer. I don't know.

Mr. HUTCHINSON. Thirty-five thousand.

Mr. CREEKMORE. But Senator MCKELLAR is asking, if I understand him correctly, for a list of the members who participated in the 1933-34 operation and because of that participation received a patronage dividend.

Senator MCKELLAR. That's correct.

Mr. CREEKMORE. We will furnish it to you.

Mr. WENDELL. Some of that dividend was distributed not only to members but to producers.

Mr. CREEKMORE. Nonmember producers?

Mr. WENDELL. That's right.

Senator MCKELLAR. Mr. Wendell, I would like to ask you this while we are on the subject: Was all of that distributed?

Mr. WENDELL. All but a small amount, which was withheld for paying the stenographers and secretaries and bookkeepers, etc.

Senator MCKELLAR. When was that distributed—about when?

Mr. WENDELL. I can't give the exact date. It was distributed almost immediately after we got that check.

Examination by Senator MCKELLAR (continued):

Question. Mr. Creekmore, I want to ask you if you have a copy of your charter?

Answer. Yes, sir.

Question. I believe I asked you for that?

Answer. Senator, we've got nearly everything.

Question. What we are after is facts. Let me ask you whether you recall a statement made by Messrs. Stone and Williams, a former member of the Farm Board, and yourself, that the A. C. C. A. and the various regional cooperatives were farmer-owned and farmer-controlled?

Answer. I don't recall such a statement, Senator, but I am willing to make it today.

Question. Do you know how memberships in the various affiliated associations are secured?

Answer. Generally speaking; yes, sir.

Question. I would like to know that. Can you tell us how they are secured?

Answer. Well, I think probably these various representatives of the State associations can give you more definite information, but I will be pleased to tell you generally.

Question. I will be pleased to have you do so.

Answer. We will take the Mid-South. Their contract is quite similar to Mississippi, Alabama, and other associations.

Question. I want to get that Mid-South seed-loan paper, if you please.

(Witness hands Senator MCKELLAR paper.)

Question. Excuse me. [Examines paper.]

Answer. I think I might say this, that the members of the Mid-South Association, and all other associations, in delivering cotton to their associations, on the draft either sign a membership agreement—I can't go into technical details—or it is signed for them insofar as the Mid-South is concerned—I think if it is signed by an agent the Mid-South recently has adopted a policy of mailing a membership card to the member.

Question. Suppose I have one bale of cotton and bring it to Memphis—assume I am a Tennessee or an Arkansas farmer and I bring it in on a wagon and turn it over to the Mid-South, and ask them to sell it for me; then in the receipt that I am given there is a clause in it, in small type, which declares that I am a member of the Mid-South Association—isn't that the usual way?

Answer. I think that's generally the way.

Question. Now, I notice, and I notice with some degree of interest, I want to say—take the seed-loan borrower; and that has been an institution that has been near my heart for many reasons, the principal reason being that those who borrow from the seed-loan office are usually among our poorest citizens, who are not able to finance themselves in any other way in making their crop; and I notice that on nearly every bale of cotton handled by the Mid-South those seed-loan borrowers have an item of membership fee of $5 charged against them. Many of them make only one or two or three bales, and some of them sell only one bale to the Mid-South and I am wondering if you approve of the charging of those poor farmers, unable to finance themselves in any other way, of $5 for a membership in the cooperative association, and that charge is made simply by putting in small letters a clause in the receipt declaring them to be members of the association. Is that the way the cooperative association gets its members?

Answer. Senator, I am glad to hear you say it is a matter close to your heart, because it is also a matter close to us. I think the cooperatives render a service, not alone to the members but to the United States Government cottonseed loan force, for which it has never gotten credit. The cooperatives persuaded Secretary Hyde to permit the operation of collateralized loan instead of selling the cotton outright. The question as to the $5 a bale has caused me some concern, but as I remember, and Mr. Henry will be glad to testify—I think I am trying to cover too much ground—but as I remember it, 50 cents per bale; if a man delivered only one bale he paid only 50 cents. I am not sure about that, but it is my recollection.

Question. I have given him the typical cases and he can explain that.

Answer. I say this: That the service the cooperatives rendered at a very great cost to themselves was such that if it was necessary the seed-loan members could and should be able to well

afford to pay $5 for the services received. There has been too much of an attitude on the part of the cooperative's directors themselves to do too many things for the benefit of the cooperatives as a whole at a cost to the memberships. Of course, somebody must pay the expense.

Question. Now, I may say that I began life as a cotton farmer and I was a one-horse or, rather, a one-mule man, and I borrowed money from a merchant to make my crop and paid him back when the crop was ginned and hauled to the county seat, and I have been very greatly interested in these charges, and I want to ask you about it. Here's a man that so far as the seed-loan books show, turned over one bale of cotton on the 27th of February 1934, and that was sold by the Mid-South Cotton Growers Association for $51.31. Previous to that time evidently the Mid-South had done just what you mentioned a moment ago. Instead of settling it at once, they had advanced him $5.59 in cash, and, of course, that's a proper deduction, and he was charged interest on that cash advance of 60 cents. I don't know how long it was or what the rate was and I haven't had time to go into the figures.

Answer. I would say about 2 years.

Question. I will have to get you to explain and probably have to ask Mr. Henry to get it for me. The next charge is $1.30 insurance, and the next charge $4.55 storage, and then here is a most remarkable charge to the seed-loan man that borrows $50 or $75 or $100 or $150. I believe the limit is $200—it charges him $1.40 other than regular seasonal charges. I don't know what that is. I am sure Mr. Henry will explain that when he goes on the stand. And then a membership fee of $5 and then a charge for this paper [referring to newspaper] of 50 cents on that one bale of cotton, and then his interest on cash paid out for freight and storage—that I suppose is the $4.55—40 cents more, making gross deduction of $19.34 on a bale of cotton.

This leaves an enormous charge against that farmer—if it is correct—a charge much larger than I paid when I was a young man cotton farmer on a one-horse or one-mule cotton farm. These figures are to me somewhat distressing, because I voted for all cooperative associations and the cooperative movement generally, and I wanted to see it do what we expected it to do; therefore I am asking you this question: Don't you think those charges are out of line?

Answer. I will be very glad, Senator, to go into it. I will have Mr. Hill and Mr. Hays, our auditors, go into it.

Question. That will be fine, and I thank you very much for it. Now, not speaking technically at all but just speaking generally, the Government has canceled the indebtedness that the cooperatives have owed it on several occasions heretofore?

Answer. As you say, not speaking technically, my answer is that morally they have canceled nothing. They owe us money.

Question. Let's look at the figures a moment. The Government furnished all the money that has been put in the various cooperatives, except the $76,950. The Government has had, on three different occasions, to cancel the indebtedness owed by the cooperatives. Wait a minute, I want to correct that. On two different occasions. Didn't they virtually cancel the obligation by means of stabilization—formation of the stabilization operation and then provide for the absorption of the losses? That was in 1930.

Answer. Technically, this is generally what the Government did in the settlement of the 16-cent loan—1929 stabilization operation—they took all of the assets, which I estimate amounted to two and a half million dollars at that time. They put the cooperatives in debt to them $1,700,000 and took over the cotton which morally they should have taken over without any loss to the cooperatives. I say "morally", because I hope to be given an opportunity to state just what happened and convince you that I am right.

Question. I will be very happy to have you do so—to have you put everything before us, because we desire nothing else but the facts, and I know you will give them to the best of your ability, but here's what the books show—that in 1930, when the stabilization corporation was formed, in substance the balance as shown by the books was absorbed by the Government.

Answer. Yes, sir; and I have a statement showing just what that loss is.

Question. We will be glad indeed to have it and for you to discuss it. Now, then, in 1933, there was another cancelation, wasn't there, of old debts?

Answer. By an act of Congress in 1930–31, a 90-percent loan, which was another stabilization operation of the Federal Farm Board, was settled by the Farm Credit Administration taking over all of the cotton on hand of the 1930–31 operation at really the loan value, plus carrying charges, plus the operating costs, plus the profits we had made.

Question. And the A. C. C. A. and affiliated associations were given another chance to proceed, were they not? They couldn't have proceeded at that time unless they had had this prior indebtedness wiped out?

Answer. Technically, I think you are right.

Question. That's twice that the Government has accepted the losses and the associations, or the members, have not borne any of the losses, isn't it?

Answer. I don't think so. It is twice that the Government has settled with the cooperatives, where they knew the cooperatives were agents, but the cooperatives were penalized heavily by the settlement.

Question. Be that as it may, I will now read this bill which was introduced January 21, 1935, by Senator FRAZIER. It reads as follows:

"*Resolved, etc.*, That for the purpose of adjustment and settlement of losses sustained by the cooperative marketing associations dealing in grain during the stabilization operations of the Federal Farm Board in the years 1929 and 1930 when such cooperative marketing associations were induced and requested by the Federal Farm Board to withhold grain and/or cotton from the market and to make advances to their members in order to stabilize prices, the Federal Farm Credit Administration is hereby authorized and directed to make such adjustments and settlements in accordance with the understanding that such cooperative marketing associations had with the Federal Farm Board, and on the basis of a price or a sum equal to the amount directly loaned or advanced to such associations plus carrying charges and operation costs in connection with such grain and/or cotton from the date of the loans or advances to the date that such grain and/or cotton was finally taken over by the Federal Farm Board or delivered pursuant to its instructions."

If that bill had become the law, then for the third time during the history of the A. C. C. A. and its affiliates the Government would have absorbed their losses?

Answer. The Government would have absorbed the losses, but the losses were incurred by the Government through the Federal Farm Board.

Question. Of course, that's a matter to be argued; but I might suggest it is claimed by the Government that it lent vast sums of money. Have the cooperatives themselves put up $76,950 as against these very generous loans by the Government to carry on their business? The Government having done that much, and put it all in the hands of the American Cooperative Association and its affiliates, why should the Government ever have done all that for the cooperatives? Why should the Government be required to bear all the losses?

Answer. It is just simply, as I see it, whether the Government wishes to stand back of the Agricultural Act.

Question. In other words, you don't think the bill goes far enough. Has any cooperative, any member, or any subsidiary company, or any member of the A. C. C. A., ever had to pay a single dollar in the formation or operation of these various associations?

Answer. Well, as I have stated, as I estimate, we haven't got to the point of making an exact statement as to that, because it will cost a good deal and will take a lot of time to do it. As I state, in the 1929–30 operation, the 16-cent loan, in the settlement it cost our cooperatives $4,000,000, in round figures, by the appropriation of the assets, and by putting the cooperatives in the debt of the Farm Board $1,700,000. In addition to that the members lost their equity in patronizing the 16-cent loan, and that caused a loss of $5 a bale, or $6,500,000, and, in my opinion, the members of the cooperatives and the cooperatives lost in the 1929–30 operation a total of some $10,500,000.

Question. Well, however that may be, the fact remains that there have been three general payments—one in 1931, 1933, and now there is this one, which requires the Government to be soaked with the loss—the third one is the Frazier bill. During that time has a single member of any cooperative association, affiliated, or any of your associations, ever been called on to put up $1 for any reason?

Answer. Yes, sir. In actual operation the member associations of 1929–30 were called upon to put up out of their assets, on the basis of this $1.50 a bale, of which I have spoken, or $1,700,000, and considering that there has been about $4,000,000 of the farmers' money actually taken in this operation.

Question. Now, I want to come back to my original question. Has any association ever assessed against a member—a cooperative member, a member of any cooperative association, or affiliate—has any farmer member—if I may put it that way, to make my meaning perfectly clear, it makes no difference where it came from—but has any farmer member—that is, any member of any of these cooperative associations—been assessed by your association or by any affiliate with any loss in any way?

Answer. In the 1929–30 and 1930–31 operations.

Question. The members were.

Answer. I am trying to get it clear.

Question. Yes, sir.

Answer. In the 1929–30 operation, and again in the 1930–31 operation, no member, insofar as I know—and I believe I would know if they had been assessed—was not assessed for any loss incurred in those particular operations.

Question. Well now, has any member ever at any time been assessed for any loss, however incurred, under any circumstances?

Answer. Yes; I think so, Senator; but I can't testify, only generally, on that.

Question. Can you tell me? I want to get this clearly, and I ask you if at any time you can tell me anyone connected with any association, or if any of your assistants can tell me whether any member has ever been assessed?

Answer. Well, I am sure that there are some of the members here who could answer that.

Question. Maybe Mr. Henry could tell me.

Answer. I think so.

Question. I would like to call on him for that, because I know him and I esteem him highly, and I want to find out what the facts are. Well, now, let me ask another thing. Have you got a statement showing how much money your association, and the various

affiliates of your association, have borrowed from the Government during the time that it has been in existence? Have you got that made up? If you have, I would like to look at it. Do you have a statement made up that will reflect that?

Answer. Senator, there are only a very few things that you can ask us that we haven't got prepared. There are some that were impossible to get in the time that we had; or else, if we do not have them, we did not understand the request.

Question. Well, of course, we merely want to get at the facts in this connection, so that we may be able to reach the proper conclusion.

Answer. Here is a summary of the loan obtained from the Federal Farm Loan. Here is a complete statement of that.

Question. How much was it?

Answer. Here is the summary of it made up in full. I will let you see the statement. Now, details of that loan—Mr. Hill can tell you about that.

Question. I would like for Mr. Hill to do that.

Answer. Yes, sir.

Question. I notice that the Cotton Stabilization Corporation—that is, from June 4, 1930, until October 15, 1935—in financing loans received $12,526,447.34, and in cotton equity there is shown loans of $29,388,723.26. Now, there is a revolving loan shown here of $221,255,474.84, making a total of $263,179,648.44; is that correct?

Answer. 263,170, Senator, 648. You gave that as a "nine."

Question. Now, I notice on the same page, this repayment of renewals, this item here, that that aggregates $169,711,177.05. Now, then, I find from the same page cancelation of indebtedness arising from donation of cotton to the American National Red Cross, and that was done pursuant to the passage of a resolution of the Seventy-second Congress of the United States of America, $78,250,-714.30, and the remaining indebtedness pursuant to the passage of the Agricultural Adjustment Act, approved May 13, 1931, $15,208,-757.09; is that correct?

Answer. Yes, sir.

Question. Those are the several items?

Answer. No; that is wrong. Mr. Hill, will you explain that?

Question. Well, excuse me, Mr. Creekmore, I do not mean to get away right now, and we will ask about that later on. We have found out how much money the cooperatives have actually put in this business, namely, $76,950. Now, I would like to know how much the Government has put in during this time?

Answer. Well, of course, you concede, I suppose, that where you withhold reserves from your members, and that is retained by the cooperatives, that the cooperatives have put that amount in the business. If you had a $50 bale of cotton, and if you held out of that 50 cents, and at the end of the season you put that in the reserve, then it would seem to me that the cooperatives have put the 50 cents in the business.

Question. If they have made money?

Answer. Yes. Well, we will show you that we have made money.

Question. All right.

Answer. I believe I can sum this up and that I can give you the information that you want to know about. The Federal Farm Loan Board, or the revolving fund, in the 1929–30 and 1930–31 operations, lost $107,000,000; $27,000,000, approximately, in the 1930–31 operation and some seventy-odd million dollars in the 1929–30 operation, taking the value of cotton donated to the Red Cross as of the date of donation. Against that the cooperatives and their members have lost $20,500,000, as I estimate it.

Question. Did the A. C. C. A. also deal in spot cotton all during that time? Well, the answer will be "Yes", I imagine?

Answer. In the 1929–30 season, the A. C. C. A. was organized just about after the big rush of the 16-cent loan, and it handled the cotton in the 1929–30 season. Then it was after that time that they wound up with the 10-cent loan.

Question. Did it buy any futures is the question?

Answer. The A. C. C. A.?

Question. Yes, sir.

Answer. It bought futures for its member associations as a gift, and spot cotton was sold.

Question. During the history of the A. C. C. A., or any of the cotton associations, was any money ever paid out for that purpose?

Answer. I can tell you about——

Question. I am talking about this board.

Answer. During the 1929–30 operations and the 1930–31 operations, at the direction of the Federal Farm Board, and in the 1930–31 operations, and to some extent in the 1929–30 operations, with my approval, in order to maintain the position of 1,240,000 bales long for stabilization and some 2,000,000 long for the 1930–31 season, we went in the market and made purchases. That was not hedging.

Question. What do you mean by "maintaining your position"?

Answer. I mean if I have 1,300,000 bales of cotton of the Cotton Stabilization Corporation, and we think it is advisable or necessary to sell spot cotton, then to maintain our position of 1,300,000 bales we must buy some other cotton, and we buy futures to maintain the position.

Question. Why was it necessary to maintain a position by buying futures?

Answer. That was the position of the Federal Farm Board. They wanted that done, and it was, therefore, necessary to maintain the position of 1,300,000 bales.

Question. Did they ever by resolution direct that such a position be maintained?

Answer. I can't tell you whether by resolution or not, Senator McKELLAR.

Question. Who gave you those instructions, if you remember?

Answer. Mr. Legge.

Question. Mr. Legge?

Answer. Yes, sir.

Question. He is now dead?

Answer. He is now dead.

Question. Do you know whether you have any written document from Mr. Legge about it?

Answer. Well, I don't know, but the Federal Farm Board report for 1930, 1931, and 1932 covers the question, where they make the statement that that was done.

Question. Oh, what I was trying to find out was who it was that authorized it to be done; that is, who directed that such a position be maintained. I can understand how futures can be bought to hedge spots, but I cannot understand how they would be bought for any other purpose, except hoping that cotton would go up.

Answer. This is the third annual report of the Federal Farm Board.

Question. Yes, sir. Give the page, please, sir.

Answer. Page 74 [reading]:

"Stocks had been acquired originally in an effort to protect farmers from the full force of the decline in prices due to the depression. Loans on cotton at 16 cents per pound to cooperatives in the fall and winter of the 1929–30 season, did serve to hold the price of the commodity above the 16-cent level during the period when growers were marketing about nine-tenths of their 1929 crop. When these loans were made it was expected that the depression would soon be over, and that cotton could be sold for well above the amount loaned. The price finally declined, however, to a level where values were less than the loans made by the Board."

Now I am going to leave out a few sentences and then will continue:

"It was decided, therefore, to hold the stabilization cotton off the market during the remainder of the crop year 1930–31. In accordance with this policy net holdings of stabilization cotton were not reduced during the fiscal year 1930–31, although from time to time sales were made to spinners from stabilization stocks. Such sales were immediately replaced by the purchase of other spot cotton or of futures, the latter being converted into spot cotton as opportunity developed. The total unhedged position was maintained at 1,241,509 bales as closely as possible until December 1930, when a small addition was made to stabilization stocks. As a result of a 2-cent decline in the cotton market between November 1 and December 15, 1930, which threatened to go still further, the corporation purchased 78,300 bales of futures on the New York Cotton Exchange in a few days during December 1930, and later transferred this to spot cotton."

The investigation of the committee is invited to this report to which I have referred.

Question. You think that establishes the fact that the policy of the Farm Board, and the policy of your association was brought about to maintain that position, do you?

Answer. Yes; and I think that was being done then and is being done today by the Government.

Question. It is being done?

Answer. Yes, sir.

Question. With the cotton cooperatives?

Answer. No, sir. The cotton cooperatives, since the stabilization operations, concluding July 31, 1931, have not speculated in the advance or decline of the market. As cotton was received, and the price fixed by the members for the contract, the cotton was sold to a certain amount. As the cotton was sold by us and the price fixed by the mill, those contracts have been repurchased. That is a hedge.

Question. Of course I understand, and you say you have done that for maintenance purposes, but what I had in mind is if you would hedge as it is usually referred to, if you know what I mean.

Answer. That is true, yes; I understand, and it has been automatic, Senator, since the beginning of the 1931–32 season. We have automatically hedged. Sometimes we have failed to hedge a very small percentage of our low grades. As a rule, however, we hedge, with the exception of one time, which I will be glad to give you. When the 10-cent loan was announced in 1933 by the Commodity Credit Corporation, for a period of 10 or 12 days that policy was lifted, and then when the definite policy was later announced, it was again renewed and has been continued since. With those two exceptions, the A. C. C. A. has not speculated in the advance or decline of the market.

Question. Now let me ask you, does the A. C. C. A. or its membership own a membership on the New York Cotton Exchange?

Answer. It does.

Question. When did you buy that, at the beginning of its operations?

Answer. No; at the beginning of its operations I agreed to use my membership, and give them the advantage of that, and that was continued for 2 years. Perhaps 6 months or a year later there was a membership purchased for the association and is in the name of one of the vice presidents down there.

Question. Now, do you remember what that cost?

Answer. About $12,000.

Question. Now, I will ask you this. Have you got a statement showing how much in commissions that your association or the auxiliary associations have paid for commissions for buying futures?

Answer. No, sir.

Question. Or selling futures?

Answer. No, sir. That is one of the things we could not get up because our auditors state it will take 6 weeks to do that.

Question. Let's see what you have there.

Mr. HILL. We do not have anything about that.

Question. You do not have anything at all? Well, will you please have something? Just one moment and I will see what you have on that subject. Suppose you refer to it in order to refresh your memory. I see on the balance sheet given you by the Comptroller General's report of July 31, 1932, "margin deposits." Doesn't that show what you put up to cover on cotton?

Answer. I presume it would; that would be a way you could describe it.

Question. It is set down here as $3,549,458.69. Could you say whether or not that figure is correct as reported by the Comptroller General?

Answer. Now, is that for the Cotton Stabilization Corporation?

Question. No; that is the A. C. C. A. That is the balance sheet of the A. C. C. A. which is dated July 31, 1932, and this has on it, "marginal deposit, $3,549,458.69." That indicates, if that is correct, that indicates very large future transactions, does it not?

Answer. I don't think so. Of course, I don't know what season.

Question. This is the balance sheet, and I will show it to you here. It shows as an asset in this statement, as follows: "Marginal deposit, $3,549,458.69." Does that not mean that you were carrying a pretty large amount of cooperative cotton?

Answer. Let me make this statement.

Question. Yes.

Answer. First, the Cotton Stabilization Corporation, while I was president—I was, nominally, president. The Federal Farm Board dictated and directed its policy. I followed orders. The bylaws will show that. The record will show that. Around the 1930–31 operations, it was agreed by the Farm Credit Administration and A. C. C. A. that this was to be done, and that is that we were to carry on our stabilization operations apart from our regular business. Now, I don't know, of course, which operations that has reference to. I will say this: For some time we would put up $5 a bale margin on our outstanding futures, and with $3,000,000, that would be 600,000 bales, and I would not be able to differentiate that statement at this time from the operations of the Federal Farm Board. Mr. Hill, of course, can correct me on that.

Question. What do you have to say about it?

Mr. HILL. I do not know the amount from memory.

Answer. I think when Mr. Conway takes the stand that he can give you a statement of what we had out on margin, I think.

Mr. CONWAY. Yes.

Senator MCKELLAR. All right, sir; that will be fine.

Question. I find here market difference, and this is from the balance sheet for July 31, 1932, and you show here, right here, Mr. Creekmore, the figure of $1,582,355.68. Could you explain what that there has reference to?

Answer. Well, I think we had that covered at one time. It has to do with the market difference.

Question. What does it mean?

Answer. The difference between the value of the futures sold, or the price sold to the mill, and the value as of the day the inventory was taken.

Question. Assume that to refer to the value of cotton. In other words, cotton rose after it was sold?

Answer. It might have risen or declined, one way or the other.

Question. But that is an item of that kind?

Answer. One way or the other. It might be a debit or it might be a credit.

Question. Well, on this particular occasion it was a liability, and I imagine that was a loss?

Answer. I imagine it was if it is carried as a liability, and of course there was a corresponding profit as to the A. C. C. A. operations in the enhancement or value of spot cotton.

Question. Mr. Creekmore, I now want to ask you what is an immediate fixation pool as used by the association and set up.

Answer. Immediate fixation pool is where a member is offered an advance against what is considered a world market value, less overhead, less the cost of delivery.

Question. Well, now, suppose I am a seed-loan borrower, and I bring you a bale of cotton, and you advise me that the immediate fixation-pool value—I am a member, and I have proof of that, and I bring you my cotton, and the immediate fixation-pool cotton, say, is 10 cents, and afterward you sell the cotton for 11 cents. What becomes of the difference?

Answer. It would not be possible in the operation to make a profit of $5 a bale.

Question. Well, suppose it is 10¼ cents, or 10¼ cents, for instance. Suppose I am the farmer, and I tell you to sell it to the fixation pool, say, for 10 cents a pound—I am not describing exact conditions, understand, I am using figures for illustration. I take it you sell the cotton for 10 cents, and you take it over, or your affiliates take it over at that price. Now, suppose 2 weeks later, or a week later, or the next day cotton goes up one-fourth of a cent. Does your member get the quarter of a cent, or does the affiliate get it?

Answer. I would like to suggest, in order that the Senator may understand this, Mr. Henry, you give us a statement of your membership, and I know, Senator, he can give you the details of it. The affiliated corporation turns over to us the immediate fixed pool cotton, and then it is automatically sold against that price, that is, futures, in order to guard against a decline in the market. Then if there is an advance, and if we get more, to answer your question, the proceeds, if any, resulting from the operations are distributed back to our members on the basis of approximately 50 percent of the profits to the members, and approximately 50 percent is withheld as a reserve. Now, if there was a 25-point advance in the market, that would have no bearing on the operations.

Question. In other words, for instance, suppose you bought from me a bale of cotton for $50, and you paid me for it, and then it was sent on to the Mid-South, we will say, and then afterward cotton sold actually for 11 cents, or even 12 cents. I, as a member, would not get any advantage out of this increase in price of the cotton, would I; but you say, as I understand you, that that would be credited in some way, and it would go in some fund for the—or party for the—payment of dividends to members and also to increase their reserve; is that right?

Answer. We do not follow the individual member's bale through.

Question. Yes, sir.

Answer. We do not distinguish that. It would be impossible to handle Senator MCKELLAR'S bales separate from those of the other members. The expense would be far too heavy. What we do is to pool the cotton, and we average it, and take average profits per bale. On a $5 profit a bale you would be returned approximately $2.50 a bale in cash, on a baleage basis; $2.50 would be held as reserve. I don't know, Senator, whether you understand me or not.

Question. I don't think I do.

Answer. That is all right. I hope I can make it clear. A. C. C. A. has increased its capital stock by $2,000,000 because of the withholding of a part of its earnings, which is simply a reserve to be used to take care of possible losses, or to increase its capital in order to enlarge the business.

Question. Well, now, you have been in business about 6 years, nearly 6 years. How many dividends have you declared in that time?

Answer. Well, I have a statement here of the dividends and the equities distributed. I think it amounts to a total of $6,000,000.

Question. Six million or sixty?

Answer. Six. Don't give us too much credit.

Question. Six million. If you have a statement of that, I would like to see it.

Answer. Member associations—this includes stock dividends we have made to our members.

Question. That is meant to members, is it?

Answer. Member associations. Equities distributed to member associations during the period.

Question. This is the statement here?

Answer. Yes, sir.

Question. January 11, 1930, date of the corporation, to June 30, 1935, or the season of 1931–32, $2,015,259.29; 1932–33, $1,531,511.40; season of 1933–34, $480,058.27, and so on. Now, that distribution was made to the various members or to the affiliates, in other words?

Answer. That is true.

Question. There was also distributed in capital stock, season of 1931–32, $825,254.65; season 1932–33, $303,095.55; or a total of $6,150,153.44. That distribution was all made to affiliates, as I understand.

Answer. That is correct.

Question. I am wondering about the farmer, and I want to know about that because I am particularly interested in the farmer. I want to know where that came in in the matter. How much has been distributed to them by your association or its affiliates?

Answer. I think there is a statement there which will show the results before distribution to farmers, after withholding the reserve on the part of the affiliated associations.

Question. What I wish, I would like for you to give us the amount that had actually been distributed to members of the association in all of the years.

Answer. Well, I am sorry that I do not have that at the moment, Senator.

Question. Can you get it?

Answer. I think we can supply it to you from the exhibits from the representatives we have here.

Question. All right, sir.

Answer. I think I might call your attention to this distribution in capital stock of $1,125,000, and in addition to that we have accumulated reserves of some $900,000.

Question. Has your association made money this year?

Answer. We can't tell until the end of the year. We can't tell that now.

Question. Did you make money last year?

Answer. Lost $212,000.

Question. And the year before how did you come out?

Answer. We made money. We have a statement here of the operations.

Question. Well, if you have it, I would like to have it for just a minute.

Answer. I have the other statement, also. I can get it quicker than I thought I could get it.

Question. All right, sir. According to your records, from January 11 to July 31, 1930, you made $501.36. The fiscal year ending July 31, 1931, $37,122.80. Fiscal year ending July 31, 1932, $1,143,451.84. Fiscal year ending July 31, 1933, $610,307.17. Fiscal year ending July 31, 1934, $1,875——

Answer. No.

Question. $875,686.10. Fiscal year ending June 30, 1935, loss of $212,663.87, or a total profit or gain for the 6-year period of $2,454,405.40. Well, now, I want to ask the question: If the gain shown for the 5 or 6 years was a little over $2,000,000, how

could you divide up six millions in profits to your affiliate companies, I mean a little over six millions?

Answer. We were paying equity and patronage dividends.

Question. After making $2,454,405.40, after you had made 6 millions plus, then you had this other?

Answer. No; that is not correct.

Question. I am just wondering how those figures work.

Answer. You will remember that of the $6,000,000, it included $1,300,000 distribution in capital stock from our earnings, or a gain to that extent. Because of this $2,445,405 in earnings we have distributed in patronage dividends and capital stock, or in cash dividends, approximately $1,500,000.

Question. Well, here is what is troubling me, and I am sure that I just don't see it. You have divided up among your affiliates some six million plus dollars in stock, or whatever you may call it, in capital stock.

Answer. Yes, sir.

Question. Or a dividend, or whatever it may be called.

Answer. That is correct.

Question. And then you show earnings of $2,505,000, and my difficulty is finding just how you paid out six millions in dividends to these people when you made only two and one-half millions.

Answer. Approximately $5,000,022 of the $6,150,000 mentioned was paid to member associations in cash for equities or patronage dividends, on the basis of their operations during the year. In addition to that, A. C. C. A. in earnings withheld from the operations, showing a gain of some $2,000,000 in the operations.

Question. Actual operations of the company?

Answer. Actual operations of the company.

Question. Now, I can understand that, but I can't understand whether you got four million, or nearly four million, or some three million plus.

Answer. Well, the gain of the A. C. C. A. and distinguished from the equities and patronage dividends paid. We did not keep our earnings, or the balance due our members at the end of the year for the account of the A. C. C. A. but the equities were to be paid and the patronage dividends under our bylaws to be paid amounted to about 50 percent.

Question. Well, I apologize for being stupid, because I don't know what you are talking about, Mr. Creekmore.

Answer. I am sorry of my inability to explain it to you.

Question. What is this $2,000,000 figure here?

Answer. The $2,000,000 is the reserve withheld from the operations by capital funds.

Question. That is after having paid the $6,150,000?

Answer. No.

Question. Haven't you got more than you think you have? Haven't you made, instead of having made $2,454,450.40, isn't it $8,650,000, or thereabouts?

Answer. No, sir. The gain must be considered. The profits from the operations of A. C. C. A. must be considered separate and apart from the equities and the patronage dividends paid.

Question. Will you explain to me first how the patronage dividends are paid. Are they paid in money?

Answer. They are paid in cash to the members of the association in the territory.

Question. Distributed entirely to members?

Answer. With one or two exceptions.

Question. But how do you arrive at paying patronage dividends, what is the patronage dividend?

Answer. $480,058.27 on the 1933–34 season.

Question. You paid $2,000,000 in the 1931–32 season, didn't you?

Answer. That was in a different operation. That was figured on a different basis entirely.

Question. Of course if you paid it out, this $2,151,251.29 for 1931–32, you must have got that money from somewhere. Did you get it from income, or out of a Government loan, or did you get it out of your future operations, or just where did you get the money? That is what I am interested to know.

Answer. We got the money, that is the difference between the price at which the cotton was received, and then the final net price, and it amounted to $2,000,015, and of that amount A. C. C. A. withheld a certain amount of the reserve, which went to operating expenses. The amount withheld in the various seasons can all be shown there.

Question. Well, now, Mr. Creekmore, as I say, you will find that I am a little dusty about the matter, but here is your statement for this year's operations, which is dated July 31, 1932, and it shows $1,143,451.84.

Answer. Yes, sir.

Question. And on that same year, at this same time, you paid out to your affiliates 2,105——

Answer. $2,150,000.

Question. $2,150,000.

Answer. That is right.

Question. You must have made that money, or you could not have paid it out to your affiliates. I do not know how you could have paid it out to your affiliates unless you had made it from some source, and I do not see how you got it.

Answer. Well, Senator, if you will let me make this statement.

Of course, I am glad to proceed as you wish. I am here to give you whatever information possible, but this statement which I have prepared, I think it would clear up everything.

Question. I wanted to get these other matters off.

Answer. Well, I have spent a good deal of time on it, and I think that covers things.

Question. Suppose we take an adjournment until 2:30.

Answer. Let's make it 2, if it pleases the Senator.

Question. Sure, I will be delighted to; I want to suit your wishes.

Answer. We have some 50 or 75 people up here, and they would like to get finished as soon as possible.

Mr. McKELLAR. Let's start at 2 o'clock, and we will now take a recess until 2 o'clock.

(Noon adjournment.)

The hearing reconvened at 2 p. m., October 28, 1935.

E. F. CREEKMORE resumed the stand and testified as follows:

Examination by Senator McKELLAR (continued):

Question. Mr. Creekmore, just before you begin reading your statement, I want to clear up one or two matters. The first I want to refer to is the Oklahoma Cotton Growers' Association. On April 4, 1934, as appears from report of the Comptroller General of the United States, the Oklahoma Cotton Growers' Association owed the Government $585,366.15, and it appears from that report that on or about that date the Oklahoma Cotton Growers' Association wrote to the Secretary of the Treasury and the Farm Credit Administration, setting out an indebtedness of $585,366.15 and showing that the association had on hand $14,859.20 and the following assets:

"1. 2,402 shares of stock in American Cotton Cooperative Association, New Orleans, La., of par value of $100 per share, which it estimates to be of actual value $24,020.

"2. 11,133 shares of stock of the Oklahoma Agricultural Credit Corporation, estimated value $10,520.53.

"3. Accounts receivable in the amount of $3,618.50.

"4. Accounts receivable from American Cotton Cooperative Association, New Orleans, La., for the sale of loose cotton, $6,944.51.

"5. Accounts receivable from American Cotton Cooperative Association, New Orleans, La., representing $1 per bale on cotton handled for the Oklahoma association after the 1932–33 pools were closed and before July 31, 1933, $2,052.

"6. Accounts receivable from American Cotton Cooperative Association, New Orleans, La., for reserve equity in seed-loan cotton, $6,840.03.

"7. Membership fees notes totaling $60,409.85, being past due and uncollectible, and of no value whatever.

"8. Accounts receivable from A. E. Kobs and A. F. Duk for cash advances totaling $312.59.

"9. Due from hotels for advertising in cooperative newspaper in the amount of $115. Uncollectible and considered of no value.

"10. Accounts receivable from R. C. Poston in the amount of $6.42. No value.

"11. Real estate and buildings having a depreciated book value of $59,586.85, which represents cost less depreciation to July 31, 1933. Valued at $22,000.

"12. Office furniture and fixtures and equipment and automobiles having a depreciated value of $12,553.33, valued at $4,600."

Question. That's a total estimated value of $95,767.36, and that letter contains the following—that letter from the Oklahoma Cotton Growers Association:

"We offer the above assets in settlement of the above notes and interest thereon. We understand that the United States of America cannot receive property in settlement of a debt. We have made arrangements to convert all of the above assets into cash for the amounts set opposite each, and we offer to pay said amounts, plus the cash now on hand, in settlement of said debt. In order to do this it will be necessary for us to sell and convey the assets listed above. There are practical and legal difficulties which make it impracticable to do this prior to approval of this order of settlement. We have, however, secured a purchaser who has agreed and is able to pay the amounts set opposite each of the said items on approval of this settlement. Upon approval we shall promptly forward a check for the total amount offered above, namely, $95,767.36, which includes cash on hand in the amount of $14,859.20."

Now, then, the Comptroller General's report also shows that the Secretary of the Treasury approved that settlement. Was that settlement made?

Answer. The settlement was made, Senator. During luncheon I telephoned my office for a statement, which will be here tomorrow morning. On a whole, as I remember it, the statement is correct except for the amount. I understand the amount of the debt was not as large as shown there. I, of course, am just speaking from memory in connection with something that happened 2 years ago.

Question. If the Oklahoma Cotton Growers' Association sold every dollar of its assets to the Government in compromise of a $585,000 debt—assume that figure to be correct for the moment—for $95,767.36, how would the Oklahoma Cotton Growers' Association get started again, because, as I remember, you said the Oklahoma association still existed and there had never been any interim?

Answer. That is correct. It continued to go, through financing its operation through the A. C. C. A.

Question. Then this statement in the letter of the Oklahoma Cotton Growers' Association isn't true? It says, "We have, however, secured a purchaser who has agreed and is able to pay the amounts set opposite each of the said item on approval of this settlement." Who was the purchaser?

Answer. The A. C. C. A., under the approval of and after the appraisal of the assets by the Farm Credit Administration, acting for the Secretary of the Treasury.

Question. The the A. C. C. A. now owns the Oklahoma Cotton Growers' Association?

Answer. Oh, no.

Question. Why? If the A. C. C. A. took over the assets, or bought the assets and paid $95,767.36 for them, and transmitted that sum to the Government, why isn't the A. C. C. A. the owner of the Oklahoma Cotton Growers Association?

Answer. Because, Senator, it is just like a merchandise establishment making a settlement with its creditors. They might turn over all of their goods for cash and take that cash and make a settlement with the growers, and the people who had had dealings with them—the jobbers—might well finance them and let them build up another stock of goods; but we must remember that this cooperative is a nonprofit movement, but a farmer movement to help collect their cotton. After the Oklahoma association settled its indebtedness with the Government, the A. C. C. A. probably sold it one share of stock on which probably some director put up a hundred dollars and the A. C. C. A. granted it credit because it felt it was a good organization and it would not have been in that trouble had it not been for the very unjust settlement of the 1929–30 operation which put them so much in debt to the Government.

Question. Do you hold the Oklahoma Cotton Growers Association note for $95,767.36?

Answer. No, sir; they had that many assets. They transferred the assets to us for $95,000.

Question. Did that go to the Government?

Answer. If that was the amount, that went to the Government.

Question. How long was it before you declared a dividend and turned over ninety-two-thousand-and-some-odd dollars to the Oklahoma Cotton Growers Association?

Answer. $92,000, if that's the correct figure, was probably paid during the month of August or September, in 1934.

Question. And when was that trade made?

Answer. You said, I believe, that it was made in April of 1933 or 1934. I cannot recall.

Question. Why did the Oklahoma Cotton Growers Association conceal from the Government at the time it was dealing with it that they had this dividend coming to them from the A. C. C. A.?

Answer. The Oklahoma Cotton Growers Association—I believe you are unjust to them, Senator, in saying that they tried to conceal anything.

Question. My reason for saying that it was a concealment is because I read the Comptroller's report in reference to this matter, and there is not one single, solitary word said in there about an asset, or a dividend, or an expected dividend from the A. C. C. A. That's why I used the word "conceal."

Answer. It wasn't concealed——

Question. Just a moment. If I go into bankruptcy and I list all of my assets except my interest in a corporation, and that corporation afterward pays me a dividend, which I have not listed in my bankruptcy proceedings, the court can come and collect that dividend from me.

Answer. Perhaps, if you really conceal an asset, that's true.

Question. By concealment, what I mean is if they fail to make a statement as to that asset.

Answer. No statement could have been made as of the date this letter was written, because no assets were known until the end of the year, when the cotton had been handled and the books closed, and a profit ascertained.

Question. How much profit did the A. C. C. A. make that year?

Answer. I think in the 1933–34 season it made a profit for itself of $800,000 and in addition paid a patronage dividend to its members of some $95,000.

Question. That's quite a remarkable sum, and it seems to me it was certainly the best asset that the Oklahoma association had, and in all of these proceedings there wasn't a word said about it.

Answer. May I look at the dates over your shoulder?

Question. Yes, sir. April 4, 1934. That's nearly the close of the cotton year?

Answer. They couldn't possibly have known whether any operating profit—or gains, rather than operating profit—would result from the operations until the end of the season July 31.

Question. That's true; but Mr. Creekmore, just as a businessman that you are, and I once was—we had a reason to know something about the business of the association of which we were members, and the president of this Oklahoma association was one of the directors of the A. C. C. A., and if he didn't know what was going on in that association, then nobody under heaven did know; and just as a businessman, and to leave out an asset of $92,000, does that seem to be treating the Government fair, or don't you think that's treating the Government a little shabbily?

Answer. In the first place, as of April 1933, or April of any other year, it would be very difficult for the A. C. C. A. management or the directors to tell just how their operations for the year were coming out. That's the cotton business. It is difficult, and we generally try to carry a stock of cotton on hand throughout the summer to take care of our mill customers when no cotton is moving. I would like to suggest, if I may, that Mr. Daily be permitted to explain to you this settlement. I suppose it was under consideration for several months. I presume the correspondence will show that it was discussed prior to the beginning of that session. [Addressing Mr. Daily.] Do you remember how long, Mr. Daily?

Mr. DAILY. Six months.

Answer. Six months.

Question. Let me see. Perhaps we can fix it [examines papers]. I am looking for the Secretary's letter. Apparently it began January 26 and was closed sometime in April, but an inchoate asset of that kind—now, here's the Government: I'm representing the Government for the moment, and I want to get the facts. Here's the Government that makes a compromise offer with the Oklahoma association, and by the terms of that offer apparently that association sells its entire assets to the A. C. C. A., and in a few months thereafter the Oklahoma association obtains in cash from an asset that it does not disclose to the Government as much money as it paid to the Government in compromise for about a half-a-million-dollar debt. Is that fair to the Government?

Answer. If your understanding is correct, Senator, I don't think it would be fair, but I am going to ask Mr. Daily to explain that. Is there not a statement enclosed in there where he says he has gone into the record and that he recommends this settlement?

Question. I see a statement——

Answer. I will give it to you tomorrow morning.

Question. Here is a statement here from Dr. Myers—Governor Myers of the Commodity Credit—dated January 30, 1934. I won't read it all. It is addressed to the Secretary of the Treasury [reading]:

"This offer of compromise, together with supporting documents, is transmitted to you for your acceptance or disapproval. I shall be glad to be advised of the action taken in regard thereto."

And somewhere is a letter from the Secretary, if I remember right. This is a letter of March 13 to the Governor, Farm Credit Administration, from Secretary H. Morgenthau, Jr. [reading]:

"In view of the facts in the case and the recommendations made, the offer in compromise is hereby accepted, pursuant to the provisions of section 194, title 31, United States Code."

I don't know what that is, and I haven't looked at it. I don't know what those sections of the code are; but apparently, from reading those letters, not only do I consider it as a failure to report the properties belonging to the company in the offer of compromise, but the Comptroller General seems to have exactly the same view, and I am wondering if he and I may be mistaken.

Answer. I would like to let Mr. Daily testify. This is Mr. Daily, general counsel of the A. C. C. A., who discovered this statute you mentioned.

(The witness, Creekmore, was excused.)

* * * * * * *

(E. F. Creekmore resumed the stand.)

Mr. CREEKMORE. I have gone over so much that I expected to be corrected about that 2 percent. That was in our bylaws until they were changed. At the beginning of the 1933–34 operation a sales pool was adopted whereby the A. C. C. A. would make no other charge on interest rate than the rates that we paid.

Question. That was in 1932?

Answer. Subsequent to 1932—August 1, 1933. Subsequent to the change in our bylaws and our operation, where we loaned any money to the State association our general charge was 5 percent, but it was nominal.

Question. Five percent is nominal you say?

Answer. Amounts were nominal and considering the fact that in 1933–34 we were paying 4 percent.

Question. I want you to tell me how we can get an accounting of the interest charges?

Answer. We have them here.

Question. Does that include the loans?

Answer. There were no loans after July 1, 1933, except the public loans. In 1930–31 operations and 1929–30 operations, the interest rates we charged as well as the spread in interest charge, was taken away from us by passage of the Agricultural Adjustment Act.

Question. I can understand that if you borrowed your money from the Government, but it looks like it was fifty or fifty-two million dollars that you didn't borrow from the Government and you were not restrained by any Congressional act. You could lend any money where you pleased. Just take this year: At what rate of interest have you been lending money to the State associations?

Answer. 1933? That's their individual States.

Question. I would like to have the amounts.

Answer. Mr. Conroy can tell you.

Mr. CONROY. Here is a loan under date of May 30, 1935, made to the South Texas Cooperative Cotton Association of $34,900.34. The interest rate provided on the loan is 5 percent. We have collected no interest as yet on the loan.

Senator MCKELLAR. But you will collect it? You will collect it when the note is paid? You have charged 5 percent.

Answer. We have not charged them anything as yet.

Question. It appears that you have.

Answer. That is the rate of interest provided in the note.

Question. How in the world can you provide a rate of interest except in a note. You are not telling me you can provide for interest except by putting it in the note. When I put it in a note I have to pay it. That is on account of the note.

Answer. Give me another one. Here is a loan we made February 20, 1933, to the South Carolina Cotton Growers Association in the amount of $7,000, rate of interest 4½ percent, and we collected $155.84.

Question. You mean you collected all of that?

Answer. Yes, sir; principal as well as interest.

Question. There is one at 4½ percent and the other at 5 percent. Here is half a dozen at 5 percent.

Answer. That is correct.

Question. Here is one at 5⅜ percent.

Answer. This one at 5⅜ percent is way back in 1930—May 23, 1930—at which time we were charging that spread of 2 percent. The Farm Board rate was 3⅜ and we charged the cotton growers 5⅜ percent.

Question. After Congress got that appropriation it settled that.

Answer. That has been absorbed in our operations.

Mr. CREEKMORE. As a matter of fact, Congress should repay because under the Farm Board this clause was put in [reading]:

"Clause A of the bylaws on page 22 provides for the 2 percent spread in order to take care of the losses of the A. C. C. A.

Senator MCKELLAR. Mr. Creekmore, let me give you the history of that provision. You may not know it, but I have been in Congress for a good many years, and anybody will learn if they continue to stay there. We waked up to the realization that the Shipping Board has been lending the Government's money to shipping companies under an old statute that had nothing to do with the shipping companies. They had been lending money—not millions, but hundreds of millions—at one-eighth of 1 percent, and one-fourth of 1 percent, and three-eighths of 1 percent. If I remember right—I am dealing purely with memory—there were some $85,000,000 that had been lent to shipping companies at from one-eighth to three-fourths of 1 percent, and it was caught by Senator VANDENBERG. He just ran across it one day by pure accident. He brought it up, and we had an investigation of the Shipping Board, and we found that these enormous sums of the people's money had been lent to these shipping companies, with practically no security, on 20 years' time, at rates ranging from one-eighth of 1 percent to three-eighths of 1 percent. My recollection is that we called Mr. Mellon in to explain it, because he had lent the money. He said there was an old provision in the Agricultural Act that permitted farmers to be loaned money at that rate of interest, and that it was upon the basis of a very doubtful provision in the Agricultural Act that money had been loaned out by the Shipping Board in that remarkable way, and the bringing out of the old Agricultural Act, together with the action of the Shipping Board, brought about the change in the Government rate, and it did not do any good, because Government officials have allowed you to borrow money at 1½ percent.

Answer. I stated in my statement that we have paid the Government the sum of $700,000 in interest during the last 4 years.

Question. That is a very small sum in comparison with what you have borrowed from the Government in the last 4 years.

Answer. It may be, but with the cotton business as it is, it is very difficult.

Question. Well, I imagine that is true from what you tell me about it.

Answer. Well, to that extent, in comparing our operations with the cotton factors, we are handicapped because the cotton firm has its own capital. The Government is providing the capital, and that is done not for the beneficials of the A. C. C. A. but for the benefit of the farmers, and I do say that we have made a profit after 4 years' operations. After eliminating stabilization, as of June 30, 1935, we paid every cent we owe, and we paid them $700,000 plus interest, and we have paid our members $4,000,000 in equities and patronage dividends, and are holding as a reserve $2,000,000, and still are operating at a profit. Now, I am not much of an accountant, but the information as to interest is shown there. As a matter of fact, the interest reserves, under our original bylaws, adopted now in January 1930, provide that we should have 2 percent in excess of the rate, and that rate was established——

Question. It was the rate fixed by Congress. Pardon the interruption.

Answer. And it happens to be at this time one-eighth of 1 percent. I don't know how it was worked out even. Those reserves, so I understand, are reserves of the State associations, and since that time have been distributed either in cash or patronage dividends. All of that, I think, is shown here.

Question. Here is the thing that strikes me with a good deal of force. The Congress, and I suppose through the advice of some of its bureaus in Washington, thought it wise to fix the rate of interest, the money to be loaned the A. C. C. A. at 3 percent, and authorized you to charge a differential of 2 percent. Then the Department permits you to waive—or to subordinate—the Government lien in some of those matters, and permits you to borrow money as a first lien at rates of 1½ percent, and since that rule don't apply to you, and if it be a simple calculation, you take $55,000,000, and suppose you did not do anything but lend this $55,000,000 out to your subordinate, and got the difference between the 1⅜ which the Government permits you to get from your affiliates and what you actually have to pay for the use of this money, that would amount to over $1,000,000, which is a good sum.

Answer. Well, unless you run it right down to the member, the interest rate which we have to pay, that has been charged against the cotton at whatever the interest rate was. The total interest paid to the Farm Credit Administration, plus the total interest and operation, less the interest on nominal loans to State associations for facilities, or to help them out over a period of 2 or 3 months, have been charged directly to the cotton.

Question. Now, if I recall what you stated awhile ago, what was the necessity of making the borrowing from private banks, what was that money used for, if you can recall?

Answer. It went into the operation of the cotton business.

Question. Your cost of operation is largely your personnel in your office, and that was over $1,000,000, was it not?

Answer. No; but there is not this large profit to the A. C. C. A. to begin with.

Question. You charge the regular rate of interest, don't you?

Answer. The actual rate of interest.

Question. Six percent?

Answer. The actual rate of interest is not 6. That is since the 1932–33 operations.

Question. Do you keep an interest account on your books? I would like to know that?

Answer. Do you keep an interest account?

Mr. CONROY. Yes.

Question. I would like to have a copy of that.

Answer. Have we got that as an exhibit?

Mr. CONROY. We have a summary.

Question. Well, I do not want a summary.

Answer. I am not familiar with it; I did not keep it.

Question. I would like to have a copy of the interest account, so we will have it in the record, and so we can get at just what you charged. Now you want to step aside?

Answer. Yes, sir.

Question. And some gentleman wants to be examined this afternoon?

Answer. Mr. Fredenthal, representing the Southwest Irrigation Cotton Cooperative Association.

(Witness excused.)

* * * * * * *

E. F. Creekmore resumed the stand and testified as follows:

By Senator MCKELLAR:

Question. Mr. Creekmore, I want to ask you some questions in reference to, I believe, the last exhibit, headed [reading]: "Summary of expenses apportioned to and service fees received from the United States of America—various agencies during the period from August 1, 1930, to June 30, 1935." Have you got that before you?

Answer. Yes, sir.

Question. Yesterday you said that your association had paid the Government about $700,000 in interest, all told, I believe?

Answer. For the 4-year period with the end of the stabilization operation.

Question. Now, during that period, how much money in fees and commissions and expenses did you charge the Government with?

Answer. $3,600,000.

Question. I will see if we can't be a little more accurate. In 1930–31 you charged expenses apportioned to stabilization, $531,710.32. In 1931–32 expenses apportioned to stabilization, $388,951.18. In 1932–33 expenses apportioned to stabilization, $358,305.93.

Answer. May I interrupt you?

Question. Let me get the total and you can. Total expenses apportioned to stabilization in 3 years amounts to $1,278,967.43. Are those figures correct?

Answer. The figures you have read are correct. I have not the totals here.

Question. Assume that they are. Now, I call your attention to the same exhibit, 1931–32 expenses apportioned to F. C. A., in parenthesis, $518,958.69; 1932, like expenses and like apportioned, $424,512.76; 1932–33, receiving, handling, warehouse seed loan pools, $100,214.15, making a total expense for 3 years of $1,043,685.60, and total expenses apportioned to stabilization and F. C. A. cotton during the 3 years is the sum of $2,322,653.03. Are those figures correct?

Answer. Senator, I am sorry I lost you on the last statement and the one before.

Question. You will find them on the pages of the exhibits here for 1931, 1932, 1933, and 1934 of your exhibit. You have the exhibit before you?

Answer. I am familiar with it, but you have asked me if that is correct. On the first statement you made, the amounts check. However, during the 1931 session, 1,240,035 bales handled for the Cotton Stabilization Corporation at 42.88 per bale, amount to $531,710.32.

Question. That's right.

Answer. In the 1932 season ending July 31, 1933, we handled for the Cotton Stabilization Corporation 1,311,035 bales, at 29.67 cents, amounting to $388,951.18. In 1933, ending July 31, 1,311,035 bales handled for the Stabilization Corporation, amounting to $358,305.93. Now, in 1932, 1,776,961 bales, at a cost of 29.20 cents per bale, amounting to $518,958.69. In the 1933 season ending July 31, 1933, 1,529,838 bales, at a cost of 27.75 cents per bale, amounting to $424,512.76. Now, during 1933 we also handled for the Secretary of Agriculture 117,899 bales. That cost the warehouse seed loan pool $100,214.15. That covered the reconcentrating, reclassing, and so forth. That makes a total for 1931 of $531,710.32. The total for 1932, $907,909.87, and I think that's where we have made a mistake, but I didn't follow you in the 1933 total of $883,032.84. You mentioned, I believe, a million dollars.

Question. Now, the expenses apportioned to the stabilization, as I get the idea and as I get the figure which I have before me, amounted to $1,238,967.43. What is your figure?

Answer. My figure for 1933, a total of $833,000; for 1932, a total of $907,903.87; 1931, a total of $531,710.32.

Question. What is that total?

Answer. As I get the total, which I believe is correct, it is $2,322,652.03.

Question. 652 or 653?

Answer. 653 is correct.

Question. Those were the expenses for the 3 years?

Answer. Yes, sir. Now, one moment. I want also to call your attention to an item of 1930 and 1933–34, service charges for handling A. A. A., C. C. C., F. C. A. cotton, and warehouse seed-loan pool, $789,060.65; is that correct?

Answer. Yes, sir.

Question. And in 1934–35, for like services, $724,449.32; is that correct?

Answer. Yes, sir.

Question. That makes a total for services for the 2 years, $1,513,559.98; is that correct?

Answer. $1,513,559.98.

Question. That is my figure exactly.

Answer. Yes, sir.

Question. Now, the total expense of the service for the 5 years collected by the A. C. C. A. from governmental agencies, which money was received from the Government of the United States, is $3,836,213.01, is it not?

Answer. I get $3,836,212.01. I was adding, Senator, while you were reading.

Question. There is a difference of just a dollar.

Answer. Just a minute.

Question. That is immaterial.

Answer. Let me give it again.

Question. Yes, sir.

Answer. $3,836,213.01.

Question. Now, that is an average per year to the—or that the A. C. C. A. has received from Government for expenses and during the last 5 years of $767,243.20, isn't it?

Answer. You will have to bear with me a minute.

Question. Yes, sir.

Answer. How much, Senator?

Question. $767,243.20.

Answer. $767,242.16.

Question. $243.20, I have it. That is 60 cents out. Maybe I made that error.

Answer. It is 50–50 now, Senator.

Question. No; yours was $1, and the other was 60 cents. So that your association received an annual average income of $767,000-plus from governmental agencies alone, did it not, since your association was organized?

Answer. For services rendered; yes, sir. I would like to put in the record at this time what those services were.

Question. I would like for you to put that in there.

Answer. During this period of 5 years you mentioned A. C. C. A. handled 5,997,772 bales for the Government; but the cotton in the stabilization operation, of that 1,240,000 bales were handled in 1931, or in 1930–31. 1,311,035 bales were again handled in 1932, and 1,311,035 bales were again handled in 1933. That required the services of concentration, where necessary to secure proper warehouse rates, the insurance, the general accounting payments, and warehouse charges, and all services incident to the handling of the cotton. So while the net total of 5,997,000 bales is shown, the 5-year average, we handled the 3 years of stabilization in effect 3,840,000 bales, in general figures. In other words, that is the proper charges made, and Senator BANKHEAD, when I made the statement that we handled through a period of 5 years a total of 5,997,000 bales, I think for your information I should call your attention that this does not include the carry-over, and the incidental services rendered as operations by the Government.

Senator BANKHEAD. Mr. Creekmore, I would like to have a little further explanation of the statement of what you mean in regard to the handling of the cotton, what acts are involved?

Answer. Well, in the handling of stabilization cotton—I will have to take them by terms, because the services were made for each group——

Question. Before you answer that question, that is in reference to these costs incident to handling the Stabilization Corporation's cotton, and this bookkeeping account that you refer to, is it not a fact that the officers and agents of the Stabilization Corporation were expressly the same as the A. C. C. A.?

Answer. I believe that is a mistake, Senator.

Question. I thought I understood that from your statement of yesterday.

Answer. Senator MCKELLAR, that was probably my fault in the statement yesterday. You said the Stabilization Corporation was only a bookkeeping account.

Question. It was in reference to the items we are talking about. I think it had another purpose, really, and that was to have the Government assume the losses, but I am getting away from that now.

Answer. I am not going into the policy as decided upon by Congress through the act it passed; I am just trying to give you the proper picture.

Question. All right.

Answer. It was not a bookkeeping account; because taking over the stabilization cotton, we had to establish records of the cotton, just as if we had received it from an outside source. As a matter of fact, that is what we did.

Senator BANKHEAD. Yes, sir. They had records, did they? Did they have records of cotton?

The WITNESS. The stabilized cotton?

Senator BANKHEAD. Yes, sir.

The WITNESS. No, sir.

Senator BANKHEAD. No records at all?

The WITNESS. No, sir.

By Senator MCKELLAR:

Question. Of course, the records that you had there—it was in the hands of the A. C. C. A., and after the Stabilization Corporation came in and was established, the cotton remained in your hands, just as it did before. What changes did you make?

Answer. That is not correct, probably from my failure to properly testify on yesterday. A. C. C. A. did not have the cotton. The cotton was in the hands of the State associations. The Stabilization Corporation was organized on June 4, 1930. Arrangements were made with the Federal Farm Board for the A. C. C. A. organization to handle the accounting and handling the matter of the cotton for the Stabilization Corporation. A. C. C. A., for the Stabilization Corporation's operations, took over the cotton from the individual State associations who had participated as agents, in effect, of the Farm Board during the 1929–30 operations. That required just as much effort as it would have to have taken it over from some other source. All of the records had to be made—permanent records, books. The insurance on stabilization had to be paid. I suppose it amounted to half a million dollars during the year, maybe more.

It amounted to—oh, I don't know. The warehouse had to be accounted for and paid. When stabilization took over the cotton it found it was in some warehouses which were charging very high prices. It was necessary to reconcentrate or ship this cotton from one point to another—from one point to another point, to secure lower warehouse rates, lower insurance rates. The account during these years was more or less active, at the direction of the Federal Farm Board. There was some of the cotton sold to the trade, just exactly as the A. A. A. pool sold its cotton, and the farmers also, because of the great shortage of the proper class of cotton, and the repurchase of this cotton was made in the form of futures. Then later those futures were sold and spot cotton was repurchased. Then, finally, 466,000 bales of the cotton, more or less, were sold in the channels of trade; and 866,000 bales, more or less—844,000 bales, I believe—were delivered to the Red Cross, upon instructions from the Federal Farm Board. The accounting had to be looked after, and the delivery had to be, just the same as if the cotton was sold, and the charges for this service were $42.88 per bale for the first year, $29.67 per bale for the second year, and $27.33 per bale for the third year, based on an agreement reached with the Federal Farm Board, and perhaps the Farm Credit Administration in 1933; I don't recall just whether the Farm Board had gone out at that time or not. And those figures were considerably less than the Farm Board or any governmental agency could have handled the cotton for.

We do say that because of our own operation it did result to a benefit to our members as well as to the Government; it resulted in a mutual satisfactory operation, because handling that volume of cotton for the Stabilization Corporation to some extent reduced our overhead. In the years 1930–31 operations 1,796,961 bales were turned over to us by the Federal Farm Board, and an agreement was reached at the conclusion of that stabilization operation that the Farm Board would have to pay the expense. As a matter of fact, in my statement made yesterday, the Farm Board—when we went into the operation they knew that the expense of the operation, any loss, would have to be paid by them.

Question. Was there any agreement to that effect?

Answer. No; there was no written agreement to that effect. Mr. Legge, in urging me to adopt this 85- and 90-percent loan, stated he would finance us for a period of 3 years. I called his attention to the fact that the A. C. C. A. had no capital—$76,000 at the time—which I am glad to testify to, Senator BANKHEAD, the earnings withheld as surplus has been increased to over $2,000,000 capital and surplus alone, and the $5,000,000 from the Farm Administration increased that capital and surplus to $7,000,000; but I told Mr. Legge, "You have wiped out the cooperatives on the 1929–30 basis; A. C. C. A. has no money." He said, "You are going to finance it. This operation must be at your responsibility." Mr. Legge is dead, but Mr. Stone, vice chairman of the Farm Board, is alive, and he was present, as I recall, at these various conferences, and I know will be glad to testify if the committee thinks it necessary. This cotton was carried for the year ending July 31, 1932, and for the year ending July 31, 1933, and was then turned over upon the direction—certain sales were made under the Agricultural Act passed in 1933, and the cotton was turned over to the Farm Credit Administration at the cost of the loan value, plus the operating costs, plus carrying charges, less any profits we may have made in the operation.

Senator BANKHEAD. It was turned over to the Farm Credit Administration?

The WITNESS. Yes, sir.

Senator BANKHEAD. What was the average cost?

The WITNESS. I think the market at that time was 9¼ at the time it was turned over. I think that was the agreement reached at that time with Governor Morgenthau and Secretary Wallace, and I hope you will read my statement showing the loss in operations to the revolving fund.

Senator MCKELLAR. That loss was borne by the Government, of course?

The WITNESS. Yes, sir; the whole question is whether the additional loss of $10,000,000 borne by the members should be taken care of. So on the 1930–31 operation we handled 1,776,961 bales; the next year, 1,529,838 bales, on which we were paid, respectively, 20.20 per bale and 27.33 per bale. There were no profits, in my opinion, made in the operation. I think it was a very cheap cost to the Farm Board or the Farm Credit Administration, but if there were any profits made they were taken back in the settlement. I think in the two operations we rendered a very great service to the Government.

Senator BANKHEAD. Do you figure you saved the Government money by that service?

The WITNESS. My statement there will show that it did. I believe this, Senator: That the Government itself couldn't have gone out and gotten an organization to handle any of these operations at the cost at which we have handled them, but I say frankly that in handling them it has to some extent reduced our overhead. My salary—the salaries of all of our executives are decreased because of the additional volume handled; but regardless of the efficiency of our organization, the volume handled decreased

the A. C. C. A.'s overhead, the volume decreasing the cost to the various governmental agencies.

By Senator MCKELLAR:

Question. Now, Mr. Creekmore, in addition to this income of $3,836,213.01 for the 5 years for handling the Government's cotton, it has been estimated that the American Cooperative Cotton Association made about a million dollars annually, did it not, by charging member associations a minimum of 2 percent more interest than the A. C. C. A. paid the Government?

Answer. No; that's a mistake, and, for the sake of time, we are working on that to try to present a picture, and I would like to go into that later.

Question. Just assuming for the instant, however, that these figures are substantially correct—and I am not present advised as to their correctness—but assume for the moment that they are substantially correct, then that $5,000,000 added to the $3,836,213.01 would make the enormous sum of $8,836,213.01 received as heretofore set out by your company from the Government during its operations—received by your association from the Government?

Answer. Well, of course, I say that your estimate is entirely wrong, but assuming that it is correct, then to that extent the Government has been benefited by a very satisfactory service and the farmers of this country have received the benefit of any earnings made by the A. C. C. A.

Question. At a cost to the Government of about $1,670,000 a year if that estimate is correct; $1,670,000 a year assuming the interest received amounts to a million dollars a year.

Answer. I don't follow you, Senator, on the cost to the Government.

Question. The various agencies of the Government, including interest, paid you $8,836,213.01, and by a simple division by 5 years, you have been operating at about $1,670,000 a year—a pretty good income from one customer.

Answer. An income, of course, depends on the gross and the net. The income we have received from the Government has no net to it. It would be very difficult to make a definite statement, but I don't think you could consider it was a cost to the Government, in view of my statement. We had performed a service which was, in my opinion, cheaper than the Government itself could have performed it. Are you going to charge, Senator, the Government up with the losses of the interest of a million dollars for 5 years?

Question. I am trying to find out where you made these profits and it seems to me this is one method of finding it out. You spoke of the farmers getting the benefit of the profits. You never lend a farmer money—neither you nor the affiliated associations lend the farmer money at 1½ percent or 1½ percent or even 3 percent. The farmer paid from 5 to 6 percent.

Answer. You lose sight of the fact that any profits we make belong to the farmer.

Question. Of course, if they get them. What do they get back? You said you declared a dividend one year and got back 50 cents a bale. That's just enough to pay the charge of the newspaper you are running.

Answer. We have never charged 50 cents a bale on any newspaper we are running.

Question. Wait a minute. Mr. Marshall, will you get me my little box. I may be mistaken, so I will get the record. [Examines papers.] I have got Mr. McCarl's report here. I have here that on February 27, 1934, one of my seed loan friends in Memphis turned over to the Mid-South one bale of cotton and he was charged a membership fee of $5 on that cotton and association news subscription of 50 cents and there are 49 typical cases as shown on this statement, and 50 cents for association news subscription was charged on every one of them.

Answer. We discussed that yesterday. There are 49 typical cases out of 150,000 real cases. Mr. Henry, I understand, will testify on that and can make his own statement regarding it.

Question. I am looking at this matter from the farmer's interest; first, because that, as you know, is the bedrock upon which all of us were bringing this procedure. What was the largest dividend per bale that any of the members ever received?

Answer. I am unable to answer that question, because the records have not been prepared in that way.

Question. Did they ever receive as much as 75 cents?

Answer. Some of the members in some of the State associations have received more than that.

Question. More than that per bale?

Answer. In equity payments, but I am not prepared now to show that.

Question. I see here Mr. Henry's company has an item of $1.40 for charges other than regular seasonal charges. What that means I don't know, and Mr. Henry will explain that when he comes on the stand. That's an outside charge for some purpose, and I am sure your association never paid that dividend to the farmers—$1.40. You say the farmer got the benefit of it, and I am showing you two items of a farmer bringing one bale of cotton in and paying 50 cents for an association news subscription, and another $1.40 per bale for charges other than regular seasonal charges, which would more than cancel any dividend that the farmers might have gotten. How do you explain that?

Answer. You are speaking of seed loan. I think Mr. Henry can testify about that, and I couldn't state what another man is going to testify to.

Question. While we are talking about the farmer's adjustment I want to see what the records show as to what they got out of it. It is easy enough to charge them additional fees like association news subscription for newspapers, and, in my judgment, your association has no right on earth to publish that newspaper. I think you are entirely without the law in publishing it, if I remember the law right. I don't believe you have a right to publish a newspaper in the interest of your association, but, be that as it may, you are charging the farmer for that newspaper, are you not? It comes out of the farmer's pocket eventually?

Answer. We are perfectly willing to meet that question legally when brought up. We think we have the right to publish a paper and the members seem to want them, so I don't suppose we had better get into that discussion.

Senator BANKHEAD. Is this a compulsory subscription?

Answer. In some States it is, and I understand in the mid-South the provision is that every member is a subscriber, but, as I say, Mr. Henry will testify about that, and I am testifying only from general knowledge.

Question. I want to ask you this about that particular thing: Do you approve of the Mid-South's action in requiring members to take a newspaper and charge them for it, whether they want it or not?

Answer. I am rather inclined to approve of anything the members of cooperative marketing want. I may disagree with their views to some extent, but I believe the cooperative movement is good with regard to the newspaper, because it has so little proper publicity, and for that reason I am inclined to think we should go into it more.

Question. Well, take a member of this seed-loan organization—I mean a borrower from the seed loan—and let us assume he is a colored man—and we have dealings with colored men as well as white men—and suppose this colored man can't read your paper, and he sells one bale of cotton to the Mid-South Cotton Growers Association, and he is charged up with 50 cents per bale and is compelled to take the paper. Is that the way to help the farmer?

Answer. Senator, as you know, you can't have a dividing line on any provision. There may be some injustices done, but we have a great number of Negro members of which I am proud. I was in Mississippi last year; and if it would be of interest to this committee, I believe 10 or 12 of them will come up and testify on that thing about cooperative marketing and the paper.

Question. If it would help get at the facts, I would like for them to come. Have you finished with that?

Answer. No; I haven't followed you on the interest.

Question. We can't go into it unless we have a copy of your interest accounts taken from your books.

Answer. I think it would be proper at this time, since the question of what governmental agencies have paid us for services in handling cotton has come up, that I should read a letter and make it a part of the record.

Question. All right.

Answer. Dated February 23, 1935, from the Commodity Credit Corporation, Washington. [Reading:]

"Mr. E. F. CREEKMORE,
"Vice President and General Manager,
"American Cotton Cooperative Association,
"New Orleans, La.

"DEAR MR. CREEKMORE: Your letter of January 25 was received during my absence from the city, and I have just had an opportunity of going over the statements which you sent to me"—

That's the statement filed a few minutes ago.

Question. Exhibit 1?

Answer. Yes, sir. [Continuing reading:]

"The statement on reconcentration of Commodity Credit Corporation's cotton makes a very fine showing, and I feel that American Cotton Cooperative Association did a good job for us in handling the details of this work.

"I am very glad to have the statements for our information and files, and I appreciate your sending them to me.

"Yours very truly,

"LYNN P. TALLEY, *President.*"

Here is a letter I got on October 10, 1935, and I called the official who wrote it to me and asked if I could present it if the situation so required, and he said he would be glad to have me do so. This is dated October 10, 1935, Scott, Miss. [reading]:

"Mr. E. F. CREEKMORE, *Vice President,*
"American Cotton Cooperative Association,
"New Orleans, La.

"DEAR JERRY: Thank you very much for your letter of October 8, enclosing a memorandum of the same date from Willman, covering the question of pending claims arising out of pool sales.

"Without doubt, you and your associates have rendered not only a splendid but a truly wonderful service in connection with the marketing of this cotton. The transactions have not only apparently given complete satisfaction to hundrdes of customers who have purchased pool cotton but have, at the same time, complied with the rigid and technical requirements always imposed in connection with the handling of governmental property. I cannot too highly commend Mr. Willman and his associates for this job"—

Mr. Willman is an assistant to me—

"Nor can I begin to tell you and your associates just how much I personally appreciate the way in which the whole transaction has been handled."

Question. Signed by whom?

Answer. Oscar Johnson, manager, A. A. A. cotton pool.

Question. You speak of saving the Government money in warehousing charges and insurance. Couldn't anyone handling that for the Government make those same savings?

Answer. If they had an equal amount of ability; yes, sir.

Question. You spoke of the handling of the 1931 pool and the cotton operation handled for the A. A. A. Wasn't there a duplication in some of that cotton?

Answer. There was a duplication to this extent: That 1930–31 operation, by the act of Congress in passing the Agricultural Adjustment Act, was turned over to the Farm Credit Administration. The Farm Credit Administration sold it to the Secretary of Agriculture.

Question. I hate to interrupt you, but could I ask you, did anybody get a commission for the sale of the cotton from the Farm Credit Administration to the Secretary of Agriculture?

Answer. I can only testify insofar as the A. C. C. A. is concerned, that they did not.

Question. I am glad there was one transaction where there wasn't a commission.

Answer. You don't object to commissions, do you, Senator, if they are earned?

Question. If they are earned, I do not.

Senator BANKHEAD. Who fixed the storage rates on the recent movement of cotton to concentration points?

The WITNESS. On the 12-cent loan?

Senator BANKHEAD. Yes, sir.

The WITNESS. This loan the Commodity Credit itself handled the contracts in arranging for restorage of the cotton much along the same plan that we handled during the 1933–34 movement, whereby we handled 179,000 bales. The reconcentration of the cotton, the warehousing, the point to which the cotton was to be shipped rested with the Commodity Credit Corporation.

By Senator MCKELLAR:

Question. Who designated these various reconcentration places?

Answer. Are you speaking of the same question that Senator BANKHEAD spoke about?

Question. Yes.

Answer. When the cotton couldn't be sold under the policies of the Agricultural Adjustment Administration, as it was apparently their desire to continue the loan until February 1 and withhold the cotton from competition unless cotton went to 15 cents a pound; for that reason the concentration of the cotton was evidently because there was a 12-cent loan maintained in small warehouses and Senator BANKHEAD stated that he was advised, I believe, by Governor Talley, when it was suggested that there would be 300,000 bales moved in Alabama, it would be better to leave the greater part of it where it was.

Question. This cotton wasn't for the purpose of sale, but just for reconcentration purposes, whatever such purposes were; in Tennessee a great deal of it would move out of the warehouses and I believe some would move to other States, making the cost of freight, storage and handling, cost of insurance, and that was done over the very vigorous protest of both Senator Bachman and myself, to which I recall we never had the courtesy of a reply. Why was that done, because I am really wondering why all this cotton was moved from one warehouse to another over the protest of representatives—the Senator from Alabama and the Senator from Tennessee?

Answer. And you, Senator, are you asking me?

Question. Yes; I am asking you.

Answer. This job of a cooperative manager has been a responsible one. I think it was moved to provide arrangements to take care of the coming crop.

Question. When they don't have a loan it doesn't stay in a local warehouse?

Answer. No, sir; I have felt that an unnormal situation was created by the rules pertaining to the 12-cent loan, which holds the cotton at its first point of location rather than allow it to move in its normal way; but I was vetoed on that by Mr. Johnson and Mr. Talley; but, Senator, storage charges were not increased. I am only generally familiar with it, but I believe I can make the definite statement that at no time was any cotton moved unless the rate of storage and, in most instances, the insurance rate, was materially reduced.

Senator BANKHEAD. I know of cases where the warehouse agreed to meet the competitive rates and still move the cotton.

The WITNESS. If so, it was done against my general advice.

Senator BANKHEAD. I handled some cases with Mr. Rathell of that kind, and they said, "Well, we have a contract with the A. C. C. A. to move it, and we have moved it."

By Senator MCKELLAR:

Question. What would you charge for moving that cotton?

Answer. There was a total charge, a sliding charge—I think I have the contract here. I think there has been a good deal of misunderstanding about the movement of the 12-cent cotton—the 12-cent loan cotton. As I have stated, the A. C. C. A. acted only as agents. We were told that the Commodity Credit Corporation would attend to the warehousing. I know nothing about the instances mentioned by Senator BANKHEAD.

Question. The same thing occurred in Tennessee. I remember in particular a case, I think it was in Lawrenceburg, where they offered to meet any charges and they had a good warehouse, the way they informed me.

Answer. But I think as a whole where it moved the rates were reduced and, frankly, I have been for a reduction in the rates, although I want to see the warehouse make a fair rate. We were representing the farmer.

Senator BANKHEAD. The thing I complain about is why, when the local warehouse and conditions are satisfactory, another warehouse offered to meet the rates and still move the cotton.

By Senator MCKELLAR:

Question. How much did your association receive as a commission for moving this cotton and reconcentrating it?

Answer. Of course, there are more services as to that. For the first 500 bales or any part thereof, 48 cents per bale, and then on down to 35 cents per bale.

Question. That's all been done?

Answer. It is all in the course of being done.

Question. What will it cost the Government to reconcentrate this cotton, just for the expense of handling it—I am not talking about freight. Are you authorized to pay freight on cotton to new concentration points?

Answer. We audit the bills and forward to the Commodity Credit Corporation. I think there is a total of 1,600,000 bales and one and one-half million bales.

Question. How much would the 1,600,000 bales cost the Government for your charge alone?

Answer. About 43 cents.

Question. I would like to get that in money. Forty-three cents a bale, and how many bales? One million six hundred thousand bales. I am a poor mathematician. That amounts, according to my multiplication, and it may be wrong, just a tidy sum of $688,000.

Answer. Well, that depends on how you look at it. It is a nice little sum from one viewpoint, but when you take in consideration the expenses incurred, it doesn't seem so big.

Question. That's just for the handling of it. What is the cost of the freight? Have you any idea about that?

Answer. I think the cost of the freight can be eliminated in considering the cost, because generally the cotton moves in the direction in which it is going and that expense would be incurred. There might be a little penalty. If you move the cotton from one point in Alabama to another point, going to Mobile, I think you could get the benefit of the transit rate, or moving it from one point in Alabama to another I think you could get the transit rate from Georgia to North Carolina, but I am not quite up in freight rates. There have been changes.

Question. Suppose the Government finds that the Red Cross should need some more cotton to manufacture, and suppose we would put a provision in the law that may not be there—I have telegraphed for the law to be sent to me—but suppose it was necessary for Congress, in order to help the agricultural interest, to have to buy 1,600,000 bales of cotton and turn it over to the Red Cross, like we did the 800,000 bales, then the reconcentration charges of all kinds would be a total loss to the Government?

Answer. I don't think so. I think the saving in storage would be——

Question. Could you give us what would be saved in storage?

Answer. Not on this operation, because it hasn't been completed.

Question. Could you give it to us on the 1,600,000 bales that has been completed?

Answer. No, sir.

Senator BANKHEAD. The difference in storage is 12 cents?

The WITNESS. Twelve cents a bale.

By Senator MCKELLAR:

Question. If the various warehouses that then had the cotton were perfectly willing to meet these storage charges—and I have been advised that they were—then there isn't any saving at all?

Answer. That's true.

Question. I have curiosity as to why this 1,600,000 bales was moving at all. Offhand, it looks like a very peculiar proposal, and I am wondering who headed the movement to reconcentrate this cotton in another warehouse. Could you tell us? I am going to ask our good friend and associate if he can tell us [referring to Senator BANKHEAD]?

Senator BANKHEAD. I don't know who proposed it, whether it was Mr. Creekmore or the Commodity Credit.

The WITNESS. I am in no way connected with the Commodity Credit, and you do me a great honor, Senator, by linking me with it. That's the first compliment I have had.

Senator BANKHEAD. Who made that contract representing the Commodity Credit Corporation?

The WITNESS. The contract was discussed first by Governor Talley and myself. He said he was considering moving the cotton.

By Senator MCKELLAR:

Question. Did he initiate it or did you?

Answer. I am sure I can't say, Senator. I am rather inclined to think he initiated it, because they asked us several times if we would go ahead and make a bid on the services, and it was so difficult we considered a long time before we decided to do so. Mr. Rathell asked us if we would make a bid. He asked us to make a bid, and I went to Washington and reached an agreement with Mr. Talley on the services that we were to perform.

Question. Have you got that paper? The contract, I mean.

Answer. I have it here.

Question. Will you make it an exhibit to your testimony?

Answer. Our executive——

Senator BANKHEAD (interposing). I don't blame you for making the contract.

The WITNESS. Well, I do not deserve any credit for making it.

Senator BANKHEAD. I do not blame the Commodity Credit Corporation, because as this matter was announced it became apparent immediately that every warehouse would meet the rates. I think every warehouse that has anything to do with cotton in my section immediately took it up with me, and they promptly agreed to meet the rates.

The WITNESS. If there is any criticism, it should not be directed to the A. C. C. A.

Senator BANKHEAD. I don't blame you. I think you were clearly within your rights to take advantage of a business opportunity.

The WITNESS. There were a number of warehousemen, when this was announced, who offered to hold it at the same rate.

Senator BANKHEAD. I think practically every one of them met the rates.

Senator MCKELLAR. I have no doubt of that.

Senator BANKHEAD. Everyone that had cotton in my territory immediately got in touch with me, and that included a very large number.

Mr. CREEKMORE. You heard my statement, and I am sure you must be cognizant of the situation. The Commissioner of Agriculture went to Washington, as I understand, and after having made a survey of the situation, the Commodity Credit Corporation wanted to get rid of 300,000 bales of cotton in order to make room for the new crop.

Senator BANKHEAD. Yes; but that was at a time when they thought they would have another 12-cent loan, and if that had been continued, then that crop would not have been liquidated; but when the other policy was announced, and when cotton again entered into the world markets, the cotton was sold rather than being held. It was the announcing of the program on the loan that made this movement.

The WITNESS. Well, I don't want to take the time to discuss this contract.

By Senator MCKELLAR:

Question. Put it in the record.

Answer. I will make the statement that this contract gives the Commodity Credit Corporation the entire liberty of deciding how many bales shall be moved, and how many shall not be moved.

Senator BANKHEAD. That is the reason that I have been condemning them, and I have condemned them to their face, because they did have the power to quit, and that should be stopped right now.

The WITNESS. And this I would like to have go in the record in connection with the contract. In a number of instances the warehouse receipts were sent to us for reconcentration, and then for some reason or other best known to the Commodity Credit Corporation we were asked to withdraw and return to them, and that is what was done.

By Senator MCKELLAR:

Question. How much of that was done?

Answer. I don't know.

Question. Let me get this in my mind. You mean to say that after you received the order to reconcentrate the cotton and you carried out the order——

Answer. No; I did not say they were carried out.

Question. You have the memorandum of that?

Answer. Yes, sir.

Question. Don't you know that the Commodity Credit Corporation, at the last session of the Congress, I believe it was an amendment offered by you, Senator——

Senator BANKHEAD. No; by RUSSELL.

Question. By Senator RUSSELL, of Georgia, that he offered an amendment to the deficiency bill which prohibited by law the Commodity Credit Corporation, or anybody else, from reconcentrating cotton further, and that that passed the Senate unanimously, as I remember——

Senator BANKHEAD. Yes, sir.

Question. Or was unanimously reported out of the committee, passed by the Senate, and it only failed to be kept from being law by the ridiculous filibuster that the late Senator Huey Long inaugurated; isn't that so?

Answer. I don't think, as I remember the situation, that is correct. It did not pass the House.

Question. The conference report was held up in the Senate. All of the cotton Senators, every single cotton Senator, so far as I remember, and I mean by cotton Senators, Senators from cotton States, were in favor of this bill and voted for it?

Answer. On behalf of the farmers we represent I wish to go on record as saying that I consider it is the duty of the Commodity Credit Corporation, when we are carrying cotton of the farmers, to pool the cotton at the lowest rates possible. Insofar as the local warehousemen are concerned who would be willing to meet a rate, I do not see, as I think the Senator suggested, where they are subject to criticism, but I believe that in handling the product of the farmer, which is what we are doing, that it is our duty to handle that cotton at the lowest possible figure, and that is what we have been doing, and that has been the objective of the A. C. C. A. and the cooperative corporations in handling all of the cotton, and also in handling the cotton entrusted to it by the Government.

Question. If you have finished about that, I want to ask you another question——

Senator BANKHEAD. I want to ask one. I wish you would make a statement about what services were actually performed in the moving of the cotton.

Question. Performed by the A. C. C. A. and at a cost of $688,000 to the Government.

Answer. There has been a great deal of furor about the 12-cent loan, and I asked our Mr. Cooper, in our tabulating department, to prepare me a statement before I knew of this hearing, but I want to read it in at this time. [Reading:]

"OUTLINE OF PROCEDURE FOR RECONCENTRATING C. C. C. 12-CENT LOAN COTTON

"(1) Receive and record in control records all producers' notes and related receipts delivered by Federal Reserve banks.

"(2) Check producers' notes for name, bales, and amount to Federal Reserve banks' trust receipts. Check total receipts attached to each note.

"(3) Properly identify producers' notes and all related papers with like reference number.

"(4) Separate warehouse receipts from notes and count total receipts for purpose of verifying total shown on trust receipt.

"(5) Add total bales shown on producers' notes and compare with total shown on trust receipt.

"(6) Prepare adding machine tapes from receipts for total—tag number, weight, and loan number.

"(7) Punch detail tabulating card showing: Ownership (Civilian Conservation Corps), transportation, storage date, location, compression, weight, tag number, card number, bank (from which received), trust receipt number, A. C. C. A. account number.

"(8) Verify punching of cards with mechanical verifying machine.

"(9) Prove punchings by comparison of tabulating machine totals to adding machine totals.

"(10) Maintain bale controls in stock record.

"(11) Prepare detail tag lists to accompany shipping instructions to warehouse and forward warehouse receipts.

"(12) Prepare date controls to be used in making statement of storage charges to be forwarded to warehouse for certification.

"(13) Prepare detail tag list, by loan, for purpose of allocating storage and freight charges to individual producers.

"(14) Prepare bills of lading either by loan or for carload, whichever is stipulated by the traffic department.

"NOTE.—Cotton moving to interior points must be moved on bill of lading by loan, and freight bills attached to producer's note. Cotton moving to ports may be moved in carload lots, but expense bills must be split on request of corporation."

That causes a great deal of extra work, because each account is kept separate, and the added expense of the freight and the charges are put on there. [Continuing:]

"(15) Accrue transit insurance for each loan.

"(16) Trace cotton from origin to destination and allocate specific bales by original ownership.

"(17) Compare original warehouse weight of each bale with reconcentration warehouse weight and make claims for excessive losses.

"(18) Make claims for damaged cotton.

"(19) Credit producers with collections made for loss in weight or damaged cotton.

"(20) Punch charge cards for each producer's note—charging storage, freight, transit insurance, service charge.

"(21) From producers' notes punch cards for name, address, and amount of note.

"(22) Maintain progress control on each trust receipt.

"(23) Secure samples and class all bales reconcentrated.

"(24) Make record of class of each bale.

"(25) Prepare statement to be attached to each note, showing: Name and address of producer, arrival date of first bale for each account, original location, original tag, original weight, new location, new tag number, new weight, class, total bales, total original weight, total new weight, original amount of note, warehouse charges paid, freight charges paid, insurance charges paid, total of all charges.

"The above statement is to be furnished in duplicate—one attached to the note, the other forwarded to Civilian Conservation Corps.

"(26) Furnish Federal Reserve bank with recapitulation of charges paid by trust receipt.

"(27) Attach new receipts to producers' notes and return to bank.

"(28) Notify the corporation of all movements of cotton.

"(29) Supervise shipments where necessary.

"(30) When directed, negotiate with warehouses to secure advantageous storage rates.

"(31) Approve all storage and freight charges."

Question. How many additional employees did you put on to do that work?

Answer. Well, I would guess at this time we have some 400 or 500 additional employees.

Question. I want a list of your employees and the salaries of each. I believe I asked for that, did I not?

Answer. No.

Question. I want to ask for the salary of each employee and the number of employees, just before this reconcentration movement began, and since that time. I want to know something about what it cost.

Answer. I would be very glad to do it.

Question. Now, you state about the storage charges that you were to pass on. Could you give us the figures as found by you? You just read one of the things, and that is I would like to know the amount of the storage charges each year. I would like to have

a statement each year of the old concern, and then afterward, under the new arrangement.

Answer. May I suggest——

Question. Just one minute. And I would like for you to include therein an item as to who owned these warehouses and who they were transferred to, reconcentrated to.

Answer. I think that is a proper inquiry to make of the Commodity Credit Corporation.

Question. But you see here——

Answer (interrupting). I don't object to anything that I can furnish you at all, but that would be a better source from which to obtain the information.

Question. Under 25 you have: "Prepare statement to be attached to each note."

Answer. Well, when the warehouse charges became due we paid them.

Question. That does not mean the new warehousing; that does not include that?

Answer. No. I said the Commodity Credit Association made the contract direct with the warehousemen. If I may, I have another letter here, a copy of a letter, or a copy of a statement prepared by the Commodity Credit Corporation, which I believe would be advisable to have inserted, and I would like to make it a part of the record.

Senator BANKHEAD. What does it relate to, Mr. Creekmore?

The WITNESS. The rules of handling this cotton.

Senator BANKHEAD. That is all right.

Senator MCKELLAR. Oh, yes.

(Said paper accordingly received as an exhibit.)

By Senator MCKELLAR:

Question. I next want to ask you about the dividend of $1,283,427.

Answer. What exhibit is that?

Question. I am on exhibit J. I want to know if you declared a dividend—I asked your attorney about it a while ago, but I will ask you. I want to ask you if you declared a dividend on February 14 of 1934 of $1,293,122.23?

Answer. I looked at that. The statement is correct. We did declare the dividend.

Question. You did?

Answer. Yes, sir; a stock dividend to our member associations.

Question. That dividend appears to have gone to the Oklahoma Cotton Growers Association; is that right?

Answer. No; the Oklahoma Cotton Growers Association did not receive any of that dividend, because we had purchased all of their stock interest and reserves from them in the settlement with the Government.

Question. You had also purchased that in July following this February—July 1934—had you not?

Answer. Yes; that is correct.

Question. But you paid them a dividend at that time?

Answer. That was probably a patronage dividend.

Question. What is the difference between this other dividend and a patronage dividend?

Answer. Well, a patronage dividend, as we call it——

Question (interrupting). Are they both paid out in money or not?

Answer. A patronage dividend is paid in cash by A. C. C. A. and member associations, who in turn share it with the members.

Question. Do they have to do that, or do they charge for paying out these dividends all the members, or have they a right to put some in reserve, or hold some and pay out some, or how is that patronage dividend handled that you are talking about?

Answer. If you will refer to exhibit A–2——

Question. C–2, isn't it?

Answer. Yes, sir.

Question. All right, sir.

Answer. Section 15, on page 18.

Question. All right, sir.

Answer. I wish you would read sections 15 A, B, C, and D yourself rather than to have it in the record by reading it aloud.

Question. Section 15, that is the section to which you have just referred?

Answer. Yes. Maybe I thought you might read it to yourself.

Question. I think it would be very well to read it into the record. I will do it [reading]:

"SEC. 15. The directors shall operate this association for the mutual benefit of its members as a nonprofit association, but, to the end that its services to its stockholders and the producers of cotton shall be continuous rather than temporary or spasmodic, they shall assume its financial stability by retaining for such periods of time as may to such directors seem expedient, from the amounts arising from savings or other sources after payment of expenses, and which otherwise would become due to the stockholders of this association, such proportion thereof as will create such adequate reserves as may to the directors seem best; provided, however, that reserves created and augmented in the following manner shall be, by said directors at all time maintained, to wit:

"(a) All savings and surpluses which accrue to the association prior to August 1, 1933, have been distributed and/or applied in accordance with the bylaws except the sum of $303,095.35 still carried as a reserve under the heading "Surplus."

"(b) From the gross income which shall accrue through operations in each succeeding fiscal year beginning with the fiscal year ending July 31, 1934, there shall be deducted all expenses of operation, losses, proper allowances for depreciation, obsolescence, and reserves for contingencies and a percentage divided by way of interest on capital advanced of 5 percent per annum, or such less percent as the net income for that year will permit, upon the paid-up stock or membership capital of this association issued and outstanding, provided said dividends shall not be cumulative but shall be paid or credited in any one year only from savings or net income of that year. Such dividends may at the discretion of the board of directors be applied first to the payment of any debt owing by the stockholder of this association and the balance shall be paid in cash. The balance, if any, shall be the savings or net income for the year.

"(c) Fifty percent of the net income of the association shall be distributed on a per-pound basis, each stockholder receiving a proportion thereof equal to the current crop year, as related to the total cotton handled by the association during the corresponding crop years, any amounts which shall remain being added to the surplus of the association, to be held by it as a reasonable reserve for necessary purposes, as provided in paragraph (d) The share distributed to each stockholder shall be applied first toward the payment of any debt owing by said stockholder to this association for the operations of said fiscal year, and in the discretion of the board of directors of the American Cotton Cooperative Association may be applied to the payment of any other debt owing by said stockholder to this association, and the balance, if any, shall be paid over to the stockholder to be by it distributed at once in cash to its members and the other producers of cotton who have delivered cotton through said stockholder, less only reserves as follows: First, not to exceed 1 percent of the gross sales proceeds of cotton delivered by the stockholder during the corresponding crop year if such reserves are actually applied on any indebtedness which is owing by the stockholder to the United States or its Government lending agencies at the time this bylaw is adopted; and, second, if no such indebtedness is owing, or if such creditor shall not require application of said reserves, the stockholder may retain, in its discretion, reasonable reserves for necessary purposes, not to exceed one-third of the amount actually distributed in cash to its producer members and other producers out of such patronage dividend and not to exceed 1 percent of the gross sales proceeds of cotton delivered by the stockholder during the corresponding crop year.

"(d) The balance of the savings or net income of each fiscal year shall be added to the surplus. Any amount in said surplus account over $1,000,000 may be distributed by action of the board of directors to the stockholders as a patronage dividend. If, prior to the distribution of that part of the surplus over $1,000,000, a net loss is sustained in one or more fiscal years, the sum of such losses shall be divided between and charged against the undistributed savings or net income of other fiscal years which have contributed to the surplus then shown on the books in proportion to the undistributed savings or net income of each of said fiscal years. Thereupon distribution of the undistributed savings or net income of each fiscal year, less its proportion of losses, shall be made to the stockholders in proportion to the number of pounds of cotton delivered by or through each stockholder in that year, provided that the savings or net income distributed shall be from the years which made the earliest contributions to the then existing surplus. Until the issued and outstanding capital of this association shall amount to $30,000,000, all distributions of patronage dividends authorized by this subdivision shall be applied to the purchase of the stock of this association, which shall be by this association issued and delivered to the stockholders.

"Upon dissolution of this association, distribution of the entire remaining surplus shall be made in same manner, except that such distribution shall be made in cash."

Now I call your attention to the last paragraph:

"Until the issued and outstanding capital of this association shall amount to $30,000,000, all distributions of patronage dividends authorized by this subdivision shall be applied to the purchase of the stock of this association, which shall be by this association issued and delivered to the stockholders."

Does the outstanding capital stock of the association amount to $30,000,000?

Answer. $7,000,000.

Question. Of which about $2,000,000 was profit and $5,000,000 was borrowed, as I remember.

Answer. That is correct.

Question. Then all patronage dividends are to be applied to the purchase of stock?

Answer. All patronage dividends to members are to be applied to the purchase of stock.

Question. And that does not count the—or make the distinction between patronage dividends and patronage dividends to members?

Answer. I think it does. I think that it is very clear as to that.

Question. Well, patronage dividends not authorized by this subdivision, section 15.

Answer. You have likely another subdivision. I think there is some confusion there, Senator.

Mr. DALEY. May I interrupt in order to answer that? Would you mind?

Senator MCKELLAR. Not at all. I would merely like to find out what the facts are, especially in reference to section 15 and section 18, and this particular part on page 20.

(Witness excused.)

* * * * * * *

Mr. E. F. Creekmore, recalled, further testified as follows:

By Senator MCKELLAR:

Question. Now, Mr. Creekmore, I want to ask you something else.

Answer. May I interject just a word, one statement about this $69,000 loss? I understand there are various methods of accounting. Haskins & Sells are nationally known and Mr. Conroy I have known for 5 years and have the greatest confidence and belief in

him, but the $69,000 loss would have been turned into a profit had we been trying to show a profit in our spot-cotton operations but putting in the earnings on futures, but this is the way Haskins & Sells got up the books and this is the record on which we stand. I merely wanted to make that explanation so you and Senators could understand. It could easily and properly have been shown as a profit, but when we turned our books over to Haskins & Sells we let them get up their audit as they saw fit.

Senator BANKHEAD. Let me ask a question. Turn back to that audit.

The WITNESS. Sure.

Senator BANKHEAD. I want to get a little clearer what these charges are that are made, for services charges. You have three items of that kind. One is on the current season pool, one on the carry-over, and one of the cotton stabilization. Please explain to me just what those items are?

The WITNESS. I would like to make an explanation first. There have been three changes in our operation. The first operation of 1930–31 was the stabilization operation. The second operation was what was known as the south-wide pool; that was for the season 1931–32 and 1932–33. At the beginning of each season an agreement was reached between the State associations and the A. C. C. A. that for the financing other than the interest, for the services rendered in handling and selling cotton, they would allow the A. C. C. A. a charge of 50 cents per bale for the services rendered. See if my statement is correct as to the 50 cents a bale?

Senator BANKHEAD. Who allowed that?

The WITNESS. The State associations who composed the A. C. C. A. You see, Alabama is a separate entity from the A. C. C. A.

Senator BANKHEAD. Yes. That is a charge paid by the farmer or producer, of course?

The WITNESS. Yes, sir.

By Senator MCKELLAR:

Question. Of course; because that is the only source of money?

Answer. Yes, sir; that is correct.

Question. And all that $1,283,517—I don't know whether that includes cotton stabilization?

Answer. That includes $358,305.92 for the cotton stabilization.

Question. Well, exclusive of that, let's see the other two on the pool. The first two items, $402,831.40 and $522,380.26, now that is a service charge paid by the farmer?

Answer. Yes, sir; to his State association. I believe that the $522,380.26 is the amount paid to us by the Federal Farm Board for the handling of the 1930–31 operation.

Question. This says "current season's pool"?

Answer. Am I correct in that statement?

Mr. CONROY. Yes, sir.

The WITNESS. Can you give me a reference to the number of the exhibit?

Senator MCKELLAR. That is exhibit I.

The WITNESS. I have that, thank you, but I just wanted to compare. That would be the payment made during 1931–32–33.

Mr. CONROY. What was it you wanted?

Mr. CREEKMORE. Of the items $522,380.26 and $424,512.76, there was paid to us by the Farm Board for the handling of 1,529,838 bales of the 1930–31 operation, $100,214.15 was paid to us by the Secretary of Agriculture for handling 117,899 bales of the seasonal pool, and was $402,831.40 representing approximately 50 cents per bale for services. That was paid to us by the boards.

By Senator MCKELLAR:

Question. What about the stabilization?

Answer. $358,305.93 was paid to us by the cotton stabilization corporation for the handling of 1,311,035 bales. In other words, our operation that year cost the grower $402,831.40. I am saying it cost the grower that. That is the charges deducted from the net proceeds of his cotton. We paid him substantial dividends that year. We made substantial payments to him that year.

Question. Your profit there on interest, $345,970.37, that was the difference between the rate you got the money from the Government and the amount you charged the farmer?

Answer. I think that is it, Senator BANKHEAD, and that is correct. That is the difference in the rate at which we received the borrowed money from the Government, less the amount charged the members of the association for that year, the net interest earned on advanced loans, etc., $325,970.37.

Mr. CONROY. It also includes interest which was collected on accounts receivable against customers on sales of cotton, and includes interest on bank balances.

Mr. CREEKMORE. But in a major portion?

Mr. CONROY. It would represent in a major portion the excess of interest charged the member of the association over the interest that was paid to the Federal Farm Board and Commissioner of Banks.

Senator MCKELLAR. Anything else you want to ask him?

Senator BANKHEAD. No.

I dislike to take up so much time, but I want you to understand it, after closing the year of 1933—that is, representing the 1933 operation—quotas distributed to members of the association in the year's operation amounted to $1,858,419.83.

Senator MCKELLAR. Where is that total?

The WITNESS. Well, this is in my statement.

Senator MCKELLAR. Oh, yes. Excuse me.

The WITNESS. And earnings amounting to $610,307.17 were withheld as surplus reserve. That is on page 15 of my statement.

By Senator MCKELLAR:

Question. But yet your net income that year was just $760,508.12?

Answer. Yes, sir; of which amount $610,307.17 was withheld. You must differentiate between what the A. C. C. A. considers net income and what it returns to the members. There is a differentiation there.

Question. Well, now, I asked you about an item of $19,000 that you paid for board of directors in 1932, and I find here an item of only $7,321.93 for a similar charge in 1933. Was that because you overpaid them before?

Answer. I don't think any of our board of directors are overpaid in that particular year; because of one thing and another it was decided to forget the directors' meetings. For some reason I believe really 2 out of 5 years we could not all get together at a satisfactory time. So that is a correct charge against the directors.

Question. Now, I notice an executive and administrative item, $100,107.89, and right under it a finance item of $100,191.02. Can you explain those items?

Answer. Well, we have asked, and we have telephoned and will submit to you tomorrow morning the items, and those items will be definitely explained to you at that time. Under executive and administrative—as we have previously stated, the financial expenses which will not show in the pay roll include the collateral fees, and so forth, and was an incident to the handling of the cotton.

Question. Well, I thought that was provided for in the sales, $259,077.76, on your data?

Answer. I don't follow you there, Senator, because it should not apply on sales in our method of handling it.

Question. Well, you have explained what the sales were; that was the brokerage on your foreign and domestic sales ticket?

Answer. We went into the question of collateral fees a few minutes ago.

Question. That is the same item for 1933, is it?

Answer. Are you reading from 1933?

Question. 1933?

Answer. Yes, sir.

Question. Now, I want to ask you about the rather unusual item of classing, $229,739.18. That is a good big lot of classing on cotton, isn't it?

Answer. That is 1933?

Question. 1933; yes, sir.

Answer. Referring to my statement, because I think it agrees with 1933, 1,227,900 bales were received during the season; 117,987 bales, by arrangements made with the Secretary of Agriculture, were also reclassed. I presume there was a certain amount of reclassing in the 1,311,056 bales handled for the Cotton Stabilization Corporation.

Question. All these charges, of course, come out of the farmer?

Answer. All charges of expenses of every kind come out of the farmer, but, as I say, in that year we paid what we considered under the present conditions a very satisfactory amount to the farmers, and put in some $600,000 in the reserve.

Question. Now, if you have finished with that, I want to turn to another question. I believe the law excuses you from Federal taxation, does it not?

Answer. Yes, sir; under certain conditions.

Question. Well, I find nothing in here indicating that you have ever paid any Federal taxes; is that correct?

Answer. So far we have not.

Question. For 5 years you have enjoyed a perfect freedom from Federal taxation. Have you ever paid any State taxes? I find no charges here?

Answer. You mean State taxes on cotton? We have paid some.

Question. Would you be good enough to have a statement made of every tax of every kind, nature, and description, Federal, State, county, or city, or other special assessments made by your concern during the 5 years, at the end of 5 years?

Answer. We can do that, can't we?

Mr. CONROY. Not by tomorrow. It will take 5 or 6 days.

Question. Well, you will submit it. As a matter of fact, Mr. Creekmore, you know that your concern does not really pay taxes at all to anyone?

Answer. Generally speaking, that is true of income taxes.

Question. So you have, in dealing in cotton, you have the advantage over your competitors of having no taxes to pay of any kind, nature, or description; you get all the money that you want, at a very low rate of interest, from the Government, all that you need; you have a capital which originally began at $76,950, and your losses have been taken care of by the Government on two occasions and you now seek to reopen those losses on your accounts with the Government as to its last settlement; is that correct?

Answer. I want to take them up one by one.

Question. Sure.

Answer. We do not pay any income tax, and to that extent cooperatives have the advantage of a private firm. That is caused by an act of Congress, from the interpretation of the Revenue Department.

Question. Do you think that is right? Are you willing that that act of Congress be repealed, or do you think that you ought to have that advantage, and why?

Answer. I would object to seeing the act repealed very much, and this is the way I think about it—it is just my opinion—the A. C. C. A. and the cooperative associations are merely a group of farmers striving to sell their cotton to the best advantage.

Any additional amounts received in the net proceeds after cotton is returnable on the individual income tax, if the farmer has any income tax to pay, but you and I know that he has very little. We are a nonprofit organization, operating for the benefit of our members. The cotton firms, making the comparison, are operating for personal gain, just as I would be if I were operating a store or a bank, and to my idea it is proper and right and one that I hope will be sustained.

Question. Just one moment. May I ask you, assuming that there are four persons to a family—I believe it is a little over that—and you claim to have how many members all told?

Answer. Some 250,000.

Question. 250,000, and the total of that would be about a million, and there are about 29,000,000 farmers. Now, do you think that the million farmers represented by your claimed membership should be given this great advantage over the other 28,000,000 farmers that are not represented by your claimed membership?

Answer. As I stated, I am very much in favor of it, not only from the standpoint of cooperative marketing but from the standpoint of justice to the farmer and the benefit in the operation of his association to the extent of marketing his cotton to a little greater advantage. Then he in turn will have to make an income-tax return to that additional extent, if that farmer makes an income-tax return. Unfortunately, very few of them do.

Question. I am not talking about the farmers making an income-tax return. What I am talking about is why your organization should be exempted from income-tax payments when your competitors, representing the greater portion of the cottton business, have to make income-tax returns like other people?

Answer. Because, as I see it, we are the farmers; we are representing the farmers. I am not representing E. F. Creekmore at this hearing. I am representing my members, because Congress, in its wisdom, saw fit to pass the income-tax laws in that way. That is a matter of opinion. I believe in it very firmly. You may disagree with me, but I would like to answer the next question.

Question. He will read back the original question I asked you. Please read back the original question.

(Question read.)

Answer. Insofar as the State and county taxes are concerned, I am inclined to believe that we pay the State and county taxes just as do the cotton shippers.

Question. Well, do you pay any tax on your property, where you own the cotton, or do you pay any taxes on that? Well, what do you pay on, State and county? Will you put in as an exhibit to your testimony a specimen tax bill furnished by the State?

Answer. We pay taxes on our physical property. For instance, located in New Orleans, our office furniture, and so forth and so on.

Question. Well, will you just give us the amount of the taxes?

Answer. I don't believe the cotton men generally pay taxes, State and county taxes, on the cotton which they have. I understand in Senator BANKHEAD's State, Alabama, that there is a provision for a year or 2 years' extension. In Arkansas I think cotton is taxable only in July, but naturally the cotton man and the co-op, if they have any cotton left in Arkansas over the season's operations, move it out.

Question. In Tennessee it is taxable on the 10th of January, and that is the time they usually have the most, I imagine, and no exception can be made as to taxation.

Mr. WALDAUER. You will pardon the intrusion, Senator, but the Constitution of Tennessee provides that products of the soil, in the hands of the producer, or his original vendee, are exempt from taxation, and therefore the cooperatives being the original vendee, within the meaning of the constitution, have been ruled by the attorney general of the State to be exempt.

Senator MCKELLAR. How did the question arise? Are you fighting this State taxation?

Mr. WALDAUER. I am not fighting any State tax.

Senator MCKELLAR. I say, how did you get an opinion from the attorney general of the State of Tennessee, and when, and where is it, I would like to ask?

Mr. WALDAUER. The question arose, as I recall, several years ago when there was an attempt made to tax cotton somewhere. I don't know where. I will attempt to get it for you.

Senator MCKELLAR. I wish you would.

The WITNESS. Shall I continue with the next question?

Senator MCKELLAR. Yes.

The WITNESS. The next question was if we were able to obtain as much money as we wanted at the cheaper interest rate. We have been able to obtain financing from year to year from the Farm Credit Administration or the Central Bank's cooperatives in prior years from the Farm Board. The interest rate at the beginning created 1 percent as prescribed by an act of Congress and was very satisfactory. The interest rate of 3 and 4 percent naturally looks a little high to us as long as we are able to borrow money from commercial banks at 1¼.

By Senator MCKELLAR:

Question. Well, you got a lot of it at one-eighth percent?

Answer. Three-eighths to eleven-sixteenths.

Question. Well, that is a very satisfactory interest rate, and you don't know of any competitor that you have that gets money that cheap, do you?

Answer. I know of no cooperative competitor who is forced to pay 3 or 4 percent on their capital funds. As a matter of fact, I know no cotton firm who labor to the disadvantage that the cooperatives labor under in having to pay interest on what is used as capital funds.

Question. Mr. Creekmore, you were a cotton man before you were made manager of this association, weren't you?

Answer. Yes, sir.

Question. What is the least you ever borrowed money to operate a cotton business on?

Answer. I had my own capital stock, which amounted to $500,000. The lowest rates I was ever able to borrow money were the bases on which the A. C. C. A. has had to borrow money, the bank acceptance rate, plus the commission, in New York.

Question. Which amounts to how much? How much did it amount to?

Answer. Now it amounts to three-sixteenths of 1 percent plus 1½-percent commission.

Question. Here is what I asked: Did you ever borrow money from banks while you were a cotton factor at even 3 percent, and when and from what bank did you borrow it?

Answer. My business was done with Guaranty Trust Co. Naturally, Senator, I can't remember back during those years, but I paid them—Creekmore & Co.—the quoted acceptance rate, plus quoted commission. I imagine that we did borrow money at 3 percent or lower, but interest rates vary just as the price of cotton varies, and I can't recall.

Question. When you borrow money now from private banks, what banks are they?

Answer. Guaranty Trust Co. in New York, Chase National, Chase Chemical National Bank, Manufacturers' Trust Co., J. P. Morgan & Co., Citizens Southern Bank in Atlanta, and the Hibernia National Bank of Louisiana—and what is the Los Angeles bank?

Mr. CONROY. Bank of America.

The WITNESS. Bank of America, in California.

Question. And the average rate at which you borrowed these moneys was 1¼?

Answer. 1¼.

Question. Now, was that for last year and this year?

Answer. All of last year and, I believe, so far this year.

Question. When was the law passed that provided that you pay the Commodity Credit Association 3 percent?

Answer. The Agricultural Marketing Act, in '33.

Question. '33?

Answer. Our Agricultural Adjustment Act.

Question. The A. A. A.?

Answer. The A. A. A.

Question. Now, when that act was passed you changed your borrowing very largely, did you not?

Answer. No; they have been much the same.

Question. How much money did you borrow from private banks in 1932?

Answer. Oh, I would say $50,000,000; I don't know.

Question. 1932?

Answer. Yes.

Question. And you have increased that to about $75,000,000?

Answer. It has run from $40,000,000 to $75,000,000, but I think I can best answer your question by stating in 1931, 1932, and 1933 we borrowed a total maximum of $10,000,000 from the Federal Farm Board. In 1933, 1934, and 1935 we borrowed, I think, a minimum of ten million and a maximum of $15,500,000. Now, I still have got two questions to answer.

Question. Beg your pardon.

Answer. Your capital stock—the A. C. C. A.'s capital stock—as I testified before, was something like seventy-six million——

Question. $76,000?

Answer. $76,000. It is hard for me to talk in thousands.

Question. I know it is. Anybody that handles Government funds—I know from experience, because I have handled a few of them myself. I just handled mine as trustee.

Answer. Especially after watching the expenditures in the last few years.

Question. Yes, sir.

Answer. But that capital has been increasing; the capital and surplus has been increased out of earnings withheld from the members during the year—some 2,000,000—and has been increased some $5,000,000, being done with our affiliated associations.

Question. With Government moneys?

Answer. With the Central Bank's cooperatives.

Question. Government moneys; that is what it means?

Answer. In line with the Farm Credit Act.

Question. Yes.

Answer. And the Agricultural Marketing Act. Now, I think I stated before, and I would like to state that, in my opinion, the Government has never paid any losses for the A. C. C. A. or its member associations. The Government in its stabilization operations of 1929–30 and 1930–31 suffered a loss of approximately $107,000,000, but, as I stated, it is my estimate that the cooperatives and their members during that same operation suffered a loss of $20,500,000 by cooperating with the company.

Question. Just let me ask you right there: Suppose the Government had not assumed those losses, what would have happened to your cooperative association? That is, from 1931, suppose they had not put up the money, what would have happened to your cooperative association?

Answer. They would have been hopelessly wrecked, and the injustice which has been done to them would have been greatly increased.

Question. In other words, if you had not had the Government coming to your aid in 1931, you would have been hopelessly in bankruptcy?

Answer. Yes; but if the Government had not come to us in 1929, 1930, and 1931 on these stabilizing operations, we would have been some $4,000,000 better off.

Question. There is a question of opinion about that; but if the Government had not come to your rescue, you say this, that your associations would have been hopelessly wrecked. Now, if it had not come to your rescue again in 1933, what would have been your position?

Answer. Well, bearing in mind the statement I have just made, we would have been hopelessly wrecked again.

Question. Well, now, let's assume that thereafter you were put on your own without any help from the Government, without the privilege of borrowing at a lower rate and loaning the money to your subsidiaries at a bigger rate, without the hope of the Government standing your losses in the future; what would be your position?

Answer. Well, in the first place, I have no hope or no desire for the Government to stand any cooperative loss, and as yet, with the exception of '30–'31 and '29–'30, which I consider a great injustice to the cooperatives and their members, the Government has stood no loss. Now, if the Farm Credit Act was repealed, or that portion of it offering aid and encouragement through financing and the Cooperating Marketing Act was repealed, then the cotton shippers would have about their own way, because I don't see how the cotton cooperatives could continue.

Question. In other words, you say that unless the Government continues the benefits as now provided by law and interpreted by the agents of the Government, you could not possibly continue your business?

Answer. Not on the present scale of operations. It would have to be materially reduced.

Question. Well, I won't argue the matter further, because that brings out the fact—but I want to ask you another question. What was the status of the State associations in July 1929 and October 1929; weren't they all bankrupt?

Answer. According to my estimates, which I believe are conservative—I stated yesterday I had not gone into it—the State associations on October 21, 1929, at which time the Federal Farm Board announced they believed the prevailing price of cotton was too low, and that they would advance 16 cents a pound for cotton, their cooperatives were worth approximately two and a half million dollars.

Question. In——

Answer. On October 21, 1929.

Question. You think that they were worth two and a half million dollars?

Answer. Yes, sir; and my exhibits there in my statement will show how we arrived at that exhibit.

Question. But that is on a price of cotton that did not exist?

Answer. That is on a price of cotton which existed October 21, 1929.

Question. Well, that, if a fact, would be material effect, but as a matter of fact, if those associations had been wound up and the cotton that they owned sold on the market at that time, they were bankrupt, weren't they?

Answer. I think they were worth two and a half million dollars.

Question. In spite of that. Where did they lose that?

Answer. They lost that through the stabilization operation conducted by the Federal Farm Board.

Question. That was with their full knowledge and consent, as testified by you in the hearing before the committee in 1931?

Answer. No; I don't believe I did. I testified that the '30–'31 operation was with our knowledge and consent, but I have testified here, and if I made the testimony—if I made the testimony on the other part, I am quite sure that you will find that I testified that the cooperatives knew nothing about the '29–'30 operation until they were advised by telegraph by the Farm Board, or by the press.

Senator BANKHEAD. How much cotton did you have on hand on October 29?

The WITNESS. Senator, I was not associated with the cooperatives at that time. I think about 500,000 bales is my recollection—maybe 400,000. I know that they had a considerable amount of cotton on hand.

Question. What was the price at that date?

Answer. 18.02 for December; 18.75 or 18.82 for July; that is, the quotations of October 21.

Question. It kept declining from that time?

Answer. It kept declining, but the Federal Farm Board, among other things, had been directing and aiding and encouraging cooperating marketing. They announced, without consultation with the cooperatives, "We believe the prevailing price for cotton was too low, and we will advance it, through the cooperatives, to 16 cents a pound." That announcement was given to the papers, and then it was wired to the cooperatives. The cooperatives cooperated, but I don't think any man who will consider it can believe that the cooperatives should be penalized beyond the 16-cent loan. As a matter of fact, I think the Government should have taken over that cotton at the value as of October 21, because the Farm Board—if you will remember back in those days the papers were full of the Farm Board. They had $500,000,000, which, while it was only 5 or 6 years ago, looked like a terrific amount. Of course now, with the expenditures of the Government, it looks more or less pin money. The cooperatives cooperated, but the benefits of the decline of the market, whatever it may have been, in checking the decline of the market during the harvesting season was received by the nonmembers at the expense of the cooperatives' members.

Senator BANKHEAD. Did you have your 500,000 bales hedged, your company, or your association?

The WITNESS. Well, as I say, I was not with the cooperatives at that time.

Senator BANKHEAD. Well, I know, but you knew the general history of that?

The WITNESS. I think at that time they were operating largely on the seasonal-pool basis, and I think the cotton was not hedged, and that is one of my objections to the seasonal pool, because it is purely a speculative operation.

Senator BANKHEAD. Well, in the course of your orderly marketing program, how long would you have probably held that cotton; how long would you have been disposing of it?

The WITNESS. I think the program of the seasonal pool was to sell approximately an equal amount each month throughout the year, or maybe 10 months of the year. If they received a million bales of cotton, they would sell 100,000 bales a month for 10 months, or maybe 75,000. I don't think they followed that, but that was the program.

Senator BANKHEAD. Not having the cotton hedged, you would have your losses as the cotton continued to go down?

The WITNESS. No, sir; as I see it.

Senator BANKHEAD. Why not?

The WITNESS. Because, without the Federal Farm Board, and without the Federal Farm Board's announcement, and without the Federal Farm Board's assurance that they would continue to loan 16 cents a pound on cotton, the cooperatives, because of their financial ability, would have been forced by their bankers to sell this cotton before they had a loss in it. You know how the banks are on collateralized cotton loans. Unless somebody is standing ready, as the market declines—unless somebody is standing ready to put up additional margins, or additional collateral, the banker is going to say, "Sell the cotton; it is getting down to the danger point."

Senator BANKHEAD. Were you borrowing any money then from the Farm Board to carry that cotton?

The WITNESS. After the announcement on October 21, I think they did commence borrowing money, Senator. As I say, I didn't come along until April, and I am not as familiar with that as I am later.

Senator MCKELLAR. Is that April 1930?

The WITNESS. 1930.

By Senator MCKELLAR:

Question. Well, now, Mr. Creekmore, when you testified in November 1931 you were very familiar with this whole situation at that time, weren't you?

Answer. I think I am equally familiar with it now.

Question. I know you have got a good memory, but at that time didn't you make a prepared statement just as you did yesterday?

Answer. I believe I did.

Question. Now, I want to read you from this prepared statement, which certainly confuses in my mind what you have just said. I quote from your statement on page 310:

"The 90-percent loan and the policy as to its operations were first discussed during the early part of August 1930. At the time the market was around 12½ cents. No decision was reached, but some 2 weeks later, during which time the market had declined approximately 15 points, an agreement was reached between the cooperatives and the Farm Board, with a full realization of the hazards of the operation, but with the hope that it might be concluded during the 1930–31 season, arrangements were made with the Board—keep in mind those words—arrangements were made with the Board to finance the operation for a period of 3 years, if necessary."

Now, is that correct?

Answer. That is correct, and it is very much in line with my written statement yesterday. Senator MCKELLAR, you have asked me about the '29–'30 operation. That covers the 90-percent loan of the '30–'31 operation, and Senator BANKHEAD was discussing '29–'30.

Question. Well, at the time you testified in 1931 you knew all about '29–'30?

Answer. Yes; but my testimony at that point covers the 90-percent loan which was used in 1930–31, but the 16-cent loan was the '29–'30 operation.

Question. Now, from a previous statement of yours, on page 309, I read as follows.

Answer. That is the loan?

Question. That is the loan; now, referring to it—listen to this [reading]:

"The 16-cent loan, as announced by the Board October 21, 1929, undoubtedly sustained the market during the remainder of that market season some 4 or 5 cents a pound, during which time some 5,000 or 6,000 bales were marketed, to the consequent benefit"——

Answer. Five million.

Question. (Continuing reading:)

"Of both member and nonmember, to the South, to our United States, and to the mills of the world. True, the result to date has apparently to some extent depleted the five hundred million revolving fund, but it should be remembered that one of the best-known cotton merchants of the world wired the Board, 'It is a

wise exercise of authority conferred upon you through the Agricultural Marketing Act.'"

Senator THOMAS of Oklahoma made that statement. Then you go on to say:

"If my memory serves me correctly, if newspaper reports were true, a number of Senators and Congressmen nct only approved the announcement but advocated at the time even a larger amount."

In other words, apparently, you were advocating that operation in 1931?

Answer. Well, to that extent, I am still advocating it now. I think that it did sustain the market by this operation some 4 cents a pound, and I think that some 5,000,000 bales in the hands of producers were marketed after October 21, and to that extent it was beneficial to the producers.

Question. Well, didn't you testify in November 1931 you thought it ought to be continued?

Answer. The stabilization?

Question. Yes.

Answer. I believe that I said you could not continue it with $500,000,000. I don't remember which Senator or Representative there asked some other question.

Question. Senator Brookhart, you mean?

Answer. Senator Brookhart.

Question. I read from the top of page 10, quoting your testimony at that time:

"I have no authority to speak for the board, but from my knowledge of their policy, I believe at no time have those members even thought of stabilization similar to the operation of Brazil in coffee, Cuba of sugar, and Great Britain of rubber. The board faced the situation, acted, and, in my opinion, rendered a real service as contemplated in the Agricultural Marketing Act, lessening the shock of perhaps the worst depression ever known. The revolving fund will sooner or later probably have a loss in the operation. It is for you of Congress and for the American public to decide whether the benefits outweigh the loss, when and if established. In any event, to me it is inconceivable that Congress will abandon the present operation merely because Cuba, Brazil, and Great Britain failed in their attempt, or attempts, based on an entirely different period."

Answer. I am making that same statement today very sincerely. The thing I am complaining about, Senator, is that it did render a service to the extent of checking the decline, but in the settlement of the operation the cooperative members and their associations were penalized to the extent of $4,000,000 in reserves and some ten millions in sales and six million five hundred thousand in equities, for the benefit of another producing group.

Question. Well, now, Mr. Creekmore, remembering that in 1931, when this was up before the Congress, you appeared before one of the committees, and remembering that you were in entire control of these operations at the time, and remembering that you advocated, as I have just read, a continuance of that operation, could your association now be heard to claim that you should be remunerated or compensated for the losses that you made—your association made—in carrying out those operations?

Answer. You do me too much honor in saying that I was in entire control. In effect, I was merely an office boy when it came to policies.

Question. Mr. Creekmore, if you will let me give you a little more credit, I was in the Senate in those days, and I know the members of that Board; I knew Mr. Legge, a very delightful old gentleman, who knew no more about cotton than the man in the moon, and I knew the tobacco captain, the delightful old gentleman from Kentucky—what was his name?

Answer. Mr. Stone.

Question. Yes; and I know he and Mr. Legge absolutely relied on you in every respect for advice, and they followed your advice in those days, as I recall it.

Answer. And one of the bright spots in the 5 years that I have had—I have had many tribulations—have been the friendship and confidence exhibited in me by Alexander Legge and James A. Stone; but I again say that the stabilization operation was purely a Farm Board matter, and that the policies of the stabilization corporation were directed by the Federal Farm Board. I was asked to advise, but very, very often my advice was discounted.

Question. But here you advise, and here your advice was not only taken by Mr. Legge and Mr. Stone, but it was taken by the standing committee that forwarded it.

Answer. But you have not considered what basis this statement was made on. I do not retract a single word of this statement. I believe that the market was sustained during the active marketing season. The market continued above the 16-cent level until sometime during the latter part of January. I am speaking now of the benefits received by the 16-cent-loan operation. I consider that some 5,000,000 bales of cotton were marketed between October 21 and the time the market sagged. Under the 16-cent loan, if my estimate is correct that the market would immediately have declined to around a 12-cent level—because that is about the proportion that stocks with other commodities declined—stocks even declined more—which would have caused a severe loss to the producer from October 21 but which they did not have to take because of the lifting of those 1,300,000 bales off of the market.

Question. That was done with your approval, because there you say that you thought it would be—you are advising Congress; they sent for you and had you before the committee, and you advised them that you thought it would be wrong to change the policy because the policy ought to be continued?

Answer. I want to explain that, because I want you and Senator Bankhead to understand, because in that way I think perhaps we may secure some justice for these cooperatives. I think my statement, if you will consider it there, would be on the theory—and I believe that even our enemies and competitors—and I speak not from a personal standpoint——

Question. Oh, no.

Answer. Will admit that under those very troublous times, at the time that statement was made, had the cotton stabilization corporation thrown a million three hundred thousand bales on the market—we had near chaos, but we would have had real chaos; and that is why I think I made the statement that it would be a very serious mistake to unload the million three hundred thousand bales and then the 2,000,000 bales of the '30-'31, if we had any at that time on the market.

Question. Now, let's put it in another way, and let's suppose that you have said to the chairman of the Agricultural Committee at that time—I don't remember who it was, but I believe it was Senator NORRIS——

Answer. Senator MCNARY.

Question. Suppose you had said to him, "Yes; I am in favor of this, but I want to let you know that if my association loses anything by it we are going to require the Government to make good on it, and are not taking any risks, and our association is not taking any risk"—don't you think that would have been the fair thing, if you ever expected to make a claim against the Government afterward?

Answer. The only excuse I can offer is my inexperience at that time with governmental officials. I have no reference to Congress.

Question. I know; but I believe you are about as capable a man dealing with public opinion as any man I know of.

Answer. I thank you.

Question. And it seems to me that then was the time, when you were called upon to speak out; and whatever may be the merits of the controversy, that when you did not speak out then when you were called upon, that your association could certainly not come back on your Government.

Answer. Senator, may I ask you one question? Not for me—I admit the error.

Question. Yes.

Answer. But are you going to penalize on that statement the cooperative members in the losses they have sustained just because one man is not perfect and does not do everything right?

Question. Oh, no; but the way I look at the facts we have seen thus far come out, if you want my opinion about it—I don't have any objection—I never had any opinions I was not willing to give to the public in my life—if you want my opinion about it, I think that if ever in the history of this Government any organization, association, or body of men have just had the Government to give benefits full to the brim and then heaped over, your association has had those benefits bestowed upon it by the American Government in the last 5 years.

Answer. I wish you would listen to me, because I feel that they have penalized them, but I respect your views.

Question. I want to hear them, if I can, but very rapidly, because I have got some questions here I want to look after. I know you are tired.

Answer. I am not tired; but we have some witnesses from Alabama and one from California who wish to testify, and I don't know whether you want them. I am at your service.

Question. We will hear your witnesses.

By Senator BANKHEAD:

Question. Mr. Creekmore, of course the people primarily to be served and to be benefited by a cooperative are the farmers?

Answer. Correct.

Question. Now, I would like for you to make a statement—I want it myself, and I know Senator MCKELLAR does, too, about what benefits the members of the cotton growers who sell their cotton through this organization—what benefits do they get from it?

Answer. They get in direct benefits the savings, earnings, or profits, if any, made in operation. They get in indirect benefits the competition of the movement with the cotton shippers, which narrows the spread between the price paid by the user and the members paid by the mill.

Question. Well, right there an interruption. Does the existence of your organization tend to increase the price paid to the farmers for cotton?

Answer. Undoubtedly; and I think, Senator, the best illustration I can give as to that is the opposition on the part of cotton shippers as to our operation.

Question. Well, how does it do it?

Answer. We have an organization in every cotton-producing State. We have licensed classers in the most of the States. We have other classers unlicensed in some of the States. We issue a basis sheet, with differentials based on the New York market, the premiums or discounts. With the products in competition, representing what in our opinion is a fair worth and market value for the cotton at the time it is delivered to us, that has reduced the spread in the price paid to the farmer and the price paid by the mill not alone in seeing that a proper premium is given for the cotton but in quoting the proper differentials for low-grade staples, or proper discounts upon the low grades. As I see it, that competition affects the nonmember as well as the member.

In my statement yesterday I stated that the volume of cotton handled by the cooperatives is not what the cotton men are complaining of, because in the 4-year operation ending July 31, 1931, we have handled only 11.3 percent of the total production during that time, but it is the competition on the part of the cooperatives in trying to see that their members get the fair market value for their cotton each day that is being objected to.

I made the statement that the objective of the cotton shippers would always be in direct conflict with the objectives of the cooperatives, and I am not criticizing in that statement the cotton shippers. The cotton shippers operate for personal gain. When I was a cotton shipper I operated for personal gain. It is only natural in operating for personal gain that you will try to make as much as you can in the operation, and that is by buying the cotton as cheap as you can and selling it as high as you can. The cooperatives don't operate for personal gain. They have no great desire to amass a fortune, and conditions of the cooperatives would not let them do it if they could. The cotton base, or the spread, has been narrowed to such a point at this time, because largely of the competition of the cooperatives during the last 14 years, that it is very difficult to show a profit in the operation, a direct benefit in my opinion to the member, and I want to be frank with you and with Senator McKELLAR, the net profit is about the maximum profit in an operation such as cotton shippers carry on or such as the cooperatives carry on today. That was not the case some 10 years ago, or 15 years ago, before the cooperatives started. There are plenty of pamphlets issued by the Government showing what happened back in those days, and I think that many farmers who are unfriendly to the cooperatives do not want to see the cooperatives eliminated, although they do not patronize us

Question. Well, you pay from day to day the current price or worth of the cotton?

Answer. What we consider is the price. In some instances we might consider the world price a little higher than some cotton and again a little lower than some other cotton men, but we feel when we broadcast our limits throughout the South that the cotton man must pay that much or more to get the cotton.

Question. Do you hedge your cotton?

Answer. Yes, sir; automatically. I think if you will take time to read my statement, and I am hoping before I leave that Senator McKELLAR will say that the cooperatives have tried to give you the very best information which they were able to give.

Question. Now, a cotton merchant who hedges, and I am not speaking of the cooperatives, but just a cotton merchant, the buyer—if he hedges, what difference does it make to him whether he pays one price or another for the cotton?

Answer. I believe I can best describe to you as after eliminating the hedges a merchant buys a general line of goods. He is expecting to sell those goods at retail at a price above the price he paid for them and above his operating cost.

Question. He loses an equivalent amount on his hedge, doesn't he?

Answer. Yes, sir; it is offset.

Question. Yes.

Answer. But the operation as it is today by the cotton man and by the cooperative has to handle efficiently the cotton of the farmers after they have produced it in order that they can sell it to better advantage, and thereby make a small profit over operating cost.

Question. Of course, you might have lost in your cotton?

Answer. Well, we hedged all of our cotton, so that it made no real difference to us, and if the market did go down, our hedge would protect us in that. We could not lose when we hedged, which we did, you might say automatically.

Question. Well, now, aside from the effort of the cooperatives to secure for the farmer the benefits on grade and staple classification—I recognize that as a very valuable benefit, but aside from that—you have been in business as a cotton merchant, and you have been with the cooperatives, and you have had experience on both sides?

Answer. Yes, sir.

Question. Do you figure that the members of the cotton cooperatives, on an average, get more for their cotton? Does the member get more than the nonmember does?

Answer. Well, in 1929–30 and in 1930–31 I think they got $5 a bale less.

Question. Well, that was abnormal conditions?

Answer. Times.

Question. Yes.

Answer. I think that the member does have a chance to get more.

Question. It is not if they have a chance to get more, do they get more?

Answer. We permit them to sell the cotton to the cotton shipper.

Question. The immediate fixation pool, do you give them what they have in the cotton?

Answer. Oh, yes.

Question. Well, does the member get more, on an average, or not, in your opinion?

Answer. I think in 1933–34 they got more, to the extent of the patronage equity, than they would have got from the cotton shipper.

Question. If the farmer thought that he could get more, and if they could get more, they would certainly sell to the best advantage. Why is it that you cannot get all of the cotton farmers in the cooperatives, instead of 12 percent of them. As I understand, if the cotton raiser could get more from the cooperatives than by going on the outside, to an outsider, he would do that, I take it. Why is it that you don't get them all in the association then?

Answer. There are several reasons, and I will make it as brief as I can. One, the cooperatives have not the ability or the organization to handle all of the cotton.

Question. Well, you started out with a capital of $76,000 and went up to a capital of $4,000,000.

Answer. $7,000,000.

Question. $7,000,000 in 5 years; why couldn't you act for all of them?

Answer. Well, some of the cooperatives do have that ambition. I think that would be a mistake, because I believe that any organization handling it all is riding for a fall. Second, the cooperatives have not the financial strength to handle all of the cotton.

Question. You have more financial strength because you have the United States Government back of you. You have more financial strength, even including Anderson-Clayton and McFadden.

Answer. You are mistaken about that.

Question. Oh, the Government is stronger than any individual. I don't care how Mr. Clayton or Mr. McFadden may think, you are stronger.

Answer. We borrow a maximum of $15,500,000. We don't just go up there and get it on silver plates from the Government. Both of you gentlemen know that in Washington they don't do things like that. You get these things because you convince them. We have to be in a position to show them things. Now, you ask why all of the farmers don't come to us. I think a great many farmers, because of the expectation from the movement when it started in 1920–21, were badly disappointed. The leaders of the movement at the time felt they could stabilize the price at higher levels by controlling the price. That was the objective at the time, and I think it was a mighty splendid program. Of course, there was a disappointment there for several years.

Question. Well, they certainly aren't curtailing it any this year.

Answer. It is because the farmers are more expert.

Question. I don't think they are really doing it, and I don't think that we will come anywhere near the parity price until we do it.

Answer. Well, if you and Senator McKELLAR and the administration can't do it, do you understand why the cooperatives can't do it?

Question. Now, one other question. You sold your cotton that you pooled about one-tenth each month?

Answer. No; that is the old operation.

Question. What is the plan now?

Answer. We sell it whenever we think the price we can get for it is satisfactory.

Question. Well, now, suppose the price goes down; if you take it from the farmer, the spot price, then what is the result?

Answer. Well, if the price of cotton goes down, then we have a profit in our hedge, and that will help as to the spot cotton.

Question. And who gets the benefit of that?

Answer. It is given to the movement as a whole; they all do. When the farmer turns his cotton over to us, the identity of that cotton, those particular bales, is lost. He is, of course, recovered at the end of the season on the profit resulting. If there is a loss, of course, he is not.

Question. Now, wait a minute, and that the cotton loses its identity, and if there is a loss, that the farmer does not suffer, it is not charged against him. Well, it is in that it is charged against the reserves, and he suffers in that way.

Answer. That is correct. I am glad that you called my attention to that.

Question. It reduces his dividend.

Senator McKELLAR. Which is the same thing.

The WITNESS. It reduces his reserve. If there is a profit to farmers, and if there were 1,000,000 bales handled, and $1,000,000 made in the operation, he will be paid 50 cents in cash, and he will be credited with 50 cents per bale in the reserve.

Senator BANKHEAD. In other words, it is all a part of one arrangement, which you carry through as to all of your members.

The WITNESS. Exactly.

Senator BANKHEAD. And after it is delivered, there are no losses because of hedges?

The WITNESS. That is right. We have a hedge, which will offset any decline in the market. I don't suppose that you were here yesterday, or today, if it was mentioned, but a hedge with us is automatic. When we get our wires in the morning, if we receive, say, ten or fifteen or twenty thousand bales of cotton, there is a hedge made on the New York or the New Orleans market that day.

Senator McKELLAR. All right, the next witness.

(Witness excused.)

* * * * * * *

E. F. CREEKMORE resumed the stand and testified as follows:

Examination by Senator McKELLAR:

Question. Mr. Creekmore, do you want to insert anybody in this case or shall I try to get through with you?

Answer. I would appreciate being finished with for the time being.

Question. All right, sir; we will get ahead. How many of the members of your present board of directors are the paid managers of State associations?

Answer. I believe there are six.

Question. Six?

Answer. Let me give you their names.

Question. All right, sir.

Answer. Mr. Sullivan, of California, joint chairman, elected by the directors of the California association, and approved as to his qualifications by the A. C. C. A. He has been elected by the directors of the California association as a director. That same situation exists with the following: W. R. Squires, of El Paso; Harold, of Oklahoma; Stewart, of Mississippi; Beatty, of Alabama; and Hathcock, of South Carolina.

Senator BANKHEAD. How many are there on your board, Mr. Creekmore?

The WITNESS. Fourteen.

By Senator McKELLAR:

Question. Does your association pay the salaries of those men, or any part of it?

Answer. One-half the salaries.

Question. What salaries are they paid, by the way?

Answer. Mr. Sullivan receives $7,500 per annum; Mr. Squires receives $7,500 per annum; Mr. Harold receives $5,000 per annum; Mr. Stewart receives $7,500 per annum; Mr. Beatty receives either $4,800 or $5,000; Mr. Hathcock $4,500 or $5,000—I don't know the exact amount.

Question. Does the A. C. C. A. management have anything to say about who shall be elected?

Answer. They have the approval of the joint managers on the business operation.

Question. Suppose the State manager is not in the employ of the A. C. C. A.——

Answer. You mean the joint manager or the director?

Question. I want both of them, whether they are joint managers or directors. Is there a distinction between a joint manager and a director? As I understand it, the six men you spoke of are directors?

Answer. That's correct.

Question. Yes, sir.

Answer. Let me see if I can give you a picture of it.

Question. I will be very glad if you can.

Answer. There are six men on the directorate of the A. C. C. A. who are elected by the State associations as their directors, who are employed by the State associations as managers, or business managers, and who are approved in that capacity as business managers by the A. C. C. A., the A. C. C. A. in those instances paying one-half the salaries. There are six men on the directorate of the A. C. C. A. who draw no salary either from the State associations or the A. C. C. A.

Question. Who are those six men?

Answer. Perry of south Texas, McCreary of Brazos Valley, Sharp of Texas—that is, the Texas Cooperative Cotton Association of Dallas—Lee of west Texas, I think, with headquarters at Abilene, Mann of North Carolina, Williamson of Georgia.

Question. That's 12?

Answer. Twelve.

Question. And you, and Mr.——

Answer. I am not a director, Senator. Mr. Henry is employed entirely by the Mid-South Association and is elected by the directorate of the Mid-South Association to represent that association in the A. C. C. A. organization. Mr. Williamson is the president of the A. C. C. A. and a director. He is paid $25 per day, or per diem, when on business of the A. C. C. A. That completes it.

Question. There is one man—that's 13?

Answer. Mr. Williamson and Mr. Henry.

Question. Yes; Williamson and Henry.

Answer. Yes, sir.

Question. And, as I understand it, the six men of the State organizations are employed and have their salaries paid by your association?

Answer. I don't believe that's a correct statement. Six of the men who are employed by the State associations and who, from a business-manager's standpoint, approved by the A. C. C. A., are paid jointly by the A. C. C. A. and the State associations.

Question. I don't suppose you can do it offhand, Mr. Creekmore, but I would like to have a list of the salaries, expenses, commissions, bonuses, and other remuneration your directors receive—have received—by years, from the A. C. C. A., or the regionals, since its or their organization.

Answer. I will be very glad to furnish it. Do you mean individually?

Question. Yes, sir.

Answer. I will be very glad to give you that information. I haven't got it. I do expect, sometime during the day, to comply with your request as to the salary list.

Question. Mr. Creekmore, the A. C. C. A. started out as an agent for selling cotton for the State associations, did it not, and if so, is that still the case?

Answer. The exhibits and bylaws and articles of incorporation. [Refers to papers.] The A. C. C. A., as I conceive it, was organized to handle sales for State associations and assist them in the financing of their expenses.

Question. Now you buy cotton from the State associations? Is that true?

Answer. No, sir; they deliver it to us by contract. Would you like for me to put into the record a copy of our operating contract between the A. C. C. A. and the State associations?

Question. Yes, sir.

Answer. I don't believe I have it here.

Question. I think I have one.

Answer (examines paper). This is a blank copy of the operating contract between the A. C. C. A. and the associations.

Question. Before you hand it to the stenographer will you look at section 1, subsection (a) in parentheses [reading]:

"Subject only to the provisions of paragraph numbered 2 of this section, the sum at which immediate fixation cotton shall be sold to A. C. C. A. shall be the amount paid to the association's members, plus the actual expenses of the association, not exceeding a maximum amount set out in a budget to be agreed upon in writing by the parties hereto prior to the delivery of the cotton, and plus other deductions withheld from the members of the association's account authorized by the marketing agreement of the association with its members, and agreed to in writing by A. C. C. A. before delivery of the cotton, less amounts collected from the members for subscriptions to American Cotton Advocate."

Have I read that correctly?

Answer. I believe the contract you have was a contract during the 1934–35 season. It is in effect the same as subsection (a) of section 1, with the exception of the American Cotton Grower subscription.

Question. You have left that out, or have you added something else to it?

Answer. This contract, which succeeded the contract you are reading, covering 1934–35 season has, in subsection (d) of section (1), the following in regard to the American Cotton Grower [reading]:

"The association agrees to collect from each delivering member an amount at the authorized rate to cover 1 or more years' subscription to American Cotton Grower."

Question. That's substantially the same provision that in the present contract, or the contract of 1934, which is that the association agrees to collect an amount to cover 1 year's subscription to American Cotton Grower. I am going to return to the question I asked you a moment ago—why section 1, paragraph 1, reading as follows:

"The manager of the association shall be approved by both the board of directors of the association and the board of directors of A. C. C. A. and shall be employed by and be responsible to the association and to the A. C. C. A. jointly."

That's still in the present contract?

Answer. Yes, sir.

Question. Mr. Creekmore, do you think it is fair to the producers delivering cotton of the American fixation pool 1 year to share in the profits and yet not be liable?

Answer. They are liable for the losses because of the reserves.

Question. Is that fair? If in 1 year you make money and create a reserve, and the next year a member of the association will send you one bale of cotton and have a loss on it, do you think that those who have an interest in the reserve should give it up and let me share in it if there has been a loss on my cotton?

Mr. ABE WALDAUER. That is regulated by the Cooperative Marketing Act of the various States, and we are compelled to follow the law.

Answer. It is the law in cooperative marketing, as I understand it.

Question. That involves the same question in connection with one of your settlements where future members were to be taxed, I believe, 50 cents per bale to make up a deficit. You remember that transaction?

Answer. I remember very clearly that I protested against it, and it is another indication of what I think the Government, through the Federal Farm Board, did to the members.

Question. The Board insisted on it, but, to my mind, it is unfair because I do not think the losses made as to cotton belonging to one member should be compensated for out of gains made in other years.

Answer. If I understand cooperative marketing correctly, that's one of the principles of cooperative marketing, and if their members approved of that decision, and if it is their money, I can see no possible objection on the part of the public to the operation.

Question. Mr. Creekmore, I want to get the facts on that. Suppose a man has been a member for 3 years and reserves accumulated and the next year he isn't, does he lose interest in the reserve?

Answer. No, sir; the interest is credited to him.

Question. Regardless of his subsequent participation or retaining membership?

Answer. Yes; his interest is retained for him just as a deposit account would be retained if he did business with the bank. To me one of the greatest steps forward we have made in cooperative marketing is to say to the member: "We don't want to penalize you because you are a member. If you can handle your cotton to better advantage elsewhere, do it." We are not prepared to do it all. The reserves are continued for each member just as they are held in reserve in a mutual life association.

Senator BANKHEAD. Suppose a man is a member this year and you have a loss, and he is a member next year and you have a profit; how do you figure with that man? Do you charge him back or credit him with the reserve for last year and debit the reserve?

The WITNESS. It has been created on prior years' operations.

By Senator McKELLAR:

Question. Now, let me ask you this, the members of your association themselves are never called upon to make up any deficits?

Answer. Deficits in the operation?

Question. Oh, yes.

Answer. That has been essentially true during the past 3 years.

Question. Well, have they ever been called upon, ever in the history of your organization, in the 5 years you have been manager, has any single solitary member ever been called upon to make good any single solitary loss?

Answer. Well, I think where there has been perhaps a material deficit caused by an error, or caused by irregularities, some members have, but I think insofar as going back to the individual member and saying, "We had a loss in this operation of 50 cents a bale", or 25 cents a bale, that we have not gone back to him. Of course if his operation has had no loss—since the stabilization operation until last year we had an adequate reserve to take care of that and then have $2,000,000 left.

Question. But you never called upon him, and you probably never will call upon him?

Answer. If my policy or my thoughts are followed by the directors of the A. C. C. A., you are essentially correct. We relieve the member of the responsibility of a loss, if any, occurring during the year's operations only to the extent of the loss of his interest in the reserves which have been created.

Mr. WALDAUER. I beg your pardon. May I read into the record a provision from the Cooperative Marketing Act of Tennessee, which says that the loss of the members is limited to the unpaid portion of their membership or entrance fees. I will give you the citation.

Senator MCKELLAR. Just let that provision be read into the record.

By Senator MCKELLAR:

Question. If there are losses, then, they are paid out of the reserve?

Answer. The losses are paid by the depletion of the reserve.

Question. Depletion of the reserve. If you have no reserves, why, it is just too bad, and they will not be paid?

Answer. I think that would be the result if they had no reserves.

Mr. WALDAUER. May I read this now? Section 15 of chapter 100 of the Cooperating Marketing Act of Tennessee contains the following provision [reading]:

"No member shall be liable for the debts of the association to an amount exceeding the sum remaining unpaid; that is, membership fee or subscription to the capital stock, including any unpaid balances or any promissory notes given in payment thereof."

That is chapter 100 of the Public Acts of Tennessee of 1923, and virtually the same provision in perhaps slightly varying language appears in the State cooperative statutes of 40 States of the American Union.

By Senator MCKELLAR:

Question. I want to ask you this question: Does your policy provide that the producer delivering cotton, say, in 1931, which was profitable, he really bears the losses that were incurred by you in 1935; that is what it means?

Answer. It means exactly that; yes.

Question. That their interests in the reserves are depleted to the extent of your losses this year?

Answer $212,000.

Question. If your losses should exceed your surplus, wouldn't the Farm Credit Administration have to stand the losses on its loans to you, the loans on your capital stock?

Answer. I don't know. The Farm Board put us in debt $1,700,000 on the 1929–30 operation, and with the exception of four State associations those losses were paid by the State associations.

Question. Well, that was because of other reasons?

Answer. Well, but the associations, as far as the Farm Board was able, had their assets wiped out and were put in debt on the operation to the extent of $1,700,000. My statement shows exactly what was repaid on that debt. So I think we have made a pretty good record and I believe a reputation for paying our debts if they are incurred, even if we don't believe they have been incurred justly.

Question. I want to refer to another matter. I want to ask you this question: Isn't the only substantial distinction between your immediate fixation pool operation and those of a private firm is that under certain circumstances you may pay patronage dividends to those delivering cotton?

Answer. I think for brevities sake, if I may, I will, just to refresh your memory, read a paragraph of my statement. [Reading:]

"It has been openly charged that the A. C. C. A. is just another large cotton firm. In the handling of the cotton received from its members and in the elimination of speculation in the advance or decline of the market, A. C. C. A.'s operation is along much the same lines as the cotton shippers, but at that point the similarity ceases. No cotton firm operates on the basis of reducing the spread between the price received by the producer and the price paid by the mill; no cotton firm has returned its profits to the producer; no cotton firm as yet has interested itself in a general reduction in transportation charges, compression, warehouse rates, and legislation benefiting the producer."

Question. Well, now, that does not answer the question I asked you. I will repeat it to you and take it very slowly. Isn't the only substantial distinction between your immediate fixation pool operation—confined to those—and those of a private firm, is that under certain circumstances you may pay a patronage dividend to those delivering cotton to you? Now, here I am. I come and sell you under the immediate fixation pool proposition one bale of cotton at 12 cents. Isn't the only distinction on earth between that transaction and my selling to a private cotton dealer that you may pay, at some time in the future, a patronage dividend to me who delivered you that bale of cotton?

Answer. It is difficult to answer that without adding. I think, yes, to a certain extent that is correct, but we believe and we think we have demonstrated that in addition to the price we pay we are performing other services for the farmer which are largely in excess of the possible patronage dividends or direct benefits received by the member. In addition to the patronage dividends we pay the farmer, you must remember that we credit to his account, through reserves withheld, the extent of approximately 6 percent of the operation.

Question. Can you give us any information as to how much of the cotton that you buy under the immediate fixation pool arrangement is bought from original producers or is bought from dealers?

Answer. Well, as to definite information, I cannot. I will answer your question——

Question. Just a moment. May I ask you if a very large proportion of your immediate fixation pool cotton is not acquired from persons who have already bought it from the original producer?

Answer. I think not. I think a very large proportion of it comes originally from the producer.

Question. Where could I get that exactly?

Answer. Well, I am sure that Mr. Henry will be able to testify as to that, in regard to himself.

Question. As I remember, your fixation pool cotton amounted to about 700,000 bales, wasn't it—something like that?

Answer. Now, speaking as of last year—we will say this is the record for last year—the total of 1,432,453 bales were received, 1,277,842 bales were delivered by member associations, of which 665,687 bales were handled in the 12-cent loan governmental pool.

Senator BANKHEAD. How much?

The WITNESS. 665,687 bales. So the State associations certainly handled more than 50 percent of the receipts they received direct from members through the 12-cent-loan pool, because the pool was not open to any but producers, bona-fide producers.

Senator BANKHEAD. You get all your cotton through the State associations, do you?

The WITNESS. Practically all of it. We do make some purchases. For instance, this is—reading on in the last year's operations, and in this statement, Senator, I have tried to give every possible information which Senator MCKELLAR asked for, or which I thought would be of value. [Reading:]

"In the purchase was included 77,702 bales for the Agricultural Adjustment Administration, 66,984 bales from the Chinese Government. Of this 66,984 bales, 47,700 bales had been previously sold by the A. C. C. A. to the Chinese Government."

That was cotton purchased by the A. C. C. A. without handling it through the State associations.

Senator BANKHEAD. How much cotton do your State associations buy from others than original producers?

The WITNESS. Some State associations buy none. Some State associations, for our account, buy in some years 5, 10, or 15, and some State associations may go possibly 25,000 or 30,000; I am not able to state.

Senator BANKHEAD. Do they have buying agents scattered over the country?

The WITNESS. It is all handled by our field men, Senator, just as we have representatives in Alabama.

Senator BANKHEAD. How many have you there?

The WITNESS. I would say some 15, scattered throughout the State, and then we have in addition to that a representation through some of the exchanges, I believe they call them. The majority of the local exchanges operate cooperatively.

Senator BANKHEAD. Well, they merely take in the membership then, I assume?

The WITNESS. Yes; I think so.

Senator BANKHEAD. And these other 15 agents have authority to buy cotton anywhere?

The WITNESS. If we give them that authority.

Senator BANKHEAD. Generally speaking, what is your practice?

The WITNESS. Well, generally speaking, they have not the authority unless we give them definite, detailed authority.

Senator MCKELLAR. Well, don't you give it to them?

The WITNESS. Very often. Sometimes it is necessary for us to increase our deliveries or receipts to take care of certain orders and we do at that time give it to them.

Senator BANKHEAD. Did you buy any cotton from the pool this last year?

The WITNESS. Yes, sir.

Senator BANKHEAD. How much did you buy?

The WITNESS. 79,702 bales.

Senator BANKHEAD. All right.

By Senator MCKELLAR:

Question. Well now, in buying that cotton from Mr. Johnston's pool, was a commission earned by you in the purchase of the cotton?

Answer. We are paid a commission of 50 cents a bale for the handling and sale of cotton.

Question. Even though you buy it yourself?

Answer. Yes, although we must pay more than the trade paid for it and the sale must be approved personally by Mr. Johnston.

Question. Now, that was 79,000 bales?

Answer. Yes, sir.

Question. Now, while you bought this cotton from Mr. Johnston, who is the representative of the Government pool, you at the same time received a commission on your purchase from Mr. Johnston of about $39,000 plus?

Answer. That is correct, and I would like to state for your information the basis on which the cotton was purchased. The first 12,000 or 15,000 bales was purchased by us after I had notified Mr. Johnston that we had an inquiry from India for this amount of cotton which we did not have in stock, that we were not anxious to handle the cotton, but I would like to see the cotton go into consumption in India; they had not been in the market for a year or more, and he asked me to go ahead and make the trade. We made no profit on it. The second transaction was for some 40,000 bales to Japanese spinners, which aided in increasing the consumption and reducing the surplus in this section. That ac-

counts for about 50,000 or 60,000 bales of it. The balance was just sold to mills to take care of their operations.

Question. Now, did you make a profit on the cotton you shipped to Japan?

Answer. I think we made a slight loss on it. It was just a turnover proposition—probably broke even.

Question. Now, Mr. Creekmore, isn't it true that the managers, your managers, of the regional associations, are aware of the fact that ginners and country merchants and cotton buyers, individual cotton buyers, or firms of cotton buyers, are really selling you through your immediate fixation pool very large amounts of cotton?

Answer. I don't believe they are. There are times, you know, when I say that we do authorize them to go in and buy cotton, and under the Capper-Volstead Act we are permitted to buy to an extent equal to the amount delivered by members, and that amount, as I have been informed and I believe to be correct, has been nothing like the amount of cotton delivered by members.

Question. But you deal in a lot of cotton for nonmembers, do you not?

Answer. We deal in some cotton from nonmembers.

Question. I am going to read here at this time a short statement from S. 4236 on this subject [reading]:

"The bills before us during the last session authorized organizations or associations dealing in products of their members. The bill now under consideration authorizes them to deal in the products of persons so engaged. Obviously, under the former the associations would be restricted in dealings to the members. In the latter, however, they are restricted as to the character of products in which they deal. It is clear that they may deal with any person in such products whether he was a member or not."

Now, was that amendment passed?

Senator BANKHEAD. The Capper-Volstead Act provides that they must do business with members only.

Senator MCKELLAR. But what about the amendment here, an amendment to authorize them to deal with nonmembers? Was that ever passed? I don't recall it.

Answer. I don't know.

Question. I don't believe it was. Well, we can look into that later. I will go onto something else. If you are buying cotton second-hand or third-hand, not from producers, if you were buying it from dealers or brokers, doesn't that defeat all the stated purposes of your associations as cooperative; doesn't that do away with the cooperative features of your association?

Answer. The cotton shippers say it does. I say it does not; I don't know.

Question. Well, that is a question, so we won't debate that.

By Senator BANKHEAD:

Question. I want to find out how cotton merchants make money out of the purchase and sale of cotton.

Answer. Cotton merchants?

Question. Yes, sir. Now, it is my understanding that the cotton merchants promptly after buying, hedges, so there is an automatic set-off whether the cotton goes up or goes down, he has sold it that day for the same price he paid for it presumably, if he has bought in line with the market price for that day. Now, explain to me how they make a profit.

Answer. Let me make this illustration and see if I give the information.

Question. You understand what I am trying to find out?

Answer. I know what you are trying to find out, and I should have the ability to explain but it seems like I have difficulty at times in explaining the A. C. C. A. Middling inch cotton in Senator MCKELLAR'S district is today selling, we will say, in the interior at 100 on March New York future contracts. March New York contracts we will say is quoted at 11 cents today. The cotton market will offer to the ginner or to the supply merchant 12 cents for his cotton, and purchases it. Now, when he buys that 100 bales of cotton he will sell 100 bales on March New York contract at 11 cents, the price being paid today by the mills, domestic mills, for this same inch cotton, we will say is 210 on March.

Question. In other words, they are paying less than their customers are paying, fewer points?

Answer. That is correct.

Question. Your illustration gives 100 points.

Answer. They have got 110 points gross profits, without taking into consideration the ups and downs of the market, because the advance or decline of the market has been eliminated because of the hedge, on the presumption that the premiums or discounts on cotton will advance or decline,, as well as the value of cotton on the same proportion. Now, he sells the cotton at 210 on, which gives him 110 points gross profit. He has got a total transportation charge, we will say, of 67 points, that is freight and compression. I think included in that he would have to put in five points for the first month's compress and storage charges, and if he is a prudent cotton man he will put in five points more for interest and insurance, because it takes a little time even if it is moving fast. That would be 77 points total cost. Then he has got to pay, or most of them have to pay, I believe, a certain collateral fee that we mentioned yesterday, an exchange in having the bank pay the actual cash on the draft rather than waiting until the draft is collected, and then he might add another five points for those incidental charges. That brings them up to 82 points. Now, he is selling it for 110 on.

Question. Hold on; he has got his brokerage commission too, hasn't he?

Answer. Oh, yes; he has got six points brokerage commission. Let's put the six points in. I am not quoting the exact exchanges because I have not them in mind, but I am trying to give you a fair approximate illustration. That is 88 points. That gives him a gross profit after paying all charges but not considering overhead, of 22 points, if he can buy the cotton at the price stated and sell the cotton at the price stated, and if my charges are correct, and they are approximately correct.

Question. Now, does he pay the transportation charges to the mill or the point of delivery?

Answer. That is a matter of contract.

Question. That comes out of this 110 points?

Answer. Yes, sir.

Question. He pays that?

Answer. Yes, sir.

Question. That is approximately a dollar a bale?

Answer. 110 on the basis of my figures.

Question. Now, how will that figure on seven-eighths, we will say, the length that constitutes a majority of the cotton, doesn't it?

Answer. Yes; it is the biggest part of it. Instead of 100 on March for middling seven-eighths, it would probably sell today at 25 on March.

Question. You mean to the trade, to the mills, or what?

Answer. No; I mean to the individual producer.

Question. Well, why is that; why do they pay above the market quotation?

Answer. Because the spots at this particular time are at a premium over the future quotations.

Question. Well, that is the basis, and that is abnormal?

Answer. That is abnormal; yes.

Question. Now, I am speaking of normal conditions?

Answer. Now, let me give you this illustration in your own State, with a variation of 10 or 12 points; I just can't be exact; I would say that today in interior small towns in Alabama middling ⅞ cotton selling at even December about 10, or even March, perhaps about 10 on March. March is a little under December, I understood last night, so let's put it at even on December. Now, it is the same operation. The shippers or the cooperative eliminates the speculation in the advance or decline in the market by selling an equal number of futures.

They can't sell it at the exact price they purchased it, but the average throughout the year will make it very close, and then when they sell it to the mill they buy back those futures, so that eliminates the transaction and eliminates speculation in the advance or decline of the market. One of your constituents will get the December quotations of we say even or past. December, we will say, is 11 cents today. Now, we have got the same character of charges to some extent. We have the 5 points for freight and compression; we have about 10 points for interest, insurance, and hedges, as we figure, for a quick turnover. We have no compression charges, but we will say that you have an average truck charge to your Alabama mills of 25 points. I think that is a little high for the average, say, 20 points. That is a total cost accruing on that cotton at the mill after it is produced of 35 points, so the shipper would consider that he would have to get 11 cents for the cotton, plus 35 points delivery charges, plus, we will say, 20 to 25 points overhead and profit. That is where we have come in to reduce the spread. So that cotton today, as I figured it, would sell to the mills at 11.60, which would give the shipper a 25-point profit in the operation, and while the prices I have given you are approximate, they are approximately correct. That is, cotton will sell, middling ⅞ cotton will sell today in Alabama by the producer at around even December 11 cents.

Question. He makes his profit by adding to the items of expense the delivery and handling.

Answer. That is correct.

Question. It is the margin that provides the profit?

Answer. Yes, sir.

Question. And, of course, they pay that? That is, the mills do?

Answer. Yes, sir.

Question. And I assume that the cotton bought and sold—or sold to the foreign trade is operated on the same basis?

Answer. Exactly the same basis. There are different charges. You have to make allowance for that. I hope I do not bore you.

Senator BANKHEAD. Oh, no.

Senator MCKELLAR. No; that is very interesting information.

By Senator MCKELLAR:

Question. Mr. Creekmore, are you familiar with the report or resolution of the National Cooperative Council defining the attributes of a good cooperative?

Answer. I have read it, I believe.

Question. It is signed by Mr. Williamson, president of the A. C. C. A., is it not?

Answer. Yes, sir.

Question. I call your attention to the definition as given by that committee, under section 1 of the document. [Reading:]

"Business cooperatives are created by farmers as agencies through which they collectively sell their products or purchase their supplies. Such cooperatives being owned and controlled by the members should at all times have the wholehearted participation of those members in the risks, gains, and losses of the business operations. Therefore, the members in building such

cooperatives should invest therein substantial amounts of their own funds, commensurate with the needs of the business."

Have I read correctly?

Answer. You have, but I think it would be well for you to read the preceding paragraph. I make that as a suggestion.

Question (reading):

"Pursuant to the expressed purposes, the committee has deliberated, and believes the following seven policies worthy of adoption as guiding principles for the business cooperatives of this country."

Is that the paragraph?

Answer. Yes, sir.

Question. Now I call your attention to subsection 4, the last paragraph in that section. [Reading:]

"Business cooperatives should not engage in general buying and selling. Sales or purchases for nonmembers should be strictly limited to those transactions essential to the efficient handling of the members' own business, and such nonmember business should be on a nonprofit basis."

Question. Do you endorse that?

Answer. Absolutely; yes, sir. I endorse all of those seven principles.

Question. And that is endorsed by Mr. Williamson, who is the president of your association, and who signed this report. I read again. [Reading:]

"If a desire for profits is allowed to supplant the cooperative objective of savings in operations, the future of cooperative effort is seriously endangered."

I imagine you endorse that, do you not?

Answer. Yes, sir.

Senator McKELLAR. I want to offer that report for the record. [So offered.]

Mr. CREEKMORE. May I make a comment in answer to that? I think to a large extent we are working toward these principles.

Question. You are not operating on those principles, which are announced by your president, are you. You are not operating now. You may be working toward it?

Answer. To what extent, Senator?

Question. All of this buying and selling of cotton, as you have heretofore stated, and the buying from nonmembers, as well as from members, and piling up $6,000,000 of reserves—what is the amount of the reserve, I have forgotten the amount?

Answer. $2,000,000.

Question. $2,000,000 of reserves.

Answer. Yes, sir.

Question. It seems to me you are looking after the profit business if you are piling up reserves?

Answer. It is all imperative, Senator, considering the volume of busines we have handled in the past 5 years. That is one of the signs of progress we have made, the creating of reserves.

Question. Well, now, in that connection, what is the extent of your operations, how much in terms of money, what is the total amount of your operations, about half a million dollars a year?

Answer. I think about half a billion in the 5 years, or 4 years.

Question. It runs over one hundred million a year?

Answer. I think, including the cotton we have handled for governmental agencies, that is conservative. I wish to say this. [Reading from this paper:]

If a desire for profits is allowed to supplant the cooperative objective of savings in operations, the future of cooperative effort is seriously endangered.

I think our whole policy for the 5 years I have been associated with the movement has shown a desire to operate properly, efficiently, and a desire for profit. I don't think that we have gone in general buying and selling, because I think if we had we would have given the cotten men something to complain about, because our competition has been materially reduced because of our desire to handle mainly the cotton of our members.

Question. Now, you are acquainted with the operation of Anderson Clayton & Co. About what does that amount to a year, in millions?

Answer. I think they have a representative here in the building, or I know they have one here in the city, and I would rather you would ask them. I think it is very large.

Question. Are they larger dealers in cotton than your corporation?

Answer. I believe without knowing that they will handle more cotton each year than A. C. C. A. will handle, excluding the services rendered the Government on the cotton which has been entrusted to it.

Question. Well, how does your operation compare with Weil & Co.?

Answer. I could not make the comparison.

Question. Well, how does it compare with McFadden & Co.?

Answer. All three of them have agencies here, and it would be a very valuable thing for us, as I am sure it has been an equally valuable—priceless almost—for the cotton shippers to get our intimate records for 5 years, and I would appreciate it very much if you would call the three firms in question and ask them.

Question. Have you any idea what those four large operators, including yourself, how much of the cotton crop is handled by those four operators?

Answer. No, sir; and, as I say, I think you would be rendering the cooperatives a service if you would supbena those three firms, or four firms in question, and ask them to bare their innermost secrets as we have very gladly brought ours to you.

Question. But you can realize there is a difference. Your business is conducted with Government money, and the other three are not. There is that distinction, but I will bear that in mind, what you say, so far as I am concerned, and the committee will too, I know.

Answer. I think, Senator, there can be no true comparison of benefits the cooperatives are doing until there is a joint investigation of the cooperatives and the cotton men. They make charges, and they make statements. We always present our records, and we have presented them cheerfully and honestly. I would like at this time to make a request that this investigation be continued, if possible, through an amendment to your authority, that Congress make this investigation, and that a thorough investigation be made, because when you get through you will have everything I know, but I think also the cotton trade generally should be included in it, not alone the cotton shippers but the cotton exchanges. Let's throw the whole fact before the public. Let's get the whole picture, not just a portion of it. We are trying to give you all you want. We are giving you every possible information that I am physically able and mentally able to get up for you.

Question. Don't you think it is entirely proper, in view of your being virtually an agent of the Government, to do that. Do you think the Congress ought to create an activity that Congress desires to retain a control over and then not direct it and know what those operations are? Of course, I can see a very great difference between your situation, insofar as the investigation is concerned, and those of private owners. Of course, your suggestion is up to the committee, but I shall be very happy to give it consideration.

Senator BANKHEAD. The Senate passed a resolution authorizing the Committee on Agriculture to conduct a general investigation of the cotton business and the exchanges as well. In acting under that resolution Senator SMITH is in charge of it, and he has had a corps of assistants and auditors at work for 2 or 3 months before Congress adjourned, investigating the exchanges.

Senator McKELLAR. Is it broad enough to include what Mr. Creekmore has suggested about private firms?

Senator BANKHEAD. I am not at this moment in a position to say how broad it is.

Senator McKELLAR. But that investigation is now going on, and that is with your committee?

Senator BANKHEAD. It includes some collateral investigations, and it is to include manipulations, and matters of that kind, on the exchange, and I just noticed a few days ago an account in the paper that Senator SMITH is going to call the committee together sometime in November to begin taking testimony on that very investigation. I happen to be a member of that committee, and I know that phase of it, and I assume the entire investigation has been provided for, and it will proceed.

Senator McKELLAR. I hope that committee will take the view that Mr. Creekmore has stated, and get the full information about it.

Senator BANKHEAD. And I will say to you now, Mr. Creekmore, that I will be very glad to have you present, and have any suggestions you care to make in line of the investigation which you think will be useful.

Mr. CREEKMORE. I appreciate that very much, Senator, and I would enjoy working with you, and will cooperate with you in any way possible.

Senator BANKHEAD. This investigation, as you doubtless know, is being conducted by the Appropriations Committee, and the other is by the Committee on Agriculture, and I just happen to be a member of both of those committees.

Senator McKELLAR. Incidentally, that grew out of the introduction of the Frazier bill.

Senator BANKHEAD. I don't think this committee would have anything to do with the matter that you have just brought out.

Senator McKELLAR. But you think the other committee would?

Senator BANKHEAD. Yes, sir.

Senator McKELLAR. Here is one thing I want to say about the resolution. We have some 26 or 28 Senators that are sometimes designated as the cotton Senators. That is, they are so spoken of because of the fact that they represent cotton States. North Dakota is not one of those States. Senator LYNN FRAZIER, whom I have known for many years, and who is one of the finest men I ever knew, and I know him very well, and he is honest and able in every way. But it struck the cotton Senators as a most unusual thing to find that the cotton cooperatives should have a project of this kind and would go to Senator FRAZIER, of North Dakota, who probably never saw cotton grow, or maybe never saw cotton at all, unless from a car window, to introduce this very, very important matter, and I think that had something to do with the introduction and passage of this resolution; and I would like to ask you, if it is proper, why you did not get the matter of reopening an old settlement about cotton with the Senators who were familiar with the transaction, and not go to North Dakota to find a man who was wholly unfamiliar with it, to introduce such a measure?

The WITNESS. At that time I had not had the pleasure of meeting either Senator BANKHEAD or Senator McKELLAR. That is one of the pleasures that I have had as a result of this hearing, and Senator FRAZIER seemed to have a lot of interest in the cooperatives, and he had been taking quite a bit of interest in them, and for that reason the matter was taken up with him.

By Mr. McKELLAR:

Question. Well, at the time maybe you did not know Senator BANKHEAD or me, but you did know your own Senators, Senators LONG and OVERTON?

Answer. They were not discussed or considered in the picture at the time.

Question. I would like for you, if I have not already asked the question and if you have not already furnished it as an exhibit, to furnish me copies of the present charters of the present State and regional associations.

Answer. That will be furnished.

Question. And to furnish also for the record all copies of the present membership agreements of each of your associations and a copy of the bylaws or requirements governing those contracts. I think we have some of those, haven't we?

Answer. We have some of them, but if it meets with your pleasure, I should like to send them either to you or to the court stenographer. I think that would be proper.

Senator McKellar. All right, send them to me and I will see that they go in the record.

Question. I want to ask you this question to have it in the record. Are members permitted to sell more cotton outside than they deliver to you, or to their associations?

Answer. Yes, sir; they are permitted to sell, and it varies somewhat.

Question. I think I have already asked this question, but I will ask it again, to be certain. Where farmers obtained seed loans, 10-cent loans and 12-cent loans, were they obtaining such loans through your association-made members?

Answer. Generally speaking, yes; I understand that on the 10-cent loan, at the beginning of the operation, one or two associations, in order to take care of the situation while the loans were getting in shape, did not require membership contracts. I think Mr. Henry can give you more testimony on that, and more information than I can, and the other representatives of the other State associations also.

Question. Will you state what percentage of deliveries were made before contracts were signed? In other words, do members join and then deliver cotton, or do they have to sign a contract in order to receive their pay?

Answer. Well, that would be another estimate on my part. I would say that 90 percent of our deliveries are from members who have signed prior contracts, but I don't know.

Question. Mr. Creekmore, I want to get the membership list for the record for each year from 1930—or from 1929–30—before I finish that question. Did I ask you about such a list; do you have it here?

Answer. I thought I advised you that we did not have it at this time. We would have to take it up with our member associations.

Question. Have you ever got that list?

Answer. We have taken it up with our member associations. Some of them are willing, if necessary, to supply it. Some of them feel that they would not do so without specific authority from the board of directors. Some of them feel, and I too feel, that if that list is submitted that it should be zealously kept for the committee itself, and it should not be made a matter of record.

Senator Bankhead. What is that list?

Senator McKellar. That is a list of all members of the associations. I have asked particularly for the list of members.

Question. How could it possibly—how could a list of your members of your various State associations possibly injure the corporation in any way, even if it were published in every newspaper in America?

Answer. For 5 years we have been besieged with propaganda circulated by the cotton shippers. Do you know of any merchant who would like to give to the public a list of his customers?

Question. You say merchants?

Answer. I mean general merchants, anyone even in that line of business.

Question. But you are not operating for profit. You are operating as a governmental institution?

Answer. Yes, sir.

Question. Now, why should you withhold a list of a set of your members? Why should the Government withhold that from the public, or why should it be permitted to do that?

Answer. I can't conceive that the public is interested in the membership. I can conceive that the committee might like to go over it. I do know that the cotton shippers would like very much to have it. I would like to call on Mr. Waldauer on that subject, and he can go into it.

Mr. Abe D. Waldauer. There are other reasons besides those that have just been mentioned by Mr. Creekmore. In the first place, it is a matter of common knowledge that there are people whom the farmer owes, and we are interested in the farmer, and there are those who would like to find out where his money is, so that they can run an execution on it, and to give that information to the public would increase our expenses tremendously—that is, the operating costs of the associations—by having lawyers filing answers in garnishment proceedings when it was thought that maybe a farmer had money coming to him, either in deferred payments or otherwise. We do not want to be in the attitude of aiding members to escape a just debt, but we do not think we ought to be compelled in a proceeding of this character to be forced to divulge this information at the expense of the membership. We have nothing to conceal from the Senate, or from responsible officers of the Government. We do have much to conceal from those who would not have the best designs, either on the cooperative or the farmer.

Mr. Creekmore. Now, I would like to add this: Insofar as my company is concerned, if this committee wishes the membership list, I will use my best influences to see that this committee gets it.

Senator McKellar. Well, Mr. Creekmore, insofar as the members of the committee are concerned, I will say as a member I think that a list of this character ought to be furnished. There have been charges made that these lists were secured in certain ways, and those charges have come to our attention, and I think we should have that information. I think when a member sells a bale of cotton to the A. C. C. A., and when they have a right, you might say, to do as they wish with the cotton, within certain limits, and when he is charged a membership fee, and under all of the circumstances it seems to me that this committee ought to see the list, to know who are really members and who are not, and personally I regard it as an important matter. It is up to you whether you give it.

Mr. Creekmore. Insofar as the committee is concerned, I think the great majority, or perhaps all of the affiliated associations, will be perfectly willing to submit it, but as I have said, and as Mr. Waldauer has more properly informed the committee, we do think there are serious objections and obstacles to turning over such confidential information to be made public, to be put in the hands of cotton shippers, because it will be made public and will naturally come out.

Senator McKellar. What harm could the cotton shippers accomplish? I can see this: That if they are members of the committee or members of the association, would just become members by reason of selling a bale of cotton to the A. C. C. A., it might be possible for this to be known; but why shouldn't that fact be known? You don't want a list of members who are not real, genuine, honest members, do you?

Mr. Creekmore. No, sir.

Senator McKellar. Well, if your members are real, genuine, honest members, I should think your association would desire to show it so as to make it known.

Mr. Abe Waldauer. We do and we will check that list——

Senator McKellar. Just a minute, Mr. Waldauer. We will get to you in a minute—in just a little.

Mr. Creekmore. It isn't within my power to say to a State association, you must do this, or you must do that. I understand it is within your power. If, as you say—and I would like to have you advise me definitely—if you think we should furnish a list and that be made public, I will use all the influence I have to do so.

Mr. McKellar. Nothing could be fairer.

Senator Bankhead. Mr. Chairman, my first impression is that there is no public interest in requiring a publication of that list. I think if the committee wants to peruse it, it could be helpful to us to have the list, but I can't see any necessity—it is rather a trade secret in a way. It is an advertising list which may be used by various people. It would be valuable to merchants and general stores and people of that kind, but I don't see that there is any real value in publishing a list of that kind.

Senator McKellar. Excuse me a minute.

(Senator McKellar confers with Senator Bankhead.)

Senator McKellar. After consultation with Senator Bankhead, we have decided to have you furnish a list of all of the members for the private information of the committee.

Mr. Creekmore. I will do my best.

Senator Bankhead. I really think the merchant would make the same objection to giving out his list.

By Senator McKellar:

Question. If voting by proxy is permitted, will you give me a list, insofar as the A. C. C. A. is concerned, of the votes by proxy?

Answer. Insofar as the A. C. C. A. is concerned, votes by proxy are not permitted, and only in one circumstance has a vote by proxy been permitted to any extent, and that's in Texas, and Mr. White is the secretary of the Texas association and is here to testify.

Question. Mr. Creekmore, has the A. C. C. A. ever received any contracts covering commissions, storage, or insurance, by way of rebates, drawbacks, or bonuses of any kind?

Answer. I believe that the A. C. C. A. has in no instance made any contracts where they would receive any rebate or any commission or any drawbacks that you mention that is not open to the world. We have been approached a number of times with suggestions that a certain operation would be offered to us under contract and then remittances would be made later, but we have refused to enter into such an operation. It is generally known to the trade that there is a rebate made each year by the insurance companies to everyone, dependent upon the length of time the cotton is carried.

Question. Will you furnish a statement as to how much rebate, drawback or bonus has been furnished by the insurance companies, by years?

Answer. I will be glad to.

Question. Do the storage companies furnish any rebates or drawbacks?

Answer. I don't know. As far as we are concerned, none. Our contract is an honest contract. We refuse to make contracts and receive rebates. There may be one or two exceptions.

Question. Will you look it up and see?

Answer. One possible exception has occurred to me.

Question. I think you stated a day or two ago that the A. C. C. A. has not engaged in any speculation since 1930–31?

Answer. Any speculation in the advance or decline of the market with one or two possible exceptions.

Question. Have you held any unhedged stock for the A. C. C. A. or member associations?

Answer. Unhedged fixed stock?

Question. Yes.

Answer. I believe I mentioned that when the 10-cent loan was announced we failed to hedge 10 days or 2 weeks. When the deal

came out we found that the cotton was applicable and we started to rehedge and did so. I think I also stated that in some instances, when we had a grade below a low level, we would carry a part of it if in our judgment it was advisable to do so.

Question. Will you explain the circumstances under which the A. C. C. A. repaid the cooperatives $35,000?

Answer. I wonder if I can't call on Mr. Daily to do that?

Mr. DAILY. I would like to have our file.

Senator MCKELLAR. We can postpone that question. Let me ask you this question: Mr. Daily, I will ask you if the records in case no. 734, United States report in all of the districts of Georgia, does not show that the A. C. C. A. in 1931–32 proposed to advance large sums to Georgia to make an apparent reduction in operating expenses from $2.43 to $1 per bale, and if that loan wasn't repaid at the rate of 25 cents per bale until liquidated? Was that the truth?

Mr. DAILY. I don't know what the records of that court show, but if they do show that it was not by admission on the part of the A. C. C. A. The receiver of the Georgia association, represented by a lawyer by the name of Lipscomb, was threatening to bring suit against the A. C. C. A. based on several things. It developed that a settlement we had made with the Georgia association, which we assumed had been ratified by its board of directors—the record we had showed it had—and there was a dispute among the directors; and Mr. Moes, who was associated with me in the case, and I thought a good compromise was better than a long-drawn-out lawsuit. I will have to get that file to testify.

Senator MCKELLAR. I will ask you about your memory.

Mr. DAILY. I will be glad to get a complete statement of it.

Senator MCKELLAR. But it is true that the contract of compromise, Mr. Daily, was to make an apparent reduction in operating expenses from $2.43 to $1?

Mr. DAILY. No; that had nothing to do with it.

Senator MCKELLAR. Had nothing to do with it?

Mr. DAILY. No, sir.

Senator MCKELLAR. I am talking about the contract you say was made with the Georgia association. Wasn't the amount necessary to be repaid in order to make that reduction? It was to be paid at the rate of 25 cents per bale to liquidate it?

Mr. DAILY. I am speaking from recollection now; the A. C. C. A. loaned money to the Georgia association and took their note therefor, my recollection is $70,000, and that still is justly ours. The Georgia association, I think, as the A. C. C. A. directors understood it, were not able to settle with their seasonal pool members that year for money they owed them. It developed, however—I think this is a fact—that the Georgia association used some of that money to take care of operating costs. Frankly, as a lawyer, I thought it was improper. I didn't understand, when the loan was made, that that was the purpose of the loan. In addition to that, it was a very serious question as to whether the board of directors of the Georgia association had authorized that loan or not. There was a dispute among the directors and the officers at that time.

Senator MCKELLAR. Isn't it true that the court afterward canceled that loan contract and the A. C. C. A. had to pay $35,000 in cash?

Mr. DAILY. What happened was this: The Georgia association was in the hands of a receiver, as testified to by Mr. Creekmore. The receiver of the Georgia association employed counsel. That counsel was about to bring suit against the A. C. C. A. May I say that the Georgia association had settled with the A. C. C. A. on this debt, and he took the position that he was entitled to recover from the A. C. C. A. $70,000. He finally took the position that it was doubtful whether he could recover $35,000. We reached a settlement which, incidentally, the Federal court had to approve. He was demanding $70,000, and we paid him $35,000. I am speaking from memory.

Senator MCKELLAR. But the result was the court actually canceled the contract and required payment of the A. C. C. A.?

Mr. DAILY. That's not my legal interpretation of what the court did. The court authorized the receiver to make settlement; the receiver insisted that it was $75,000, and it was settled for $35,000.

Senator MCKELLAR. Will you be good enough, when you look into it, to send me copy of it?

Mr. DAILY. Yes, sir.

By Senator MCKELLAR:

Question. Mr. Creekmore——

Answer. I hope the Senator will realize that we are not too much concerned with profits. I think it will also be interesting to the committee to know that the United States Government, through the Federal Farm Board, authorized that loan made to the Georgia association and approved it and, anyhow, the receiver brought suit against the A. C. C. A., and, as Mr. Daily tells you, it was compromised for the benefit of the United States Government. That's another experience we had with the Government.

Question. Of course, when the Government doesn't furnish the money, but requires the repayment, you regard that as an experience, but when they furnish you money at a low rate of interest, why, that's only a proper function.

Answer. We have paid every cent we owed the Government on June 30. I have a feeling of pride because we paid all that we owed, and in some cases we paid what we didn't owe, but in this case here comes the Government of the United States through its agency, the Federal Farm Board, through which, at the time, we had a loan of $10,000,000, and they approved this loan of the A. C. C. A. to the Georgia association; then when the Georgia association goes into the hands of a receiver, the receiver, for the benefit of the Government, filed suit against us for $70,000.

Question. Didn't the loan with which repayment was connected have the effect of adding to the cost of the Georgia operation? Where the cost was $2.43 and this loan, after it had been carried out, would have apparently reduced the cost to $1.

Answer. You heard Mr. Daily's statement on that question. It was understood later that the Georgia association did use some of this money to reduce its operating expenses, but it wasn't known at the time, yet we are the ones who paid.

Question. You don't approve of that conduct on the part of the Georgia association?

Answer. I don't approve of conduct on the part of any association or organization or business that tends to defeat it.

Question. That's right. In effect, didn't the loan contract mean that your members were paying 25 cents a bale on an old deficit?

Answer. I think the Farm Board suggested that.

Mr. DAILY. The payments made by the Georgia association on their $70,000 loan were limited to the reserve they could deduct.

By Senator MCKELLAR:

Question. Even assuming that it was, you might be paying off an old deficit?

Answer. Yes; that's true; and I think that's the theory of competitive marketing in that the members do pay the losses.

Question. Mr. Creekmore, I will ask you one or two more questions. Just how many of the various State organizations are making deductions under contracts with you or the Farm Credit Administration to repay old debts?

Answer. I think I can say none, but I would like to ask if that is true. [Confers.] I am rather positive none, and I would like to make a note, if I may, to correct my testimony if I am wrong.

Question. I am not sure whether I asked you to file copies of the minutes of your board. Did I or did I not, or have you them here?

Answer. You mean the minutes?

Question. Yes.

Answer. You didn't.

Question. I would like to have a copy.

Answer. May I ask that they be treated as confidential?

Question. For the present we will do that unless the committee overrules you. I want to ask you again——

Answer. Just a minute. I presume I have the right to say that we will do that.

Question. I think we discussed it before, but I wanted to be certain about it. What was the status of the various State associations at the end of the 1928–29 season?

Answer. That was prior to the 16-cent-loan operation?

Question. Yes. Would you be good enough to supply me with copies of their balance sheets?

Answer. I haven't that information. I don't know whether I can get it or not. I will make an effort to.

Question. I believe you stated, in your judgment, at that time they were insolvent?

Answer. No, sir; I said that on October 21, 1929, or previous to the settlement forced on us by the Federal Farm Board, the co-ops were worth approximately two and one-half million dollars.

Question. If you will file balance sheets from these several concerns, I will be much obliged.

Answer. If I can do that.

Question. Isn't it a fact that the first loans made by the Farm Board to the State cooperative were to cover speculative losses resulting from the policy of scientific selling during the 1928–29 season?

Answer. I can only state from general knowledge or hearsay. I think the first real money advanced to the cooperatives was to take care of the Farm Board's Stabilization operation through the 16-cent loan.

Question. The first advance of funds made by the Farm Board on June 30, 1930, was $15,000,000.

Answer. The cotton stabilization was organized June 1, 1930. The Farm Board commenced October 21, 1929, when the Farm Board stated they believed the prevailing prices were too low and wanted to advance them to 16 cents a pound.

Question. I want to read you a letter from Mr. Carl Williams, a member of the Board, dated May 24, 1932, to Stanley Reed, attorney for the Farm Board. [Reading:]

"You will recall that I gave you an informal memorandum on this point (transfer of warehouse receipts from New York banks to Federal Reserve Bank of Atlanta, New Orleans branch, to facilitate a proposed plan of liquidation through sales of cotton, largely of foreign interests, both on cash and consignment basis) the other day, asking whether, in case the corporation sells spot cotton, pays pro-rata loan to primary lenders at New York, and buys futures, this program will have to be officially approved and authorized by the Federal Farm Board.

"I would prefer that no official recognition be given by the Board to this program if it is possible to avoid doing so. If recognition must be given, I suggest that, if possible, it be a mere authorization to Stabilization to deposit amounts above primary liens with the Guaranty of New York and without describing the purpose for which the money is placed there.

"You will note also the complication that it is proposed to handle this matter through A. C. C. A. and to handle the futures in an A. C. C. A. special account rather than for the direct account of Stabilization. There are many obvious reasons for this"—

And so forth.

Then, a letter to the Farm Board from the C. S. C. What is that?

Answer. The Cotton Stabilization Corporation.

Question. It reads as follows:

"Your instructions regarding passing of entries through A. C. C. A.'s books in an account styled the "Cotton Stabilization Corporation's June account" will be strictly followed.

"As a matter of information to you, all invoices are rendered in the name of the A. C. C. A., but collections of the items are effected by the Cotton Stabilization Corporation, which eliminates from the account all entries pertaining to collections of invoices rendered against these sales. All other items, such as margins on futures, margins on call sales, payment of claims rejections, and other claims will be handled through Cotton Stabilization's June account."

Question. Before the Stabilization Corporation was organized or recognized by the Federal Farm Board—how could it have been for account of the Stabilization Corporation before it was organized or recognized as a Stabilization Corporation by the Federal Farm Board?

Answer. I think all of the members of the Farm Board, other than Mr. Legge——

Question. You will have to get that information from them. Did the A. C. C. A. or affiliated associations sell any futures in the open market between November 1 and December 15, 1930?

Answer. November 1 and December 15, 1930?

Question. Yes, sir.

Answer. Sell any futures?

Question. Yes; in the open market.

Answer. It may have sold a nominal amount of futures to cover the fixation of the members of the optional pool cotton. Otherwise, no.

Question. Didn't they buy 78,300 bales of futures for the Stabilization Cotton Corporation between those dates?

Answer. Yes; I mentioned that in my statement. I think I said 71,000.

Question. It is 78,300. Did the A. C. C. A. or its affiliates sell these contracts?

Answer. The 71,000 or the 78,000?

Question. Yes.

Answer. No, sir.

Question. How much A. C. C. A. stock does the Georgia association now own?

Answer. The Georgia Cotton Cooperative Association, which is now operating in Georgia, and very successfully, I believe, owns one share of stock, but they have authorized the purchase of $300,000 of preferred stock in the A. C. C. A.

Question. Did they get that money from their portion of the Government loan?

Answer. That is correct.

Question. Did the A. C. C. A. require any agreements as to the approval by it of managers or other State officials or policies in connection with the loans it made to the State associations?

Answer. Please repeat that.

Question. Did the A. C. C. A. require any agreements as to approval by it of managers or other State officials or policies in connection with the loans it made to the State associations?

Answer. The A. C. C. A., at about the time this financing operation was being done, did object to the management of the Texas association, and that held up, from our viewpoint, that purchase of the stock, but at the time the Texas association was also considering whether or not they would purchase the stock. That is the only connection I can think of in that question.

Question. Was any spot cotton sold by the A. C. C. A. or its affiliates to the Stabilization Corporation during 1930, 1931?

Answer. I believe not; I can't state.

Question. Would you be willing to look it up?

Answer. Certainly.

Question. And also, have you got the information on how much of this, if any, was sold to the A. C. C. A. and how much to the spinners for account of the Stabilization Corporation?

Answer. Let me see if I get that. How much was sold to the spinners?

Question. To the A. C. C. A. and how much to the spinners for the account of the Stabilization Corporation?

Answer. How much of the stabilization stock?

Question. Were there any exchanges of cotton between the A. C. C. A. and the Cotton Stabilization Corporation during 1930–31? There was?

Answer. We will get that. I testified yesterday I think there was some transfers, but I don't remember.

Question. And I would like to have a memorandum as to that. Did the A. C. C. A. receive from the Cotton Stabilization Corporation any future commissions in excess of those actually paid out?

Answer. I think the A. C. C. A. did receive some future commissions from the Cotton Stabilization Corporation through the use of its internal brokerage account, which I mentioned yesterday.

Question. Could you get a memorandum or statement showing what these commissions were?

Answer. Yes, sir.

Question. Then I want to ask you, did your association receive any selling commissions on stabilization stocks, or collect buying commissions, or make any profit on cotton sold to the Stabilization Corporation?

Answer. The Cotton Stabilization Corporation paid us merely approximately 48 for the first year, as I testified yesterday or the day before, 29 cents for the second year, and 27 cents for the third year.

Question. In the settlement of 1930–31 operations with the F. C. A., I note by Senate Report 1456, page 22, that is known as the McNary report, the sum of $2,628,063.22 of assets turned over to the F. C. A. What were those assets and where were they originally; can you tell us?

Answer. Now, will you refer me to your question there, the McNary report, I believe you said.

Question. Yes, sir. In the settlement of the 1930–31 operation with the F. C. A., I note by Senate Report No. 1456, page 22—have you got that?

Answer. Yes, sir.

Question. The sum of $2,628,063.22 as assets turned over to the F. C. A. What were those assets and where did they originate? That is the question.

Answer. We do not check with the figures furnished by the Comptroller to Senator McNARY on his audit. May I ask Mr. Hill or Mr. Conroy, can you help us on that? I just presume that it was the assets which the Agricultural Marketing Act protected that were turned over, the act reading—the Agricultural Adjustment Act reading—that we were to be paid the loan-value cost, plus carrying charges, less any assets or profits arising out of the transaction on this particular cotton, but if this is what it has reference to, we think it amounted to $4,900,000, I believe. That is filed in the 1930–31 statement, which has been given you.

Question. Well, the statute required—have you the provision of it there? The statute requires that all assets originating in connection with the 1930–31 operation be turned over, didn't it?

Answer. No, sir.

Question. It did not?

Answer. I am very familiar with that. This is being read from the compilation of the Agricultural Adjustment Act, as amended, and I am turning to page 3, part 1. [Reading:]

"Cotton option contracts: SEC. 3. The Federal Farm Board and other agencies of the Government, not including the Federal Intermediate Credit Bank, are hereby directed (a) to sell to the Secretary of Agriculture at such price as may be agreed upon, not in excess of the market price, all cotton now owned by them. (b) To take such action and to make such settlements as are necessary, in order to acquire full, legal title of all cotton on which money had been loaned or advanced by any department or agency of the United States, including future contracts of cotton, or those held as collateral for loans or advances on, and to make final settlement of such loans or advances, as follows: 1. In making such settlements with regard to the cotton, including operations to which such cotton is related, and such cotton shall be taken over by all departments or agencies other than the Secretary of Agriculture, at a price or sum equal to the amounts directly or indirectly loaned or advanced thereon and outstanding, including loans by the Government department or agency, and any loans senior thereto, plus any sums required to adjust advances to growers, 90 percent of value of cotton at the date of its delivery in the first instance as collateral to the department or agency involved, such sums to be computed by subtracting the total amount already advanced to growers on account of values of which such cotton was a part, not over 90 percent of the value of the cotton to be taken over as of the time of such delivery as collateral, plus unpaid accrued carrying charges and operating costs on such cotton, less, however"—

Are you with me there?

Senator MCKELLAR. Yes.

Answer (reading):

"Less, however, any existing assets of the borrower, derived from net income earnings or profits arising from such cotton and their operations to which such cotton is related, all as determined by the department or agency making the settlement."

I believe that answers your question.

Question. Well, now, I want you to tell us exactly what you did with the seed-loan cotton? You did not sell that, did you? That seed-loan cotton is very near to my heart.

Answer. Well, that, I believe is going to be discussed between you and Mr. Henry, and I believe that he can probably give you his end of it, and then at that time, if you are interested, I will be glad to try to supplement it.

Question. Now, I am quite sure you can answer this: In October 1931 the Department, as I recall, announced it would accept cotton as collateral on seed loans at 8 cents a pound, Middling ⅞-inch, or approximately 2 cents above the market?

Answer. Yes, sir.

Question. Now, presumably the seed-loan cotton was simply delivered as a collateral to the Department. Prices were not high enough at any time to permit its sale at collateral values. Now, did you charge commissions on that cotton?

Answer. We discussed that yesterday, I believe. I think the report is hardly fair, because it should give us credit for talking Secretary Hyde into making that collateralized loan, which resulted in a great benefit to the seed-loan member as well as others.

Question. Well, suppose it was just a gift from the Government to the seed-loan member?

Answer. As it turned out, because of our insistence, it was not a gift, and it proved very satisfactory to the Government. That cotton was generally sold, or the greater part of it was sold, under the Agricultural Adjustment Act which I have just read, and delivered to the Secretary of Agriculture, but as prices advanced, and as members got liquidated, some of the cotton was sold at even higher prices than the cotton finally sold for, the balance of the cotton.

Question. Well, now, in that connection, I want to ask you, did the A. C. C. A. perform any function or receive any remuneration

either from the producers or the Department of Agriculture in connection with collateralized or this seed-loan cotton, or was this handled by the State organizations?

Answer. Well, we have an exhibit here. That is the last exhibit on fees received. Yes, sir; we have performed a good many functions. We mentioned yesterday that we had received 111,899 bales in the year ended July 31, 1932, on which the Secretary of Agriculture paid us 85 cents a bale for reconcentrating, classing, and accounting by individual loans.

Question. That means the seed loans?

Answer. Seed loans; that is the seed loans. Now, in this same exhibit which was made a record Monday, Mr. Hill says—if that is what you mean, I know that we did not get any fees in regard to the collateralizing of the cotton, and I don't think that you really mean that.

Question. You get commissions on the sales?

Answer. On the handling; yes; all of it is on record. We got—and I hope that question was not serious that we were paid anything for having the Secretary of Agriculture take the step, because we were justified in being of service to the members.

Question. Now, I may repeat myself here, and, if so, I wish you would call attention to it, but I want to be certain about it. How much of the cotton received by the A. C. C. A. and its subsidiaries in 1931–32 was sold or transferred to the Cotton Stabilization Corporation?

Answer. Well, of course, I can't say; I haven't got that information.

Question. Well, maybe I can refresh your memory about it, because on an inquiry in November 1931 you stated this [reading]: "We have converted by stabilization approximately 110,000 bales out of some 200,000 bales of futures we had at one time or another held."

Answer. If I made that statement, it is correct.

Question. Well, now, how much of the cotton received by you in 1931–32 was sold to or transferred to your 1931 pool operations in exchange for futures?

Answer. Have you my statement on that, because I don't know?

Question. Well, I will read your statement and see [reading]:

"The Farm Board stated 1,000,000 bales was to be converted in this fashion by delivering 1931–32 receipts to the 1931 pool in exchange for its futures", and I think you have testified as follows: "We have converted from deliveries to the A. C. C. A. 1931–32 in the 1930–31 pools at this time approximately 200,000 bales, but are in course, as we get the cotton classed and allotted up, delivering 500,000 bales to the 1930–31 pools in lieu of the futures we now carry." That is correct?

Answer. Yes, sir.

Question. Just what steps were taken to make certain that the 1930–31 pool, in which obviously different producers were interested, did not lose or profit out of the 1931–32 pools?

Answer. The Farm Board recognized at the beginning of the 1930–31 operation that if it was successful it would have to stand a loss. When the season was concluded and the market was lower, they made arrangements with us to handle the cotton, just as they had made with the Stabilization Corporation cotton, and any transfer made between the A. C. C. A. in its current operations, or in its 4 years' operations, beginning with August 1, 1931, was very closely examined and approved before any deal was made. Now, of course, the management of the A. C. C. A. have no personal interests in any transaction. Their duty is to handle for the benefit of the members the cotton to the best advantage, and then in handling the 1930–31 and the Stabilization Corporation cotton it was equally their duty to advise with the Farm Board and see that they were protected.

Question. Did the A. C. C. A. receive any commissions or make any profits on cotton sold or transferred to this pool?

Answer. Well, the A. C. C. A. received—I can't state whether they made any profits or not.

Question. Well, did you receive any commissions or fees?

Answer. Not in the transfer. The record here shows that we did receive a fee of, I believe, 27 and 29 cents, approximately, for the 2 years on the 1930–31 stabilization operation.

Question. In other words, when you transferred this from the A. C. C. A. to the Stabilization Corporation, you received commissions at 27 and 29 cents?

Answer. Approximately that, per bale, for the handling of the cotton during the season.

Question. Is it not true that the outright purchases that you made were not made out to fill out the options on cotton delivered by members but was simply plain merchandise operation such as any private cotton concerns were in?

Answer. I could not say that that is true. I question the correctness of that statement, but I can't make a definite reply to that.

Question. Did the A. C. C. A. make any profits on future transactions for the Stabilization Corporation in the way of commissions or otherwise?

Answer. I believe that question was asked a few minutes ago, and I told you that the only profits we made on the Stabilization Corporation was probably through our internal brokerage account.

Question. Do you have a copy of your balance sheet as of July 31, 1932?

Answer. You have, I believe, in your file.

Question. You mean it is an exhibit; July 31, 1932, I have a copy of it, if that would be of any service, or will you just furnish us a copy here?

Answer. Yes, sir.

Question. The Comptroller General has requested it in his report, and I would like to have it to go into that matter.

Answer. Yes, sir. That is to furnish a copy of the 1931–32, ending July 31, 1932, balance sheet for the A. C. C. A.?

Question. Yes, sir. From an examination of this I do not find any reference to the amount due the A. C. C. A. by its affiliated associations, or the amount due the affiliated associations by the A. C. C. A., except certain special loans. Could you give the committee this information?

Answer. I am sure it has no reference to these loans. There were no loans.

Question. There were none?

Answer. I haven't the statement before me, but what information the Senator desires I will give it to you.

Question. Well, I have got the Comptroller's report here, which shows the balance sheets, but there is nothing here to show the amounts due the affiliated companies, or due by them. You must have dealt with them, and I was just wondering if that was an omission. Could you give us the facts?

Answer. Well, certainly it was not an omission, but it may have been overlooked. What is it your wish to have, a statement of the amounts due the affiliated associations?

Question. The amounts due by the affiliated associations and due them.

Answer. Of the A. C. C. A. for 1931–32?

Question. Several of the State associations suffered a loss on the immediate fixation pool in 1931–32 in excess of the reserve?

Answer. I think the Texas and Mississippi and perhaps the Mid-South.

Question. And wasn't the Mid-South due back a large amount?

Answer. Very probably; I am sure they were, if they lost it. The operation has changed, beginning July 31, 1933, and that is the reason for the A. C. C. A. approving some of the managers of the State associations, the business managers, in order that it may retain control to some extent and eliminate those losses of the character that occurred during the 1931–32 season.

Question. I think probably that if you would give us from the records your final profit and loss statement of each of your affiliated associations for 1931 and 1932, and their balance sheet as of July 31, 1932, we could get that information?

Answer. I am sure Mr. Henry will be glad to furnish you that, and I will try to give you that for the other State associations, of course.

Question. Did the A. C. C. A. receive any selling commissions on the stabilization cotton sold during 1932, 1933?

Answer. I believe that was a question asked before and answered this morning.

Question. Well, I thought we had that for 1931–32. This is 1932–33.

Answer. I believe that the A. C. C. A. received no commissions. I know that they received no commissions other than as shown on the exhibits given you and relative to which we have discussed a number of times, showing the various amounts. As I have stated before, 42.88 in 1931, 27.67 per bale in 1932, and 27.33 per bale in 1933.

Question. Have you any contract entered into between you and the F. C. A. as to the method of your retiring your indebtedness for the '30–'31 operation? Have you got a contract which you entered into with the F. C. A. as to the method of retiring your indebtedness for the settlement of the '30–'31 operations?

Answer. You mean in regard to the settlement of 1930?

Question. Did you enter into a written contract about it?

Answer. Yes, sir; I believe we did.

Question. Would you furnish us a copy?

Answer. I believe that is one thing that we did not bring that we might have brought.

Question. What arrangements were made by you with your affiliated associations as to the retirement of their indebtedness to you?

Answer. On what?

Question. Whatever debts any of them owe.

Answer. On the '30–'31 operations?

Question. Yes, sir; on any operation they owe you now.

Answer. Well, for 2 years, until our bylaws were amended in May, I believe, 1933, the A. C. C. A. charged 2-percent interest to be established as loss reserves to take care of any possible losses or loss made by the Federal Farm Board or made by the A. C. C. A. which were not paid. That is the only connection I can see in your question, because it was just the usual business procedure.

Question. You don't have any contract with them; no security for what they owe you?

Answer. I believe they couldn't owe us anything; I am not sure about that.

Question. In what form would the debt created by these affiliated associations as to the $5,000,000 in which they all participated—how would all of that be evidenced, and how will it be paid back, and all of that?

Answer. I will have to refer you to my statement again that I read the first day.

Question. I have forgotten about it.

Answer. I marvel at your patience and your ability to continue.

Question. Well, I am nearly through.

Answer. I am reading from page 12 of the report submitted Monday, which I believe is one of the most complete reports ever submitted before a Senate committee. [Reading:]

"Prior to the close of the 1934–35 season member associations borrowed from Farm Credit Administration $5,000,000 at 3-percent interest, with which they purchased from A. C. C. A. an equal amount of preferred stock. Maturities are as follows: 5 percent

on or before July 31, 1936; 10 percent on or before July 31, 1937; 10 percent on or before July 31, 1938; 15 percent on or before July 31, 1939; and 60 percent on or before July 31, 1940.

"Member associations participating in the financing pledged all their preferred stock and assigned to Farm Credit Administration all earnings made in A. C. C. A. operations, excluding patronage dividends to members. Earnings in A. C. C. A. withheld as reserves from final settlement with the members have been as follows." And then I total $2,454,000.

Question. That is loans?

Answer. No; just showing our earnings.

Question. Well, what I want is if you could have a statement made up as to how much each one of your affiliated companies borrowed, not the total amount but how much each one borrowed, and you have already given the maturities of the notes there.

Answer. You want them individually?

Question. Yes. For instance, take my good friend over there, Mr. Henry. He borrowed some of that money, and I would like to know what the debt is.

Answer. He don't owe me anything. He owes the Farm Credit Administration.

Question. But you lent him the money?

Answer. No, sir.

Question. Well, it says "A. C. C. A.", and that is what confuses me.

Mr. DALEY. Can I make a statement, and I think I can make a correct statement of the situation? Each individual State borrows from the Farm Credit Administration so much money. In the case of the Mid-South it is $800,000. They give their note for that.

Question. And the note of A. C. C. A.?

Answer. No; as to the A. C. C. A., that would be preferred stock, and A. C. C. A. would give preferred stock, and the preferred stock that the Mid-South held in A. C. C. A. they put up as collateral, along with their note, to the Farm Credit Administration.

Question. All the Government had to show for the $800,000 then would be the preferred stock in the A. C. C. A.?

Mr. DALEY. Technically speaking, that is true. They have other assets, the assets of the State associations.

Senator BANKHEAD. Would the A. C. C. A. give its note?

Mr. DALEY. No, sir.

Mr. CREEKMORE. If you will pardon me, I do love to disagree with my lawyers.

Senator MCKELLAR. That is a fine practice.

Mr. CREEKMORE. Technically, that is true. But I consider this statement is of some value as to the loans that matured, and I believe that the Farm Credit Association will agree with me. Here is a correct statement, I am sure, of the situation: Member associations participating in the financing, pledged all their preferred stock and assigned to Farm Credit Administration all earnings made in A. C. C. A. operatings, excluding patronage dividends, to members. In other words, until the loan was paid, or earnings which would accrue to individual associations on a per-bale basis would go to the Farm Credit Administration, instead of the usual patronage dividends to members. Were you consulted about this financing, and did you approve it?

The WITNESS. I was consulted about it. It was brought up by the Farm Credit Administration, and I did approve it because it was done.

Question. It would not have been done unless you had approved it, would it?

Answer. Unless my directors and the State associations went against my judgment.

Question. Had overruled you?

Answer. Yes, sir.

Question. What provision, specifically, of the law were these loans made under?

Answer. I would say under the Agricultural Marketing Act and the Farm Credit Act.

Question. 1933?

Answer. No; the Agricultural Marketing Act, I believe, was June 29, 1929. It was some time in there. Of course, I am not a lawyer.

Question. Mr. Creekmore, your balance sheet of November 1933 shows you owe $16,348,341.07 to the Farm Credit Administration and $7,031,222.24 to the Central Bank for Cooperatives. Was that the peak of your loan from the F. C. A., or can you answer that without an examination?

Answer. Will you repeat the two figures? I did not get the figures.

Question. November 1933 is the date shown here.

Answer. Yes.

Question. Shows you owed $16,348,341.07 to the Farm Credit Administration and $7,031,222.24 to the Central Bank for Cooperatives.

Answer. I think it is. The peak of our loan has been about $15,500,000 during the operations for the handling of the 10-percent loan. At that time we were moving cotton so rapidly that the Farm Credit Administration loaned us, I believe, $5,000,000, without the subordination, for a period of 2 or 3 months, to take care of it. At that time the total was $12,000,000, I believe, so that must have been approximately the figure.

Question. Why didn't you borrow the money from the Central Bank for Cooperatives?

Answer. Why didn't we?

Question. Yes, sir.

Answer. We did get some of it from them.

Question. You borrowed seven million from them, but ten million from the Farm Credit Administration?

Answer. You mean at one time we had twenty-three million?

Question. Yes, sir; and you state here on your balance sheet of 1933, you state you owe sixteen million to the Farm Credit Administration and seven million to the Central Bank, and I was wondering why you did not borrow the money from the Central Bank.

Answer. It was. It was obtained from the Farm Credit and Central Bank.

Question. The Central Bank felt a little dubious about making that much of a loan, didn't it, right about that time?

Answer. I think they operate much the same. They both knew about this $5,000,000 additional, and there was no objection to it.

Question. And then you applied to the Farm Credit Administration and they let you have more?

Answer. As you know, Senator, both of those agencies work together, and anything that we do or take up with the Farm Credit Administration is known to the Central Bank for Cooperatives, and anything we take up with the Central Bank for Cooperatives is known to the Farm Credit Administration. Now, I am just a little bit puzzled about the $23,000,000 loan.

Question. I wish you would look up your records, so that you can let us know the facts as to this loan for that year. I want to ask this: I think you stated this loan—these loans from the Central Bank were subordinated to those of commercial banks; is that correct?

Answer. Yes, sir.

Question. Have you got a copy of the note, and could you give us a copy of the subordination? I would like to see that.

Answer. I could very easily get one.

Question. And make it an exhibit.

Answer. All of the subordinated loans are with the Central Bank for cooperatives.

Question. What provision of the law did your friends, the Farm Credit Administration, operate under when you made these notes? Is there a provision of the law that authorized the Farm Credit Administration to subordinate those claims to individual loans?

Answer. The present Solicitor General of the United States, I believe, worked out that subordination clause. It has been used since to a much greater extent by the Reconstruction Finance Corporation, and I suggest that you consult him.

Question. I know him very well, and I will call him to explain it, because I am very doubtful if there is any law for it, even if it was worked out by my distinguished friend.

Answer. Well, I hope you are wrong.

Question. We will see about it. I may be.

Answer. I did not see the law.

Question. The loans from the Farm Credit Administration were likewise subordinated to the loans of the Central Bank?

Answer. The loans from whom?

Question. From the Farm Credit Administration; they were also subordinated to the loan of the Central Bank for Cooperatives?

Answer. I think so. Would you like to have a copy of that note?

Question. Yes, sir; in other words, I want to get this subordination business clear in my mind.

Answer. I thought that had gotten to be such a general practice in Washington it did not occur to me to bring it here.

Question. You could easily give us your profit-and-loss statement for each of your affiliates for 1933–34, could you not?

Answer. No; I could not very easily do it. I can do it. We do not keep the books for our affiliated associations.

Senator MCKELLAR. I will ask Mr. Henry for his, but if you can get it from the others, I would be glad for you to do it.

By Senator MCKELLAR:

Question. How much cotton did A. C. C. A. buy which has been placed in the 10-cent loan, or your affiliated associations?

Answer. Not one bale.

Question. How much profit did you tell me that there was in the handling of the 10-cent loan on cotton?

Answer. I don't think there could be any possible way of ascertaining the profit, if any was made, on the 10-cent loan. They have been permitted to turn over $1 per bale.

Question. And you received that?

Answer. Yes, sir.

Question. Do you know whether any of the regional or State associations bought any of this 10-cent loan cotton?

Answer. During a time when the market was at such a level that cotton was selling freely, at the discretion of the producer, A. C. C. A. believed it was wise to take or move some of this cotton, and some of the State associations were given permission to handle the cotton in this way.

Question. Do you know whether it was made as purchased cotton or as immediate fixation pool cotton, or how it was made?

Answer. I am sure it was made as member cotton, because that would be the only way it would be properly recorded.

Question. How would it be handled?

Answer. Well, a member turned it over to us, or the association would at the time of delivery, and it was handled in such a way that it would go back to the members. It was done in various instances in one of two ways.

Question. Did the A. C. C. A. ever transfer cotton from its call pool to the 12-cent loan?

Answer. No, sir. Under certain conditions we perhaps could have done that, but the conditions were such that it just could not be done; it was not practicable.

Question. Didn't you authorize a transfer of 20,000 bales in March 1935?

Answer. I don't know whether it was authorized or not. That was the time of the very heavy break in the market, and because of the break, under the loan, the cotton would have been closed out. The market declined about 200 points a day. Fortunately, the directors of A. C. C. A. were in New Orleans meeting, and on the decline of the market I asked permission not to fix the price, which would have shown the members a very material loss, and I thought the decline was unjustified, and I believe some plan could be worked out to turn this cotton over to the Commodity Credit Corporation on the 12-cent loan. But that plan could not be worked out with the market as it was. Then the market advanced 1 cent or 2 cents a pound, and in that way quite a saving was effected for our members. That is another evidence of services rendered to the members through the cooperatives that could not possibly have been rendered by the cotton man.

Question. How did you fix upon the amount of 26,000 bales that you thought you might need to transfer? Was that all that you had of that cotton?

Answer. I don't recall the amount. I would say that was the approximate amount of the cotton, but the matter under discussion was for all of the cotton, not just that portion of it.

Question. Have you got here a copy of your balance sheet of January 31, 1935? If you have not, would you be willing to furnish it to us?

Answer. Our audits are annual audits throughout the year. We have a statement of the association for the year, and an estimate as of January 31.

Question. You have a balance sheet, haven't you?

Answer. The balance sheet of A. C. C. A. is an estimate.

A VOICE. Not of January 31.

Answer. I think so.

Question. Will you give us a copy of the balance sheet of January 31, 1935?

Answer. Yes, sir.

Question. How does it happen that the loan to cover subscription to your capital stock, that they were made to State associations, rather than to A. C. C. C. A.?

Answer. It was on the suggestion of the Federal Farm Board. If the loan was made direct to A. C. C. A. it would not be considered as capital funds.

Question. It was just another way of handling the same matter. You could have handled it the other way?

Answer. No; I don't think we could have handled it through A. C. C. A. and had the same result.

Question. Couldn't the Board have simply loaned you, or the Commodity Credit Corporation, or the Board—I believe they loaned you the money—couldn't they have lent you the money and then you turned it over to these other concerns?

Answer. It would not have had the same effect. It was handled the way they prescribed.

Question. You say they dictated that?

Answer. Yes, sir.

Question. Do you, as a policy, sell cotton ahead to mills at market value as the large cotton merchants do?

Answer. As a policy we do not.

Question. Do you do it at all, whether you do it as a policy or otherwise?

Answer. We have done it.

Question. What has been the largest short basis you have assumed, and when, in such transactions?

Answer. My, how I would like to have that question of some of the cotton dealers.

Senator MCKELLAR. Is there something that you want to ask?

By Senator BANKHEAD:

Question. What constitutes the peak of your holdings in spot cotton?

Answer. I would be very glad to furnish that statement. I imagine it will be 50,000 bales.

Question. Mr. Creekmore, do you have a seat on the exchange?

Answer. Yes, sir.

Question. Does the A. C. C. A. have to put up margins on your short sales, hedging sales?

Answer. No, sir. We have to maintain certain margins, but now we settle each day with our brokers. The limit of credit allowed under the rules of the New York Cotton Exchange to any one firm is $10,000 by any one broker, so, with the volume of cotton we are handling, it requires generally a settlement each day if there is any movement in the market. With the amount of cotton that we handle, what we do is to settle up each day.

Question. You don't have to put up like the market traders do on the market?

Answer. I believe it is generally the custom for any firm, however small, if they are operating conservatively, that they are allowed some credit; but a speculator, they would have to put up. By "speculator", I differentiate between the hedge operator and the buying or selling of cotton for a speculation.

Question. How does that type of operator perform; do they have to put up a margin on short sales?

Answer. The majority of them do, I think.

Question. Does not this practice of selling to the mills ahead—does it not involve considerable risk if the deliveries do not hold up, and does it not compel you to buy cotton in the market to fill the sales you have made and to protect your members?

Answer. We have never been in that position. We might be short a few bales of spot cotton, but we have never been in a position where our interests were jeopardized.

Senator MCKELLAR. It is now 1 o'clock and I have about concluded with you. Do you desire to make a further statement?

Mr. CREEKMORE. Yes; I shall desire, before the committee formally adjourns, to make a statement and I will discuss that with you later.

Senator MCKELLAR. Yes, sir. I want to get a copy of the McNary report, and it may be that I will have a few questions about that, I don't know, but I think that winds you up. How many witnesses have you this afternoon? Mr. Henry is the next witness, but if you have anyone here who wants to get away we would be glad to hear from them.

Mr. CREEKMORE. I think we might start with Mr. Henry this afternoon.

Senator MCKELLAR. If you have any short witnesses, we would be glad to hear from them.

Mr. CREEKMORE. Thank you.

Senator MCKELLAR. Couldn't you confer about that and let us know about it immediately after lunch?

Mr. CREEKMORE. I was just going to suggest that we do that. It will not take us long to decide about it.

Senator MCKELLAR. It is now 1 o'clock. We will take a recess and we will be back at 2 o'clock.

(Witness excused.)

* * * * * * *

N. C. Williamson, the next witness, testified as follows:

Examination by Senator MCKELLAR:

Question. Give your full name and address to the stenographer.

Answer. N. C. Williamson, Lake Providence, La., farmer.

Question. Are you engaged in any other business?

Answer. No, sir.

Question. You are a dirt farmer, a really honest-to-God farmer?

Answer. Yes, sir.

Question. How long have you been connected with the cooperatives?

Answer. I have been a member since their organization—in the Louisiana association.

Question. When was that?

Answer. 1923, I believe, the organization set up.

Question. When did you join the A. C. C. A.?

Answer. When it was organized.

Question. And you have been with them all the time?

Answer. Yes, sir.

Question. How many bales of cotton do you raise a year?

Answer. On an average about a thousand; it varies.

Question. You average about a thousand bales a year?

Answer. Yes, sir.

Question. What position do you hold with the A. C. C. A.?

Answer. President.

Question. How long have you been president?

Answer. I believe about 2 years; I am not sure. I think this is the second year.

Question. And you are now the president?

Answer. Yes, sir.

Question. Do you sell all of your cotton through the cooperatives?

Answer. I deliver it to them and they sell it for me.

Question. You don't sell any of your cotton, and haven't since you have been in the organization?

Answer. Possibly 200 or 300 bales during the 12 years.

Question. Is there something you wish to tell the committee especially, and if so, just do so and use your own judgment.

Answer. I want to say that I am a farmer, as I have already said, and I was glad to hear you say that you were once a small farmer yourself.

Question. I was once a very small farmer.

Answer. I was, too. I think I can qualify. I have done more of it than you have, I expect.

Question. I did a good deal as a boy.

Answer. I was born on an 80-acre farm in central Mississippi, and I plowed and hoed, not because I wanted to but because I had to, and about the largest crop I and my three brothers ever produced in 1 year was four bales of cotton.

Question. I beat you.

Answer. I know something about the troubles of the farmer, and I am speaking as a farmer. I incidentally am a director of the Louisiana Association.

Question. Are you a salaried member?

Answer. Mr. Creekmore stated, I believe——

Mr. CREEKMORE. Mr. Williamson is paid a per diem of $25 a day while attending meetings. I am glad to get rid of him as it is costing us $25 a day.

Question. All right, Mr. Williamson.

Answer. Senator, I am not a Senator or a lawyer, but a farmer, and you will have to bear with me.

Question. Proceed in your own way.

Answer. I have a good many notes here, and I may get in trouble and have to have help. In the first place, I want to say to you, and I believe you will agree with me, Senator, that I think the greatest compliment that the cotton farmer could have paid him is the serious exception to the farmer-owned marketing organizations. According to the statements made by the cotton trade—competent, efficient men of long experience—they are complaining that they can't compete with a lot of farmers that have set up an organization to sell their cotton. If that's true, I think it is a compliment, and I believe you will admit that it is. Of course, all of these dealers—there is one thing that surprises me: that an outstanding businessman, or a busy man, or one who ought to be busy would search all over Tennessee or Arkansas to pick up the mistakes that might be made in anybody's transactions. We all make mistakes. Any business makes mistakes. I don't think we

should be criticized because we are trying to build up some reserves. I think you will see farm organizations handled honestly. I know my own organization tries to conduct its business honestly, and in my capacity as president of the Louisiana Association, whenever a mistake occurs we correct it.

Question. Are you president of both the Louisiana Co. and the A. C. C. A.?

Answer. I thought I made that clear.

Question. Perhaps you did.

Answer. Now, for the purpose of the record, I want to read to the committee the resolution that you passed, or introduced after it was passed [reading]:

"SENATE RESOLUTION 185

"*Resolved*, That the Committee on Appropriations, or any duly authorized subcommittee thereof, is authorized and directed to investigate the expenditures by the Federal Government for cotton cooperatives and their losses heretofore sustained. The committee shall report to the Senate at the earliest practicable date the result of its investigations, together with its recommendations.

"For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress, to employ clerical and other assistants, to require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents, to administer oaths, to take testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report hearings shall not be in excess of 25 cents per 100 words, and the expenses of the committee, which shall not exceed $1,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman."

Now, under date of September 24, 1935, this letter was sent out signed by A. H. Bower, secretary, Memphis Cotton Exchange [reading]:

"*Buyer members, Memphis Cotton Exchange, Memphis, Tenn.:*

"GENTLEMEN: As you know, there will be held in Memphis during the early part of October an investigation of the activities of the Cotton Cooperative Association.

"The investigators are a special Senate committee, consisting of Senator MCKELLAR, chairman, and Senators BANKHEAD, of Alabama, and TOWNSEND, of Delaware.

"This is an opportunity for which the legitimate cotton trade has been clamoring for years, as it gives us the chance to place before the proper tribunal facts to support our honest contention that the cooperatives, as they now exist, are in no manner truly cooperatives, but rather mammoth merchandising organizations, operating not for the benefit of their farmer members but in most cases solely for private gain, all the while enjoying governmental help and privileges that were only intended for use by a truly cooperative organization.

"Our president has worked tirelessly for the last 9 months to bring about this investigation. It is now imperative that every legitimate cotton handler cooperate to the fullest in order to bring this investigation to a successful conclusion.

"All buyer members can cooperate by placing in detail with their country buyers or agents the necessity of securing affidavits from farmers who have suffered abuses because of the operations of the cooperatives. These buyers should be instructed to use every effort to immediately secure a number of such affidavits.

"In this connection it cannot be too strongly expressed that these affidavits must be complete in every respect and proof against any cross-examination, as the presentation of an incomplete case would, of course, do more harm than good. Committees have been appointed to handle the various phases of our case before the investigating committee. A special office at room 7, mezzanine floor, Memphis Cotton Exchange Building, has been opened to handle the details.

"You are urged by both our president and the writer to immediately get to work securing cases as outlined above, reporting your progress to the exchange. Complete cooperation is absolutely necessary in this fight, and our exchange must have it from all in order to successfully present our case before the Senate investigating committee."

That is signed "A. H. Bower, secretary", and is dated September 24, 1935. There was a questionnaire attached, of which I will read a copy [reading]:

"The object of this questionnaire is to secure information pertaining to the true operation of the American Cotton Cooperative Association and affiliates. The information thus compiled may be presented as evidence to the United States Senate investigating committee, which will meet in Memphis on October 15, 1935. Your answer is urgently requested.

"1. Name: Blank.

"2. Address: Blank.

"3. Business: Blank.

"4. Are you a cotton producer?

"5. Have you had any business relations with the cotton cooperatives?

"(a) Name of association.

"6. Do you at the present time consider yourself a member of a cotton-cooperative association?

"7. Have your dealings with the cooperative associations been confined to outright sales?

"(If answer is 'no', please explain in 'Remarks.')

"8. Did you consider that such sales were completed transactions and involved no further obligation?

"9. Do, or did, you consider yourself liable for any loss or eligible for any profit?

"10. Remarks.

"——— ———, witness. "Signature, ——— ———."

Now, under date of September 27—this is a circular and a clipping from the Memphis Commercial Appeal September 27th issue [reading]:

"Cotton trade maps fight against co-ops."

That's the headline.

"SENATE PROBE WILL BE HELD HERE OCTOBER 15

"Memphis cotton firms called in their buyers and representatives from all parts of the Cotton Belt yesterday morning to aid in the fight against the cotton cooperatives.

"Caffey Robertson, president of the Memphis Cotton Exchange, where the meeting was held, explained the opposition of cotton firms against the co-ops and told of the Senate investigation of the co-ops to be held here October 15.

" 'All the cotton exchanges from Norfolk to Galveston, including the small exchanges in interior points, are aiding in obtaining evidence to present at the investigation', Mr. Robertson said.

" 'We are hoping to make a successful showing at the hearing', Mr. Robertson said. 'We will show the true status of the co-ops and their true relation to the farmer.'

"Private cotton firms claim that the co-ops are not cooperatives, since there is no mutual responsibility for members to share profits and losses, and that the co-ops' losses have been borne by the F. C. A. They also doubt the co-ops' claim of membership, which includes every farmer who sells even one bale through the association.

"Among those attending yesterday's meeting was H. G. Murff, of Clarksdale, president of the Southern Cotton Shippers."

Now, under date of October 5, 1935, another letter went out. It seems that they had had other conferences.

A GENERAL LETTER

SECRETARY'S OFFICE, MEMPHIS COTTON EXCHANGE,
October 5, 1935.

DEAR SIR: As you may have already been advised, you have been unanimously chosen by our committee to act as the keyman in your vicinity for promoting the intensive effort that we must all make within the next 3 or 4 days toward securing suitable information to be placed before the senatorial investigating committee on the cotton cooperative situation.

Yours is a most responsible assignment, as it is upon you and the keymen selected in other localities that the future of our cotton industry depends.

The senatorial investigation will constitute a crisis, or showdown, in the life of our profession, and we cannot fail to substantiate our rightful case against the noncooperative activities of the existing cotton cooperative associations, who are unqualifiedly enjoying Government assistance and credit and are actually nothing more than buyers of cotton in direct competition with us.

This letter is being written to only one man in each community, and we rely upon your treating it in confidence.

As the senatorial investigation may be called as early as the latter part of next week, you can readily understand how vitally important it is that you get your drive immediately under way. It is left to your discretion as to what men you shall call upon to assist you. All firms on this market having interior connections have been instructed to keep in constant contact with their interior agents, insisting that they lend every assistance to the keyman in their community. Such buyers in your sector are being asked to contact you immediately. It is, of course, unfortunate that this work comes during the midst of the cotton movement, but we feel sure that everyone dependent upon the established cotton trade will appreciate the vital importance of this issue, and will be willing to make whatever personal sacrifices that are necessary in order to successfully build our case during the next 4 or 5 days allotted to us.

For your guidance we have singled out the four following points upon which we must all concentrate our intensive efforts:

No. 1. Questionnaires

A new form is being given you herewith. It is felt that while this new questionnaire is practically the same as the old one, it is more specific and procures the information in a more satisfactory form. If you have an unsigned supply of the old questionnaire please destroy them and concentrate on the new ones. As you can readily see this questionnaire calls for no information that any person who has had dealings with the Cotton Cooperative Association could feel any reluctance to give. We are merely trying to develop for the use of the senatorial committee a true and unbiased picture of the actual practices of the existing cotton cooperative associations, and of the transactions with the people from whom they procure their cotton. Our fight is not against the true bona-fide cooperative marketing. It is a splendid theory. But we know that the methods used by the so-called cooperative associations in cotton are not cooperative in any sense and they they are, therefore, enjoying benefits intended for the producers—actually at the producers' expense. Representing, as we do, 85 to 90 percent of the producers, it is the duty of our established cotton industry to correct this gross exploitation of producers and of their Government's well-intended generosity toward them. And we can unquestionably afford this great service to our producer friends, our Government, as well as our own industry, by revealing to the senatorial committee a true picture of the fictitious membership structure and the unorthodox cotton-buying methods of these so-called cooperative associations.

Therefore, we feel that they will be glad to cooperate in this undertaking, which is actually just as much their fight as ours.

No. 2. Ten-cent loan cases

It is common knowledge that producers who placed their 10-cent Government loans through the cooperative associations were, as a rule, treated in a far from cooperative way by the association. There are, no doubt, innumerable producers in your territory who would be glad to testify as to the low prices offered them when they elected to sell this cotton. It shall be your responsibility to line up as many such cases as possible, properly substantiating all the details by sworn evidence, invoices, etc., when practicable.

In this respect, it is also common knowledge that producers procuring their 10- and 12-cent loans through cooperative associations were signed up as members usually contrary to the applicant's knowledge or desire to become a member. Statements concerning such cases are urgently requested.

No. 3

Statements concerning various parties who would in your opinion qualify as witnesses in support of our case should the senatorial committee see fit to call on them.

Our idea here is that there are, no doubt, many reliable citizens in your community who are familiar with the various unqualified and reprehensible actions on the part of the existing cooperative associations and who would, no doubt, serve as excellent witnesses. For instance, they may have had certain experiences with the cooperatives themselves, or they may be in position to tell of specific instances or general practices in their neighborhood. Our suggestion is that you write us immediately of all such people, giving us in detail the status of each man and the instance or information that he might afford; also tell us whether he would be willing to come voluntarily or whether he would rather be called by the senatorial committee. This would, of course, include farmers, but is primarily intended to bring out the transactions with those so-called members who are at best only nominal producers. We refer to the purchases from ginners, merchants, and cotton buyers, upon whom the associations depend for their essential volume. We want to show where this volume comes from and under what circumstances. The lining up of such evidence is most important, as you can realize, in order to develop our picture as to the activities and the actual relations between these cotton cooperative associations and the people from whom they buy, or the people whom they list as members.

No. 4. Membership cards

It has come to our attention that the Mid-South Cotton Growers' Association recently sent out membership cards to various people throughout the territory. These cards have gone to all sorts of people. We have one that was sent to a Negro porter in an Arkansas town, who never produced a bale of cotton in his life. You can readily see how valuable it would be to provide us with all such cards as you may be able to procure in your territory. Accompany each card with a statement as to the status of the party to whom it was given.

In closing, we again emphasize the urgency of our task. We have only 4 or 5 days in which to do our work. That is unfortunate; but, nevertheless, with facts and common justice on our side, we should certainly be able to make our case in that time. And we can do it with your assistance. Call your friends, whom you would have help you, for a meeting immediately. Explain our objective carefully, so that they may properly acquaint the producers and others with this true issue that concerns producers just as much as it concerns us, and then let's go out and do this job as an unselfish contribution to fair play and to economical cotton marketing.

Please feel free to call the secretary of the Memphis Exchange, Mr. A. H. Bower, collect, for information or assistance at any time. Telephone numbers: Office, 6-7560; home, 7-3109.

Yours very sincerely,

CAFFEY ROBERTSON, *President.*

Now, the form of affidavit was enclosed to carry out the instruction, giving the blank town and the blank name:

"*To whom it may concern:*

"This is to certify that during the fall of 1933 I made a 10-cent Government loan on 49 bales of cotton through the Mid-South Cotton Growers' Association.

"In August 1934 I decided to sell the cotton and asked said association what the value was. They advised me in person that 24 bales of cotton was classed as 'rough' and that the value of the 49 bales of cotton was approximately 25 off of October, New York futures.

"Knowing that this offer was entirely out of line with the value of the cotton, I carried the samples to _____, who sold the cotton for me that day at 50 on October, New York, or $5.25 per bale more than I would have obtained by selling to the Mid-South Cotton Growers' Association.

"STATE OF _____,

"*County of* _____!

"Sworn to and subscribed before me this _____ day of _____ 1935.

"_____ _____,

"*Notary Public.*

"My commission expires _____ ____ _____"

Another questionnaire:

"QUESTIONNAIRE

"Town _____.

"1. Has the Mid-South Cotton Growers' Association been buying this season in your territory?

"(a) Are they now buying?

"2. Have such purchases been confined to cotton actually raised by the seller?

"3. If answer to question no. 2 is 'no', please estimate the percentage of the association's purchases obtained from sources other than from farmers selling their own cotton—that is, purchases from ginners, dealers, and merchants.

"4. In your opinion, is the association buyer sufficiently familiar with the sellers in your territory to know, generally speaking, when he is buying cotton that has not actually been produced by the seller?

"5. Is it your understanding that where purchases are made from ginners, dealers, and merchants, the seller is required to use some 'farmer member' name on the sale?

"(a) In your opinion, are such names frequently used without the farmers' knowledge or consent?

"(b) In your opinion, when such name is used is it generally done with the full knowledge of and possibly on instructions from the co-op buyer?

"(c) Have you understood that this policy is pursued by the field agents on instructions from headquarters of the cooperatives?

"6. Name those who have this season, to the best of your knowledge, sold cotton, not produced by themselves, to the cooperatives, and if you can do so, make an estimate of the amount sold by each.

_____

"7. Remarks (give any information that may be of interest).

_____"

Blank address and blank signature.

Mr. CHAIRMAN. I want to file that whole batch that I have read.

Senator MCKELLAR. All right. You don't want it put into the record twice. Just file it so he can get an exact copy.

The WITNESS. I didn't know he was taking that or I might have saved him the trouble.

Senator MCKELLAR. Well, you just take your own course.

Answer. Now, Mr. Chairman, as you note in that literature that went out, our friends, the cotton merchants, said this was a conflict between the cooperatives and themselves, and I take it they are correct. I don't consider that this is a fight between the cotton merchants in Memphis and the A. C. C. A. or the cotton cooperatives. I think it is fundamentally a fight between organized agriculture, or the cooperative marketing system, and the trade, no matter whether it is cotton, wheat, fruit, or peanuts, or what else. The same fight is going on in other territories. I just came from the Middle West and they are in the same fight with the old-line dealers with the Chicago Board of Trade that we are engaged in here between the cotton merchants and the cotton cooperatives. So I think the determination of this contest here, Senator, this trial—this investigation—will largely outline the policy that will be followed in the future regarding the legislation pertaining to agricultural cooperative marketing. I know, Senator, that you are sympathetic with the farmers. No man who was born and raised on a small farm could be otherwise fundamentally. Sometimes we get away and stay away so long we kind of forget it, but it comes back. We never can get entirely away from it. I am still there; born there and I have lived there ever since, and I am there now, but while my farming operations are not as small as they were, they are very burdensome. I am still trying to pay debts that were incurred when we were more profitable. I have never shirked any of them, and if we get along it will finally work out. We are so very much better off now than we were in the spring of 1933 that we feel rather prosperous.

I want to digress a minute or two about a question that was raised yesterday, Mr. Chairman, in regard to the resolutions adopted by the National Cooperative Council. You asked Mr. Creekmore about that.

Senator MCKELLAR. Yes.

Answer. And being a member of that committee, acting as a member of that special committee appointed by Judge John D. Mellon, president of the National Cooperative Council, to make a report at the annual meeting, with recommendations as to future policies of cooperatives, these resolutions that you referred to were adopted, and I say as a member of that committee, and incidentally president of the A. C. C. A., I want to say that I endorse heartily that report, or I would not have signed it, and we are living up to that insofar as it is possible under present conditions, because you will notice there our final hope ultimately is to be able to operate finally without having to depend upon Government funds largely, and that is our policy, and that was adopted not only by the A. C. C. A. representative who happened to be a member of the committee, but the entire organization of farmer cooperation in the Nation, because they are practically all members of them.

By Senator MCKELLAR:

Question. May I ask you a question about that?

Answer. Yes, sir.

Question. As I understood it, what you did was to reannounce the doctrine of what cooperatives were, that they bore the losses and shared the gains. Now, as I understand it, that has been taken up today, and it is admitted that these farmers will not be required to share the losses.

Answer. That is not admitted by me, Senator.

Question. In any sense, except that whatever interest they might have in patronage dividends or in reserves might be liable. That is a very different thing, I am sure you will admit, from a body of men—body of farmers—going in together and sharing losses and reaping benefits, whichever way they come.

Answer. Of course, Senator, there is some difference of opinion about the distinction as drawn there. We have been greatly criticized by our friends, the cotton merchants, of course, who do not entirely agree with our view on that, but it is not serious. Let's take up these one by one.

Question. Yes; but before you leave that, let me ask you this question: Is it the intention of your organization in Louisiana that if you should have more losses like you had in 1931 that you expect to call on all your farmer members to chip in?

Answer. We have ample reserves, Senator, to take care of any losses we have, and that belongs to those farmer members, and they will pay it.

Question. Well, that raises a question, but the question I am asking you, under any circumstances do you expect to call on any farmer to make good any losses?

Answer. He will have to make good the losses.

Question. I am not talking about reserves now.

Answer. I know what you mean, Senator. I will say we don't expect to have to. When we get to that stage we will quit.

Question. You don't expect to call on the farmers to make it up?

Answer. That is the reason it is necessary for us to keep a reserve because if we didn't have something to fall back on we could not operate at all. That is just ordinary business sense.

Speaking of reserves, there is one essential and vital difference between the old line of trade and the farmer cooperatives. It is just vital; it is fundamental; it can't be anything else. They cooperate on reserves that they deduct from their member's cotton. Now, that is sound. There is nothing objectionable as I see it that those reserves belong to the farmer members. The cotton shipper operates to a large extent on profits made in handling the cotton. That is natural. That is what he is in business for. I am not quarreling with him about it. He makes his profit off of that cotton that is produced by the farmer, but those profits belong to the cotton shipper and not the farmer. That is a very vital difference. Now, there seems to be no objection raised about cotton merchants accumulating reserves or making profits, and the farmer certainly don't get that—nobody is quarreling about that at all. Everybody seems to agree that that is perfectly all right, and it is, but I can't see why anybody should quarrel with a lot of farmers that want to get together and build up some reserves as long as those reserves belong to the farmer members.

There was something said yesterday during Mr. Creekmore's statement that I want to add to, Senator. He made a proposition in his discussion, and Senator BANKHEAD, I believe, made a suggestion that, following the suggestion of Mr. Creekmore, that the whole cotton industry might be brought into an investigation to see what the trouble is. I take it that any congressional committee authorized to make investigations have in view getting proper information for legislation in regard to whatever the industry lacks. That is, I take it, naturally sound. I don't think it is possible, however, for any committee to get a full picture of the cotton industry by investigating the cotton cooperatives alone. Mr. Robinson in this letter I read here said that we only represented, I believe, 10 or 15 percent of the cotton producers. I don't know how he figured that out. We have admitted in exhibits here that we have handled on an average I believe of less than 12 percent of the cotton. So if we only handle 12 percent of the cotton the conduct of our business would not, even though it might be found very faulty—and I will admit that we are certainly not perfect.

You could not expect a bunch of farmers to set up a selling organization in 10 or 12 years that would be perfect, because we have cotton firms that have been in business, they and their predecessors, possibly some of them for 100 years, and they say they can't stand the pressure, some of them, they are about to go out of business. So we don't claim to be perfect, and everybody knows that is impossible anyhow. So I take it that for any concern handling not over 12 or 15 percent of a commodity, and in just one line, that is the farmer's system of marketing his cotton, no matter what might be found, the evidence would not justify intelligent legislation to improve business very much, or certainly add very much to the system that is now in vogue. So I think that is a very pertinent suggestion of Mr. Creekmore's, and Senator BANKHEAD suggested, I believe, that Senator SMITH's committee was conducting the investigation at the present time and that there might be hearings held, and that that committee might go into this matter. I don't think the resolution authorizes Senator SMITH's committee to cover the ground—I don't know. If so, it is fine, but I don't believe they will cover the scope that will be required if anything substantial results from it. We are beginning to wonder, and I think it is worth while for you leaders, particularly the cotton Senators, to begin to give your thought to what possibly is wrong with this cotton marketing system.

There has been no great complaint made except the farmer's part of it. Now, we are beginning to think, and have thought for some time, that there must be something fundamentally and radically wrong with our marketing system. The very cause of this resolution of Senator SMITH's here of July 1914, I believe, in the CONGRESSIONAL RECORD, on page 3752, was just a few days before that, out of the clear sky, as somebody remarked here yesterday, nearly $10 a bale off the value of all the cotton on hand, not only what the Government owned but what the farmers owned, you might say melted away in 40 or 50 minutes. Now, there was not any difference in demand. There could not have been any real reason, according to all the economics of supply and demand, of marketing, of consumption, or production, that could have caused a decline in those few minutes. I take it that was just fundamental.

Question. What was the date of that?

Answer. The date of the decline in the market was March 11, and Senator Smith's resolution on March 14.

Question. 1914?

Answer. 1935—last March. The cotton market declined around $9 a bale, I believe, in about 40 minutes, wasn't it, Mr. White, or some of you cotton men?

Question. It was very quick. Yes; I remember it, in a very short time.

Answer. Now, personally, I think there is something fundamentally wrong with any marketing system where that condition could prevail. In line with the investigation that Senator BANKHEAD said he hoped this other committee would take up, because he is a member of the committee, and whether that committee takes it up or not, I think it is worth while for those interested particularly in cotton to see that it is taken up, and there are four fundamental questions that I think are involved; and the organized cotton growers, not only the cooperatives but general farm organizations, are thinking along these lines, and I want to read four propositions that I think are fundamental, and I hope you will get this properly in the record. No. 1: Is the present cotton-marketing system adequate for present-day conditions? Now, we have had very little change in the system of marketing cotton during the last 75 years. It has been conducted right along in the same old way.

We have had cotton merchants and cotton factors; we have cotton exchanges; we have had all the facilities for this hedging that we hear so much about. Personally I never have thought that the value of any basic agricultural commodity should depend upon speculation for its value. I don't know what you think about it.

Question. I agree with you entirely.

Answer. When there are 10 or 11 million bales of cotton produced in America and possibly 75 or 100 million sold on the New York Exchange and possibly on the other exchanges; I don't know the actual figures, but I take it that approximately somewhere in the range of 100,000,000 bales are sold annually in the New York Exchange in normal times, not in the last few years, because there has been very little speculation. That question is no. 1, and the best evidence, to my mind, that there is something wrong with the system of marketing is the very thing that happened on March 11 last, 1935.

No. 2: Should speculation be allowed in basic agricultural commodities at all? I think that is a pertinent question for thought and discussion. I am not arguing whether we should have a clearing house or some exchange, whatever it may be called. I have no prejudice against the cotton exchange, or any other exchange, but I am asking the question whether this is a sound marketing system, and whether there should not be something done to correct the things that happen when the value of a farmer's cotton can change in 40 minutes $9.50 a bale. I believe there is something wrong somewhere, and I am afraid that the investigation of Senator SMITH is not going to cure the trouble. Now, if cotton has a value, the value does not come from how many men in New York want to sell or buy 100 bales or a thousand bales, and I don't believe the value of cotton should depend upon how many people want to speculate on the board.

Sometime the value depends on the sale of the cotton, but as a rule it is how the traders, the gamblers, are buying cotton in the places at Memphis or Liverpool or Galveston or New Orleans or New York or Houston or in any of the world cotton markets, it is the speculative price that is controlling as to what the farmer will get in the end for his cotton. The Government has valued the cotton; they can tell you to a cent very often what it has cost the farmer to raise his bale or two, but this is one industry where the cost of production does not affect the price. It is what the gambling element will pay for it; how the dealings are going on. It isn't right.

Now, that is what is going on. That is what the farmer is interested in, Senator. He can't sell 100 or 1,000 bales on the New York Exchange. He can't even get there. He don't know anything about it. But he is interested, and intensely interested, in what somebody will pay him for cotton, and he is materially interested in whether he can sell his cotton for 11 cents or 12 cents, and not whether they are selling cotton in New York or New Orleans today for 10 cents or 11 cents or 13 cents.

I don't believe, I never have believed, and I never will believe that the value of a basic agricultural commodity should depend on how many people are gambling, and to what extent they are gambling. That is what makes our price now, Senator, and you know it. Instead of the tail wagging the dog, as it does now, I think the dog ought to wag his own tail. I have already discussed 3. Now, no. 4:

"Should the marketing machinery of an agricultural commodity be owned and controlled by those who produce the commodity, or by those who speculate in it?"

In other words, should the 2,000,000 cotton farmers in the South have something to say, or some control over the marketing system in this country of their cotton, or should the New York Cotton Exchange and the New Orleans Cotton Exchange, or these gentlemen here, the Memphis Cotton Exchange—should these speculators control it, and not only that, but even bar the producer from an actual participation in it?

If it is necessary to illustrate, I would like to say this just here, that just a few years ago we had this same organization of cotton

shippers. I believe it was the American Cotton Shippers Association then—I am not sure—Mr. Cameron Williams was its braggard and the general manager, and I understand that they raised a fund of something like $100,000 to do the same thing that Mr. Robertson and his organization have started out to do—that is, to destroy the cooperatives. They went to New Orleans from Memphis—Mr. Shannon and Mr. Cox. Well, the farmers took charge of it down in New Orleans, and they did not do so well, but they made their report, and that cost the cotton cooperatives and all of the cooperatives. We happened to be a member—to have a membership in the Memphis Cotton Exchange—and we were assessed our pro rata, so I am reliably informed, to build up this sentiment to fight our own organization. It may be, of course, we were only minority stockholders.

Question. You may be assured there is no fund in this matter, Mr. Williamson.

Answer. Oh, no.

Question. No fund such as that, one way or the other. I have asked the people who have testified who are paying their expenses, and I will ask the other side that question, too.

Answer. That cost my organization——

Question. I understand that situation, but there is nothing like that here.

Answer. That cost the A. C. C. A. a lot of money—that investigation; and this investigation, I want to say, is costing the A. C. C. A. a lot of money; and that means that it is costing the farmers money, because they are the ones who pay the expenses; and we can get it from no other source.

As Mr. Henry said, 12 years ago or more, before the Government ever loaned us one nickel, we had the same opposition. They could not charge then that we were borrowing Government money, because we were not borrowing any. We would handle as much as 2,000,000 bales of cotton a year, and had before the Government ever loaned us a dollar, and I think that you misunderstood Mr. Creekmore when he said that if it were not for the Government loaning us money we would have to go out of business. We have gone along, and we would go along. It would be a more difficult job; it would be a struggle. And another thing, we were not nearly busted before the Farm Board took us over and cleaned us out. Mr. Creekmore's statement is correct—is incorrect or he was incorrectly quoted. We got along all right before the Government loaned us money, and even though we might have to struggle along we would do it.

Senator MCKELLAR. At this point, before you go any further, I think this is an appropriate place to say this: This investigation grew out of a bill known as the Frazier bill, and, as I explained the first day I was here——

Mr. WILLIAMSON. Yes, sir.

Senator MCKELLAR. The Appropriations Committee of the Senate, of which Senator TOWNSEND, Senator BANKHEAD, and I are a subcommittee, appropriated some years ago $500,000,000 and turned it over to the Farm Board to help the cotton farmer. All of that money was lost, and, as you all know, this committee appropriates all of the money of the Government, other committees do not have the right to appropriate money, they only have the right to recommend legislation, but our committee appropriated the money for this, and we do for every purpose. This $500,000,000 was dissipated, and many more millions were dissipated in trying to aid the farmer, which, to my mind, was a worthy purpose, and I have already given the reason for that, and then when the cooperatives took charge, they have come and have asked for these additional appropriations. We have made some. I think we gave them at first $7,000,000; I am not sure. Then later on we have been constantly called on for money, and last year we were called on to appropriate many millions of dollars to keep your association going, and but recently were informed that $5,000,000 more had been loaned to the cooperatives, and this committee, whose duty it is to look after the finances of the Government, and the interests of the Government in connection with the expenditures of the Government, concluded that it was necessary to examine into this institution, which is a Government institution, and to examine into the affairs of this institution, naturally so because of the legislation on the subject.

You can thus see the reason for this resolution, especially in view of the fact that the Frazier resolution provided for the reopening of the Government dealings with the cooperatives heretofore, and especially in view of the fact—the statement made, we have heard it before, as a rumor, however, that the cooperatives intend to hold the Government for many millions more after that if this was reopened.

Now, this bill is still on the docket. It has passed the House—I am not sure about that, but it is on the calendar of the Senate, and is likely to come up at any time, and before it comes up at the next session the Appropriations Committee felt that it was due the Congress to know just what was proposed in this bill. There was no explanation of it. It was introduced by a gentleman who did not live in the South, who had perhaps never seen cotton grow, and did not know anything about cotton—a perfectly splendid gentleman, but wholly disconnected with cotton, and under the circumstances naturally the resolution here is confined to the cotton cooperatives, which is one of the commodities for which we have so often been called upon to appropriate money.

Now, that is the reason of this. It was not to engage in a fight at all of any kind. We wanted to know why we were spending all of this money, and what the result of this spending would be, and we are here to do that. Now, that is the purpose of this investigation.

Mr. WILLIAMSON. That is perfectly proper, Senator. I did not mean to be inferring that at all.

Senator MCKELLAR. I hope not.

Mr. WILLIAMSON. I hope I did not imply that.

Senator MCKELLAR. I sincerely hope not, and I have already put it in the record, I believe, and I want at this time to put in the front page of the Mid-South Cotton News of Memphis, Tenn., October 1935, the principal headline of which, halfway across the page, says: "Senate Investigating Committee Just Another Attack on Your Cooperative." At this point I want to introduce this article on the front page and ask the stenographer to put that in the record.

(The said article was in words and figures as follows:)

"In 1930 and 1931 the Federal Farm Board used the grain cooperatives and the cotton cooperatives for the purpose of stabilizing prices in those two commodities. The Federal Farm Board had no machinery for handling these commodities and the cooperatives carried out the operation.

"When the final settlement was made and the cotton and wheat taken over, the United States Government, instead of assuming all the losses as they should have done, made the cooperatives pay the losses to the extent of their assets and then the Government stood the rest of the loss. The reserves of the cotton cooperatives, amounting to over $2,000,000, were wiped out completely in the transaction.

"A resolution was introduced in the United States Senate at the last session instructing the Farm Credit Administration to open up these settlements and allow the cooperatives to present again their claims for reimbursement. Senator MCKELLAR opposed the resolution and blocked its passage.

"Shortly afterward he had a resolution passed appointing an investigating committee of the Senate to investigate and make a report to the Senate of the actual financial situation of the cooperatives and the Federal Farm Board and its successor, the Farm Credit Administration. Below find a copy of this resolution:

" 'Expenditures by the Government for cotton cooperatives, etc.

Mr. MCKELLAR submitted the following resolution:

" 'SENATE RESOLUTION 185

" '*Resolved*, That the Committee on Appropriations, or any duly authorized subcommittee thereof, is authorized and directed to investigate the expenditures of the Federal Government for cotton cooperatives and their losses heretofore sustained. The committee shall report to the Senate at the earliest practicable date the result of its investigations, together with its recommendations.

" 'For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings; to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress; to employ clerical and other assistants; to require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; and to make such expenditures as it deems advisable. The cost of stenographic services to report hearings shall not be in excess of 25 cents per hundred words, and the expenses of the committee, which shall not exceed $1,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.'

"The members of the Memphis Cotton Exchange and other members of the cotton trade have had several meetings in Memphis and have appointed standing committees who are working to find some of the operations of the cotton cooperatives that they consider improper. They have appointed committees in all of the cotton counties, have sent out thousands of questionnaires, and have men visiting farmers and ginners all over the territory trying to secure evidence against the cooperative movement. We publish below copies of some of the letters which have been sent out, and which explain themselves.

"The cooperatives will seek to give all the information the committee wishes in regard to their financial operations, and anything else that they have the right to ask.

"Our members can rest assured we are handling the association according to the laws of Tennessee and the United States.

"These attacks are not new; they have been going on ever since we started in business.

"If we were not succeeding or we were not getting any cotton, there would be no attacks. The more successful we are with our operations the louder will be the complaints of the cotton trade.

"This same group are not only opposed to cotton cooperatives, which is a farmer's proposition, but they are opposed to the Bankhead Act; they are opposed to the processing tax; and are opposed to practically all the plans put out by the Department of Agriculture and the Agricultural Adjustment Administration; and just recently protested to Comptroller McCarl, who kept your association from paying to you the full 12-cent adjustment price when we take your cotton."

Senator MCKELLAR. I doubt if that is a fair statement. I have told you the reason why this was being had, and I doubt that the farmer ought to be told that this investigation is an attack on the farmers, because I say to you it is not.

Mr. WILLIAMSON. Well, Senator, I think we are rather proud that the investigation has come along, and we are glad of it, because when you go back to Washington we feel that you will know more about our operations.

Senator MCKELLAR. I hope so.

Mr. WILLIAMSON. And we have nothing to hide, but we do feel that we are being attacked by the exchanges, and we not only feel it, we know it. We feel that it is no business of theirs. We are attending to our business, and we feel like we do a good job. We are not complaining of your investigation. We are used to these fights. We have always had to contend with them. We are farmers largely. We had to go out and get a cotton man in with us, Mr. Creekmore. We did not have a cotton man, and we could not compete with these men who had been trained in the business of selling cotton. I don't think Mr. Creekmore stands so well with his own colleagues; I believe he has been called a renegade by some of his friends.

Senator MCKELLAR. I think there is one thing that could be said about Mr. Creekmore; he seems to know his business.

Mr. WILLIAMSON. Yes, sir; I think he could take care of himself most anywhere. The next point I have is number 5.

Senator MCKELLAR. Yes, sir. I should not have interfered with you. Number 5.

Mr. WILLIAMSON. Yes, sir.

Senator MCKELLAR. Go ahead.

Mr. WILLIAMSON (reading):

"Should the cotton exchange be regulated by the Government to the extent that contracts shall specify grades and staple of cotton to be delivered, and this cotton should be sold on grade and staple."

Now, there are about 2 million or 2½ million cotton growers in the South, and you know what the prosperity of the cotton farmer of the South means.

Senator MCKELLAR. When they are prosperous the whole country is.

Mr. WILLIAMSON. That is it exactly.

Senator MCKELLAR. Practically, how could you bring it about?

Mr. WILLIAMSON. I don't know. It may be impracticable; but I am asking if it is possible, or is this necessary.

Senator MCKELLAR. Now what, as a cotton farmer, do you suggest; how would you bring it about, by class or grades, and have it sold on classification of grades?

Mr. WILLIAMSON. My suggestion would be to put it all in the co-ops, and then it would be solved. That would be no trouble.

Senator MCKELLAR. Well, Mr. Creekmore differs with you about that.

Mr. WILLIAMSON. Well, he is timid. I think he would handle it all. That would be no problem to solve at all.

Senator MCKELLAR. Wouldn't that be a sort of trust or combination?

Mr. WILLIAMSON. Well, I understand there is a bill in Congress now—I think Senator BUCHANAN has a bill that he introduced that provides——

Senator MCKELLAR. Senator BUCHANAN?

Mr. WILLIAMSON. No; Congressman BUCHANAN, chairman of the Appropriations Committee. I don't know what it is in detail, but it is not impossible of success. I think it is a matter that would justify serious thought and study.

Senator MCKELLAR. I am greatly interested in it.

Mr. WILLIAMSON. There is something else for you to consider about cotton. I am not only talking about cotton, but I am talking about those who are dealing in wheat. The cooperatives in that section are thinking along the same line. All I said to begin with, that these gentlemen here between the cotton trade and the farmers, they have been fighting the battle that they are fighting here, and which has been going on all over the country, and they have fought us all along the line, but the farmers are becoming more united in their fight, and Congress has begun to see some of these matters from our point of view, and the result of it in the last few years is the A. A. A. bill, and these gentlemen are fighting legislation of that type that will help the people.

Senator MCKELLAR. I think the A. A. A. bill has done the farmer more good than all of the legislation that was ever enacted in their behalf since the beginning of our Government.

Mr. WILLIAMSON. I agree with you, and it was only at the insistence of the farmers in the South, who finally got together, and along with the officials, who were charged with the duty of preserving our farms and helping the farmers, that measures like the A. A. A. bill were ever enacted into law, and matters of that kind were finally passed, which are very sound economically. At last the farmers have learned to stand together, and until they did they did not get anywhere.

So, when you look into a fight of this kind between the cotton cooperatives and the cotton exchange, it is just a repetition of this age-old fight which has been going on all of these years. It is the same as the board of trade and all of those. But we have learned how to stand together. We didn't used to know. We do not want the Government to do any more for us, for the cotton cooperatives, than the Government has done for industry and other business.

Question. Don't you think the Government has been more liberal with the cotton cooperatives than it has been with those who are not cooperatives, who are dealing in cotton, but who are not cooperatives?

Answer. You mean the cotton trade?

Question. Yes, sir.

Answer. I did not see a mandate, Senator, in the A. A. A. Act——

Question (interrupting). I am talking about the one as against the other. I will put it to you in another way. What benefits would you have the cooperatives receive from the Government that you are not now receiving?

Answer. I am not complaining. It is the other folks that are complaining.

Question. I did not think that you were; I did not quite understand.

Answer. No; it is the opposition that is complaining.

Question. I don't think the cooperatives are the people to complain of the Government's generosity—what it has done for them.

Answer. We did not consider we are being specially favored, Senator. It is the policy of this Government to outline in its wisdom certain legislation, legislation initiated by friends of agriculture, and the Government is following the mandate laid down by the Congress, and I think wisely so, beginning in 1923 with the Capper Act, and in 1926 with the Agricultural Marketing Act, and in 1926 with the Cooperative Marketing Act, and in 1933 with the Agricultural Adjustment Act. The Government is not doing anything but what the Congressmen and Senators have laid down for our Government to follow, and this is the first time in the history of the Nation we have ever had any real agricultural promotion, and no government has ever stood very long when agriculture has failed, and never will.

Question. Well, it has not failed. It failed for several years prior to 1933, but we resurrected it, and it was not the cooperatives that did it.

Answer. Well, I want you to think of it in this way: We were not in any more serious predicament, not in as serious predicament, as the banks in this country.

Question. I think mighty near most of them failed or almost failed.

Answer. And the farmers can't be criticized during those times when business crumbled and the Government has been just as liberal or more so than it has been with the co-ops; it has been just as liberal with business, I mean. There was and is ample authority for that. The R. F. C. has been most liberal with business and has loaned millions of dollars which will never be paid back to it. They have made their first payment on the railroads of this Nation. I think that most businessmen now recognize it as a payment; and they have loaned millions of dollars to insurance companies and every other business of that nature; and I am not asking anything out of line for the farmers, for the wealth producers of this Nation. I am not asking that they be put in a preferred class at all. Every farmer in the country has an opportunity if he wants to join a cooperative, of course. He is not joining, he is not forced to unless he wants to. I don't want to tell you that we are asking for special favors, because we are not. We are giving a service, and we are entitled to consideration.

Question. Isn't this farmer membership sort of like they tell me the marriage is in Russia? All you have to do is to say I am in and you are in; you are married; and if you want to get out of it you say you are out, and you are out.

Answer. That is more progressive, Senator.

Question. As I understand the present system of getting members in the farm organization—the cooperatives—the farmer can come in when he wants to, and then he has a right to get out of the organization when he wants to.

Answer. Well, Senator, I never did belong to but one church.

Question. You look like a Presbyterian to me—I am one myself.

Answer. No; I am a Methodist.

Question. Well, that is pretty good, too.

Answer. But I can't understand all of this criticism of the other lodge and what I do in my lodge. Now, if my ritual or my code of ethics—what do you call it?—if my catechism does not suit the other fellow, it is none of his business; but why jump on me if it suits me?

Now, I have a lot of good friends in the cotton business; I have known them for years and they are intimate personal friends. I don't agree with them, but I don't pry into their business, and I don't criticize their line of business. They are in a legitimate business, but I will say this: That they are not necessary to the welfare and prosperity of a farmer, and I would like for some of my cotton friends—they are talking about spreads and prices—there are a lot of interesting figures that I can show here.

Now, here is Bulletin No. 457. [Reading:]

"Relation between primary market prices and gradations of cotton. Washington, D. C., November 24, 1916, by Fred Taylor, cotton technologist"—

Whatever that is, Senator; I confess I don't know.

Question. That is the essence of a plutocrat.

Answer. Anyhow, it is an official document, and it is a most interesting document, and the figures are the result of studies which have been made.

Question. Let me tell you something interesting along that line. I remember being requested to go into the Cotton Department at Washington. That was several years ago. I went through there, and I got somewhat interested in this particular technologist, and I thought I would like to talk to people who knew something about it. His title was something that made me want to talk to him, and I met him, and asked him where he came from, and he said he was born and reared in Canada. I never understood that Canada produced any cotton. Of course, he might have had technical knowledge of cotton by study, but he knew nothing about the actual facts in regard to cotton, and it seemed to me it was very unwise to put a man in charge of such an important branch

of a great industry to which he had been assigned, but I found out I was mistaken and that he did know about his subject all right.

Answer. Well, I will say, Senator, that these bulletins are authoritative and they are checked and rechecked, and the particular economist or technician who makes the study, after he has completed his figures, they are then charted by every one of his superiors, and whenever they put something out you are pretty safe on it. I have another one, and it was right after this, in 1931. This was back in the good days when the cotton merchants had their own way and there was not anybody interfering with them at all, and in those they accumulated a lot of cotton plantations up and down the river. There were so many of my New Orleans friends that owned this land that the banks own them now. In 1930, 1931, 1932, 1933 they tell me that the banks took them over. I don't know about it much myself.

Question. You remember the passing of the Farm Loan Act, I believe it was 1933, that we have lent money to farmers to the extent of over three billions, and certainly saved a lot of them, or most of them, I don't know.

Answer. I happen to be a member of the board of directors of the land bank of the fifth district, and if it had not been for the passage of this Farm Grant Act, the land bank in that district would have been practically bankrupt, because we would have had so much property that we could not have survived. I want to return to the Frazier bill that brought up this investigation. I think it was made clear yesterday—I think you referred to it. Senator Frazier was a very loyal friend of the cooperatives—I don't know whether in his State, but he was primarily interested in trying to adjust a settlement that was made by the Farm Board with the cooperatives. He introduced a resolution, and some of the associations suggested to him that he include cotton, and if the resolution hadn't been up it is probable that we wouldn't have raised the proposition, in that we didn't see a chance to get any relief. There was a question raised that I don't know whether the record is clear on or not, and that's the question of the affiliated organization subscribing for stock in the A. C. C. A. I believe you asked Mr. Henry why he had put his money in the A. C. C. A. stock.

Question No; not his money.

Answer. His member's money.

Question. No; why he had borrowed $800,000 from the Government and put the Government's money in a concern in which he was just a director.

Answer. I want to say that in Louisiana we are in the same position as Mr. Henry—as his company. We had struggled along for years. We had tried marketing our cotton individually. Louisiana had something like $200,000 in cash belonging to its members. We owned $365,000 in stock of the A. C. C. A. We subscribed for $800,000 new preferred stock in the A. C. C. A., borrowed the money from the Farm Credit Administration to buy that stock. We put up with them as collateral $365,000, preferred stock that we owned. The $800,000 belonged to the Credit Administration. If you will look at the statement of the A. C. C. A. that Mr. Creekmore filed as one of his exhibits on June 30, you will see that if the A. C. C. A. were liquidated and all money owed was paid, including the $800,000 of preferred stock, they would still have a million dollars to distribute to their member associations.

Question. You haven't bought any land to build an office building?

Answer. No, sir.

Question. But you had $200,000 in cash and $365,000 in common stock with the A. C. C. A.?

Answer. Preferred stock.

Question. Have you got any common stock?

Answer. One share. All members have.

Question. It is all in preferred stock?

Answer. Except the one share of common stock.

Question. And on that date you needed $200,000 in cash to run your business, so you borrowed from the Government $800,000 on $365,000 worth of stock in the A. C. C. A. I don't remember who it was that stated the A. C. C. A. stock wasn't worth——

Answer. You can look at the auditor's statement, which shows the financial condition of the A. C. C. A. on June 30, and they can pay back, if liquidated, every claim and still have approximately a million dollars to be divided among the affiliate members.

Question. Would you like to go until tomorrow morning?

Answer. I am at your service. I am not nearly through.

Question. How long would you like to take?

Answer. It may be an hour or two.

Question. We will adjourn until tomorrow.

(Adjournment.)

* * * * * * *

N. C. Williamson resumed the stand and testified as follows:

Examination by Senator McKELLAR:

Question. All right, Mr. Williamson, are you ready?

Answer. I would like to issue for the record, Senator, a statement.

Question. All right, sir.

Answer. One of our Texas representatives—the West Texas Cotton Association—had a wire from Mart, Tex.—that's in his territory—that the cotton buyers in that trade territory are advertising in the papers that they will fill out the blanks for the farmers to get their adjusted-price payments at a cost of 25 cents per bale. That's just a memo. I suppose Mr. Lee—is Mr. Lee here, Mr. Waldauer?

Mr. ABE D. WALDAUER. No; he hasn't come in yet.

Question. Will you state that again, Mr. Williamson?

Answer. Yes, sir. Mr. G. Y. Lee, president of the West Texas Cooperative Association, had a message from a man representative stating that the cotton buyers were advertising the fact that they would, at a cost of 25 cents per bale, fill out the necessary blanks for the farmers to get their adjusted compensation in the difference between the 12-cent and sale price of the cotton. The blanks had come out. The cotton cooperative association will do that for the benefit of their members without any cost.

Question. All right.

Answer. Senator, before I start on where I left off yesterday—I haven't read the record, but I believe I had finished the five points—I think I had completed that, had I not, Mr. Stenographer?

The STENOGRAPHER. That's my recollection.

The WITNESS. And I would like to call the Senator's attention to this fact: He stated, and we know and we agree with the thought, that the Triple A program is one of the most constructive pieces of legislation, as far as the cotton farmer in the South is concerned, that has ever been enacted by the Congress, and I want here to remind the Senator that the cooperatives have supported that program vigorously in every detail, in toto.

We have consistently supported that program before the vote on the Bankhead bill was taken to determine whether it would be continued the second year. Our interior classers, managers of the country offices throughout the different cotton-growing States, some of our executives, got out in the country and explained to the farmer what it meant, and at every step in that program we have met the opposition of the same group who are now fighting the cooperatives and say that they represent 90 percent of the producers and have the producers' interests very seriously at heart. That, to my mind, is rather inconsistent. The process tax——

Question. What was the vote on the Bankhead Act?

Answer. I think it was 98 percent in Louisiana—89.3 percent.

Question. Well, judging from that vote, there wasn't much opposition to it?

Answer. I said among farmers—it was almost unanimous with those who voted, and a very large percent voted. The point I want to make is that the cotton shippers, the cotton merchants who are naturally interested in volume rather than price, because the profit comes out of volume, have opposed every step of the Triple A program and, so far as I know, are still doing so. That's in the record.

Question. Even if they are opposing it, the opposition doesn't amount to anything?

Answer. It has amounted to very little; but I wanted the record to show that.

Question. How did you know about the opposition, or are you just taking it for granted?

Answer. No; I am not taking it for granted; I've met it.

Question. Where?

Answer. We had one meeting in Jackson, Miss. Mr. Andrews was there and Mr. Stewart, I believe, was there, and also I believe Mr.——

Question. How did that opposition come up?

Answer. It came up in an organized program. Resolutions were proposed and speeches were made opposing the program as being detrimental to the cotton interests. The first meeting was held at Jackson, Miss.; the next meeting at Birmingham; three meetings were held at New Orleans; and right here in Memphis, just last week, I believe our friend Mr. White read a statement at the meeting opposing the proposed continuation of it.

Question. Do you mean the program of the A. A. A.?

Answer. Yes, sir. The policy of the Farm Credit Administration advancing or lending money to the cooperatives for capital-stock purposes has been questioned, and I would like for it to be put in the record that this is not any new policy.

Question. There is a question in my mind: Prior to this loan you have told about, which went to the A. C. C. A. and was borrowed by affiliate members and turned over immediately to the A. C. C. A. for preferred stock—the question that arises in my mind is, has that ever been done before? It never has been done before, has it?

Answer. With the A. C. C. A.?

Question. Yes, sir.

Answer. No; heretofore they have borrowed money for operating capital.

Question. Why was the change made at this time?

Answer. That was decided by the Farm Credit Administration.

Question. The Farm Credit Administration required the change?

Answer. They changed the policy. There were some legal grounds involved.

Question. Then the reason your various affiliate associations borrowed the money and immediately put it in the A. C. C. A. was to avoid legal objections?

Answer. No; that was one question involved in the Farm Credit Administration.

Question. What was the other question?

Answer. That was all.

Question. As a matter of fact, it was a loan to the A. C. C. A.?

Answer. This capital loan?

Question. The $5,000,000?

Answer. No.

Question. Well, let's put it the other way then: While technically it was made in the names of the various associations, the A. C. C. A. got every dollar of that money for which it issued stock?

Answer. Yes, sir.

Question. That's the real truth about it, isn't it, Mr. Williamson?

Answer. It isn't the technical question of the loan. The loan was made outright to every individual State for the specific purpose of buying stock in the A. C. C. A.

Question. I will indicate one case. How much did your association buy?

Answer. In the new issue, $800,000.

Question. How much did they own before?

Answer. $365,000.

Question. Why were you interested in buying more stock? How could it possibly have been of advantage to you to have more stock in the A. C. C. A.

Answer. I think the record will show that I went into that yesterday afternoon. I will be glad to do it again if you want me to.

Question. I will be glad if you will. I want to know specifically why you should borrow money, and especially the enormous sum of $800,000, to be immediately invested in stock of the A. C. C. A.?

Answer. In the first place, Senator, the A. C. C. A. belongs to the Louisiana association and the State affiliated member associations. In the second place, the affiliated associations know that they cannot act independently, separately, in the method of selling their cotton in competition with the trade and every other individual; therefore, they have found it necessary to have a central sales organization.

Question. You have had that for 5 years?

Answer. Certainly.

Question. Or nearly 5 years before you had this; but it seems to me that it was an extraordinary procedure that here is an association, a central association, and that central association needed money; and instead of its borrowing the money, as it had the right to do, and as it had done heretofore, it adopted the peculiar rather unexplainable policy of having the affiliates borrow the money and immediately turn that money over to the A. C. C. A., and I would like for you to explain it.

Answer. Senator, I can possibly—let me understand, Senator, is the point which you have in mind from the member associations' viewpoint or from the A. C. C. A. viewpoint?

Question. From both. You are both an A. C. C. A. director and the chairman of the local Louisiana association, which is a part of the A. C. C. A. Now, why—it is a very simple question—why did you as an individual make a loan—and that's what it is—for the A. C. C. A., the central organization? Why didn't you let the central association borrow its own money? Why did you borrow it individually and immediately put it in the hands of the central organization?

Answer. That's easily explained.

Question. All right, sir; that's the explanation I want.

Answer. The question arose in the legal department of the F. C. A. as to making loans to the A. C. C. A. and——

Question. Did the Department at Washington hold that that concern, namely, the A. C. C. A., to which it had lent money for 4 years and in large sums—did the Department hold that this was illegal—that to lend it any more money to the A. C. C. A. was illegal and make the requirement that you borrow money for the A. C. C. A.?

Answer. No, sir; they did discover a law that was on the books many years ago that even the smart lawyers there hadn't discovered—that they could not loan this money with the subordination clause.

Question. What is the subordination clause?

Answer. We will have to get it from somebody who knows the law.

Question. What I am trying to get at is the facts. Was it this: That the A. C. C. A., if it borrowed the money directly, couldn't subordinate the claim of the Government to the debts that it might contract from the local banks?

Answer. The Government couldn't subordinate its loan.

Question. So the purpose of making the loan this way was to enable the A. C. C. A. to subordinate the Government's security to that of private banks?

Answer. No, sir; to allow the Government to—the Government couldn't; but the institutions organized as separate corporations could.

Question. Here's what I am driving at: If the A. C. C. A. had borrowed the money and invested it in cotton thereafter they couldn't have subordinated that Government loan to loans that they might make from individuals or private banks?

Answer (addressing Mr. Creekmore). Is that right?

Mr. CREEKMORE. I believe, Senator——

Senator MCKELLAR. I will be glad to have that matter explained to me.

(Mr. Creekmore temporarily took the stand and testified as follows:)

In my statement which I submitted Monday or Tuesday I stated that the A. C. C. A. had borrowed from the Federal Farm Board or the Farm Credit Administration a minimum of $10,000,000, or a maximum of $15,500,000 every year on subordinated loan. Last April, I believe it was, I was advised by the Farm Credit Administration that their general counsel had raised the question as to whether or not the Farm Credit Administration could legally protect a subordinated loan.

By Senator MCKELLAR:

If you will allow me to interrupt, I think the general counsel should certainly have gone further than that. I don't believe you had any right, or that the Department had the slightest right, to subordinate a Government loan on the same cotton.

Answer. Hearing the discussion of the attorneys, and not wishing to compare my thinking with yours, it seemed to me, that because of an old statute——

Question. Will you say what that statute is?

Answer. I will be glad to see if I can find it. Because of an old statute, even though the Farm Credit Administration had the right to subordinate a loan, because of this old statute, it was questionable whether the subordination would stand. The subordination of the loans from the Farm Credit Administration have in effect given the A. C. C. A. the capital funds to operate on. In the discussion resulting, this adjustment was made: That in order to lend the money to A. C. C. A., the Farm Credit Administration would lend $5,000,000 to the individual State associations on the basis of having them pledge all of their capital stock in the A. C. C. A. and assigning the interests of the member associations in the earnings of A. C. C. A. to the Farm Credit Administration until that loan was paid. The matter was discussed over perhaps a period of a month or two before a decision was made. The State associations subscribed to the stock—procured the money and subscribed to the stock. The A. C. C. A. must have either capital fund or subordinated loans if it is to continue the volume of business which it is now transacting until the reserves withheld from the members in the operation amount to sufficient to eliminate governmental loans and at that time—I am sure I represent the unanimous opinion of all of our colleagues—we will say, "Thank God."

Question. Then, as I understand it, Mr. Creekmore, this method of having your subordinates borrow the money and take preferred stock in your association was solely for the purpose of getting around that question?

Answer. I believe frankly that if the general counsel of the Farm Credit Administration had not felt that in subordinating a loan they were doing something which might later legally be proven incorrect, that this would not have been done.

Question. Then that means that this method of borrowing through your affiliated associations was for the purpose of avoiding that question so that you could go on and borrow from private banks?

Answer. I thought I had made it clear, but I don't seem to be able to do it.

Question. You make things clear.

Answer. Thank you, sir. In the change made by the Farm Credit Administration, it gave them added security, because it put the assets of the various State associations up against the loan as well as the net worth of the A. C. C. A., as represented by their private stock.

Question. But so far as the affiliated associations were concerned, this loan wasn't for their interest. They could have dealt with your association just as they had been doing?

Answer. Well, Senator Williamson—I mean Mr. Williamson; he was a State senator, but you are the only Senator here; he was a senator before Huey Long came on the scene—Mr. Williamson has stated that the A. C. C. A. is owned exclusively by the affiliate associations. A. C. C. A. could not have conducted its operations without capital funds. The capital funds we have considered have been our assets and reserves withheld from the members, plus our subordinated loan. Now, the affiliate associations could not have continued in the same way without the A. C. C. A., unless they provided capital funds, because the A. C. C. A. could not have continued the pool of operations unless it had the capital funds.

Question. You are not limited in loans from the Department, are you?

Answer. Limited?

Question. Yes.

Answer. Yes, sir; we have been limited.

Question. They can lend you such funds as they see fit? The law only required you to pay 3 percent for the money you received from the Government and not relend it to exceed 5 percent to the people to whom you loaned it—is that not right?

Answer. The first part is right. I don't believe there is any limitation on the 2-percent spread at this time.

Question. Isn't there a 2-percent spread?

Answer. Not now.

Question. Did they change the interest rate or is it the same as it was before?

Answer. I think about the same spread we had before.

Question. All right.

(Witness excused.)

N. C. Williamson resumed the stand and testified as follows:

By Senator MCKELLAR:

Question. Mr. Williamson——

Answer. I hope you have that clear.

Question. Yes, sir; I have it clear.

Answer. I am a farmer and can't keep up with you all.

Question. You are doing pretty well for a farmer.

Answer. And the rate of interest, we talked about that a whole lot, and as long as we are above the rate of interest that banks charge we don't feel like we are being so greatly favored; however, 3 percent is a low rate of interest, and it is only in recent years that I have been able to borrow money at a rate as low as 5 percent to make a crop. I would like to impress upon the chairman of this committee the fact that we paid for everything we got from the Government—the cotton cooperatives. The only thing we got free was advice. We paid for everything.

Question. You get a very large volume of business, if you are speaking for the A. C. C. A., because if I remember the figures right, the business that the Government has given you alone amounts to commissions and income to the A. C. C. A. associations of something like $765,000 a year.

Answer. They got service for it. I think you will agree with me on that when you check the record.

Question. Some of it was and some of it wasn't, in my judgment. For instance, if I recall right—I think I saw it in the paper, or somebody told me about it—on the reconcentration operation, some concern in Memphis——

Answer. Little Rock, probably.

Question. No; I think some concern in Memphis, of which Mr. Taylor is the head, offered to do the same work for nothing.

Answer. For nothing?

Question. Yes.

Answer. We werent' able to do that because of the——

Question. You had him do it, I understand—you had him do it afterward?

Answer. We had him do it?

Question. Yes, sir.

Answer. I don't know anything about that.

Mr. CREEKMORE. Will the Senator indulge me a minute?

Senator MCKELLAR. Yes, sir. Some compress company. What is it, the Federal Compress Co.?

Mr. CREEKMORE. I had never heard of that offer.

(Mr. Creekmore temporarily took the stand and testified as follows:)

Question. He has compresses in west Tennessee and they wanted to move cotton from Dyersburg to Memphis, and he offered to move that cotton free of charge, but the Government wouldn't let him do it and turned it over to you, and how much were you paid, 85 cents?

Answer. Forty-two and a half cents, I believe. I would like to issue this request: I know Mr. Taylor and I know him favorably. I have never heard of that offer before. We have heard of an offer being made by Mr. J. D. Hillshine, of the Little Rock Cotton Exchange, that they were willing to handle it for 10 cents a bale. I believe, in the interest of fair play, that if Mr. Taylor and Mr. Hillshine will go to New Orleans and see what we are doing, we will then be very glad to have you ask them whether their offers were proper.

Question. I don't know anything about Mr. Hillshine—I hadn't heard that state of facts—but I had heard of the Federal Compress, and it is the purpose of the committee to call Mr. Taylor to testify.

Answer. In the interest of fair play, wouldn't it be advisable for Mr. Taylor to acquaint himself with the work required by the Commodity Credit Corporation before he does testify?

Question. Well, now, as I understand, his offer was limited to his compresses in west Tennessee, for instance, where a lot of cotton was removed from Dyersburg to Memphis, and I don't know of anyone—I don't think you need to go to New Orleans or anywhere else to find out what the cost of transporting that cotton from Dyersburg to Memphis would be. I am just using that for illustration. It may not have been Dyersburg, but it was some place in west Tennessee where he had a compress. I don't know how anybody could know anything more about moving cotton from one compress to another in his district than Mr. Taylor. I imagine if he knows his business, I know he would.

Answer. I believe that the statements that have been made and the offers that have been made as to what various parties would be willing to do are on a lack of knowledge of what was required to be done, and if I may be permitted when Mr. Taylor and Mr. Hillshine go on the stand, to, through you, ask a few questions.

Question. I will be glad to.

Answer. I think that my belief will be substantiated that there is not another cotton firm in the world as now organized that could have handled the reconcentration of 1,600,000 bales of cotton for the Commodity Credit Corporation, and now to build up an organization, either by the Commodity Credit Corporation, or any private firm, to handle that cotton on the basis of the requirements of the Commodity Credit Corporation, it could not have been done for 50 percent more than we are doing it.

Question. Well, as I remember, one of those reconcentrations cost about $860,000, and I believe a question was raised by the Comptroller General of the United States as to whether they had a right to make a contract, whether those in the Department and in charge, had a right to make a contract without asking for bids in connection with it, and that raised still another question about it, and I would like to have your views about that. Did you ever hear of that question being raised?

Answer. No, sir; frankly I have not, but with my 5 years' experience in Washington, I think it is very probable, because my experience has led me to believe that nothing is done in Washington without a great many questions being asked about it, and I am sure the Senator has had the same experience in dealing with the Government and the agencies in Washington.

Question. Yes; that happens sometimes, I know.

Answer. Of course, when the Senator wants it he can get along easier than anybody else can.

Question. Well, I doubt if they can get along as well, I will say that. However, we don't want to interrupt this discussion.

Answer. All right.

(Witness excused.)

Mr. N. C. Williamson, having resumed the witness stand, further testified as follows:

Questions by Senator MCKELLAR:

Mr. WILLIAMSON. That is all right, Senator, every point I can't clear up I want somebody else to do it. There seems to be some question about the propriety of a cooperative, member cooperative, or State association, so to speak, acquiring reserves. Now, we are permitted under our marketing agreement with our members, and really instructed to deduct a limited amount, and the maximum is placed in the contract for reserves.

Question. That is all charged to the farmer?

Answer. Yes, sir; and it belongs to the farmers after it is deducted.

Question. Now, when you put your money in these buildings, buy real estate and build an office building on it, how do you figure that that office building will ever get into the hands of the farmers who own it?

Answer. I take it, Senator, that under the authority given the board of directors by the members of the association, they can use those reserves in any way their judgment dictates and that would be to the best interests of the association, which is the members. We lose sight of the fact that the Louisiana Cooperative Association is about 30,000 cotton growers; that is what it is. Now, as a director, if we are paying a certain amount of rent—and I will say that Louisiana has never bought any physical facilities. However, I am not questioning the right or the propriety of any association doing so, if they can save money by doing it. One of the great cooperatives and one of the most successful ones in California, the California Fruit Growers Exchange—I believe that is the proper name—recently built a half-a-million-dollar building, if I remember correctly. It was discussed in the council—half-a-million-dollar office building of their own. They figure that the rents they are paying will pay that building out in 15 years, and the members of that organization will own it and won't have to pay any rent and still the investment is good, according to their judgment. Now, I don't see anything wrong in that.

Question. Well, when a corporation buys or sells a piece of property it has to submit it to their stockholders. Do you think it is proper and right for a member or an officer of a corporation to invest the stockholders' money in a piece of real estate and in building an office building thereon without obtaining the consent of the people; do you think that is right?

Answer. I would like to have Mr. Waldauer answer that. You are getting into legal questions.

Question. No, no; I am not asking a legal question. I am asking you whether you think it is right?

Answer. Yes, sir. I have been serving as director in corporations and I have never yet—and one of them is a national bank. By the way, I don't want to disbar myself from being on the board of directors.

Question. Well, do you mean to say that you are engaged in the banking business, too?

Answer. No, sir; just a director. It has not hurt me yet.

Question. I hope it won't.

Answer. And we spent about $50,000 or $60,000 for a building. We did not submit it to our stockholders that we wanted authority. We thought we had authority, and that was never questioned. I suppose it must have been all right and it has been a good many years, and I don't think certainly, if there had been any legal question involved, our attorney would have let us gone wrong, because he is an awful good lawyer. I don't think that is unusual, Senator. But all these reserves, as you say, come out of the producer. The difference between the reserves that we take out of the producer and those taken by the cotton merchant is that they still belong to the farmer with us and the other way they go to the profits and into the pockets of the merchant. Now, that is a very fundamental difference, and that is where we disagree. That is the only point of difference between us.

Question. Well, how may dividends has the A. C. C. A. paid out of the reserve; paid your members out of the reserve?

Answer. We have had a dividend every year except this past year, when we made a loss, as stated by Mr. Creekmore's balance sheet.

Question. Now, would you be good enough to get me the amount of patronage dividends, for instance, that you have received and paid out to your stockholders during the 5 years?

Answer. I don't know how much of a job that is, but I will endeavor to do it.

Question. Well, you can have it done.

Answer. The only thing, I don't know what cost is involved; but I will endeavor to do it.

Question. Then while you are doing that, be certain to give your balance sheet of each year.

Answer. The question came up when Mr. Creekmore was discussing—or the chairman, one or the other—the question of including the cotton merchant and the cotton trade—the whole cotton industry in an investigation or a program which would include an investigation of the whole industry. I don't know—there were three large cotton firms in this country—I don't mean to be personal in any way in this—but their names were mentioned, and it is generally accepted that these are very substantial firms financially. I know nothing about their worth, but the general opinion is it runs into many millions of dollars; and I take it they have been very successful in the cotton business; and I take it that those resources have been built up at the expense of cotton producers. They have handled cotton—I don't know what other busi-

ness they have been in, but those profits evidently have accumulated into very large sums of money. The farmer has not any interest in that at all. If the A. C. C. A. and its affiliated members had built up a capital structure equal to any one of these firms we could do a little better job and do it to the benefit of our farmer members, and they would own those millions of dollars instead of being owned by those who have dealt in the products of these cotton farmers. Now, I am not quarreling about that, Senator. I am not saying it is not perfectly legitimate and perfectly right. These gentlemen have conducted a legitimate business, but I am trying to get the difference clearly in your mind as to our operation and the operation of the private cotton firms.

Question. That is all right, but it is very clear in my mind—the difference. One difference is that the Government of the United States is putting up all of your capital.

Answer. No, sir.

Question. Well, practically all of it. Did you start out with a deficit, too? How much stock did you own in 1930 when you began?

Answer. I think when we organized Louisiana's share of the capital was—I don't recall. Do you recall, Mr. Creekmore?

Mr. CREEKMORE. I beg your pardon.

Mr. WILLIAMSON. Louisiana's share of the stock subscription when we organized?

Mr. CREEKMORE. I am rather inclined to believe those are in those wonderful records.

Mr. WILLIAMSON. I think our cash payment was $3,600—something like that.

Mr. CREEKMORE. Between $5,000 and $10,000.

Senator MCKELLAR. Well, let's be accurate about it. Well, then, do you remember what assets you had at that time?

Answer. Well, I think at that time the Farm Board put us in debt; I don't remember to what extent, but we had some resources. Our reserves were all taken, as Mr. Creekmore stated in his statement in regard to the settlement with the Farm Board.

Question. Some years ago when Mr. Legge was living, and when he came before the Appropriation Committee of the Senate, of which I was a member then as I am now, in answer to a question that I asked him about the then conditions of the various State cooperative associations, he stated that in his judgment they were all insolvent except the North Carolina, the Georgia, and the Alabama associations, and since that time my recollection is that both the Alabama and Georgia associations failed. One of them is being wound up in receivership now, and the North Carolina, my recollection is now, was also one.

Answer. No, sir; North Carolina did not.

Question. South Carolina, then, instead of North Carolina, Georgia, and Alabama, and at that time Mr. Legge said they were all insolvent except those three, and that he thought, as I recall his testimony—I will have to read the record to get the exact testimony—that he thought that perhaps those might be able to pay out, but as they have since failed, it seems that, according to Mr. Legge, all of them were insolvent in 1929 and 1930.

Answer. Well, if he was that far wrong on those he mentioned, he may have been equally wrong on the others.

Question. Well, I am asking you about yourself now, Louisiana, when the A. C. C. A. was formed you paid in $3,600?

Answer. I am not sure. Mr. Henry says they paid in $5,000.

Question. Or $5,000, or up to $10,000, let's suppose it was. What assets did it have at that time?

Answer. Well, as Mr. Creekmore stated, at the time this program started, if we could have sold our cotton and liquidated our affairs, we would have paid every nickel we owed.

Question. If you have sold your cotton for enough.

Answer. For the then current price, when the Farm Board announced its 16-cent loan.

Question. Well, isn't the whole milk in the coconut? For instance, I owe my bank here $10,000. If I had any cash, I could go over and pay it and I would not owe them anything, but the trouble is I have not got $10,000 in cash, so I don't seem to get very far with that sort of thing. What I want to know is what your assets were when you became a member of the A. C. C. A. in 1930?

Answer. Senator, you ask me a question that I can't answer.

Question. Were you president of it then?

Answer. No, sir; I was not.

Question. Will you find out what the assets of the concern consisted of?

Answer. Yes—I had just been elected president—I beg your pardon.

Question. Now, you would never have accepted as president without looking into its affairs, would you?

Answer. I certainly would not.

Question. Now, if you will just have the exact amount of the assets and the amount of the property that will be fine. I am informed that North Carolina still owes the revolving fund about $75,000. You have that testimony—well, we will put that in. I quote from page 133 of the hearings on the independent offices appropriation bill for 1932. This is evidently in 1931 [reading]:

"Senator MCKELLAR. Whereas, as a matter of fact, if the Government financial aid was taken away from these cooperatives, any of them, today, is it not a fact that they could not operate very long?

"Mr. LEGGE. I do not think that is true. They did operate, you know, for some 7 or 8 years before there was anything of this sort.

"Senator MCKELLAR. And when they did operate, every one of them was in bad financial condition; is that not so?

"Mr. LEGGE. Not every one of them.

"Senator MCKELLAR. Now, would you mind naming one that was not?

"Mr. LEGGE. Well, the nearest one to you is at Greenwood, Miss., which has operated for 10 years.

"Senator MCKELLAR. That is long-staple cotton?

"Mr. LEGGE. Yes.

"Senator MCKELLAR. But it has never been in the system, has it?

"Mr. LEGGE. Yes; we are loaning them money just the same as all the rest of them; we are loaning them money right now.

"Senator MCKELLAR. Long Staple Association?

"Mr. LEGGE. Yes.

"Senator MCKELLAR. I did not know that that was in your system, but that is the only one that is?

"Mr. LEGGE. Their cotton is not pooled under the same conditions, Senator, because that is a different grade of cotton, and it is sold on a different basis, so that they operate separately, but we have treated them just the same as any other cotton cooperatives.

"Senator JONES. Now, the Senator seems to assume that that is the only one that is not insolvent.

"Senator MCKELLAR. Are there any of the others that are not?

"Mr. LEGGE. Yes.

"Senator MCKELLAR. Which of the others are not insolvent?

"Mr. LEGGE. North Carolina is perfectly solvent; Georgia, I believe, is perfectly solvent.

"Senator MCKELLAR. That is two out of nine.

"Mr. LEGGE. Well, Texas is perfectly solvent.

"Senator MCKELLAR. That is three out of the nine.

"Mr. LEGGE. Now, there is a little California one that does not amount to much that is solvent. That is only a small operation.

"Senator MCKELLAR. Well, that is not one of the nine?

"Mr. LEGGE. No.

"Senator MCKELLAR. That is not counted in your nine cooperative associations, is it?

"Mr. LEGGE. California?

"Senator MCKELLAR. Yes.

"Mr. LEGGE. Yes. There are 11 of them, I think, outside of the staple, outside of the long-staple cotton; there are 12 altogether.

"Senator JONES. I gather that a majority of the organizations are fairly sound?

"Mr. LEGGE. Yes.

"Senator MCKELLAR. Now, wait just a minute. He has only named 4, and there 11 or 12.

"Mr. LEGGE. Alabama could finance themselves without Government aid.

"Senator MCKELLAR. Without Government aid?

"Mr. LEGGE. Yes.

"Senator MCKELLAR. Well, then, if these associations can finance themselves without aid, why is it necessary to use these additional funds, this $150,000,000 appropriation in December, and now approximately $100,000,000 for the future?

"Mr. LEGGE. That is our interpretation of the Agriculture Marketing Act; what we believe that we should do to help them. And they get the money at a lower rate of interest."

Now, wait a minute; let us get the exact date. This was on January 28, 1931. [Reading:]

"Senator MCKELLAR. And you are helping them whether they need it or not?

"Mr. LEGGE. How is that?

"Senator MCKELLAR. You are helping them whether they need it or not?

"Mr. LEGGE. Well, they need it from some source. Now, I think we have helped some of them, Senator, where they could, in extremity, have gone and gotton the money by paying a higher price for it on the outside. We did not set a limit of entire solvency, because our construction of the law was to mean that we were to be of service where we could, and we have tried to treat them all on absolutely the same basis."

That is the end of the testimony. Now, it appears from Mr. Legge's statement that North Carolina, Georgia, California, and Mississippi, 4 out of 12, were at that time solvent.

Answer. I think, Senator, Mr. Legge was mistaken. I think all of them were insolvent at the date of this. That was a year and a half practically after the 16-cent loan was announced, which bankrupted everyone.

Question. You think they were all insolvent?

Answer. Well, that is a matter of record. The 16-cent loan in the settlement bankrupted all, because they said we had to be bankrupt, and to make sure of it they made us sign notes to pay money, and we have paid it all. Louisiana don't owe one nickel in that fund. We have paid every nickel.

Question. But at that time you were insolvent?

Answer. At the time of this testimony every one of them were.

Question. To what extent were you insolvent at that time?

Answer. I think we owed—I think it was around $100,000 in notes at the time—$150,000. Louisiana signed notes for that, and we paid it off.

Question. And at that time the amount of cash that you put into the A. C. C. A. was somewhere between $3,600 and $5,000.

Answer. That was prior to this.

Question. Well, at the time the A. C. C. A. went in?

Answer. Yes, sir.

Question. You paid somewhere between $3,600 and $10,000?

Answer. It was a small amount, $3,000—I don't remember.

Question. Now, let me ask you, What is the amount of your assets today, less the loan that you made?

Answer. $565,000, approximately, plus our equity in the reserves that the A. C. C. A. has undistributed.

Question. How much do you estimate those to be worth?

ANSWER. How much was that, Mr. Creekmore? Your testimony shows the undistributed capital of the A. C. C. A.?

Mr. CREEKMORE. The capital of the A. C. C. A. is $1,000,100; surplus, $900,000. Your interest in the surplus is based on the delivery of each association in the year in which the surplus was returned, rather than the stockholders' interest, which would amount to between 15 and 20 percent.

The WITNESS. Something like $30,000 or $40,000.

Question. About $30,000 or $40,000?

Answer. Approximately; yes, sir.

Question. Mr. Williamson, I want to ask you another question. Yesterday you inveighed very greatly against the Cotton Exchange of New York and other cotton exchanges.

Answer. No; I don't think so, Senator. I didn't mean that.

Question. Well, I think you stated——

Answer. I proposed some pertinent questions I thought were worth the study and working out of any improvements.

Question. Yes; and I think you are right about it—about making those suggestions; but as I got your view, and as the papers seem to have gotten it also, it was quite an attack upon the cotton exchanges of the country.

Answer. Senator, you know enough about the papers. You can't always go by that.

Question. I know; but I heard it, and it agrees with my understanding.

Answer. Possibly my earnestness might have been misunderstood. I think I said I had no quarrel with them, but I thought, and I still think, that those suggestions I made are pertinent questions for study, and careful study, in the possible improvement of our marketing system.

Question. I agree with you about that, but here is what strikes me with a great deal of force: It has been testified both by Mr. Creekmore and by Mr. Henry that you are members of the cotton exchange in New York, you are members of the cotton exchange here in Memphis, and members of the cotton exchange in New Orleans; and so far as the New York Cotton Exchange is concerned, I think it was shown that you dealt in millions of cotton futures, and I am just wondering how you distinguished your connection with cotton exchanges throughout the country from the other person's connection with the cotton exchanges?

Answer. I am not trying to do that, Senator. We do just the same thing as the cotton merchant does, and we are forced to do it; we can't do anything else; it is the only avenue open to us. But there is a difference——

Question. Just a moment. I got the idea very distinctly yesterday from your well-considered testimony that you felt like that you were at war—that your organization was at war with the cotton exchanges of the country. Now, I don't know much about cotton exchanges. I don't suppose I was ever in a cotton exchange 15 minutes altogether in my life. I am not connected with cotton in any way except as a good citizen, and when I heard your very caustic attack upon the cotton exchanges of the country, I was just wondering why you were a member of those exchanges and operating through those exchanges, and buying millions of dollars of futures every year in those exchanges; and I would be glad if you would explain it.

Answer. That is very easily explained, Senator. We have it to do to protect our trades. Any cotton dealer must do it.

Question. Well, in other words, you are a cotton dealer just like all the rest?

Answer. No, sir.

Question. You are operating along similar lines?

Answer. You are putting words in my mouth.

Question. I am asking you if that is not a fact.

Answer. No; I say that we, the cooperatives, must protect ourselves on the cotton exchanges just like the cotton dealers. We cannot take a speculative position in the market.

Question. Haven't your organizations speculated in cotton? And the records that have been furnished by Mr. Creekmore, don't they show that you have bought millions of dollars and maybe hundreds of millions of dollars of futures, and you are constantly buying them all of the time?

Answer. Yes, sir; that is true. And I hope some way may be found to improve. I was bringing out the fact, or attempting to do so, after reading the letters that have come out from the Memphis Cotton Exchange, the conditions as they are trying to make them. I suppose they are authentic. They have not been disputed.

Question. I don't know about them.

Answer. We accept the challenge. We are not making this fight. I emphasize the fact that the cooperatives represent, according to the statement of the cotton shippers, a small proportion of the cotton growers and a small proportion of the cotton which is grown. Now in this hearing, of course, it must come to a conclusion, and I hope it will be a conclusion of the fight which they have been making for a long time because of these various investigations. Now, I accept the challenge on the part and on behalf of the cotton grower, and I also want to go on record, following the colloquy or suggestion of Mr. Creekmore, that the cotton trade be investigated—not only us, but the industry in general—and that there should be given careful study to the entire matter, and I believe that if you will only do this, it will result in a lot of laws which will be beneficial. I don't think you want to get me wrong in the record, and if I appeared to have made a vicious attack on the members of any institution, I want to disabuse your mind, and the mind of your committee as to that.

Question. I understood certainly on yesterday you were making an attack on private dealers.

Answer. I might have been a little vehement.

Question. It seems to me that whatever attack might have been, that you were certainly making an attack on them.

Answer. I want to disabuse your mind of anything like that in regard to my friends in the cotton business. I am not attacking anybody.

Question. How do you account in the last few years, I don't know when it started, but I am safe in saying I have received for some time on an average, I will say, of several letters a day, from cotton men, not only mailed to me from my own State, but from other States, saying that their business has been destroyed by the Government entering the cotton business, and asking if I could not recommend them for some place with the Government, whereby they could make a living, that they are not any longer able to make a living. Why are these letters constantly coming in?

Answer. Don't you think that the cotton producers have been in the same position, a hundred times more possibly, than the cotton merchant?

Question. Within the last 2 years, since March 4, 1933, the American Congress and its executive agents, have done more for the cotton farmer than all of the Congressmen and the executive agents that have ever existed in this country since its foundation.

Answer. I think so.

Question. Cotton was selling at 4½ cents, speaking generally, in March 1933, and by reason of the passage of the Agricultural Adjustment Act and by reason of the Bankhead Act, and these subsidiary acts, the price of cotton has raised to 10 and 11 cents, and maybe a little more. I am talking about without the bounty, and it seems to me that a wonderful work has been done for the farmers of this country in the last few years, and I am very happy to say that I have participated in it, and I think it was right and proper.

Answer. I agree with every word that you say, Senator, and I think, I not being in an official capacity like you, I don't hestiate to refer to the administration, and say that I think even in the Republican farmer West, that the administration will get credit for it, and I think the effect of the work you have done will be felt for years to come.

Question. Go ahead.

Answer. I have started to read a bulletin on yesterday afternoon, and you kept on discouraging me, because you criticised my bulletin before I read it.

Question. No; I did not criticize your bulletin, but I don't think much of bulletins.

Answer. I will read you some figures, that is all.

Question. All right, sir.

Answer. I know this gentleman, and I think you know him, Mr. C. C. Farrington, and he really knows cotton, and has done a great deal of scientific work and study in connection with it.

Question. How many pages have you?

Answer. I am not going to read it all.

Question. If you do we will be here a week.

Answer. Well, I have some letters here from some of the banks of Louisiana.

Question. Can't you read the more important ones and file the rest of them for the record?

Answer. Yes; but I want them returned to me.

Question. They can go in; that is all right.

Answer. Yes, sir. I don't want to bore you, I don't want to clutter up the record.

Question. You can put them in the record. Tell us what they are.

Answer. Here is one from a Shreveport bank [reading]:

"I have read with a great deal of interest news articles appearing in the press about the Government investigating the operation of your organization."

This was addressed to Mr. Bass:

"I believe that when this probe is finished it will prove that your association should be commended on the manner in which it has handled the cotton situation."

Question. Let me show you one that I received today from Yazoo City, a man who signs himself as B. S. Read, and who says that he received $10 less a bale for his cotton than he could have gotten in the open market.

Answer. I will read the next paragraph [reading]:

"I should dislike very much for your association to be handicapped in any way in serving the farmers. As a member of the organization, I believe that you have done a great deal of good in helping the cotton producer to get a fair price for his cotton. I have found that in purchasing his product you have paid him what his cotton is worth, and in granting him loans you have named a fair price for your charges.

"I not only hope that your organization will continue to prosper, but that more power will be given to you.

"Yours very truly,

"R. McL. JETER."

Another one from Alexandria, La. [Reading:]

"LOUISIANA COTTON COOPERATIVE ASSOCIATION,

"New Oreans La.

"GENTLEMEN:"——

Question. Pardon me a minute. You have a great many of them, and I suggest they just appear in the record.

Answer. I will read just a few.

Question. The marketing of the cotton crop in any community is a serious matter to each community to see that the cotton

farmers receive a fair value for their cotton at the time they market it.

Answer (reading):

"In this connection, the Louisiana Cooperative Association has been a great benefit to this community. We feel that the office here has been of service in seeing that each day's value has been correct, and we trust that the office here will be continued.

"JAMES C. BOLTON, *Vice President.*"

Now, I have here about 50, or maybe more, and I will not put them into the record by physically reading them, but I will turn them over for the record, and I would like to get them back this afternoon if possible.

Senator MCKELLAR. All right.

(Letters referred to are as follows:)

OCTOBER 25, 1935.

Mr. SAM BASS,
General Manager, Louisiana Cotton Cooperative Association,
New Orleans, La.

DEAR MR. BASS: I have read with a great deal of interest news articles appearing in the press about the Government investigating the operation of your organization. I believe that when this probe is finished it will prove that your association should be commended on the manner in which it has handled the cotton situation.

I should dislike very much for your association to be handicapped in any way in serving the farmers. As a member of the organization, I believe that you have done a great deal of good in helping the cotton producer to get a fair price for his cotton. I have found that in purchasing his product you have paid him what his cotton is worth, and in granting him loans you have named a fair price for your charges.

I not only hope that your organization will continue to prosper but that more power will be given to you.

With kindest personal regards, I am,

Yours very truly,

R. MCL. JETER.

HOMER, LA., *October 25, 1935.*

Mr. SAM BASS,
535 Gravier Street, New Orleans, La.

DEAR MR. BASS: There have been rumors here that the Louisiana Cotton Cooperative Association is contemplating withdrawing from the market. Such a move on the part of the co-op would leave the farmers of this parish and many others at a disadvantage in marketing their cotton.

I am one of the largest landowners in this parish, and I speak for myself and, I believe, for the majority of the other farmers in this community when I say that were it not for the cooperative associations the price of spot cotton would drop from 50 to 100 points at this place. The cooperative association is responsible for the price remaining at its present level. I would sincerely regret to hear that you had definitely decided to withdraw from the cotton market.

In the years before the Louisiana Cotton Cooperative Association was organized, the farmers of this parish, and the other parishes of this State were left at the mercy of the larger cotton buyers. They placed such a price as they wished on the cotton, and the farmer was forced to take it or hold on to his cotton. When the association was formed, spot prices immediately took on a firmer basis, and the farmers of this State have received thousands of dollars each year, above their former sales for cotton of the same grade and staple. Prior to your organization, there was no market for staple cotton, all cotton selling as short staple. Now, there is a better demand for staple cotton, and the buyers are recognizing more and more the advantage of offering to the farmers a fair price for their cotton.

Once again, I assure you that the Louisiana Cotton Cooperative Association has a definite place with the farmers of Louisiana, and asking you, in behalf of myself and most of the farmers of Claiborne Parish to remain in the market and not to leave us at the mercy of the larger cotton firms of the country, I remain,

Yours very truly,

F. B. KING.

RAPIDES BANK & TRUST CO.,
Alexandria, La., October 28, 1935.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: The marketing of the cotton crop in any community in the cotton section of the South is a serious matter to each community to see that the cotton farmers receive a fair value for their cotton at the time they market it.

In this connection, the Louisiana Cotton Cooperative Association has been a great benefit to this community. We feel that the office here has been of service in seeing that each day's value has been correct, and we trust that the office here will be continued.

Very truly yours,

JAMES C. BOLTON, *Vice President.*

GUARANTY BANK & TRUST CO.,
Alexandria, La., October 28, 1935.

Mr. LEWIS D. BROWN,
Care of Louisiana Cotton Cooperative Association.

DEAR MR. BROWN: It is our opinion that the Louisiana Cotton Cooperative Association has been an advantage to the farmer in the marketing of his cotton crop, and it is the opinion of the writer that the discontinuance of the same would be to the disadvantage of the farmer.

I remain,

Yours very truly,

A. WETTERMARK, *Vice President.*

CITIZENS PROGRESSIVE BANK,
Columbia, La., October 24, 1935.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: We understand there is a movement on foot to cut our corporation from the cotton business. We think this unjust and a detriment to the cotton trade.

You have helped to hold up the local market, and we hope you will be permitted to continue business.

Yours very truly,

_____,
Vice President and Cashier.

TENAS STATE BANK,
Newellton, La., October 2, 1935.

LOUISIANA STATE COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: Your association has served this territory for a number of years, and we have found out you to be of much benefit to the farmers. The cotton handled by you has always been very satisfactory.

We hope to see your association will continue in the future, as we consider you a help to the cotton farmers.

We remain,

Very truly yours,

T. T. HARGROVE, *Cashier.*

HOMER, LA., *October 25, 1935.*

Mr. SAM BASS,
New Orleans, La.

DEAR SIR: It has been rumored that private cotton firms are trying to put the co-ops out of existence. I would hate to see this happen, as the co-ops have done so much to help the farmer in this territory.

If it were not for the cotton co-ops association, cotton in Homer would not only bring a lower price, but we wouldn't get the classification that we are now getting.

In my estimation, private cotton firms are trying to put the cooperatives out of business in order that they may take up this old method of buying the producers cotton with some $5 or $10 profit per bale that the farmer would not get if it were not for the cooperative association.

Thus, after talking to various cotton producers, we desire the cotton cooperatives to operate in our territory regardless of whether they want them or not.

Very truly yours,

J. RALEIGH KING.

RICHLAND STATE BANK,
Rayville, La., October 25, 1935.

To whom it concerns:

The Louisiana Cotton Cooperative Association have an established office in Rayville, and as presently handled is helpful in many ways to the farmer. They keep their office open 12 months in the year, paying rentals, as well as salaries to their employees, which makes them an asset to the town and community in general. Our relations with them in a business way have been very satisfactory.

Yours very truly,

FRED MORGAN,
Vice President and Cashier.

BANK OF BENTON,
Benton, La., October 25, 1935.

Mr. SAM BASS,
General Manager, New Orleans, La.

DEAR MR. BASS: For some time I have had in mind to write you and express my satisfaction for the very fine service your organization is rendering this community in maintaining an all-year-round market for cotton.

At times I find that it is not always possible for your organization to meet competition, but our producers are assured of receiving full value for their product if a cotton cooperative representative is present, and you may rest assured that it is our desire to see the organization further strengthened so that they may continue to function and serve the producer satisfactorily.

I have read in the public press with much regret of the investigation about to take place in Washington; you have our best interest in the matter and sincerely trust the information revealed will prove beyond a question of a doubt in your favor.

With kindest personal regards, I am,

Yours very truly,

V. V. WHITTINGTON, *Cashier.*

CALDWELL BANK & TRUST CO.,
Columbia, La., October 25, 1935.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: There has been considerable agitation among the cotton brokers and buyers that your organization should be liquidated, and not allowed to continue in the cotton business.

We are wholly in sympathy with the Louisiana Cotton Cooperative Association, because in our section we know that they have been responsible in a great way in assisting the farmers secure a better price for their cotton.

We find that your buyers are liberal in grades and when other buyers compete with them they know to start with that they have to give the farmer all his cotton is worth on that day's market if he is able to buy same.

We feel that it would be a great mistake to disband the Louisiana Cotton Association, because we feel that we need them to assist in marketing our "greatest crop."

Yours very truly,

A. D. BRIDGER,
Vice President and Cashier.

TALLULAH STATE BANK & TRUST CO.,
Tallulah, La., October 25, 1935.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

DEAR SIRS: We wish to advise that cotton that we have delivered to you and also handled by you for us and our various customers has been handled in a very satisfactory manner.

We feel that by your maintaining an office in Madison Parish it has proved very beneficial to the planters of the community.

Yours very truly,

W. P. SEVIER, *Cashier.*

THE HAAS INVESTMENT CO., INC.,
Bunkie, La., October 27, 1935.

Mr. NORRIS C. WILLIAMSON,
President, Louisiana Cooperative Marketing Association,
Care of Peabody Hotel, Memphis, Tenn.

DEAR SIR: I am very sorry that press of business at home, harvesting cane, a perishable crop, prevents me from being present at the Memphis hearing.

Having produced and marketed cotton on a large scale for more than 50 years and having had extensive dealings with cotton farmers, both large and small, cash renters as well as share tenants, qualifies me to express an unselfish opinion upon cooperative marketing. I do not hesitate to say that cooperative marketing has been the greatest thing to the cotton farmer, particularly the small farmer, we have ever had.

Without the help of the Agricultural Department of the Government, making it possible to carry the overproduction in times of stress, we would all be hopelessly bankrupt.

Following the World War the cotton business of the United States began drifting into the hands of a few large operators. Their business has grown so large, their dealings with the exchanges so extensive, that we would be negligent to our own interests not to recognize the dangers. Cooperative marketing is the sensible way to meet the situation.

The Agricultural Department of the United States has done and is still doing a great work for the farmers. Without their help and without cooperative marketing we would be in a sorry plight.

Regretting my inability to be present, I am,

Very truly yours,

W. D. HAAS.

THE FIRST NATIONAL BANK,
Lake Providence, La., October 26, 1935.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: As you know, for several years we have had a great deal of business with you, and we feel that at this time we should make a frank expression, giving the result of our views and experience.

We believe that you have rendered the cotton farmer a beneficial service, especially so during the past 5 years. You have given him a market for his product every month in the year. Your service has been fair and impartial. We wish to lay stress on the fact that the small farmer having only one or two bales to sell at a time, has received the full market value. This, we think, merits such consideration by those who might criticize your manner of marketing, for it has been this class of farmer who has usually received the smallest price per pound.

By dealing with the mill and producer, thereby eliminating much overhead expense, a larger return is paid the producer. We know of no other reason of marketing that has attained this end.

Wishing you much success, we are,

Yours very truly,

W. D. BROWN, *President.*

PEOPLES' BANK & TRUST CO.,
Minden, La., October 25, 1935.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: I understand that the question of the desirability of the continuation of the Louisiana Cotton Cooperative Association is being weighed by those in authority, and I am, therefore, writing you this letter to set forth my personal opinion about this matter.

I am thoroughly convinced in my own mind that the cooperative association has proved to be a most desirable asset to our farm population. I have seen right here in our own city the change in the manner of grading and stapling our cotton which has resulted in our farming people being paid several dollars more per bale than they were formerly paid before the cooperative made its appearance in this community.

I believe the cooperative movement is an absolutely necessary part of the economic life of our farmers. Instead of the movement being curtailed, it actually should be expanded, and I believe that it would be a step backward to curtail the operation of an association that has been of such inestimable value to our farm people. I sincerely hope that all of the facts can be presented in this case and that the decision will be in favor of the cooperatives.

Yours very truly,

C. O. HOLLAND, *President.*

THE FARMERVILLE BANK,
Farmerville, La., October 25, 1935.

LOUISIANA COTTON CORPORATION,
New Orleans, La.

GENTLEMEN: Since the organization of the cooperative plan of handling cotton in this community, we believe that it has been extremely beneficial to the people in general, and especially to the cotton grower, who, in our opinion, has received a price for his commodity above that which he might have hoped to receive from the old marketing system.

We are pleased with the present set-up, and believe we voice the sentiment of the community when we make this statement.

Yours very truly,

EDW. EVERETT, *President.*

BANK OF RINGGOLD,
Ringgold, La., October 24, 1935.

Mr. SAM BASS,
Manager, Louisiana Cotton Cooperative Association,
New Orleans, La.

DEAR SIR: Don't know that we are in a position to be a good judge, but consider the Louisiana Cotton Cooperative Association has been largely responsible in keeping up the basis on cotton in our territory, and would like to see them continue their operations as they have in the past.

Yours very truly,

O. G. THOMAS, *President.*

RUSTON STATE BANK & TRUST CO.,
Ruston, La., October 25, 1935.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: We have heard none but favorable comments from men who have delivered their cotton this year to your Ruston office.

Just today a farmer in our bank said that though he lives a good distance from Ruston he likes to bring his cotton here, because he has learned that at your office here he will get the right grade and class on his cotton.

It goes without saying that we business people appreciate the fact that you are handling cotton in a way that is satisfactory to the producers.

Very truly yours,

JOHN P. GRAHAM, *Cashier.*

DUBACH STATE BANK,
Dubach, La.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: I am writing you to let you know that we appreciate your efforts in our town and parish and feel like we get the correct class and staple on the cotton delivered.

We appreciate your service in handling the 12-cent-loan cotton and in paying us the entire amount of the loan, not holding any commission or charges.

And we also appreciate the fact that you have Government classers, and I just saw a return today where one of your classers only missed two bales out of a hundred.

Our crop in this section is pretty well out, ginned about 96 percent.

Yours truly,

E. B. TATUM, *Cashier.*

WEST MONROE STATE BANK,
West Monroe, La., October 25, 1935.

Mr. MARK W. STROUD,
Louisiana Cotton Cooperative Association,
Monroe, La.

DEAR SIR: We are writing you to express our appreciation of the services rendered in this community by the Louisiana Cotton Cooperative Association. Our relations with the local office of the association has been very pleasant, indeed, and we have found that their manner of handling cotton drafts drawn through the New Orleans office has been very satisfactory, both to the bank and to our customers.

Our contacts with the personnel of the local office of the association has been most pleasant, and we have always found them very courteous and accommodating.

Yours very truly,

FRED G. THATCHER,
Vice President and Cashier.

CONCORDIA BANK & TRUST CO.,
Vidalia, La., October 25, 1935.
LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: I am writing to express my views concerning the services furnished the farmers and planters by the interoffices of the Louisiana Cotton Cooperative Association. It would be a big mistake if they were withdrawn, as the farmers here feel that due to the fair grading and stapling of their cotton by the cooperative classer enables them to get a better price for their cotton even though it is not handled by the association.

The cooperatives have given us the services of United States Government licensed classers and have been a wonderful help in improving the quality of cotton grown and enables the planters to get full value on their cotton. I think that the feeling of the planters and farmers in this territory are shown by the amount of cotton received by the cooperatives.

It is our request that they be retained and the number of offices increased if possible.

Yours very truly,

S. L. WINSTON, *Vice President.*

EXCHANGE BANK OF NATCHITOCHES,
Natchitoches, La., October 24, 1935.
LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: We have been very fortunate to have had located in our community for the past 5 years or more an office representing your association. The continuous operation of this local office and its very efficient management has been a very important factor in the development of our community and parish. We believe that the year in and year out operation of the local co-op office means a great deal to the advancement of farming in any section, both from a monetary as well as an educational standpoint. We trust that this good work will continue.

Yours very truly,

HAROLD KAFFIE, *President.*

THE FIRST NATIONAL BANK,
Arcadia, La., October 25, 1935.
SAM BASS,
General Manager, Louisiana Cotton Cooperative Association,
New Orleans, La.

DEAR MR. BASS: It has come to our attention through the press that there will be an investigation to be held in Memphis, Tenn., at an early date and we take this method of expressing our kind feeling toward the work being done in this community by the cooperatives, and we are sure that we speak for the people of this trade territory.

There has been maintained a more stable market for our cotton since you have had a representative here, and we find that our customers are receiving premiums for their better staples and grades, which amounts to a considerable sum each year.

Any assistance that we may be to you will be done gladly, for we respect our obligation to you.

Very sincerely,

J. T. THADDEN, *Cashier.*

THE BANK OF BERNICE,
Bernice, La., October 24, 1935.
SAM BASS,
General Manager, Louisiana Cotton Cooperative Association,
New Orleans, La.

DEAR MR. BASS: It gives me great pleasure to continue to support the good work your association is doing for the farmers of this territory. All cotton delivered to you has been handled to the advantage of the producer.

I also know the farmers are backing your good work and appreciate your efforts in their behalf.

Assuring you of our continued support, I beg to remain,

Yours very truly,

L. H. PRATT, *Cashier.*

CITY BANK & TRUST CO.,
Natchitoches, La., October 24, 1935.
LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: We feel that your association has rendered great service to the cotton farmers in this section.

The local office has cooperated in every way with the trade and has been a very useful agency in our midst. This section would feel their loss should they be removed from our town.

We approve of the work of your association and the local office.

Yours truly,

G. H. PIERSON,
Vice President and Cashier.

BANK OF CHOUDRANT,
Choudrant, La., October 25, 1935.
LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: We want to express to you our appreciation to your association for the manner of handling the cotton in this trade territory and the courtesy extended in handling the 12-cent loan cotton.

All of the farmers in this section feel that they have had a square deal in classing and stapling and feel that through your good work it has helped to keep the price of cotton up to market value. We handled quite a few of your patronage dividend checks, and they came at a time the farmer needed the money most.

Trusting that your association will continue to function in this territory, I am,

Yours very truly,

H. H. SMITH, *President.*

MINDEN BANK & TRUST CO.,
Minden, La., October 25, 1935.
LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: Being informed that there is a movement on foot to discredit the work of your organization, I am taking the liberty of expressing my views on the benefits that have accrued to our cotton farmer by reason of the service you have rendered in this locality.

In my opinion, you have more nearly approached a measure of helpfulness in your methods of assembling, classing, and selling of cotton than has to this time been accomplished by any other agency.

You have more nearly approached the idea of cooperation among farmers in the sale of their product in a practical way than has heretofore been accomplished.

You have largely gained the confidence of all cotton growers, something which has heretofore been considered impossible.

The writer is largely interested in the local cotton warehouse and has had personal supervision of the warehousing of all cotton being sold and assembled in Minden during the past 15 years. I am familiar with the system that prevailed before the days of the cooperatives, and I have watched with interest the development of the cotton business since that time. I believe that the cooperative movement is a constructive force in the matter of farm relief, and I believe it would prove an economic loss to cotton farmers were this association disturbed or hampered in their efforts to profitably market cotton in their present way.

I sincerely trust that your organization may survive this effort on the part of jealous interests to interfere with the good work that you are doing all over the South. I wish you success in your fight.

Yours very truly,

T. CRICHTON, JR.

THE OUACHITA NATIONAL BANK IN MONROE,
Monroe, La., October 26, 1935.
MR. SAM BASS,
General Manager, Louisiana Cotton Cooperative Association,
New Orleans, La.

DEAR MR. BASS: Mr. Stroud has asked me if I would write a letter to you giving my personal opinion as to the benefits derived by the farmers from the Louisiana Cotton Cooperative Association. I am very pleased to comply.

I think the association has been of very marked benefit to the farmers and certainly hope it will not be discontinued. It is my observation and knowledge that the farmers are receiving better basis on their cotton by from 50 to 100 points than they did before the organization of your association. I cannot say that your association is responsible for this increase in the basis, but I do know that the increase has developed since the organization of the association.

Very sincerely yours,

F. F. MILSAPS, *President.*

THE PEOPLES BANK,
Natchitoches, La., October 24, 1935.
LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: We feel that the continuous operation of your local office for the past 5 years or more has been a most important factor in the cotton trade, both for the money involved and the willing help and advice given our growers. This means, of course, that our community and parish has prospered, and we would certainly like to express ourselves as having a continuous establishment of this kind in our city. We trust that the good work will go on.

Yours very truly,

SAM'L LEVY, *President.*

FRANKLIN STATE BANK & TRUST CO.,
Winnsboro, La., October 24, 1935.
LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: With reference to your association handling cotton in this section of the State, will say that splendid results have been gained which credit should go to the Louisiana Cotton Cooperative Association.

First, the farmers are raising a better grade of staple, receiving a better price therefor. Also, after having their cotton classed and graded they are in position to receive a much better price and do receive a better price than before the cooperative association established an office here, one bale of cotton receiving the same care in being graded and classed as would a 100-bale lot.

Farmers here do not hestitate to praise the good work of the Louisiana Cotton Cooperative Association, the businesslike manner in which your local office handles the crop, and accommodations rendered them by your managers.

Prior to the location of your grader and classer here, the price always seemed to be about 1 cent to 1½ cents under the cotton-market quotations. Now they receive according to the grade and class as given them by your local managers, which gives them the full market value plus the grades.

Yours very truly,

BAILEY MARTIN, *Cashier.*

FIRST NATIONAL BANK,
Ruston, La., October 25, 1935.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: It is our opinion that your concern has assisted in bringing about a better cotton market for our town and surrounding community. Before your association began operations here there was no stapling of cotton but since the farmers have been delivering cotton to your association all the buyers staple the cotton.

We believe that your local grader is efficient and thoroughly qualified to grade cotton; sincere in allowing the proper grade and staple to the farmers at all times.

Yours very truly,

ADD THOMPSON, *Vice President.*

CONCORDIA BANK & TRUST CO.,
Ferriday, La., October 24, 1935.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

GENTLEMEN: Regarding the service rendered by your agency in this section. we advise that from our knowledge and observation this is manifested by the volume of business that your local agency receives at this point, which enjoys keen competition due to the high grade of cotton grown in this vicinity.

We believe that the cotton producers are entirely satisfied, inasmuch as their drafts are handled without delay and are able to take advantage of and receive grades by a bonded Government classer.

Our own personal connection as to banking is entirely satisfactory.

Yours very truly,

S. A. MURRAY, *Cashier.*

CENTRAL SAVINGS BANK & TRUST CO.,
West Monroe, La., October 25, 1935.

LOUISIANA COTTON COOPERATIVE ASSOCIATION,
New Orleans, La.

DEAR SIRS: The Cooperative Association of Monroe has rendered very efficient service in this territory and we feel the banks, together with the farmers, have received benefit through this office.

Hoping the same will be continued, beg to remain,

Yours very truly,

CENTRAL SAVINGS BANK & TRUST CO.,
T. C. DREW,
Manager, West Monroe Branch.

FIRST NATIONAL BANK,
Delhi, La., October 24, 1935.

To whom it may concern:

The Louisiana Cooperative Cotton Association has operated in this section for the last 2 years, and it is our opinion that they have helped the sale of cotton and the local cotton market considerably, and we believe our cotton market would be materially damaged should they decide to withdraw from this place.

Very respectfully,

F. W. MILES, *Cashier.*

ZENORIA LUMBER CO., INC.,
Jonesville, La., October 28, 1935.

Mr. L. D. BROWN,
Care of Louisiana Cotton Cooperative Association,
Alexandria, La.

DEAR SIR: Enclosed herewith find cotton sales certificates for the 48 bales of cotton which we shipped to you. Kindly sign same in triplicate and return to us, and we desire a copy for ourselves and one for our tenant.

We desire to express our appreciation for the prompt and satisfactory manner in which you handled this cotton for us and to assure you of our cooperation with the association, as we are in hardy accord with the association, and believe that through the efforts of the association the farmers and producers have received a great deal more benefits and a much higher value for their cotton than they could possibly have secured if it had not been for the information given out by the association. And through the several offices of the association each producer or seller of cotton could secure the actual value of his cotton, whether he handled the cotton through the association or not, and in this way they did know the value of their cotton.

The cotton producers in this section keenly feel the loss of the association this year, as we did not have the co-op representative here and as this point produces several thousand bales of cotton each year every effort will be made to have a co-op office here again at Jonesville.

Again assuring you of our appreciation of the assistance you have given us, we are

Yours very truly,

ZENORIA LUMBER CO., INC.,
W. D. LURRY, *Vice President.*

Question. Now read the bulletin.

Answer (reading):

"INTRODUCTION

"Producers of cotton have claimed for years that certain markets have discriminated against their product and that frequently within the same market intrinsic worth was disregarded and cotton was purchased on averages, all grades bringing the same price."

Now this was before the cooperatives were organized anywhere in the South. [Continuing reading:]

"That such a system works to the detriment of the farmer who exercises care in producing and harvesting his crop is generally admitted."

Question. That was 1914?

Answer. 1916.

Question. All right.

Answer (continuing reading):

"To discover, if possible, whether there was any foundation for such reports the Department of Agriculture in 1912–13 conducted a survey of Oklahoma to secure accurate information as to the exact conditions under which the farmer of the western belt marketed his cotton.

"So many interesting and unusual conditions were revealed by this survey that the Office of Markets and Rural Organization started an investigation in the season of 1913–14 to cover the entire Cotton Belt for the purpose of ascertaining the manner in which cotton is handled and marketed in the various sections of the South. Seventy-three towns in North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Arkansas, Oklahoma, and Texas, for the most part sections growing cotton of short staple, were covered by this survey. Every effort was made to discover the facts as they existed in the various marketing centers as a basis for improvement, since little improvement is possible without a full understanding of the exact conditions under which cotton is marketed. Special attention was given to grade to see if (and to what extent) cotton was purchased according to the accepted standards and differences existing at that time or whether it was bought on a daily average price. Special effort was made to determine whether staple was a factor in pricing the farmer's cotton or whether cotton was sold without regard to variations in length of staple. Comparisons were made between prices paid for cotton of the same grade and staple on the same day in different markets. In the course of the investigation 38,000 representative samples were secured from 73 markets in 9 different States.

"Men who were experienced in the cotton business were appointed in the various markets covered by this survey. They were instructed to begin sampling as soon as cotton began to move freely and to send in 50 samples each week. Information as to the date of sale, name of seller, and price received accompanied each sample. These samples were carefully wrapped, placed in a mail bag, and shipped to Washington. The grading and stapling was done by cotton experts connected with the Office of Markets and Rural Organization. The same experts handled the entire lot of samples, thus securing a certain uniformity in the classing. When the classing was finished the results were compiled and entered in the files of the Office of Markets and Rural Organization.

"In order to compare prices paid for cotton throughout the Cotton Belt, the average price for each grade was obtained by months for each State. This was done by taking all of the samples from the grades Strict Good Ordinary, Low Middling"—

and so forth, and he goes on to name the grades—

"as practically all the crop fell within these grades."

That left the grades covering the crop.

"By making this selection for each State it is safe to assume that the figures fairly represent the average for the season."

Then they gave a table here which illustrates this point. I am just going to read a few paragraphs here—some of the cases. It will appear in the record as an exhibit, but these studies now, in order to save time, that real short cotton of the lower grade did not lose to the farmer on the method of marketing that the better grades did, but when it came to the better grades and staples; that is where the farmer was penalized severely. [Continuing reading:]

"While it is difficult to make definite comparisons between round-lot and single-bale sales, still the figures in general clearly indicate the advantage of selling in round lots. Although this survey did not afford opportunities for definite comparisons between round-lot and single-bale sales, figures of subsequent years are available."

Question. What you mean by round lots is——

Answer. A round number of bales of cotton.

Question. Nothing to do with grade or staple?

Answer. No, sir.

Question. All right, go ahead.

Answer (reading):

"Investigations made by the United States Department of Agriculture in cooperation with the experiment station of the North Carolina Agricultural and Mechanical College in 1914–15 and 1915–16 furnish much light on the subject. During these 2

years data were obtained regarding 55,000 bales of cotton sold in North Carolina, and complete records were kept of each transaction. These figures show that in 1914–15 the producer received 29 points, or $1.45 more per bale by selling in lots of 10 bales or over, and the following year he received 17 points, or 85 cents more per bale.

"These data also tend to show the importance of selling cotton in uniform lots of grade and staple. Since the selling in round lots showed a higher price, sales in even-running lots would show equal or even higher premiums.

Table 3 shows——"

And that is here.

Question. It will all appear in the record anyway, Mr. Williamson.

Answer. There are two or three paragraphs—I am afraid you will not have time to read this record, and it will not take but a few minutes. [Reading:]

"Table 3 shows that length of staple often does not receive proper consideration in pricing the farmer's cotton. A careful study of table 3 will show that the average price paid for cotton of three-fourths-inch staple was as high as that secured by the producer of 1-inch cotton, while the latter is worth probably $5 more per bale for spinning purposes. In this connection it might be well to quote from a recent issue of the Farmers' Market Bulletin, published by the North Carolina Agricultural Experiment Station in cooperation with the State department of agriculture and the college of agriculture, April 1916, edition."

At this point they set out that the short staple brings as much as the longer staple, with a difference in price of as much as $17 per bale.

"The fact that official standards for tinged and stained cotton have been promulgated should enable the merchant to handle colored cotton in the future with little more risk than with white cotton. The decreased risk naturally will give greater stability to the market and should enable the farmer to secure prices which are more in line with the value of the produce offered. Table 4 shows the wide range in prices paid in the primary markets for tinged and stained cotton. It is but natural to expect a considerable range in prices, but there is no argument to justify a variation of 500 points in the same market on the same day for the same grade, especially when this difference amounts to more than was paid the producer for the lowest-priced bale.

"It must not be supposed that the local buyer reaps the entire benefit of this loss, because he, too, is frequently not aware of the intrinsic worth of the cotton that he purchases. Probably this amount is absorbed gradually along the line, but the producer is the one who sustains the loss.

"When conditions are favorable, great economies may be effected through the organization of cooperative associations for the proper handling and marketing of cotton. Organizing on a community basis will permit the development and maintenance of a pure variety of cotton of a given length of staple. This development of one variety must be accompanied by better methods of harvesting, ginning, and storing. When the cotton is ready for marketing, better prices can be secured by assembling it at a central point, having it properly classed, and offering it for sale in even-running lots of grade and staple."

Question. Now, before you leave that, I want to ask some questions about that. That was in 1916?

Answer. The work was done the year previous, but the bulletin was dated in 1916.

Question. Since that time has any law been passed providing that cotton should only be sold on grade and staple? Has an association ever demanded that cotton be sold only by grade and staple?

Answer. Well, we have practiced it. We have not initiated any legislation on it.

Question. Well, you say you have actually done it. Were you here the other day when a bill of sale was produced showing that the Mid-South Association had bought three bales on the round system, that it had paid an even price for all three bales, of about 7 cents plus, and it was afterward sold for 10 cents plus, and it graded very differently when it was sold from when it was bought? Now, are you in favor of a law, Mr. Williamson, if one can be had? I doubt very much whether the Federal Government has the jurisdiction to pass such a law, but are you in favor of State laws or Federal laws to help that along, because we could probably pass one affecting the cotton that moved in interstate commerce? Are you in favor of a law that cotton can only be sold on grade and staple?

Answer. No; I do not think it would be practicable for the State. We would have to have uniform laws, and I don't know whether it would be practicable—I don't know the requirements of it, or whether Congress could pass a law requiring every farmer to have his cotton classed by a Government classer. I don't know, but it would certainly be a very beneficial thing to the cotton producer. There is no doubt about that.

Question. All right, sir. Now, the other bulletin is a very long one, and I suggest that you just put that in the record.

Answer. The point that I want to bring out, and I think that your own governmental publications clearly point to that fact, is the difference, first, between the farm market at which cotton is sold, the price at which cotton was sold—and this data was secured in the year 1928, or the cotton year 1928, which would include the crop year of 1928–29, and the bulletin is one of our Louisiana bulletins, no. 221, and was published in May 1931. Now, this was in 1928–29, and it was just before A. C. C. A. was organized. Now, these estimates were made by Mr. Farrington, as I said, in cooperation with C. T. Dowell, dean and director of the Louisiana Experiment Station at Baton Rouge, together with the Department of Agriculture in Washington. As you likely know, we have short cotton in Louisiana, and all types of staple cotton, up to 1⅛ inches, and the differences between the sale price to the farmer and the price at which it was being sold in the central markets is remarkable, and they bring out the effect of grade and staple.

Question. Now, of course, you know I will be glad to hear you, but I call your attention to the fact that Mr. Henry and Mr. Creekmore both have testified that they have their organizations spread through the cotton territory and they have a leeway of as much as $1.85. They buy the cotton in accordance with those instructions, and it seems to me that you are concerned with doing what the other cotton buyers are doing, buying cotton as cheap as you can, and then selling it for as much as you can. Now, I just tell you that to let you know what is running in my mind. As to the facts of the case, that is what we are undertaking to find out here.

Answer. I want to show, Senator, the importance insofar as the cotton grower is concerned, as well as the cooperative, the importance to them both of selling cotton as a class according to the grade and staple of cotton.

Question. Well, now, Mr. Williamson, let's look back. In 1930 it was—I mean 1920—it was shown here the other day that cotton sold at 55 cents?

Answer. Yes, sir.

Question. Suppose that was beneficial to the farmer.

Answer. It might have been worth 75.

Question. It might have been; I don't know; but here is the thing about it. When a farmer gets a good price for his cotton he is not the one who is likely to be complaining. If you will look at those bulletins you will find that nearly all of them are issued when cotton is down low and everybody is trying to find a way to get a better price, and it is perfectly natural; that is human nature; naturally one will do that. So we are trying to do what we can to help the farmer. What we are trying to do is to ascertain just what is being done to the farmer and how much the farmer is getting out of the cooperatives at the present time. I don't know the history of cotton farming or cotton sales. We are here for the facts. It may be that something better is being done for the farmer and the producer, and that is what we are directing our attention to in this case.

Answer. Senator, I can't conceive of anything more pertinent nor to the point, bearing in mind the complaints that have been made by the cotton trade that we are advanced money by the Government and that we are doing business in competition with them, and still not saving the farmer, the producer, and we are not benefiting him. Now, that is what I want to show here.

Question. I have no doubt every dealer in cotton—I imagine so; I have no knowledge of it—but how any fair-minded man, whether he be a dealer or not, could differ with the statements made in these bulletins, I don't know. If there are any private cotton men here, I imagine that we could ask them if there is a one of them who does disagree with what I have just read—or you have just read, rather—and I believe at this time I will find that out. Is there any private cotton dealer here that disagrees with the arguments of these bulletins? If so, will you stand up and tell why you disagree? I don't know whether there are any here, but it looks like there is no disagreement about it.

Answer. Of course, I want to make the record here.

Question. Yes; that is one of the things we are doing, getting at now.

Answer. The charge is made that we are not serving the farmer through our operation. I don't agree with them; I don't know; they might be right, but I don't think so. Now, the only way they could be forced out of business would be for the spread between the price that the farmer gets and the price that the mills pay, so that there would not be any unusual profit for the cotton man. If we are responsible for that, I think that we have rendered a service to the farmer.

Question. The testimony of Mr. Henry was that he did not take that position. You think he is wrong about it?

Answer. I don't know what particular thing you are talking about. There was some statement produced here, as I recall, which showed that there had been some mistake made in the farmers' cotton, and he came back on the association, and the mistake was corrected. In a big organization of this kind, and being only poor humans, you must realize that mistakes have been made, and they will be made again, but all we can do is to correct them when they do occur.

Question. Oh, yes.

Answer. And you will have mistakes again, as I say.

Question. I agree to that.

Answer. Now, if you will analyze it you will see that there is nothing to what we are accused of doing. Now, the Lord knows I don't want to deny to any man the right to make a living, and to make a profit, or to make as much as he can, so long as it is not an injury or an unjust injury to anyone else, but these cooperatives have been accused of conducting our business in a way that has put a lot of good men out of business. I say that is wrong; that we have put no man out of business, and what we have done is to effect a saving to the farmer, and the farmer is getting more now for his crop, regardless of whether he belongs to our association or not; and, if we had done nothing else, we would have justified our existence. So I tell you that we are not

responsible for such a condition, and I tell you that we have rendered a service and that we will continue to do so.

Now, I want to return to this bulletin here. I want to read a paragraph here on page 19 of this bulletin, no. 221, 1931, by C. C. Farrington and C. T. Dowell, dean and director of Louisiana State University.

Question. All right.

Answer (reading):

"Average premiums and discounts for staple differed even more widely in the various subtypes of local markets of Louisiana. Average premiums for staple length longer than ⅞-inch were considerably greater in nonginner-commission-buyer markets, C, D, and E, than in any other type of local market studied. Premiums in this type of market averaged 90 cents per bale of 500 pounds for ⅞-inch cotton, $2.85 for 1-inch, $4.20 for 1 1/16-inch, $6.40 for 1 1/8-inch, and $7.30 for 1 3/16-inch. The premiums for staple length in the ginner-commission-buyer markets A and B were considerably less than those of the above markets. Premiums paid in the ginner-commission-buyer markets, however, were greater than those of any of the merchant-market types.

"Competitive merchant markets H and J were the only merchant markets in which even small staple premiums were paid. Average premiums paid in these markets, expressed in dollars per 500-pound bale, were as follows: ⅞-inch, 20 cents; 1-inch, 35 cents; and 1 1/16-inch, $1.40. In the other two types of merchant markets the average prices paid for each staple length longer than ⅞-inch were lower than those paid for ⅞-inch cotton of the same grade. In the noncompetitive ginner-merchant markets F and G, the farmers actually received an average of 85 cents less for ⅞-inch cotton, $1.05 less for 1 1/16-inch cotton, and 80 cents less for 1 3/16-inch cotton than they did for ⅞-inch cotton. Smaller discounts were made for 1-inch and 1 1/16-inch cotton, but these staple lengths also brought lower average prices than ⅞-inch cotton."

Now, Senator, I have marked certain paragraphs here, and I am going to submit this bulletin. I don't want to tire you. You have been very patient and kind and courteous and considerate with all of us through this week. You have worked long hours and I know it has been boresome to you, and I am not going to go any further in reading these figures, but there are even more astounding differences recited in this bulletin than I have read. In some instances there has been as high as $13 a bale difference in the price received by the farmer in the country market and the price paid in the central market, such as Memphis, New Orleans, and other markets throughout our territory.

Question. I haven't been bored. I have been very much interested in this entire proceeding.

Answer. I want to say again that I don't want to be placed in the attitude—I know that my newspaper friends might have mistaken my feeling—I do not want to be placed in the attitude of having attacked the cotton exchange or any of my friends in the cotton business; I don't want to have my attitude understood in that light.

Question. I want to ask you a few questions when you get through with your testimony.

Answer. Well, I am through now, Senator.

Question. From page 769 of the record I read your testimony. [Reading:]

"Answer. When there are ten or eleven million bales of cotton produced in America and possibly seventy-five or one hundred million sold on the New York Exchange and possibly on the other exchanges; I don't know the actual figures, but I take it that approximately somewhere in the range of 100,000,000 bales are sold annually in the New York Exchange in normal times, not in the last few years, because there has been very little speculation. That question is no. 1, and the best evidence, to my mind, that there is something wrong with the system of marketing is the very thing that happened on March 11 last, 1935."

Then, again, on page 771:

"Now, that is what is going on. That is what the farmer is interested in, Senator. He can't sell 100 or 1,000 bales on the New York Exchange. He can't even get there. He don't know anything about it. But he is interested, and intensely interested, in what somebody will pay him for his cotton, and he is materially interested in whether he can sell his cotton for 11 cents or 12 cents, and not whether they are selling cotton in New York or New Orleans today for 10 cents or 11 cents or 13 cents."

And, by the way, I am inclined to think there is a good deal in what you say, just as I said yesterday. But your statement was an argument against futures exchanges, and this is what I want to know: If you are so opposed to futures exchanges, and think they are doing the farmers so much harm, and you are interested in the cotton farmer, why is it—and you evidently consider that these exchanges as bad, and it might be that you are right—but why is it, if you think they are that way, that you continue to use them, that you are a member of them, and that your association is a member of them? Why not make the fight out on them if they are bad—get rid of them if they are bad? But as long as you are a member of them and use them, and especially the futures exchanges, because it is evidence here that your association and the cotton associations, the A. C. C. A. association are all buying enormous amounts of futures, probably a great many more futures than you buy spot—it seems to me that your attitude is very unusual, to jump on an institution that you are using every day. I am just asking you about your attitude.

Answer. I believe, as I have stated, that there are serious defects in the marketing system and the system of spread, but it is the only machinery we have to protect ourselves the same as any other—any country merchant or any other operator—in marketing spot cotton. We can't afford to go without protecting ourselves against losses where cotton is delivered by members, and we must hedge.

Question. What is your suggestion to the farmer in the interest of the farmer?

Answer. I suggest that you Senators who are interested in the condition of the farmers give serious thought to the very points that I suggested. I don't claim that I am right, but I do feel that those thoughts ought to have consideration. If we can improve on the system of marketing cotton to a point that will prevent the value changing almost $10 a bale in less than an hour's time, I think we should do so. There is something seriously wrong with a situation of that kind.

Question. Well, it would seem so to me.

Answer. Yes, sir.

Question. And you are complaining of the system that you use?

Answer. We have nothing else to use.

Question. Could you, as an expert cotton man——

Answer. Pardon me; I do not hold myself out as an expert cotton man.

Question. But you have been in the business all your life—in the business of selling futures and selling spots and buying futures and buying spots. Won't you tell us what you think would be a proper system to get for the farmer every dollar that he is entitled to, because, after all, that's the principal thing we want to do?

Answer. I wish I was smart enough to tell you, but I think we ought to do this, and I am willing to go with you and others who are in position to help: to get proper authority from Congress to make a proper investigation—not for the purpose of prosecuting or persecuting anybody, not with the idea of tearing down any business that has already been established, but with the idea of intelligently, and along sound lines, trying to work out some system and some improvement that will guard against the wide fluctuations that happen without any apparent cause. I don't believe honestly that there was any preconceived idea by any one man or any group of men to jump on the market on March 11—I don't believe that, but for some unknown reason which no individual or group of individuals may be responsible for—the point I am trying to bring out is that there are some vital defects in the system where a thing like that can happen, and I want to say again that I don't think there was any organized effort on the part of any man or group of men to do that thing. I don't believe it.

Question. Would a limitation on the price have been changed in 1 day?

Answer. There is a limitation now. We have 200 points, and it didn't go the limit.

Question. Suppose we reduced that to 50 points?

Answer. I don't think that would help.

Question. Why?

Answer. It would go down from day to day.

Question. That isn't always the case. Sometimes it goes down and sometimes it goes up.

Answer. Yes, sir; sure.

Question. Wouldn't a limitation of 50 or 25 points a day be of advantage?

Answer. It might. I am not competent to say that. I haven't studied the situation close enough. I know there is some weakness when a commodity that has a staple value as much as cotton does act that way.

Question. Here's what I want to ask you, Mr. Williamson: You have claimed that there ought not to be such a change in a day, and in that claim I thoroughly agree with you. I want to rectify it, and yet again you claim the farmers ought to have the cotton sold in order to be protected—his cotton ought to be sold according to grades and staples, and I agree with you there; but in neither case do you suggest any plan, any new plan. Do you want to continue the old plan until a better one is found?

Answer. It can't help itself. You have to play the game according to the rules.

Question. The whole marketing of cotton isn't a game?

Answer. It is a big gamble.

Question. I have strongly suspected that for a long time. I don't believe in this gambling.

Answer. The producers are the biggest gamblers of all.

Question. Oh, no, sir; I don't agree with you there.

Answer. He doesn't know within 5 cents of what he is going to get for it.

Question. But he doesn't go in the market—I don't believe there's one case in 10,000—I seriously doubt if there's a case in 50,000—where the producer goes on the market and gambles.

Answer. I didn't mean he actually gambled on the market, but what he thinks he is going to get out of it.

Question. That part of gambling is nothing more than what life is, Mr. Williamson, because I don't know whether I am going to be sitting here tomorrow or in the ground. It is all a gamble when you look at it that way; but what I am talking about is a gamble on cotton. Don't you think that all gambling on cotton should be stopped?

Answer. I don't know, Senator.

Question. You don't know?

Answer. That was one of the questions I asked you—one of the five questions, Should speculation be cut out?

Question. Do you think it ought to be?

Answer. Sometimes I do.

Question. Sometimes you do and sometimes you don't; is that correct?

Answer. I want to tell you what makes me doubt my own opinion.

When a man who has been in the cotton business and has made a life study of it—not as a farmer—when they sit down and present some pretty sound arguments sometimes that the wider and bigger you make your market, the better it will be for the man who owns the commodity, that is if you limit your actual clearing of trades like the banks do in their checks every day—that is, limit it actually to transfer of spot cotton—it would narrow our markets and we couldn't get a good price. Senator Caraway, whom you no doubt recall—his bill might be the solution. He introduced a bill and worked zealously for it. That bill might be the solution.

I remember that well.

Question. Can you give me a copy of your certificate of incorporation and bylaws of your association?

Answer. Yes, sir; we have that.

Question. Just pass that to the stenographer.

Answer. I can get it.

Question. Haven't you already handed one in?

Answer. No; you didn't ask for it.

Question. I will ask for it now.

Answer. Yes, sir.

Question. Will you pass it in?

Answer. Yes, sir.

Question. To be held on the same arrangement that we agreed the other day?

Answer. I haven't any authority to get it.

Question. To whom do you have to go?

Answer. The directors.

Question. I am calling for it now and you can take your own course in securing it.

Answer. Yes, sir.

Question. I would like to have the number of your membership for each year. First, the number actually delivering cotton; second, the number originated by seed loans, if you have any such; third, the number originated by 10-cent loans; fourth, the number by 12-cent loans; and fifth, the number voting for the elections each year; sixth, the proxy votes of members for director.

Answer. We vote by ballot and the ballot—the contract provides that that counts as a vote.

Question. Is that in your bylaws?

Answer. Possibly. We will send the whole thing.

Question. Have you had your books audited?

Answer. Every year.

Question. Will you send me copy of each year's operations?

Answer. Yes, sir.

Question. Could you give me your balance sheets for each year and profit-and-loss statements for each year?

Answer. Yes, sir.

Question. Would you be good enough also to give me the payments or commissions, by years, received from any governmental agency?

Answer. If any; yes, sir.

Question. And loans received from any governmental agency and any compromise thereof?

Answer. Yes, sir.

Question. Have you contracts with the A. C. C. A. by years? Also lists of employees and their salaries? Do you draw a salary? You get $25 a day and expenses from the A. C. C. A.?

Answer. Yes, sir.

Question. What salary do you draw?

Answer. Five thousand.

Question. Will you give me a list of your officers and directors and their salaries and the employees and their salaries?

Answer. Yes, sir.

Question. What taxes do you pay?

Answer. I don't think in Louisiana—we don't pay taxes except on office fixtures.

Question. Do you pay any taxes to the Federal Government?

Answer. Our State laws in Louisiana exempt farm commodities from taxes.

Question. Does it exempt—for instance, if John Smith & Co. were engaged as cotton dealers; is that exempt?

Answer. Yes; you don't have to pay taxes on cotton at any place except in the warehouses.

Question. What about——

Answer (interrupting). I am speaking about the cooperatives now.

Question. Then, as a matter of fact, you don't pay any taxes?

Answer. Not if a cooperative organization. We are exempt from income taxes under the Federal laws.

Question. Has the Farm Board——

Answer (interrupting). Pardon me, Senator; one correction: We have one little piece of land—the Louisiana association owns 20 acres of land in Boyles Parish.

Question. Has the Farm Board or the F. C. A. ever made any study or analysis of your operations?

Answer. They are working now. I believe one of their representatives is Mr. Harmon in Louisiana.

Mr. CREEKMORE. May I suggest to you, Senator McKELLAR, and to you, Mr. Williamson, that the Farm Board has made several studies, and I am sure you could get the result of those studies from the Farm Board.

Question. If you have them, I would like for you to get them for me.

Answer. All right, sir.

Question. Is most of your cotton received in your fixation pool?

Answer. Most of it now.

Question. What percent would you say?

Answer. I can't say offhand, but I can get you that.

Question. If a man sells you cotton to go in your immediate fixation pool, what further rights has he against your association?

Answer. He doesn't sell it to us.

Question. You fix the price for it?

Answer. You mean the time of delivery, when he delivers the cotton?

Question. Yes; when you and I agree upon a price, that ends my interest in it. What does he have coming after that?

Answer. Whatever equity—his proportion in it.

Question. I think you have already said that you would give me a statement of what you received in the way of immediate fixation pools and what you paid out.

Answer. You mean the sales in each pool? Is that what you want?

Question. Yes, sir.

Answer. Yes, sir.

Question. Do you advertise in your districts—what do you call them? Districts? Do you advertise to your farmers, as the Mid-South does, that they can sell their cotton outright to you?

Answer. No, sir.

Question. You don't do that?

Answer. No, sir.

Question. Have you got a newspaper, Mr. Williamson?

Answer. We have a paper in conjunction with the Farm Bureau called the Farm Bureau News.

Question. How much do you pay for that?

Answer. I think it costs about $2,000 a year.

Question. What percentage of your members have agreed upon the deliveries of cotton and have signed your membership contract upon an invoice?

Answer. Well, there would be no way of telling, Senator.

Question. Do you get memberships in any other way?

Answer. Oh, yes. We have a number—I don't know how many—signed agreements.

Question. Could you ascertain that and let us know?

Answer. Well, it could be done.

Question. I would like to know how many of your memberships come from just selling cotton under the fixation pool and the agreement to become a member?

Answer. Well, I don't know, Senator. I hope you will remember, if you stop to think about it, about 30,000, I think, our members run. It is a pretty good job—it may sound little—to go through that many names and pick out certain things. I don't want to avoid anything.

Question. I will fix it so it will be easy for you. Will you furnish a list of those who have signed contracts just generally when they came in and wanted it and they signed up their contracts with you. That will show?

Answer. I say, you will have to go through the whole list to do it. I will get it. I will give you the information you want if it is possible.

Question. Will you file a copy of your immediately fixation pool invoice in the record and a copy of that paper that you speak of? Do you still require that the people specify the number of bales if a man comes in?

Answer. No, sir; we don't.

Question. You don't do that. None of your members are liable for any loss individually?

Answer. No, sir; only liable as to their interest in the reserve.

Question. In the reserves of the A. C. C. A.?

Answer. And in the reserves of Louisiana.

Question. They are not individually liable?

Answer. They are individually liable to the extent that they own reserves, but not in the sense that I could go back to a member and say you have got to dig up some money and pay me what you owe me.

Question. No member has ever been asked to pay you anything whether you were prosperous or not?

Answer. Oh, yes; sometimes we overpay a member and go back to him. For instance, if a mistake is made in settling and we find we have overpaid him, we make him pay the difference.

Question. Suppose you find a mistake is made and he has overpaid you a few dollars?

Answer. We pay him back, certainly, whether he finds it or whether we find it.

Question. Do you know whether or not your buyers or branch managers take cotton from persons who bought it from actual producers?

Answer. I expect we do, Senator. We have had a hard time—we try not to, but we have had a hard time avoiding that very thing, and I expect possibly you have—possibly not from any State, maybe you have from others, evidence brought in here where that has happened. I don't doubt that it has happened, but one of the hardest things we have had to do is to keep local buyers in the country from buying cotton from the farmer. If they found that our bases are higher than theirs, they get somebody to deliver it to one of our interior offices, and make a profit on the cotton over what he pays the producer by turning it in to us.

Question. Do you know of any cases where your buyers or branch managers or receiving agents required the person actually delivering the cotton to them to sign as agents for the actual producers from whom they bought it?

Answer. I don't know that I got that question.

Question. I will read it over to you. [Reads question above.] In other words, to get down to what you require?

Answer. Oh, no; the only case that might be covered by your question, back a few years ago when the price of cotton was low, we had banks, for instance, that had customers that they wanted to hold cotton for, and the banks did not have as much money as they do now. We had a few instances where we would open an account where the bank had a mortgage on the farmer's cotton and they wanted to put the cotton in our association, so the bank would sign the membership. We could not take the cotton because it was mortgaged. He would sign it or give authority by signing a membership and turning in the cotton in the producer's own name, and we would send the settlement to the bank by authority of the producer. That is as near as we have come to that question, as I can recall.

Question. Well, have you issued instructions to your representatives to receive cotton only from those who produce it? Have you got any such instructions?

Answer. Well, I don't know that we have in writing, but that is what we try to do.

Question. Mr. Williamson, as a matter of fact, isn't the immediate fixation pool so close to an outright purchase, if it is not an outright purchase, that it can easily be abused as a device to purchase cotton?

Answer. I don't think so, Senator.

Question. You don't think so?

Answer. No; I don't think so.

Question. What percentage of your immediate fixation pool cotton is actually delivered to you by local merchants and ginners?

Answer. Very small, if any. I could not say, if any.

Question. Do you use the bases or price sheet which the A. C. C. A. puts out in determining the price to pay for immediate fixation pool cotton?

Answer Yes, sir.

Question. You don't use any other basis?

Answer. No, sir.

Question. Do you give your branch agents or buyers discretion in excess of these limits?

Answer. Well, that seems to have been, Senator. We have in Louisiana several different localities with different characters of cotton. For instance, we have the Delta section along the river; we have the hills in north Louisiana; and we have the lower Mason territory, that produces a different type of cotton; and south Louisiana, that used to be in cane largely, is growing cotton, and so there are different characters of cotton in all those different sections. I don't keep up with the cotton-selling end of the business at all. I know that is done sometimes.

Question. Do you know what the limits are?

Answer. No, sir.

Question. Doesn't it go as high as $1.85 a bale sometimes?

Answer. I don't know. I would not think that was customary.

Question. Do you give your branch agents discretion in excess of the basis?

Answer. That is what we were just discussing. I don't know particularly of any specific case, but I take it for granted that is done.

Question. Do you advise your classers that you want them to get the cotton for less than the full discretion given?

Answer. No.

Question. Somebody does that?

Answer. Well, I heard some reference to a letter there, but I cannot understand a practice like that.

Question. What reserves per bale have you deducted since 1930?

Answer. Our minimum is 1 percent under our marketing agreement.

Question. How much have you in reserve now?

Answer. Around $200,000; that is, reserve in excess of the reserves that are represented by preferred stock in the A. C. C. A.

Question. Are you required to turn over all your receipts to the A. C. C. A., or can your association hold those?

Answer. Well, I don't know whether we could under our contract, but we turn it all over to the A. C. C. A.

Question. Does your income statement show any net income from storage?

Answer. The Louisiana association? It could not, could it, Mr. Creekmore?

Mr. CREEKMORE. Now, the State associations do not pay storage.

Question. Well, from freight?

Answer. No, sir.

Question. From interest?

Answer. Except what interest we might loan our own cash out. We have possibly an interest account between the A. C. C. A. and the association.

Question. Would you be good enough to furnish us with that?

Answer. If we have any, I will give it to you.

Question. I believe that I have already asked you to file a statement showing your assets in 1920 and 1930, when the A. C. C. A. was established?

Answer. Yes, sir.

Senator MCKELLAR. I believe that is all.

(Witness excused.)

Mr. MCKELLAR. Mr. President, in connection with what the Senator from Texas [Mr. SHEPPARD] has just put into the RECORD, I ask unanimous consent to insert in the RECORD the letter of October 11, 1929, from C. O. Moser, president and general manager of the cooperatives, to Mr. Carl Williams, Federal Farm Board, Washington, D. C., as it appears on page 399 and following of the record of testimony taken before the subcommittee of the Committee on Appropriations appointed to investigate expenditures by the Federal Government for cotton cooperatives, and so forth.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

Hon. CARL WILLIAMS,
Federal Farm Board, Washington, D. C.

DEAR CARL: I have been thinking a great deal recently about the problems of the cotton cooperatives—that is the necessary changes in our operating methods in order to handle a larger percentage of our production, and the type of assistance needed from the Federal Farm Board in order to make a success of our combined efforts. I know that you will permit me to give you my inner thoughts along this line and that you will give them the careful consideration which their importance deserves, with the same interests and objectives in view as motivate me.

As a point of beginning we must realize two important facts and deal with each of them on their merits.

First, that each of the State associations have in the past done what they considered the best they could under the circumstances of their operating conditions insofar as endeavoring to increase their deliveries is concerned; and that whatever is done in the future toward increasing deliveries must necessarily be through a plan which will be more attractive to the cotton growers than heretofore used by the cooperatives.

Second, private handlers of cotton have materially changed their operating methods since the advent of the cotton cooperatives and have materially improved their operating efficiency—resulting in the lowering of their operating costs and reducing their per bale margin of profit.

The effect of this change in the methods of handling cotton has put hundreds, perhaps thousands, of small and even large merchants out of business. The difference between the price paid the farmer for cotton of tenderable grade and staple within the range of the short staple lengths, and particularly those which predominate in the local markets, is so small that only those who practice the most economical and efficient methods of handling cotton are able to survive the competition. The cotton cooperatives are no exception to the rule—as a matter of fact, there is not sufficient opportunity for profit in the handling of ⅞-inch middling white cotton by the cooperatives, as now conducted, particularly in the optional pools, to justify the hazard, the delay, and inconvenience of marketing the cotton cooperatively. Other benefits of a collateral or supplemental nature must be brought into the equation, or our whole undertaking cannot hope to retain the confidence and patronage of the farmers and their friends. Of course, I am fully cognizant of the effect which the existence and operations of the cooperatives have had on the price of cotton in the primary markets, but I am not certain that so intangible and unmeasurable a benefit can be substantiated to the satisfaction of the growers in general to where they will support cooperative marketing.

I think in the final analysis the movement will fail or prosper according to the price return experience of the members and nonmembers, respectively, and that the intangible benefits derived by the nonmembers will not contain a sufficient adhesiveness to hold our less prosperous member.

There is nothing now in the analysis which I have made thus far in this letter. My purpose was to lay a background of common understanding, from which we could project our views into a less generally accepted field of thought.

Bluntly stated, the time is immediately ahead of us when we must bring to the cotton farmers of the country a benefit from cooperative marketing which they have in the past not received to the measure of their satisfaction necessary to the permanency and growth of our undertaking.

The American cotton trade has been developed over a period of more than a hundred years. Around it have grown services and trade practices, based upon profitable returns to themselves for services rendered, which include banking, insurance, physical facilities, transportation, merchandising, etc. In this respect they differ from the fundamental idea behind the organization of the cotton cooperatives and the Farm Board, which are not organized for profit.

As a matter of fact, however, competition has brought about a fairly economical conduct of these merchandising operations, and there is no one single place that they may be pointed out as offering an opportunity for a material reduction in the cost of handling cotton from the producer to the consumer. Through careful management, and only by this means, is it possible to save even a reasonable amount in the total cost of performing the marketing service cooperatively for the growers. Yet, our experience clearly demonstrates, without exception or deviation, that the membership and deliveries increase or decrease in relation to

the financial returns which are made to the members as compared with the price obtained by the nonmembers. We have a definite, determinable measuring stick which is regarded by the farmer as the criterion of their satisfaction in the cooperative marketing of their cotton. This measuring stick is simply that of price return.

I do not believe the farmer is much concerned as to whether the organization is economically or extravagantly conducted, whether salaries are high or low, or whether the sales organization is good or bad. They have no way of knowing the merit or demerit of our claim for efficiency or inefficiency, but they do not know without question when their price returns are satisfactory or unsatisfactory. How to bring about this satisfaction is the responsibility of the leaders. On the way the problem is handled eventually will depend the success or failure of both the cooperatives and our legislative remedy.

We know there are only three ways by which price advantage can be brought to the members: First, by selling to the ultimate consumers in the world's best markets. Occasionally, of course, we are able to fill the short commitments of merchants, which net us prices equal to or superior to the consumer's prices. Generally speaking, however, sales outlets must be extended to the ultimate consumers; second, by exercising the best possible judgment in the fixation of prices throughout the year, which means we must have reliable statistical information concerning the essentials of our industry, and, third, by the economical operation of the association and subsidiary activities to where any possible advantage in price obtained is not absorbed by excessive operating costs.

Therefore, whether the member complains about operating costs or not, the cost of operation is inseparably and fundamentally an essential part of the successful operation of an association such as ours; and these costs must be kept within the limit of benefit of a direct money return to the member.

Stated graphically, any State cooperative whose overhead operating cost, exclusive of carrying charges, is in excess of $2 per bale, simply makes it impossible for the association to render a marketing service to its membership that will induce increased deliveries and an enlarged membership. In a similar way, carrying charges must be favorably comparable to that of private cotton concerns. It must be our aim, and we should work definitely toward the end of keeping our operating overhead expenses under $2 per bale. How may this be obtained?

Manifestly, it is no more important to keep operating expenses within reasonable limits than it is to obtain the full value for the cotton, so it must follow that operating expenses must be kept low, but not at the expense of efficient service, and that type of service can only be obtained through competent employees—that is, careful supervision over every detail of the business. There is no way that I am able to observe by which these two horns of the dilemma may be harmonized, except through increased volume. Increased volume comes only from a satisfied and loyal membership.

I believe that a loyal membership must be a well-informed membership, and there must be a most complete confidence in the ability, integrity, and character of the management of the association. Contact is essential between the management and the membership, but this is not enough. The financial needs of the membership must be taken into account and the policies of the business must be such as to result in financial advantages to the members in the end.

I am one of those who believes that service of a continuing nature may only be performed when the business is kept safe and sound from a financial and business standpoint. At the same time, normal business risks must be assumed, and the exercise of judgment in the choosing of those risks is the ultimate criterion of the success or failure of any business. The short-staple cotton cooperatives have a difficult and much-involved problem at best. It will not yield successful results if our business is conducted purely on the principle of ultraconservatism, where every transaction is accompanied with safeguards which permit of no possibility of loss. On the other hand, the opposite policy of open speculation is similarly to be condemned. However, there must be a medium ground where judgment, discretion, and experience must determine operating policies. The merit of every case under consideration must be the determining factor.

If the Farm Board, as a loan agency, is to perform a service superior to that which is now being offered by commercial banks, it must help us analyze these problems and assume jointly with us the responsibility of exercising reasonable prudence in handling our business. Such is the happy relationship which I am anxious to see established between us.

Increased delivery of cotton to the cooperatives is the key to reduced per-unit operating expense; and advances to the members at the time of delivery is the most important single influence in deliveries, other things being equal.

As you know, I am opposed to advancing too large a percentage of the value of cotton at the beginning of the year, under ordinary conditions. The spectrum of insolvency haunts me constantly, and I fear it as the child does the bogeyman, and nothing which I have to say on this subject should be construed to mean that I am willing to make advances to members in excess of the reasonable intrinsic value of the collateral. There are times, however, when the danger of market declines is practically nil, and the opportunity for courageously dealing with our delivery problem presents itself. Such a time, in my opinion, is now at hand. The size of the crop is fairly definitely known; the condition of business and the approximate demand or absorbing power of the world is fairly well established. Market analysts are capable of predicting with a fair degree of accuracy the extreme limitations to which the price may go under the reasonable expectation of future conditions. It is, therefore, at a time like this that it is possible for us to advance nearer the market price than it would be earlier in the season, when the size of the crop is less a calculable thing than it is now. I believe the cotton cooperatives, with the aid of the Farm Board, may with safety, and they should immediately, advance 16 cents a point, or $80 a bale, on unfixed cotton, basis ⅞-inch Middling; and that wide publicity to such advance should be given as being the joint program of the cotton cooperatives and the Farm Board, and that the difference between 65 percent advanced at the time of delivery and the $80 a bale should be paid to the members as soon as weight and grade of the cotton is established.

I think this advance should be limited to cotton in the seasonal pool, with an understanding between the Farm Board and the cotton cooperatives as to the final date at which this cotton would be sold and the price fixed.

Take another view of the situation. The hope of cooperative cotton marketing as a permanent institution is through the seasonal pool. The optional pool offers us the least opportunity to serve the members. However, I do not believe we should discontinue the optional pool, but we should discourage it as compared with the seasonal pool. Gradually more and more cotton should be placed in the pools which return the best results to the members. Many farmers, at least in the beginning of the season, are compelled to sell their cotton and pay their obligations; others are unwilling at this time to leave to someone else the responsibility of selecting the time to fix their prices; but, as a matter of fact, we know that on the average the information and knowledge which we have on this subject should be superior to that of the average grower. This knowledge can only be used in the case of the seasonal pool. Furthermore, our policy of encouraging optional pool sales and the advancing of 90 percent of the value of the cotton at the time of fixation is defeating one of the principal objects for which the associations were formed. It is now generally recognized in the cotton trade, with a tremendous advantage to the growers in general, that the pressure of hedge selling is depressing the prices to unreasonably low levels. Our optional-pool policy is as much responsible for this hedge pressure as that of the speculative system of marketing. We could relieve the pressure, at least to the extent of our receipts, if we would at this time advance 16 cents a pound on unfixed cotton and leave to the cooperatives the time of fixing the price. Naturally, this would be done in line with our studies of the subject.

The study of the statistical position of both American and world supply indicates that we will have a slightly reduced American supply and approximately an equal world supply for the ensuing year. Our statisticians advise me that the peak of the hedging pressure has either passed or is near, and, while we may have some decline in the price from the present levels of approximately 18.50 cents for New York December, there is no practical probability of the price going lower than last year's low of the season, if, indeed, this year's price may go that low. The low last season was reached on September 19 and was 17.28 cents for New York December. The immediate removal of hedging pressure would likewise stop the decline. So our own operations would very materially assist in overcoming the effect of the price decline, from which cotton growers and our people in general are suffering. Even at 17.50 cents, this would be 150 points higher than the advance above suggested and leaves a margin of safety more than adequate for all practical considerations.

It occurs to me that here is an opportunity to really perform a service which would greatly stimulate cooperative cotton marketing—would avoid possible losses of millions of dollars to the cotton producers of the South—and would accomplish the real purposes for which the cotton cooperatives and the Farm Board were established. Here is a case of doing something in a big way, without undue hazard to the funds of the Farm Board, and at the same time stepping into the breach and performing a service for the farmers which is beyond their ability to perform individually or as an organized group, and is a service which is beyond the willingness of commercial banks to undertake. At the same time this would not be a precedent in any sense of the word for future considerations—it would simply be dealing with the problem of the industry on its merits at a time when it was feasible for the Farm Board to give real impetus and support to cooperative cotton marketing and genuine assistance to the cotton growers in general.

I believe such a plan would add at least 250,000 bales to our deliveries this season if put into effect by October 15.

Please let me know what you think of this idea.

Very sincerely yours,

C. O. MOSER,
President-General Manager.

Mr. FRAZIER. Mr. President, I am interested in the grain-futures bill. It is true that I do not pretend to know much about the cotton situation; but I have been for some time a member of the Committee on Agriculture and Forestry, and was a member of a subcommittee which held hearings on cotton. Shortly after I became a member of the committee I was on a subcommittee which investigated the fluctuations of the cotton market; and at that time it

was shown beyond any reasonable doubt in my mind, at least, that certain big cotton companies manipulated the market, and in so doing made a great deal of money.

The Senator from South Carolina [Mr. SMITH], the chairman of the Agricultural Committee, yesterday made the statement that the head of one of the big companies testified under oath before our committee recently that in 6 years his company made a net income of $13,000,000. A part of that $13,000,000 profit in 6 years of course was legitimate commissions; but the $13,000,000 came out of either the producers of the cotton in the price they received, or the consumers of the cotton in the price they paid for cotton goods. The question arises as to whether or not the producers and the consumers of cotton and cotton products should be required to pay $13,000,000 in the way of profits to one big company which handled their product.

Of course it costs a certain amount to handle these products from the producer to the consumer, and for the processing; but this was $13,000,000 net profit, and the amendment of the Senator from South Carolina to limit dealings in cotton will tend to limit to some extent, or at least we hope it will, the amount of profit that may be made by any one big concern.

I have before me part I of the hearing on the Investigation of Causes of the Decline in Cotton Prices recently held by the Agricultural Committee of the Senate. This is only part I of the hearings. The rest of the hearings have not yet been printed. The representative of one big cotton firm in the South came before our committee, and the first 486 pages of this volume are all taken up with the testimony of the representative of one big cotton firm, the one which the Senator from South Carolina said made $13,000,000 net profit in 6 years. Of course, it is naturally to be expected that a big firm which makes over $2,000,000 a year in handling cotton is interested in a measure of this kind, and does not wish to be limited in the trading that it does. Mr. Clayton, who testified at the hearings, gave for a number of years the amount of cotton they had handled. Starting back in 1929–30, they handled 1,030,000 bales, 14 percent of the American cotton crop for that year, and so on down the line. In 1932–33 they handled 2,227,000 bales of cotton. That was 17.9 percent of all the cotton grown in the United States in that year. Over a period of 10 years the Anderson-Clayton Co. handled 13.8 percent of all the cotton produced in the United States for those 10 years. They have foreign trade, too; and Mr. Clayton testified that in 1934–35 they handled over 3 percent of all the cotton produced outside of the United States. In other words, that one company handled about 17 percent of all the cotton produced in the world, and made a profit of over $2,000,000 a year.

Yet because the Senator from South Carolina is trying to protect the cotton growers of his State, and other Southern States, and enable them to get a little better price for their products, and limit the amount of trading by one concern to 100,000 bales per month, or 600,000 bales a year, some Senators seem to think that is something scandalous and that anyone has a perfect right to deal in cotton to any extent he wishes.

We have laws against cornering the markets, and so forth, and we are supposed to have laws against monopolies and trusts, and I believe something should be done to curb dealing in cotton and wheat. In our hearing, on the wheat part of the commodity exchange bill, it was testified that on the Chicago Board of Trade alone there is bought and sold on an average of 13,000,000,000 bushels of wheat a year. We produce in the United States in a normal year only 800,000,000 bushels, and about 3,000,000,000 bushels, as I recall, are produced in the whole world; but in one board of trade—the Chicago Board of Trade—13,000,000,000 bushels are handled in a year. That is to say a thousand times more grain is handled in Chicago than there is storage room for in all the elevators of the city of Chicago. A thousand times more grain was handled in that market than there was storage room for in that great city; and, of course, those grain men make a lot of money, and the profits they make come out of the price the farmer gets for his wheat or the price the consumer pays for his flour and bread. We cannot get away from that conclusion; and the profit the cotton exchanges make comes out of either the price the cotton producer gets for his cotton or the price paid by the people who buy the cotton goods, the consumers.

Mr. REYNOLDS. Mr. President, will the Senator yield to me?

Mr. FRAZIER. I yield to the Senator from North Carolina.

Mr. REYNOLDS. I am very desirous of being enlightened upon this most interesting question. To be frank about the matter, I do not know how I am going to vote upon it, and that is the reason why I take this opportunity to interrupt the Senator.

Mr. FRAZIER. That is just the reason I am speaking—to try to convince Senators regarding the matter.

Mr. REYNOLDS. The Senator from North Dakota states, in particular reference to cotton, that one firm—Anderson, Clayton & Co., whose headquarters, I believe, are in one of the largest cities of Texas—handled last year about 17 percent of all the cotton produced.

Mr. FRAZIER. No; not last year. In 1932–33 they handled 17.9 percent of the United States cotton crop of that year.

Mr. REYNOLDS. I should like to know from the Senator whether or not, in handling that enormous quantity of 17 percent, the firm to which he refers made more profit per bale than a smaller firm that handled, we will say, less than 1 percent of the crop.

Mr. FRAZIER. I cannot say as to that, Mr. President; perhaps not any larger percentage; but on the greater bulk that they handled, of course they made a larger profit.

Mr. REYNOLDS. Yes; but I mean proportionately. The point I make is that if the man who handled, we will say, 17 percent of all the cotton produced in 1932–33, did not make any more out of it proportionately than the smaller broker who, we will say, handled only 1 percent, it would not affect the producer of cotton.

I am not so much interested in how much the brokers make. I am vitally interested in voting in a way which will help the cotton producers in the South, because I realize that there are 5,000,000 people in the Old South who are entirely dependent upon the production of cotton.

Mr. FRAZIER. That is true.

Mr. REYNOLDS. If I may be indulged for one other question, the Senator stated a moment ago that the Board of Trade in Chicago had dealt in grain to the extent of a thousand times more grain than the bins in Chicago could handle.

Mr. FRAZIER. That is correct.

Mr. REYNOLDS. Does the amount they deal in have anything to do with lessening the profit or reducing the price of the farmer? I ask the Senator the question because I know he is thoroughly familiar with farm matters.

Mr. FRAZIER. I think it does, without any question.

Mr. REYNOLDS. May I ask the Senator why it does?

Mr. FRAZIER. Of course, it is a long story. A great deal has been said today and yesterday about hedging on the market, legitimate hedging, and all that kind of thing. Under our system there is such a thing as legitimate hedging. For instance, a small dealer in a little town in some one of the Southern States buys 100 bales of cotton, let us say. It comes into the market, and he pays cash for 100 bales of cotton. In order to protect himself on that transaction he must hedge, or at least he thinks he must. The same thing is true with regard to wheat, because the wheat market fluctuates as the cotton market fluctuates. I suppose in the Senator's State the cotton is probably sent to New Orleans. That is your great cotton center, as I understand, or perhaps there is a nearer one; but, at any rate, wherever it goes, wherever the prices are fixed, the price of cotton fluctuates; and in order that the dealer may protect himself on the price he pays the farmer for his cotton, he feels that he must sell a hedge on the cotton, which is

going two or three hundred miles, because of the fluctuations in the market.

Of course, he would have to pay a commission on the hedge. When he sells the hedge, he sells his cotton. The Senator from North Carolina is correct about that; there is no question about it. When he sells the hedge, he sells the cotton, and he has to pay a commission on it. Of course, he has to buy it from the farmer at a little less than the market, so that he can make a little profit and also pay the commission for the hedging.

If it were not for this gambling on the cotton and wheat markets there would not be the necessity for the practice of hedging, and I think the whole system should be changed. But we cannot change it all at once; at least, we have been unable to change it so far; and this measure is a step toward curbing the gambling on the cotton and wheat markets.

After all is said and done, I think the Senator from North Carolina will agree with me: The profits which these cotton brokers make come out of the price the farmer gets for the cotton or the price the consumer who buys the cotton from the storekeeper pays for the cotton goods. One or the other must pay the profit.

Mr. REYNOLDS. This is a step toward regulation?

Mr. FRAZIER. Yes.

Mr. REYNOLDS. For the benefit of the producer?

Mr. FRAZIER. Yes; regulation which we believe will benefit the producer. The Senator asked if the big cotton firm referred to made more money than the little farmer. I do not think it does make more per bale, but the great bulk of business it does enables it to make a big profit over a year, and the Senator knows and I know that one big firm of cotton growers down in his section of the country makes more money per year than all the cotton raisers in all the Southern States make.

Mr. REYNOLDS. In profit?

Mr. FRAZIER. In profit.

Mr. REYNOLDS. I should like to know whether the Senator has any suggestion to make at this time as to how we can deliver to the producer the profits which are today being made by the broker, not only in cotton, but likewise in all commodities? I agree with the Senator that the small man is the man whom we are desirous of helping; that the small man is the man who is in need of help now, and I should like to be able to be of some assistance toward reducing the profit of the big broker and delivering that profit to the producer. If this proposed legislation is to be a step toward that end, if it is going to be of benefit to us in the future in arriving at that goal, I desire to aid; but if it is not going to be, then I am not as interested as I otherwise would be.

Mr. FRAZIER. We believe it will be a step in that direction. All the farm organizations and cooperative farm organizations out through the Middle West and Northwest, the spring-wheat territory, and also the winter-wheat territory, I think are in favor of the bill, and, so far as I know, the cotton farmers themselves are in favor of it.

The big cooperative referred to, which the Senator from Tennessee says is not a farm cooperative at all, is opposed to it, because it would not permit them to handle enough; but it seems that they handle 600,000 bales a year, and they could handle a great deal more than that. Six hundred thousand bales a year at 500 pounds to the bale would mean about 300,000,000 pounds, and at 12 cents a pound, that would mean $36,000,000 worth. That would be a pretty good business for any one firm, whether it was an independent organization or a farmers' cooperative organization. Thirty-six million dollars a year is a pretty big turnover, is it not?

Mr. REYNOLDS. I quite agree with the Senator, and the thing to which I am giving consideration is the proposition of limiting sales to any one firm, as is proposed in the Smith amendment, as I understand it, to 100,000 bales a month, or a maximum of 600,000 bales during a year. That is getting back to the same question I directed to the Senator a moment ago, as to whether or not a limitation upon the dealings of any one particular broker would actually raise the price of cotton as produced by the man who developed it by the sweat of his brow.

Mr. FRAZIER. Our theory is that if we can curb excessive speculation it will help the price of the producer. I think, as I said before, that we ultimately will have to do away with this method of handling cotton and wheat and other products, and cut out the middleman's profit.

Mr. REYNOLDS. I agree with the Senator in that.

Mr. FRAZIER. I think that can be done, but the pending bill does not do it. It puts it up to the Department of Agriculture to regulate to some extent the excessive speculation, and to cut down the profits.

Mr. REYNOLDS. I thank the Senator for permitting me to interrupt him.

Mr. FRAZIER. We believe it will help. The junior Senator from Texas [Mr. CONNALLY] this morning raised the point that this limitation of 100,000 bales per month might hurt the little-town cotton merchants. He said that most of the cotton is marketed in 3 months' time—September, October, and November—I believe he said. That would mean a limitation of 300,000 bales of cotton in 3 months. Three hundred thousand bales of cotton at 500 pounds to the bale would mean 150,000,000 pounds of cotton, and at 12 cents a pound that would mean $18,000,000 worth of business done by one little country-town trader. If there is any one little country-town trader in Texas who handles $18,000,000 worth of cotton in 3 months' time he ought to be included in the big-business class, instead of being called a little-town trader. So I do not think there is much to that argument.

If it is 600,000 bales for a year, that means 300,000,000 pounds of cotton, and at 12 cents a pound it would amount to $36,000,000 a year, which is a pretty good turn-over for any big corporation. It takes a big corporation to handle that much cotton or that much money. Of course, the fact that they do handle more than that makes them want to see this amendment cut out.

This firm in Texas is a large firm. The representative who came before the committee, Mr. Clayton, testified as to the number of firms in which they were interested. They have offices in a number of cities, are members of the cotton exchanges in a number of places in this country, also in foreign countries, in Liverpool, in France, China, India, Mexico, and I do not know what other countries. They have farms on which they raise cotton, and cotton gins by the dozen, and even cotton mills. Perhaps it might be well to let this big firm handle all the cotton of all the farmers of the United States. Undoubtedly they could handle it a lot cheaper than could a thousand different little firms, but there is something which goes against the grain of the average American citizen in the suggestion of letting one big company control the whole output of a commodity. We have the antitrust laws to curb that sort of thing, and the pending bill is a step toward curbing the cotton trade and the big profits of the large concerns.

Mr. President, I believe we are justified in voting for the amendment of the Senator from South Carolina. As I said, I do not know much about the cotton trade, but it is handled to a large extent as wheat is handled, and I am quite familiar with the way wheat is handled because I have been engaged in the raising of wheat for a long time.

As to the hedging proposition, so far as it relates to wheat, for instance, in North Dakota there are many cooperative farmers' elevators, more than are found in any other State in the Union. Our farmers haul their wheat to those elevators, and the elevator agent pays the cash price for the wheat. In order to protect himself he has to sell hedges, futures, on the Minneapolis market, because it takes about 2 days to get the wheat from North Dakota to Minneapolis. In that 2 days' time the wheat might go down in price 2 or 3 or 5 or 10 cents a bushel, and in order to protect himself the elevator man must buy hedges, and he has to pay a commission to hedge the wheat. That is what they call legitimate hedging, and of course it is perfectly legitimate

under our system. He must hedge in order to protect himself against loss. The same applies to cotton.

I repeat, I believe that the whole system is wrong. There is one firm I have mentioned, a firm of cotton operators, which has made more money year after year than all the cotton growers in the United States have made. I wish to say, too, that the Minneapolis Chamber of Commerce, which handles the wheat which comes in from my section of the country, makes more money each year than all the farmers who grow spring wheat make together. The Kansas City and Chicago markets make more money than all the grain growers in the United States make, and that is hardly right; it is hardly fair.

More than that, the little country elevators in North Dakota must borrow money in order to buy the wheat. It takes a lot of money to buy the wheat when it comes in from the farms in the fall of the year, when most of the wheat is marketed, just as in the South it takes a lot of money to finance the little cotton trader.

Where do the people get that money? Mr. Clayton testified before our committee that they finance a great deal of cotton. What does that mean? It means that they finance the little buyer, it means that possibly they finance mills, many of the small mills which manufacture the cotton, and many of the cotton gins and other business interests which handle the cotton.

The same thing applies to the grain men. The big grain firms finance our farmers' elevators at a fairly low rate of interest. But what does it mean? It puts the little elevator under obligations to the big company. In order to get the cheap money from the grain or cotton company the small man must ship his grain or cotton to the big company, and the profit that is made on the grain, of course, together with the little interest that is paid, makes a mighty good profit for the big company, and it makes more profit than is made by the farmers who produce the wheat.

Mr. President, I am hopeful for the passage of the pending legislation. I have been hoping for a number of years that we should have a bill passed which would do away with the gambling practices in cotton and wheat and other necessities which the farmers produce, which practices influence the market.

I do not care whether a farm pool be provided, into which all the grain and cotton shall go, and the producer who brings it in there shall get his proportionate share when the grain or cotton is sold, or whether the Government shall set up a fixed price for the amount of cotton and wheat and other products used in home consumption in the United States. I think the latter would be the fairest way to handle the product; that a price be fixed based on cost of production, and a fair profit for the amount of product used for home consumption. Then let the so-called surplus be sold at the world market. However, we have not been able to get any such legislation.

The commodity-exchange bill goes simply one step further than we have gone at the present time. It provides for giving the Grain Futures Administration and the Cotton Futures Division in the Department of Agriculture a little more authority to regulate the cotton market and the grain market. We believe the pending legislation, if enacted, will be helpful. It is a step in the right direction.

Mr. President, I hope the amendment of the Senator from South Carolina shall prevail and be placed in the bill, because I feel that the cotton growers of the South are entitled to some protection. I know the wheat growers of the North are entitled to some protection. As a farmer myself, when I go down through the great Southern States that produce the cotton of this country, it makes my blood boil to see the little shacks in which the cotton farmers live, and then go into some of the big cities and see the tremendous buildings which have been erected by reason of the wealth which is made in handling cotton. There are three or four big firms of cotton brokers who handle the bulk of the cotton of the United States, and it is an outrageous thing that one of those big firms makes more money each year than all the cotton farmers of the South make. The millionaire cotton merchant lives in a palace. The man who does the work, and his family and his children, live in a little shack set up on little blocks of wood about 18 inches high, so that pigs and chickens can get under the house out of the sun and into the shade. That helps some, I suppose.

I have seen in the South house after house without a pane of glass in them—the houses of poor farmers. When I think of the state of the southern cotton farmer it is to me unbelievable that anyone should say that he cannot vote for a limitation on the profits of the big cotton brokers and merchants.

Mr. President, there is something wrong with the present situation. Some day those southern farmers are going to organize. They are not always going to be bluffed. Our farmers in the North have organized, and organized pretty strongly, and when farm bills are presented they are willing to come before the committees of Congress and say what they think about the proposed legislation. In the hearings on the commodity-exchange bill they did come before the Committee on Agriculture and Forestry and they made very strong statements. The president of the National Grange made a very strong statement concerning the bill. Something was said with reference to opposition to the pending measure on the part of some Grange organizations. The president of the National Grange, however, made a very strong statement in favor of the bill.

Mr. President, I hope the amendment of the Senator from South Carolina will prevail, and I trust that if it shall prevail in the Senate the House will accept it.

Mr. POPE. Mr. President, there has been considerable confusion respecting technical terms which are used in trading in futures. I have prepared and checked rather carefully the terms which are used in the trade, and the various practices that have been referred to during the present debate in the Senate. Without reading it, I ask that the document I have referred to, dealing in trade terminology, be printed in the RECORD at this point as part of my remarks.

The PRESIDING OFFICER (Mr. BURKE in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

TRADE TERMINOLOGY

The following is an incomplete list of trade terms commonly used in the business of futures trading in commodities, particularly grains. The definitions given are intended to convey general meaning rather than to be literally accurate or fully descriptive.

Accommodation trades: An accommodation trade is a transaction between two commission houses whereby, one being long with the clearing house and the other short, the one that is long sells to the one that is short enough of a given futures to give each house an even or nearly even position, thus reducing the amount of margin to be put up with the clearing house. At some later date another transaction is made unwinding and undoing the first transaction. In the meantime, each house has had free use of the margin moneys put up by its customers without having to redeposit same with the clearing house. Clearing houses require margins only on net positions, so that where a commission firm has customers both long and short in equal or nearly equal amounts, the firm as such has little or no net position with the clearing house.

Advance and decline guaranties: These terms apply to a kind of contract which, although unlike privileges in form, has the same or a similar purpose. Instead of giving the buyer an option to buy or sell futures at a stipulated price during some specified period as a day or a week (as in the case of privileges), the seller of the contract guarantees to make good the difference between the stipulated price and the price at which some named future sells at any time the buyer may select during the specified period. This type of contract is usually offered by firms that are not members of any exchange but who represent themselves so to be or to have exchange connections.

"Bear": A "bear" is a speculator who believing in lower prices, trades accordingly, and by emphasizing those conditions of supply and demand favoring lower prices, endeavors to induce others to pursue a selling policy.

Bucketing and bucket shops: These are terms used to describe a method of doing business wherein orders of customers for the purchase or sale of commodities for future delivery, instead of being executed by bona-fide purchases and sales with other traders, are simply matched and offset in the soliciting firm's own office and the firm itself takes the opposite side of customers' orders.

"Bull": A "bull" is a speculator who, believing in higher prices, trades accordingly, and by emphasizing those conditions of supply and demand favoring higher prices endeavors to induce others to enter the market as buyers.

Cash commodity (cash grain): This means the actual commodity as distinguished from contract rights to any commodity arising under contracts of sale for future delivery.

Clearing firm: This means an exchange member who is also a member of the clearing association of such exchange and entitled to clear trades through same in his own name.

Contract grades: This term denotes all of the several grades of any commodity which, under exchange rules, may be delivered in satisfaction of a futures contract. It is not confined to grades deliverable at contract price, but includes those deliverable at premiums and discounts as well. The term "contract grade" is used sometimes as meaning the basic grade or the grade which ordinarily will be delivered at contract price.

Contract quantities: Contracts for the sale of commodities for future delivery usually are made in units of uniform size, there being on most exchanges two recognized size units for each kind of commodity traded in. In the case of grains on the Chicago Board of Trade, 5,000 bushels is the standard contract unit, called a "round lot." Trading is also permitted in units of 1,000 bushels, called "job lots." In the case of cotton on the New York Cotton Exchange, 100 bales (50,000 pounds) is the unit of trading; while on the New Orleans Cotton Exchange round lots of 100 bales and job lots of 50 bales are the established units of trade.

Cross trades: Cross trades are fictitious trades recorded and cleared through the exchange clearing house as real trades. They are a device commonly employed by pit brokers for becoming buyers in respect to selling orders of customers and vice versa. They take the form of a recorded double purchase and sale between two brokers. Each broker is recorded as having both bought from and sold to the other the same quantity of the same futures at the same price.

Example: Broker A is put down as seller to broker B of 5,000 bushels of May wheat at $1 per bushel and is also put down as buyer from B of 5,000 bushels at $1 per bushel. The transaction appears to be without purpose and without effect. But A, having made an actual sale of 5,000 bushels of May wheat for a customer at, say, $1.01 reports to his commission firm that the customer's order has been executed at $1. Thereupon, he switches the sold side of his own $1 cross trade for the actual $1.01 sale for the customer and takes a profit for himself of the 1-cent difference, which should have been added to the sale price for the customer. In this example, of course, it is assumed that there is a 1-cent fluctuation in price while the customer's order is in the hands of the pit broker and before he reports execution.

Delivery months: Contracts for future delivery always relate to certain specified months. In the case of wheat on the Chicago Board of Trade there are 4 principal delivery months: May, July, September, and December. Chicago May futures, for example, means contracts of sale of wheat for delivery in Chicago during the month of May. Quotations arising out of such contracts which may be made ahead as far as June or July of the previous year are posted continuously and are disseminated by wire all over the world.

Floor trader: An exchange member who executes his own orders by being personally present in the pit or place provided for futures trading.

Futures: This is a general term used to designate any or all contracts covering the sale of commodities for future delivery made on or subject to exchange rules. "Buying a futures" means contracting under exchange rules for the purchase of a given amount of any commodity for delivery during a specified delivery month at a price named. The term "futures" is also used to denote delivery months, as the May futures, meaning contracts for future delivery during May.

Futures contracts: These are executory contracts, the detailed terms of which are set forth in exchange rules and made a part of the contracts, wherein one party as seller undertakes to deliver and the other party as buyer undertakes to receive and pay for a stated amount of a given commodity at an agreed price during a specified month, the seller being at liberty to deliver on any date he may choose during such delivery month, and the buyer is required to receive delivery. Delivery is usually effected by the passing of a warehouse receipt or of a delivery notice, standing in place of the warehouse receipt, calling for a stated amount of one of the several grades deliverable on such contracts under exchange rules. Certain grades are deliverable at a discount and others at premium with respect to basic grades. The buyer must accept and pay for any of the several deliverable grades that the seller may choose to deliver.

Hedges: These are purchases and sales of commodities for future delivery made by handlers and processors of the actual commodity as a means of protection against price fluctuations affecting stocks of the actual commodity or contracts involving such actual commodity. The purpose is to offset any profit or loss through price fluctuation affecting the actual commodity by a counter result on contracts for future delivery.

"Long": A "long" is a speculator who has made commitments to buy a commodity for future delivery, which commitments are still open. He is said to be long or to have a long position in the market.

Margin: Margin means the sum of money (or collateral the equivalent of money) which the buyer and seller in contracts for future delivery deposit with their respective commission firms to guarantee performance. Such margins are usually sufficient to allow for some movement in price, and when exhausted, the commission firm, after notice and call for additional funds, may close the trade.

Net position: A trader being long 100,000 bushels of Chicago May wheat through one house and short 25,000 bushels through another house is said to have a "net position" long of 75,000 bushels.

A commission firm having customers on its books who are long in the aggregate 5,000,000 bushels of Chicago May wheat and other customers who are short in the aggregate 4,000,000 bushels would have a "net position" long with the clearing house of 1,000,000 bushels.

Office trades and transfer trades: Board-of-trade rules contemplate that all ordinary transactions for future delivery shall be made in the pit or place provided for that purpose. However, unusual conditions as well as merchandising methods and established trade practice make it necessary at times to close futures trades as between customers of the same house, or to transfer interests from one house to another by bookkeeping entries, without the trades being actually made in the pit. These are referred to as office trades or transfer trades.

Open interests (open commitments): These terms relate to the amount of a commodity represented by contracts of sale for future delivery which are open and unsettled as of a given date. Stated in another way, it means the amount of a commodity which would be required to settle all existing contracts pertaining to any delivery month if settlement were to be made by delivery of the actual commodity and there were no redeliveries—that is, each 5,000 bushels of grain would move in settlement of one and only one contract of 5,000 bushels. In computing open interests the sales side only of contracts is counted.

Pit broker: An exchange member who specializes in the execution of orders for others in the pit or trading place provided for futures trading and for which he receives a brokerage charge or commission.

Privileges, indemnities, bids, offers, puts, calls, etc.: These are true option contracts wherein, for a relatively small money consideration, the buyer of a privilege or indemnity obtains the right, during the next day (in the case of daily privileges) or during the next week (in the case of weekly privileges) to buy or sell, as the case may be, a stated amount of a given commodity for future delivery at a then stipulated price. A privilege contract giving the buyer the right to sell is called a "bid" or a "put", and the right given to buy is called an "offer" or a "call." Bids or puts are sold at prices under closing prices, and offers and calls are sold at prices over closing prices.

Example: For $6.25 one may, after the market close one day, buy a bid good the next day entitling him to sell 5,000 bushels of May wheat at, say, 95 cents. The market may have closed at 96 cents. If it opens up the next day at, say, 94 cents, or sells at 94 cents at any time during that day, the buyer of the bid will buy 5,000 bushels of May wheat at 94 cents and exercise his bid option to sell at 95 cents, thus making a profit of $50 (less commission) on a $6.25 investment. An "offer" or "call" is the exact reverse of the foregoing.

Scalper: This is a trader who, although trading in large amounts during a single day, does not hold a large open position at any one time. He trades on short turns in the market for profits of one-eighth or one-fourth cent per bushel and aims to be even at the close each day.

"Short": A "short" is a speculator who has made commitments to sell a commodity for future delivery which are still open. He is said to be short or to have a short position in the market.

Short seller: By short selling is meant a speculator who sells a stated amount of a given commodity for future delivery at a certain price, expecting that before such contract matures he will be able to make an offsetting purchase at a lower price. A hedger may also make a short sale. The difference between a hedge sale and a short sale is one of purpose. The hedger does not profit by a decline in price for the reason that while he is short futures, he is also long the actual commodity. Any profit or loss made on the futures transaction is offset by an exactly opposite result on the cash (actual) commodity held by him.

Speculator: By speculator in commodity futures is meant one who buys or sells for future delivery for the sole purpose of profiting through a change in price. There can be no such thing as investment in futures contracts similar to investments in securities for the reason that no income by way of dividends or interest accrues to the holders of these futures contracts. Their sole hope of profit lies in a favorable price change.

Spreads and straddles: Spreads and straddles are terms used respectively in the grain and cotton trades to describe a type of trading where one's purchases for future delivery in one market or for delivery in a specified month are offset by sales in different markets or for delivery in other months. The purpose of such trades is to try to profit by changing relationship between markets or between different delivery months. It may be a useful type of trading, tending to bring different markets into harmony with each other, or it may be used for a directly opposite result, i. e., to create unnatural relationships between markets or between delivery months.

Squeeze (congestion): These are terms used to designate a condition in maturing futures where sellers (hedgers or speculators), having waited too long to close their trades, find there are no new sellers from whom they can buy, deliverable stocks are low, and it is too late to procure the actual commodity elsewhere to settle by delivery. Under such circumstances and though the market is not cornered in the ordinary sense, traders who are long hold out for an arbitrary price.

Transferable notice: This is merely a form of notice of delivery which, under exchange rules, is permitted to circulate instead of the actual warehouse receipt as a means of satisfying futures contracts by delivery. It passes by endorsement until "stopped" by the person or firm desiring to take up the warehouse receipt.

Wash sales: Wash sales are pretended sales made openly in the pit or trading place for the purpose of deceiving other traders. They are employed to give false appearance of trading and to cause prices to be registered which are not true prices. They may be entered and recorded as real trades, but by agreement between the parties are either canceled or "washed" out by other trades.

Example: Pit trader A, wishing to buy May wheat when the market is 95 cents per bushel will offer May wheat at 94⅞ or 94¾ cents, being sure that his confederate gets the sale. Such sales may induce bona-fide offers at the lower prices, whereupon A turns buyer. In the meantime, his fictitious sales are forgotten or "washed" out by offsetting trades.

Mr. ROBINSON. Mr. President, I have had conference with the Senator from South Carolina [Mr. SMITH], and am satisfied that the bill now under consideration can be and will be promptly disposed of tomorrow. With that in mind, I ask the privilege of making a further statement.

The so-called relief bill has been reported to the Senate; and it is my intention, unless something arises to prevent it, to move to proceed to the consideration of that bill tomorrow after the conclusion of consideration of the bill now before us, which is now the unfinished business, and which, as I have already said, is not expected to take more than a few minutes.

RESETTLEMENT ADMINISTRATION

Mr. LA FOLLETTE. Mr. President, I have received from Mr. Tugwell, the Resettlement Administrator, copies of two telegrams, received in the one instance from the Federated Trades Council and in the other from the Building Trades Council of Milwaukee, Wis. I ask that they may be printed in the RECORD at this point as part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegrams are as follows:

MILWAUKEE, WIS., *May 21, 1936.*

Hon. REX G. TUGWELL,
Administrator, Resettlement Administration.

DEAR SIR: At the regular meeting of the Federated Trades Council of Milwaukee held May 10, 1936, the delegates representing 65,000 union members, by unanimous vote, endorsed the work of the Resettlement Administration, and instructed the officers of the Federated Trades Council to cooperate with the Building Trades Council and the Wisconsin State Federation of Labor in opposing the efforts of the Milwaukee Real Estate Board, building-and-loan associations, and others, who are attempting to prevent the building of Greendale, a project of the Resettlement Administration at Hales Corners, in Milwaukee County. The labor movement of Milwaukee County, as expressed by the delegates at this meeting, is solidly in favor of this project and wants it completed, because it will furnish homes to American citizens who otherwise are compelled to live in quarters and slums far below the accepted standard of American living, thereby endangering the health and well-being of the entire community. Assuring you of our wholehearted cooperation in assisting you to carry your program to a successful conclusion, we remain,

Respectfully yours,

FEDERATED TRADES COUNCIL,
HERMAN SEIDE, *General Secretary.*

MILWAUKEE, WIS., *May 22, 1936.*

REX G. TUGWELL,
Administrator, Resettlement Administration:

The Milwaukee Trades Council and its 30 affiliated local unions unanimously endorse the work of the Resettlement Administration, and strenuously oppose the action of any group that might interfere with the successful completion of the Greendale project located in our city. The work that you are doing is a noble one and should have the support of every right-thinking citizen. If there is anything that we can do to assist you, do not hesitate to call on us.

PETER T. SCHOEMAN,
President, Milwaukee Building Trades Council.

EXECUTIVE SESSION

Mr. ROBINSON. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of Eugene H. Dooman, of New York, now a Foreign Service officer of class 2 and a secretary in the Diplomatic Service, to be also a consul general.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nomination of Chief Carpenter William F. Twitchell to be a naval constructor with the rank of lieutenant on the retired list of the Navy from the 1st day of September 1936, in accordance with law; also the nominations of several other officers in the Navy.

Mr. KING, from the Committee on Finance, reported favorably the following nominations:

Senior Surgeon Carlisle P. Knight to be medical director in the United States Public Health Service, to rank as such from March 25, 1936; and

Dr. Carroll E. Palmer to be passed assistant surgeon in the United States Public Health Service, to take effect from date of oath.

The PRESIDING OFFICER (Mr. BURKE in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. ROBINSON. I ask that the nominations for promotions in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nomnations in the Marine Corps are confirmed en bloc.

That completes the calendar.

ORDER OF BUSINESS

The Senate resumed legislative session.

Mr. SHEPPARD. Mr. President, I should like to ask the Senator from Arkansas when we can have another consideration of the calendar.

Mr. ROBINSON. Mr. President, I am not able to answer that question just now. Repeatedly during the present session I have effected arrangements, with the approval of the Senate, for the consideration of the calendar. I do not recall how many times we have acted upon unobjected bills on the calendar. It is my intention to ask the Senate again to consider unobjected bills on the calendar at some opportune time before the session closes.

We have had, as the Senator knows, a great many calls of the calendar under the order which I am now mentioning, and have kept the business on the calendar pretty well up to date. It probably will be practicable within a few days to call the calendar again for unobjected bills, but it is not practicable now to announce the time.

Mr. McKELLAR. Mr. President, may it not be announced a day or two in advance, so that all Senators will have notice of the date?

Mr. ROBINSON. Yes, Mr. President; I think it may be done a day in advance.

I understand the Senator from New York [Mr. WAGNER] wishes to ask unanimous consent for consideration of a bill on the calendar.

PROGRAM OF NATIONAL SAFETY AND ACCIDENT PREVENTION

Mr. WAGNER. Mr. President, I ask unanimous consent for the immediate consideration of House bill 11108, to advance a program of national safety and accident prevention. The bill, which was passed unanimously by the House, authorizes an appropriation for the work of the accident-prevention conference, which consists of about 500 leading citizens. It is a very important piece of public service.

Fifty thousand dollars is required, and it is to be used only to pay the expenses of employees. No members of the accident-prevention conference are to receive a salary or even to receive traveling expenses in the course of the performance of this work.

A number of prominent persons have accepted chairmanships in connection with the work of the group. The Senator from New Jersey [Mr. MOORE] is chairman of the general committee. The Senator from Kansas [Mr. CAPPER] is chairman of the rural and home accident committee. The Senator from California [Mr. MCADOO] is chairman of the committee on safety in the air. Representative EMMET O'NEAL is chairman of the uniform traffic regulations committee. A number of other prominent persons are chairmen of various committees in connection with the conference. Many of them are important industrialists who are giving up their spare time for this very important service.

The reason for haste is that if we are to provide the appropriation this year, the legislation must be enacted at once.

Mr. MCNARY. Mr. President, this is the bill concerning which Mrs. ROGERS, a distinguished Member of the House, spoke to me recently. Several Members of the Senate have also spoken to me about it. I have looked into the bill very carefully, and personally I have no objection to its immediate consideration.

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of $50,000 to be expended under the direction of the Secretary of Commerce for the furtherance of the work of the accident-prevention conference. Money appropriated pursuant to this act shall be available upon vouchers approved by the Secretary of Commerce for fostering accident-prevention work on the part of organizations engaged in the promotion of safety and accident prevention; preparation and printing of material designed to enlighten the general public in matters of safety and accident prevention, such material to be disseminated through schools, newspapers, magazines, the radio, or any other means of intercourse or communication; the preparation and attempts to obtain enactment of uniform vehicle regulations in the several States; clerical assistance for the members of the general committee of the accident-prevention conference; travel expenses incurred by members of the general committee of the accident-prevention conference in the furtherance of the work of the said conference.

PASCAGOULA RIVER BRIDGE, MISSISSIPPI

Mr. BILBO. Mr. President, I should like to call up for consideration at this time Senate bill 4533, which has been reported by the Committee on Commerce without amendment. The bill merely grants the consent of Congress for the construction of a bridge over a navigable stream. We have a death trap in the State, where people have been killed, some recently. I ask unanimous consent for the present consideration of the bill.

Mr. VANDENBERG. What is the calendar number?

Mr. BILBO. The calendar number is 2147.

Mr. ROBINSON. I understand it is a bridge bill?

Mr. BILBO. Yes; formally giving the consent of Congress to the Highway Department of the State of Mississippi to construct a bridge across the Pascagoula River.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the bill (S. 4533) granting the consent of Congress to the Mississippi State Highway Commission to construct, maintain, and operate a free highway bridge across the Pascagoula River at or near Wilkerson's Ferry, Miss., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Mississippi State Highway Commission to construct, maintain, and operate a free highway bridge and approaches thereto across the Pascagoula River, at a point suitable to the interests of navigation, at or near Wilkerson's Ferry, Miss., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

CAUSEWAY AND HIGHWAYS ON YERBA BUENA ISLAND, SAN FRANCISCO BAY

Mr. JOHNSON. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 2189, being Senate Joint Resolution 251, which simply proposes to grant the consent of Congress to the use of rights-of-way for the construction of a causeway and highways on Yerba Buena Island, San Francisco Bay. The joint resolution has been reported unanimously by the committee and has also been reported on by the Navy Department, which has assented to the bill.

Mr. ROBINSON. I see no objection to the present consideration of the joint resolution.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution (S. J. Res. 251) granting the consent of Congress to the city and county of San Francisco to construct a causeway and highways on Yerba Buena Island in San Francisco Bay, and for other purposes, which had been reported from the Committee on Naval Affairs with an amendment at the end of the joint resolution to insert a further proviso, so as to make the joint resolution read:

Resolved, etc., That the consent of Congress is hereby given to the construction and maintenance by the city and county of San Francisco, Calif., of (1) a causeway between Yerba Buena Island in San Francisco Bay and a public airport to be constructed by said city and county on lands reclaimed in said bay; (2) roads or highways on said Yerba Buena Island connecting such causeway with the State highway on said island provided by the San Francisco-Oakland Bay Bridge crossing; (3) such fresh-water supply reservoirs, tanks, conduits, and pipe lines as may be necessary or proper to enable said city and county to supply said Yerba Buena Island and said public airport with an adequate supply of fresh water; and (4) all usual, necessary, and reasonable incidents and appurtenances to such causeway, roads, highways, reservoirs, tanks, conduits, and pipe lines. The Secretary of the Navy is hereby authorized to grant permits for such construction and maintenance, together with all usual, necessary, and reasonable incidents and appurtenances thereto, and to grant to said city and county perpetual easements for rights-of-way therefor, subject to such restrictions as he may in his discretion prescribe to avoid injury to the military, naval, or defense uses of said island and inconvenience to the military or naval forces thereon: *Provided,* That said causeway and any such connecting roads and highways hereby authorized shall be forever toll free: *And provided further,* That the location and plans of such causeway, roads, highways, reservoirs, tanks, conduits, and pipe lines, with the incidents and appurtenances thereto, shall be first approved by the Secretary of the Navy: *And provided further,* That nothing in this resolution or consent shall preclude the erection and maintenance of tollgates and tollhouses upon any of said roads or highways connecting said causeway with said San Francisco-Oakland Bay Bridge crossing for the purpose of collecting tolls for the use of such bridge.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

EXPENSES OF EXAMINATION OF CREDIT UNIONS IN THE DISTRICT

Mr. GLASS. Mr. President, there are two minor banking bills on the calendar which I am told may be passed by the House under their unanimous-consent rule, provided they are passed first by the Senate. I refer to Senate bill 4511 and Senate bill 4512, the former providing for the expenses of the examination of credit unions in the District of Columbia and the latter relating to the extension of franchises of trust companies in the District of Columbia.

The PRESIDING OFFICER. Is there objection?

Mr. ROBINSON. I suggest that the Senator proceed separately with the bills.

Mr. GLASS. Very well. I first ask unanimous consent for the consideration of Calendar No. 2151, being Senate bill 4511.

The PRESIDING OFFICER. The clerk will report the bill by title.

The LEGISLATIVE CLERK. A bill (S. 4511) to amend the act entitled "An act to provide for the incorporation of credit unions within the District of Columbia", approved June 23, 1932.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

Mr. McNARY. Mr. President, of course it is not with propriety that the Senate should at this time enter upon a general consideration of bills on the calendar. I am not familiar with the bill.

Mr. GLASS. I can tell the Senator, in a sentence, what the bill proposes. It simply provides for the method of assessing costs for examinations of credit unions in the District of Columbia.

Mr. McNARY. Of examinations of what?

Mr. GLASS. Of examining credit unions in the District of Columbia. The bill was prepared by the Comptroller of the Currency and sent here.

Mr. McNARY. Has it received the unanimous recommendation of the committee?

Mr. GLASS. It has.

Mr. McNARY. Very well.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 4511) to amend the act entitled "An act to provide for the incorporation of credit unions within the District of Columbia", approved June 23, 1932, which had been reported from the Committee on Banking and Currency with amendments, on page 1, line 3, after the word "the", to strike out "act of June 23, 1932" and insert "District of Columbia Credit Unions Act"; in line 5, after the letters "D. C.", to strike out "Code of 1929), be" and insert "Code) is"; on page 2, line 1, after the word "section", to strike out "299 of this title" and insert "714"; in line 3, after the word "per", to strike out "annum," and insert "annum" "; in line 5, after the word "in", to strike out "section 299" and insert "such section 714"; and in line 7, after the word "examination", to strike out "made:" and insert "made.", so as to make the bill read:

Be it enacted, etc., That section 6 of the District of Columbia Credit Unions Act (sec. 386, ch. 12A, title 5, Supp. 1, D. C. Code) is amended by striking out so much of the first proviso as reads: "and fees incident to making the examinations specified in section 714 shall not exceed a basic fee of $5 and 3 cents per $1,000 of assets per annum" and inserting in lieu thereof the following: "and that the actual cost of making the examinations specified in such section 714 shall be assessed against each credit union for each examination made."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend section 641 of the Code of Law for the District of Columbia."

CHARTERS OF TRUST COMPANIES IN THE DISTRICT

Mr. GLASS. I now ask unanimous consent for immediate consideration of Senate bill 4512.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 4512) to amend the act entitled "An act to establish a Code of Laws for the District of Columbia", approved March 3, 1901, which had been reported from the Committee on Banking and Currency, with amendments.

Mr. GLASS. Mr. President, the explanation of the bill is that the charters of the trust companies in the District of Columbia expire by limitation within a few years. No one wants to borrow money from a trust company for 2 years; usually such borrowings are on mortgage loans. The bill extends the charters of the trust companies of the District of Columbia, just as we have extended those of the national banks, for an indefinite period, unless the charter is repealed by Congress or vitiated by some illegal act.

Mr. McNARY. Are the charters about to expire?

Mr. GLASS. They will expire within 2 years. The companies are losing business every day because no one, as I have said, wants to borrow money from a trust company for only a 2-year period.

The PRESIDING OFFICER. The amendments reported by the committee will be stated.

The LEGISLATIVE CLERK. On page 1, line 3, after the numerals "641", it is proposed to strike out "of the act of March 3, 1901 (title 5, D. C. Code, sec. 342), be" and insert "of chapter XVIII of the Code of Law for the District of Columbia is"; and on page 2, line 1, after the word "company", to strike out "heretofore or hereafter organized under this chapter to transact the business of a trust company" and insert "transacting the business of a trust company and heretofore or hereafter organized or operating under the provisions of this chapter", so as to make the bill read:

Be it enacted, etc., That section 641 of chapter XVIII of the Code of Law for the District of Columbia is amended by adding at the end thereof the following new paragraph:

"Any company transacting the business of a trust company and heretofore or hereafter organized or operating under the provisions of this chapter shall have perpetual succession from the date of its organization, or until such time as it be dissolved, or until its franchise shall become forfeited by reason of violation of law, or until terminated by either a general or special act of Congress or until its affairs be placed in the hands of a receiver and finally wound up by him."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend section 641 of the Code of Law for the District of Columbia."

PAYMENT TO FORT PECK RESERVATION INDIANS

Mr. MURRAY. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 2168, being Senate bill 3869. This is a bill authorizing payment to Indians of the Fort Peck Reservation and other Indians of amounts due on certain delinquent homestead entries. The bill, which was amended by the committee at the request of the Secretary of the Interior, is in accordance with the desires of the Secretary of the Interior.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

Mr. McNARY. Mr. President, I hesitate at this time in the afternoon to have the Senate enter upon the consideration of the calendar without notice. I inquire of the Senator from Montana, what is the emergency associated with the bill?

Mr. MURRAY. The department is very anxious to get the bill through at this session so that it may proceed to pay these Indians the money to which they are entitled and which has been withheld from them for many years. The bill, as I have said, is entirely in accordance with the advice of the Secretary of the Interior.

Mr. McNARY. Has it passed the other House?

Mr. MURRAY. No; it is a Senate bill.

Mr. McNARY. Well, Mr. President, I do not think I can consent to the passage of a Senate bill unless we have the calendar called in the proper order. If it were a House bill, and there were many attending features involving an emergency, I would feel differently about the matter, but the line must be drawn somewhere in fairness to those who are absent and to other bills that are on the calendar. Therefore, much as I hesitate to do so, I must object to the present consideration of bills on the calendar.

The PRESIDING OFFICER. Objection is heard.

ORDER OF BUSINESS

Mr. ROBINSON. Mr. President, it is my intention, as announced a few minutes ago, to arrange for a time when bills on the calendar may be considered by unanimous consent. However, I should like to invite the attention of the Senator from Oregon [Mr. NcNARY] to a bill on the calendar which must be disposed of rather promptly in order to be effective. It is a bill authorizing the Marine Band to visit certain points in the South, including Little Rock, Shreveport, and Dallas, between certain dates.

Mr. WALSH. The first date is June 2?

Mr. ROBINSON. Yes; but it is my intention to offer an amendment to the committee amendment so as to change that date.

Would the Senator from Oregon object to the consideration of that bill now?

Mr. McNARY. Mr. President, in view of my general objection, I think I should make no exception, but should

object to the consideration of any further calendar bills at this time.

Mr. ROBINSON. Very well.

The PRESIDING OFFICER. Objection is heard.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 12 minutes p. m.) the Senate took a recess until tomorrow, Thursday, May 28, 1936, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 27 (legislative day of May 12), 1936

PROMOTIONS IN THE NAVY

MARINE CORPS

Charles I. Murray to be lieutenant colonel.
Eustace R. Smoak to be first lieutenant.
Paul R. Tyler to be second lieutenant.
Jean W. Moreau to be second lieutenant.
George B. Bell to be second lieutenant.
Andrew B. Galatian, Jr., to be second lieutenant.
Elby D. Martin, Jr., to be second lieutenant.
William K. Davenport, Jr., to be second lieutenant.
John H. Masters to be second lieutenant.
Wilfrid H. Stiles to be second lieutenant.
Richard W. Wallace to be second lieutenant.
Randolph S. D. Lockwood to be second lieutenant.
John H. Spencer to be second lieutenant.
Donald C. Merker to be second lieutenant.
Robert B. Moore to be second lieutenant.
William D. Roberson to be second lieutenant.
Louis B. Robertshaw to be second lieutenant.
James W. Ferguson to be second lieutenant.
Harrison Brent, Jr., to be second lieutenant.
William F. Kramer to be second lieutenant.
Ralph Haas to be second lieutenant.
Maynard M. Nohrden to be second lieutenant.
Ben F. Prewitt to be second lieutenant.
John W. Graham to be second lieutenant.
Richard Rothwell to be second lieutenant.

POSTMASTERS

ALABAMA

Maude A. Bosarge, Bayou Labatre.
Hugh H. Dale, Camden.
Maunsell Gabbett, Camp Hill.
Grover C. Warrick, Millry.
Stella K. Martin, Plantersville.

FLORIDA

Kathleen McCallum, Bay Harbor.
George C. Johns, Lake Butler.
Myrtle Wiggin, Millville.
John B. Jones, Jr., Oviedo.
Sinclair A. Bryan, Raiford.

INDIANA

Morris A. Draper, Amboy.
Fred Finney, Martinsville.
Don W. Workman, Worthington.

IOWA

James M. McCoy, Creston.
Elmer A. Billings, Fayette.
Walter J. Barrow, Iowa City.
Harold J. Long, Rock Valley.
Amber Bailey, Royal.
Joe A. Clark, Sloan.

KANSAS

William S. Harris, Kiowa.
Ralph W. New, Norcatur.
Iris C. Schoepf, Utica.

MASSACHUSETTS

Joseph A. Morgan, Gilbertville.
Thomas W. Curran, Norton.
Thomas F. Welch, Rutland.
Robert A. Glesmann, Jr., South Hadley.
Alice Fitzgerald, Sterling.

MINNESOTA

Clarence H. Gibson, Chaska.
Burt W. Cole, Lake Crystal.
Sidney D. Wilcox, Park Rapids.
Alfons P. Fasching, Winsted.

NEBRASKA

Lloyd H. Bulger, Arcadia.
Gotthilf I. Pfeiffer, Arlington.
William C. Rhea, Chester.
Frank J. Srb, Dodge.
Floyd S. Worthing, Elm Creek.
Weaver Jennings Holliday, Stuart.

NEW HAMPSHIRE

Edward W. Clement, North Woodstock.
Louis T. Pike, Pike.
Ralph Edward Brackett, Sanbornville.
Frank Hutchins, Wolfeboro.

OHIO

Roy T. Smith, Degraff.
Terrence B. King, Deshler.
John J. Boyle, Hubbard.
Luther D. Whitwood, Jefferson.
James E. Warren, McArthur.
William D. Goodwin, Masury.
Thornton A. Hassler, West Liberty.

VERMONT

Charles L. Bishop, Johnson.
Charles J. King, Milton.
Hayden E. Whiting, Sheldon Springs.

WISCONSIN

Elsie M. Dussault, Land O'Lakes.
Ralph E. Lyon, Strum.
Margaret McGonigle, Sun Prairie.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 27, 1936

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

The earth is the Lord's and the fulness thereof; the world and they that dwell therein; for He hath founded it upon the seas and established it upon the floods. Who shall ascend into the hill of the Lord and who shall stand in His holy place? He that hath clean hands and a pure heart; who hath not lifted up his soul unto vanity nor sworn deceitfully. Let the words of our mouth and the meditations of our hearts be acceptable in Thy sight, O Lord, our strength and our Redeemer. In the name of our Master. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H. R. 8455) entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. COPELAND, Mr. FLETCHER, Mr. SHEPPARD, Mr. MCNARY, and Mr. JOHNSON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 11108. An act to advance a program of national safety and accident prevention.

NATIONAL MEMORIAL SERVICES, JEWISH WAR VETERANS

Mr. GAVAGAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech delivered by the Postmaster General before the Jewish War Veterans of the United States on May 17 last.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GAVAGAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by the Honorable James A. Farley before the Jewish War Veterans of the United States, New York City, Sunday, May 17, 1936:

Members of the Jewish War Veterans of the United States, ladies of the auxiliary, members of participating veterans' organizations, and guests, may I express my appreciation for the opportunity to participate in the forty-first national memorial services of your organization. You are the second oldest veteran organization in the United States, yielding seniority only to the Grand Army of the Republic. Among your ranks you number veterans of every war, campaign, and military expedition in which our country has participated in the memory of living man.

The month of May has been chosen to mark the time when tribute should be paid to the memory of those departed, who, at the call of their country, and in her hour of need, came to the colors and offered their all for patriotism. It is altogether fitting and proper that these memorial services should be held, but in paying tribute to the dead we cannot help but take note of what has been done for the living survivors, and the dependents of those who have gone before.

The most numerous ex-service group today are the survivors of the World War. Hence, it would seem proper that this group be selected, as an example of what a grateful Government has provided in recognition of their service.

When the United States entered the World War on April 6, 1917, there was already under consideration a plan which would provide not only for the dependents of those who were to die as a result of their service, but also for the promptest possible return to civil pursuits of the survivors. I refer to the War Risk Insurance Act, which was one of the most carefully devised pieces of legislation in history. Its aim was economic as well as humanitarian. It was the product of a number of eminent Americans, including as one of the leaders a distinguished member of your faith, Judge Julian Mack. He worked tirelessly, on leave of absence from the bench, to make the scheme a vast achievement.

There were four main objectives: The first, described as allotment and allowance, was to care for dependents while the wage earner was in service. The second, classified as compensation, was twofold—that is, to provide monetary benefits for disability resulting from service, and to guarantee a measure of support for dependents of deceased service men. The third objective was for the grant of insurance at nominal cost, averaging $7 per month for $10,000, the insurance payable on death to beneficiaries, or, in the event of permanent and total disability, to the insured himself, in both cases in monthly installments of $57.50 each.

The fourth objective of the act covered the training of the disabled for such work as their disabilities would permit and restoring them as earners. This training did not necessitate loss of compensation for service connected with disability upon their restoration to economic life. During the training period the Government, of course, paid him a living wage, calculated to include additional benefits for his dependents. This vocational program resulted in a total cost to the Government of $645,000,000, and 179,519 men were highly trained in 10 major classifications of industry.

These insurance and rehabilitation programs, worked out by the group of earnest patriots selected by Woodrow Wilson, exemplified the Nation's sense of obligation to the defenders of its ideals. They demonstrated as well the fallacy of the charge that the Government is incapable of applying sound economic principles to the solution of vast problems that arise in times of stress and emergency.

In addition to these two phases—insurance and rehabilitation—that aroused the admiration of students of national economy throughout the world, more than $149,000,000 has been appropriated since the end of the war for hospitalization under the Veterans' Administration. The largest single appropriation for this purpose was $21,000,000 in the act of August 12, 1935. It provided 12,000 beds, of which one-fourth were replacements, in 40 locations in 31 different States, necessitating entirely new hospital construction. One hundred an eight Federal Government and 92 State and civilian institutions had comfortable facilities for 65,773 veterans on March 31, 1936. To carry out the projects administered by the Veterans' Administration, exclusive of the amounts necessary to care for insurance costs and the prepayment of the World War adjusted-compensation certificates, Congress appropriated in the current year approximately $649,000,000.

Throughout the history of our country, and, as a matter of fact, long before there was a United States of America, the annals of the American continent show remarkable service by persons belonging to the Jewish faith. Members of the crew of Christopher Columbus, they subsequently came here and settled with the earliest colonists in North and South America. And in 1775, when the Thirteen Colonies on the Atlantic seaboard declared that they were and by right ought to be free and independent, a large part of the sinews of war, which were necessary to successfully carry on the revolution, were furnished by one Haym Salomon, a Polish Jew, who had come to America shortly before the Revolutionary War and settled in New York. He was at one time sentenced to be hanged for the assistance that he rendered to the patriotic forces.

He escaped, however, and went to Philadelphia and from then on was a dynamic force in the financial administration of the conflict. He contributed more than $640,000 of his fortune to the cause. He paid the entire cost of the maintenance of the army of Lafayette, and he also paid the expenses of Pulaski and Von Steuben. Today there is pending in the Congress of the United States, having been reported favorably by the Committee on the Library of the House of Representatives, a bill which would authorize the erection of a memorial in gratitude to Haym Salomon.

The honor roll of Jewish Americans who served in the armed forces during the Revolution is too well known to you to even bear repetition. From the Philadelphia nonimportation resolution of 1765 until the last gun was fired at Yorktown they were, with their fellow Americans, in the forefront of the battle.

The record of service in the wars of the Republic thereafter is brilliant with their deeds. Again, and yet again, the pages of American history speak of their bravery, their patriotism, and their sacrifice for the Stars and Stripes.

More than 2,500 Jewish-Americans volunteered for service during the War with Spain. Many of their bodies have turned to Mother Earth. But the memory of their service, mingled with that of other Americans of different racial strains, forms one of the proudest records to be cherished by grateful fellow Americans.

During the World War more than 250,000 joined the colors. Every regiment, every division, every fighting outfit has its tales to tell. But who can or ever will forget the Seventy-seventh Division, and particularly the Lost Battalion? More than 1,100 citations for bravery and gallantry above and beyond the call of duty were given American soldiers of the Jewish faith during this conflict. Of 78 awards of the Congressional Medal of Honor, 3 have been conferred upon your comrades.

More than 2,800 of the buddies of your race made the supreme sacrifice. They gave their all to the cause of the country under whose flag they were and are assured the right to worship the Supreme Deity as their conscience dictates. Can anyone, in the face of this record, discredit the Jewish-American for a lack of patriotism? Does anyone question his courage or love of country? Who, in the face of this record, can still voice or feel any doubt on this matter? If such there be, let him visit the shrines erected by the Nation in honor of its heroic dead. There he will find the Star of David side by side with the Cross of Calvary, with no distinction between Jew and Gentile, but where all are alike, the treasured memory of a Nation, grateful beyond any hope of adequate reward, for the service of its sons, native and adopted, alike. As long as such testimonials exist there should be, there can be, no question of difference of faith or creed. The one true test of Americanism is the fact of service to our beloved country, and, measured by that standard, you and your people can share with pride in the most eminent and glorious achievements of the American Republic.

A LAST WORD ON THE RECIPROCAL-TRADE AGREEMENTS

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a statement in reference to the reciprocal-trade agreements.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Speaker, before the close of this session I should like to say a last word on a subject for which there was no scarcity of last words from its tenacious opponents.

I refer to the reciprocal-trade agreements.

It is only fair that the people who listened to the impassioned pleas, pro and con, should understand something of what the agreements have meant in operation.

I want to present first the general picture, not entirely in terms of those unwieldy statistics by which we Americans are popularly supposed to rule our lives, but in terms of the general economic trends which influence those statistics.

The first trade agreement in effect was that with Cuba, which went into operation in September 1934. At that time disaster was predicted. The American market would be flooded with Cuban products, it was claimed, and the market

for home products would be seriously affected. There could be no sufficient increase in trade with Cuba to warrant the risk, the "die-hards" claimed.

At the end of the year 1935 those who cried "wolf" pointed with pride to their justification. According to them, imports from Cuba had increased beyond all proportion to the increase in exports. The truth of the matter was that while our exports showed an increase of approximately $25,000,000 for the calendar year of 1935 over the same period of 1934 and our imports showed an increase of $33,000,000, American business was benefited far more than the bare statistics would indicate.

The additional facts, suppressed in careless statistic quoting, prove my point. The increase in general imports from Cuba amounted to barely $8,000,000, or less than a third of the increase in general exports from the United States to Cuba. The other $25,000,000 in imports represented the increase in the import of cane sugar. American business in general is not likely to go under, even granted that the market is flooded with Cuban cane sugar.

However, even that danger is unlikely, for there has been a proportionate falling off in the importation of cane sugar from the Philippine Islands. So it will not be necessary, for the present at least, to call out the flood-relief squads to stem the inundating tide of sugar.

The Belgian agreement is another which has caused general alarm. Those who condemn it on the ground that the United States has been the loser in dollars and cents are careful not to mention the two important economic factors which would have influenced trade with Belgium, no matter what tariff rates might be in effect.

At the time of the Belgian treaty's inception there was a sharp fall in the value of the Belgian dollar. Naturally there was a rush of buying to take advantage of the lowered prices on commodities and the increased buying power of foreign dollars. Imports from Belgium showed a sharp rise. On the other hand, the buying power of Belgian money in foreign markets showed a marked decline, with a resultant decline in exports to Belgium.

In spite of these factors, exports to Belgium in 1935 and in the first 2 months of 1936 have shown a definite increase, for which the trade agreements are responsible.

The trade agreements with Sweden, Haiti, and Mexico are seldom mentioned because, under those agreements, the United States is definitely the gainer.

The Canadian agreement, which was the last to go into effect, was, perhaps, the one most decried. The poor abused farmers, so we were told, could never stand up under the competition from Canada.

Without stopping to examine the legitimacy of their woes, the dairy farmers were up in arms. A reduction of the tariff on cream, they claimed, would flood the home market, result in an overproduction of butter, thus bringing the price of butter so low as to constitute a real loss to them.

It would seem they shed a great many unnecessary tears.

Actually, in spite of the decrease in tariff, the dairy farmer is well protected by the quota-limit clause in the agreement. The new tariff applies only to the first 1,500,000 gallons of cream imported in any year. Moreover, the established quota includes not just cream imported from Canada, but covers imports from all other countries. Since the milk equivalent of this quantity of cream represents one-tenth of 1 percent of the total annual milk production in the United States, it was, very literally, the well-known "drop in the bucket" over which the dairy farmers wasted their alarm.

The amount of butter which can be obtained from a million and a half gallons of cream amounts to, approximately, one-twelfth of 1 percent of the butter produced in the United States annually.

The time has come, I should think, to let the scareheads melt back into the mental vapors which gave them birth.

In spite of misrepresentations, the only other dairy product which has been affected by the trade agreements is cheese.

Under the Canadian agreement the only type cheese which obtained a reduction under the tariff is Cheddar. The tariff on cheese under the agreement is the same as that which obtained under the 1922 schedule. And during the years when that rate prevailed, at no time did the imported cheese represent as much as 5 percent of domestic production.

The reduction of tariffs on foreign cheeses under the Dutch and Swiss agreements is of very little importance to the American dairy industry. Edam, Gouda, and Emmenthaler have always sold at comparatively higher prices in this country and have been in demand only by a small group of consumers. The reduction in tariff is not sufficient to bring these types of cheese into the home-product price range, or even near enough to it to constitute competition.

On the other hand, American dairy farmers have benefited by the reduction in duty obtained from other countries under the trade agreements—principally from Haiti, Honduras, Nicaragua, Colombia, and Brazil. While none of these imports a very large quantity of dairy products individually, their collective imports represent a significant total.

As has been pointed out time and again, as a Nation we cannot afford to promote a policy of economic self-sufficiency. The same thing applies to the individual industries and producers within our own Nation. Foreign trade cannot be balanced to the exclusive advantage of any one particular group. Those for whom there are lesser benefits in the trade agreements themselves are benefited by the movement of products in other fields. Prosperity, like depression, swiftly becomes universal, once it is set in motion.

The farmer must consider his dependence on the prosperity of industry in general from two angles: First, in its uplifting effect on the prices for his own products sold in the home market; and, second, because it stems the tide of the "back to the farm" movement which would have increased his burdens a hundred percent had the depression continued.

Even in the few months of its existence the Canadian agreement has justified all that was hoped for it. During January and February of 1936 there was a marked rise in exports of potatoes, grapefruit, oranges, apples, dried and canned fruits, rice, poultry, eggs, and nuts. On the other hand, imports from Canada, in all but two instances, have been a fraction of the amount allowed under the quota.

When all these factors are taken into consideration, it is safe to claim that the New Deal may point to another considerable victory, not only in routing the depression but in promoting what is even more important in this unsettled world—international amity and good will.

No nation alone, not even one with unused wealth and resources which have been important factors in the building of these United States, can win her way to security and prosperity in complete independence of her neighbors. When we admit that our prosperity depends upon the creating of foreign markets for American products, we are sometimes inclined to forget that the prosperity of Canada, Belgium, Sweden, France, Great Britain, for that matter, of all the countries of the world, depends upon the same factors.

We cannot afford to look upon our imports as a loss. They are an important factor in helping to build the prosperity of the neighbors whose economic security is so important a factor in the preservation of our own.

For years American businessmen have increased their subscriptions to campaigns for "goodwill advertising." Since goodwill is so important a factor in business that businessmen are willing to pay for it in dollars and cents, even though there is no accurate measure of the returns, can it be doubted that the business of government must make its concessions to the promotion of goodwill?

CIVIL SERVICE MERIT SYSTEM AND RIGHT OF EMPLOYEES TO PROVIDE FOR THEIR WIDOWS AND DEPENDENTS THROUGH RETIREMENT FUND

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a statement in reference to the civil-service merit system.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Speaker, legislation cementing the immediate relationship between Government and its employees and providing for the selection of those employees has always been of vital interest to the country at large. Employment opportunities made available through civil service appointment to the Federal departments and agencies have materially increased since the enactment of the 40-hour-week bill for postal clerks, and other legislation reducing the hours of labor and correspondingly increasing the number of workers in the various departments.

The depression years have helped to increase the number of workers seeking Federal appointment, probably due to the fact that the work provided is of a permanent nature and represents security and independence. The attractiveness of the employment and the higher standard of living offered has no doubt played an important factor in increasing the number of American citizens who seek to labor in the service of their country.

New theories of government may be propounded and new eras of business may be effected but the civil-service appointive system remains the same and the largest group of employees in the country retain their security year after year.

The United States Civil Service Commission, father of the merit system, was created by an act of Congress in 1883 for the purpose of selecting Government employees by open competitive examination. Under this system appointment is made upon the basis of demonstrated relative fitness without regard to political, religious, or other considerations. An applicant is required to take an examination, either assembled or unassembled, as the case may be, and if he is successful in attaining a passing grade his name is placed on the eligible register in the relative order of his standing.

A rating of 70 percent must be attained in order to be considered eligible, but veterans are permitted a preference credit of 5 points and may be considered eligible with a rating of 65 percent. Veterans with a service-connected disability are given a credit preference of 10 points and they are thus permitted to have their names placed on the eligible registers with a rating as low as 60 percent.

Veterans who are entitled to the 10-point preference because of service-connected disabilities are placed on the various eligible registers above all other names. Veterans' widows and wives of ex-soldiers who are unable physically to accept employment are given the 10-point preference credit also.

When an applicant's name appears on the eligible register he can be certified to an appointing officer for consideration only if his name is included in the first three names on the register, providing, of course, that only one vacancy exists in the department making the request. If there are a number of vacancies to be filled, then additional names may be submitted to the appointing officer, as many as three for each vacancy.

In many instances the registers of eligibles are so large that unless the applicant's name appears reasonably near the top of the register his prospects for receiving an appointment are not very bright. The registers for the departmental service are kept at Washington while those for the field service are maintained in the various district offices. In the case of postal clerk-carrier registers the district offices maintain the list of eligibles but registers for the Railway Mail Service are kept at Washington. Many vacancies made possible by the enactment of the 40-hour-week bill affecting postal workers will be filled in the near future in the various post offices throughout the country. Assembled examinations were recently held by the Commission to establish a register of eligibles for this purpose. Ratings range anywhere from 70 to 110 percent, and the papers are graded according to fractions. Thus one applicant may attain a rating of 75.01 percent and he will necessarily be placed on the register above the applicant attaining an even 75 percent.

The Civil Service law is very rigid, and rightfully so, regarding selection of applicants for appointment. Since the law is based on the merit system no other course would be possible or just. Selection is made entirely upon the basis of fitness and political "influence" does not have any bearing in the matter whatsoever.

The belief seems to be prevalent that those in public office can control the selection of applicants. This is not true, of course, and no individual has the power to change the method of selecting applicants.

Chapter 10 of the Civil Service Act provides that no recommendations of any person applying for office under the provisions of the act, which may be given by any Senator or Member of the House of Representatives, except as to the character or residence of the applicant, shall be received or considered by any person concerned in making any examination or appointment under the act.

Employees of the Federal Government are permitted to contribute to the civil-service retirement fund for the purposes of retiring after 15 or more years of active service with an assured annuity. Sickness or disability benefits are also provided. The present law does not provide an annuity for the dependents of an employee coming under the provisions of the Retirement Act, and legislation is now pending in the Congress which would give them the right to name a beneficiary and continue the benefits to their dependents under a joint and survivorship annuity plan.

Many plans of providing for dependents have been advocated, but since most of them would result in a drain on the retirement fund it has been difficult to secure approval of the Congress. The present measure, H. R. 12717, would give the employee an opportunity to indicate, during his lifetime, whether he would prefer to obtain full benefits during his retirement period or elect to divide his annuity and thereby provide for his dependents after his death. This plan would result in no additional cost to the United States Civil Service Commission, and is highly desirable for many reasons.

The United States Government has many faithful and efficient employees, and their confidence in the Civil Service Commission and the merit system is based on a sound foundation of trust. Let us do what we can to preserve and uphold that confidence.

SOIL CONSERVATION SERVICE IS PERFORMING REAL SERVICE IN SANTA BARBARA, SAN LUIS OBISPO, AND VENTURA COUNTIES OF CALIFORNIA

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of soil conservation.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. STUBBS. Mr. Speaker, I desire to pay a word of tribute to the Soil Conservation Service, for the good work it is doing in my congressional district, in preventing further erosion of excellent agricultural lands. The Tenth Congressional District, which I represent in Congress, includes three important coastal counties—Santa Barbara, Ventura, and San Luis Obispo, which are locations for soil erosion camps, and where a great deal of erosion educational work is being done among agricultural groups.

Permit me to discuss, for a few minutes, the situation which has existed out there and the erosion problems which have been faced, and allow me to describe the work which is being done to correct the situation. The first erosion camps west of the Rocky Mountains—established principally as experimental stations—are located in these counties, where their worth is well recognized and where farm groups appreciate the attention which the Federal Government is giving to their erosion problems.

Out in my district climatic conditions are so favorable for the growth of specialty crops that the exceptionally fertile valley lands have been farmed to the last acre and agriculturalists also have taken advantage of the hillsides and utilized them for growing crops.

Natural vegetation and sod have been destroyed. The surface fertile soil is not deep on these hillsides. No attention was given to farming the lands in a manner that would

prevent soil erosion. As the soil thinned near the tops of these sloping hillsides and the early yields decreased by 90 percent, the upper lands were abandoned. Rainfall falling on these upper lands is not absorbed but rushes down the hills, adding to the rain falling on the cultivated lands, with the result that the good soil continues to be lost. The fertile valley lands have been injured, first, by the deepening and widening of the gullies and, second, by the deposition of silt.

Until the Soil Conservation Service started control methods in the Las Posas area little attention had been paid by local farmers to this serious soil-erosion problem.

Control methods used provide for the conserving of all possible moisture and the removal of the surplus water without further damage to the land. To accomplish this has necessitated a combining of agronomic and agricultural engineering features on the basis of data supplied by the soil scientists. Each area and properties with areas present different erosion problems requiring special individual solution. For example, soils having a relatively impervious subsoil underlying a loose, friable sandy surface erode very severely, whereas soils of loose, friable material that are deep and very pervious to water do not suffer severe losses from erosion.

At the present time, the three soil erosion camps in these three counties are situated at Lompoc, Arroyo Grande, and Los Posas. Approximately 40,000 acres of land are receiving attention. Those in charge are placing the affected acreage, privately owned, under agreement for treatment. Some of this land is being taken from cultivation for rehabilitation purposes. Terraces and terrace outlets are being constructed by the scores of miles and the thousands. Small check dams also are being built by the hundreds. Bank sloping is being followed and there are many miles of this type of activity completed at this time. More than 25 miles of diversion ditches have been dug. In addition, those in charge of the work are performing other services, but perhaps their most important one is that of instructing farm groups on how to preserve the fertile topsoil which is left.

The type of control on cultivated land is determined by the degree of erosion. Areas severely eroded have been retired from cultivation and planted with trees for wood lots, or seeded to grasses and clovers for pasture. Eroded fields still usable are controlled by terraces, which, if on moderately steep slopes (from 8 to 25 percent) are protected with close-growing vegetation. Contour cultivation between terraces aids greatly in protecting sloping farm land. Crop rotation (not strictly practiced) requires time to establish, but progress is being made. By combining crop rotation with strip cropping, not only will the degree of erosion be reduced, but soil improvement will result.

Gully protection by "vegetative revetments" to prevent meandering has been successfully employed. Vegetation in gullies assists mechanical controls in retarding run-off and spreading the peak flows, thereby reducing their force and danger. Emphasis is being placed on native plants for vegetative control. They are adapted to the situations, have more extensive root systems, supply food for wildlife, and are readily available.

Wind-erosion problems are being solved and more emphasis will be placed on crop rotation and rotation strip cropping. The necessity for improving the natural cover on watersheds is recognized, and the replacing of these areas that have been burned off with better and more fire-resistant plants is being given attention.

Subsoiling of lands following contours is rapidly becoming general practice. It permits the opening of the soil, thus providing additional space for holding moisture and increasing the time of absorption.

More interest has been taken in the work as it has progressed. Recent storms have caused very little, or no loss of soil from properties on which control work has been completed, compared with some very heavy washing on adjoining properties where no control work has been done. The superior growth of crops on terraced lands is easily noted and undoubtedly increased crop yields will result from greater storage of moisture. Water tables should be affected beneficially, due to the retarding of water flow by numerous check dams.

These project areas are a representation of typical sections of the coastal plane. It has been found that control measures are in many cases too costly for the individual landowner to finance by himself. While the demonstrations are successful, they must be maintained and carried to completion. There is a social value to future generations that must not be overlooked.

It is conceivable that if work were stopped, due to any cause, it would require many years to again cause the general public to become as conscious of the menace of soil erosion as it is today.

Mention should be made of the Civilian Conservation Corps and the excellent work accomplished. These enrollees have done everything that could be expected of them. They have been most interested in their work and the management of the camps have cooperated to the fullest extent. The educational advantages to these boys and to the community should be stressed. The presence of the organized group in the area has made possible quick control of forest fires that have started. No extensive fire losses occurred in this area this past season.

The damage done to the watershed above the Gibraltar Dam by fire has proven too costly to the citizens of Santa Barbara to be quickly forgotten.

Soil conservation work is barely started. It should be carried forward with no let-up in the program if full value of work to date is realized.

REGULATION OF SALE AND DISTRIBUTION OF BITUMINOUS COAL IN INTERSTATE COMMERCE

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report on the bill (H. R. 12800) to regulate interstate commerce in bituminous coal, and for other purposes, and that the minority members of the Committee on Ways and Means may have the same privilege if they care to file a minority report.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. RICH. Mr. Speaker, reserving the right to object, I wonder if the chairman of the Ways and Means Committee can tell us when we are going to have a tax bill back here from the Senate that will be an evidence of desire on the part of Congress to at least pay a part of our way and not pass the burden on to our children? We are wrecking future generations by our enormous spending.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

THE OVERCHARGE FOR ELECTRICITY

Mr. GRAY of Indiana. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GRAY of Indiana. Mr. Speaker, the great swollen fortunes of today have been amassed and taken from the people by the ability of certain few crafty men to look ahead and foretell what would be the needs and requirements of the masses of the people in the future and then to seize upon and monopolize such anticipated service or commodity in advance.

Of all the inventions and discoveries, developing power and harnessing the forces of nature to serve the use and purpose of men, none, or any, or all combined, have exerted such far-reaching influence upon civilization and human progress as has the use and application of electricity. But it was only a comparatively few crafty men who possessed the keen foresight to foretell the great possibilities of the uses of electricity beforehand and to realize the resources, without limit, from which to take the supply.

In their keen sense to envision the future they foresaw the demand for electricity coming from every home and habitation, for the use of every man, woman, and child, as

necessities, comforts, and luxuries and to relieve from the drudgery of toil, as well as for pleasure and entertainment and from every station and walk of life.

They foresaw through the mists of the future that electricity under the machine age would become the motive power moving the wheels, shafts, and pulleys in every mill, factory, and workshop, and to double and triple and multiply the capacity of production and every service.

They foresaw in their dream of realism the demand for electricity in the sciences, in surgery, and in the treatment of the body, arresting, staying, and overcoming disease, and with which to throw the searchlight into the bones and flesh tissues for the discovery of disorders concealed in darkness for operations and remedy in the open light of day.

They foresaw a demand developing and coming which would outrival and overshadow all other demands of the people in their everyday life and affairs and which would be growing and multiplying by leaps and bounds as time went on.

Suddenly, from a profound and deep mystery, it was thrown open to these few men that electricity was as common and plentiful as air, earth, water, and light and could be made available for use, at a cost as low, trivial, and negligible, as these common elements around us. And it is a remarkable coincidence in the progress and development of electricity observed by these few crafty men, always looking ahead for advantage, that as the many growing uses of electricity were realized new inventions and discoveries were coming to multiply the production of electricity even at lower and more trivial costs.

From their viewpoint and foreseeing power it was only necessary for these few men to wait, to abide time, to watch and observe the progress of invention and discovery and the movements unheeded by others which were gradually but surely developing the use and sources of electricity. They realized that it was not incumbent upon them or necessary to promote these inventions nor to discover the sources of electricity, then advancing and going on from day to day under the progress of economic evolution. It was only necessary for them to gain control of the sources of unlimited supply in advance and the right to dispense electricity to the people.

With these great general and universal uses coming with certainty, with electricity as vital and imperative necessities under our industrial system to furnish power for the automatic machine as well as for personal and private use and going into every home, mill, factory, and workshop, and with electricity inevitably coming to be generated and produced at low, trivial, and negligible cost, it was only natural that electricity should be seized upon and monopolized and held for extortionate and excessive charges and from which to take from the people great and untold profits and gain.

Not only have many billions already been taken from the people as consumers under excess rates and charges for electricity but great swollen fortunes from electricity are still being piled up higher from these excess profits taken and exacted from the consumers of electricity.

True, this is all ancient history of the growth and development of electricity, of the crafty few and unsuspecting many. But the time is at hand for the people to wake up to their interests and welfare and to a knowledge and realization of their right to use and enjoy electricity at reasonable cost and in abundance.

The time is at hand for the people to realize that electricity is one of the natural elements, as plentiful and abundant as water, and that they are entitled to its use free as other elements of nature and for use at the actual cost of production and distribution to them.

The time is at hand for the people to realize that they are paying far more than a reasonable cost for electricity; that covered and concealed in electrical rates are charges for high-salaried officials, for dividends upon watered stock, and the stockholders of many holding companies all for one and the same service.

As the people by nature are entitled to breathe the air and drink the water of the earth and to bathe in the sunlight from above, without limit or restriction other than reasonable costs, they are entitled to the use of electricity, another one of the natural elements, without burdens for profit or gain. The movement for such use and enjoyment of electricity for all its benefits to men has already been entered upon under cooperative organizations and collective or public ownership under which electricity is provided the people at lower cost for production and distribution.

Among the cooperative and public electric plants where charges and rates are made only to cover production and distribution and under which there is no collection from the people to pay high-salaried private-company officials dividends on watered or excess-valued stock, and to stockholders of many holding companies, are the Government-owned Tennessee power plant; the cooperatively operated Tacoma, (Wash.) plant; the publicly owned Ontario plant in Canada; and the publicly owned Winnipeg plant in Canada, and many other smaller city-owned plants. These companies base their charges upon the actual cost of production and distribution. And a comparison of their charges with private plants will show the overcharge exacted from the people.

THE OVERCHARGE FOR ELECTRICITY FOR PRIVATE, PERSONAL, AND FAMILY USE

The publicly owned plant at Jamestown, N. Y., sells 40 kilowatt-hours of electricity for $1.40, while the privately owned plant at Mankato, Minn., sells the same amount of electricity for $2.58, or an overcharge to the people of Mankato of $1.18.

The publicly owned plant at Virginia, Minn., sells 30 kilowatt-hours of electricity for 60 cents, while the privately owned plant at Chicago, Ill., sells the same amount of electricity for $1.92, or an overcharge to the people of Chicago of $1.32.

Under cooperative or public ownership electrical rates, the electric consumers in East Liverpool, Ohio, would pay for the use of 30 kilowatt-hours of electricity, 90 cents. These same consumers now pay for the same amount of electricity under private ownership rates, $2.40, or an overcharge of $1.50 for the use of electric power.

The publicly owned light plant at Virginia, Minn., sells 40 kilowatt-hours of electricity for 80 cents, while the privately owned plant at St. Cloud, Minn., sells the same amount of electricity for $2.38, or an overcharge to the people of St. Cloud of $1.58.

The publicly owned light plant at Cleveland, Ohio, sells 40 kilowatt-hours for $1.31, while the privately owned plant at New Ulm, Minn., sells the same amount of electricity for $2.97, or an overcharge to the people of New Ulm of $1.66.

The publicly owned electric-light plant at Guelph, Wis., sells 26 kilowatt-hours of electricity for 77 cents, while the privately owned plant at Appleton, Wis., a city of almost the same size, sells the same amount of electricity for $2.59, or an overcharge to the people of Appleton of $1.82.

The publicly owned plant at Kansas City, Kans., sells 40 kilowatt-hours of electricity for $1.60, while the privately owned plant at St. Paul, Minn., sells the same amount of electricity for $3.60, or an overcharge to the people of St. Paul of $2.

The publicly owned electric-light plant at Brantford, Wis., sells 36 kilowatt-hours of electricity for 95 cents, while the privately owned plant at Sheboygan, Wis., sells the same amount of electricity for $3.24, or an overcharge to the people of Sheboygan of $2.29.

The publicly owned light plant at Jamestown, N. Y., sells 40 kilowatt-hours of electricity for $1.40, while the privately owned plant at Auburn, N. Y., sells the same amount of electricity for $4.29, or an overcharge to the people of Auburn of $2.89.

The publicly owned electric light plant at Tacoma, Wash., sells 36 kilowatt-hours of electricity for $1.60, while the privately owned plant at Augusta, Wis., sells the same amount of electricity for $4.80, or an overcharge to the people of Augusta of $3.20.

The publicly owned light plant at Jamestown, N. Y., sells 40 kilowatt-hours of electricity for $1.40, while the privately owned plant at Mount Vernon, N. Y., sells the same amount

of electricity for $4.80, or an overcharge to the people of Mount Vernon of $3.40.

The publicly owned light plant at Springfield, Ill., sells 40 kilowatt-hours of electricity for $1.90, while the privately owned plant at Jackson, Miss., sells the same amount of electricity for $6, or an overcharge to the people of Jackson of $4.10.

The publicly owned light plant at Kansas City, Kans., sells 500 kilowatt-hours of electricity for $8.70, while the privately owned plant at Chicago, Ill., sells the same amount of electricity for $15.15, or an overcharge to the people of Chicago of $6.45.

Under public ownership rates in Windsor, Canada, electric consumers of that city pay a monthly average bill of $4.26 for 350 kilowatt-hours of electricity. Under rates of privately owned plants in Detroit, Mich., directly across the river from the city of Windsor, the consumers of electricity in Detroit pay monthly, for the same amount of electricity used, $11.80, or an overcharge of $7.66 each month.

The publicly owned light plant at Los Angeles, Calif., sells 500 kilowatt-hours of electricity for $7.15, while the privately owned plant at Chicago, Ill., sells the same amount of electricity for $15.15, or an overcharge to the people of Chicago of $8.

The publicly owned light plant at Tacoma, Wash., sells 500 kilowatt-hours of electricity for $6.12, while the privately owned light plant at Chicago, Ill., sells the same amount of electricity for $15.15, or an overcharge to the people of Chicago of $9.03.

The publicly owned electric-light plant at Woodville, Ontario, Canada, sells 150 kilowatt-hours of electricity for $3.90, while the privately owned light plant at Williams Bay, Wis., sells the same amount of electricity for $14.64, or an overcharge to the people of Williams Bay of $10.74, and both cities are almost the same size.

In the city of Decatur, Tex., which is served by the Texas Power & Light Co., a privately owned and operated electric-power plant, the householder using 40 kilowatt-hours a month would pay $36 per year, whereas under the Government or T. V. A. rates he would pay $14.40 a year, an overcharge of $21.60.

In the city of Bridgeport, Tex., which is served by the Empire Service Co., a privately owned and operated electric-power plant, the householder using 40 kilowatt-hours a month would pay $54 a year, whereas under the Government or T. V. A. rates he would pay $14.40 a year—an overcharge of $39.60.

THE OVERCHARGE FOR ELECTRICITY FOR MERCANTILE, INDUSTRIAL, AND COMMERCIAL USES

Under Government or cooperative ownership power rates, a small-business man conducting a business in Albany, N. Y., would pay for 200 kilowatt-hours of electricity $6, while under private-ownership rates this businessman is compelled to pay $16 for this same amount of electricity, or an overcharge for electricity of $10.

The publicly owned plants which furnish electricity in Tennessee sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in New York State is $19.80, or an overcharge to the people of New York of $10.90.

The publicly owned plants which furnish electricity in Tennessee, Mississippi, and Alabama, sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Pennsylvania is $28, or an overcharge to the people of Pennsylvania of $19.10.

The Government-owned plants which furnish electricity in Tennessee and the Southern States sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Illinois is $30.70, or an overcharge to the people of Illinois of $21.80.

The Government-owned electric light plant is furnishing the Tupelo Journal, a newspaper, with electricity for 1 month for $18.94 while the same newspaper under a privately owned plant, paid a monthly electric-light bill of $41.38 or an overcharge per month of $22.44.

The publicly owned plants which furnish electricity sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Kentucky is $34 or an overcharge to the people of Kentucky of $25.10.

The publicly owned plants which furnish electricity sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Arkansas is $35.90, or an overcharge to the people of Arkansas of $27.

The publicly owned plants which furnish electricity sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Maine is $41, or an overcharge to the people of Maine of $32.10.

The publicly owned plants which furnish electricity sell 1,000 kilowatt-hours of electricity for $8.90 while the average cost for the same amount of electricity from private-owned plants in Virginia is $45.50 or an overcharge to the people of Virginia of $36.60.

Under the Tennessee Valley Authority or Government rates for electricity, the W. R. Reed Co., a retail mercantile establishment located in Tupelo, Miss., pays a monthly electric-light bill of $23.69. This same company under rates of a privately owned plant paid a monthly electric-light bill of $65.14, or an overcharge per month of $41.45.

The publicly owned plants which furnish electricity sell 1,000 killowatt-hours of electricity for $8.90, while the average cost of the same amount of electricity from privately owned plants in Iowa is $46.50, or an overcharge to the people of Iowa of $37.60.

Under the T. V. A. rates or Government rates for electricity the J. C. Penny Co., Inc., in Tupelo, Miss., pays a monthly electric-light bill of $28.49, while the same company under rates of a privately owned plant paid a monthly bill for electricity of $84.50, or an overcharge per month of $56.01.

The Winnipeg and Ontario public plants are selling 4,000 kilowatt-hours of electricity for $30, while the Indianapolis privately owned plant is selling the same amount of electricity for $163.25, or an overcharge to the people of Indianapolis of $133.25.

The Government-owned Tennessee River electric plant is selling 4,000 kilowatt-hours of electricity for $20.90, while a private Mississippi power company at Meridian, Miss., has been selling the same amount for $146.80, or an overcharge of $125.90.

And while the Government-owned Tennessee River plant is selling 4,000 kilowatt-hours of electricity for $20.90, the privately owned plant at Quincy, Ill., is selling the same amount of electricity for $240.85, and a Wilmington, Del., private plant is selling the same amount for $249.60, with gross overcharge accordingly.

Under Government or Tennessee power-plant rates the Tupelo Cotton Mills, manufacturers of cotton cloth, a large concern doing business in the State of Mississippi, consumed 258,000 kilowatt-hours of electric energy in 1 month and paid $1,896.40 for this amount of power. Before Government rates went into effect this same manufacturing concern paid under the privately owned power-plant rates $4,008, or an overcharge of $2,111.60.

How municipal ownership has reduced rates

Cities	Cost of electricity per kilowatt-hour	
	Before public ownership	After public ownership
Cleveland, Ohio	$0.15	$0.03
Seattle, Wash.	.20	.05
Springfield, Ill.	.11	.05
Winnipeg, Manitoba, Canada	.20	.03
London, Ontario, Canada	.09	.015
Pasadena, Calif.	.15	.05
Jamestown, N. Y.	.10	.05
Ottawa, Ontario, Canada	.07	.01
Lincoln, Nebr.	.12	.05
Toronto, Ontario, Canada	.08	.017

THE OVERCHARGE FOR INDIANA

Now coming to the overcharge in my own State of Indiana, we find that the people of the State of Indiana are paying annually over $19,000,000 more than the fair and reasonable cost of electricity as provided under public and cooperative ownership. The people of the State of Indiana used 1,209,459,000 kilowatt-hours of electric energy last year, for which they paid the sum of $39,861,716. Under the T. V. A. rates the cost would have been $20,677,716, a saving of $19,184,000 a year. Under the Tacoma rates the cost would have been $20,672,716, a saving of $19,189,000 a year. Under the Ontario rates the cost would have been $16,219,967, a saving of $23,641,749 a year. Under the Winnipeg rates the cost would have been $18,351,716, a saving of $21,510,000 a year.

This $19,000,000 is being collected from the people of the State of Indiana to pay high salaries of presidents and other head officials of the private electrical companies doing business in the State and for dividends on watered stock and for dividends to stockholders of many private electric holding companies for one and the same service rendered the people. The local and operating companies furnishing or providing the people with electricity are being compelled by the foreign, overhead companies to collect this amount for salaries and dividends in the form of increased charges and are powerless to safeguard their consumers against the high and extortionate charges resulting.

Under city or public ownership at Washington, Ind., the people are charged for 250 kilowatt-hours, $5.50. At Madison, Ind., under private ownership, the people are charged for the same amount, $10.35, or an overcharge of $4.85.

At Frankfort, Ind., the city-owned plant charges for 25 kilowatt-hours of electricity, $1.25. The Lakeport, Ind., private plant charges for the same amount, $2.12, or an overcharge of 87 cents.

The city-owned plant at Crawfordsville, Ind., sells 250 kilowatt-hours of electricity for $6.10. The Insull privately owned plant at Huntington, Ind., sells the same amount of electricity for $10.80, or an overcharge of $4.70.

COMPARISON OF RATES SHOWING THE CHARGES BY STATES

Hon. JOHN E. RANKIN, Member of Congress from Mississippi, has prepared a comprehensive statement showing a comparison of rates and charges for electric service in the different States under private-electric-company operations and public or cooperative ownership, and gives these charges for each State separately. The T. V. A. rates compared by Mr. RANKIN refer to the Government-owned plant at Muscle Shoals on the Tennessee River, which makes substantially the same rates charged by the city-owned Tacoma plant, the Winnipeg, Canada, public plant, and the Ontario, Canada, public plant, and other smaller owned city plants of this country. The comparison is the charge made by these plants with the privately owned electrical plants obtained from the regular schedule of rates. Mr. RANKIN's statement is based upon authoritative data and presented by him before Congress.

MAINE

Under the T. V. A. rates the people of the State of Maine would save $5,067,000 a year.

NEW HAMPSHIRE

Under the T. V. A. rates the people of the State of New Hampshire would save $3,443,000 a year.

VERMONT AND RHODE ISLAND

Under the T. V. A. rates the people of the States of Vermont and Rhode Island together would save $8,222,000 a year.

MASSACHUSETTS

Under the T. V. A. rates the people of the State of Massachusetts would save $37,184,000 a year.

CONNECTICUT

Under the T. V. A. rates the people of the State of Connecticut would save $14,451,000 a year.

NEW YORK

Under the T. V. A. rates the people of the State of New York would save $125,699,000 a year.

NEW JERSEY

Under the T. V. A. rates the people of the State of New Jersey would save $39,123,000 a year.

PENNSYLVANIA

Under the T. V. A. rates the people of the State of Pennsylvania would save $71,169,000 a year.

OHIO

Under the T. V. A. rates the people of the State of Ohio would save $46,843,000 a year.

INDIANA

Under the T. V. A. rates the people of the State of Indiana would save $19,184,000 a year.

ILLINOIS

Under the T. V. A. rates the people of the State of Illinois would save $58,474,000 a year.

MICHIGAN

Under the T. V. A. rates the people of the State of Michigan would save $34,025,000 a year.

WISCONSIN

Under the T. V. A. rates the people of the State of Wisconsin would save $17,893,000 a year.

MINNESOTA

Under the T. V. A. rates the people of the State of Minnesota would save $14,460,000 a year.

IOWA

Under the T. V. A. rates the people of the State of Iowa would save $12,480,000 a year.

MISSOURI

Under the T. V. A. rates the people of the State of Missouri would save $21,068,000 a year.

NORTH DAKOTA

Under the T. V. A. rates the people of the State of North Dakota would save $2,184,000 a year.

SOUTH DAKOTA

Under the T. V. A. rates the people of the State of South Dakota would save $2,480,000 a year.

NEBRASKA

Under the T. V. A. rates the people of the State of Nebraska would save $7,156,000 a year.

KANSAS

Under the T. V. A. rates the people of the State of Kansas would save $9,174,000 a year.

DELAWARE, DISTRICT OF COLUMBIA, MARYLAND, AND WEST VIRGINIA

Under the T. V. A. rates the people of the States of Delaware, Maryland, and West Virginia, and the District of Columbia together would save $24,870,000 a year.

VIRGINIA

Under the T. V. A. rates the people of the State of Virginia would save $9,600,000 a year.

NORTH CAROLINA

Under the T. V. A. rates the people of the State of North Carolina would save $10,642,000 a year.

SOUTH CAROLINA

Under the T. V. A. rates the people of the State of South Carolina would save $5,567,000 a year.

GEORGIA

Under the T. V. A. rates the people of the State of Georgia would save $9,666,000 a year.

FLORIDA

Under the T. V. A. rates the people of the State of Florida would save $9,141,000 a year.

KENTUCKY

Under the T. V. A. rates the people of the State of Kentucky would save $8,227,000 a year.

TENNESSEE

Under the T. V. A. rates the people of the State of Tennessee would save $9,852,000 a year.

ALABAMA

Under the T. V. A. rates the people of the State of Alabama would save $6,163,000 a year.

MISSISSIPPI

Under the T. V. A. rates the people of the State of Mississippi would save $3,981,000 a year.

ARKANSAS

Under the T. V. A. rates the people of the State of Arkansas would save $4,157,000 a year.

LOUISIANA

Under the T. V. A. rates the people of the State of Louisiana would save $7,401,000 a year.

TEXAS

Under the T. V. A. rates the people of the State of Texas would save $24,912,000 a year.

OKLAHOMA

Under the T. V. A. rates the people of the State of Oklahoma would save $8,639,000 a year.

MONTANA AND UTAH

Under the T. V. A. rates the people of the States of Montana and Utah together would save $6,546,000 a year.

IDAHO

Under the T. V. A. rates the people of the State of Idaho would save $2,761,000 a year.

WYOMING

Under the T. V. A. rates the people of the State of Wyoming would save $1,318,000 a year.

COLORADO

Under the T. V. A. rates the people of the State of Colorado would save $6,405,000 a year.

ARIZONA AND NEW MEXICO

Under the T. V. A. rates the people of the States of Arizona and New Mexico together would save $4,287,000 a year.

NEVADA

Under the T. V. A. rates the people of the State of Nevada would save $1,034,000 a year.

WASHINGTON

Under the T. V. A. rates the people of the State of Washington would save $12,188,000 a year.

OREGON

Under the T. V. A. rates the people of the State of Oregon would save $6,929,000 a year.

CALIFORNIA

Under the T. V. A. rates the people of the State of California would save $53,503,000 a year.

A comparison of charges for electricity under publicly owned or cooperative plants, such as the Government-owned Tennessee plant, the publicly owned Tacoma and Winnipeg plants, and the Government-owned Ontario electric plants, with the private electrical plants of the country show a total overcharge to the people of the United States of a billion dollars collected from them annually.

Under cooperative and public-ownership operations electricity can be generated at the same low cost regardless of whether by water or other power, shown providing a low rate to consumers and can be duplicated at any point in the country, by the Diesel and other combustion engines.

The following is from the second report of the Science Advisory Board, page 419, as well as further shown in the hearings on Senate bill 3524, this Congress, part 1, at page 236 thereof:

As a result of the recent great improvements in furnaces and engines, the present low prices for fuels and the possibility of building fuel electric plants near the markets for current and where fuel can be delivered cheaply, it is commonly less costly to provide electricity by combustion methods than by harnessing water power and building transmission lines.

THE COSTS OF ELECTRICITY CAN BE REDUCED STILL LOWER

But the last words in reducing electric charges are not read from cooperative or publicly owned plants in reducing the cost of electricity to the people. Cooperative or publicly owned plants alone are only bringing a part-way reduction. The charges or rates for electricity are still left heavily burdened with the loss and waste resulting from piecemeal line extensions, from duplication or overlapping service, and from production in smaller trivial volume, and serving limited population and areas.

THE ECONOMIC LAW OF COSTS

It is an accepted and recognized economic law that the cost of a service is determined by the scale of operations under which provided or the cost of any product or commodity is determined by the volume of production under which produced. Under this economic law the larger the scale of operations the lower will be the cost of the service or the larger the volume of production the lower will be the costs of the production. Under this economic law it is only a large scale of operation that will assure low cost of service or a large volume of production that will insure a low cost of products. This is the economic principle of mass production. Under this economic law small scale of operations or a small volume of production will make low and reasonable costs impossible.

FARM AREAS, TOWNS, AND CITIES CANNOT BE SERVED SEPARATELY

It is for this reason that farm or rural areas cannot be served separately and apart from the towns and cities therein located. But all consumers of any certain district must be served with electricity together. The farmers of the rural areas cannot be served at low and reasonable rates under a limited service or small volume of production. This is especially true of electric service. The generation, transmission, and distribution of electricity must be in large mass or volume to bring down the unit cost of electricity provided.

THE ELECTRICAL DISTRICT THE REMEDY

There is a remedy for this duplication and overlapping service, this piecemeal extension of distributing lines, this operation of separate and different systems of generating plants, transmission and distributing lines, and the different and separate service provided for towns, cities, and rural communities within the same territory or district. It is the organization of the county or electrical district under one unified or coordinated system for the generation of electric power or current for the whole territory or all the consumers of such district, which is necessary to lower the power-unit cost by increasing the volume of electricity produced, and by combining town, city, and rural territories under one central power plant for all. The entire territory of the county unit or electrical district, the farm, urban, and city population and all individual consumers and industries served within the specified territory included, must be held for the exclusive market and consumption of such unified system and coordinative facilities to bring electricity within the reach of the farmers.

Under the county unit or electrical district all existing plants would be coordinated or organized under one unified system for the elimination of loss and waste resulting from duplication and overlapping service necessary for economic and efficient operations. Or the cooperative associations and municipalities may acquire and take over the existing electrical means and facilities under the laws of the State where located for unification or coordination of such plants under one system of operation and management. Or if there is a municipally owned plant within the county territory or electrical district without sufficient generating capacity to produce electrical current or power for all the individual consumers and industry included in such county unit or electrical district, then the municipality owning such plant may apply to the Rural Electric Administration for a loan to enlarge such municipal plant to provide the farm electric membership association with such increased power or current in addition to the amount required by the city consumers.

WILL REDUCE ALL RATES TO TOWN AND CITY AS WELL AS FARM CONSUMERS

Such county or electrical district will not only reduce the rate of electricity to the lowest possible minimum to farmers, but the economy of large-scale production in reducing the unit cost of electric power will bring down the rates to the town and city consumers as well, variously estimated at one-third to one-half below piecemeal, overlapping operations with benefits and advantages to all.

Many of these cooperative or publicly owned plants showing a great reduction of charges under privately owned electrical plants are operating under a loss and waste of small volume of production and from serving small areas of populations.

The elimination of the loss and waste resulting from piecemeal line extensions and duplication and overlapping service, together with the economy and efficiency realized under large or mass production and serving a greater number of consumers, will operate to reduce still further the cost and charges for electricity below the lowest rates and charges shown under cooperative and public ownership, and will bring electric rates down to the minimum under which the people can afford to take and consume electricity in sufficient amount necessary for their use.

WAITING FOR THE PEOPLE TO SAY THE WORD

Such are the greater benefits of electricity coming from the use of more liberal amounts and at low and reasonable charges, and which can be realized and enjoyed by the people as soon as they are ready and will ask for the service and will join and unite in a movement of towns, cities, and farm areas under the county unit or electrical district.

Such are the means, methods, and facilities prepared or being made ready to lift the burdens of profit and gain, to eliminate loss and waste of duplication and overlapping service, to effect economy and efficiency of operations necessary to bring down electric costs and charges for greater and more liberal use by the people. And such is the program completed or in course of completion to multiply the blessings of electricity and bring its benefits to all the people at low and reasonable costs. And as soon as the people are ready to cooperate and say the word the movement waiting will go forward for them.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, I desire to propound an inquiry of the chairman of the Rules Committee. I notice there are some 6 to 10 rules pending consideration. Can the gentleman tell us at the present time when and in what order he expects to call up these rules? If he cannot give us the information now, will he put it in the RECORD after this request later in the day?

Mr. O'CONNOR. Just at the moment there is only one rule pending, but we expect to report today or tomorrow four or five others. When these various rules will come up for consideration is for the determination of the Speaker and the majority leader.

Mr. SNELL. When the gentleman reports these rules will he give us some idea how he intends to call them up?

Mr. O'CONNOR. I will give my idea as to how they should be called up for consideration.

PREVENTION OF SALES DISCRIMINATION

Mr. SABATH. Mr. Speaker, I call up House Resolution 523 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 523

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8442, a bill making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases, and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys, from exploitation by unfair competitors, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. SABATH. Mr. Speaker, as I understand it, the gentleman from Pennsylvania [Mr. RANSLEY] does not desire any time on this resolution?

Mr. RANSLEY. Mr. Speaker, we desire 30 minutes on all rules, and I therefore ask for 30 minutes on this one.

Mr. SABATH. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania.

Mr. Speaker, this is a rule for the consideration of H. R. 8442, generally known as the Patman bill. It is a broad, liberal rule, and provides for 4 hours' general debate, after which the bill shall be read for amendment under the 5-minute rule.

This bill amends section 2 of the Clayton Act. I might say at this time that if the Clayton Act had been passed without certain amendments, which were adopted at the time, it would not now be necessary to amend that act by bringing in the present bill.

Unfortunately, at that time certain gentlemen thought the bill was too stringent and forced the adoption of amendments which weakened the bill to a considerable extent.

Today I am placed in a very embarrassing position. Many of my personal friends who are connected with large institutions that are fighting this bill, are honestly of the conviction that it should not pass. They have strenuously opposed the bill. At the same time, I feel that my duty is plain, to the people in my district and in the country generally, and in advocating and voting for the bill I regret that I incur the criticism of those friends.

This bill gives the Federal Trade Commission additional powers to investigate and pass upon abuses when complaints are filed with that Commission. Its objects may briefly be stated to be the following:

(1) To effectually suppress discriminatory prices and terms of sale between purchasers;

(2) To prohibit, under certain conditions, the payment of brokerage fees or commissions to dummy brokers; and

(3) To prohibit pseudo-advertising allowances, and to eliminate the willful discrimination against small independent dealers.

I have the utmost confidence in the Federal Trade Commission, as I think the country at large also has, and do not believe it would be guilty of taking arbitrary action against any legitimate manufacturer or concern. In any event, those ruled against have the right to appeal. Consequently, I hope there will be no opportunity given to the courts to hold the bill unconstitutional.

The need for legislation to protect small independents is recognized by every student of government and economics. Even those opposed to the bill agree that there are abuses which should be corrected. Nevertheless they seek to delay action. Of course, I know that such attempts are not unusual when efforts are being made to defeat legislation by one means or another.

It is amazing to what extent lobbying and propaganda are nowadays employed against legislation. The well-organized activities of those seeking to thwart passage of the this bill are second only to the efforts made against the holding-company bill. The usual cry has been made by opponents of the bill—that is, that it is unconstitutional. Following that is the cry that the bill will give too great a bureaucratic power to the Federal Trade Commission.

Regardless of the charges these lobbyists bring, one fact stands apparent. I know, and the people of the country know, that the great majority of fair manufacturers and retailers and all those who favor a fair and square deal are in favor of this legislation. They realize that it will restrict the chain-store and mail-order octopuses which are gradually but surely destroying the small businessman in every section of the country. [Applause.]

It has been argued that many farmers, manufacturers, and dealers are opposed to the bill. It is true that there are objectionable features, namely, the antibasing point and the classification provisions. But I want to inform the House that the Judiciary Committee has agreed to move to eliminate both of these provisions from the bill. Likewise, if it is shown that other features are objectionable, they may be modified.

I do not charge all chain stores or mail-order houses with being guilty of the abuses complained of. The bill is not aimed against them. It is aimed against cutthroat practices and abuses.

Within the last few weeks I have received many petitions from employees of the chain stores against the bill. Let me call their attention to the fact that investigations have disclosed that employees of chain stores receive from 25 to 30 percent lower wages than those paid employees of independent establishments.

The chain-store octopuses, mainly controlled by Wall Street financiers, must be restricted from unfair and discriminatory practices. Since the ethics of fair dealing seem to be unknown to them, these overlords must be prevented by legislation from obtaining special inducements, at the expense of independent dealers, through threats and coercion.

As pertinent, I want to here insert the conclusions of the Judiciary Committee, which reported the bill almost unanimously:

CONCLUSION

In conclusion, your committee wishes to correct some important misapprehensions, and even misrepresentations, that have

been broadly urged with regard to the probable effect of this bill. There is nothing in it to penalize, shackle, or discourage efficiency, or to reward inefficiency. There is nothing in it to fix prices, or enable the fixation of prices; nor to limit the freedom of price movements in response to changing market conditions.

Any physical economies that are to be found in mass buying and distribution, whether by corporate chain, voluntary chain, mail-order house, department store, or by the cooperative grouping of producers, wholesalers, retailers, or distributors—and whether those economies are from more orderly processes of manufacture, or from the elimination of unnecessary salesmen, unnecessary travel expense, unnecessary warehousing, unnecessary truck or other forms of delivery, or other such causes—none of them are in the remotest degree disturbed by this bill. Nor does it in any way infringe the seller's freedom to give a part or all of the benefit of the saving so effected to others with whom he deals, whether in higher prices paid to the producer from whom he buys his raw materials, or in higher wages to those who labor in production or handling of his goods, or in lower prices to the customer, including the ultimate consumer who buys them.

It is not believed that the restoration of equality of opportunity in business will increase prices to consumers. Unfair trade practices and monopolistic methods which in the end destroy competition, restrain trade, and create monopoly have never in all history resulted in benefit to the public interest. On the contrary, for the most part, they have been symbolic of lower wages, longer hours, lower prices paid producers, coercion of independent manufactures, domination of that field of industry, and in the end high prices to consumers and large profits to the owners.

It is the design and intent of this bill to strengthen existing antitrust laws, prevent unfair price discriminations, and preserve competition in interstate commerce. It is believed to be in the interest of producer, consumer, and distributor. No business institution need have any fear of this legislation if it will conduct its business honestly and without the use of unfair trade practices and unjust price discriminations.

I am not going to take up further time, since I feel that almost the entire membership recognizes the need for this legislation. I now yield to the gentleman from Pennsylvania. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I am supporting this legislation and, therefore, am in favor of the rule which proposes to make it in order.

One of the duties of government is to protect the weak against the strong. I think this legislation will have a tendency to do that and, therefore, I am in favor of it.

In compliance with a resolution of the Senate passed in the Seventieth Congress, the Federal Trade Commission conducted an investigation of chain stores, extending over a period of several years. In December 1934 it submitted its final report, in which it made certain recommendations for legislation. In its report it suggested a draft of a bill to amend the Clayton Act to prevent unfair and unjust discrimination in prices between different purchasers of commodities.

Early in this Congress, January 30, 1935, to be exact, I introduced the bill as proposed by the Federal Trade Commission having somewhat the same object in view as the Patman bill, now about to be considered. The original Patman bill was introduced on June 11, 1935.

The proposal of the Federal Trade Commission was not as rigid as the Patman bill, which this rule is to make in order. In substance, it provided that there should be no unfair or unjust discrimination in prices in the selling of commodities to different buyers, and left it pretty largely with the Federal Trade Commission to determine whether the price was unfair or unjust.

Incidentally, it might be of interest to the House to know that this morning the distinguished Chairman of the Federal Trade Commission, Judge Davis, a very highly respected former Member of this House, appeared before the Committee on Interstate and Foreign Commerce on a bill now being considered by that committee. He told the committee that there had been no amendment to the Federal Trade Commission Act since the passage of the original act creating the Commission in 1914. The Commission is now asking for some amendments to the original act, but for a period of over 21 years no amendment has ever been made to it.

The final report of the Commission on the chain-store situation gives some rather interesting information. I think it is conceded that in some instances discounts have been given to chain stores and other large buyers that have not been given to independent merchants and that in some cases at least the chain stores, because of their power and perhaps aggressiveness, have been able to secure larger discounts for the same quantity of goods purchased than other buyers have been able to secure. There is no question but what the independent retail merchant is opposed to that practice and wants to have it corrected. It is not so well known or realized that the manufacturer, the very man who sells to the chain stores, needs and wants protection the same as the independent retailer does.

The Federal Trade Commission had this to say on that subject in its report:

There has been considerable criticism of some of the methods used by chain systems in their bargaining with manufacturers for special price concessions. The criticism comes largely from the manufacturers themselves, many of whom protest the methods used while yielding to them. Some state their yielding was accomplished only as the result of threats and coercion.

And, again, the Federal Trade Commission makes this statement:

Thirty-three of the manufacturers interviewed stated positively that threats and coercion had been used by chain-store companies to obtain preferential treatment.

I think those who are familiar with the facts realize that the manufacturers themselves want to be protected, as well as the independent retail merchants. In some instances, at least, the chain stores have been able to dictate to the manufacturers, much to the regret of the manufacturers.

Mr. PEYSER. Mr. Speaker, will the gentleman yield for a question?

Mr. MAPES. I only propose to take a moment, but I will yield to my friend from New York.

Mr. PEYSER. The gentleman has referred in his statement constantly to chain stores, but is the bill directed against chain stores? Is it not rather directed against all manufacturers and all merchants?

Mr. MAPES. Of course, it has general application, and applies to everyone alike, as it should.

I believe the legislation ought to be general and that anyone who is guilty of the abuses ought to come within its provisions. At the same time I think that the basis of the legislation is this report on chain stores of the Federal Trade Commission, to which I am referring.

Mr. PEYSER. One more question. Would it not apply to a man that owns one store—an outstanding department store, say?

Mr. MAPES. I do not see how it would apply to the retailer.

Mr. PEYSER. Would it not if he was a quantity buyer?

Mr. MAPES. In his purchases from the manufacturer, but not in his sales to the consuming public.

Mr. PEYSER. He would be affected by it.

Mr. MAPES. He might be affected by it in his purchases if he was getting unfair or unreasonable discounts, discounts that others buying the same quantity of goods under the same conditions could not get. Why should not he be? That is what this legislation is for. It is to give the independent merchant a chance for his white alley against the big fellow. As I said in the beginning, it is to protect the weak against the strong.

In further answer to the gentleman from New York, I might say that I have some apprehension that the Patman bill in its present form goes too far and may be too rigid. Personally, I prefer the bill recommended by the Federal Trade Commission, which says that there shall be no unjust or unfair discrimination in price, and leaves the matter of determining the injustice or unfairness to the Federal Trade Commission.

I know that every Member of the House of Representatives has respect for the personnel of the Federal Trade

Commission and would be willing to have the law administered by that Commission.

But we have this bill before us and must pass upon it. I think it ought to be amended in several respects, and I understand that it is generally agreed that two provisions in it are to be entirely stricken out. The problem is to pass a law that will correct the abuses without going too far, without putting undue restrictions on legitimate business. The bill can be perfected in the Committee of the Whole when it is read for amendment under the 5-minute rule.

Attention has been called on the floor of the House by different Members recently to the big salaries received by the chief executives of some of the chain-store organizations. While it may not have great relevancy to the legislation under consideration, it is interesting to read what the Federal Trade Commission has to say about the pay which the clerks and employees of the chain stores in their retail stores receive as compared with what similar employees are paid by independent retail dealers. This is what the Commission says about that. I quote:

Comparable data on chain-store and independent dealer wages for full-time store selling employees are available for the following eight kinds of business: Grocery, grocery and meat, drug, tobacco, ready-to-wear, shoes, hardware, and combined dry goods, dry goods and apparel, and general merchandise.

The investigation covered a broad field. The report continues:

The weighted average weekly wage of 3,933 independent store selling employees in these eight kinds of business for the week ending January 10, 1931, was $28.48, as compared with $21.61 for 107,035 chain-store selling employees.

That is a difference of nearly $7 per week, or about 30 percent of the entire amount they received. The report further states:

A simple average of the eight lines of business shows a narrower spread between the two figures ($23.10 for independents and $23.62 for chains, respectively) but leaves the same distinct conclusion, namely, that for the period studied the independents paid their store employees more than did the chains.

I wonder if there should not be a more equitable distribution of the profits of these big organizations as well as a prohibition against unjust and unfair price discrimination in buying.

Mr. SABATH. Mr. Speaker, I yield now to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN. Mr. Speaker, the small retailer, the independent merchant, I might call him, has his eyes on Congress today and is praying for the enactment of this legislation. He sees an opportunity to remain in the picture if Congress places this law on the statute books.

This does not only apply to the small merchant in the cities but to the general-store and cross-roads merchant in the country. In April 1935 there appeared in the New York Times an article, which I later learned was a prepared release, announcing the formation of the American Retail Federation. This account in this reliable paper pictured a gigantic movement to establish, with headquarters in Washington, what I termed a "superlobby." After investigating, becoming convinced that this release came from those who were back of the movement and was not a dream of some reporter, I prepared and introduced a resolution providing for an investigation of this superlobby.

The preamble of the resolution contained 10 paragraphs based upon the article in the Times. The resolution passed and the Speaker named me chairman of the committee to make the investigation. Within a week following the approval of the resolution I took sick and, owing to my inability to carry out the duties imposed upon me, I resigned as chairman of the committee and the Honorable WRIGHT PATMAN was named to head the committee. The investigation covered a period of many months. The House extended the scope of the investigation by amending the resolution.

I want to say now that I do not recede from any statement contained in the preamble of the resolution but one. I named in the preamble the Great Atlantic & Pacific Tea Co. as one corporation interested in this superlobby. A Mr. Hartford, of this company, called me on the telephone and later wired me that his company had not participated in the organization and had not advanced one dollar toward expenses and did not propose to do so. I passed this word to Mr. PATMAN and he promised to see that it was brought out in the investigation. The testimony disclosed that this company did not have a part in the organization, but there was a letter produced which indicated the company, or some of its officials, were rather in sympathy with the movement. I make this statement in a spirit of fairness.

While the record does not disclose that one Harold R. Young, chief Washington representative of the National Retail Dry Goods Association, was involved, still I am satisfied, as a result of his activity, his telephone messages to me, and his statement in a conference with me, he was greatly interested in the organization and was promoting it, as well as laying the groundwork for the National Retail Dry Goods Association to become a part of the superlobby. I therefore let my statement as to Mr. Young stand.

The report of the committee, filed by Mr. PATMAN April 7, 1936, justifies the introduction of the resolution and supports every charge I made, with the exception of what I mentioned regarding the A. & P. Co. and Young.

The bill now under consideration results from the evidence secured by the investigating committee. You will hear from members of the committee of the advantages in the form of rebates, and so forth, that accrue to the large chains and mail-order houses which were denied the small retail merchant. It is to correct such abuses that you are asked to vote for this bill. It is a desire to extend equal rights to all and special privileges to none, and nothing more. I want the small druggist, grocer, butcher, hardware man, and other merchants in my district to be able to buy their supplies at the same price and receive the same benefits as is accorded the large chains and mail-order houses. I seek no advantages for them and they desire none. This bill will give them what they have long hoped for, and without this legislation their end is in sight.

If one will read the testimony before this committee he or she cannot but come to one conclusion, and that is that this bill should be passed. Others far more familiar with the record will give you a detailed account of what has been going on for many years, and it is just such advantages as will be enumerated, supported by the evidence, that has resulted in hundreds of thousands of individual merchants being required to close their place of business because they were unable to compete with those who had received these special favors.

Simply to give you an idea of what has happened let me recall that one large chain received in rebates from manufacturers and wholesale merchants over $8,000,000 in one year. It was disclosed that they just refused to buy unless they received cash discounts or the equivalent in merchandise. This, of course, enabled them to undersell the small merchant, who I say is doomed to complete destruction unless this legislation becomes a law.

I realize the question as to the value of large chains is debatable. There is some good to be said for the chains, but likewise there is plenty to be said against them. Take my own city, St. Louis, for instance. I do not know what the situation is now, as I have not been home for some time, but when I was last in St. Louis I know that the bread one of the largest chains sold in hundreds of stores was baked in Chicago and sent to St. Louis by fast express every night; that the pastry sold in the largest chain of cafeterias in St. Louis was likewise baked in Chicago and sent to St. Louis. What benefit did the people who patronized the chains get? Did our bakers get employment? Then again it must be remembered that chains whose headquarters are in other cities send their profits out of my city two and three times a week. They are continually draining the city of money. How much better it would be if citizens of St. Louis owned these stores and spent their profits in St. Louis.

I predict if this legislation does not become a law it will not be long before the chains will have a monopoly and then

there will be no cut in prices, no sales but they will charge what they like, and the people will be at their mercy.

The resolution I introduced in April 1935, which the committee in its report shows was justified, follows:

Resolution

Whereas the Associated Press on April 16, 1935, and the New York Times of April 17, 1935, reported that a superlobby to be known as the American Retail Federation was recently formed to promote the business of chain stores throughout the United States and to influence the actions of Members of Congress with reference to legislation affecting chain stores and their holding companies; and

Whereas one Louis E. Kirstien, of Filene's Department Store, in Boston, Mass.; one Clarence O. Sherrill, who was a high-salaried vice president of the Kroger Grocery & Baking Co., of Cincinnati, Ohio; and one Harold R. Young, chief Washington representative for the National Retail Dry Goods Association, are purported to be the organizers thereof, with the understanding that said Clarence O. Sherrill will be the president and active head of said superlobby, with direct responsibility for conducting its propaganda and lobbying activities in the city of Washington, D. C., before the United States Congress and the committees thereof; and

Whereas it is stated in the public press that the executive committee of this superlobby, which has been named the American Retail Federation, is to be composed of officers and directors of the principal gigantic retailing establishments of the Nation dealing primarily in the fundamental necessities of everyday life, as follows:

Louis E. Kirstien, representing E. A. Filene & Co., of Boston, Mass.

Lessing J. Rosenwald, chairman of the board of Sears, Roebuck & Co.

Fred Lazarus, Jr., of F. and R. Lazarus & Co., of Columbus, Ohio.

Percy S. Straus, representing R. H. Macy & Co., of New York City.

C. W. Kress, of S. H. Kress & Co., of New York City.

Albert H. Morrill, president of the Kroger Grocery & Baking Co., of Cincinnati, Ohio.

George M. Gale, president of the Louis K. Leggett Co., of New York City.

John A. Hartford, president of the Great Atlantic & Pacific Tea Co., of New York City; and

Whereas it is apparent that said American Retail Federation is organized for the purpose of increasing the profits of big business, through lobbying tactics, designed to prevent small businesses from securing competitive opportunities equal to those enjoyed by corporations representing vast aggregations of capital; and

Whereas it is apparent that the achievement of any or all of the purposes of said American Retail Federation will react to the detriment of the farmer, the wage earner, and the consumer, on the one hand, and will serve to injure the employers of labor and the laboring man on the other hand; and

Whereas the said superlobby has already opened palatial headquarters in the city of Washington, D. C., and has attempted, and is now attempting, to force and coerce thousands of small retail merchants, dealing in the necessities of life, into the ranks of this superlobby, so that it may thereafter hold out to Members of Congress and to others in the Government that it represents a completely centralized and authentic voice for all retailers of the Nation; and

Whereas the following national associations of retailers whose executive committees and boards of directors are in almost every case controlled by representatives of large corporations are already listed in the public press as having already offered or pledged their support to the superlobby plans of the American Retail Federation, to wit:

The National Association of Retail Clothiers.
National Retail Dry Goods Association.
National Association of Retail Grocers.
National Retail Furniture Association.
National Retail Hardware Association.
American National Retail Jewelers Association.
National Association of Retail Druggists.
National Shoe Retailers Association.
Limited Price Variety Stores Association, Inc.
Mail Order Association of America, Inc.
National Council of Shoe Retailers.
National Retail Association of Music Merchants.
Food and Grocery Chain Stores of America, Inc.

An invitation will be extended this week to the International Grocers Alliance of Chicago, a cooperative organization of grocers; and

Whereas the gigantic sum of $750,000 has already been pledged or contributed to this superlobby by the greatest aggregation of rich and powerful department stores and chain stores of America ever brought together for the purpose of directly or indirectly nullifying the effects of the N. R. A., the A. A. A., the Sherman Act, the Clayton Act, and other antitrust laws now on the statute books of this Nation, and by propaganda and other methods inimical to the public welfare, to attempt to control and influence the Congress of the United States in its legislative deliberations; and

Whereas it is further reported that this superlobby, the American Retail Federation, is now proceeding upon a plan designed to force the small independent retail merchants of America, engaged in the sale of the necessities of everyday life, to contribute an additional $2,000,000 annually to the funds available to this organization in its lobbying activities, and for the further purpose of permitting it to disseminate propaganda among the consumers and producers of the United States; and

Whereas it is inimical to the welfare of the citizens of the United States to permit the organization and functioning of such a superlobby, designed for the purpose of intimidating and influencing Members of Congress through direct and subversive lobbying activities, as well as through coercing hundreds of thousands of underpaid employees throughout the Nation to flood the respective Members of the United States Congress with letters, petitions, and propaganda designed to improperly and untruthfully represent the public sentiment of the respective constituencies of said Members of the Congress: Now, therefore, be it

Resolved, That a special committee of seven, to be named by the Speaker, be created, and hereby is authorized and directed to investigate the aforesaid American Retail Federation, its capitalization, its membership, its objectives, the sources of its funds, its financial connections, and its officers and agents, and to investigate the record of stock dividends, officer's salaries, profits, interlocking directorates, and banking affiliations of all corporations directly affiliated with, or contributing to, the said American Retail Federation; and be it further

Resolved, That for the purpose of this resolution, the committee, or any subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places in the United States, whether or not the House is sitting, has recessed, or has adjourned, to require, by subpena or otherwise, the attendance of such witnesses and the production of such books and documents, to administer such oaths, and take such testimony as it deems necessary and advisable.

I now quote the conclusions of the majority of the special committee.

We consider the American Retail Federation a carefully conceived and organized association which had for its purpose a pretense to the public that it was representing small dealers and small independent merchants over the entire country, which would give it power and influence with Congress and the various legislatures while at the same time it was so conceived and organized that complete power and control at all times would be in the 10 original incorporators who represent large chain-store and department-store interests or vested in someone in whom they had complete confidence to carry out their purposes and intents. It was organized by the chain- and department-store interests, and they propose to dominate the entire organization.

Evidence adduced during this and other investigations now being conducted and which have been conducted by Congress, showing that it is becoming a practice of certain well organized and powerful groups representing vast aggregations of corporations and capital to use methods of undue influence and propaganda sometimes bordering upon, if not including, deceit to block, oppose, and hinder the consideration of proposals for legislation, leads and impels this committee to recommend immediate passage of legislation requiring the registration of all lobbyists for the purpose of protecting the public interest. It is proposed that legislation be enacted which will require that any person employed as a lobbyist by one or more corporations or otherwise acting in the interest of one or more corporations or their associations in endeavors to influence action on proposed legislation, either directly or through expression of public opinion, publicly announce the same at the outset and at the beginning of such undertaking by registering—such registration to be frequently renewed in its entirety—and a statement to be filed at regular intervals disclosing fully all receipts of money or other articles of value and how expended, with appropriate officials of the House and Senate on records provided for the purpose.

Mr. Speaker, of course my resolution did not put the American Retail Federation out of business, but I think I can say without fear of contradiction that the investigation did show the Members of Congress what the committee was organized for and what Members could expect from them in the way of propaganda in support of and opposing legislation.

Mr. Louis E. Kirstien, representing E. A. Filene & Co., of Boston, one of the organizers of the federation, discussed this organization with me. This gentleman impressed me very much with his sincerity. He was very frank, and I wanted to meet him because of his association with the founder of the Filene stores, who has done so much for the little fellow, and who recently resigned from the chamber of commerce because of its activities. Mr. Kirstien was the first witness before the committee to give a frank and honest statement of the purposes of the organization. Col. Clarence O. Sherrill, who has a signed contract with this federation calling for $40,000 salary the first year, $45,000 the second year, and $50,000 the third year, and Albert H. Morrill, the head of the Kroger Grocery & Baking Co., of Cincinnati, refused to admit that it was the purpose of the organization to lobby among Members of Congress. Mr. Kirstien stated frankly that was the purpose. No one can object to an individual

or an organization favoring or opposing legislation. That is their right and it would be in violation of the Constitution to deny that right. Mr. Kirstien advised me that the main purpose of the organization was to gather statistics on distribution, and so forth. He insisted that he was convinced during the operation of the National Recovery Act that such data was not available. I thought at the time of our conversation that Mr. Kirstien was misled, and I think so now, but he does not agree with me. I told him I could not conceive that a man with his business experience would agree to pay such a salary to Colonel Sherrill simply to gather statistics. There is no doubt in my mind that others in the organization, whether Mr. Kirstien agrees with them or not, intended to use the organization to advance the interests of the chains and mail-order houses and to use the small, independent merchants and their organizations for this purpose. I am sure that Mr. Filene, who originally was responsible for E. A. Filene & Co., would never have joined such an organization.

As I said, Mr. Speaker, I am going to let others tell the House of the findings of the special committee, which, I am sure, will justify every Member of Congress in voting for this bill.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Speaker, I do not desire at this time to go into a detailed discussion of the bill, but I think the membership of the House is entitled to know of the amendments that will be proposed by the committee which handled the bill and which will be proposed as committee amendments. I make that statement at this time because these committee amendments, in my opinion, if adopted by the House, will remove from the bill a great many of the objectionable features. The first amendment that will be proposed by the committee when we reach consideration of the bill under the 5-minute rule will be an amendment striking out, on page 6 of the amended bill, the classification section, or subsection (1), page 6.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. MILLER. Yes.

Mr. MAPES. It is proposed to strike out all of this paragraph?

Mr. MILLER. At this time it is. The first four lines might be retained, but I see no reason why the whole paragraph should not be stricken out. The next amendment that will be offered by the committee as a committee amendment will be directed at subsection (5) on page 7, which is the basing point provision in the bill.

Mr. RICH. Does the gentleman mean to strike out the whole section?

Mr. MILLER. That amendment will be for the purpose of striking out all of subsection (5), or the basing point provision in the bill. Probably that provision should not have been put in a bill amending the Clayton Act; but it was put in and the committee has decided to offer an amendment to take it out. It should be borne in mind that I am now talking about committee amendments. I do not know what other amendments will be offered, but I think the membership is entitled to know what the committee will offer as amendments. The next committee amendment is directed to subsection (e) on page 9. I shall not consume the time of the House to give you a detailed statement in respect to that, but it will take into consideration those manufacturing establishments that furnish services and facilities such as fixtures and storage facilities. Those are the amendments that will be proposed by the committee.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. MILLER. Yes.

Mr. MICHENER. Those amendments are agreeable to the proponents of the bill?

Mr. MILLER. Yes.

Mr. MICHENER. In other words, the proponents of the Patman-Robinson bill accept the committee amendments?

Mr. MILLER. Absolutely; yes. I propose to offer the amendments myself as committee amendments, and they are acceptable to all concerned, so far as I know.

Mr. ROBERTSON. Mr. Speaker, will the gentleman yield?

Mr. MILLER. Yes.

Mr. ROBERTSON. What will be the material difference between the House bill, with the committee amendments the gentleman has mentioned, and the bill as it passed the Senate?

Mr. MILLER. It is practically impossible in the time I have for me to answer that question.

Mr. ROBERTSON. There will still be a material difference?

Mr. MILLER. Yes; and the only way those differences can be adjusted will be in conference.

Mr. ROBERTSON. But if we adopt some of those Senate amendments?

Mr. MILLER. It is within the power of the House to adopt some of them, but I hope the House will not.

Mr. ROBERTSON. Why?

Mr. MILLER. I do not think that they are proper amendments.

Mr. MAIN. Mr. Speaker, will the gentleman yield?

Mr. MILLER. Yes.

Mr. MAIN. Has the committee taken any cognizance of the objections of the cooperative organizations?

Mr. MILLER. Yes.

Mr. MAIN. Will any amendments be offered to remove the objections offered by the cooperative organizations?

Mr. MILLER. The cooperatives' objections were principally to that classification section and to the basing-point section. They profess to find an objection to section (e) on page 9, but I believe, upon due consideration, they will find they really do not object to that section.

Mr. RICH. I understand the gentleman's committee amendment will strike out section (e) on page 9.

Mr. MILLER. Not strike it out, but we will make some amendments to it.

Mr. RICH. And the gentleman has not those amendments?

Mr. MILLER. Yes; I have, and I shall give them later on.

Mr. TOBEY. Mr. Speaker, will the gentleman yield?

Mr. MILLER. Yes.

Mr. TOBEY. The gentleman is familiar with the suggested amendments offered by the proponents of agriculture; that is, the Grange and the Farm Bureau, and so forth.

Mr. MILLER. The gentleman means the one exempting those from the operation of the bill?

Mr. TOBEY. Yes.

Mr. MILLER. I am.

Mr. TOBEY. Does the gentleman propose incorporating those in the bill?

Mr. MILLER. No.

Mr. TOBEY. In other words the gentleman is opposed to the Grange and the Farm Bureau?

Mr. MILLER. No. I presume the gentleman is talking about the amendment suggested by Mr. JONES this morning. I am opposed to exempting any special organization from the operation of the bill, because this is the defect of the present law.

The SPEAKER. The time of the gentleman from Arkansas has expired.

Mr. SABATH. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. MILLER. The defects of the present law are patent to anyone. If the House membership will take section 2 of the Clayton Act as originally proposed; that is, the substantive part of the Clayton Act, you will find that section 2 would be all that is necessary now, but its effect was destroyed by adding a proviso. I want to call your attention now to the report of the committee which succinctly states the objectives of the bill as follows:

To accomplish its purpose, the bill amends and strengthens the Clayton Act by prohibiting discriminations in price between purchasers where such discriminations cannot be shown to be justified by differences in the cost of manufacture, sale, or delivery resulting from different methods or quantities in which such commodities are to such purchasers sold and delivered. It also prohibits

brokerage allowances except for services actually rendered, and advertising and other service allowances unless such allowances or services are made available to all purchasers on proportionally equal terms.

The bill as reported by the Committee on the Judiciary when amended in accordance with the amendments that will be proposed as committee amendments will, in my opinion, protect the independent merchant and at the same time protect the consumer against exorbitant prices which will be sure to follow unless the present monopoly of the large manufacturers is broken.

The SPEAKER. The time of the gentleman from Arkansas [Mr. MILLER] has again expired.

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, it is significant that today marks the first anniversary of the Supreme Court decision declaring unconstitutional the N. R. A. It is also very significant that those who are primarily interested, particularly benefited, like the retail grocery and drug industries, really wrote this bill. For that purpose? Namely, to replace the code declared unconstitutional by the Supreme Court of the United States—to replace the price-fixing code consigned to limbo by the Court.

In the course of my remarks today and possibly tomorrow, I shall unfold to you statements made by over 50 economists of this country from the leading universities, clearly indicating that this bill will raise prices to a great degree, to all the consumers of the land.

I would happily vote for this bill despite the fact that it would raise prices if it would concomitantly provide for labor safeguards, as the N. R. A. did. But here you have a very unusual situation—a bill which will replace N. R. A. codes, without the benefit to labor as to hours and wages of employment. That is why I am unalterably opposed to it and will vote against it. You raise consumer prices, but concomitantly you do not raise wages.

Furthermore, a very, very imposing array of organizations is opposed to this bill You may not know it, but almost all the important farm organizations of this land have voiced emphatic opposition to this bill.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. CELLER. Just a moment, please.

I have in my hand a letter of pointed and forceful opposition to the bill, addressed to the chairman of the Rules Committee [Mr. O'CONNOR], which I will put later in the RECORD, written by the American Farm Bureau Federation, by Mr. Chester Gray; from the National Grange, by Mr. Fred Brinkman; the National Cooperative Council, by Robin Hood, which, incidentally, comprises 1,450,000 farm members; the National Cooperative Milk Producers' Federation, over the signature of Charles H. Holman; the Farmers' National Grain Corporation, over the signature of M. W. Thatcher; the Northwest Farmers' Union Legislative Council, over the signature of M. W. Thatcher. These names are household words to our Members from the farm lands. Frankly, I do not know a single one of them, yet I recognize the importance of these pronouncements.

If you gentlemen from the farming communities want to disregard the emphatic protests leveled against this bill by those important organizations, you are welcome to do so. You may take your political fortunes in your hands by doing so; but I warn you, gentlemen.

Now, what other organizations have been opposed to it?

Mr. McLAUGHLIN. Mr. Speaker, will the gentleman yield?

Mr. CELLER. I yield.

Mr. McLAUGHLIN. Is it not true that the objections of those organizations are directed in part to provisions which have been stricken out by committee amendments?

Mr. CELLER. Oh, no. Their opposition is more fundamental and much broader. I did not mean to take the time to read the letter, but I may read later a significant portion of this letter of May 18. Subsequently I will read to you a letter written May 25 by the American Farm Bureau Federation and the other farm groups, first, in opposition to the so-called quantity discount provision; second, in opposition to the provision which very significantly requires you or me to exculpate ourselves if we are under accusation, reversing the time-honored Anglo-Saxon provision that no man is guilty until he is proven so by his accuser. Under this bill we change all that. The moment the Federal Trade Commission points its finger at you or at me and makes out what they call a prima-facie case, the duty is on us then to prove our innocence. I will say to my distinguished colleague from Nebraska [Mr. MCLAUGHLIN], for whom I have an abiding affection, that these farm organizations, in their communications to the Members generally and to the distinguished chairman of the Rules Committee, emphatically opposed this provision of the bill. I will take time to read those provisions if you wish, but I will put the letter in the RECORD later.

Mr. EKWALL. Mr. Speaker, will the gentleman yield?

Mr. CELLER. I yield.

Mr. EKWALL. Does not the gentleman know that the rule he has stated is not the rule in this country; that where the information is peculiarly within the knowledge of the party, then the burden shifts to him to prove that fact?

Mr. CELLER. I must emphatically disagree with the gentleman. In the courtroom the burden shifts from time to time, but under our Constitution we cannot legislatively say that the burden of proving one's innocence shall be upon a defendant in any kind of a proceeding.

Mr. McLAUGHLIN. Mr. Speaker, will the gentleman yield further?

Mr. CELLER. I yield.

Mr. McLAUGHLIN. The fact is, however, that in the letter to which the gentleman has referred from the farm organizations they object to the basing-point system and object to the classification, both of which have been stricken from the bill.

Mr. CELLER. Oh, no; they go much further. Later on, when I have more time, I am going to read the exact wording which opposes the quantity discount and the question of burden of proof.

Furthermore, what other organizations are opposed to it? The National Manufacturers' Association. All the miners' organizations of the country are opposed to it, particularly the American Mining Congress.

They very significantly got the Senate to adopt an amendment to the Robinson bill, exempting the mining business from the operations of the act. The dairymen's leagues in the country are opposed to the bill. The National Voluntary Groups Institute is opposed to the bill. What is the National Voluntary Groups Institute? It is composed of 105,000 retail grocers, druggists, and hardwaremen's associations. They are opposed to the bill, because they are united into voluntary cooperative organizations. They object to the quantity discount provision, or, rather, the requirement that the Federal Trade Commission shall effect a ceiling beyond which no quantity discounts can be made.

The Manufacturing Chemists' Association is opposed to it; the National Retail Lumber Dealers' Association, comprising 23,000 members; the National Retail Hardware Men's Association; the National Publishers' Association; the General Federation of Women's Clubs, composed of the housewives who have been at last aroused to the dangers of this situation; the General Federation of Women's Clubs, comprising 2,200,000 women, are opposed to it. I could go on and on and give you the names of many more very important organizations opposed to the bill, but my brief time at this juncture will not permit. Here are, however, some of them:

The Lehigh Valley Cooperative Farmers' Association, representing organizations of 1,800 farmers in the Lehigh Valley.

Associated Grocery Manufacturers of America; opposed to any limitations upon quantity price differentials; in favor of regulation of advertising allowances, and so forth.

National Coal Association, representing bituminous-coal producers, employing 450,000 men.

National Retail Dry Goods Association; membership distributes one-fiftieth of all consumer goods.

Mail Order Association of America.

Institute of Distributors; members large and small multiple-unit distributors.

M. E. Kingman, representing five nationally known rubber manufacturers.

Additional groups and interests who have either filed letters and briefs or appeared in opposition to the Robinson-Patman bill:

Evaporated Milk Association, representing all the evaporated-milk industry.

National Cooperative Milk Producers' Federation.

American Home Economics Association.

Witnesses at the Borah-Van Nuys hearing who stated their opposition to the Robinson-Patman bill:

Virginia H. Morrison, representing the Community Round Table of Illinois, membership of 500 women's clubs, church and welfare organizations.

Benjamin C. Marsh, executive secretary of the Peoples' Lobby, an organization having for its purpose the protection of the consumers.

John D. Miller, president of National Cooperative Council, an organization of farmer-owned buying and selling cooperatives with 1,450,000 farmer members.

George A. Boger, representing a small farm cooperative.

George H. Thompston, representing farmers' cooperative corporations in Vermont.

Chester R. Gray, representing the American Farm Bureau Federation.

Eugene B. Kingman, representing a number of rubber-goods manufacturers in Rhode Island and Connecticut.

Fred S. Davis, representing Food Distributors Association of Philadelphia; 12,000 retail grocery stores and 40 wholesalers.

Edgar Watkins, council for the National American Wholesale Grocers Association, representing about 75 percent of the wholesale grocery business.

Pacific Egg Producers Cooperative, Inc.

Texas Hardware and Implement Association.

American Cranberry Exchange, representing producers located in Massachusetts, New Jersey, Long Island, Connecticut, and Wisconsin.

Illinois Manufacturers Association.

Mr. Speaker, this is a bill that seeks to help a very small segment of our business population, retail grocers and retail druggists; that is all it seeks to do; but in the attempt to help this very small segment of our population it will derange all manner and kinds of business. It is very interesting to note what the Supreme Court said with reference to this type of legislation in the case of Borden Farms' Products Co. against Ten Eyck. Its statement is most applicable to the legislation at hand:

> The present case affords an excellent example of the difficulties and complexities which confront legislators who essay to interfere in sweeping terms with the natural laws of trade or industry. The danger of such efforts always is that unintended dislocations will bring hardships to groups whose situation the broad rule fails to fit.

This is exactly what is going to happen here; you are going to have dislocations all over the country. The cure will be far worse than the disease.

This bill has been frequently and improperly called an anti-chain-store bill. During all the 14 years of my service in this House I have been opposed to chain stores. Time and again I have offered resolutions providing for multiple chain-store taxes in the District of Columbia. I yield to no man in my opposition to chain stores when they misbehave. I hold no brief for them. This bill is not an anti-chain-store bill, it is an antimanufacturers bill; it is an anticonsumer bill; it is an antivoluntary groups bill; it is an antifarmers bill; it is an antiminers bill; it is an anti-almost everything, and that is why I am opposed to it. [Applause.]

The National Manufacturers' Association have stated:

> That the bills can no longer be considered as directed against chain-store methods of distribution. In our opinion, the bills now propose fundamental changes in the antitrust laws which should be undertaken only after complete study of their effect on the distribution of manufactured articles and their effect on ultimate prices to the consumer."

Mr. RANSLEY. Mr. Speaker, I yield the balance of the time at my disposal to the gentleman from New York [Mr. CELLER].

Mr. CELLER. I thank the gentleman from New York. I had not intended to take so much of his time.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. CELLER. I yield.

Mr. PATMAN. The gentleman stated a while ago that these large farm organizations had opposed the bill. For his information, I conferred with representatives of the farm organizations, and we have corrected the substantial objections they urged. The Judiciary Committee met and instructed the chairman to offer certain amendments which are favorable to the sponsors of the legislation and will correct every substantial complaint they have made.

Mr. CELLER. The gentleman from Texas did not ask me a question. I shall, nevertheless, attempt to reply to his statement. I again say the gentleman is indubitably in error. I have a letter from the American Farm Bureau Federation dated May 26, yesterday, in which they again voice emphatic protest against this limitation with reference to quantity discounts, and they ask me to vote against this bill in this language:

> If you do not get a satisfactory answer, we would urge you to insist upon changes in the language so as to allow of all economies of mass and cooperative buying to be passed on to the buyer.

If this language means anything, it means exactly what I told you.

Mr. PATMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. CELLER. Let me complete my statement. I say these farm organiaztions want these amendments in the bill: Elimination of the quantity-discounts provision and elimination of that section placing the burden of proof on the defendant. With the adoption of these amendments, they would be in favor of the bill; and I would be in favor of the bill, too, because I am and always have been opposed to large aggregations, these large mass buyers, receiving benefits in the way of false discounts, false advertising allowances, false service allowances; I am opposed to that. If you will eliminate the evils I have indicated, I will then whole-heartedly support this legislation.

Mr. PATMAN and Mr. BEAM rose.

Mr. CELLER. I must yield first to the gentleman from Illinois.

Mr. BEAM. Mr. Speaker, I am interested from the consumers' standpoint. I followed the gentleman's statement very attentively. I would appreciate it if the gentleman would explain how the housewife and consuming public generally will be affected if this bill is enacted into law.

Mr. CELLER. The bill will provide in effect that everybody must get the same price. The gentleman from Texas has stated that repeatedly, and I will quote from his statements later on.

Mr. PATMAN. If the gentleman will yield, he certainly does not want to misquote me.

Mr. CELLER. I will quote what the gentleman said.

Mr. PATMAN. Read all of the statement. Do not read part of it.

Mr. CELLER. Look on page 3446 of the CONGRESSIONAL RECORD of March 9, 1936, where the gentleman said this:

> In truth and in fact, if the Robinson-Patman bill is enacted into law, all merchants will receive the same prices from the manufacturers that the chain stores now receive.

To the extent that the chain stores or other mass buyers may not receive cheaper prices by virtue of their quantity discounts the consumer will be compelled to pay that difference. I may say to the gentleman that the consumers' prices will be increased because those merchants who, because of efficiency and possibly greater capital and acumen, are able to buy more cheaply will not be able to pass the

savings on to the consumers, and to that extent the prices will be elevated to the consuming public.

If you want any authority on the subject, I would suggest that the gentleman take the volume of the Brookings Institute and get the opinion of Dr. Moulton, who says, in no uncertain language, that this bill will have a very disastrous effect on the consuming public and will have a tendency to raise and elevate prices.

Let me also quote in that regard some language of my distinguished colleague on the Judiciary Committee, Mr. MILLER, of Arkansas. He said, page 6622, of the RECORD, May 4:

> Quantity discounts * * * are economically sound. They stimulate efficiency in trade and industry and make possible lower prices to the ultimate consumer, and higher prices to the farmers and other producers of raw materials.

Therefore, I say, if quantity discounts will reduce consumer prices, then any interference with such quantity discounts by the Federal Trade Commission will to that extent hamper discounts and proportionately interfere with reduction in consumer prices.

While this bill would probably operate for several years, at any rate, as the wholesale grocers and druggists anticipate, and would actually force up prices to the consumer in these two lines and particularly on trade-marked articles, yet in other lines, gradually including grocery and drug items, the very clear and definite effect would be merely to split manufacturers into two classes, namely, those who manufacture and sell only to mass distributors and those who manufacture and sell only to ordinary wholesalers and retailers. When this division had taken place, the manufacturer who would sell only to mass distributors could then sell at any price he desired, and there would be no discrimination since he would not quote prices to ordinary wholesalers and retailers. Under these circumstances, the wholesaler and independent retailer would certainly be worse off than at present, and in many lines would be in a decidedly worse position, since at the present time many manufacturers who now sell to several classes of trade charge a part of their overhead to the mass buyer and thereby offer better inducements to the retailer.

Certainly, no true friend of the independent retailer could support a measure which would bring about the result herein described.

In the interval while this realinement was taking place, there would be great disruption among manufacturers who now sell both classes of trade. While some were deciding which road to take, others would move more rapidly and would get the mass buyers' highly desirable business. Undoubtedly, many manufacturers would be forced out of business. There was ample testimony in the hearings to this effect.

Certainly, this is no time either from the economic or the political standpoint to force a vote on a bill of such far-reaching consequences.

The gentleman from Texas [Mr. PATMAN] complains that I only read to the Members a part of his statements. I read before a very significant part. It proves that all merchants will be treated alike and will receive the same prices. Herewith appears his statement in full from page 3446 of the RECORD.

> In truth and in fact, if the Robinson-Patman bill is enacted into law, all merchants will receive the same prices from the manufacturers that the chain stores now receive. This should not only allow the consumers to save a great deal of money, but will cause competition to be keener and the number of retail outlets to reach the consumer with lower-priced goods will be considerably increased. It is not a subsidy for a small group, but it will be giving all independents the same prices, so that all their customers will be benefited along with the chain customers.

He now says that his statement deals only with sales of equal quantities and under similar conditions. The RECORD shows that he made no reference whatever to equal quantities or similar conditions.

Is this a price-fixing bill?

It would result in price raising and, in some cases, actual price fixing.

The Federal Trade Commission would be empowered to fix maximum quantities (one carload is the quantity mentioned) beyond which there could be no price reductions for additional quantities. This would have a price-fixing effect.

Then the restrictions put on the normal economies of quantity discounts would have a price-fixing effect.

Furthermore, the encouragement of customer classification which this bill gives would tend to force fixed differentials for wholesalers as compared with retailers, and retailers as compared with consumers, without regard to quantity.

The N. R. A. codes fixed prices. This bill seeks to reestablish an N. R. A. code. It implies, therefore, that prices will be fixed. If prices could not be fixed, the active proponents of the bill, the retail grocers and the retail druggists and the manufacturers of trade-marked articles, would not want the bill. The National Food Brokers' Association, the National League of Wholesale Fresh Fruit and Vegetable Distributors, and the United States Wholesale Grocers' Association, through Mr. Teegarten, in their testimony before our Judiciary Committee, admitted that this bill would replace the code. It would, therefore, reestablish price-fixing facilities.

The Federal Trade Commission can fix the ceiling as to quantity discounts. That indirectly is price fixing.

Mr. SABATH. Mr. Speaker, I yield 8 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Speaker, whatever may be the attitude of Members of Congress with regard to this proposed legislation, there must be unanimity of agreement that it is important proposed legislation.

I do not believe that any student of economics in this country can be unconcerned as to what is happening. At one extreme we find ourselves drifting toward an economic feudalism and on the other extreme drifting toward an attitude of dependence upon the Government or somebody else. These two tendencies together are identical, in my judgment, with certain things that happened long ago when the world came to live under a feudalism.

This bill proposes, and its purpose is definite, to try to give to the little man in business and industries a better opportunity to survive than he now has. No student of our system of government can fail to recognize that we have a definite choice. We cannot preserve a democracy in government unless we preserve a democracy in opportunity.

Mr. Speaker, the proposed legislation, in my humble opinion, is in the interest of private property. In days gone by private property was secure behind the line of defense held by smaller men in business and industry. Whenever there was a red agitation, these little fellows gathered about them their schoolmates, their friends, and their kinfolk established and held the line of defense. Behind that line private investments were safe. But under this drift the number of those defenders of private property is continuing to be reduced, and these aggregations are getting bigger and bigger, and are attracting more and more attention. If this thing continues, I venture my life on the prophecy the time is not far distant when some men, some opportunists, will take advantage of the psychology of the situation and led by a spirit of revolution will take over these big industries and aggregations of capital. If they have not the money to pay for them, they will use the printing press. Is it possible these great captains of business do not appreciate this peril or will ignore it?

There is not anything in human economy that makes men more dependable than responsibility. Perhaps that statement is not quite right. There is not anything that makes people dependable like responsibility or so willing to fight for a thing as having an ownership interest associated with responsibility. Human beings do not fight for a boarding house as they fight for their firesides. Somehow, some way, in America we have to begin to build from these two extremes toward the middle, and we have not a split second to spare. We have been going along here dreaming that conditions which obtain in other sections of the world and in other ages of the world have by some mysterious sort of process been excluded from us. That is a foolish dream. It may prove to be a fatal dream.

There is much to indicate that the generation in which we live must grapple with the same major problems which have challenged the genius of those who lived in the other great crises of the world and which wrecked nations and civilization in days gone by. There has not been an age in all the history of time as stupendous as this. There has not been a time that challenged men to be statesmen more than this age challenges us. It is not to protect an individual, it is not to give the little fellow more money, it is not to take something from somebody else, but it is to build strong again the foundation of our Government and our civilization. That is the job presently before us. You cannot have it with a few great economic overlords to whom everybody else owes economic allegiance. They are not reading the signs of the times, they are not looking beyond their noses. If they will but read the history of the past, if they will only study the signs of the present, those people who are not blinded by greed and lust for power would come in here and assist us.

Mr. PEYSER. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from New York.

Mr. PEYSER. Apropos of the gentleman's statement a moment ago, is there anything in the pending act that would compel a merchant or manufacturer to sell to the little man if the manufacturer or merchant did not want to do so?

Mr. SUMNERS of Texas. No; but let me tell you right now that if ever those people in this country defy public opinion and deny to the little man a chance to buy they will be committing economic suicide and the gentleman better tell them so. [Applause.] The American people are not going to stand for a few lords of industry destroying this country. [Applause.] I am not an enemy of these people; I am trying to be their friend. They are not more happy. They are not more secure. They are building for themselves an aggregate of opposition from which they will not escape. If they will not allow the existence of the small-business man, their only possible defenders, they, and they alone, will then be the authors of their own destruction.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield the balance of my time to the gentleman from Indiana [Mr. GREENWOOD], a member of the Rules Committee.

Mr. GREENWOOD. Mr. Speaker, I agree with the previous speaker that there is no room in this country for commercial feudalism because we live in a country of democracy, which some have called rugged individualism, where we believe in fair play for all groups and classes that are engaged in the same kind of endeavor.

Along this line, I recall a professor who was beloved very much, just before I left school, gave this instruction to his class:

> You may forget some of the general maxims of the law which I have taught you, but I want you to remember at all times that the supreme function of the law is to protect the weak and to restrain the strong.

This is the purpose of this bill. I trust the rule will be adopted and this bill enacted into law by the Congress.

The Clayton Act undertook to regulate monopoly and prevent unfair trade practices. There has grown up in the more than 20 years since it was enacted certain concentrations of wealth that are not satisfied with the economic power they have of concentrated credit and management. They desire the advantages of being able to buy at a lower figure than other competitive classes that are entitled to the same treatment, and there have grown up certain practices which this bill proposes to remedy. It is contended that because of quantity purchases they should have great discounts. This bill does not undertake to destroy that right, but it does say that another class or group that buys the same amount in quantity shall have the same privilege of purchase. If a bunch of farm cooperatives organized into an association buys as much in quantity as a chain store, they should have the same privileges of a quantity discount, and this bill undertakes to classify and treat them in the same way.

There are certain schemes that have been carried on of allowing fictitious brokerage fees. Some firm that buys in large quantities goes to a manufacturer and says he would like to buy at a fixed price. The manufacturer says, "I cannot sell you at that price, because this is my price", and he says, "I know, but I am giving you my exclusive business and it can be arranged by some agent of mine coming to you and by your paying him a brokerage fee."

This is a false and fictitious fee, and in order to end such trade practices this bill undertakes to eliminate fictitious brokerage fees.

The same is true with reference to service allowances and advertising fees used as a subterfuge to give an unjust discount to someone who uses coercion and says to the manufacturer, "We are buying altogether from you and taking a large portion of your output and therefore you must give us this advantage through this subterfuge."

This bill undertakes to correct this situation.

My friend and colleague from New York spoke of the N. R. A. I am one who believes that the National Recovery Act justified its enactment. [Applause.]

The fair-trade practices that grew up in this country as a result of that law are still going on and it is proposed to continue them with reference to certain phases of the production of goods and distribution to retailers and wholesalers. We must have trade practices of fair competition.

Farm cooperatives will not be injured by this bill. If farm cooperatives that are associated together can buy the same quantity from a manufacturer, they will receive the same treatment as a chain-store or mail-order houses or any other centralization of economic power.

Labor is never injured by fair-trade practices. Labor will take care of itself if these fair-trade practices are enacted into law.

My friend from New York was somewhat excited over the question of the way the Federal Trade Commission shall hear these cases. The gentleman from New York wanted to adopt the rule used in criminal procedure, I presume, that a man to be found guilty must be proven guilty beyond reasonable doubt. The fair procedure in a proceeding of this kind is that used in civil proceedings where a case is made out by preponderance of the evidence.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I prefer to finish my statement and then I shall be pleased to yield.

This bill provides that a prima-facie case shall be made out against a manufacturer or wholesaler and after a prima-facie case is made out the burden shifts to the other party, which is offset by proper proof. This is the proper procedure for this kind of case. This is not a criminal case, this is a case between two classes of businessmen and when they have satisfied the rule as to burden of proof, then the wholesaler or the one against whom the complaint is made shall come in and rebut that prima-facie case by introducing his evidence. This is the way it should be handled and in a judicial way it is all in the hands of the Federal Trade Commission.

I think many organizations have been unduly aroused and promoted to a state of excitement by those who have been engaged in these practices, and this is the reason some of these organizations, perhaps, have undertaken to persuade the Members of the House that there is danger in this bill, because the opposition has been promoted. When this bill is understood I cannot conceive that any labor organization, and I have been a friend of labor, or any farm organization, and I have been a friend of those organizations, will have any objection, because the men with whom they transact business, the small merchants in the city and in the town, will receive fair treatment and when any organization is treated fairly there can be no reasonable objection offered.

Mr. MAIN. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. Yes; I yield.

Mr. MAIN. Is it not true that the cooperatives are concerned over the matter of their rights to give discounts rather than receive them?

Mr. GREENWOOD. I am not able to say about that. I do not know of any such desire on part of cooperatives.

Mr. CELLER. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. CELLER. The gentleman may or may not be aware of the fact that in the Senate bill very many penal provisions are embodied. Would the gentleman be agreeable to have the same words in reference to the burden of proof placed in this bill?

Mr. GREENWOOD. I am not discussing the Senate bill, I am discussing the bill before the House which has no penal provisions. The conferees can attend to that matter, and I do not know that the House would yield in that respect.

Mr. GIFFORD. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. GIFFORD. Might it not be very difficult to sustain the burden of proof in the matter of perishable commodities which might be sold at a lower price, and the Federal Trade Commission might be late in considering it?

Mr. GREENWOOD. It is true that complications can arise with reference to commodities, but I believe the law gives the Federal Trade Commission sufficient power to make regulations with reference to commodities.

Mr. GIFFORD. But the burden of proof is on the culprit.

Mr. GREENWOOD. Not until a prima-facie case is made out. That will be for the Federal Trade Commission to decide, and not for the gentleman or myself.

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. SABATH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. MILLER. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8442) making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys from exploitation by unfair competitors.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. MEAD in the chair.

The Clerk read the title of the bill.

Mr. MILLER. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Without objection, it is so ordered.

Mr. MILLER. Mr. Chairman, I yield to the gentleman from Texas [Mr. PATMAN] 30 minutes.

THANKS TO SPEAKER AND OTHER LEADERS

Mr. PATMAN. Mr. Chairman, those of us who are interested in this legislation appreciate the fact that the Speaker of the House, the majority leader, and the Rules Committee and the Judiciary Committee have cooperated with us in our desire to get this legislation properly considered.

The bill was introduced almost a year ago. The Judiciary Committee held hearings lasting over several months. The questions involved were discussed by those against as well as those in favor, and the committee hearings are available, printed in two volumes, to every Member of the House. Every person who desired to be heard in behalf of the legislation or against it were heard by the Judiciary Committee.

NOT PRICE FIXING

This is a bill unlike the bill referred to by the distinguished gentleman from New York [Mr. CELLER] as a price-fixing bill. It is just the reverse. It is opposed to price fixing. It is an anti-price-fixing bill. The only time I have ever said that manufacturers would give the same price to retailers is in the case where the independent is in a position to purchase the same quantity as the corporate chains; and if the gentleman would read the entire speech, he would find that statement to be true. We are making no effort in this bill to fix the price.

NOT CLASS LEGISLATION

It is not a bill that discriminates against any class or group. It is not a bill that will shelter the independent merchants of this country or reward the inefficient retail merchant, but it is a bill to give equal rights, equal privileges, and equal benefits to all alike who are in the same position, purchase the same quantities under the same circumstances. I venture to say that not one member of this Congress will get on this floor and say that he is opposed to the main purposes of this bill. Some will say that they are not opposed to the main purposes, but that this "particular bill" is not the bill they want. Which bill do they want? Have they ever introduced a bill? Have they ever endorsed any particular bill? No.

PURPOSES OF BILL

What are the objectives of this bill? Mr. Chairman, there has grown up in this country a policy in business that a few rich, powerful organizations by reason of their size and their ability to coerce and intimidate manufacturers have forced those manufacturers to give them their goods at a lower price than they give to the independent merchants under the same and similar circumstance and for the same quantities of goods. Is that right or wrong? It is wrong. We are attempting to stop it, recognizing the right of the manufacturer to have a different price for a different quantity where there is a difference in the cost of manufacture. There is nothing in this bill to prohibit it, but the bill expressly provides that the manufacturer may have a difference in price where there is a difference in cost of manufacture. There is only one exception to that, which I shall discuss after I have finished discussing the other purposes of the bill, and that is advertising allowances.

One great concern in America last year compelled manufacturers to pay it $8,000,000 in pseudo-advertising allowances and pseudo-brokerage charges. That amount of benefits the independent merchants of the country were not entitled to receive from the same manufacturers, purchasing the same quantity under the same conditions. You are in favor of giving the citizens the same right as the corporations in this country, and that is all that we are asking in this bill.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. COX. For an observation. In effect that practically forces the independent buyer to provide the fund that goes by way of rebate and advertising to the big buyer, giving him an advantage.

FARMER REPRESENTATIVES FROM NEW YORK CITY

Mr. PATMAN. That is right, giving him an advantage in that way. Another is this dummy brokerage. Let me tell you something about the farmers. You hear talk about saving the farmers. Are we going to have to go to the heart of New York City and get Congressman CELLER and Congressman PEYSER and Congressman BLOOM to come down here and speak for the farmers of this country? They are the principal opponets of this bill. They appeared before the Rules Committee in opposition to a rule. In the investigation we discovered the corporate chains were strong enough to use a few farmers as a front, or a stuffed shirt, as the mouthpiece for them. The investigation disclosed that, and the officials of the chain stores were so pleased with it that they referred to them as the "cornstalk brigade." So I guess Congressman CELLER and Congressman BLOOM and Congressman PEYSER would like to have the use of another cornstalk brigade here before Congress. They are not going to fool the farmers or the representatives of the farmers.

DUMMY BROKERAGE

Take this dummy-brokerage allowance.

There is a merchant in Virginia representing potato growers. He sells thousands of cars of potatoes a year, and

our investigation has disclosed that he had a secret contract with a large mass corporate chain buyer by which he obligated himself to sell every car of those potatoes of those farmers to this large buyer. At what price? Oh, at the market price. That sounds good, but fortunately for the large mass buyer, he was big enough to make the market price. They do make the market in those localities. This man representing the farmers sold those potatoes to that mass buyer, fixing the price himself, and what did he get out of it? He got a secret rebate of $2.50 to $5 on every car that the farmers knew nothing about, and the trade was, "If I don't deliver you every car, for every car that I do not deliver you I will be penalized $5." That is the kind of dummy-brokerage arrangement we are trying to prohibit in this bill.

This is a bill to protect the farmers of this country, I say to my distinguished friends from the heart of New York where holders of privilege reside. I heard one witness before the Rules Committee say that 90 percent of the people affected by this bill live in two congressional districts in New York City. I do not take issue with that statement. I believe it is absolutely true, that 90 percent of them live in those two congressional districts. What are they asking for? They are asking these special rights and privileges and benefits that they are not entitled to enjoy as a matter of right and justice be continued. How? By openly fighting? The representatives of the special interests will not openly fight them, but you will never get a bill that they will favor. There is something wrong with every bill that is presented. We are trying to prevent the dummy brokerage, prohibit a man from doing something for hire against the interest of the person that he is supposed to represent.

QUANTITY PURCHASES

Next is quantity purchases. This bill expressly provides that there shall be price differentials, but against discrimination; a different price for a different quantity, if there is a difference in cost of manufacture. But there is one exception to that. That exception you will approve, I believe, if you understand it as those of us who have been sponsoring this bill understand it.

RAILROAD REBATES

Fifty years ago there was a clamor in this country for legislation to prohibit rebates and discrimination in freight rates, to prevent favoritism in freight rates. The people of this country demanded that the Congress pass a law that would stop such discriminatory practices. The Congress met. The argument then was made on the floor of this House that will today be made against this bill. This argument was made:

> Oh, if you do that, these big fellows will not get these cheap freight rates, and that will cause prices to go up, and the consumer will pay the bill. It will raise prices hundreds of millions of dollars a year.

They made those same arguments against that law that they are making against this bill today. But the people were aroused. They were against this cheating and chiseling for the purpose of helping a few large buyers, through discriminatory freight rates, create a monopoly. So Congress passed that law creating the Interstate Commerce Commission. The Interstate Commerce Commission said:

> Hereafter we are going to fix the carload as the quantity limit, and whoever causes one carload to be transported will pay the same price per car for transportation as one who causes 100,000 carloads to be transported.

The large shippers came in. They said:

> If we have a trainload shipped from Chicago to New York in one direct run, it will only cost about 50 percent per car for transportation that it would cost if you shipped in and out in single cars from Chicago to New York.

They were right about it. The Interstate Commerce Commission did not take issue with them, because they knew it was the truth; but the Interstate Commerce Commission said:

> Yes; but if you permit that you will create a worse condition in this country. We have to look into the future. If we permit that, a few large shippers will get all the special prices and the large dealers will destroy the small dealers and we will have a monopoly in this country, and we are not going to permit it. So we are going to stay by that one-carload-quantity limit.

The Supreme Court of the United States, in the case of *I. C. C. v. B. & O.* (145 U. S. 263), although not passing on the question directly, expressed itself in favor of what I am saying today. This is what they said:

> If, for example, a railway makes to the public generally a certain rate of freight and to a particular individual residing in the same town a reduced rate for the same class of goods, this may operate as an undue preference, since it enables the favored party to sell his goods at a lower price than his competitors, and may even enable him to obtain a complete monopoly of that business. Even if the same reduced rates be allowed to everyone doing the same amount of business, such discrimination may, if carried too far, operate unjustly upon the smaller dealers engaged in the same business, and enable the larger ones to drive them out of the market.

That is what the Supreme Court of the United States said. I will read what the Commission said in another case, the *Anaconda Copper case* (19 I. C. C. 592):

> Whatever difference there may be in cost to the carrier between traffic in trainloads and traffic in carloads, it appears to the Commission that to give greater consideration to trainload traffic than to carload traffic would create preferences in favor of large shippers, and be to the prejudice of the small shippers and the public.

Those are two expressions, one from the highest court of this land and the other of the Interstate Commerce Commission, saying that you must not give special rates to trainloads, admitting there is a difference in cost per car, because if you do it, it will create a monopoly in this country and the large dealers will be enabled to crush and destroy the business of the small dealers, and that is against the public and against the consumers.

That is exactly the point involved in this bill. We permit differences in price for different quantities, based upon cost up to one point. What is that point? To the point where a few large buyers can buy at such a low price that they can create a monopoly, just like they had a chance to create through railroad freight rates. We placed a provision in this bill which provides that when that stage is reached the Federal Trade Commission may fix a quantity limit on that particular commodity. The Federal Trade Commission will have nothing to do under this provision unless there is danger of monopoly. I am sure you are in favor of curbing and stopping monopolies. If the Commission believes there is danger of monopoly, then the Commission can fix a quantity limit on that particular commodity, just as they did on freight rates, whether it be 1 carload or 10 carloads, or a few pounds or a thousand pounds, depending on the commodity. It makes no difference. They will be permitted to fix quantity limits above which anyone purchasing that particular quantity receives the same price under the same conditions.

That has already been approved by the Supreme Court of this country and by the Interstate Commerce Commission. It is absolutely fair. Who is there on this floor who will say we should not stop a monopoly, and if it is necessary to do it, that we should fail to give the Federal Trade Commission this power which would permit them to curb a monopoly in the same way that the Interstate Commerce Commission was given the power to curb that monopoly?

A SUMMARY OF THE MAIN PROVISIONS

In this bill, Mr. Chairman, we are asking for those main points, to eliminate these pseudo-advertising allowances, given only for the purpose of favoring the large corporate chains. We are asking that the dummy brokerage be eliminated to the extent that it cannot be used as a bribe to make one person go back upon the person who employed him and betray him. That is, if you are against deceit and trickery and treachery, you certainly ought to be against this dummy brokerage.

We are providing further that quantity purchases shall be permitted up to the limit where a monopoly will possibly be caused; and then the Federal Trade Commission may, not shall, may adopt rules and regulations that will prohibit that monopoly from being created. These are the main points in the bill.

FARMERS' ORGANIZATIONS

Farmers' organizations sent letters to all the Members saying they were opposed to certain things; I learned through their representatives in Washington 2 or 3 weeks ago they were opposed to the basing-point provision of the bill, section 5. So I took it up with the Judiciary Committee. The committee members had heard similar complaints and the committee at a meeting agreed to cut out the basing-point provision. This silenced a lot of the opposition. The basing point is not directly related to what we are trying to do, as I view it, so it was all right to cut that out.

Mr. SIROVICH. What section of the bill was that?

Mr. PATMAN. Section 5.

Mr. SIROVICH. Will the gentleman explain it a little?

Mr. PATMAN. I do not want to explain it, for it is out of the bill, and to discuss it would only be confusing and unnecessarily take up my time.

The next ground of opposition by the farm organizations was the classification section. They were opposed to the classification of wholesalers and retailers. The committee cut out this provision. These were the two important objections raised by the farm organizations. I met with their representatives and we talked over their other objections. I showed them where in the case of their other major objections they were mistaken, and they frankly admitted they were mistaken about it.

There is no reason on earth why any spokesman of any farmer or any farm group or anyone who wants to favor the farmers of this country should not vote for this bill. It is in the interest of and for the protection of the farmers, the wage earners, and the consumers. It is not against their interest; I know that.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

WILL NOT INCREASE PRICES

Mr. BANKHEAD. Much objection has been urged against this bill on the ground it would tend to increase retail prices to the average consumer of the country. Will the gentleman discuss this phase a little?

Mr. PATMAN. I am glad the gentleman mentioned this. One witness appeared and out of a clear sky made the statement that this bill, if passed, would cost the consumers of America $750,000,000 a year. He had nothing on which to base his statement. If the corporate chains of America save the consumers $750,000,000 a year by selling only 25 percent of the goods that are offered for sale, whenever the independents, who sell 75 percent, get the same price as the chains they will be able to save the consumers of America billions of dollars; and this bill, instead of costing the consumers money, will save them money, will cause competition to be keener, and everybody who buys will get the benefit of the lower prices, and not just those few. Incidentally, the gentleman who made that statement is drawing $110,000 a year as salary and bonus from a corporate chain concern, and he possibly considers that his large salary and bonus are at stake, in jeopardy, and he would like to save them. He knows that if his company has to pay the same price as the independents for the same quantity, and that he cannot chisel and racketeer, that maybe that bonus will be in jeopardy, or that large salary he gets will be in jeopardy, and he was trying to save it.

LARGE SALARIES

Another large corporate chain pays a comparatively few of its officers and directors $1,996,000 a year, pays several of them over $100,000 a year, one of them $180,000, another $140,000, another $52,000, and on down to $25,000. Perhaps they feel their large salaries and bonuses are in jeopardy as long as this bill is pending. This same concern that is paying its officials approximately $2,000,000 a year received $8,000,000 during the particular year of its business we examined in secret rebates and in special discounts that the independent merchants of this country did not receive. They want to keep their secret rebates in order that these big salaries can be paid to them. It is strictly a selfish, greedy proposition. They have no vision; and the Good Book says, "Where there is no vision the people perish." These men are willing for this country to perish so long as they can continue to draw those large salaries and bonuses.

Mr. DOCKWEILER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. DOCKWEILER. Referring again to the $8,000,000 bonus received by the particular company to which the gentleman referred, I was a member with the gentleman of the committee investigating chain-store activities. Did we not discover that the dividend requirements of this concern were met entirely by these bonuses and allowances, and that they did not even have to earn the dividend out of regular legitimate sales, but could pay it and cover it entirely by these bonuses and rebates?

Mr. PATMAN. The gentleman's statement is correct.

Mr. FLETCHER. Mr. Chairman, will the gentleman yield?

WHO WILL PROFIT BY DEFEAT OF THIS LEGISLATION?

Mr. PATMAN. I am sorry, I cannot yield. Much talk is heard about the consumer being entitled to the lowest price. I thoroughly agree that the consumer should be given the lowest price possible, consistent with the interests of this country. This bill is not going to raise prices, it is going to lower prices; but those who want to keep their special privileges and big salaries are trying to build up a psychology in this country that the bill will increase prices. They are doing this in order that they may profit by the defeat of this legislation.

WHO ARE THE CONSUMERS?

Who are the consumers of this country? There are 26,000,000 people in America dependent upon agriculture for a livelihood; there are 36,000,000 dependent on mechanical and manufacturing pursuits for a livelihood; there are 18,000,000 people dependent upon distribution and trade; 9,000,000 dependent upon the professions; and 11,000,000 dependent upon transportation and communication. Is a farmer who goes into a store as a consumer benefited by a destructive price? No; he is ruined by a destructive price, for if the farmer does not get a good price for what he produces he cannot buy what is manufactured by the 36,000,000 people in the mechanical and manufacturing pursuits. If the chains beat down and destroy his price to where he does not have purchasing power, then the wage earners cannot buy because the farmer cannot pay for what the wage earners manufacture.

It destroys their purchasing power. The farmers cannot buy, therefore our whole country suffers. The only way for America to be prosperous is for every group and every class and every section of this country to be prosperous. We cannot be prosperous as individuals alone. We must be prosperous together or there will be no prosperity. [Applause.]

LOWEST PRICE

Whenever you talk about a low price for the consumer, we say "Yes, consistent with all these other things." First, that the farmer or the producer of the raw material has received a fair price for what he produces. Second, the wage earner who converted this raw material into the finished product received a fair wage; and, third, that there was a fair cost added for the costs of distribution. A cost lower than that is destructive to our country and is not a policy that will build up the country.

HOW FARMERS AFFECTED

Let me show you how this affects the farmer. The price of perishable products today is fixed by a few large mass buyers. Whenever you load your potatoes, your tomatoes, your spinach, or anything that is perishable into a refrigerated car, that car moves toward an eastern market. These large mass buyers sit back. They know the car is coming. They know when it was shipped and they know the train it is coming on. They know where it was last night, and they know where it will be today. They know the market it will reach and when it should reach the market. They sit back and when the car reaches a certain market at a certain time, they will take action. Those products can only last so long before they will begin to deteriorate and eventually

become ruined. Those poor farmers in Colorado, California, Texas, and Florida are sitting back there waiting to sell their products. Who are they going to sell to? Just one of two, three, or four large buyers. Those buyers sit back and wait until the time comes when the farmers have to sell or else pay the freight and lose what they have shipped in the car. You know what happens. They sell the perishables for what they can get in order to pay the freight. That is the way the perishable produce market has been destroyed in this country. Then they take what they have stolen and racketeered from the farmers and place it in the show windows of the cities and try to use that as a bait to get people to trade with them, pretending all the time that they are the friend of the consumers. They are not the consumers friend, because the consumers of America are interested in good prices and good wages. That is the only way this country can be built up again.

DEBTS

The people of America today owe $250,000,000,000. How are they going to pay these debts? Our tax burden has been fixed for the next 40 years, and I refer to the minimum tax burden, not the maximum. The minimum has already been fixed for the next 40 years. How are we going to pay $250,000,000,000 in debts and taxes for the next 40 years? Can we pay them with low prices and low wages? If you reduce wages 50 percent and reduce prices 50 percent you double the debt burden of this country in what the people have to pay with. You double the tax burden for the next 40 years. So the only way that America will ever recover is by good wages and good prices, the lowest possible price to the consumer, consistent with a living wage to the farmer and the wage earner, together with a fair cost for distribution. Any other price is destructive and will not build up this country.

GOLDEN RULE

The objectionable amendments, as the gentleman from Arkansas [Mr. MILLER] stated, will be taken from this bill. When that is accomplished the bill is just one demanding honesty. It is one which enforces the Golden Rule in business. It is the adoption of the policy of live and let live. That is the only kind of policy we in this country are entitled to and is the only one that will permit us to live and let live.

Mr. CELLER. Will the gentleman yield?

Mr. PATMAN. I shall be glad to yield to the gentleman if he will correct his statement.

Mr. CELLER. No. I stand on the statement and will repeat it to the gentleman. But will the gentleman agree to the committee amendment with reference to classification of buyers?

Mr. PATMAN. Will the gentleman support the bill then? I suggested to the Rules Committee that I would favor eliminating the classification section.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. ROBERTSON. Will the gentleman yield for a question in reference to perishables?

Mr. PATMAN. Perishable products?

Mr. ROBERTSON. Subsection 3 of section 2 allows price differentials on perishables that are deteriorating.

Mr. PATMAN. Yes. This does not prohibit price changes. You may change your price every minute of the day so long as you are not using it to discriminate in favor of one customer as against another one. [Applause.]

Mr. ROBERTSON. Suppose one merchant would buy one barrel of apples and you would sell it to him at $3 a barrel. Suppose a chain store would say, "We will take the 10,000 barrels that you have for sale."

Mr. PATMAN. There is a difference in the cost of distribution, and you would have a right to permit a differential in price where there is a difference in manufacturing and distribution cost. There would be a difference in the cost of distribution in the case to which the gentleman refers, and they would have the right to make that change in price, but if the same amount was sold to a competitor they would have to give him the same price. If the sales are made in different markets there cannot be a discrimination. Prices can be changed any time so long as it is not done for the purpose of discriminating.

CONGRESSMAN CELLER MISTAKEN

The gentleman from New York is mistaken in that he took part of my statement and did not read all of it. You can oftentimes get statements confused in that way.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MILLER. To clarify the situation referred to by the gentleman from Virginia [Mr. ROBERTSON] I would like to call his attention to the provisions of subsection 2 on page 6, and answer his question specifically with respect to apples. It is entirely possible that you could sell 275 barrels of apples to a customer at a cheaper rate than you would sell 10 barrels because of the difference in delivery and service that the buyer would render.

Mr. ROBERTSON. You are getting on thin ice there.

Mr. MILLER. No; we are not on thin ice there.

Mr. ROBERTSON. You might be selling in carlots and does the gentleman mean to say you could not sell 10 carlots of apples at a cheaper price than 1 barrel or 1 carload?

Mr. PATMAN. If the gentleman wants to vote for this bill——

Mr. ROBERTSON. It is not a question of whether we want to vote for it or not, we want to know what your bill means to the apple producers of the country and we should be frank about it.

Mr. PATMAN. It simply enforces common honesty in business. It prohibits things that every man should be prohibited from doing.

CONGRESSMAN CELLER DID NOT BRING OUT MY ENTIRE STATEMENT

Now, with regard to the statement made by the distinguished gentleman from New York [Mr. CELLER], here is what I said. I said that the manufacturers would have to treat their customers alike and give them the same price, and I still say that. For what? For the same quantity under the same conditions. This is the part that the gentleman did not bring out. He simply failed to tell it all.

The manufacturers will not fix prices between themselves. If you are a manufacturer of shoes and you sell to one person a carload of shoes for $2.50 a pair, based upon carlot quantities, you will be compelled to sell his competitor across the street, if you have selected him as a customer, at the same prices under the same conditions. Is not this fair, is not this honorable, is not this right? This is all we are compelling by this bill. We are not saying that the manufacturer must give everybody the same price. We are saying that whenever a manufacturer selects a customer—and the manufacturer has the express right under this bill to select his own customers, and I would not repeal that right were it within my power—but when he selects these customers, we say to him, "Mr. Manufacturer, you have got to give them the same prices under the same circumstances; you are not going to be allowed to discriminate against one for the purpose of destroying him as a competitor."

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

COOPERATIVES FOR BILL

Mr. SIROVICH. The Atlantic & Pacific Co. owns about 18,000 stores throughout the country and through mass purchase is in a position to buy so cheaply that they can discriminate against every individual store in the Nation. How can we protect the small stores throughout the country and put them in a position to compete and force the large manufacturers?

Mr. PATMAN. By giving them the same rights under the same circumstances.

They now have co-op organizations, and the gentleman was so bold as to state that the co-ops are against this. It is a very foolish co-op that would be against this bill. They

have no protection on earth under existing law, and if this bill is not passed they will have no protection.

Mr. SIROVICH. Would not your bill assist the small stores in going into a cooperative in order to get the same opportunities?

Mr. PATMAN. Certainly; and it will be helpful to the cooperatives.

They even referred to the fact that the co-ops are against this when in the Northwest they organized a co-op for the rubber-footwear industry. They wanted to buy rubber footwear on the same basis that the chains were buying rubber footwear from the same manufacturers. So they went in together, and they offered to buy the same quantity and pay the same price, and the manufacturers said, "We are tied up with the chains, and we cannot do it; we have got to charge you more." There is no law to protect them, but this measure will furnish them protection. It will compel these manufacturers, if they select a purchaser as their customer, to treat such customer fairly and squarely and give him the same rights, benefits, and considerations under the same circumstances, but no special benefits.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. For a question; yes.

Mr. PALMISANO. I am in sympathy with the object of the bill, but I should like to know if the gentleman from Texas can explain what effect this bill would have on dealings within the limits of a particular State.

Mr. PATMAN. Of course, it will not apply to intrastate commerce. There is only one exception where it could apply, and that is where the transactions within a State would affect the price of the commodity that was sold interstate, on the same theory as railroad freight rates. This is the only way it could apply to intrastate transactions.

Mr. PALMISANO. The fear I have is that the monopolies may place their orders within a State for their particular stores in that one State.

Mr. PATMAN. The gentleman might as well get that doubt out of his mind, because it will not happen. They cannot do that if this bill becomes law.

Mr. PALMISANO. I hope not.

Mr. PATMAN. They will be absolutely protected.

Mr. TAYLOR of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. TAYLOR of South Carolina. There has grown up a practice on the part of manufacturers of making certain brands of goods for particular chain stores. Is there anything in this bill calculated to remedy that situation?

Mr. PATMAN. I only have a very short time, and I must finish my statement. I have not time to discuss that feature, but the bill will protect the independents in that way, because they will have to sell to the independents at the same price for the same product where they put the same quality of merchandise in a package, and this will remedy the situation to which the gentleman refers.

Mr. TAYLOR of South Carolina. Irrespective of the brand.

STAND BY COMMITTEE

Mr. PATMAN. Yes; so long as it is the same quality. I hope you will stand by this committee. The committee has worked hard on this bill.

They have spent months on it. The gentleman from Arkansas [Mr. MILLER], the gentleman from Iowa [Mr. UTTERBACK] and the gentleman from Nebraska [Mr. MCLAUGHLIN] and others have spent much of their time on it. This is not my legislation, this is not my bill, this is a bill for the Members of the House sponsoring the legislation. Members on the floor today are sponsoring this legislation who sponsored it before I came to Congress.

It is not new legislation. Let us see to it that they do not put any weasel phrases into the act that destroyed the act of 1914. There will be all kinds of amendments offered here. They will contain weasel words, weasel phrases such as destroyed the Clayton Act in 1914. Let us reconstruct and revise that law and give the independent merchants a fair, square deal. [Applause.]

THE LOW PRICE CONSUMERS SHOULD RECEIVE

Consumers should receive the lowest price possible. That does not mean, however, that we should not look into the future and determine the effect of present destructive policies if permitted to continue. For instance, because a corporate chain is bribing or baiting their customers with real low prices while their competitors are being destroyed does not mean that the consumers will continue to get those prices after competition is destroyed; it means that the sky will be the limit as to prices and the people will pay what monopoly says they should pay. On the other hand, the farmers will be compelled to accept the price for what they produce that monopoly says they must accept. The wage earners will be compelled to accept the wage that monopoly fixes. Such a policy in the direction of monopoly is destructive to the best interests of our country. It just happens that the independent merchants are victim no. 1. Farmers and wage earners will be victim no. 2, and the consumers of the country will be victim no. 3.

The consumers are entitled to the lowest price consistent with a fair price to the producer of raw materials, a fair wage to those who convert the raw materials into the finished product, and a fair cost of distribution to the consumers. Remember that the 26,000,000 people dependent upon agriculture, the 36,000,000 people dependent upon mechanical and manufacturing pursuits, the 11,000,000 people dependent upon transportation and communication, the 9,000,000 people dependent upon professional services, and the 18,000,000 people dependent upon distribution for a livelihood are also consumers and they are interested in fair prices and fair wages.

NUMBER OF PEOPLE DEPENDENT UPON DIFFERENT TRADES AND PROFESSIONS

A rough approximation of the number of persons in the United States dependent in 1930 on each main class or general division of industry and service

General division of industry or service	Gainful workers, 1930		1930 population, distributed by industry as were the gainful workers in 1930
	Number [1]	Percent distribution	
Total	48,829,920	100.0	122,775,046
Agriculture	10,483,917	21.5	26,360,137
Forestry and fishing	268,992	.5	676,337
Extraction of minerals	1,156,377	2.4	2,907,526
Manufacturing and mechanical industries	14,341,372	29.4	36,059,093
Transportation and communication	4,438,413	9.1	11,159,682
Trade (wholesale and retail)	7,530,064	15.4	18,933,145
Public service (not elsewhere classified)	1,049,576	2.1	2,638,991
Professional service	3,408,947	7.0	8,571,253
Domestic and personal service	4,814,573	9.9	12,105,476
Not specified industries and services	1,337,689	2.7	3,363,493

[1] Figures are from table 1 of ch. 7 of vol. V of the Fifteenth Census Reports on Population—the General Report on Occupations.

NOTE.—In this approximation, it is assumed that in the United States as a whole, in 1930, the number of dependents to each gainful worker was the same in each general division of industry and service.

The above table was taken from the office records of the Bureau of the Census.

HOW GREEDY GET CONTROL

There is not a danger of monopoly at this time in every line of business, but in the lines of business in which corporate chains are engaged there is already a monopoly in many of the favorite areas in this country. In determining the extent that corporate chains have gone in the direction of monopoly, comparisons should be restricted to the areas in which the corporate chains operate and the lines of business in which they are engaged. For instance, in community A, there is a million dollars' worth of retail distribution business a year. Let us suppose that the corporate chains only do 25 percent of that business, or $250,000. Without further

investigation you would say that there is no danger of monopoly, but suppose that the $250,000 of business represents all of the grocery business in that community for that year and that is the only business in which the chains are engaged in that area. That would show conclusively that in the grocery business in that area that they have a complete monopoly although they are only doing 25 percent of the total retail business, which includes all retail distribution.

Suppose a corporate chain has 10,000 outlets, and it opens a thousand new outlets. These thousand new outlets are in competition with local merchants who have spent their lifetime building up goodwill and the business in which they are engaged. This corporate chain desires to destroy the competitors around these thousand new stores. Under the existing system all they have to do is to let these thousand stores have all their secret rebates obtained by reason of their purchases for all their 11,000 stores and this will enable the thousand new stores to soon destroy their competitors. When these competitors are destroyed, a thousand more stores can be opened and their competitors destroyed in a similar manner. The losses in one place are made up not only by the secret rebates obtained on total purchases but also on higher prices charged to consumers in areas where they already have a monopoly of business where their competitors have already folded up.

RATIO OF BUSINESS DONE BY CORPORATE CHAINS IN WASHINGTON

Chains and independents, and other types of operation

(Census of American Business—Retail Distribution, 1933)

DISTRICT OF COLUMBIA

Kind of business	1933			1929, percent of total sales by chains
	Total sales	Sales by chains [1]	Percent of total sales by chains	
Variety stores	$4,892,000	$4,709,000	96.1	93.3
Shoe stores	4,972,000	3,014,000	60.6	43.9
Grocery stores (without meats) [2]	8,559,000	6,840,000	79.9	80.2
Filling stations	12,318,000	6,913,000	56.1	47.6
Drug stores	15,494,000	9,719,000	62.7	60.1

[1] Includes local, sectional, regional, and national.

[2] Represents only 17.7 percent of grocery-store business; combination stores with meats represent 82.3 percent.

The above facts were given to me by the Bureau of the Census.

The same situation prevails in other large cities of comparable size.

DANGER OF MONOPOLY

At first, variety stores represented the principal line of business operated by chains. Then groceries, shoes, drugs, and others have been embraced. As one line of business is taken over and the areas producing the best volume are covered another line of business is immediately taken up for the same purpose. The Bureau of the Census discloses that in 1933 the variety chain stores in the District of Columbia were doing 96 percent of this business, chain shoe stores 60 percent, chain grocery stores 80 percent, chain drug stores 62 percent. If you limit comparisons to the areas in which corporate chains operate, you will discover that they already have a monopoly in the areas producing the greatest and best volume in the cities of this country in many lines of business.

It is a fact that the census figures disclose that the number of independent merchants have increased during the last few years; but these increases were all over the Nation and in areas not served by chains at all or in lines of business in which the chains were not engaged. Besides, these increases in number of units often represent small filling stations and a small stock of groceries in areas where chains do not operate.

RESULT IF LAW NOT PASSED

The people of America must very quickly decide whether they want absentee ownership of business through corporate chains or whether they want local independent merchants. I believe that the interests of the consumers and this country will be served by preserving independent business which forces competition and lower prices to the consumers. If we have absentee ownership of business, the public will pay and pay dearly, the profits going to the privileged few. Local communities will be destroyed since the local reservoirs of credit will be dried up and the opportunities for young people will be very much restricted.

QUESTIONS AND ANSWERS

I have prepared questions that are usually asked about this bill and have given my answers thereto. They may be found in the CONGRESSIONAL RECORD for Thursday, May 21, 1936, pages 7759–7761, and for May 25, 1936, pages 7885–7887.

Mr. GUYER. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. CELLER].

Mr. MILLER. And I yield 10 minutes to the gentleman from New York [Mr. CELLER].

The CHAIRMAN. The gentleman from New York [Mr. CELLER] is recognized for 30 minutes.

Mr. CELLER. Mr. Chairman——

Mr. CRAWFORD. Will the gentleman yield? Will the gentleman be disposed to yield for a question before he begins?

Mr. CELLER. If the gentleman will give me 10 or 15 minutes to get into my speech I will yield then.

Mr. Chairman, I believe there has been a lot of feeling engendered unnecessarily in the debate on this bill. There has been a great deal of passion and prejudice aroused regarding the different views that we may have on this legislation.

I have no interest in the bill except to see that the people in this country get the proper bill; get a square deal. I think this is unfair legislation. The consumer particularly will not get his due. The consumer will pay the piper.

I hold no brief for the farmer. I have no farms in my district. If any person will take the record of my votes on farm legislation they will find that I have been fairly consistent in voting with the majority in Congress on all farm legislation.

I have voted almost consistently for farm legislation that came before the House. Just because farmers send me communications in opposition to this bill does not necessarily make me a farmer or an exponent of what the farmers want.

But are you going to throw into the wastebasket all of these opinions of the National Grange or the American Farm Bureau Federation or the National Cooperative Council—those of you who sponsored and favored other farm bills?

Now, I am going to read, primarily for the edification of the gentleman from Texas, these opinions from these prominent farm organizations:

MAY 18, 1936.

Hon. JOHN J. O'CONNOR,
Chairman, House Rules Committee,
House Office Building, Washington, D. C.

DEAR MR. O'CONNOR: On behalf of the farmers of this country, we desire to submit to you for your consideration our opinion relative to the proposed Robinson-Patman bill which has been reported by the House Committee on the Judiciary, and which is now awaiting action on a rule before your committee.

As representatives of the organized farmers of this country, we are in favor of legislation to eliminate false brokerage allowances, false advertising allowances, and unreasonable quantity discounts where such discounts are made available only to a very limited number of customers.

These evils were the ones which received considerable attention when this bill was before the House Judiciary Committee and also in the hearings held by the special subcommittee which investigated the American Retail Federation.

Unfortunately, the bill as finally reported out by the House Judiciary Committee did not confine itself to the correction of these abuses but went far beyond into the field of legitimate business and industry.

The bill, in its present form, will greatly restrict and hamper the operations of producer-owned and producer-controlled cooperative associations by unjustly and unfairly preventing farm cooperatives from receiving wholesale discounts and through the strait jacket which it proposed to place on their legitimate merchandising and advertising operations.

In addition, we are fearful that farmers and consumers will be forced to bear the burden of higher prices which this bill would encourage if enacted in its present form.

We therefore urge that the bill go over at least until the next session of Congress, when it can be more carefully reviewed and studied with a view to writing a bill which will correct the abuses

complained of without at the same time obstructing the legitimate business operations of farmers' cooperative associations.

Sincerely yours,

THE AMERICAN FARM BUREAU FEDERATION,
By CHESTER GRAY, *Washington Representative.*
THE NATIONAL GRANGE,
By FRED BRENCKMAN, *Washington Representative.*
THE NATIONAL COOPERATIVE COUNCIL,
By ROBIN HOOD, *Secretary.*
THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION,
By CHARLES W. HOLMAN, *Secretary.*
FARMERS' NATIONAL GRAIN CORPORATION,
By M. W. THATCHER, *Washington Representative.*
NORTHWEST FARMERS' UNION LEGISLATIVE COMMITTEE,
By M. W. THATCHER.

Mr. Chairman, I say to the distinguished majority leader that he should pay some attention to what these farm cooperatives and farm organizations say, namely:

In addition we are fearful that farmers and consumers will be forced to bear the burden of higher prices which this bill will encourage, if enacted in its present form.

Mr. MILLER. What is the date of that letter?

Mr. CELLER. May 18.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. CELLER. Not now. To continue, let me repeat its phrase:

We therefore urge that the bill go over at least until the next session of Congress, when it can be more carefully reviewed and studied with a view to writing a bill which will correct the abuses complained of without at the same time obstructing the legitimate business operations of farmers' cooperative associations.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. CELLER. In just a moment. Mr. Chairman, the gentleman from Texas [Mr. PATMAN] has made much of the fact that he has been in conference with these gentlemen representing these farm groups. Let us see what the result of his interviews with these farm organizations was. Under date of May 25 we have this communication I hold in my hand—and he saw them before May 25, and if he saw them after May 25 I will show him a letter after May 25—and all these letters up until yesterday, up until 6 o'clock last night, indicated absolute opposition to this bill. Here is a letter of the same farm organizations on May 25:

The bill as reported out by the Committee on the Judiciary did not, in our opinion, confine itself to the correction of these abuses, but went far beyond into the field of legitimate business and industry in such a manner as would definitely injure the operations of farmer-owned and farmer-controlled cooperative associations.

They also object to the classification provisions, and I hope the gentleman from Texas [Mr. PATMAN] will vote with us, with the members of the Committee, in striking out entirely the classification provision. I shall not read what they say with reference to that, but further:

Many of our cooperatives are large advertisers of the commodities which they sell. Because of limited advertising budgets, and because of fundamental merchandising necessary of placing advertising strategically, it would unduly hamper our operations were we required to put our advertising on a national basis. We are unwilling to have our operations put into a strait jacket under legislation which may require that if an advertising campaign is put on in Washington, D. C., a similar program must be followed in each market in the United States in which our cooperatives operate.

In other words, this bill provides that if these cooperatives make any kind of a concession to anyone anywhere, they must go all over the country and make the selfsame concession in all parts of the country, regardless of local conditions. Therefore, these farmers, like all businessmen, like all manufacturers, all chemists, all miners, all involved in the voluntary retail field, are opposed to putting business in that kind of a strait jacket and forcing everyone to do the selfsame thing all over the country. It just cannot be done.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. CELLER. In a moment. Let me go on with this letter:

Our final objection rests in the change which is made by section (e) of the proposed bill, in the right of our cooperatives to cut prices whenever such cuts in the prices of commodities are necessary in good faith to meet competition. Under this bill as now before the House, our right to meet competition in good faith is severely restricted. The language of the bill requires that any price cuts be justified by showing that the price cuts were made in good faith to meet an equally low price of a competitor. Not only does this bill thus limit our right to meet competition, but by its very terms places the burden of proof on our cooperatives of establishing the fact of the lower price of a competitor.

That is a very difficult thing for anyone to do, and to place that burden on the farmer cooperatives is quite beyond my comprehension, when advocated by men who come from farming communities.

Under the old Clayton Act, the burden of proof was upon the complainant to prove that a seller had discriminated in price, but under section (e) mere proof of discrimination in prices is taken as a prima-facie indication of unlawful discrimination, with the burden of proof upon the defendant to show that the discrimination was made to meet a lower price of a competitor. We feel that it should be obvious to anyone familiar with business and merchandising practices throughout the United States, that the requirement of finding out what your competitor's price is would do away with the value of this exemption. Under the language of the bill, our cooperatives might be deprived of all of their business by unfair competition or by local competition in intrastate commerce not covered by this bill, solely through the inability of our cooperatives to find out exactly what the lower price of this competitor was.

On the other hand, if our cooperatives met this competition without knowing exactly the prices charged by their competitors, and it later developed that the cuts made by the cooperatives were below the cuts previously made by their competitors, our cooperatives would be subject to triple damages from all of their other customers, although they acted in good faith.

Listen to this: You did not hear anyone saying anything about the triple-damage provision of this bill. While it may not be directly in the bill, take this into consideration: This bill amends the Clayton Act. The Clayton Act provides for triple damages. When you put these amendments into the Clayton Act with its triple damages, you subject your farm cooperatives to very serious consequences. You cause them to be hailed down to Washington from the farthermost parts of the United States to answer all manner and kind of complaints that will be offered, which will be recognized by the Federal Trade Commission, and upon the mere say-so of the Federal Trade Commission, they must come down here and exculpate themselves, prove their own innocence, in a way as difficult as they indicate by this letter. I ask you to pause before you vote for such a monstrosity of a bill; before you subject them to triple damages in the way indicated.

These farmers probably singled me out not because I come from New York, but perhaps some of the other gentlemen from farming communities were adamant and refused to listen to them, probably because they did not realize in the first instance—and pride precludes their realizing now—the far-reaching consequences of this bill with reference to the farm organizations.

In conclusion, the farm organizations say:

We feel that it is a fundamental right of American business and industry, not only of cooperatives but all other legitimate businesses to preserve and protect their established trade against unfair and uncontrolled competition. We feel that no strait jacket should be placed upon the right to meet this competition in good faith.

For consecutive reading I herein set forth the letter in full:

THE AMERICAN FARM BUREAU FEDERATION,
THE NATIONAL GRANGE,
THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION,
THE FARMERS' NATIONAL GRAIN CORPORATION,
THE NORTHEAST FARMERS' UNION LEGISLATIVE COMMITTEE,
May 25, 1936.

HON. WRIGHT PATMAN,
House Office Building, Washington, D. C.

DEAR MR. PATMAN: In connection with the conference which you held this morning with Mr. Fred Brenckmann, of the National Grange, and Mr. Donald Kane, of the National Cooperative Milk Producers' Federation, with reference to the communication addressed by the farm organizations to Congressman O'CONNOR on May 18, 1936, regarding the Robinson-Patman bill, the farm groups signatory hereto have met and discussed the matters considered at this morning's conference.

As we pointed out in our letter of May 18 to Mr. O'CONNOR, the organized farmers of this country are in favor of legislation to eliminate false brokerage allowances, false advertising allowances, and unreasonable quantity discounts. As we pointed out in that letter, however, the bill as reported out by the Committee on the Judiciary did not, in our opinion, confine itself to the correction of these abuses but went far beyond into the field of legitimate business and industry in such a manner as would definitely injure the operations of farmer-owned and farmer-controlled cooperative associations.

In order that the record may be made perfectly clear, we desire to submit to you in detail our objections to the bill in its present form in the hope that the House may see fit to eliminate these objectionable features and thus remove our objections to the legislation.

Briefly stated, our objections are as follows:

1. We object to the provisions of subparagraph 5 which would eliminate the multiple basing point system of sales.

2. We object to the classifications of purchasers in subparagraph 1 under which farmer-owned and farmer-controlled cooperative associations would be deprived of their wholesalers' and jobbers' discounts. We would like to see this classification eliminated entirely or an exemption granted to cooperative associations in the following language:

"*Provided, however*, That the classifications herein set out shall not apply to producer-owned and producer-controlled cooperative associations nor shall anything in this section abridge or impair any of the rights or benefits granted to certain producer-owned and producer-controlled cooperative associations under existing statutes."

3. Our third objection lies in the possible interpretation of subsection 2 (a) of the Clayton Act, as amended by this bill. We are fearful that this section viewed in the light of the committee report might be construed to mean that different prices could not be charged by the same seller in different markets. If this construction were placed upon the legislation, it would destroy the business operations of many of our great farmers' cooperative associations. Different prices must be charged in different markets, depending upon a number of economic factors, and any attempt to standardize prices of agricultural commodities throughout the United States would be ruinous not only to our cooperatives but to the farmers who market their products through our cooperatives. We would like to have this issue clarified.

4. We are also concerned over the possible interpretation of paragraphs 5 (c) and (d) insofar as these paragraphs affect advertising.

Many of our cooperatives are large advertisers of the commodities which they sell. This advertising is handled in many cases on a cooperative basis between our cooperatives and the purchasers, under the terms of which our cooperatives pay not more than the actual cost of advertising the goods which they sell. Because of limited advertising budgets and because of the fundamental merchandising necessity of placing advertising strategically, it would unduly hamper our operations were we required to put our advertising on a national basis. We are willing that all customers in the same market be granted equal privileges insofar as advertising is concerned, but we are unwilling to have our operations put in a strait jacket under legislation which might require that if an advertising campaign is put on in Washington, D. C., a similar program must be followed in each market in the United States in which our cooperatives operate. We are very desirous that this angle in the bill be clarified.

5. Our final objection rests in the change which is made by section (e) of the proposed bill in the right of our cooperatives to cut prices whenever such cuts in the prices of commodities are necessary in good faith to meet competition.

Under the bill as now before the House our right to meet competition in good faith is severely restricted. The language of the bill requires that any price cuts be justified by showing that the price cuts were made in good faith to meet an equally low price of a competitor. Not only does this bill thus limit our rights to meet competition, but by its very terms places the burden of proof on our operatives of establishing the fact of the lower price of a competitor. Under the old Clayton Act the burden of proof was upon the complainant to prove that a seller had discriminated in price, but under section (e) mere proof of discrimination in prices is taken as a prima-facie indication of unlawful discrimination, with the burden of proof upon the defendant to show that the discrimination was made to meet a lower price of a competitor.

We feel that it should be obvious to anyone familiar with business and merchandising practices throughout the United States that the requirement of finding out what your competitor's price is would do away with the value of this exemption. Under the language in the bill our cooperatives might be deprived of all of their business by unfair competition or by local competition in intrastate commerce not covered by this bill solely through the inability of our cooperatives to find out exactly what the lower price of these competitors was. On the other hand, if our cooperatives met this competition without knowing exactly the prices charged by their competitors, and it later developed that the cuts made by the cooperatives were below the cuts previously made by their competitors, our cooperatives would be subject to triple damages from all of their other customers, although they acted in good faith in meeting the competition and were forced to do so in order to maintain their business.

We feel that it is a fundamental right of American business and industry—not only of cooperatives but all other legitimate businesses—to preserve and protect their established trade against unfair and uncontrolled competition. We feel that no strait jacket should be placed upon the right to meet this competition in good faith.

We therefore feel that the proviso at the end of section (e) of the bill as reported out by the committee should be stricken out and the following inserted in its place:

"That nothing herein contained shall prevent a seller rebutting the prima-facie case thus made by showing that the discrimination in price complained of, in the same or different communities, was made in good faith to meet competition."

Not only will this amendment preserve the existing rights of our farmer-owned and farmer-controlled cooperatives and enable them to protect their business against unfair and uncontrolled competition, but we would also like to point out specifically that this exception applies only to outright price discrimination and does not apply either to (1) false brokerage allowances, (2) false advertising allowances, and (3) unreasonable quantity discounts. We feel therefore that it cannot be used to defeat any of the central objectives of the legislation and on the other hand, is necessary if the rights of our cooperative associations are to be protected.

If the foregoing objections of the farm groups can be met by amendments to the House bill, we would be glad to withdraw our objections to this legislation. Because of our belief in the importance of the principles which we have outlined we are taking the liberty of sending a copy of this letter to each Member of the House of Representatives.

Very truly yours,

THE FARMERS NATIONAL GRAIN CORPORATION,
By M. W. THATCHER, *Washington Representative.*
THE NORTHWEST FARMERS UNION LEGISLATIVE COMMITTEE,
By M. W. THATCHER, *Washington Representative.*
THE AMERICAN FARM BUREAU FEDERATION,
By CHESTER H. GRAY, *Washington Representative.*
THE NATIONAL GRANGE,
By FRED BRENCKMAN, *Washington Representative.*
THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION,
By CHAS. W. HOLMAN, *Secretary.*

Now, does the gentleman want any later views from the farm organizations? I will in due course read a letter that I received last night at 6 o'clock, where the selfsame objections were voiced. That was immediately after the gentleman from Texas had interviewed these gentlemen representing the farm organizations. They could get no relief from him. "Pride probably goeth before a fall." He would not yield to them. He was too proud to yield to them, having made up his mind after having toured the whole country and making outlandish promises to all the retailers all over the land that this bill would be manna from Heaven. I am afraid all these retailers are doomed to disappointment, because this bill will hurt them to the *n*th degree. It is going to force manufacturers into two classes, those who deal with mass buyers, like the mail-order houses and department stores and chain stores and voluntary cooperatives and farm cooperatives, and those who deal with the smaller dealers on the other hand. That is what is going to happen. Instead of these small dealers getting any advantage, you will have confusion worse confounded. The big operators, the mass buyers, will get prices more cheaply because of these artificial classifications required by the bill, because of these foolish limitations on quantity discount, and the little fellows will be compelled to buy from the little fellows, and, far from giving them any kind of advantage, you will give them distinct disadvantages.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. COX. I wanted to ask the gentleman if in the reference he made to the author of the bill, he intended to question his motives?

Mr. CELLER. Oh, by no means. I yield to no man in my admiration of the gentleman from Texas.

Mr. COX. If that were the disposition of the gentleman, I would like to propound him a question, wondering when he became the spokesman of the farmers, because I thought the gentleman was the special pleader for an entirely different group.

Mr. CELLER. I yield to no man in my admiration of the gentleman from Texas in connection with trying to bring some relief to retailers. I think he is enthusiastically misguided. I do not question his motives. Far be it from me to say so, no more than would anyone question my motives in opposing this bill. I have no farmers in my district; but, goodness knows, if the farmers give me some ammunition against this bill, I would be a jackass if I did not use it. I am using that ammunition.

Mr. CAVICCHIA. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. CAVICCHIA. Like the gentleman, I have no farmers in my district, but I have some 300,000 consumers. Will the

gentleman please spend a little time in telling me what effect this bill, if adopted, will have on the consumers?

Mr. CELLER. I stated a few moments ago, while we were discussing the rule, that I would tell you something about what economists have said about this bill and its effect upon the consumers. I have almost 400,000 consumers in my district, and that is why I am primarily opposed to this bill. They would primarily be hurt.

Dr. Harold G. Moulton, of the Brookings Institution, recently said this:

This bill, insofar as it would strike at all those who have heretofore been effective in reducing prices, to that extent will raise prices.

To the same effect Prof. Malcolm P. McNair, of Harvard University, said:

With very few exceptions, the large-scale retail enterprises of today are fighting the consumer's battle. Their bargaining power is a wholesome weight in the balance against the monopolistic tendencies of many manufacturers. Congress certainly will not be serving the consumer's interest by tipping the balance of the scale further toward the manufacturers' side.

Prof. M. C. Waltersdorf, head of the department of economics, Washington and Jefferson College, said:

The proposed law would not facilitate increased distribution at lower cost, but no doubt would hinder flow of goods. This is undesirable, as it would retard rather than facilitate recovery.

Prof. Shaw Livermore, of the University of Buffalo, writes as follows:

I am emphatically opposed to this bill and anything similar to its discriminating against the able and efficient retail distributors of the country. It will tend to destroy healthy competition and not to maintain it.

Prof. William A. Carter, of the department of economics, Dartmouth College, stated that he was—

Opposed to legislative attempts to arbitrarily classify distributors that the proposed bill is administratively unfeasible in regard to quantity differentials.

Professor Carter is against the bill.

Professor Caverly, of the University of Michigan, states that he does not approve of any attempts to restrict free competition as embodied in the bill.

Dr. George Filipetti, professor of economics at the University of Minnesota, says as follows:

The Robinson-Patman bill runs counter to reductions of cost of production and distribution, places a premium of inefficiency, and would be likely to result in the exploitation of the ultimate users of articles of commerce and industry.

While Prof. C. C. Huntington, of Ohio State University, writes:

I believe in lower prices for quantity sales, if such prices are still above the cost of producing, and filling such order is to the advantage of the consumer, and helps the purchasing power of the consumer in the lower income brackets.

In addition to the experts mentioned above, opposition to the bill is professed by Profs. Lewis H. Haney and Walter E. Spahr, of New York University, and Prof. T. R. Snavely, of the University of Virginia.

I could readily quote at length the names of scores of other well-known economists, selected at random from various parts of the country, who have expressed disapproval of the bill, primarily on the score of increased prices to you, the consumers.

I say to the gentleman from New Jersey that this bill will have the definite tendency of elevating prices to the consumer.

The gentleman from Texas makes much of the charge of monopoly. The term is used loosely and intemperately. No charges have been filed as to monopoly. If so, there is an ample remedy.

Now let us take a look at this bugaboo of monopoly they say is about to jump out at you from every store. The proponents of the Robinson-Patman bill say its passage is necessary to prevent retail monopolies or tendencies thereto. In fact, their bill, which has been christened and rechristened by themselves several times, has as its most recent name the Patman-Robinson equal opportunity in business bill, evidently to give it an antimonopoly appeal. There is no monopoly in the retail field. These is not even a leak in the dike. The big national mass distributors—all the talking is about—only do 8 percent of national distribution. The competitors agitating for this bill overlook carefully the fact that 87 percent—of this 8 percent—of the mass distributors have each only 25 stores or less and are sectional or intrastate business. You can't spell monopoly out of 8 percent no matter how hard you spell. And the Federal Trade Commission investigated 6 years at a cost to you consumers of $1,000,000 and could find no monopolistic practices in the retail field.

It is interesting to note that voluntaries are a match for the chains. Corporate grocery chains do an annual business of $2,500,000,000. The grocery voluntaries also do a business annually of $2,500,000,000.

Nine out of every ten stores are independent stores. The number of independent proprietors in business in 1933 actually increased over the number in 1929, while the number of chain stores in that same period of time declined. It is significant to note that more than 75 percent of our retail business in America is being done by independently owned stores.

Also, well over a tenth of the 1,350,000 independently owned retail stores in the United States are now affiliated with the cooperative buying and advertising groups currently prospering and developing in the food and grocery field, in the drug field, and in the limited-price variety-store field.

The gentleman from Texas speaks about the analogy of freight rates. Since the Interstate Commerce Commission passes on freight-rates limits, the Federal Trade Commission should pass upon quantity discounts. He and others suggest the limitation should be a carload. I might remind some of the farmer Congressmen that the Grange League Federation in New York, composed of the National Grange, the Dairymen's League, and the Farm Bureau, a farmers' cooperative, buy, for their members, feed, fertilizer, spray materials, and fruit baskets in trainloads, not carloads. See how you would damage these farmers' organizations by any sort of quantity limitations.

Similar organizations like the Farm Bureau Cooperative in Indiana, Ohio, and Albama the Farmers Unions in Nebraska, the Dakotas, and Oklahoma; the fruit growers of California; and other cooperatives buy, by the trainload, nails, lumber, and other articles used in farming.

It is ridiculous to cite limitations on freight rates. A railroad is a public utility. There is no competition. You must take the railroad facilities or leave them. That is why the Government must step in with limitations as to rates. That supervision cannot obtain and should not obtain when it comes to private business.

It is interesting to read what the Federal Trade Commission said with reference to its chain-store inquiry. Compare its conclusions with the instant bill.

In December 1934 the Commission sent to the Senate its final report on the chain-store investigation, conducted in response to Senate Resolution 224, Seventieth Congress, first session. This report briefly summarizes many of the important features of earlier reports on the inquiry and also presents certain conclusions and recommendations.

Recommendations and conclusions: When the Commission came to consider the social and economic advantages and disadvantages of chain-store merchandising from the legal standpoint, it was evident that many of the economic advantages possessed by the chains were of a character that is in conformity with existing law. Such advantages as those flowing from the integration of production and of wholesale and retail distribution, from the savings involved in avoiding credit and delivery service, and from the ability of chains to realize the benefits of large-scale advertising are all plainly beyond the present scope of statutory law. Nor did the Commission recommend any change in the law in order to eliminate such advantages. Such a program would involve radical interference with the rights of private ownership and initiative, virtual abandonment of the competitive principle, and destruction of the public advantage represented by lower prices and lower cost of living.

As to the vexatious discriminations and limitations in the bill, permit me to read from my minority report:

The decisive factor in connection with this bill is that by a series of dams placed across the stream of competition, its end effect becomes exactly what its proponents allege will not be its end effect, either because they do not understand the real purposes of the group of wholesalers whose attorney wrote the original bill or because they do not understand what the bill actually intends to accomplish and do not desire to admit the intention, but hope to gain the support of the favored groups through its enactment.

The first dam the bill would erect across the stream of competition is hidden within the 17 words here quoted, which circumscribe price differentials:

"* * * resulting from differing methods or quantities in which such commodities are to such purchasers sold or delivered * * * (sec. 2 (a) (2))."

Actually these words practically eliminate legitimate "quantity discounts." Their author is the aforementioned counsel for a group interested in the bill. On page 34 of the hearings before the House Judiciary Committee, he gives a specific example of what those 17 words mean, and it is most revealing. According to it, each buyer, no matter how large his purchases, and no matter how many of the seller's services he does not utilize, must pay for all the services the seller elects to have in his business, and can only be allowed a discount amounting to any savings in cost or service or expenditure his order happens to occasion.

Just consider for a moment what that means in practice. Take the case of a typical important seller who maintains a warehouse system; a string of sales offices in all the larger cities; a large sales force; an elaborate design department; a formidable collection, credit, and statistical staff; an excellent laboratory; a strong advertising department expending many thousands in general advertising; a comprehensive traffic department and an administrative overhead sufficient to represent him at all the conventions and meetings of the trade involved.

Of course such a manufacturer would have large plant capacity; indeed, very probably he would have excess plant capacity, as probably there would be a slack season in his line during which he would ordinarily lay off many men.

He would be set up to make and market a run of production resulting from the usual flow of small-lot orders. It is both a well-known and an amply demonstrated fact that it costs far less to produce a large order permitting the most effective production arrangements than it does to produce a flow of small-lot orders. (Report of the hearings before the House Judiciary Committee, p. 89.) These economies are totally aside from and in addition to those resulting from ability to dispense with services or facilities necessary for developing and administering a flow of small-lot volume.

Now what happens when a large buyer—say, a large department store, a large mail-order house, or a large chain, or a large voluntary group made up of many progressive small retailers—comes to that seller and says: "I have a formula here according to which I want you to make a million units exactly like this sample. I will pay cash in advance, if you like, and I will take deliveries in the quantities at the times most convenient to you, and therefore you can keep a plant going during your slack season, thereby giving men work and spreading your overhead thinner. You do not need to tell me about your laboratory, sales organization, advertising, warehousing system, and all that—I know all about that. It is excellent, but it is for the general small-unit sales field. I do not require any of it. I have my formula and sample here; I do not require your laboratory and design department. I have my own warehouses, sales force, my own advertisements, and my own advertising staff. I merely want to buy your production facilities for a large run, as I would rather do that than buy a factory myself"?

Suppose the seller figures out a fair allowance for those conditions and a deal is struck, fair and advantageous to both parties and to the public, which will as a result get the benefits of the economies resulting. Is not that all entirely fair, logical, and good common sense besides?

But would this bill permit it? It would not.

Those 17 little weasel words quoted above would prevent it. For they mean that the large buyer would have to pay a price carrying a proportion of every one of those unused services which the seller maintained to handle an entirely different type of sales. Or, to put it differently, he can only be allowed what additional expense the seller would have been put to in order to obtain the business in addition to that he obtains as the result of using all his facilities. Those 17 words would probably allow no appreciable allowance for quantity at all under the circumstances cited. However, if the seller had to hire an added inspector because of the order, that might be allowed; or if the buyer had come by some strange chance from a locality which the seller did not ordinarily cover with his sales force, then the expense of sending a salesman to him might be allowed, or if he, because of some strange circumstance, supplied his own shipping boxes, that might be allowed.

That is certainly a dam from bank to bank of the competitive stream, and a high dam. But the proponents of this bill are not satisfied with that dam. They want two more, evidently to be quite sure of their purpose.

The second dam is the provision forcing a seller, if he elects to classify customers in the usual way—that is, as wholesalers, buyers for further processing, retailers and so on—to do so according to a special formula set up in the bill. But this formula prevents his classifying large buyers solely according to quantities bought. Of course, the proponents of the bill cloud the issue by pointing out he can classify according to volume within each classification specified by the bill's formula, but—and it is a very big "but" for the reason given above—he then runs into dam no. 1 and really cannot allow legitimate quantity discounts.

Dam no. 3 is inserted to stymie the seller who realizes the actual import of the arbitrary customer classification formula set up in the bill and innocently believes he can serve his customers and the consumer by producing only for quantity buyers selling direct to the consumer. This dam is the provision which authorizes the Federal Trade Commission arbitrarily to fix the differentials which may be allowed by a manufacturer under such circumstances. Naturally the manufacturer who wrangled the best deal from the Commission would get all the business, and then probably would be forced by the reduction in his differentials to place himself in the hands of but one large buyer, or of two or three noncompeting buyers, if he could find them. In the meantime the small manufacturers competing with him no doubt would be ruined or restricted to what business they could obtain under the classification system prescribed in the bill. The deleterious effect upon those manufacturers thus forced to such an alternative is elsewhere set forth herein.

Thus these three dams placed across the stream of competition by this bill very neatly served to turn the channel of day-in and day-out small-lot sales into the hands of the bill's sponsors, and as well to strait jacket the competitive and economical direct-from-maker-to-consumer channel. And that is the real intention, the real purpose, of the bill—a far different purpose, a far different intention, than its proponents present to the country.

A huge bureaucracy would be set up in the Federal Trade Commission.

Thus the Federal Trade Commission is given a sweeping right to limit quantity discounts according to its own findings. This is a very broad and a very unusual power to extend to an administrative body, responsible neither to the Congress nor to the President. How in practice any organization, much less the Federal Trade Commission, would be able sensibly or physically to determine what is "like grade and quality" or "differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold and delivered" is quite beyond human comprehension.

It would baffle Athena herself to evaluate the various factors that influence production and selling. Then superimpose upon that immense problem that of deciding the reasonableness or unreasonableness of the proffered "quantity discounts", and the task laid in the lap of the Commission by this bill becomes no less than superhuman. Let us take as an example but one article—cotton. I understand there are nine Government grades of cotton alone. There is Sea Island cotton, Egyptian Pima, Chinese Pima, just to mention a few basic classifications. The cotton may be carded or combed; there are 101 or so grades depending upon strength of texture and finish; it may be bleached, unbleached, or mercerized; there are over 100 methods of weaving.

The variety of items in the final channels to consumption is similarly so extensive as to likewise demonstrate the absolute impracticality of the proposed legislation. Sears, Roebuck catalog, for example, comprises 48,000 articles. I have instanced the difficulty of determining grades and qualities of cotton. That difficulty mayhap is present in each of the many raw materials entering into every one of the noncotton items among the 48,000 articles in that catalog.

Price differentials vary according to the service rendered by the wholesaler. For instance, in selling the retailer by way of the wholesaler, the manufacturer assumes the risk in buying raw materials and fabricating goods for future demand. He stores up his manufactured goods and then attempts to find distribution to the retailers through his wholesale customers. His goods may remain on his shelves. There may be no demand. He takes his chances. He must be compensated for these risks. On the other hand, the national distributor, such as a large chain, department store, or mail-order house, may go to the manufacturer with a large order for goods to be shipped directly to stores or distributing warehouses. There is in such a transaction no use for middlemen, brokers, middlemen's advertising expenses, or middlemen's sales forces. All these elements greatly affect prices, in this latter case the buyer renders the services which in the former instance the manufacturer is supplied with through his wholesalers. It is this shifting of services otherwise expensive to the buyer that naturally causes a great legitimate difference in selling prices. Furthermore, there are different kinds of services rendered by different types of wholesalers. There are some wholesalers who perform a complete distributing service for the manufacturer.

There are mill agents, there are so-called desk jobbers who have their offices in their hats and who merely write out orders and send them to the manufacturers for shipment direct. All of these factors cause a wide difference in price, but under this bill those not classified as wholesalers could only obtain quantity price allowances limited to the extra expense involved in selling to them, or making up their orders, or delivering their goods, over and above the cost of carrying on all the activities of the business from which they brought whether or not used by them. However, a customer may be classified, it is obvious the true cost of selling each, and of producing and delivering his order, will vary according to the service and facilities used by each, and those varia-

tions should be reflected in the price. That would not be possible under this bill. Let us take it from the buyer's point of view and consider the different services which the buyer equips to discharge in order more efficiently to serve his customers.

These services replace services which under this bill would have to be classified arbitrarily if any customer classification were made other than purely on the size of orders. In such instance the bill would prohibit the allowance to the buyer of a legitimate reflection of that part of a classified service actually discharged by him. For example, a buyer classified as a retailer under the terms of the bill may discharge, and at less expense, a part or all of the functions discharged by a wholesaler. This is the case with mail-order houses and the large department stores, which frequently, moreover, pool their orders. Under the classification option they would have to be arbitrarily served as retailers. Then any allowance for quantity would have to be justified, subject to review by the Federal Trade Commission, under the very rigid requirements of the bills' wording, which limits such allowance to the actual differing methods in which goods are made, sold, or delivered for each order. On the other hand, a company arbitrarily classified as a wholesaler simply because it happened to be separately incorporated and dealing only with retailers, could buy as small a quantity as one-twelfth of a dozen and still be allowed full compensation for the complete wholesale function plus a profit margin. See page 9 of the majority report, the appropriate excerpt from which is as follows:

"Wholesalers frequently find it necessary to supplement existing stock by additional purchase in small quantities and the above—subparagraph (1)—permits the wholesaler to be accorded wholesale prices on these smaller purchases as incident to his business without the seller having to accord them at the same time on the whole body of purchases in similar quantities on sales direct to retailers dependent upon him for their source of supply."

Furthermore, in considering this question of "quantity discounts", it must be remembered that in actual commercial practice quotations are made under a multitude of differing practices and to cover a multitude of differing conditions. For example, in large segments of distribution the entire sales process culminates not in an actual order but in a mere listing of a price with the large customer, against which orders for the item are later received, either in large or small volume. But it is certain the volume cannot be known when the price is made. Under such conditions, as similarly in many other cases, customary trade practice would be totally upset and disorganized, and unnecessarily so, by any effort to apply the rule laid down in this bill.

Mr. CAVICCHIA. Mr. Chairman, will the gentleman yield for one more question?

Mr. CELLER. Yes; I yield to the gentleman from New Jersey.

Mr. CAVICCHIA. The gentleman from New York is a lawyer. We are, of course, often laughed at when we question the constitutionality of any measure that comes on the floor of this House. We are usually told to leave the question of constitutionality for decision by the Supreme Court. What does the gentleman think of the constitutionality of the bill, particularly the provision relating to price fixing?

Mr. CELLER. Any lawyer worth his salt will have to say that the bill is unconstitutional. It is rather unpopular to say that in this body; I will say it. Not only that, it violates the right of contract. If I, a buyer, am in the market for a million units have I not the right to be able to and expect to buy them at a lesser price than the man in the market for 10,000 units? Who is going to gainsay me this right? It is the right of contract made inviolate by the Constitution. The Constitution guarantees this right to me without molestation from the Federal Trade Commission or any other body; and this right is a paramount right guaranteed to me by the Constitution. I think, therefore, the bill is unconstitutional. If further argument in support of my position is needed, I call attention to the Sugar Institute case, a very significant case. I have not time to read it all. In the Sugar Institute case it was decided that quantity discount when withheld by the members of the Sugar Institute constituted a monopoly in restraint of trade. In other words, the Supreme Court in the Sugar Institute case, decided only a few days ago, held as follows, and I particularly call that to the attention of those Members who are lawyers:

Carrying out its policy as to discriminations, the institute condemned "as unbusinesslike, uneconomic, and unsound, concessions made to purchasers on the basis of quantity purchased." The Court found that this agreement and the practice under it prohibited not only "unsystematic and secret quantity discounts" but also discounts "systematically graded according to quantity." The Court examined defendants' contention that quantity discounts would effect no economies. If, said the lower court, the facts were as defendants insisted the question would arise whether such a concerted restraint was reasonable. But the Court considered the actual facts to be "entirely inconsistent with defendants' position." As to direct costs, the Court found that the refiners got no discount for quantity purchases of raws which constitute about 80 percent of the cost of refined; that quantity sales affected no appreciable direct savings in manufacturing costs and no savings in brokerage; but that in sales to those who could take deliveries in carload lots direct from the refinery, there were substantial savings "in delivery, storage, bookkeeping, and other incidental expenses." And as to indirect costs, the Court found that sales which distribute production more evenly through the year effect substantial savings to the refiners and that the demand for sugar is elastic, so that encouragement of large sales through quantity discounts might reasonably be expected to build up total production and thus effect economies. Also that a quantity discount to wholesalers selling to manufacturers as well as to manufacturers buying directly from refiners, might well result in a substantial increase in sugar consumption.

So the Court said in substance that they insisted that the members of the Sugar Institute grant quantity discounts without let, without hindrance. Exactly what the Supreme Court exhorted and demanded these refiners do, this bill would prohibit. How under the sun you could sustain the constitutionality of the Robinson-Patman bill in the face of this decision regarding quantity discounts in the Sugar Institute case is beyond me. What you do here in passing this bill will be purely abortive; it will be your labor for your pains, because the bill will be back on the Speaker's desk declared unconstitutional by the Supreme Court in due course.

Mr. CAVICCHIA. Mr. Chairman, will the gentleman yield?

Mr. CELLER. Yes; I yield.

Mr. CAVICCHIA. The gentleman in his speech mentioned quantity discounts. The gentleman from Texas in his speech mentioned secret rebates.

Mr. CELLER. That is another matter.

Mr. CAVICCHIA. Will the gentleman please tell us the difference.

Mr. CELLER. I am in favor of legitimate discounts for larger quantities. I am wholeheartedly against secret rebates and so-called secret advertising and brokerage allowances. These large chains go to a manufacturer and say they will buy 50,000 units of a certain product. They will remind the manufacturer that he is not getting the business through a broker and that the manufacturer should make a difference in price commensurate with the broker's commissions. Sometimes they do it secretly. I protest against such secret practices. I am opposed to these secret brokerage allowances. I want to rip them out, root and branch. I want to rip out the secret and so-called advertising allowances; but the bill goes much farther than that. All must be aboveboard and not in camera.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. KELLER. The gentleman referred to the decision of the Supreme Court in the Sugar Institute case. Was the court divided in that opinion?

Mr. CELLER. No; it was a unanimous opinion.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. CRAWFORD. Referring specifically to the decision of the Supreme Court in the Sugar Institute case I would like to propound a question with reference to subsection 2 of section 2 of the bill on page 6. The Sugar Institute attempted to discourage or forbid the granting of quantity discounts to anyone and to everyone. As the gentleman from New York read excerpts from the opinion of the Court I got the impression that the Court condemned the institute for its action on the ground that there might be a difference in cost of delivering small truckloads as against carloads.

Mr. CELLER. The Court made no distinction of that sort at all. They said economies would be effected by these larger purchases; therefore it would be an encouragement to effect larger purchases, and the consumer would be saved money because he would be paying less for sugar.

Mr. CRAWFORD. That is exactly the point I am bringing out. The gentleman has emphasized the point I was making. The Court held that the institute should not refuse to give these discounts and they constitute economies that are absolutely evident, and the institute should permit quantity discounts because such procedure might increase the consumption of sugar and therefore result in a lower price to the consumer.

Mr. CELLER. And anything that would discourage quantity discount, and this bill would certainly have that effect, because the Federal Trade Commission could stick its nose into everybody's business, to that extent would militate against quantity discount and fly into the face of the theory enunciated by the Supreme Court.

Mr. CRAWFORD. Subsection 2, as I have interpreted it, would permit quantity discount along the lines set forth in the Supreme Court decision.

Mr. CELLER. In the sense there would be an interference by the Federal Trade Commission in the granting of these quantity discounts, and they would have a right to interpret them and set a ceiling beyond which there would be no discount—to that extent this bill militates against the decision of the Supreme Court.

Something has been said about the limitation of quantity discounts on a carload of merchandise. What effect will that have upon the farmer cooperative? Again I am appealing to you on the basis of the farmers. Do you know, I repeat, that the G. L. F., the Grange League Federation of many States, particularly my own State, including the National Grange, the Dairymen's League, and the Farm Bureau get together and buy in huge quantities. They get together and sell in huge quantities, not in carload lots, but in trainload lots. I am informed, I repeat, that they buy their spray material not in carloads but in trainloads. They buy their feed, their fertilizer, their fruit baskets in trainloads. Will the Commission prevent that? They could under this bill.

Mr. GUYER. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, this is one of the most important pieces of legislation that has ever come before the Congress of the United States. However, this is not an anti-chain-store bill, as many have claimed. There is nothing in the bill that may be interpreted as outlawing or making illegal the chain-store systems of the country. There is nothing in the bill that takes from the chain-store systems any of the advantages they now properly enjoy.

The chain-store systems may continue operation after the enactment of this bill, but the pending bill attempts to eliminate from the present set-up the unfair, unreasonable, and unconscionable advantages that the chains now enjoy because of their ability, through large purchasing power, to coerce the manufacturers from whom they buy, and because of the unfair trade practices which they employ in the operation of their retail establishments throughout the entire country.

As I previously stated, this is not an anti-chain-store bill. It merely takes from the chain-store systems those unfair advantages which, in good conscience, they should not enjoy.

A good deal has been said, particularly by the distinguised farm leader from New York City [Mr. CELLER], about the attitude of agriculture toward this bill. I have a wholesome regard for the gentleman, but I have not yet felt that I should follow him on farm legislation. I admit at the outset that the letters he has read are authentic. The statements which he has attributed to farm leaders are actually their statements; but, I submit, Mr. Chairman, that many of the statements made by these farm leaders in opposition to the bill were made because they were misinformed as to the provisions of the bill. I for one want to assume my part of the responsibility for unintentionally misleading them. I was in conference with them when we were discussing the effect of this bill upon the farmers of the country. This was before the gentleman from New York City began conferring with farmers on farm legislation. In this meeting there were several Members of Congress who have been consistent friends of the farmers, as well as the representatives of several national farm organizations.

Mr. CELLER. Will the gentleman yield? I just want to say I never saw one of these farm leaders. They wrote to me, and I never had a conference with them.

Mr. BOILEAU. That is fine. They wrote to the gentleman because they knew his attitude. I will assume my share of the responsibility for unintentionally misinforming these farm leaders with reference to some of the provisions of the bill to which they have registered objections.

It was not because we failed to make an effort to be properly advised. In order to get the most reliable information we could we invited a distinguished Member of this House, who has been largely responsible for handling this legislation in the Committee on the Judiciary, to come before our group and explain the provisions of the bill. This distinguished gentleman of the House unintentionally gave those of us who participated in this conference an erroneous impression with reference to some of the provisions of the bill.

I can say advisedly that some of the objections voiced by these farm leaders were based upon a misunderstanding of the provisions of the bill. At least two of the principal objections made against the bill were because of our misunderstanding of its plain provisions. The letter of these farm leaders written to Mr. PATMAN on the 25th of May, and to which Mr. CELLER referred, points out two additional provisions, the meaning of which should be clarified. This can be done here on the floor of the House, when reading the bill by section, without offering a single amendment. It will only require an explanation on the part of those who are sponsoring the bill, in order to more clearly indicate the intent of Congress. The distinguished gentleman from Arkansas [Mr. MILLER], the distinguished gentleman from Texas [Mr. PATMAN], and members of the Judiciary Committee with whom I have conferred, as well as members of the unofficial steering committee, all agree upon the interpretation of that language, and I am sure no amendment will be necessary to clarify it. The congressional intent will be made clear from the debate on the floor.

I hear some gentlemen say that the Supreme Court may have something to say about it, but I am sure the language is so clear that even the Supreme Court cannot misinterpret it.

Another objection raised by these farm leaders was with respect to the anti-basing-point provision. They felt that this was a dangerous feature of the bill. I personally would rather have that anti-basing-point provision in the bill, but the committee, in its wisdom, will submit a committee amendment striking it out. The members of the steering committee believe that in order to insure its enactment we should eliminate this provision, and, although personally I would prefer that it remain in the bill, I am nevertheless willing to go along. I am pleased that in this respect we are meeting the demands of the farm organizations with whom I have always tried to cooperate, both as a member of the Committee on Agriculture and as a Member of the House, and whose views I have welcomed at all times in the consideration of this bill.

I have given consideration to their needs as a member of the Patman committee investigating chain stores, and as a member of the executive committee of the Steering Committee organized to promote the adoption of this bill. It is now agreed that the anti-basing-point provision is to be eliminated. So far as I am concerned, I would like to see it remain in the bill, because I do not believe it to be dangerous, but in the interest of the passage of the measure, and because of the apparent apprehension of the farm leaders, I am going to vote to take it out.

Another objection made by the farm organizations was with reference to the classification of wholesalers and so forth. The distinguished gentleman from New York, in his argument a few moments ago, referred to the inclusion of that provision as being one of the reasons the farmers are opposed to the bill. There is absolutely no opposition to

striking this paragraph from the bill. The steering committee has asked that the Judiciary Committee do this, and I understand that the Judiciary Committee has agreed to offer an amendment striking it out. Everyone here is in accord and in agreement that this should be taken out, primarily, because it would be detrimental to the best interests of the farmer cooperatives. When this was pointed out by the farm organizations, all those who had been supporting the bill agreed that this should be taken out. So the gentleman from New York is in error in this respect.

Now he talks about advertising allowances and refers to the farm leaders as being opposed to this provision of the bill. This was objectionable as they first interpreted the bill. However, this is another case of misunderstanding and misinterpretation of the language. They received this impression at the meeting I have referred to, at which time an erroneous impression was given with reference to the actual provisions of the bill. Now that they understand it, all they ask is that the intent of Congress be made clear during the debate. In my own humble judgment, I do not think it needs explanation or clarification. It certainly does not need amendment, because it is very clear that these prohibitions against advertising allowances are not going to be injurious to the cooperative farm organizations of the country.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. In just a moment.

The gentleman from New York [Mr. CELLER] said that if these farm cooperatives—and his heart was bleeding for them—give an advertising allowance in one community, such advertising allowance would have to be given by the cooperatives to all of their customers throughout the entire United States. I confess I do not blame him very much for making this statement. As a matter of fact, I had the same impression myself until I read the bill more carefully.

I think if he will study the bill I am satisfied he will conclude that the farm cooperatives can go into one community and grant advertising allowances and they will not be required to give such advertising allowances to customers in other communities. It is true that if they go into Podunk and give an advertising allowance to one concern in that community they will have to give a similar allowance to any other concern in that community, but not on the west side of New York.

Mr. BLOOM. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. BLOOM. What part of the bill is the gentleman referring to?

Mr. BOILEAU. I am referring to subsection (d), on page 9. At the end of the paragraph it says:

> Unless such payment or consideration is available on proportionally equal terms to all other customers competing in the distribution of such products or commodities.

"Customers competing in the distribution of such products or commodities"—that means the same city or community, with competitors in the same town. But it does not mean that an advertising allowance to a customer on a corner in New York must be made to one in my home town in Wisconsin. They do not compete.

Mr. BLOOM. I am simply looking for information. Will the gentleman tell me in what part of the bill it says anything about advertising at all? Where is the word "advertising" used?

Mr. BOILEAU. We can talk about advertising allowances without using the word "advertising." If you want to find it read section (d) with that thought in mind, and you will find that it fully covers advertising allowances.

Mr. BLOOM. And yet you can find no place in the bill where it uses the term "advertising."

Mr. BOILEAU. No; but the Judiciary Committee discussed the bill and the provisions in paragraph (d) with relation to advertising allowances, and any member of that committee will tell you that that section refers to advertising allowances.

Mr. CRAWFORD. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CRAWFORD. Even if the Judiciary Committee claimed that these provisions on pages 8 and 9 did not import advertising allowances the fact remains that it does embrace it?

Mr. BOILEAU. There is no question about that.

Mr. CRAWFORD. The gentleman made the statement that this advertising allowance would have to be granted to each dealer in a town.

Mr. BOILEAU. I say "competing."

Mr. CRAWFORD. The gentleman means each customer?

Mr. BOILEAU. Each customer.

Mr. CRAWFORD. In other words, I do not have to allow it to people who are not my customers?

Mr. BOILEAU. No.

Mr. CRAWFORD. I could select a single customer in a single town and grant it to him?

Mr. BOILEAU. The advertising allowance?

Mr. CRAWFORD. Yes.

Mr. BOILEAU. No; you could not. If you grant an advertising allowance to one customer in that community who is competing, you must grant it to all his competitors.

Mr. CRAWFORD. Then why the language on line 5:

> To all other customers competing.

Mr. BOILEAU. All other customers competing in the distribution of such commodities.

Mr. CRAWFORD. But he must be my customer?

Mr. BOILEAU. All persons with whom you deal, and if you offer such an advertising allowance, it is my opinion that you must offer it to all customers of yours in that community.

Mr. CRAWFORD. I can select one customer?

Mr. BOILEAU. If you are only selling to one customer.

Mr. CRAWFORD. In a given town?

Mr. BOILEAU. I believe you could do that; yes.

Mr. BLOOM. You only think he can do it?

Mr. BOILEAU. No; I am stating that if you have only one customer in a community, that is the only person to whom you have to offer it.

Mr. BLOOM. You will have to give it proportionately to all other persons in that town.

Mr. BOILEAU. All other customers with whom you deal.

Mr. MILLER. Yes; his customer.

Mr. BOILEAU. That is all.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Briefly.

Mr. MAY. This is about a matter I think the gentleman will be interested in. The gentleman has talked about cooperatives and, I take it, he has reference to farmers' cooperative associations. There is nothing in the bill that says a word about farmers' cooperative associations, but in subsection (f), on page 9, I think there is enough language to authorize a cooperative in some business which is creating a monopoly to take advantage of it and continue that monopoly.

Mr. BOILEAU. The gentleman stated I refer to farmers' cooperatives. There is nothing in the bill about them. The cooperative farm organizations objected to certain provisions of the bill which they thought would restrict their carrying on business of the type they are now carrying on under the authority of the Capper-Volstead Act. That has been eliminated.

Mr. Chairman, I want now to go on to the other objections. This cooperative proposition is referred to in section (f). That language permits cooperatives in other lines of business to continue as they have in the past, and permits them to turn back to their own members such benefits as might accrue to them in their cooperative enterprise. That is true.

Mr. MAY rose.

Mr. BOILEAU. Oh, I have only a couple of minutes left.

Mr. MAY. I am trying to strengthen the bill.

Mr. BOILEAU. I appreciate that; but I cannot yield further. One other matter I want to bring out, so far as farm organizations are concerned, and their opposition to this bill: I want to make it clear to the Members of the

House that I do not claim to be authorized by these farm organizations to speak for them. They are able to speak for themselves. They have not asked me to speak for them, and I do not want to have anyone get the impression that I even claim to do so. However, I say that of the five objections they raised in the letter to Mr. PATMAN on the 25th day of May, the first four will be all be taken care of by these amendments, and the debate, I am sure, wil clarify the congressional intent, if such is needed, with reference to two of the sections of the bill. There is one provision, however, that they are still opposed to, and that has not been taken care of by proposed amendments. That is paragraph (e).

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. GUYER. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. BOILEAU. With reference to section (e), they request that the proviso in that paragraph be changed. They want to strike out the part about the prima-facie case which may be rebutted by showing that the lower price to any purchaser was made in good faith to meet an equally low price of a competitor. They would like that changed so that they can offer prices in good faith to meet competition. They insist that is necessary. I do not personally attach the importance to their amendment that they attach to it, although I do not believe that it would harm the bill a great deal to make that change. I feel that the bill is a little better in its present form than it would be with the amendment. I do not believe that the change is necessary to protect the interests of the cooperatives in their legitimate business.

This bill is intended to prevent a seller from discriminating in favor of one customer, giving one customer an advantage that he does not give to his competitor. That is the intention of this bill. The amendment they suggest would not harm the bill a great deal, but it would not make it any better. They, however, still insist upon that amendment, so that the gentleman from New York is about 20 percent accurate. In other words, he says the farm organizations have five objections. I believe I can say without fear of contradiction that the objections have been reduced from five to one, and the gentleman from New York is about 20 percent accurate when he talks about the opposition of the farm organizations. However, I, for one, am going to support this bill in its present form.

[Here the gavel fell.]

Mr. MILLER. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. PEYSER].

Mr. PEYSER. Mr. Chairman, I am going to endeavor to approach this measure from the point of view of the consuming public, to show the disadvantage, in my judgment, that they would be placed at, provided this bill is put into effect, due to what I think is the unworkable part of the bill.

The consuming public represents a larger body than either the laborer, the farmer, or any other individual group, because it means the combined population of the Nation. I do not think any of my colleagues will dispute that. If this bill should become a law, through what I deem to be its unworkable phases the disadvantage to the consumer would be brought about in this manner: Let us assume that a large manufacturer—we call him A—is selling his merchandise today principally to B, C, D, and E, they being chain stores, department stores, mail-order houses, or what not, but large buyers. The remaining part of his product today goes to the small consumer at the country store or the little corner store. If this bill should become law, the manufacturer, A, could conform with this law by confining his merchandise entirely to the merchants B, C, D, and E, and withdrawing his merchandise from the little fellow, representing the small percentage of his output. I asked a question this morning of the chairman of the Committee on the Judiciary. He stated there is nothing in this bill that could make the manufacturer sell his merchandise to a man if he did not want to sell it to him. What does that mean in reflected price to the consuming public? It means that the little man is removed from the picture as far as buying merchandise from the large manufacturer is concerned, and he must seek other channels for the purchasing of that merchandise. Those channels that he finds are open to sell him, not at the price at which he is buying it today, but at a higher price, due to the fact that his purchasing is going into channels where the overhead is higher on account of the mass purchasing power having been removed. Now, who is going to pay that added price that the little merchant must pay for his merchandise? The consumer. In no other way in the world can that little man who is forced to pay more exist, unless he in turn collects that from the consuming public. That is one phase of the bill that I think is unworkable, and will in turn increase the cost to the consumer.

There is another phase. If this should become a law there is nothing to prohibit the man who has his largest distributing points in two or three or four States, from opening up subsidiary salesrooms within these States, and delivering the merchandise to the subsidiaries to conform with the provisions of this act. That man within the State in which he distributes the bulk of his merchandise, it being intrastate, can offer any discounts, any allowances that he sees fit. So that the proponents of the bill, whose sincerity I do not question, are really going to hurt the little fellow, because they are absolutely legislating the people that they want to affect under this bill, into a preferred position.

There is one other situation that could develop. There will be many men today who are manufacturing and offering their merchandise to the general public, who will go into the distributing business themselves and will set up competition against the merchant. This competition does not exist to any extent today. But it is bound to come if this bill is passed. I know of one case in New York of a firm who for 10 years has sold no merchandise to the consuming public in general. He formerly distributed his merchandise to many distributers. Today he has his own stores. He has 10 or 11 and is constantly branching out. That will be the preferred position that other manufacturers will be driven into.

There is nothing to prohibit a man from starting, not only his own factories and his own stores but from withdrawing, if you will, what you might term the "chain store" and building up as a wholesale distributor, and organizing his different chains under a cooperative system, whereby he can sell to those cooperatives which are owned and operated by individual managers today under his supervision. He can sell them under a volume price, in order to conform to this act. In what way are you helping the public under this law? You are not helping them. You are hurting them. If they do take advantage of these evasions, instead of prices coming down to where they are to the big buyer, it will just work the other way. It will put the manufacturer in a position to ask more for his merchandise either in large quantities or in small quantities, as the case may be.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield.

Mr. PIERCE. Then, according to your philosophy, you are absolutely helpless? The chain stores become manufacturers and distributors, and there is no help for the situation?

Mr. PEYSER. I do not say we are absolutely helpless. I say we are helpless under this bill.

Mr. PIERCE. But we are helpless anyway. Is not the whole tendency of the chain store to become a manufacturer today?

Mr. PEYSER. It will be if you drive them into the manufacturing business.

Mr. PIERCE. Are they not in it now?

Mr. PEYSER. No; they are not, to any extent.

Mr. PIERCE. Are they not growing vegetables on the Pacific coast?

Mr. PEYSER. They manufacture some articles.

I yielded for a question, not for debate. Let me say to the gentleman that instead of manufacturing a few things, as the gentleman states now is the case, they will be driven to manufacturing all their goods.

I would like to consider the bill now from the point of view of labor. I have had some merchandising experience,

and I know of many cases where factories have been kept busy during off seasons, where the factory would make quantity concessions in price in order to keep their workmen busy, in many cases with little or no profit to himself, this low-priced merchandise in turn being sold at prices well under the regular scale, the added consumption due to low price keeping labor employed and the consumer getting the benefit.

I favor correcting any evils that may exist, but the bill we are debating does not do that, as I have tried to show you, and I, for one, will not support it.

Mr. MILLER. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. FORD].

Mr. FORD of California. Mr. Chairman, I shall not in anywise discuss the technical details of this bill, but I desire to call the attention of the Members to two or three points which seem to me to be vital in its consideration.

We all know that a number of great merchandising chains have been created in the United States. These vast organizations usually center in New York or the East where the great money pools are located. By reason of their broad capital structures, of their efficient organization, of their power to attract to their service men of outstanding ability in their particular lines, they have been able to do a tremendous volume of business throughout the country. They have built up a great system of merchandise distribution, with the result that they have been enabled to purchase the goods they sell at a price considerably lower than that exacted of the small independent merchants for the same or similar goods. It may be argued that because of their efficiency and ability they should be entitled to these advantages. Possibly a strong argument can be made to support this viewpoint, but this carries with it an implication that goes far beyond efficient distribution by chains. If these chains are permitted to continue in their present trend, we shall at no distant future see the retail trade of this country in the hands of four, five, or six great merchandising institutions. These chains will control the distribution of two-thirds of the food and clothing of this country. They have not yet got into the field of shelter, but even in housing there is a tendency toward mass production, the building of knock-down houses at the mill and shipping them to the point of erection. So the time may come when a half dozen great corporate structures may control the distribution of all the things that go to make up the ordinary necessities of life. This being the case, what would happen? The independent merchant would be put out of business, and unless he could get a job with a merchandising chain he would probably have to go on relief. We must all admit that this is evident, it is plain, and it is coming. What will it mean in the end to the producer, let us say, of foodstuffs, when it gets to the point where these chains control the distribution of potatoes, wheat, corn, vegetables, or any other commodity raised on the farm? These chain managers will say, "We will pay you so much for your produce, and no more"; and the farmer will have to take the price offered. Let us take the case of a commodity that has been kicked around as one of the so-called loss leaders in the chain stores, the cigarette. I have seen cigarettes sold at retail in chain stores on the coast for less than the small dealer could buy them at wholesale. Why? Because the small dealer had to pay the price the wholesaler exacted, while the chain stores were able to get a price from the manufacturer that enabled them to put the small dealer out of business.

While this may be to the consumers' advantage for the period during which the chain was forcing the small dealer out of business, ultimately, as soon as the small dealers are eliminated, the chain stores will say to the manufacturer, "We control the distribution of this product now, so we are going to make you accept our price for that product and that price will be whatever we choose to pay."

We are getting to the point where the great distributing chains in this country are able to dictate the price to the producers of many articles; and when they have eliminated competition they are going to dictate to the consumer the price he pays; and, let me tell you, this price will be all the traffic will bear.

To some extent the chain store saves the average consumer money; yes. There are four or five leader articles sold at a price lower than you can buy them for from the independent merchant; but if you buy a full bill of goods and compare the total price with what you would have paid at the small store, you will find that you have paid as much or more than you would have paid at the small store; and in the small store you would get your full weight, whereas in the chain store you very often do not.

The philosophy of this whole matter was set forth by the very eloquent, the very able gentleman from Texas—I place him in the class of statesmen—Mr. SUMNERS, who, in the short 5 minutes he spoke on this floor, set forth the situation as ably as any man I ever heard in this House. [Applause.]

I am going to vote for the Patman bill, because I believe it will benefit the farmer-producer as well as the honest manufacturer; that it will benefit the consumer; and that it will keep in business the 8,000,000, 9,000,000, or 10,000,000 small dealers who have so far made their own way in this terrifically intense competitive system, but who are now threatened with extinction unless the Congress of the United States comes to their aid and does something for them. I ask my colleagues, therefore, to support this bill because it heads in the right direction and may check a dangerous trend. If we do not stop this trend, a situation will develop in this country that will mitigate against any possible recovery.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for me to read a telegram about the co-ops?

Mr. FORD of California. Yes.

Mr. PATMAN. I have just received the following telegram from Hector Lazo, executive vice president, Cooperative Food Distributors of America:

MAY 27.

Hon. WRIGHT PATMAN,
House of Representatives:

In view of controversy relating cooperatives, want to register with you that 98 retails, owned cooperatives, operating in 37 States and owned by 21,000 individual retail grocery merchants, approve H. R. 8442 as recommended this noon by Judge Miller and will help you carry out its purpose throughout the country.

HECTOR LAZO,
Executive Vice President,
Cooperative Food Distributors of America.

Mr. FORD of California. I do not think the argument can be supported that in its present form the bill is detrimental to the cooperatives. The person who makes that argument is not sympathetic with the measure.

Mr. Chairman, I yield back the balance of my time.

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, within a few days after taking my oath of office in this body I introduced a bill moving in the direction in which this one is moving today. I stand on the fundamental proposition that a business operating in this country which refuses to compete should be regulated. I get this philosophy from the Interstate Commerce Act and from the fact that the public-utilities commissions of the respective States say that a public utility must be controlled because it has no competition. It does not compete, it has no competitors, therefore must be regulated by the public. Now, if it is bad to give secret rebates, concessions, advertising allowances, and quantity discounts to the favored few in the movement of freight or in the movement of passengers, it is bad for the economic body and unsound economic practice to give those things in trade between jobbers, retailers, wholesalers, and manufacturers.

This bill is too broad to deal with, in a general way, within the short space of time of only 10 minutes, so I want to get down to something specific. A lot has been said here about the farmers objecting to the bill. Let me take you on a little visit and show you what is happening to one single farm commodity which is produced in some

16 States and is perhaps one of the greatest headliners there is anywhere in the realm of politics. I refer to sugar made from beets.

The domestic sugar industry in this country rests in, we will say, 18 States; Louisiana and Florida in the Southern States, in which will be found the cane fields, and in the territory north of the line I have indicated on the map, we find the sugar-beet industry. There are two chain organizations in this country, one of which distributes about 8,000,000 bags of sugar per annum, operating mostly in the territory east of the Mississippi River. The other chain operates largely in the same territory.

How do they buy their sugar? Let us start at the beginning, in the sugar-beet fields of the Western States, and Michigan, Ohio, and Indiana. The farmer sells the sugar beets under a participating contract which says that he will take for his labor, in the form of a pile of sugar beets, a certain percentage of the net price received from the manufacturer after he sells the sugar, the pulp, and molasses taken from the beets. In some areas it is on a 50–50 basis—that is, you take the net proceeds (not net profits), giving 50 percent to the processor and 50 percent to the farmer.

Where does he come into this bill? The processor sells the sugar through a broker. Who is the broker? Fundamentally, he is a chain broker who has headquarters up in New York City. He has a beaten path from his brokerage house over to the purchasing department of the big chains. Keep in mind, now, we are dealing with a farm product. I am now talking about the pocketbooks of the farmers up in my own district as well as the pocketbooks of the farmers out in the western and middle-western districts, the fellows who perform the stoop labor in the field.

The broker goes over to the chain store and says, "Let me tell you something, Mr. Chain Buyer. I know a certain beet-sugar mill operator out in the West somewhere who is hard pressed for money. He operates under a tax law which reaches in and states that he has to distribute his earnings; therefore he has not accumulated a reserve for working capital. He needs money for meeting pay rolls, for interest charges, for raw material. His warehouse is full of sugar. I will tell you what let us do. Let us make him an offer for a hundred thousand bags of sugar 20 cents below the market. That is 20 cents a bag. It is $120 a car secret rebate. On what? Why, on one carload of sugar. Think of the rebate on 10,000 bags of sugar or on a hundred thousand bags of sugar.

So they flirt around with the processor, who is going to split 50–50 with the farmer, for a few days, and finally this chain broker, who has an office in Detroit, Chicago, St. Louis, Cincinnati, New Orleans, Atlanta, San Francisco, and Denver, Colo., tells the Michigan processor, "Well, Mr. Michigan Processor, you better sell those 100,000 bags of sugar. If you do not I am going over to a processor in Denver, Colo., and buy from him." He is telling the Denver processor the same story the same day.

They put the processors in the sweatbox. He looks at the 100,000 bags of sugar at $4 a bag, and he thinks of a $400,000 check in one lump sum, shipment within 10 days. What does he do? He sells the 100,000 bags of sugar, makes a secret, confidential price—10, 15, 25 cents per bag under the market, in which the farmers own a 50-percent interest. The sugar is sold to a group of fellows who operate a chain store and the deal is rigged by a group who operate a chain brokerage firm. They buy the sugar at a discount of say $20,000. The farmers lose $10,000 on the one deal.

Who did this? A New York chain brokerage outfit operating through a chain set-up. The local broker is crowded out of the picture. What happens? This same group of farmers depend upon two groups of people for distribution. Who are they? The chain stores and the home-owned grocers, the independent retailer who has helped build the Y. M. C. A. and Y. W. C. A., the one who helps carry the Salvation Army, the one who helps build every local institution that we have in every community in this country; those are the people who have held the American civilization together. The local retail merchant contributed to that building as much as anybody, and the chain store contributes about as little as anybody.

If the chain stores will compete I have no objection to them. If they will buy their sugar and other goods on the same basis that other merchants buy theirs, fine. No one can complain about that, and I shall not complain. You are moving 120,000,000 bags of sugar per annum in this country to be consumed by 127,000,000 people. If you spread the same kind of secret discount over the entire production you would have 20 cents a bag on 120,000,000 bags or, say, $24,000,000. The refiner on the Atlantic seaboard located in Boston, New York, Baltimore, Savannah, and at New Orleans and San Francisco, must sell sugar the same way because the same pressure through the same brokerage outfit and through the same chain-store set-up is being exerted on all refiners and beet-mill operators.

Mr. Chairman, every Member here on the floor can see the chaos and destruction of such practices. The American sugar-beet grower (and I have thousands of them in my district in Michigan) has been paying this kind of tribute down through the years. The rigged machinery of the chain broker and the organized chains can whipsaw the market at all times and take this "bargain-counter secret-rebate sugar" into other markets and destroy the price structure not only on the number of bags so purchased but on thousands of other bags of sugar which have been purchased on the "up and up" at full list price by the independent local jobber and retailer. I could put into the RECORD detail figures on these unfair and repulsive practices that would expose a black page in the history of the sugar industry of this country. The American farmer is totally helpless so long as the processor of the beets continues to submit to the "sweating" of the chain broker and chain-store operator. If the chain stores and the chains brokers will not compete on a fair basis, then let us see if Federal legislation can be designed which will "line them up" just as we have heretofore lined up the railroads. A refusal to compete leaves only one thing to be done, and that is to "regulate." As badly as we hate that word, if it is a choice between "monopoly" and "regulation" I personally will choose regulation. In the long run I have no fear of what the people of this country will choose, once they understand the machinery that is involved.

Mr. EKWALL. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Oregon, very briefly.

Mr. EKWALL. I simply want the gentleman to mention Portland, Oreg. I am from Oregon.

Mr. CRAWFORD. Has the gentleman a refinery there?

Mr. EKWALL. No; but I would like the gentleman to mention my State. [Laughter.]

Mr. CRAWFORD. Very well; we now have Portland, Oreg., in the RECORD.

I want to touch now on one other thing, and that is with respect to the basing-point provision. A lot of people do not understand the basing-point provision and it is easy to understand why they do not. Lots of products are sold f. o. b. a given point. We will take, for instance, sugar. Sugar is sold f. o. b. New York City. The price today of cane sugar is $5 a hundred f. o. b. New York City, and the price of beet sugar is $4.80 f. o. b. New York City. The processor of sugar beets will receive an offer, we will say, at Saginaw or Bay City, Mich., to sell sugar at Bay City at the New York basis of, say, $4.80. The sugar is invoiced to the Bay City wholesale jobber at $4.80 per hundred pounds, plus the freight rate from New York to Bay City, and the Bay City jobber picks up the sugar at the Bay City processor's warehouse. If the sugar is sold to a customer at Cleveland, the price is $4.80 plus the freight from New York to Cleveland, and the Bay City processor pays the freight from Bay City to Cleveland. The freight charges from New York to Bay City are much greater than to Cleveland. Also the freight charges from the Bay City processor's plant to the jobber's warehouse in Cleveland is very high, all resulting in a much

higher net for sugar sold and delivered at Bay City than if sold and delivered by the Bay City processor at Cleveland.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. FLETCHER. Will this bill remedy that sugar situation?

Mr. CRAWFORD. Only in part. It is hoped to remedy the secret rebate I have mentioned. The basing-point provisions are to be eliminated from the bill, I understand.

We are going to strike out of this bill the basing-point provision, and if I had the time I could show you where, if that goes out, it may cost the American sugar growers of this country millions of dollars annually, and I know the figures that I am talking about. However, you cannot keep it in this bill and pass the bill, can you, Mr. Chairman?

Mr. MILLER. That is the impression I have.

Mr. CRAWFORD. That is right.

Mr. MILLER. I agree myself that the basing-point practice that has grown up is indefensible, but I do not believe that can be taken care of in this bill.

Mr. CRAWFORD. Neither do I, and I am not going to object to throwing that out of the bill, because we can crawl a little bit at a time and go as far as we can with this bill.

We have not the time to go into this, but I could submit actual figures and show where this bill, if it is workable, will turn back into the pockets of some 80,000 sugar growers in this country literally millions of dollars on the elimination of the secret rebates and price concessions and advertising allowances on that one commodity alone, and yet we have had statements here from farm organizations opposing this bill because they understand that the bill will do thus and so. They were speaking about the bill as it had been explained to them and as it had been read to them in previous prints, and they were not speaking about the bill as we will vote on it in a day or two.

Mr. CELLER. I may say to the gentleman that in my time I read a letter dated yesterday at 6 o'clock p. m., where the farm organizations are still opposed to the bill.

Mr. CRAWFORD. That may all be true, but within the last day or two agreements, I understand, have been reached on certain changes that are to be made before final passage, and I know that the farmers who have not seen their leaders for months, and may not see them for years, think about how they are going to be affected by this bill.

In addition to the elimination of these secret rebates, take this advertising scheme: A chain store will make a deal and say, "Give us a 10-cent advertising allowance on 100,000 bags of sugar, or 10 cents a bag", and they will run a little ad that may cost them $5 in 40 or 50 different papers and they will collect $10,000 as an advertising allowance for this; and then they will take that very ad and say to these farmers what a great factor the chain is in distributing the products of the farm in that particular county where the ad has been run.

Now, I must come back to the fundamentals, because my time is about to expire. If a business refuses to compete, why not regulate it? If it will compete, then there is no reason for any regulation. If secret rebates and advertising allowances and practices of that kind are destructive in the transportation of goods, why are they not just as destructive in the barter and sale of those goods? These are the fundamentals you are dealing with.

A manufacturer does not dare drive out of his distributing machine the independent retail merchant. If he does the other independent retail merchants will boycott him, and inside of 60 days to 6 months his factory will be closed; but the same manufacturer will say to a chain-store operator, "You can have my shirt, you can have my pants, you can have my B. V. D.'s", while he says, by practice, to the little retail merchant who has held the community together, "I will help the chain store drive you out of business by allowing the chain secret rebates, and so forth, and I will give them anywhere from 5 to 25 cents per unit as a secret allowance", playing the cards under the table, while he denies the independent wholesale merchant or the home-owned retail house that is operating in the community where the goods are grown, processed, and distributed the same privileges. This is unfair. This is highly destructive of our entire economic procedure. It goes further than that and eventually, if not checked, it will destroy the present social and economic institutions of our country. I favor checking this drift if there is any constitutional way it can be done, and I believe there is. [Applause.]

[Here the gavel fell.]

Mr. MILLER. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. McLAUGHLIN].

Mr. McLAUGHLIN. Mr. Chairman, it seems to me that the discussion of this bill has been enlightening, but because of the ramifications into which it has run has been at the same time a little confusing. Therefore I am going to ask the indulgence of the Committee in the short time allowed me in attempting to contribute to this debate by clarifying the issues before us in the consideration of this measure.

One might be led to the conclusion after hearing the discussion here that this is a new measure, that we are seeking to establish a new policy and to engage in a new type of regulation. That is not true. In weighing and considering the arguments upon this bill I ask you to bear in mind that it will accomplish only an amendment to existing law which has been on the statute books in this country since 1914.

In other words, this is an amendment proposed to the Clayton Act, an amendment to only one section of that act.

Let me read the section which the bill proposes to amend. Section 2 of the Clayton Act reads:

> That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price between different purchasers of commodities which commodities are sold for use, consumption, or resale within the United States, or any Territory thereof, or the District of Columbia, or any insular possession, or other place under the jurisdiction of the United States, where the effect of such discrimination may be to substantially lessen competition or tend to create a monopoly in any line of commerce.

That is section 2 of the Clayton Act.

And then Congress added a proviso, as follows:

> *Provided*, That nothing herein contained shall prevent discrimination in price between purchasers of commodities on account of differences in the grade, quality, or quantity of the commodity sold—

And so forth. In other words, section 2 of the Clayton Act prohibited discrimination in price, but in the proviso it is provided that discriminations in price are permitted, so that the proviso which was added to that section completely destroyed the section itself.

Now, this bill before us presented to the Judiciary Committee simply does what section 2 of the Clayton Act intended to do. In other words, it provides generally that discrimination in price is prohibited, but sets forth the conditions under which reasonable and proper allowances may be made in price for the specific reasons and upon the particular grounds set forth in the act.

The bill under discussion prohibits the specific abuses which have grown up under the Clayton Act because of the proviso to which I have just referred.

There are three types of discounts used as subterfuges by manufacturers to large purchasers in order to afford to those purchasers a reduction in price as contrasted with the price which the small purchaser is allowed. Those three discounts are advertising discounts, or pseudo advertising discounts, if you will; brokerage discounts or pseudo brokerage discounts, if you will; and quantity discounts. This bill does not prohibit those three discounts. In fact, it clarifies the law and states the terms and conditions under which those three discounts may properly be allowed. Advertising discounts are limited to legitimate advertising discounts, and no purchaser or manufacturer should complain about that. Brokerage discounts are limited to legitimate brokerage discounts and not secret rebates, and no manufacturer should object to that. In fact, I am informed that manufacturers are anxious that this bill be passed in order that they may not be gouged as they have been in the past by large-quantity purchasers who are demanding these unreasonable discounts.

The third is quantity discounts. It has been suggested, but the general impression has been created in connection with this bill, that this bill, if enacted into law, would require that a manufacturer sell to the man who buys a dozen articles at the same rate per article as the man who buys a thousand or a thousand gross of those articles. That is not the case. Quantity discounts are allowed under section 2, as shown on page 6 of the bill, but only for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchases sold or delivered. So that a manufacturer who can effect a saving in cost of manufacture or effect a saving in delivery in different quantities is allowed to grant a discount on account of such savings. Using, however, the analogy of the Interstate Commerce Commission in fixing rates on interstate shipments by railroad, which has been followed, the bill provides that there shall be a limit beyond which no discount shall be allowed. In the case of the Interstate Commerce Commission the limit was fixed as a carload lot, as we have heard it explained here by those who have preceded me.

It has been suggested and urged, and was urged at the time the interstate commerce law was passed, that Congress should go further and permit discounts beyond that unit for the reason that a railroad can ship more cheaply a trainload than it can ship individually the aggregate of cars that go to make up that trainload. The Interstate Commerce Commission held, and it has been upheld by the courts, and I think we will agree, wisely, that discount beyond a carload would not and should not be allowed for the reason that but very few shippers would be in a position to take advantage of it. Very few shippers would ship in such quantity as to make that discount beyond a carload lot available to them. So this bill allows the Federal Trade Commission, after proper consideration of the facts, to fix the limit of quantity beyond which no quantity discount shall be allowed.

To summarize briefly, this act permits allowance for discount as stated in section 2 on page 6 for difference in the cost of manufacture, sale, or delivery resulting from differing measures or quantities in which the commodities are sold or delivered to the purchasers but allows the Federal Trade Commission to fix quantity limit beyond which no discount will be allowed.

This provision is based upon and follows the theory of quantity limitation, provided for as to transportation in the Interstate Commerce Act.

The bill merely strikes out the proviso in the Clayton Act which renders ineffective as to quantity discounts the provisions of that act prohibiting price discrimination and at the same time makes the Clayton Act effective as a prohibition against improper discounts or rebates under the guise of advertising discounts, or brokerage discounts.

As a member of the Judiciary Committee to which this bill was referred and as a member of the subcommittee which studied and considered this measure, I have listened to the testimony of witnesses and have read the printed briefs and arguments and have reached the conclusion that the measure is designed to protect the independent merchant against unfair practices which, if continued, will ultimately destroy independent merchandising.

I have no desire to shackle legitimate business or to impose unreasonable restrictions upon legitimate business. On the contrary, I am in favor of all possible assistance to the conduct of industry, trade, and business generally in a fair and honest manner.

The time allotted to me does not permit me to touch upon all the phases of the bill or to refer to all of the points made in the arguments thus far on the floor of the House. However, I have pointed out the essentials of the measure and the good which will result from its passage, and I trust the House will pass this act with the committee amendments which have been described by those who have preceded me on the floor in the discussion of this bill.

Mr. MILLER. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Chairman, I take it this measure is intended to restore to the American boy the opportunity which has been taken from him by great wealth.

Adolph Hitler, of whom I do not approve much, said that he would sooner have 10,000 Germans owning 10,000 stores than one German owning 10,000 stores. I would sooner have 10,000 Americans owning independent businesses than have one chain company owning 10,000 stores.

A few years ago one of the founders of the A. & P. died in Connecticut, leaving his son $135,000,000. His mother bewailed in loud tones that she was worried lest some designing woman should come along and get that $135,000,000. While worrying about the disposition of that great fortune, the good widow should have also given some thought to the manner of its acquisition. She should have thought of the many small independent merchants who were destroyed and whose families were left destitute by the chain organization of which her husband was a part. These independent merchants were destroyed because there was no law to protect them from the menace of organized wealth.

The very bigness of these chain organizations makes them a menace to our civilization. They have a disregard not only for the laws of the land but for the laws of God. They even attack something sacred to every man and woman in this room. They disregard a day that has been handed down and observed by us for thousands of years—the Sabbath of Moses and the Sunday of Christianity. I want you to show me, if you can, one of these institutions that has any respect for that day.

A great judge in Missouri by the name of Scott, away back in years gone by, said in sustaining the law prohibiting the transaction of business on Sunday: "It is right and proper that this day should be set apart as a day of rest. Why, even the beasts of the field know when Sunday comes because a harness is not adjusted to them."

I am not a Sabbatarian, but I do believe in a proper observation of that day from the standpoint of religion, rest, and pleasure.

In almost every city in this country today you will find a group of chain stores, under the guise of drug stores, selling every article under the sun and keeping open 18 hours on Sunday as well as the day before, the Sabbath of Moses. The underpaid clerks of these gigantic organizations are forced to observe the day set apart for worship, peace, and rest by selling the wares of their mercenary employers. Do we want the civilization handed down to us by our Savior, or do we want to substitute for it this new civilization introduced by the chain organizations who have but one god—money?

I say we are a bunch of cowards if we do not come forward and take steps to correct this evil.

On Easter Sunday I was over at Atlantic City, and I have here a few articles of necessity that were sold to me there that day. I purchased this hammer at McCrory's. I do not know why it should be necessary to sell hammers on the Boardwalk on Sunday unless for the purpose of hitting some fellow on the head after he had indulged too freely in something obtained in one of these modern women's barrooms. [Laughter.] Then I found this belt. There might have been some necessity for this. I bought it at Woolworth's. Then I also purchased this rack at Woolworth's for 20 cents. The label explains what it is to be used for.

There might have been some need for a fellow buying this bath brush on Sunday, but he should have been made to buy it the day before or the day before that.

I also bought this saltcellar, again at McCrory's.

On another Sunday, while in Atlantic City, I bought this jewelry. There was this pair of pierceless earrings, 10 cents at McCrory's; and this pin of indestructible pearls,

10 cents at Woolworth's. Then I went into Henry Ford's elaborate display on the Steel Pier. There I found men putting machines together, while high-pressure salesmen explained the fine points and took orders for the sale of these automobiles.

I next went to the other end of the walk, at the corner of Georgia Avenue and the Boardwalk, and found the display rooms of that great plumbing-fixtures organization, Crane's, which boasts of being the largest concern of its kind in the country. I was taken in, and they showed me 27 different toilet-room arrangements. [Laughter.] All of this was on a Sunday afternoon.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. SHANNON. I yield.

Mr. PEYSER. Why did the gentleman encourage them by buying these things on Sunday?

Mr. SHANNON. I bought them to bring them here that you might see them. [Laughter.]

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. SHANNON. I yield.

Mr. RICH. I happened to go down town the other day after the gentleman spoke about the fisheries and I looked in the front window of a chain store and all I saw was imported fish from foreign countries, instead of using the fish from our own countries.

Mr. SHANNON. Yes; let us strike. Remember you are striking for your child and your grandchild, that he may have the opportunity that you and I had before the damnable chains came into existence in this country. [Applause.]

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. SHANNON. I yield.

Mr. RANDOLPH. I was much interested in the gentleman's remarks. May I add this observation to what my colleague from Missouri has said relative to Sunday selling: In Washington, D. C., the store of Woodward & Lothrop does not even place advertisements in the Sunday newspapers, and their windows are covered with blinds on Sundays.

Mr. SHANNON. The chains will do something to that concern.

Mr. RANDOLPH. Of course, it is not a chain store.

Mr. SHANNON. I understand. It is an institution that observes the rules of decency.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, ladies, and gentlemen, this so-called anti-chain-store bill before us does not introduce a new principle of law or policy in this country, as I understand it. Many years ago Congress became convinced that some industrial and commercial organizations had become so powerful and were indulging in such discriminatory practices as to amount to unfair and unjust discrimination and created powerful monopolies.

Let us not forget that it was a Republican Congress and a Republican administration that passed the Sherman antitrust law and led in the field of legislation to protect the small-business man and the small concern against monopolies. At that time and under those conditions the great concerns that were charged with being guilty of these discriminations and the development of these great monopolies were engaged in industrial production—steel, oil, sugar refining, and so forth—and in the distribution of these products. The great chain organizations for the distribution of food, drugs, clothing, furniture, house furnishings, and so forth, were unknown. They had not been developed.

As our country developed, it was found that the antitrust laws did not meet a number of new conditions and situations, and therefore in 1914 Congress passed what is known as the Clayton amendment to the Sherman antitrust law. A provision was put in that law, however, that greatly weakened its effectiveness. But for that provision in the Clayton Act, this measure might not now be necessary and we might not have been confronted with conditions that now call for action on this legislation.

The big railroads many years ago developed a practice of secret rebates to large shippers and to favored sections of the country. The railroads, like other great aggregations of brains and capital, refused to compete fairly with their competitors of less capital or give rates comparable to small shippers and other sections, and it was therefore necessary to regulate them. For industry and commerce, we put through the Sherman antitrust law, with the Clayton amendment, and set up the Federal Trade Commission, and to cut out these unfair practices on the part of the railroads we established the Interstate Commerce Commission. I think it is now generally admitted that these measures were necessary and wholesome for the people generally of this country.

Since the passage of those acts we have developed in this country other great giants—great aggregations of brains and capital—the so-called chain stores. They have been engaged in distribution. In the beginning they distributed mainly food products, but the field has widened. Now they handle food, hardware, drugs, furniture, clothing, and even fruits and farm products.

We find billions of capital and a great array of brains controlling these great enterprises. All of us admire the high efficiency of many of these great organizations. A single chain has as many as 14,000 units scattered throughout the length and breadth of the land.

It is not the purpose of this bill to destroy or unreasonably or unfairly hamper any legitimate business institution, however large it may be. May I invite your attention to the announced purpose of this act? The very first line of the bill reads:

An act to supplement existing laws against—

Against what?—

against unlawful restraints and monopolies.

It can be seen at once that it is in harmony with the Sherman antitrust law and its amendment, the Clayton Act. Who is there in this House against enacting laws to restrain and prevent monopolies and unfair trade practices?

The next section provides that—

It shall be unlawful for any person engaged in commerce—

To do what?—

to discriminate in price—

Well, discriminate how far and how much?—

where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce * * * or prevent competition.

Is there anything unfair about that? Democrats and Republicans throughout the years have been declaring in their platforms against monopolies and urging the restraint of monopolies. One of the serious objections to the N. R. A. was that it broke down and suspended the Sherman antitrust law and the Clayton Act. It favored the big business concern and discriminated against the small business concern. It made it possible, and it occurred in thousands of instances in this country under the N. R. A., for the whales in business to destroy and swallow the small fish in business; and one of the great objections to the A. A. A. and the Cotton Control Act was that they benefited the great sugar and cotton plantation owners of the South and the great wheat and corn growers of the West and made it possible in many instances for a single plantation or farm owner to receive as much as a million dollars in benefits while it drove millions of farm tenants and farm workers from the plantations and farms and on relief. The big fellows got the loaf, the little fellows got the crumbs, and in hundreds of thousands of instances they did not even get crumbs.

And we find that the big chains are getting the loaf and the small and even large independent merchants are getting only the crumbs, and in many instances they do not even get crumbs—they are destroyed. They are not being destroyed by competition, but by unfair and unethical trade

practices of the large chains, made possible because of their great aggregations of capital and their tremendous power.

Yes, this bill further says that it shall be unlawful in any line of commerce if such discrimination substantially lessens competition in commerce and tends to create a monopoly in restraint of trade. Who can complain of such a measure that is designed wholly and only to prevent monopolies and restraint of trade?

I was a member of the subcommittee of the Judiciary Committee of the House to which this proposed legislation was referred for investigation. We held hearings and heard those favoring and those opposing this legislation. Our subcommittee, after holding these hearings and investigating the matter, came to the conclusion that the great chains of this country were indulging in unfair and unethical practices that did amount to restraint of trade and that did constitute a monopoly in restraint of trade, and our subcommittee reported this measure favorably to the full Committee of the Judiciary of the House, and the full Committee of the Judiciary, after having given the matter consideration, arrived at the same conclusion and favorably reported the bill to the House.

There were two features, however, on which we were not in full agreement. Many of us opposed section 5, on page 7, of this bill. It is the so-called price-fixing or basing-point provision. It has been unanimously agreed that that section go out; and many of us did not concur in another provision of the bill that might be unfair to the so-called cooperative associations of the independent merchants of the country. An appropriate amendment has cured that matter. Subsection (f) of section 5, on page 9, fully protects the independent merchants' cooperative associations. Some of the farm organizations opposed this measure, but, as I understand it, these amendments have removed the provisions of the bill to which they objected.

Many outstanding Members of this House who represent great farm districts have made very enlightening speeches, pointing out that this measure would be helpful and not hurtful to the farmers, and have urged its passage. Some of the Members of this House who served years ago with me remember the tremendous drive that was made to pass what was known as the branch-banking bill. What was the purpose of those measures? The purpose was to make it possible to have great banking institutions located in places like the cities of New York, Chicago, and so forth, and make it possible for them to have branch banks extending into every State of the Union and into each and every community. They could have had a branch bank in each of the little county seats of your district and in each and every community with sufficient population to sustain a bank.

It was simply a chain-bank proposition. It would have substituted for the board of directors and officers selected by the people of the respective communities of this Nation and made up of business and professional men and farmers some mere factor selected from your community or sent into your community. They would have known little and perhaps cared less about the credit needs and extending credit to the farmers and other people of the respective communities. The money would have been gathered in and transferred to New York or Chicago, depriving your community and mine of the necessary money and credit. A lot of us made a vigorous fight and helped to defeat the chain-bank system in this country.

The chain stores represent great aggregations of capital and brains. They are located in New York, Chicago, or some other great metropolis. They have established units in every county seat and important industrial center or populous community throughout the land.

Now, what are some of the unfair trade practices charged and proved against many, if not all, of the chain stores? False discounts, alleged advertising allowances, various kinds of rebates. It is agreed that these are unfair trade practices and they go outside of legitimate competition, and because of these unfair practices, they create monopolies in their own favor and unduly and unfairly restrain trade in interstate commerce. In other words, they destroy their competitors; and it was the belief of our committee, and I think it is of this Congress, that where any concern gets so big that it is unwilling to compete fairly and seeks to destroy, and does by its unfair trade practices destroy, its weaker competitors, then the only thing for us to do in fairness is to regulate and prevent these monopolies and restraints of trade.

MAINTAIN INDEPENDENCE AND INDIVIDUALISM

I have observed the effect of the powerful chain stores in my community and congressional district, as you no doubt have in yours. Many splendid independent merchants in the county-seat towns and industrial centers in my own county and throughout my district have been swept out of business by the chain stores. In their stead are the chain stores which do not as a rule buy any real estate. They rent some building or place of business. They pay very little taxes to the city, county, or State where they operate. Each day they take their receipts to a bank, make a deposit, and at the same time secure a cashier's check or draft which is forwarded in the first mail in most instances to New York City. I have observed this many times when I was an officer in a national bank in my home town. The money of the community is absorbed just like a great sponge absorbs water. It can be seen at once that this system takes the money and credit from the various counties and communities of the Nation and centers it in the great metropolises like New York and Chicago. About all the service they render to a community is to exchange their goods for the people's money and send the money out of the community.

When some poor person dies in the community, or some widow and orphans need help, or churches or colleges are to be built, or other welfare or civic improvements are to be undertaken in our respective communities, we do not go to the chain stores. They have splendid men and women in charge of them, but they will say to you very promptly and truthfully that they have no authority to make these contributions.

But each community has always been free to call upon the home merchants, the small wholesale house, and their officers for help. In putting out of business the independent merchants and wholesale houses, we have destroyed one of the important sources of revenue in maintaining the city, county, and State governments.

But the biggest thing of all, the chain stores are killing community interest, destroying opportunities for our young men and young women, and destroying individualism throughout the land. Business opportunities ought to be open to the boys and girls and men and women of each community. It develops citizenship and character. It is said that more than a million traveling men have been deprived of their jobs by the chain stores. Think of it—a million intelligent, capable, splendid men and women who have lost their jobs through the chain stores. This is a wonderful group of men and women. I have many times described them as the "go-getters", the first-line-trench fighters in business and development.

If government means anything, it should be ready and willing all the time to encourage and protect the weak and restrain the powerful when the powerful undertakes by unfair trade practices to become a monopoly and to destroy those with less capital and power. Let us protect the community spirit in every community in this country. Let us promote self-reliance and individualism. Let us keep open the door of opportunity for the boys and girls of your community as well as mine throughout the Nation. It would be useless for fathers and mothers to educate and give their boys and girls business training if in the end they find these chain stores, chain banks, and chain railroads chaining commerce and the door of opportunity closed. It has been well said that it means more to this country to have 10,000 merchants with one store each than to have one big chain store with 10,000 branches. This Nation can only be strong insofar as each individual is free and strong. I am anxious to

maintain the homes, the stores, the manhood, the womanhood, and the individualism of my community and in the 17 counties of my congressional district as well as in yours. [Applause.]

A few years ago there were four great tobacco concerns in the world that came to the Kentucky tobacco growers and told us, "Take our price or let it alone." For a long time the hard-pressed and broken-backed tobacco growers of Kentucky took their price. They had to do so; but after a while they got tired of it, and out of that oppression grew the "night riders." Congress failed to help them, and the people felt that they could not help themselves in any other way.

We must preserve individualism and individual opportunities for our sons and daughters, for our merchants, and our people. We must protect them from oppression. The present system makes it possible for some men to leave more than a hundred million dollars at their death to their children; but we must not forget that it is always at the expense of our sons and daughters and the citizens of our communities.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. ROBSION of Kentucky. I yield.

Mr. CRAWFORD. The gentlemen brought out one thought about which I desire to ask a question, that is the taking out of a community, a section of the country, or a colony, if you please, the accumulated savings of the people and transferring this money to some far-distant place. When the money is drawn out of the community by the chain-store aggregations moving it to centers of financial capital like New York City, does it not have the same destructive influence on the economic and social welfare of those people as it does when we go into an island like Puerto Rico and draw off the accumulated savings of those people?

Mr. ROBSION of Kentucky. I hope the gentleman will not take too much of my time. I got this additional time to use for myself, although I am glad to have the gentleman's contribution.

What are we trying to get away from these chains? We are not trying to take away from them any rights given to them by the Constitution of this country. What we are trying to take away from them is secret discounts, secret rebates, and secret advertising allowances. We are trying to take away from them those practices that are unfair. We are trying to take away from them the power to destroy the independent merchants and the independent and smaller wholesale concerns. We are trying to keep these large aggregations of capital and brains from forming monopolies. We are trying to keep open the door of opportunity for the small-business man as well as the large. [Applause.]

WILL NOT INCREASE THE PRICE TO CONSUMERS

It is contended that if we pass this measure that it will raise the price to the consumer. That was the same argument made when Congress passed the Sherman antitrust law and the amendment thereto, the Clayton Act. The identical argument was made when Congress passed the act to cut out rebates by railroads and preferences given by railroads to certain big shippers and to certain communities, cities, and sections of the country, and placed railroads under the Interstate Commerce Commission. This is the argument always made by great aggregations of capital when they refuse to compete fairly with lesser competitors and Congress attempts to regulate them and to protect independent and smaller concerns and prevent the larger and more powerful concerns from creating monopolies and engaging in unfair practices in restraint of trade.

This measure gives the Federal Trade Commission the power to investigate any concern that may be engaged in unfair trade practices and by which acts monopolies are created and trade is unfairly restrained.

Mr. MILLER. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, the community builder in America is passing from the picture. Main Street, his handiwork, is fast becoming a link in a national chain, hooked up to a handful of skyscrapers in a few great cities. The towns and the smaller cities are drying up. Not merely regimentation but extinction is what the independent merchant of America is facing. As a bright young businessman remarked to me as I left home to return to this session of Congress, "We are gone, unless Congress can do something."

Multiplied thousands of businessmen, young and old, are staring into the same future. This is the indisputable picture of thousands of communities in America today, and this is the problem to which this legislation is addressed. Whether it will even approximate that objective, I leave for others to say. On that feature, I feel sure about only one thing; it will not destroy the big fellow. The big fellow always gets by. That is one of my guiding maxims in all legislation in which there is a big-fellow and a little-fellow side to it. The big fellow always gets by. He not only gets by, but he gets bigger. He was only in swaddling clothes when the Sherman antitrust law was enacted in the late eighties; now he "bestrides this narrow world like a Colossus." All the antitrust laws down to now have only succeeded in making bigger if not better trusts. Maybe some day we shall emerge. Maybe now we see only through a glass darkly.

Mr. Chairman, every village, every town, every city, large and small, in the United States, was founded by a pioneer independent merchant. The first building in every one of the thousands of villages, towns, and cities which dot the land, was a rude little store. Then more stores. Then from among these merchants came the men who founded the little banks. They built the mills and the slaughterhouses and the little industries. They built the school systems and the water systems and the sewer systems and the light systems and the streetcar systems. They became the mayors of the towns and the civic leaders. They built the fine homes and the fine business blocks. The man who built that first little store built the fine home on the hill and the fine business block downtown, and every town and city in America is a living monument to him; and all without outside help or capital. He hewed and builded his town out of the earth. He was the foundation of the commercial structure of America. Shall he be preserved or shall he be destroyed? That is the issue. Chain stores, chain hotels, chain theaters, chain banks, chain utilities, chain everything, and all absentee-owned and run by hired men.

Among all the economic changes which have overtaken and even overwhelmed us, nothing is more ominous than the change which within 15 years has converted Main Street into a link in a national chain. The suddenness of this change is illustrated by an incident told me by a man who traveled several western States for a large eastern drug concern. He said that one day while making his rounds he called on a druggist in an enterprising town and during the call he mentioned to the druggist his observation of the rapid growth of the chain system and the danger it held for the independent. The druggist, who owned his own place of business and had the best location in town, laughed at the threat. Three or four years later the traveling man dropped into the same place, and the druggist without waiting for any preliminaries said, "Come out here; I want to show you something", and took him to the sidewalk and pointed out that the chains had practically every desirable location in the block. He said, "They have got me, I am selling out to them, I am going out home and build a little notion shop on the corner of my residence property." Such incidents are valuable, more graphic and educational than a volume of statistics. It has happened in every town. Nor does the process end with the independent. Not only do the chains swallow the little fellows, but they swallow each other. I know this to have happened. A, B, C, and D were chains. B swallowed A, C swallowed B, and D swallowed C. If not already, some day D will be reposing in a bigger stomach.

Even the manufacturer is becoming a victim of the swallowing process.

Mr. Chairman, my thoughts often revert to the first time my attention was directed or at least my thought focused on this phenomenon in our commercial lift. I was driving down the west coast from Seattle to Los Angeles about 15 years ago when I noticed, here and there along the highway, large wooden shells built in imitation of an orange. They were refreshment stands. In each of them was a young man. After noticing the similarity in the dress of these young men, making them as alike as the shells, I stopped at one and told him what I had observed. He replied that there was a string of these stands all the way down the coast owned by a firm in Los Angeles and all the men in them were hired men.

At that time auto camps were just coming in and later on the tour it occurred to me that somebody would string these camps together just like the soft-drink stands, and 2 weeks later I saw in the paper an Associated Press item that a man in St. Louis was going to put in a national chain of auto camps.

I then began to note this development in other lines, and a few months later I was making talks to the local businessmen's clubs, and I recall saying to them that the time will come when you will walk down Main Street and every store you pass will be managed by a hired man. He will have no identity with this community. He will own no home in it. He will contribute nothing to its civic life. His sole interest will be to make a showing that will earn him a promotion to a better town. I named some of the pioneer wholesale firms which had grown from little pioneer stores and whose founders had been the leading citizens of the growing city, the community builders. Some of these concerns were already gone, others were going, drying up, bought out, or frozen out.

I was told the other day that there were no independent tire dealers left in my home town and that one of the last, and a good one, was now running a little repair and vulcanizing shop. Perhaps he is a casualty of the contracts between the Goodyear Co. and Sears-Roebuck, recently reported on by the Federal Trade Commission, involving discounts by the manufacturer to the mail-order house which enabled it to destroy the independent dealers throughout the country handling the products of the manufacturer. Monopoly devouring its own spawn. Multiply this case by tens of thousands and you get the national picture of colossal monopolies flourishing on the ruins of little business.

Now, Mr. Chairman, I am not appraising this change altogether by a yardstick of dollars, but also by a yardstick of men. I am wondering what will be its ultimate effect on the community life of America and upon its citizenship. We cry for individualism, when individualism is dead. We denounce regimentation, but what is this? In the final analysis, what is the difference between the absentee landlord and the absentee merchant? I find it difficult to accept this fundamental change as a sound, healthy, and desirable condition in the economic and social life of the Nation, and both its economic and social life must eventually be profoundly affected and altered.

A Member who recently drove across the country from St. Louis to Washington remarked to me that the towns looked like they were drying up. Nothing but chains. Along their streets are agencies which daily siphon out of them much more than they put in. They are falling victims to a type of mass commerce, gigantic, efficient, machinelike, which may not spend or leave a dollar in the town or in the State, except what is necessary to pay the local overhead. The hinterland is becoming a shell. It is true that these enterprises are no longer so totally aloof from all contacts with the life of the communities they serve as they were some years ago. The local manager may be no longer instructed to show the community chest the door. They have taken counsel of prudence, but even if they replaced every activity of the independent merchant, of the community builder, the question would still remain whether it would be American, whether it would make for the welfare of America, whether it would make for citizenship, to have all the business agencies of every town in the country owned and operated by gigantic corporations, a thousand, two thousand miles away. I recall the model town of Pullman, built and owned by one man. It had everything but liberty. It resulted in an explosion which shook the country for a season. There is a question how much interest a man has in a community in which he owns nothing, and the same is true of a community of people.

Recently in Washington I heard a local radio newsman say that the modern college student looked like "another Ford." All of a pattern. The chain system produces the same thing. Henry Ford is the largest individual employer of labor in America, but he is the only individual in his system. The Ford system will never produce any Henry Fords. The future of the youth of America is wrapped up in this and similar problems. What is that future? A place on the pay roll of a national octopus which will cast him out as soon as his pace slackens? That is all I can see for him. He may be better educated than his father, but will he be that substantial, independent figure walking down Main Street, bearing upon him the stamp of a community builder? Or will he be "another Ford"?

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. GUYER. I yield to the gentleman from Colorado 5 additional minutes.

Mr. MARTIN of Colorado. Mr. Chairman, what precedent have we for this legislation which proposes to prohibit unreasonable quantity discounts and false brokerage and false advertising allowances, which are in reality rebates, bonuses, subsidies, paid by or extorted from manufacturers, which enable the big buyers to crush and drive out independent competition? For answer we may turn to the history of the railways, of the interstate-commerce laws, and the many State laws which were enacted to abolish secret rebates, and rate and service discriminations, and all the evils which once enabled the carriers to make or break individuals, business enterprises, and communities. The change did not destroy the railways and they themselves would not accept a return to those practices.

This bill is not a Federal invasion of a new legislative field. It is merely amendatory of the Clayton antitrust law. It is merely intended to meet vast-scale commercial developments not in existence at the time of the passage of the original act, an adaptation of existing law to new conditions and abuses. If passed, I predict that its defect will be, not that it overshoots, but that it falls short of the mark.

Perhaps this trend is inevitable. Perhaps this phenomenon of the chain system is only one more milestone on the road to the socialized state. Perhaps when a few large private hands have gathered it all in, a larger hand will reach out. I believe as firmly as I believe anything, that the men who are fighting these monopolistic trends in all lines are making the last stand for individualism in American industry and commerce. I need not even go so far as to say that the independent is the ideal type, the final development in our economic life, but I will affirm that this legislation is an effort to preserve him. The only question to be decided is, Is he worth preserving? [Applause.]

There are no expressed differences of opinion as to the great need for curbing the unfair trade practices which are destroying independent business in this country, and at which the bill is aimed. There are only differences as to the remedy, mainly from those who at the bottom favor no remedy. The object of the bill is all right, they say, but the method is all wrong. It seems to me I have heard this before. I think this question may be safely left to the body vested with jurisdiction of the act. The administration of this law will be in no inexpert hands. The Federal Trade Commission, created for just such purposes, has won an enviable place among the regulatory agencies of the Government and in the confidence of the country. [Applause.]

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. BROWN of Michigan. The gentleman implied that there was a chain banking system in the United States. I want the gentleman to know that there is no chain banking that is authorized by Federal law, except in those States where State legislatures have authorized it.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. NICHOLS. I can tell the gentleman another story about that. We have chain banks all over the State of Oklahoma.

Mr. BROWN of Michigan. There is no State banking in the United States that is authorized by Federal law.

Mr. NICHOLS. We have chains of 8 or 10 banks in Oklahoma, owned by one or two men.

Mr. BROWN of Michigan. I am talking about Federal chain banks.

Mr. NICHOLS. They are chain banks, whether they are authorized or not.

Mr. MARTIN of Colorado. Mr. Chairman, under leave granted, I insert the following:

STATEMENTS FROM THE REPORT OF THE COMMITTEE ON THE JUDICIARY AS TO NEEDS, OBJECTS, AND SCOPE OF BILL

The purpose of this proposed legislation is to restore, so far as possible, equality of opportunity in business by strengthening antitrust laws and by protecting trade and commerce against unfair trade practices and unlawful price discrimination, and also against restraint and monopoly for the better protection of consumers, workers, and independent producers, manufacturers, merchants, and other businessmen.

To accomplish its purpose, the bill amends and strengthens the Clayton Act by prohibiting discriminations in price between purchasers where such discriminations cannot be shown to be justified by differences in the cost of manufacture, sale, or delivery resulting from different methods or quantities in which such commodities are to such purchasers sold and delivered. It also prohibits brokerage allowances except for services actually rendered, and advertising and other service allowances unless such allowances or services are made available to all purchasers on proportionally equal terms. It strikes at the basing-point method of sale, which lessens competition and tends to create a monopoly.

Your committee is of the opinion that the evidence is overwhelming that price discrimination practices exist to such an extent that the survival of independent merchants, manufacturers, and other businessmen is seriously imperiled and that remedial legislation is necessary.

More than 20 years' experience and observation with respect to the operation of the Clayton Act, together with new methods of trade and industrial organization that have since developed, have convinced your committee of the shortcomings of existing legislation, and of the need for strengthening existing laws and of fitting them more perfectly to the methods and needs of today. This your committee has striven to do with a careful regard to the preservation of full freedom and sound and honest business methods in all its necessary and proper operations, but with a firm resolve not to permit the desire of privilege to masquerade under the claim of right. It has been our effort to disturb nothing that is essential.

Its guiding ideal is the preservation of equality of opportunity as far as possible to all who are usefully employed in the service of distribution and production, taking into consideration their ability and equipment to serve the producing and consuming public with efficiency, and the protection of the public from a threat of monopoly or oppression in the production and manufacture of the things it needs, and the distribution of the same, fairly and honestly without employment of unfair trade practices and unlawful price discrimination.

It is the design and intent of this bill to strengthen existing antitrust laws, prevent unfair price discriminations, and preserve competition in interstate commerce. It is believed to be in the interest of producer, consumer, and distributor. No business institution need have any fear of this legislation if it will conduct its business honestly and without the use of unfair trade practices, and unjust price discriminations.

Mr. GUYER. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, about the time I became politically ambitious some years ago it became necessary, of course, to campaign in every village, hamlet, and city of the Sixteenth Congressional District of Illinois. In the course of that campaign I had my eyes opened. I went into some little villages that at one time were thriving communities and today are merely ghosts of communities. In going in you would see, perhaps, the bank was closed. The stores were closed and boarded up, and for all practical purposes all the life and the virility had left the community.

I had still another experience when the banking difficulty struck this Nation and we had the bank holiday. I do not recall offhand, but I believe there were some 12 or 13 small banks in my district that keeled over and I sought the best I could to render some assistance, to meet with the stockholders and the boards of directors, in the hope those banks might be rehabilitated, because the community life centered around the bank. It was then my privilege to go back after the shades had been drawn in those banking institutions and to note that boards had been plastered over the windows of ever so many stores in those communities likewise. No Member of the House can go through this kind of an experience without becoming reflective and wondering what the development in American communal life has been up to the present time.

I discerned two forces that had developed this country. The first one was a centrifugal force which started away back in the days when the Constitution was formulated and it spewed away from a common center. It picked up these families on the Atlantic seaboard and spewed them away out into the hinterland. It was this centrifugal force, I presume, that sent Fremont into the West, that sent Sutter out into the valleys of California, that sent Lieutenant Pike to Pikes Peak, that sent all of these pioneers out into the hinterland, until finally our frontier was taken to the Pacific Ocean.

When the frontier was gone this centrifugal force stopped and a new force started to generate a different development in America. We then experienced the centripetal force, which is one that operates to throw things into a common center, rather than away from a common center. This force became active and it picked up these disassociated families and individuals dotting the country everywhere and spewed them into common centers. That was the force that gave us great metropolises like Chicago, St. Louis, Cleveland, San Francisco, New York, Philadelphia, and all the rest.

Mr. BLOOM. And Peoria.

Mr. DIRKSEN. And Peoria. So that America has moved forward on these two forces—the centrifugal force, which gave us the pioneers; and the centripetal force, which gave us the large cities.

As we went along we began to gird this Nation with hard roads, fine ribbons of wide concrete, so they would lend themselves to automobiles going along at 75, 80, or 90 miles an hour. As I saw that road-building program in every one of the 48 Commonwealths of the Union, I wondered what it would one day do to the small community. We in Peoria are just as close to Chicago at a distance of 170 miles as we were to a city 10 miles away 40 or 50 years ago. In proportion, as we have annihilated distance, so we have added an incentive for people to take the weekly pay check and, instead of spending it in the town where they live, it is so much easier to jump in an automobile and go 50, 60, or 100 miles to a common trading center, largely because there is that vanity, that magnificent conceit, that makes women, for instance, want to look over great varieties of ready-to-wear and that makes men want to do precisely the same. In proportion, as we have had this development, we leave the little community over here without the breath of life.

I wondered what could be done. As lawmakers, can we do something that will sort of preserve the communal life in those little centers? May I say parenthetically that of the 125,000,000 people in this country, 65,000,000 live in towns under 10,000 or live on the farms. Over half of our population is located in small communities; and I say here and now that I believe those communities constitute the real frontier of democracy. The Congress of the United States cannot do too much within the confines of the Constitution to preserve those communities and preserve that communal life which leaves such an indelible impression upon the whole of this Nation. Is there something we can do to preserve those communities and preserve that business life? I think so. I think we can do it within the terms of this bill.

I think it is rather unfortunate that the words "antichain store" have ever been permitted to creep into this discussion or creep into the efforts of any independent group in this

country, because the Congress of the United States from the standpoint of psychology can never set itself up as being against something which is, after all, intrinsically a legitimate institution. Nobody will say that a chain organization as such is wrongful under the law. It is legal. It has a perfect right to be here. However, it has no right to engage in unlawful practices that flaunt the provisions of the Sherman Act, the Clayton Act, or any other acts that have been placed upon the statute books for the purpose of preserving competition and for the further purpose of preventing monopolies.

So I believe I can go along with this bill and still not subscribe to the idea that this is an anti-chain-store bill, because I believe that is a wrong approach. I do not believe that any independent retailer in this country or any group of retailers who take an intelligent viewpoint or who have an intelligent approach to the problems of the retail business of the future would care to go on record as being against something of this kind or against chain stores because, after all, they are legitimate. However, when large unit groups resort to practices that are in violation of existing law, or when they resort to practices that are essentially immoral, and I use the term advisedly as being against good public policy, then I do believe that the Congress of the United States has the authority to step in and preserve the independent business structure, so that it can go on making their contributions to American life.

The thing has some practical aspects, and we can look at it in this light. I fancy, because of the efficient merchandising efforts used by high-pressure agencies and by our various organizations today, that one group store, for instance, can probably do as great a volume of business as three ordinary stores operated by independent proprietors. If you are going to put these independent stores out of business, then look at the tax resources and tax possibilities that are being gradually destroyed. If you are going to put three retailers out of business in a little community and have their province supplanted by a single, large operating organization, it means you have dissipated tax possibilities that are going to have to be spread over the rest of the community. So we are making a contribution in this respect also in proportion as we do that which is in the domain of the Constitution in order to preserve private enterprise.

Mr. GUYER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. DIRKSEN. The same thing goes for this great problem of unemployment that stares the Nation in the face today. When I said that 65,000,000 of the people of this country are located in communities of under 10,000, I include also the fact that this embraces some 700,000 retail distribution outlets and embraces some 2,000,000 people. If this development keeps on whereby they flaunt good morals and public policy so that ultimately these independent stores will be eliminated from the scene, we shall have to make some provision for the employment of another half a million people in the next few years. Perhaps we can now take the first step in preserving this communal life and preserving these independent agencies that will minimize the unemployment problem and, possibly, enlarge the possibilities of employment in the future.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Michigan with great pleasure.

Mr. CRAWFORD. Does the gentleman mean to say that our problem will begin and end with simply finding employment for these people who have been thrown out of employment, or does the problem go further than that?

Mr. DIRKSEN. That is just a fragment of the whole unemployment problem, I will say to the gentleman, but the Congress must never be insensible to anything that will contribute to a solution of our unemployment problem, even if it should embrace only 100,000 or 50,000 people. It is at least that much.

Mr. CRAWFORD. What I have reference to is this: Here is a man who has been doing business in a community on a profitable business, putting his profits back into the community, helping in everything that goes toward building up the business and the character of his community. He loses his business or loses his job, and then we have unemployment, plus these other things, to provide for, because that money which is once lost will never come back to the community.

Mr. DIRKSEN. I think the gentleman is correct.

When I say that the small merchant is entitled to this protection from the Congress, I do not mean that it is the function or purpose of the Congress to enact class legislation or to coddle or shelter anyone. Nor am I persuaded that the small merchant desires sheltering. All he wants is a square deal and protection against practices which are discriminatory and against which he has no recourse. Long ago I stated that if so-called chain organizations were sound in principle and practice and could legitimately overcome all competition, they would survive and expand; if they were unsound in principle and could override lawful competition only through favoritism and discrimination, they would ultimately die out. I believe I can still subscribe to that statement because independent merchants can meet every competition that is fair and that places them on a parity basis with the units of large organizations. That fact is borne out by the figures which were quoted in an address by Mr. Carl W. Dipman, editor of the Progressive Grocer, made to the National American Wholesale Grocers' Association in Chicago in January of 1936. In that address Mr. Dipman states that in 1933, when prices and business volume were still declining, the independent merchants lost only 4 percent in dollar volume while the chain organizations lost 6 percent. In 1934, when prices and sales volume were increasing, independent merchants gained 9½ percent as against 6 percent for chain organizations. There you have reasonably conclusive proof that the live, alert, aggressive merchants will hold their own and need no privileges or favors. All they need, and I am sure that all they ask, is protection against unlawful discriminations by way of rebates and allowances. It is the old story of providing equality of opportunity, and this measure may be a step in that direction.

It has been said this afternoon that this measure will inflict a penalty on the consuming public in the form of higher prices. That sounds plausible enough, but is subject to a great many interpretations. Let us look at some of them. First of all, you have almost 1,250,000 single independent stores owned and operated by the proprietors, who, if made conscious of the fact that they are entitled to and can have the protection of the Government against unlawful practices, will shake off the defeatist philosophy and get into the business battle with renewed vigor and vim. Considering that the independent merchants of the Nation, according to the figures of the Federal Trade Commission, do about 73 percent of the retail business, the chances are that the public will have far more to gain than they will to lose if this protection is afforded. What might now be saved on the 19 percent of retail business done by chain organizations might be saved several times over by what the public might save on the 72 percent. But even if there were a loss to the public, I wonder whether as a matter of basic principle we could support any contention that we should not pass remedial legislation to correct unlawful practices because it might raise prices. If we assume that a practice is wrong, then in strict principle it should be corrected even though there was the possibility of a raise in prices.

As I listened to my good friend from New York [Mr. CELLER] and all his dire prophecies of gloom I was almost filled with dismay. From his argument one might infer that if this measure were enacted it would spell ruin and disaster for the entire Nation. But from the past come some rather definite reassurances. In 1887, when railroad rebates were rampant and the Congress, under the spur of public opinion, set up the Interstate Commerce Commission, there were the same prophetic warnings of disaster. Yet we have lived through it and achieved new economic heights, and we are still doing business at the old stand. Back in and around

1914, when States were beginning to adopt workingman's compensation acts, the opponents of those measures prophesied general disaster and insisted that the added cost could not be passed along to the consuming public. Yet one by one the States fell into line, and today workingmen's compensation is well nigh universal. Nor did it ruin or even slow up the economic progress of the Nation. We may therefore accept with much doubt the direful predictions of our good friend from New York.

One of the saving graces about this bill is that the committee on its own motion will remove the anti-basing-point paragraph and the classification paragraph. With reference to the former, the steering committee for this bill will recall that many weeks ago I inserted a statement in the RECORD regarding the basing-point paragraph. It had no place in this measure. It was a wholly separate and distinct substantive proposition which should be treated in a separate measure if such legislation was desired, and it seems to me the committee is to be congratulated on removing those sections of the bill to which there was widespread objection and which would not aid in accomplishing the general purposes of this bill.

In conclusion let me say that the idea embodied in this bill is worthy of a trial. It seeks only to protect business against unlawful practices. It does not prevent differentials or discounts but seeks only to make the giver and receiver of such differentials justfy them as against the other fellow, who also has a right to live. It seeks to write a moral principle into the law. If it misses its objective, if it fails to do what we hope it will do, or if it has a deleterious effect upon business, it can be amended or repealed within a brief space of time. After all, most legislation is speculative in its effect and embodies the hopes as well as the thoughts of legislators. Were it not so we would have no need for a Supreme Court, and the Congress would only have to meet once in a generation.

Mr. MILLER. Mr. Chairman, in order to keep the record straight, I ask unanimous consent that all Members who have spoken or may speak on the bill this afternoon may have permission to revise and extend their remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLER. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Chairman, ladies and gentlemen of the Committee, I certainly hope the lack of attendance on the floor this afternoon does not indicate a lack of interest in this legislation.

This legislation in my judgment is vital; it is vitally important to these United States. I never lived in a great big town or city. I never lived in a town with over 30,000 population.

I now live in a town of 3,000 population, and have lived there for a number of years. From the standpoint of a town of that size and less than that size the corner or community or crossroads store plays a really important part in the upbuilding and holding together of that community.

So this bill means a great deal to the small communities in this country.

You know there is a certain sentiment and romance about the corner or crossroads grocery store. There formerly, and there now, exists the skit and whittle club. You know, where the boys gather around the stove in the winter, sit around its red-hot fire, chew tobacco, spit on the bowl, and listen to it sizzle, and settle the problems of the Nation, and the problems of the community. [Laughter.] There their hopes grow, there they dream the dreams of building the community better, to make it a better place in which they may rear a little family. That thing will apply also in the towns.

When you plant a man in a corner store he carries on his business for the benefit of the community, granting his neighbors credit for the very victuals they eat and the clothing they wear on their backs. He carries them sometimes even to the extent that he sustains losses by reason of carrying them, but with it all there is enough profit to enable him to continue and carry on. He grants them credit knowing that he will lose some accounts, but still is willing to lend a helping hand.

No chain store in my community has ever carried the widow Jones and her two little kids on their books for 30 days or 60 days or any length of time while she was getting together a few pennies to pay for the things which she had to buy from the store.

I live in a cotton country. We only have one cash crop a year. Our farmers go on a credit basis. They only pay their bills once a year. You destroy the independent merchant in Oklahoma and you destroy the cotton farmer. He cannot finance himself. No chain store will carry him on their books for 9 or 10 months.

The only one who will do that is the man who has a real interest in the community, the man who has raised a family there, the man who has invested his capital and who gets his living in that little community.

Now, my distinguished and good friends from New York City, and I have a high regard for them all, for I am very fond of them, tell me they have been working against this bill to protect the farmers of the Southwest and Middle West.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. MILLER. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. NICHOLS. Mr. Chairman, they tell me they are very much interested in this legislation because they tell me they are afraid it will hurt the farmer, they are afraid it will raise the prices to the consumers down in my country so much that perhaps they ought to be against the bill. Listen, boys. Let us worry about our farmers. We think we know what is good for them. We live there with them. We have grown up with them and if they are not healthy we are not healthy.

So I say to you, my friends from New York, you who are opposing this bill, if you are doing it by reason of the fact that your heart is beating in sympathy with the farmers of the Middle West, then get out of the way, because we will take a chance and if we are wrong they will defeat us, and not you.

My friends, what are we asking for, for the independent merchant? Are we asking that the chains be stamped out of business? No. All we are asking is that the little man be given exactly the same treatment that the man who is fortunate enough to control a corporation which can control a string of stores is given. Of course this bill does not say that if a chain store purchases a commodity by the carload lot that the independent merchant who buys only a gross shall receive the gross purchase at the same price that the other receives a carload purchase. Oh, no. It does not say that. It simply says proportionately. If they will sell to John Smith a carload of goods for a certain price, then this bill simply provides that they must sell to an independent merchant who purchases in carloads at the same price, and it also provides that of course they cannot hoodwink the independent merchant by entering into a secret agreement, and a secret combination with the chain store and give the chain store secret rebates that the man across the street, the independent, does not get, that they cannot give the chain store rebates for advertising, which money the chain-store proprietor puts in his pocket and does not use for advertising, when they do not afford the independent across the street the same opportunity and privilege. Is there anything unreasonable about this? Is there anything un-American; is there anything undemocratic about our wanting to give the same opportunity to the man who helped build this Nation and helped build the homes and communities of the Nation? Are we wrong in wanting to give him the same opportunity that is given the man who merely comes into our community for the purpose of accumulating huge fortunes in profits and who sends it back to

some other land, takes it out of our community so that it cannot build further? I think surely you gentlemen who are on the floor this afternoon will stand toe to toe and fight with both hands for the passage of this legislation, and I say to you that in my humble opinion you will have rendered a great service to a great Nation when you do it. [Applause.]

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, my purpose in asking for time is to reply to the gentleman from New York [Mr. CELLER] who proposes to speak for the farm organizations of America and array them against this legislation. I belong to all the farming organizations that he mentioned. I have held office in those organizations and have been active in the local and State affairs of all named farm organizations. I have been a granger for more than a quarter of a century. I say to you that farm organizations sometimes are misguided or misinformed on the real import of proposed legislation. The real farm organizations are not opposed to the spirit of this legislation. I have met many times with a little group of Congressmen very sympathetic with the farmers. We have discussed this measure and others in which the farmers are interested. I confess that perhaps our early discussions led to the forming of an opinion by the farm group that this bill would not give necessary protection. I think that practically all of the objections that they may have had have been obviated by the amendments that will be offered here by the committee. I cannot think that the farm organizations of this Nation, or their cooperatives, would want any undue advantage. If there are practices, such as rebates, going on today whereby the farmers are securing unfair advantages, the farmers would be the first among the group that would say to change these practices. The farmers are not asking, through their organizations or individually, for any undue allowance or privilege. They want nothing but fair treatment in this matter.

I am for this legislation. I wish I were as hopeful as many of our colleagues are that it is going to work miracles. I fear it is not. I fear it is just one more attempt to right a wrong. I fear that the big chains will, by some means, defeat the beneficial purpose of the legislation. But it is worth trying. It is a step in the right direction. By passing this bill we are making a bold, open attempt to abolish unjustifiable trade practices. Our colleague from New York argued that the manufacturer would not sell his goods to the independent dealer; that the tendency would be to sell to the chains only who could buy in big quantities, and therefore he feared for the independent merchant. I believe he is mistaken.

There is no question that the chain store and the chain-business idea is wiping out our local trading centers. It is all over my country. We lost our banks in Oregon in the disaster of 1929 and 1930. Chain banks have come in. There are two great chain banks in Oregon. They control practically all of the banking business. While Governor of that State I prevented chain-banking legislation. I was no sooner out of office than they put over, with the Governor's consent, a law which allowed chain banking within the State. Then, of course, the Federal banks took advantage of it, and now two national banks control practically all the banking of the State.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. MILLER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MORITZ.]

Mr. MORITZ. Mr. Chairman, it has come about in the city of Pittsburgh that when any Congressman advocates liberal legislation he is considered not only radical but almost a communist. If I have to be regarded as a radical in order to be for liberal legislation, I will be satisfied to be classified as such, because I know the evil of the chain stores. While they do some good as, for instance, the renting of property and the paying of clerks and the fact of having sanitary stores, the fundamental principle of monopoly of controlling food is wrong. It is a monopoly on foodstuffs, pure and simple. Who finances the chain stores? The big financiers, like the Rockefellers and the Mellons and J. P. Morgan, who use their surpluses to garner in foodstuff stores and make you pay the price eventually. Just as it is wrong to have a monopoly on land that produces food, it is wrong to have a monopoly on stores that distribute foodstuffs.

Pittsburgh has always been considered a great place for monopolies. It is bad enough to have a monopoly on luxuries, but when it comes to foodstuffs it is tragic.

The gentleman from Texas [Mr. PATMAN] visited Pittsburgh last fall and before a great audience of independent merchants explained this bill. I was present at the time. I had introduced a bill before this bill was introduced. My bill provided that at the source everything should be the same price, but whether that would be correct or not we have to abide by this bill.

I do not know what our family would have done when I was a child if we had not used the book of the independent store. We used the book of the friendly neighborhood grocery store. We waited until dad got paid and then paid the bill. You cannot do that at the chain store. If that is radical, make the most of it. I believe that chain stores should not only be curbed, but they should be eliminated, because the great harm they do far outweighs the little good they do. They take all the money out of a community, and you cannot get one cent of credit out of them. Why not give the individual a chance? We are talking about giving individuals a chance as against corporations. Here is an opportunity. Give the individual a chance to start up a little business in his home town and let him rear his children and send them to college as they used to do. At the present time you can hardly go a square in Pittsburgh until you find a chain store, and there are usually three of them together, one right next to the other. How they do business is a miracle to me, but they seem to do it. The independent merchant does not have a chance. Of course, his prices must be higher and people go to the chain stores.

Mr. Chairman, in conclusion, I want to say that probably this is the last time I will ever have a chance to speak on the floor of this House. I have gone along on all liberal legislation of the Democratic Party, but through circumstances not controlled by myself I was not nominated; but I have this consolation, that as long as I have been here I have been for the common person, as I am one of them. I believe this bill is another step toward helping the common person. I am glad to rise here and to be recorded as favoring the common people, because I believe that if you not only control the chain stores but forbid them to exist people will have a better chance. There is too much profit on necessary things and too much concentration of wealth. [Applause.]

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, no bill in this Congress has been subjected to so much propaganda as the Robinson-Patman bill. I know of no bill about which more general misinformation has gone to the country. I think I know something about this, because I am a member of the Judiciary Committee, and was also a member of the subcommittee of five which has been considering this subject matter for almost a year. I am heartily in sympathy with the objectives sought. And every act of mine has been in an effort to bring to the House a bill that will be effective, and at the same time a bill that is constitutional, and that will not be a disappointment to those looking forward to this law as a lifesaver. I believe that in this bill as it will pass the House much help will be given. I think this is the general consensus of opinion of those who are truly interested in results, and not in publicity.

I am just as sure in my own mind that the original Patman bill, as introduced, required consideration and change. This fact is today conceded by those originally interested in the bill. In short, the original Patman bill had not had sufficient consideration, and after that consideration all friends

of the measure join now in the advocacy of this perfected measure.

I possibly feel rather keenly about the propaganda above referred to because while the bill was before the subcommittee a notice was sent out to independent dealers throughout the length and breadth of my congressional district which was as follows:

URGENT! URGENT! URGENT!

We are informed Michigan Congressman, Hon. EARL C. MICHENER, opposing action on Robinson-Patman bill in present form. Also trying to amend bill to make it worthless. Suggest you write or wire him today demanding he support bill in present form. Address him at Washington, D. C. Get all merchants in other lines to write or wire him. Understand bill would be on floor of Congress except for MICHENER and a few others. Don't mince words. Let the gentleman know your attitude toward his present opposition. Act now! Passage of this bill is new hope for small businessmen.

DETROIT RETAIL DRUGGISTS ASSOCIATION.

Now this statement was probably sent out in good faith, because the organization in Michigan interested in getting the bill enacted into law did not understand the situation, and possibly listened to a Washington representative or lobbyist who was trying to use high-pressure methods. Propaganda of this nature is discouraging when a Member of Congress in the committee is working night and day and conscientiously endeavoring to accomplish something. This is but a sample of that with which all Members of Congress are ofttimes confronted. In passing, I might say that that notice was responsible for my office receiving more than 100 telegrams and communications on 1 day.

It is a pleasure now, however, to say to these constituents that I have helped perfect this bill, and that in my judgment the Robinson-Patman bill as now drawn will become a law.

Of course, this legislation is not going to do all the things that some of the proponents have lead people to believe. Yet in my judgment it will help, and is headed in the right direction. In the beginning, let us understand clearly that this is not an antichain-store bill. It simply takes from the chain-store systems those unfair advantages which, in good conscience, they should not enjoy.

The original Patman bill was drafted by Mr. H. B. Teegarden, attorney for the Wholesale Grocers' Association. That organization was in the beginning, as I understand the matter, the first sponsor of the bill. Later, retail organizations, especially grocers, druggists, and hardware dealers, espoused the cause and rendered much assistance in perfecting the legislation. An opportunity was given for every group and individual interested to be heard. Dozens of individuals and representatives of organizations were heard. The printed hearings comprise two volumes, and it would be difficult to think of any possible angle of the law that has not been digested and thought through.

The Patman-Robinson bill does not suggest a new policy or a new theory. The Clayton Act was enacted in 1914, and it was the purpose of that act to do just what this law sets out to do. The Clayton Act attempted to make unlawful price discriminations between different purchasers of commodities, which commodities were to be sold for use, consumption, or resale within the United States, where the effect of such discrimination was to substantially lessen competition or tend to create a monopoly in any line of commerce. The act, however, contained a provison that nothing in the act should "prevent discrimination in price between purchasers of commodities on account of difference in the grade, quality, or quantity of the commodity sold."

This proviso destroyed the effect of the act so far as quantity discounts are concerned, and it is primarily to remedy this situation that this bill is before us. In short, this bill provides generally that discrimination in price is prohibited, but sets forth all conditions under which reasonable and proper allowance may be made in prices for the specific reasons and upon particular grounds set forth in the bill.

Some have argued here that the bill, if enacted into law, would require a manufacturer to sell to the man who buys a dozen articles at the same rate per article as the man who buys a thousand or a thousand gross of those same articles. This is incorrect. The amount does allow for the difference in the cost of manufacturing, sale, or delivery resulting from differing measures or quantities in which the commodities are sold or delivered to the purchaser, but allows the Federal Trade Commission to fix quantity limits beyond which no discount will be allowed.

The bill aims at three things: First, fraudulent advertising allowance and discounts; that is, the manufacturer gives to the chain, for instance, the same price that he gives to the ordinary wholesaler. However, he then returns to the chain the manufacturer's check in payment for advertising of the article, which the chain agrees to do. This may mean simply the hanging of a small sign in the chain store. The independent dealer does not get this advertising allowance. The discount is not intended in payment for services but is intended, and so understood, as a discount.

Second, the chain, buying in large quantities from the manufacturer, requires a discount for brokerage allowance, or, in other words, insists on a discount equal to what the commission of the wholesaler would equal.

Third, quantity discounts; that is, in many cases the manufacturer is at the mercy of the chain store, in that the chain store will fix the price that it will pay for a given quantity and the manufacturer is compelled to take the price fixed. In many respects this is much like the manner in which the farmer must sell his product today. He has nothing to say about the price he is to receive. He must take what is offered.

Now, the first and second factors above referred to are easily remedied, but the committee has experienced much difficulty in arriving at a constitutional solution of the quantity discount problem. This same principle obtained in regard to shipments on the railroads, and a number of years ago the Congress passed legislation making it possible for the Interstate Commerce Commission to fix the rates on freight shipments so far as large shipments were concerned—that is, if there are two factories in the same town—one shipping a thousand carloads of freight a week and the other shipping but five carloads of freight a week, it is obvious that the railroad could possibly deliver the thousand-carload shipment for little less than it could the five-carload shipment. Yet, if that practice had not been prevented, the five carload shipper would have been out of business years ago. The Supreme Court has held this act valid, so far as the railroads are concerned, and it would seem that by the same analogy the Congress should have the power to prevent large monopolies, whether they be chain store or otherwise, from destroying and driving out of business the smaller or independent dealer.

I am not going to take any time extolling the virtues of the independent dealer and his value to the local community other than to say that America is made up of local communities, that individual initiative must be permitted and must survive if the door of opportunity is to be open in the future. We have had too much concentration in Washington. We have had too much centralization of industry, and I, for one, believe that the country will be better off with the family-sized farm, with the community grocery store, and the corner drug store, owned and operated by local citizens, who pay their taxes, are the backbone of the churches and local organizations and, in fact, make the home town what it is.

[Here the gavel fell.]

Mr. GUYER. Mr. Chairman, I yield 5 additional minutes to the gentleman from Michigan.

Mr. MICHENER. Understand me, I am not condemning the chain store or efficient business methods. We must have progress, and chain stores are here to stay. They have taught the independent merchant much in merchandising. It seems to me, however, that it is the duty of the Congress, in the interest of all, to go as far as possible in seeing that the independent merchant is protected against fraudulent discrimination. After all, competition in business means the survival of the fittest, and if the independent dealer cannot survive when placed on an equal basis with his competitor, then I do not believe that legislation will help him.

The hearings disclosed that during the last year one large chain store received $8,000,000 bonuses or discounts in the

way of advertising allowances, brokerage allowances, and quantity rebates. It was clearly shown that the dividend requirements of that concern were met entirely by these bonuses and allowances, and that they did not even have to earn a dividend out of regular, legitimate sales, but could pay it and cover it entirely by these discriminatory allowances.

Much has been said, and will be said, about the consumer, and it will be insisted that enactment of this law will increase prices in certain instances to the consumer. Well, now, just who is the consumer in this country? Why, the consumer is all of the people. It is true that the consumer may be placed into several groups. For instance, the last statistics obtainable from the Bureau of the Census show that 36,000,000 of our people are dependent on the mechanical and manufacturing pursuits for a livelihood, 26,000,000 of the people in America are dependent upon agriculture for a livelihood, 18,000,000 people are dependent upon distribution and trade, 11,000,000 are dependent upon transportation and communication, and 9,000,000 are dependent upon the professions.

Each of these groups is dependent upon the other. All are consumers. If the farmer cannot get the cost of production plus a profit for his products, he has little money with which to buy the products of the factories. If the manufacturer cannot get the cost of production plus a profit, he has little money with which to buy the products of the farm. The wage earner buys the products of the factories and the products of the farms and, in fact, everything that is used in living. His purchasing power is dependent entirely upon the size of his wage. Therefore it seems clear to me that even though the public may buy a commodity a little cheaper here or there, yet if the price paid does not represent the cost of the product plus a profit, then everybody is injured. Good prices and decent wages are essential to prosperity in the country. I have always insisted that no group or class of our people can long prosper at the expense of other groups or classes. We must all be prosperous if the country is to be prosperous. Stated in another way, we must be prosperous together or there will be no prosperity.

We are told that the people of America today owe $250,000,000,000. Generally speaking, our tax burden has been fixed for the next 40 years; that is, the minimum tax burden, if we stop our profligate spending, balance our Budget now, and begin to live within our means. Now the question arises, how are we going to pay this $250,000,000,000 in debts and taxes? We certainly cannot pay debts or taxes from any source other than profits; that is, we must live first. If this is correct, then it would seem to me that the only way we will ever recover is by good wages and good prices; that is, the lowest possible price to the consumer, consistent with a living wage to the farmer and the wage earner, together with a fair cost for distribution.

Absentee ownership of business is not good for the country. Large corporations located in New York, owning and operating large farms in Kansas, is not good for the farmer; it is not good for Kansas; neither is it good for the country. Large chain stores, operating entirely from the great cities are not good, especially for the smaller communities. When the independent makes a dollar profit, that dollar is invested in the local community. It is a part of the community. When an absentee owner makes a dollar profit in a community, that profit usually goes to the headquarters of the absentee owner and never again returns to the community where it was earned, except as a small portion might trickle down through the channels of industry. There is no question but that the sentiment of the country favors the retention wherever possible of the independent merchant and local ownership, and the enactment of this legislation will go as far as the Congress can go in a legitimate effort to bring this about.

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

Mr. MILLER. Mr. Chairman, I ask unanimous consent that the original bill may be considered as read and that the Clerk proceed with the reading of the committee amendment which begins at the bottom of page 4.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

Mr. RICH. Mr. Chairman, reserving the right to object, may I ask the gentleman if it is possible for him to place in the RECORD the amendments that he proposes to offer tomorrow to paragraph 6?

Mr. MILLER. I will be glad to do that.

Mr. RICH. So that we will know tomorrow morning what the amendments are.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, as amended (U. S. C., title 15, sec. 13), is amended to read as follows:

"SEC. 2. (a) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price or terms of sale between different purchasers of commodities of like grade and quality, where either or any of the purchases involved in such discrimination are in commerce, and where such commodities are sold for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States: *Provided*, That nothing herein contained shall prevent differentials in prices as between purchasers depending solely upon whether they purchase for resale to wholesalers, to retailers, or to consumers, or for use in further manufacture; nor differentials which make only due allowance for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered: *And provided further*, That nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona fide transactions and not in restraint of trade.

"(b) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to pay or grant, or to receive or accept, anything of value as a commission, brokerage, or other compensation to an agent, representative, or other intermediary in connection with the sale or purchase of goods, wares, or merchandise, where such intermediary is acting therein for or in behalf or is subject to the direct or indirect control of any party to such purchase and sale transaction other than the person by whom such compensation is so granted or paid.

"(c) That it shall be unlawful for any person engaged in commerce to pay or contract for the payment of anything of value to or for the benefit of a customer of such person in the course of such commerce as compensation or in consideration for any services or facilities furnished by or through such customer in connection with the processing, handling, sale, or offering for sale of any products or commodities manufactured, sold, or offered for sale by such person, unless—

"(1) such payment or consideration is offered on proportionally equal terms to all other customers competing in the distribution of such products or commodities; or unless

"(2) the business, identity, or interests of such customer are in no way publicly associated, by name, reference, allusion, proximity, or otherwise, with or in the furnishing of such services or facilities, and the consideration paid therefor does not exceed the fair value of such services or facilities in the localities where furnished.

"(d) For purposes of suit under section 4 of this act, the measure of damage from any violation of this section shall, in the absence of proof of greater damage, be presumed to be the unit amount of the prohibited discrimination, payment, or grant concerned, multiplied by—

"(1) the volume of business involved in such violation in case the plaintiff shall be in competition with the grantor therein in the distribution of the products or commodities concerned; and

"(2) the volume of plaintiff's business in the respective products and commodities, and for the period of time concerned in such violation, in case the plaintiff shall be in competition with the grantee therein, or, in cases under paragraph (b) of this section, in competition with the intermediary or with the person for or under whose control such intermediary shall act therein."

Mr. MILLER. Mr. Chairman, I ask unanimous consent that the committee amendment may be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

Mr. CRAWFORD. Mr. Chairman, reserving the right to object, is it understood that an opportunity will be afforded tomorrow to speak on the various sections of the committee amendment?

Mr. MILLER. Mr. Chairman, as I understand the parliamentary situation, the committee amendment will be considered as having been read and will be open to amendment tomorrow.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The committee amendment is as follows:

Strike out all after enacting clause and insert:

"That section 2 of the act entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes', approved October 15, 1914, as amended (U. S. C., title 15, sec. 13), is amended to read as follows:

"'SEC. 2. (a) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price between different purchasers of commodities of like grade and quality, where either or any of the purchasers involved in such discrimination are in commerce, where such commodities are sold for use, consumption, or resale within the United States or any Territory thereof, or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, and where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or receives the benefit of such discrimination, or with customers of either of them; and that it shall also be unlawful for any person, whether in commerce or not, either directly or indirectly, to discriminate in price between different purchasers of commodities of like grade and quality where in any section or community and in any line of commerce such discrimination may substantially lessen competition in commerce among either sellers or buyers or their competitors or may restrain trade or tend to create a monopoly in commerce or any line thereof; all subject to the following provisions:

"'(1) That nothing herein contained shall prevent or require differentials as between purchasers depending solely upon whether they purchase for resale to wholesalers, to retailers, or to consumers or for use in further manufacture; for the purpose of such classification of customers as wholesalers or jobbers, or retailers, the character of the selling of the purchaser and not the buying shall determine the classification, and any purchaser who, directly or indirectly, through a subsidiary or affiliated concern or broker, does both a wholesale or retail business shall, irrespective of quantity purchased, be classified (1) as a wholesaler on purchases for sale to retail dealers only, not owned or controlled, directly or indirectly, by the purchaser; and (2) as a retailer on purchases for sale to consumers.

"'(2) That nothing herein contained shall prevent or require differentials which make only due allowance for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered: *Provided, however,* That the Federal Trade Commission, after due investigation and hearing to all interested parties, following insofar as applicable the procedure and subject to the recourse of the courts, provided in section 11 of this act, may issue an order fixing and establishing quantity limits and revising the same as it finds necessary, as to particular commodities or classes of commodities, and the foregoing shall then not be construed to permit differentials based on differences in quantities greater than those so fixed and established.

"'(3) That nothing herein contained shall prevent price changes from time to time where in response to changing conditions affecting the market for or the marketability of the goods concerned, such as but not limited to actual or imminent deterioration of perishable goods, obsolescence of seasonal goods, distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned.

"'(4) That nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona-fide transactions and not in restraint of trade.

"'(5) That the word "price", as used in this section 2, shall be construed to mean the amount received by the vendor after deducting actual freight or cost of other transportation, if any, allowed or defrayed by the vendor.

"'(b) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to pay or grant, or to receive or accept, anything of value as a commission, brokerage, or other compensation, or any allowance or discount, in lieu thereof, except for services rendered in connection with the sale or purchase of goods, wares, or merchandise, either to the other party to such transaction or to an agent, representative, or other intermediary therein where such intermediary is acting in fact for or in behalf, or is subject to the direct or indirect control, of any party to such transaction other than the person by whom such compensation is so granted or paid.

"'(c) That it shall be unlawful for any person to discriminate in favor of one purchaser against another purchaser or purchasers of a commodity bought for resale, with or without processing, by contracting to furnish or furnishing, or by contributing to the furnishing of, any services or facilities connected with the processing, handling, sale, or offering for sale of such commodity so purchased upon terms not accorded to all purchasers on proportionally equal terms.

"'(d) That it shall be unlawful for any person engaged in commerce to pay or contract for the payment of anything of value to or for the benefit of a customer of such person in the course of such commerce as compensation or in consideration for any services or facilities furnished by or through such customer in connection with the processing, handling, sale, or offering for sale of any products or commodities manufactured, sold, or offered for sale by such person, unless such payment or consideration is available on proportionally equal terms to all other customers competing in the distribution of such products or commodities.

"'(e) Upon proof being made, at any hearing on a complaint under this section, that there has been discrimination in price, the burden of rebutting the prima-facie case thus made by showing justification shall be upon the person charged with a violation of this section, and unless justification shall be affirmatively shown, the Commission is authorized to issue an order terminating the discrimination: *Provided, however,* That nothing herein contained shall prevent a seller rebutting the prima-facie case thus made by showing that his lower price to any purchaser or purchasers was made in good faith to meet an equally low price of a competitor.

"'(f) Nothing in this section shall prevent a cooperative association from returning to its members, or a cooperative wholesale association from returning to its constituent retailer members, the whole or any part of the net earnings resulting from its trading operations, in proportion to their purchases or sale from, to, or through such association.'"

"Amend the title so as to read: 'A bill to amend section 2 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, as amended (U. S. C., title 15, sec. 13), and for other purposes.'"

Mr. MILLER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8442) making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys, from exploitation by unfair competitors, had come to no resolution thereon.

Mr. MILLER. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point some proposed committee amendments to the bill H. R. 8442, which will be offered for consideration tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLER. Mr. Speaker, the amendments to the committee amendment, which will be offered by the Committee on the Judiciary, are as follows:

On page 6 of the committee amendment strike out all of lines 4 to 17, both inclusive, which is designated as subsection (1) of section 2 of the committee amendment.

This is the so-called classification subsection and the Committee on the Judiciary on May 21, 1936, decided to offer an amendment to strike the same from the bill as reported.

The second amendment which the Committee on the Judiciary will offer is to lines 20 and 23 on page 7 of the committee amendment to the bill, and the amendment will be a motion to strike said lines 20 to 23, both inclusive, therefrom.

This particular section which the committee will seek to strike out is designated as subsection (5) on page 7, and is what is commonly called the basing-point provision.

The third amendment which the Committee on the Judiciary will offer is to subsection (2) of the committee amendment on page 9, and is as follows:

After the word "price", in line 9, page 9, insert the words "or services or facilities furnished." In line 16, page 9, after the word "price", insert the words "or the furnishing of services or facilities." Immediately following the word "competitor", in line 18, page 9, add a comma and the following: "or the services or facilities furnished by a competitor."

This would make subsection (E) of the committee amendment to the bill, on page 9, read as follows:

(E) Upon proof being made, at any hearing on a complaint under this section, that there has been discrimination in price or services or facilities furnished, the burden of rebutting the prima-facie case thus made by showing justification shall be upon the person charged with a violation of this section, and unless justification shall be affirmatively shown, the Commission is authorized to issue an order terminating the discrimination: *Provided, however,* That nothing herein contained shall prevent a seller rebutting the prima-facie case thus made by showing that his lower price or the furnishing of services or facilities to any purchaser or purchasers was made in good faith to meet an equally low price of a competitor or the services or facilities furnished by a competitor.

At the request of the Federal Trade Commission I propose to offer an amendment which will add two new sections to the committee amendment. These have not been presented to the Committee on the Judiciary because I have not had an opportunity to do so, and they will not be offered as amendments bearing the approval of the Committee on the Judiciary, but will be offered by me upon my own responsibility. However, I may add that I do not think the Committee on the Judiciary would have any objection to the amendment. The proposals which I expect to offer, adding sections (2) and (3) to the committee amendment, are as follows:

SEC. 2. That nothing herein contained shall affect rights of action arising, or litigation pending, or orders of the Federal Trade Commission issued and in effect or pending on review, based on section 2 of said act of October 15, 1914, prior to the effective date of this amendatory act: *Provided,* That where, prior to the effective date of this amendatory act the Federal Trade Commission has issued an order requiring any person to cease and desist from a violation of section 2 of said act of October 15, 1914, and such order is pending on review or is in effect either as issued or as affirmed or modified by a court of competent jurisdiction, and the Commission shall have reason to believe that such person has committed, used, or carried on, since the effective date of this amendatory act, or is committing, using, or carrying on, any act, practice, or method in violation of any of the provisions of said section 2 as amended by this act, it may reopen such original proceeding and may issue and serve upon such person its complaint, supplementary to the original complaint, stating its charges in that respect. Thereupon the same proceedings shall be had upon such supplementary complaint as provided in section 11 of said act of October 15, 1914. If upon such hearing the Commission shall be of the opinion that any act, practice, or method charged in said supplementary complaint has been committed, used, or carried on since the effective date of this amendatory act, or is being committed, used, or carried on, in violation of said section 2 as amended by this act, it shall make a report in writing in which it shall state its findings as to the facts and shall issue and serve upon such person its order modifying or amending its original order to include any additional violations of law so found. Thereafter the provisions of section 11 of said act of October 15, 1914, as to review and enforcement of orders of the Commission shall in all things apply to such modified or amended order. If upon review as provided in said section 11 the court shall set aside such modified or amended order, the original order shall not be affected thereby, but it shall be and remain in force and effect as fully and to the same extent as if such supplementary proceedings had not been taken.

SEC. 3. If any part, clause, sentence, or paragraph of this act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the part, clause, sentence, or paragraph thereof directly involved in the controversy or proceeding in which such judgment shall have been rendered.

The above proposals are self-explanatory, but I may add that section 2 will be offered to protect the proceedings that have already been had in the Goodyear Tire & Rubber Co. case, and section 3 is merely the separability amendment.

THE WORKS PROGRESS ADMINISTRATION IN WESTCHESTER COUNTY, N. Y.

Mr. MILLARD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MILLARD. Mr. Speaker, Mrs. CAROLINE O'DAY, Democratic Congresswoman at Large from New York, has seen fit to read into the CONGRESSIONAL RECORD a personal attack on Mrs. Eugene Meyer because Mrs. Meyer has revealed that shocking conditions exist in the administration of W. P. A. in Westchester County, N. Y. The main thing that Mrs. O'DAY seems to hold against Mrs. Meyer is that she has served our county as a public official for 13 years without any other compensation except the satisfaction that comes from work well done. But Mrs. Meyer needs no defense from such attacks as Mrs. O'DAY's other than the valuable contributions which she has made to the welfare and happiness of her fellow citizens. It is only fair to ask, however, what Mrs. O'DAY has ever done for Westchester County that entitles her to criticize Mrs. Meyer's distinguished record.

But Mrs. O'DAY forgets that it is the Works Progress Administration and not Mrs. Meyer that is on trial. Indeed, Mrs. O'DAY does not seem very clear in her mind just what W. P. A. is, for she also refers to it as P. W. A.

It is interesting to see that Mrs. O'DAY and Mr. Bryan, the director of W. P. A. in Westchester County, furnish glowing descriptions of the great abilities of some of the Democratic foremen with whom the W. P. A. pay rolls in Westchester are overloaded throughout the county. If these men were so able, why did Mr. Bryan throw 37 of them off the pay roll in the towns of Rye and Mamaroneck as soon as publicity was given to their presence? And why did the efficiency on the projects in these two towns go up about 25 percent as soon as these so-called able Democrats were dismissed?

In the future it will not be as easy for W. P. A. officials to continue this particular racket in Westchester County, for though W. P. A. tries to keep its pay rolls secret, it has become a favorite sport for the newspapers to ferret them out. Thus the Mount Vernon News of May 19, under the heading "Lucrative Key Jobs Given Faithful Democratic Boys", publishes about twoscore names of Mount Vernon Democratic district leaders and workers, all of whom are being "taken care of" by W. P. A. The News reports, for example, that former Alderman William Bantz, long identified with Democratic affairs, "will continue his W. P. A. post in preference to running for alderman in November."

Mrs. O'DAY is reckless enough to repeat the word "falsehood" concerning Mr. Bryan's remark that he "would be a dog traitor if he did not see that people who are 100 percent for Roosevelt receive first consideration." But the following article in the New York Sun of February 19 will prove to Mrs. O'DAY how much she can rely on her friend Mr. Bryan:

W. P. A. AX FOR ANTI-NEW DEALERS—WESTCHESTER DIRECTOR WARNS HE WILL OUST DISLOYAL FOREMEN "ON A HUNCH"

The article begins:

"I'll have Republicans for foremen—if they're Roosevelt Republicans", John Buckley Bryan, W. P. A. director for Westchester County, told a Sun reporter today in his office in White Plains.

The article continues:

The Westchester director makes no bones about the political preference to be given to "men who are loyal to the President"—

And so forth. Again he says:

I'm going to have men who will be working for me and for the W. P. A. and for the President.

This story Mr. Bryan has never denied.

Mrs. O'DAY excuses the extortion of subscriptions from relief workers for the Standard Democrat, a new weekly paper, because, as she artlessly puts it—

The need for a Democratic paper becomes acute as the time comes for a Presidential election.

Nor does she think it shows moral turpitude when Democratic clubs "spring up like mushrooms" with forced contributions from relief workers, nor to give Democratic dinners to which they are obliged to buy tickets.

But the most unpardonable slur which Mrs. O'DAY permits herself is about the mythical case of F. M., as she calls it. For this man, Felix Minnetti by name, is her own townsman; and if he had not felt that it is useless to appeal to Mrs. O'DAY for help against her friends in the Federal administration, he would have done so long ago. This man, as Mrs. Meyer states in her report, supports a wife and seven children of whom one is bedridden. He is highly competent as he has been a superintendent of construction since 1906. W. P. A. first gave him a job on the Midland Avenue Playfield, where he was suddenly told that there were too many supervisors and was discharged. Immediately, however, his place was filled by a Democratic garbage collector who was not a relief case. After giving Felix Minnetti relief for a time, the town of Rye secured him a job on the sea wall, but here again he was discharged May 8, while other men, one of them a general foreman, a nonrelief steamfitter by trade, were kept on. Mrs. O'DAY sees fit to deny W. P. A. discrimination but this man, like many another Republican, received $93.50 on the sea wall to feed his seven children, although he was made to do foreman's work, while the Democratic protégés, doing less responsible work, got $130. When he was asked whether his full name could be used to substantiate his experiences, he replied:

> Why not? Nothing worse could happen to me than has happened already.

A more shameless instance of the ruthless cruelty of W. P. A. can scarcely be imagined. I only hope Mrs. O'DAY does not know conditions in Westchester County as well as she says she does, for otherwise her townspeople and neighbors are sure to ask here whether she thinks she was sent to Congress to protect her constituents or to protect the unjust practices of the Federal administration.

Mrs. Meyer's articles "have been answered point by point", says Mrs. O'DAY; but how can she or Mr. Bryan, or anybody, answer the fact that Mrs. Meyer offers actual subscriptions extorted from relief workers to Democratic papers that do not even exist, proof of Democratic club meetings they must attend on pain of dismissal, and the lists of Democratic foremen in definite towns, all of whom were unnecessary to the progress and positively disastrous to the morale of the work projects? In these two towns about $5,000 a week was stricken off the pay roll and off the Democratic campaign fund when W. P. A. officials became alarmed at the sudden publicity given their political activities. As all the projects throughout the county are equally overloaded, that means at least $50,000 or $60,000 of the taxpayers' money similarly wasted in Westchester County alone. Figure out for yourselves what the losses and the graft must be on this basis for the entire country where similar conditions prevail.

Mrs. O'DAY presumes to say that Mrs. Meyer has defended her county and its relief workers against these intolerable conditions because—I quote: "Mrs. Meyer is an ardent Republican worker", and was "piqued because Republican prestige began to wane."

Mrs. Meyer has taken no part in county politics since she became chairman of the Bipartisan Recreation Commission, 13 years ago, and, as for the Republican enrollment in Westchester County, I am glad to inform Mrs. O'DAY it was never higher than it is now. Indeed, we gained another Republican supervisor at the last election, though with a 3-to-1 majority we scarcely needed more.

It is noticeable that Mrs. O'DAY says little to defend the cruel hardships which have been endured by relief workers in Westchester County owing to the long-delayed pay rolls resulting from W. P. A. incompetency in handling its accounts. She merely says "delays are ended" because she is ignorant of the fact that on May 20 an army of relief workers in Westchester County was still 2 to 6 weeks in arrears. Mrs. O'DAY forgets that on April 22 in the Mount Vernon Argus, and on many a previous occasion, Mr. Bryan has said "delays are ended" only to disappoint the destitute relief workers again and again. Last week, owing to the unwelcome publicity which these chaotic financial conditions were given, Mr. Bryan succeeded for the first time in paying the city pay rolls, but when relief workers came in from the rural districts to ask when their checks could be expected, they were still given the favorite reply of W. P. A. clerks, "Your guess is as good as mine."

What Mrs. Meyer is trying to do is to secure more protection and better working conditions for the unemployed of Westchester County, and in this her articles have already been partly successful, as hundreds of messages of thanks and gratitude clearly indicate. The unfortunate relief worker in Westchester County will therefore be surprised to hear that Mrs. O'DAY thinks his lot needs no improvement and that everybody has "a lively appreciation of what the administration is doing through P. W. A."—quotations are Mrs. O'DAY's, not mine. Equally surprising will the people of Westchester find her conclusions concerning Mrs. Meyer and Mr. Bryan that—

> The choice must be made between the statements of a person obviously biased and bitter, having no official position, and a public official chosen for outstanding and well-known qualifications.

There Mrs. O'DAY betrays herself and her case, for Mr. Bryan has yet to prove his "outstanding qualifications", whereas Mrs. Meyer has held an official position for 13 years with marked success. No judge could hesitate between these two pieces of evidence nor would the citizens of Westchester County hesitate between these two witnesses. Mr. Bryan's unsubstantiated fulminations meet with the suspicion that is natural toward a paid Federal employee having no reason for loyalty toward Westchester County; Mrs. Meyer's judicial and fully documented statements carry additional weight because of her long and unselfish devotion to the county and because of the confidence which the people of Westchester have acquired in her competence and her integrity.

COINAGE OF 50-CENT PIECES IN COMMEMORATION OF THE COMPLETION OF BRIDGES IN SAN FRANCISCO BAY AREA

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 12397) to authorize the coinage of 50-cent pieces in commemoration of the completion of the bridges in the San Francisco Bay area.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. RICH. Mr. Speaker, reserving the right to object, is this another coinage bill?

Mr. COCHRAN. This is a bill introduced by the gentleman from California [Mr CARTER] and is one in which the entire California delegation is interested. It provides for the coinage of 50-cent pieces in commemoration of the construction of two of the largest bridges in the world.

Mr. RICH. Mr. Speaker, I would like to favor my colleagues, the gentleman from California and also the gentleman from Missouri, but may I say to the Members of the House that this is about the thirty-fifth new coinage bill that has come before the House this year for consideration. I am going to suggest to the gentleman from Missouri that we place on the one side of this coin the face of Mr. Farley, Democratic National Committeeman; then turn the coin over and place on the other side of it the face of Mr. Farley, the New York city committeeman; then when you flop coins you will always have the head of Farley.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in commemoration of the completion of the bridges in the San Francisco Bay area there may be coined at the mints of the United States 250,000 silver 50-cent pieces of such design as the Director of the Mint, with the approval of the Secretary of the Treasury, may select; but the United States shall not be subject to the expense of making the models or master dies or other preparations for this coinage. Not less than 25,000 silver 50-cent pieces shall be coined at one time.

SEC. 2. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating and guarding the process of coinage, providing for the purchase of material, for the transportation, distribution, and redemption of the coins, for the prevention of debasement or counterfeiting, for security of the coin, or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage authorized by this act.

SEC. 3. The coins authorized by this act shall be issued only to the San Francisco Bay Exposition, Inc., or its duly authorized agent, and upon payment to the United States of the face value of such coins.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNIVERSARY OF ARRIVAL OF MARCUS AND NARCISSA WHITMAN IN WALLA WALLA VALLEY, WASH.

Mr. KNUTE HILL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 11555) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the arrival of Marcus and Narcissa Whitman in the Walla Walla Valley, Wash., and the founding of the Waiilatpu Mission.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, reserving the right to object, I would like to know in whose honor these 50-cent pieces are to be coined. I could not tell from the reading of the title.

Mr. KNUTE HILL. Marcus Whitman and his wife, Narcissa Whitman, who come to the Walla Walla Valley 100 years ago, and were mainly instrumental in the great Northwest Territory becoming a part of the United States.

Mr. SNELL. I think they ought to have a 50-cent piece, too.

Mr. RICH. Mr. Speaker, reserving the right to object, I am going to suggest to the gentleman from Washington that, while we are Walla Walla-ing around and do not know where we are going, we put on one side of these coins the Democratic Members of Congress and on the other side Mr. Farley and then when we flip the coin we will surely have heads again.

Mr. BLANTON. Mr. Speaker, reserving the right to object, if the gentleman from Pennsylvania would follow Mr. Farley around awhile he would know exactly where he is going. [Laughter and applause.]

Mr. RICH. I may say to the gentleman from Texas that if I followed him I would go crazy. [Laughter.]

Mr. BLANTON. By not following him, the gentleman possibly is somewhat that way already.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in commemoration of the one hundredth anniversary of the arrival of Marcus and Narcissa Whitman in the Walla Walla Valley, Wash., and of the founding of the Waiilatpu Mission, there shall be coined by the Director of the Mint, 25,000 silver 50-cent pieces, such coins to be of standard size, weight, and fineness of a special, appropriate design to be fixed by the Director of the Mint with the approval of the Secretary of the Treasury, but the United States shall not be subject to the expense of making the models for master dies or other preparations for this coinage.

SEC. 2. Coins shall be issued at par, and only upon the request of a committee of not less than three persons duly authorized by the officers of the Whitman Centennial, Inc.

SEC. 3. Such coins may be disposed of at par or at a premium by the committee, duly authorized in section 2, and all proceeds shall be used in furtherance of the commemoration of the founding of the Waiilatpu Mission.

SEC. 4. All laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same; regulating and guarding the process of coinage; providing for the purchase of material, and for the transportation, distribution, and redemption of the coins; for the prevention of debasement or counterfeiting; for the security of the coin; or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein directed.

SEC. 5. The coins authorized herein shall be issued in such numbers, and at such times as they may be requested by the committee, duly authorized by said officers of the Whitman Centennial, Inc., and only upon payment to the United States of the face value of such coins.

With the following committee amendment:

Page 2, beginning in line 22, strike out section 5.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. O'MALLEY, for 1 week, on account of death of his father.

To Mr. POWERS, to attend the funeral of the late Randolph Perkins, of New Jersey.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 11454. An act to incorporate the Veterans of Foreign Wars of the United States.

The SPEAKER announced his signature to a joint resolution of the Senate of the following title:

S. J. Res. 209. Joint resolution authorizing the presentation of silver medals to the personnel of the second Byrd Antarctic expedition.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 11454. An act to incorporate the Veterans of Foreign Wars of the United States.

HONEST CONGRESS-CONTROLLED MONEY OR WALL STREET BANKER'S DISHONEST COLLAPSIBLE MONEY? COUNTERFEIT FEDERAL RESERVE BANKER THIEVES HAVE PROMOTED WAR, MURDER, CRIME, STARVATION, POVERTY, AND UNEMPLOYMENT FOR 22 YEARS, SINCE 1914

Mr. BUCKLER of Minnesota. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BUCKLER of Minnesota. Mr. Speaker, the Frazier-Lemke farm-refinancing bill would provide $3,000,000,000 for a revolving fund for long-time, low-interest loans to refinance farm mortgages. This plan is far better than the existing method of paying 3 percent or so to private Federal Reserve bankers for using their manipulated and unconstitutional credits on a racketeering basis, dealing in Government bonds.

Bankers' bondage bonds tighten our slavery chains. They create vast, dishonest wealth and untold poverty and unemployment.

Refusal to issue sufficient money is a crime. Refusal to permit farm owners, home owners, and all citizens to have the use of Congress-coined and issued constitutional money is a double crime. Refusal to return to every farmer and every citizen the wealth he was robbed of during the defiation period, which started late in 1920, is worse than a crime.

The big banker swindlers who have illegally issued money and robbed our citizens are our greatest criminals. They have confiscated most of our national wealth. Their greed has almost destroyed our democracy, and now almost has doomed their own monopoly rackets.

Big banker money changers and their puppets lie about inflation and expansion.

Advocates of dishonest inflation oppose honest currency expansion provided by the Frazier-Lemke plan.

Wall Street's and bunco banker's fraudulent inflation, like that built up under Coolidge, Mellon, Hoover, has been rigged up in all financial channels again.

Tens of millions of irredeemable fake values have been rigged into the gambling chips, markers, stocks and bonds, by Wall Street's racketeering money swindlers.

Du Pont stocks, Liberty League promoted stocks, United States Steel, Bethlehem, Chrysler, General Motors, other motors, Standard Oil, telephone and other stocks have been pumped with fake inflations month after month.

Inflated deposits run nearly twenty-five billions in 5,000 national banks. An increase of eight billions in 2 years.

New York City banks (152) alone report deposits of over $16,000,000,000 (mostly fictitious bank inflation stage money) to help back up Wall Street's fraudulent inflations.

Mr. Joseph Kennedy, a Wall Street operator, who was chairman of the Government's Security Exchange, is "a gambling club, a monoply"; a "gambling place" dealing with "dice" where insiders look at the customers' "cards"; "records of thousands of swindles"; "reams and reams of stocks and bonds must have been printed on paper that contained 90 percent water, for that's about what these securities contained."

Out of more than two hundred billions of money changers' inflations in recent years, 90 percent was treated as water and manipulated to rob nearly every citizen with savings in the United States.

Senator FLETCHER's committee investigation of Wall Street swindlers reports in volume 17, pages 7923–7929, that 33 of the biggest big bankers in the United States were guilty of pool-operation inflations.

All the biggest American banks and bankers found themselves together on a communistic bankers' basis, or a community of interest monopoly basis.

All the big money changers worked in harmony, concert, and cooperation in criminal pool stock-rigging deals with the J. P. Morgan gang of stock-jobbing partners, Rockefeller's Chase National Bank, the George Baker-Jackson Reynolds First National, and other Wall Street banks.

Judge Woolsey, Federal Court of the Southern District of New York, in *United States* v. *Brown* (5 Fed. Supp. 81), November 23, 1933, dealt with pool operations in his exhaustive decision which he traced back to a British case 120 years before as his base. Artificial pool operations were decreed to be criminal.

A court indictment charged that artificial manipulation by means of pool and fictitious sales to raise prices constitutes fraud.

Judge Woolsey ruled:

> If * * * a group of insiders, to profitably dispose of their holdings, are artificially raising quoted prices on the only market a man to buy resorts * * * then (he) hence is a victim of unfair dealing by the insiders. But he is entitled to fair dealing and should get it.
>
> * * * Even a speculator is entitled not to have any present fact * * * misrepresented by word or act.
>
> Judges have properly set their faces sternly against any practices by which the right of fair dealing between man and man is in any way infringed, and whenever there is any false representation * * * it is held to be a fraud, contracts illegal and against public policy.

Judge Woolsey decreed:

> I hold, therefore, that the indictment states a crime * * * to meet the requirements of the criminal law.

In violation of the coin and issue money powers of the Constitution, and in violation of our criminal laws, the big bankers of Wall Street became responsible for thousands of millions of the greatest inflations and the greatest financial crimes of history.

Criminal pool operations, promoted and shared by three dozen of the largest banks and their bunco agents in the United States set the pace and fanned the flames for scores of billions of faked, counterfeit and inflated bankable values in worthless stocks and other banker stock-market securities.

Congressman ADOLPH SABATH's committee that has been busy many months investigating the money changers' receivership and protective committee swindling operations, reports approximately twenty billions of deflated values juggled by the big banker dealers in, and receivers of, stolen wealth, or wealth confiscated under cloak of the law.

Fraudulent inflation and deflation in the many thousands of millions of dollars have been juggled out of millions of our thrifty citizen investors in first-mortgage bonds. Billions of dollars were thus taken away from innocent investors by crooked money changers and their conniving lawyer accomplices through operation of a fraudulent money system.

Another $40,000,000,000 of inflation and deflation was juggled in and out of only two dozen Wall Street stocks by the big banker money changers and their accomplices. A summary of this particular forty billions of fakers' inflations is given in the House Banking and Currency Committee hearings on the Banking Act of 1935, pages 789 and 790.

Congressman RAYBURN's committee that investigated electric power holding company racketeers reported over $20,000,000,000 of inflation among power-company highjackers alone.

Senator HIRAM JOHNSON's committee, that investigated foreign bond swindlers, disclosed over $7,000,000,000 of mostly bunco inflation by New York banker gangs of racketeers. More than twice this much additional American wealth was dumped into Europe through Wall Street's bankers and repudiated. A total of more than an additional twenty billions of inflation for foreigners.

Most all of the New York Stock Exchange and Curb Exchange stocks were added to the Rockefeller, Morgan, Baker, and other bunco bank stocks, to Sam Insull, and other fake stocks, to pile up a total of over two hundred billions of wind, water, and air inflation that circulated through all American banking and financial channels. These inflations robbed nearly everybody in the United States and produced the 7 years of misery, depression, and poverty.

A system of debt and a system of stifled freedom and liberty were built up by the money changers the past twenty-odd years. Now, Herbert Hoover falsely says the Roosevelt administration is responsible for these false systems even when we note that it happened during Republican administrations, more so than Democratic.

These destructive systems were developed by counterfeit monopoly money changers who issued money for their own exclusive use to enslave the American people and bring themselves tremendous profits.

Unlimited license for the few to steal the wealth of the many was developed through control of the private racketeer owners of the Federal Reserve bank system, operated through Wall Street thieves and their counterfeit associates.

The biggest banker money changer fakers in America have done and still Congress seems to lack courage to coin money constitutionally. Congress should drive the money changers out of our temples and regain control of our Government.

Congress should have the courage to put out of business or to correct the methods of the fraudulent operators of the privately owned and privately controlled Federal Reserve banks.

Congress lacks courage to curb the Supreme Court, which the Constitution says "shall have appellate jurisdiction both as to law and fact, with such exceptions and under such regulations as the Congress shall make."

Congress must curb judicial usurpations, must dethrone the money changers, must abolish financial slavery, and take back control of our Government for the benefit of all the people.

Senator NYE's Munitions Committee proved that the money changers are war makers and murderers who drove us into the World War for greedy bankers' profits.

Senator NYE's speech on the Nye-Sweeney bank bill proves the Federal Reserve money changers are slave masters of the American people, and that Wall Street banker criminals are our greatest criminals. His arguments clearly show how the wealth of the American people has been absorbed and stolen by a small group of banker bandits and brigands. His speech clearly shows how banker bandits inflated and deflated and ruthlessly destroyed prosperity to rob farmers and home owners, and the people generally, of all or most of their wealth.

As a result of all the crimes revealed by Senator NYE we have had for a long time an unendurable volume of debt, a system of fake bankers' inflation, and a system of unlimited license to ruthlessly rule by small cliques and classes of money changers.

Under a fraudulent system of money control the money changers' aristocracy of plutocratic parasites have brought about our most important crisis—a major crisis in our civilization, with tens of millions of victims.

Private Federal Reserve money changers, who illegally and unconstitutionally issue money fraudulently, have virtually wrecked our fundamental concepts of government, of organized society, and of our democracy.

The wealth of all the American people a few years ago was estimated to be about $350,000,000,000. It was largely irredeemable, inflated boom wealth. It has become tremendously deflated.

Debts, unbearable and at present irredeemable, now exceed $250,000,000,000. Europe was allowed to cancel her debts, but not America. They must be greatly reduced or eventually they may have to be repudiated. Easier money conditions to wipe out debts will help to establish a necessary balance between our present wealth and existing debts. More money must circulate. Congress only can legally circulate enough money.

One way to reduce debts then is by placing a sufficient amount of currency in circulation.

The old Hebrews understood the philosophy of debt. Periodically they erased all debts. The Chinese still follow the custom of erasing debts.

Borrowers, forced or tricked into borrowing, become the virtual slaves of the lenders. Congress has provided no escape for debtors in 150 years. Financial slavery has constantly increased: our financial slavery today affects 30 times as many people as Negro slavery affected. We have today over ten million families being driven into poverty and pauperism, more than forty million citizens.

When our voters send representatives to our next Congress as their carefully chosen agents who will have the courage to coin money for all our States, as prescribed by the Constitution, then we can have production for mutual use and mutual profit to take the place of our present scarcity, and the poverty production now regulated by a few monopoly money masters who seek only their personal gain.

With representatives of the people in control of Congress, we will be able to satisfy human needs with service to all. Then it will not longer be necessary for millions of citizens to spend the night without enough clothing and covering, or without decent shelter, or hungry, and be driven "like wild asses in the wilderness to hide themselves."

ADJOURNMENT

Mr. MILLER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 56 minutes p. m.) the House adjourned until tomorrow, Thursday, May 28, 1936, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON IMMIGRATION AND NATURALIZATION

The Committee on Immigration and Naturalization, room 445, will hold public hearings at 10 a. m., Thursday, May 28, on a group of private bills relating to fraudulent birth certificates and visas at time of entry.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

853. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 20, 1936, submitting a report, together with accompanying papers on a preliminary examination and survey of Big and Little Suamico Rivers, Wis., authorized by the River and Harbor Act approved August 30, 1935 (H. Doc. No. 498); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

854. A letter from the Chairman of the Federal Trade Commission, transmitting various reports in regard to the textile industries; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine and Fisheries. House Joint Resolution 597. Joint resolution authorizing an investigation by the Bureau of Fisheries of the California sardine (pilchard) fishing industry; with amendment (Rept. No. 2822). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 11152. A bill to extend the retirement privilege to the Director, Assistant Directors, inspectors, and special agents of the Federal Bureau of Investigation; without amendment (Rept. No. 2823). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEMPSEY: Committee on the Public Lands. S. 32. An act to establish a national military park to commemorate the campaign and Battles of Saratoga, in the State of New York, without amendment (Rept. 2824). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 6679. A bill extending the classified executive civil service of the United States; without amendment (Rept. No. 2825). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 12717. A bill to provide for the right of election by employees, subject to the provisions of the Civil Service Retirement Act, of a joint and survivorship annuity upon retirement; without amendment (Rept. No. 2826). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. S. 2712. An act to promote the efficiency of the Bureau of Engraving and Printing; with amendment (Rept. No. 2827). Referred to the Committee of the Whole House on the state of the Union.

Mr. GASQUE: Committee on Pensions. H. R. 12758. A bill to increase the pension to certain veterans of the Regular Establishment on the rolls March 19, 1933; without amendment (Rept. No. 2828). Referred to the Committee of the Whole House on the state of the Union.

Mr. ENGLEBRIGHT: Committee on the Public Lands. H. R. 1994. A bill to provide for the selection of certain

lands in the State of California for the use of the California State park system; with amendment (Rept. No. 2829). Referred to the Committee of the Whole House on the state of the Union.

Mr. PETERSON of Georgia: Committee on the Public Lands. H. R. 11180. A bill to extend the boundaries of the Fort Pulaski National Monument, Georgia, and for other purposes; without amendment (Rept. No. 2830). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOTT: Committee on the Public Lands. H. R. 11536. A bill to provide $25,000 for the restoring and preserving of the home of Dr. John McLoughlin at Oregon City, Oreg.; without amendment (Rept. No. 2831). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H. R. 12800. A bill to regulate interstate commerce in bituminous coal, and for other purposes; with amendment (Rept. No. 2832). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. FARLANE: Committee on Naval Affairs. H. R. 10509. A bill authorizing the President to present in the name of Congress a medal of honor to Harold R. Wood; with amendment (Rept. No. 2821). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MONTAGUE: A bill (H. R. 12870) to aid in defraying the expenses for the celebration of the bicentennial of the birth of Patrick Henry to be held at Hanover Courthouse, Va., July 15, 16, and 17, 1936; to the Committee on the Library.

By Mr. DIMOND (by request): A bill (H. R. 12871) for the protection of oyster culture in Alaska; to the Committee on Merchant Marine and Fisheries.

By Mr. DISNEY: A bill (H. R. 12872) to provide revenue for the importation of crude petroleum and its products; to the Committee on Ways and Means.

By Mr. EKWALL: A bill (H. R. 12873) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. DEROUEN: A bill (H. R. 12874) to enlarge and extend the authority of the Secretary of the Interior under the acts of June 9, 1916 (39 Stat. 218), and February 26, 1919 (40 Stat. 1179), and for other purposes; to the Committee on the Public Lands.

By Mr. PIERCE: A bill (H. R. 12875) to authorize completion, maintenance, and operation of certain facilities for navigation on the Columbia River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. BANKHEAD: A bill (H. R. 12376) to waive any exclusive jurisdiction over premises of resettlement or rural rehabilitation projects; to authorize payments to States, political subdivisions, and local taxing units, in lieu of taxes on such premises; and for other purposes; to the Committee on Ways and Means.

By Mr. McSWAIN (by request): A bill (H. R. 12877) to provide a commissioned strength for the Corps of Engineers, United States Army, for the efficient performance of military and other statutory duties assigned to that corps; to the Committee on Military Affairs.

By Mr. DICKSTEIN: Resolution (H. Res. 527) to authorize an investigation of the Black Legion, and for other purposes; to the Committee on Rules.

By Mr. BLOOM: Joint resolution (H. J. Res. 606) amending section 5 of Public Resolution No. 6, Seventy-fourth Congress, approved March 4, 1935; to the Committee on the Library.

By Mr. DINGELL: Joint resolution (H. J. Res. 607) to provide that no veteran shall be denied work-relief benefits by reason of benefits received under the World War Adjusted Compensation Act or the Adjusted Compensation Payment Act of 1936; to the Committee on Ways and Means.

By Mr. DOUGHTON: Joint resolution (H. J. Res. 608) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1938, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the war claims arbiter; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARRY: A bill (H. R. 12878) for the relief of Charles F. Tashlein; to the Committee on Military Affairs.

By Mr. CULKIN: A bill (H. R. 12879) granting an increase of pension to Selena M. Combs; to the Committee on Invalid Pensions.

By Mr. FOCHT: A bill (H. R. 12880) granting a pension to Lillie Haupt; to the Committee on Invalid Pensions.

By Mr. GAMBRILL: A bill (H. R. 12881) for the relief of Allen Blow Cook and William Hawley Sewell; to the Committee on Naval Affairs.

By Mr. PEYSER: A bill (H. R. 12882) for the relief of Anastasios Nicholas Pagoulatos; to the Committee on Immigration and Naturalization.

By Mr. SNELL: A bill (H. R. 12883) granting an increase of pension to Jane Currier; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10995. By Mr. COLDEN: Resolution adopted by the Central Labor Council of San Joaquin County, Calif., May 18, 1936, protesting against the practice of dry drilling in silica rock at the Kennett Dam project of the United States Bureau of Reclamation in California, and calling attention to the similarity of conditions there to those which existed at Gauley Bridge, W. Va., where the practice of dry drilling in silica resulted in many cases of silicosis and a number of deaths, which might have been avoided by wet drilling; to the Committee on Mines and Mining.

10996. By Mr. CULKIN: Petition of the New York State Senate, petitioning Congress to retain a tariff of at least 3 cents per pound on coconut oil; to the Committee on Interstate and Foreign Commerce.

10997. By Mr. DORSEY: Petition numerously signed by residents of the Fifth Congressional District, Pennsylvania, in support of House bill 7122 which provides that all blind persons who are 21 years of age and upward, whose annual income is less than $1,800 per annum, shall receive a pension of $75 per month; to the Committee on Pensions.

10998. By Mr. KING: Petition of the Woman's Christian Temperance Union of the Territory of Hawaii, opposing the merger of the Bureau of Narcotics into the Secret Service Division; to the Committee on Ways and Means.

10999. By Mr. KRAMER: Resolution of the Los Angeles County committee of the Young Democratic Clubs of California, relative to endorsing the radio application of the

Metro Broadcasting Co., Voice of Labor Station, for a permit to operate a radio station in Los Angeles under the control of the Central Labor Council; to the Committee on Interstate and Foreign Commerce.

11000. Also, resolution of the City Council of the City of Maywood, relative to the construction of the proposed Federal building for the city of Maywood, etc.; to the Committee on Public Buildings and Grounds.

11001. By Mr. O'CONNELL: Resolution relating to the Nye committee investigation concerning the manufacture of munitions in privately owned plants; to the Committee on Rules.

11002. By the SPEAKER: Petition of the Central Labor Council, Stockton, Calif.; to the Committee on Irrigation and Reclamation.

11003. Also, petition of the American Historical Association, Washington, D. C.; to the Committee on Printing.

11004. Also, petition of the Cleaners, Dyers, and Pressers Union, Local No. 17960; to the Committee on Banking and Currency.